

**CHINA'S TRANSITIONAL REVIEW MECHANISM**

Information provided by China in accordance with  
Annex 1A of the Protocol on the Accession of the People's Republic of China

The following communication, dated 18 September 2002, has been received from the Permanent Mission of China.

**1. Tariff Rate Quotas**

- (a) **administration of TRQs on a transparent, predictable, uniform, fair and non-discriminatory basis using clearly specified timeframes, administrative procedures and requirements and evidence of a consistent national allocation (and reallocation) policy including:**

In order to administer TRQs in a transparent, predictable, uniform, fair and non-discriminatory manner, the competent agencies of China have promulgated a series of regulations and measures on the TRQs administration on agricultural and industrial products, which explicitly provide for the timeframe of utilization of TRQs, administrative procedures and requirements as well as procedures concerning allocation and reallocation.

The State Development Planning Commission (SDPC) has promulgated the following regulations and measures:

- the Interim Measures on Administration of Tariff Rate Quota for Import of Agricultural products;
- the Tariff Rate Quantity, Application Conditions and Allocation Principles for Import of Major Agricultural Products in Year 2002;
- the Implementing Rules on Administration of Tariff Rate Quota for Import of Wool and Wool Tops in Year 2002; and
- the Circular on Reallocation of Tariff Rate Quota for Import of Major Agricultural Products in Year 2002.

The State Economic and Trade Commission (SETC) has promulgated the following regulations and measures:

- the Interim Measures on Administration of Tariff Rate Quota for Import of Fertilizers; and

- the Circular on Publication of Allocation Principles and Application Procedures for Tariff Quota Quantity of Fertilizers in Year 2002.

**(i) provision of volume/value of the quota or TRQs made available**

The quantities of TRQs for 2002 are as follows:

Unit: million mt

Product	Quantity
<i>Agricultural products</i>	
Wheat	8.468
Corn	5.85
Rice	3.99
Soybean oil	2.518
Rape-seed oil	0.879
Palm oil	2.4
Sugar	1.764
Cotton	0.8185
Wool	0.2645
<i>Industrial products</i>	
Wool tops	0.0725
Urea	1.3
DAP	5.67
NPK	2.835

**(ii) reallocated quota or TRQs applied for**

As provided for in the Circular on Reallocation of Tariff Rate Quota for Import of Major Agricultural Products in Year 2002 issued by SDPC on 9 August 2002, if the end-users with quota allocation foresee that they could not contract for their total quota quantity before 31 December, or that although the contracts have been signed, the shipment cannot be made before the end of the year, they shall return the unused portion of the quota quantity to the authorized agencies of SDPC by 15 September. Applications for quota reallocation have to meet certain conditions. SDPC will reallocate the quotas returned to end-users by 30 September.

With respect to fertilizer, in accordance with the SETC Interim Measures on Administration of Tariff Rate Quotas for Import of Fertilizers, the SETC shall receive applications for quota reallocation from 15 September to 30 September and shall reallocate the quotas returned by 15 October.

**(iii) the volume/value of requests for allocation or reallocation denied**

The volume of requests for allocation denied is as follows:

Unit: million mt

Product	Quantity
<i>Agricultural products</i>	
Wheat	16.78
Corn	28.6
Rice	Long grain: 1.9575 Short and medium: - 0.2525
Soybean oil	8.38
Rape-seed oil	3.39
Palm oil	9.47
Sugar	6.58
Cotton	0.35

**(iv) fill rates for the quota or TRQs**

The import volume and fill rates of TRQs by 31 July 2002 are as follows:

Product	Import volume (million mt)	Growth rate (%)	Fill rate (%)
Wheat	0.5	131.2	5.9
Corn	0.007	-57	0.1
Rice	0.131	-2.8	3.3
Soybean oil	0.087	75.8	3.4
Rape-seed oil	0.02	-46.1	2.2
Palm oil	0.814	5.6	34
Sugar	0.7	19.5	40
Cotton	0.062	216.2	7.6
Wool	0.099	-21	37
Wool tops	0.022	-22.9	30
Urea	0.68	Not available	51.1
DAP	1.33	45.8	23.5
NPK	2.19	65.5	77.2

**(v) for TRQs, the amount of any goods entered at the over quota rate**

None.

