

Committee on Import Licensing

**REPORT TO THE COUNCIL FOR TRADE IN GOODS
ON CHINA'S TRANSITIONAL REVIEW**

1. The Committee on Import Licensing, at its meeting on 8 October 2007, carried out the sixth transitional review of China pursuant to Paragraph 18 of the Protocol on the Accession of the People's Republic of China (WT/L/432).
2. Written questions in connection with the transitional review of China's import licensing system were submitted in advance by the United States. These submissions were circulated in documents G/LIC/Q/CHN/21.
3. The information provided by China to the Committee on Import Licensing for its meeting on 8 October 2007, were circulated in document G/LIC/W/30.
4. The statements made at the meeting, where discussions under the transitional review took place, are reflected in the minutes of the meeting (G/LIC/M/26, paragraphs 3.1-3.7). The relevant paragraphs which reflect this discussion are annexed.

3. Sixth Transitional Review Under Paragraph 18 Of The Protocol On The Accession Of The People's Republic Of China (WT/L/432).

3.1 The Chairperson recalled that the fifth transitional review of the implementation by China of the WTO Agreement and of the related provisions of the Protocol, under paragraph 18 of the Protocol of Accession of China (WT/L/432), had been carried out in 2006 by the subsidiary bodies of the WTO, including the Committee on Import Licensing, which had a mandate covering China's commitments under the WTO Agreement or China's Protocol of Accession. The Committee's report to the Council for Trade in Goods on that review had been circulated in document G/LIC/15. The Committee would conduct the sixth transitional review at the present meeting. He also informed the Committee that since the last meeting, the Secretariat had received one submission from the United States (G/LIC/Q/CHN/21) containing questions on China's import licensing procedures. The Secretariat had also received, after the airgram convening this meeting was issued, a communication from China containing information required by paragraph IV:3 of Annex 1A of the Protocol of Accession which has been circulated in document G/LIC/W/30.

3.2 The representative of the United States stated that his delegation considered the transitional review on ILP an important process regarding China's accession to this Organization; his delegation looked forward to continuing dialogue with China on the import system for poultry and on import of bulk agriculture commodities¹ as well as on other questions and procedures as they arise.

3.3 The representative of the People's Republic of China thanked the United States for its questions and comments and, in response to the latter, said that: (i) the purpose of the import registration system for poultry was to collect statistics and to prevent and control potential bird influenza. The local Bureau of Commerce or the Bureau of Foreign Trade and Economic Cooperation was in charge of these applications. The registration certificates were granted automatically if the application forms were completed correctly. However, those applicants having forged records concerning automatic import licences would not be granted a certificate. In view of the above, his delegation did not find the system unnecessary, nor trade restrictive. Concerning the statistics requested by the US, his delegation would contact the local agencies after the National holiday to see whether these would be available; (ii) the draft administrative measure of reporting information publication on import of bulk agriculture commodities had the intention to strengthen market transparency in the sector to prevent price fluctuation and to provide market access to small- and medium-sized new enterprises. In the past, his authorities had observed price manipulation by some large enterprises which took a large proportion of the market share and distorted the market in a considerable manner. He also noted that the draft measure was not yet enforced and that his delegation would welcome Members' comments to be dealt bilaterally.

3.4 The delegate from the United States thanked China's remarks and replies to the US. questions and expressed his hope that these would be the start of an ongoing and detailed dialogue. With regard to the automatic registration form, his delegation understood the need to have some control of imports, especially in an area, such as China, where the bird flu epidemic was present. Nevertheless, the US delegation was of the opinion that there might be some other way in which to handle the issue without resorting to import licences. Concerning the draft measure on import reporting on the import of bulk agriculture commodities, China was the only country that considered the actual contract price as compared to a price for customs valuation purposes. His delegation also understood the need for market transparency as the United States also had some reporting requirements on market transitions in its territory, but wondered whether there were other ways to meet those aims in China without resorting to import licensing. He looked forward to discussing with China these issues in more detail.

3.5 The Committee took note of the statements made.

¹ See G/LIC/Q/CHN/21.

3.6 The Chairperson suggested that, to conclude the Sixth Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China, a factual report on China's transitional review be submitted to the Council for Trade in Goods (CTG). As had been done previously, this factual report would refer to the relevant paragraphs of the minutes of this meeting as well as the oral and written comments and questions submitted to China, and the information received from China. The relevant paragraphs of the minutes which reflected the discussion would be annexed to this report.

3.7 The Committee so agreed. The report to the CTG on the sixth transitional review was circulated in document G/LIC/17.
