

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

Japan's Comments to the Council for Trade in Goods

The following communication, dated 7 November 2002, has been received from the Permanent Mission of Japan.

Japan welcomes China's efforts to implement its commitments under the Protocol on the Accession to the WTO. We are of the view that the Transitional Review Mechanism (TRM) would contribute to improved adherence by China to the rules and disciplines, as well as to its commitments, if it is to be operated in a meaningful and productive manner.

While China is committed to providing relevant information to each subsidiary body in advance of the review under the Protocol of Accession to the WTO, such information has yet to be received.

We are therefore submitting our comments well in advance of the Council for Trade in Goods, to be held on 22 November 2002, in order for the Chinese authorities to reply and to submit the necessary information. Japan looks forward to working with China and other Members in order to assist it in ensuring the transparency to which it is committed under the Protocol. It would be appreciated if China could respond, in writing, to our comments below ten days prior to the said meeting.

1. Non-Discrimination

- Retailing of both imported and domestic automobiles

(1) According to independent sources, the State Development Planning Commission is planning to prohibit a retailer in China to deal in both imported and domestically produced automobiles. Please confirm whether the GOC is to actually make such a regulation and, if affirmative, please provide more information on the regulation.

(2) If the GOC is planning to implement the above regulation, please confirm the relevance of Article III:4 of the General Agreement on Tariffs and Trade on that case.

2. Exports Restrictions

- Export restriction on fluorspar

China imposes an export restriction on fluorspar through export quotas and export licenses which Chinese exporters receive in exchange for export licence fees. Please provide detailed information on this system. Also, please explain whether this system is in

compliance with WTO rules (China's commitment upon accession not to impose export restrictions unless justified by the GATT provisions, Articles 8 and 11, as well as other relevant articles in the WTO).
