

**TRANSITIONAL REVIEW MECHANISM IN CONNECTION WITH PARAGRAPH 18  
OF THE PROTOCOL ON THE ACCESSION  
OF THE PEOPLE'S REPUBLIC CHINA**

Questions and Comments from JAPAN to CHINA

The following communication, dated 6 November 2008, has been received from the delegation of Japan.

**1. Export Licensing Measures**

1. Japan remains concerned about China's export licensing (E/L) measures on certain materials such as fluorite, coal, coke and non-ferrous metals (rare-earths, tungsten, antimony, tin, silver, bauxite, indium, molybdenum and zinc). Japan understands that, for most of the materials mentioned above, China's total amount of exports limited by the issuances of the E/L has been declining over the past few years.

2. China explained, in the Trade Policy Review on 21-23 May 2008, responding to Japan's question, that "China adopts necessary export restriction on resource-intensive products consistent with Article 20 'General Exception' of GATT 1994, that is to say, China implements stringent restriction on domestic production and consumption of resource-intensive products while the export restriction is in place." Actual data regarding domestic production and consumption on the above-mentioned products, however, have not been provided by China.

- (a) Please explain how China justifies its use of export licensing measures on each material under Article 20 of the General Agreement on Tariffs and Trade 1994.
- (b) Please provide the data on domestic production and consumption of each material on which export licensing measure is applied.
- (c) Does China have any plans to eliminate or review the export licensing measures? Please explain?

**2. Export Taxes**

3. Japan remains concerned about China's imposition of export taxes on certain raw materials and products, including agricultural products (wheat, wheat flour, buckwheat, maize and rice), chemical fertilizers and their raw materials, non-ferrous metals, coal and coke. The imposition of export taxes on some of these have been raised several times.

4. As for the recently raised/introduced export duties on chemical fertilizers and their raw materials, Japan understands that China has levied a 100% export taxes on 32 items effective from 29 April to the end of this year, and six other products including phosphate rock have also been subject to a 100% export tax since May this year. In addition, on 29 August 2008, China officially announced an increase of export taxes on nitrogen fertilizers and ammonia to 150% effective from 30 September to 31 December 2008 and also levied export taxes on steam coal and anthracite since August this year.

5. Furthermore, Japan is also concerned about the introduction of export taxes of agricultural products in terms of food security as one of the largest food importing countries.

6. In Section 11.3 of Part I of its Protocol on the Accession, China committed to eliminate all taxes and charges applied to exports unless specifically provided for in Annex 6 of this Protocol. Most of the above products, however, are not listed in Annex 6 of the Protocol, and the duties for other few items such as phosphate rock are above the export duty rate China committed in Annex 6.

- (a) Please explain the purposes of China's imposition of export taxes on agricultural products, chemical fertilizers and their raw materials, non-ferrous metals, coal and coke respectively.
- (b) Please explain how China justifies its imposition of export tax in light of the commitments that China made in Section 11.3 of Part I of its Protocol of Accession.
- (c) Does China have any plans to review the export taxes measures?

### **3. Export Prohibition**

7. Japan remains concerned about China's export prohibition on natural sand. China explains that the purposes of the prohibition are to conserve natural resources, and that the production and consumption of natural sand is restricted in parallel with the export prohibition.

- (a) Please explain how China justifies its export prohibition on natural sand under Article XI of the General Agreement on Tariffs and Trade 1994.
  - (b) Please explain in detail China's restrictive measures on domestic production and consumption of natural sand.
  - (c) Please provide the data on the latest trend in domestic production and consumption of natural sand.
  - (d) Does China have any plans to eliminate or review the export prohibition on natural sand?
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