

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

EC communication to the Council for Trade in Goods

The following communication, dated 19 October 2002, has been received from the Permanent Mission of the European Communities.

The EC will not reiterate the questions tabled in the subsidiary bodies of the Council for Trade in Goods, since these will be included in the reports made by the Chairmen of these bodies. The EC would like to indicate that, while the year's TRM in those bodies is for all practical purposes over, the set of questions remains a good indication of issues where the EC will continue to pursue better understanding through the usual channels with China, not least where a response and a solution by the Chinese authorities is still pending.

The EC would, nevertheless, like to transmit in advance of the Council for Trade in Goods the questions listed below and related to issues not covered by the subsidiary bodies under the Council for Trade in Goods, or to new developments taking place after the meeting of the concerned subsidiary bodies.

Transparency

Publication of quotas and tariff-rate quotas for 2003

The EC is still waiting for replies and solutions to the problems indicated at the meeting of Committee on Market Access on 23 September 2002. The representative of the China gave assurances that the circulars concerning quotas (e.g. machinery and electrical products, fertilisers) and TRQ allocation for 2003 would be published by mid-October 2002, in order to avoid the delays experienced in 2002.

- Could China indicate whether such publication has taken place? Could China explain how unused quotas 2002 have been redistributed?

Moreover, as regards the latest published regulation on quota management, i.e. on processed oil (HS Chapter 27) and vehicle tyres (HS Chapter 40), the considerations on lack of transparency and other problems related to quota management and tariff quota allocation (s. our submission contained in document G/MA/W/33) do equally apply.

Transposition into domestic legislation

Non-discrimination

According to information obtained through bilateral contacts, the Chinese authorities are envisaging the establishment of a dual distribution system for automobiles, respectively for domestically-produced vehicles and for imported vehicles.

- Could China provide clarification on the status of such project, if currently considered? The EC would like to draw China's attention to the likely inconsistency of such schemes with WTO and GATT provisions concerning national treatment.

Government procurement

China stated at the Working Party for WTO accession that they would initiate negotiations for membership in the GPA as soon as possible and, until such a time, all government entities would conduct their procurement in a transparent manner, and provide all foreign suppliers with equal opportunity to participate in that procurement pursuant to the principle of MFN.

- Could China confirm that all government procurement is conducted in a transparent manner and how the MFN principles are ensured in practise?
 - Could China indicate a date to request GPA membership and start negotiations?
-