

Committee on Rules of Origin

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

1. The Committee on Rules of Origin (CRO), at its meeting on 25 October 2007, carried out the 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. Questions on China's rules of origin from Japan has been circulated in documents G/RO/W/108. The statements made at the meeting of 25 October 2005 are to be reflected in the minutes of the meeting (G/RO/M/49), paragraphs 4.1-4.4. The relevant paragraphs which reflect this discussion are annexed.
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4. Transitional review under paragraph 18 of the Protocol of Accession of the People's Republic of China (G/RO/W/108)

4.1 The Chairperson noted that in accordance with paragraph 18 of the Protocol of Accession of the People's Republic of China, the CRO was to report to the Council for Trade in Goods on the outcome of the Review which would then report to the General Council. The Chairperson drew attention to a document, G/RO/W/108 containing questions from Japan.

4.2 The representative of Japan stated that they had two questions, as follows: (1) Japan would like China to explain what kind of rules of origin, such as change in tariff classification, value-added criterion or other rules, apply for trade remedy purposes; and (2) Japan would like China to explain whether same rules of origin apply for trade remedy purposes and general trade purposes.

4.3 The representative of China replied that he would read out a prepared statement by the head of the Chinese delegation on the transitional review of China by the CRO and thanked the Chairperson for allowing him to address the CRO to respond to the questions and comments from Japan, which they received prior to the meeting. With regard to the rules of origin applied for trade remedy purposes pursuant to the regulations of the People's Republic of China on the origin of import and export goods, where more than one country or region is concerned in the production of the goods, the country or region where the last substantial transformation has been carried out should be determined as the origin of these goods. And, the basic criterion to determine substantial transformation, as provided in Article 3 of these regulations, shall be change in tariff classification. If the change in tariff classification is not applicable to the determination of the origin of the goods such criteria as *ad valorem* percentages and/or manufacturing or processing operations should be the supplementary criteria. To answer the second question posed by Japan, he confirmed that the same rules of origin apply to importation of general trade purposes.

4.4 The CRO took note of the statements made and agreed that the Secretariat prepare a short factual report under the Chairman's responsibility, together with the minutes of the meeting for further detail, to be sent to the Council for Trade in Goods.
