

**TRANSITIONAL REVIEW UNDER ARTICLE 18 OF THE PROTOCOL
OF ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA
INFORMATION REQUIRED IN ANNEX 1A**

PEOPLE'S REPUBLIC OF CHINA

The following communication, dated 16 October 2008, is being circulated at the request of the Delegation of China.

II. ECONOMIC POLICIES

4. Pricing Policies

(a) Application of existing or any other price controls and the reason for their use

The practice of multiple pricing for one product or service in China was terminated many years ago. Currently, the prices of most products and services are determined solely by market forces, while only a very small number of important products and services are subject to state pricing and state guidance pricing. The scope of these products and services subject to pricing administration are published in the Pricing Catalogue of the central government and that of the local governments at the provincial level in consistency with the Protocol on Accession of China, including its Annex 4, and they are regardless of the ownership of the enterprises, and whether the products are domestic or imported. The list of products and services subject to pricing administration, the related price-setting mechanism are now published through *China Economic Herald* and the official website of the National Development and Reform Commission (www.ndrc.gov.cn).

China has a legal framework on pricing based on the *Law of the People's Republic of China on Pricing*. Pursuant to this law, public hearing procedures, expert appraisals, collective review systems and publishing procedures have been introduced to achieve the transparency of State-pricing and State guidance pricing. State pricing and state guidance pricing will not limit or impair the market access of imported goods and services.

(b) Pricing mechanism of China's state trading enterprises for export products

There are no special price control measures or pricing mechanism in China now applicable to state trading enterprises. The prices of the products exported by the state trading enterprises are determined independently by the enterprises themselves based on market conditions including the situation of demand vs. supply, costs of production, processing and/or procurement as well as distribution etc (e.g., cost of storage, transportation, interest rate and inspection fees). Since last transitional review, there has been no change with regard to State pricing and state guidance pricing in the Annex 4 of Protocol on Accession of China.
