

COMMUNICATION FROM CHINA

The following communication, dated 8 October 2008, is being circulated at the request of the Delegation of the People's Republic of China.

**TRANSITIONAL REVIEW MECHANISM PURSUANT TO PARAGRAPH 18 OF THE
PROTOCOL ON THE ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA
("CHINA")¹**

Information notified by China on Annex 1A of the Protocol
on the Accession of the People's Republic of China

II. ECONOMIC POLICIES

3. Investment Regime

(a) Completed revisions to investment guidelines in conformity with the WTO Agreement

A revised *Catalogue for the Guidance of Foreign Investment Industries* (hereafter referred to as "*Catalogue*") was promulgated on 31 October 2007, and came into force since 1 December 2007. Major adjustments include:

New items including "undertaking service outsourcing" and "modern logistics" have been added to the "encouraged items", while "goods leasing", "freight forwarding" and "foreign trade" have been adjusted from "restricted items" to "permitted items". "Futures companies" and "construction and operation of power grid" have been moved from "prohibited items" to "restricted items", thus open them to foreign investment for the first time. These adjustments mirrored China's efforts to further liberalize the service sector.

The revised *Catalogue* also incorporates policies and measures relating to foreign investment contained in specific industrial policies and programs approved by the State Council in all sectors, thus streamlined the foreign direct investment (FDI) access requirements in various regulations and rules, consolidating a consistent, transparent and practicable legislative framework for foreign investment to further facilitate FDI in China.

In the former *Catalogue*, "permitted foreign invested projects whose products are to be wholly exported directly" is treated as an "encouraged" item. This provision has been eliminated in the new *Catalogue*.

¹ WT/L/432.

IV. POLICIES AFFECTING TRADE IN GOODS

8. Trade-Related Investment Measures

- (a) **Elimination and cessation of enforcement of trade and foreign exchange balancing requirements, local content and export performance offsets and technology transfer requirements made effective through laws, regulations or other measures**

Please refer to the information in 3(a) above, and there are no other major changes in this field.

- (b) **Amendments to ensure lifting of all measures applicable to motor vehicle producers restricting the categories, types or models of vehicles permitted for production (to be completely removed two years after accession)**

Please refer to the information in 3(a) above, and there are no other major changes in this field.

- (c) **Increased limits within which investments in motor vehicle manufacturing could be approved at the provincial government at the levels outlined in the Report**

Please refer to the information in 3(a) above, and there are no other major changes in this field.
