

**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 17 November 2008, is being circulated at the request of the delegation of the People's Republic of China.

II. ECONOMIC POLICIES

2.1 Non-Discrimination

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

There have been no changes since last submission.

- (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 have been no changes since last submission.

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, etc. This is in conformity to Article XX of GATT 1994.

The information on export administration that China provides here is for transparency purpose only and shall not be deemed as to mean that the measures covered necessarily fall into the scope of export restriction as defined in the WTO.

Non-tariff measures

In 2008, products subject to export license and export quota license include: live cattle, live swine, fowls, beef, pork, chicken meat, wheat and its powder, maize and its powder, rice and its powder, cotton, liquorice and its products, Chinese iris and its products, silk, bauxite, light (dead) burned magnesium, talc lump (powder), fluorspar lump (powder), phosphorous ore, 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, motorcycle engine and frame, automobiles (including SKD) and chassis, substances depleting ozonosphere, part of metal products, natural sand (incl. standard sand) and citric acid. Some of the products listed above obtain export licenses upon presenting of export contract.

China also maintains export prohibition 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

In light of Annex 6 of *the Protocol on the Accession of the People's Republic of China*, 334 HS 8-digit tariff headings are subject to interim export tariff in 2008.

China will submit to the WTO a new and full notification of quantitative restrictions for the year 2008, which will reflect details of 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 have been no changes since last submission.

- (b) **Access to supplies of raw materials in the textiles sector at conditions no less favourable 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 the 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, MOFCOM further issued Announcement No. 85 of 2007 on 24 October 2007, publishing the 9th 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 2008, 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,

16,680,000 tons and 19,150,000 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, 9,260,000 tons and 10,650,000 tons.

2006 was the end of the committed 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 2008 is the same.

From 2003 to 2008, 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

Regarding government procurement, China initiated negotiation on accession into the *Government Procurement Agreement (GPA)*, submitting its application for accession into the GPA and Appendix I offers to the WTO on 28 December 2007. Currently the major legislation regarding government procurement is the *Law of the People's Republic of China on Government Procurement* which took effect on 1 January 2003. There have been no changes since the last review.

(b) Procurement in a transparent manner and application

To ensure the transparency in government procurement, information on laws, regulations and administrative measures relating to government procurement, procurement opportunities, results of the contract award and advance examination on qualification of suppliers etc should all be published in the designated *government procurement website of China* (www.ccpq.gov.cn), *China Financial and Economic News* and *China Government Procurement* magazine. All the procurement projects open to foreign suppliers are required to be implemented through tendering to provide foreign suppliers with equal opportunities. At present, the process of (if any) drafting relevant regulations and administrative measures, and soliciting public opinions and comments on the drafts is ongoing.
