

**TRANSITIONAL REVIEW MECHANISM
PURSUANT TO PARAGRAPH 18 OF THE PROTOCOL ON THE ACCESSION
OF THE PEOPLE'S REPUBLIC OF CHINA**

Questions to China from the United States in the context of the
Transitional Review Mechanism under Paragraph 18 of the
Protocol of Accession of the People's Republic of China

The following communication, dated 24 September 2007, is being circulated at the request of the Delegation of the United States.

I. ARF CERTIFICATION

1. China's Ministry of Commerce (MOFCOM) administers an import permit system for poultry importers known as the Automatic Registration Form (ARF) system, which allocates a specific volume amount to eligible importers of certain commodities. The ARF system appears to limit the certification of new importers to be eligible for ARF allocations, which may block aspiring importers from the market.

- (a) Please explain the criteria used by MOFCOM to approve or reject importers' requests for certification as eligible for ARF allocations. Please also identify the measures that describe these criteria.
- (b) The United States understands that in 2006 some importers' requests for ARF certification were rejected. Can China provide statistics for each of the years from 2001 to and including 2006 showing the number of requests for ARF certification made, accepted and rejected?
- (c) Please explain why China makes specific volume allocations under its ARF system for a widely traded, price-competitive commodity like poultry.
- (d) What is China's justification for a system that appears to hinder trade through the establishment of an import permit process for poultry?

II. IMPORT REPORTING RULES

2. On 4 June 2007, MOFCOM circulated a draft measure entitled the *Administrative Measures of the Reporting and Information Publication on the Import of Bulk Agriculture Commodities*. This draft measure would implement new import reporting rules for soybean and soybean meal imports, which include a requirement that contract price be reported. The United States is not aware of any

other major trading partner that requests information on the contract price of incoming imports, except for customs valuation purposes.

- (a) Based on the stated objectives of MOFCOM's draft measure, it would appear that seeking information on contract prices is unnecessary. Please explain China's reasons for seeking information on contract prices in this draft measure.
