

# WORLD TRADE ORGANIZATION

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Council for Trade in Goods

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## TRANSITIONAL REVIEW UNDER ARTICLE 18 OF THE PROTOCOL OF ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA

### Information Required in Annex 1A

The following communication, dated 19 November 2007, is being circulated at the request of the delegation of the People's Republic of China.

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## II. ECONOMIC POLICIES

### 2.1 Non-Discrimination

- (a) **the repeal and cessation of all WTO inconsistent laws, regulations and other measures on national treatment**

During 6 years after accession, China has been engaged in enacting, amending and abolishing trade-related laws, regulations and administrative measures, which are now in consistency with WTO national treatment, including those discussed in China's accession negotiations. The national treatment principle is now well observed in the legislation of China relating to trade.

- (b) **the repeal or modification to provide full GATT national treatment in respect of laws, regulations and other measures applying to internal sale, offering for sale, purchase, transportation, distribution or use of: after sale service, pharmaceutical products, cigarettes, spirits, chemicals and boiler and pressure vessels (for pharmaceutical products, chemicals and spirits there is a reservation of the right to use a transitional period of one year from the date of accession in order to amend or repeal relevant legislation)**

There has been no change in this area since the last review.

## IV. POLICIES AFFECTING TRADE IN GOODS

### 4.5 Export Restrictions

- (a) **any restrictions on exports through non-automatic licensing or other means justified by specific product under the WTO Agreement or the Protocol**

China maintains export administration of a small number of products for the purposes of protecting public interest, conserving the exhaustible natural resources, or undertaking obligations under international treaties. This is in conformity to Article XX of GATT1994.

### **Non-tariff export measures:**

In 2007, products subject to export license and export quota license include: live cattle, live swine, fowls, beef, pork, chicken meat, wheat, maize, rice, cotton, licorice and its products, Chinese iris and its products, silk, bauxite, light (dead) burned magnesium, talc lump (powder), fluorspar lump (powder), rare earth, coal, coke, crude oil, processed oil, paraffin wax, tungsten and its products, indium and its products, molybdenum and its product, silicon carbide, sawn timber, silver, platinum (through processing trade only), zinc and zinc alloy, tin and tin alloy, antimony and its products, motorcycle and motorcycle engine, automobiles (including SKD), automobile frame, electric fan, bicycle, substances depleting ozonosphere, part of steel products and standard sand. Many of the products listed above obtain export licensing automatically.

China also maintains export prohibitions on the following products: horn-cores and tiger bones, bezoars, musk, certain chemicals used for narcotics production, certain substances depleting ozonosphere, wood, wood charcoal, and platinum.

### **Tariff measures**

Other than non-tariff measures, pursuant to Annex 6 of the *Protocol on the Accession of the People's Republic of China*, 174 HS 8-digit tariff headings are subject to export tariff in 2007, including: 03019210, 05069090, 25085000, 25086000, 25101010, 25101090, 25102010, 25102090, 25292100, 25292200, 25309020, 26011110, 26011120, 26011190, 26011200, 26012000, 26020000, 26030000, 26040000, 26050000, 26060000, 26080000, 26090000, 26100000, 26121000, 26122000, 26131000, 26139000, 26140000, 26151000, 26161000, 26169000, 26171090, 26179010, 26179090, 26180010, 26180090, 26190000, 26201100, 26201900, 26202100, 26202900, 26203000, 26204000, 26206000, 26209100, 26209910, 26209990, 27011210, 27040010, 27060000, 27090000, 28047090, 28111100, 28259012, 28418010, 28461010, 28461020, 28461030, 28461090, 28469011, 28469012, 28469013, 28469014, 28469019, 28469028, 28469029, 28469030, 28469048, 28469049, 28469090, 28499020, 29022000, 31021000, 44012100, 44012200, 44091010, 44092910, 44190031, 44219021, 72021100, 72021900, 72022100, 72022900, 72023000, 72024100, 72024900, 72025000, 72026000, 72027000, 72028010, 72028020, 72029100, 72029210, 72029290, 72029300, 72031000, 72039000, 72051000, 72052900, 72061000, 72069000, 72071100, 72071200, 72071900, 72072000, 72181000, 72189100, 72189900, 72241000, 72249010, 72249090, 74010000, 74020000, 74031100, 74031200, 74031300, 74031900, 74032100, 74032200, 74032900, 74040000, 74071000, 74072100, 74072900, 74081100, 74081900, 74082100, 74082200, 74082900, 74091100, 74091900, 74092100, 74092900, 74093100, 74093900, 74094000, 74099000, 75021000, 75022000, 75089010, 76011010, 76011090, 76012000, 76020000, 76041000, 76042100, 76042900, 76051100, 76051900, 76052100, 76052900, 76061120, 76061190, 76061220, 76061230, 76061240, 76069100, 76069200, 79011110, 79011190, 79011200, 79012000, 81011000, 81019400, 81019700, 81021000, 81029400, 81029700, 81101010, 81110010, 81122100, 81122200, 81129230.