**(vi) time taken to grant a quota or TRQs allocation**

SDPC: one month.

SETC: two months.

**2. Non-Tariff Measures including Quantitative Import Restrictions**

**(a) the introduction, re-introduction or application of any non-tariff measures other than those listed in Annex 3 of the Protocol and elimination of non-tariff measures**

None.

**(b) implementation of the schedule for phased elimination of the measures contained in Annex 3**

Beginning from 1 January 2002, China has eliminated all the non-tariff measures which are due for elimination upon accession or as of 1 January 2002 on such products as polyester fibre, acrylic fibres, polyester fillet, tobacco and its products, cellulose diacetate filament tow, colour television sets and TV kinescope, radios, tape recorders and their main parts, audio and video tape duplication equipment, refrigerators and their compressor, recording equipment and its key parts, air conditioners and compressors, open-end spinning machines, spirits, colour sensitive materials, automobiles and key parts and vehicle tires. In addition, China has eliminated the NTMs for three tariff lines (84743100 , 8529109 and 90311000) on 15 January 2002, three years earlier than the phase-out time table in Annex 3. As a result, the total number of 8-digit tariff lines subject to quantitative restrictions has been reduced from 502 to 170.

**(c) quota allocation and reallocation in conformity with WTO requirements, including the Agreement on Licensing Procedures following criteria set out in the Report of the Working Party on the Accession of China**

*Processed oil and automobile tires*

The import quotas for processed oil and automobile tires have been allocated in accordance with relevant commitments of China. SETC issued the Circular on the Adjustment of Import Quotas for Processed Oil and Automobile Tires in Year 2002 on 13 August 2002. At present, SETC has begun to receive unused quotas and applications for reallocation. The import volume of processed oil for the first half of this year is 7.94 million mt, a decrease of 24.3% compared with the same period of last year.

*Natural rubber*

In accordance with the growth rate in Annex 3, the quota quantity for natural rubber for 2002 is 0.567 million mt and the quantity actually allocated is 0.567 million mt. The Interim Measures on Administration of Import Quota for Natural Rubber was promulgated by SDPC which is responsible for the allocation of quotas for natural rubber. MOFTEC is responsible for issuing import licenses according to the Natural Rubber Import Quota Certificate issued by SDPC. All commercial terms of import of natural rubbers, such as product specifications, product mix, pricing and packaging are at the sole discretion of quota holders. The Certificate is valid for the calendar year starting from 1 January.

*Machinery and electronic products*

The State Administration of Import and Export of Machinery and Electronic Products (SAIEMEP) has fully implemented the relevant commitments of China, including quota quantity, annual growth rate and product coverage. SAIEMEP has promulgated a series of regulations and measures on the administration of import quotas and tendering for machinery and electronic products. The administration regime is based on the principle of uniformity, transparency, openness and non-discrimination. The competent agencies include SAIEMEP and its authorized agencies at provincial level or in other government agencies. SAIEMEP publishes the total quota quantity for the next year by 31 July and receives applications for quota allocations from 1 August to 31 August. The quota is allocated by 31 October. SAIEMEP reallocates the unused quota returned in time within 10 working days starting from 1 September. In order to ensure efficient quota allocation and full utilization of quotas, SAIEMEP authorizes local agencies to verify the documents submitted by applicants. After

verification, the applicants shall apply for Import Quota Certificate at SAIEMEP according to relevant timeframe and procedures, and then apply for import license at MOFTEC. The import license shall be issued within three working days, with a maximum period of ten days in exceptional situations.

**(d) distribution licences, quotas, tariff rate quotas or any other means of approval for importation are not subject to conditions set out in Section 7, paragraph 3 of the Protocol**

According to the relevant regulations on administration of import licenses, quotas and TRQs, the distribution of import licenses, quotas, TRQs, or any other means of approval for importation are not subject to the conditions set out in Section 7, paragraph 3 of the Protocol.

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