Moreover, for the policy objective of restricting and controlling the production, consumption and exportation of products of high pollution, high energy consumption and exhaustible resource, China further revised the export VAT rebate policy on 1 July 2007. This policy revision affected 2831 products of HS 8-digit tariff heading which accounted for 37% of all HS 8-digit tariff headings in 2007. Among the 2831 products:

- (1) export VAT rebate on 553 items was abolished, including endangered animal, plant and their products, salt, solvent oil, cement, liquefied propane, liquefied butane, liquefied petroleum gas, fertilizer, chem-industry products such as chlorine and dyestuff, metal carbide and active carbon, leather, some wood floor and one-off wood products etc.
- (2) export VAT rebate rate on 2268 items was lowered, including vegetable oil, some of chemical products, plastic products, rubber and its products, bags, suitcases and trunks, other leather and fur products, paper products, clothing, footwear, umbrella, feather products, part of the stone, ceramic, glass, pearl, precious stone, gem and their products, part of steel products, planer, slotting machine, cutter, drawstring, diesel engine, diesel pump, diesel fan, diesel valve and parts, converter, coke oven, sewing machine, stapler, golf vehicles, snow vehicles, motorcycles, bicycles, elevator and its parts, taps, soldiering machine, furniture, clocks and watches, toys, some of the wood products.
- (3) 10 items which had been subject to export VAT were exempted, including peanut kernels, painting, sculpture board, stamps and stamp tax note.

China submitted to the WTO a new and full notification of quantitative restrictions of the year 2007, which will reflect detailed information on these export non-tariff measures, including quota volume (if applicable).

#### **4.9 State Trading Entities**

- (a) **progressive abolishment of state trading in respect of silk measures, increasing and extending trading rights, granting the right to trade to all individuals no later than 1 January 2005**

There has been no change in this area since the last review.

- (b) **access to supplies of raw materials in the textiles sector at conditions no less favorable than for domestic users, and not adversely affected access to supplies of raw materials as enjoyed under existing arrangements**

Access to supplies of raw materials in textile sector for foreign users remains at the same conditions as for domestic users, and have not been adversely affected in this area.

- (c) **progressive increases in access by non state trading entities to trade in fertilizer and oil and the filling of quantities available for import by non state trading entities**

For the purpose of expanding the market access for non-state trading enterprises of processed oil, crude oil and chemical fertilizer, on 5 December 2006 and 12 April 2007, MOFCOM further issued Announcement No. 98 of 2006 and Announcement No. 33 of 2007, publishing the 7<sup>th</sup> and 8<sup>th</sup> batches of non-state trading enterprises for importation of crude oil and processed oil. Compared with the situation at the time of China's accession, the number of non-state trading enterprises for importation of crude oil, processed oil and chemical fertilizers has increased substantially.

From 2003 to 2007, the volume permitted for importation of crude oil non-state trading enterprise was respectively 9,520,000 tons, 10,950,000 tons, 12,600,000 tons, 14,500,000 tons and 16,680,000 tons. The volume permitted for importation of processed oil non-state trading enterprise was respectively 5,300,000 tons, 6,100,000 tons, 7,000,000 tons, 8,050,000 tons and 9,260,000 tons.

2006 symbolizes the end of increase in TRQ quantity for chemical fertilizer import by non state-trading enterprises. Therefore, quantity of TRQ for chemical fertilizer import by non state-trading enterprises in 2006 and 2007 is the same.

From 2003 to 2007, the volume permitted for importation of crude oil, processed oil and chemical fertilizers by non-state trading enterprises were fully allocated. However, as holders of the volume permitted for importation by non-state trading enterprises may also consign state trading enterprises to import, it is technically not feasible at this stage for the Customs authorities to have statistics of the imports of the non-state trading enterprises and therefore the import performance by non-state trading enterprises is difficult to be confirmed with Customs statistics.

#### **4.10 Government Procurement**

##### **(a) Laws, regulations and procedures**

There has been no change in this area since the last review.

##### **(b) Procurement in a transparent manner and application**

There has been no change in this area since the last review.

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