

Committee on Sanitary and Phytosanitary Measures

**REPORT TO THE COUNCIL FOR TRADE IN GOODS
ON CHINA'S TRANSITIONAL REVIEW**

The present report is submitted on the responsibility of the Chairperson, Mrs. Alberto-Chau Huu, as agreed by the Committee at its regular meeting on 7-8 November 2002.

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1. The Committee held its first annual Transitional Review under paragraph 18 of the Protocol of the Accession of the People's Republic of China at the regular meeting on 7-8 November 2002 (WT/L/432 refers).
 2. Questions and/or comments to China were submitted by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, the European Communities and the United States in advance of the review (G/SPS/W/124 to 126, respectively). There was opportunity for other Members to make statements or raise questions at the meeting. China provided oral responses to the comments and questions by Members.
 3. The statements that were made in the context of the Committee's review will be reflected in the Summary Report of the November meeting by the Secretariat (to be circulated as G/SPS/R/28). The excerpt from this report regarding the Committee's review is attached.
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ATTACHMENT

Excerpt from the summary report of the SPS Committee meeting held on 7-8 November 2002
(G/SPS/R/28)

VIII. TRANSITIONAL REVIEW UNDER PARAGRAPH 18 OF THE PROTOCOL OF ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA

The Chairperson recalled that at the June 2002 meeting of the Committee, Members had been invited to raise relevant questions to China well in advance of the November Committee meeting. China had indicated that it might also address questions to other Members regarding their SPS measures. Chinese Taipei, the European Communities and the United States had submitted questions in advance (G/SPS/W/124, 125 and 126 respectively).

The representative of China made a statement on China's SPS-related activities since accession. Fulfilling China's commitments had been a challenging task, however China applied SPS measures only to the extent necessary to protect life or health, and had made every effort to base its SPS measures on international standards, guidelines and recommendations. Where there was deviation between international standards and Chinese SPS measures, sufficient scientific justifications could be provided.

Immediately after accession, the Chinese government had established China's WTO Notification and Enquiry Center under the Ministry of Foreign Trade and Economic Cooperation (MOFTEC). MOFTEC served as the focal point to fulfill notification obligations, including SPS notifications, and to provide trade-related information in response to enquiries from individuals, enterprises and WTO Members. Pursuant to paragraph 3 of Annex B of the SPS Agreement, the International Standard and Technical Regulation Center of the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) had been designated to be China's SPS enquiry point. This institutional arrangement reflected the importance China attached to transparency, and had ensured timely notifications of SPS-related measures. Detailed information regarding the China WTO Notification and Enquiry Center and China's SPS enquiry point had been provided to the WTO in early 2002.

China had begun to sift its existing SPS-related laws, regulations and administrative measures well before accession, resulting in 140 SPS notifications made in February and March 2002, pursuant to Article 14 of China's Protocol of Accession. Aside from the notifications, China also promptly responded to questions regarding those notifications by supplying relevant SPS documents upon request. With regard to new SPS measures, China had also faithfully fulfilled its obligations under the SPS Agreement. Pursuant to Article 7 and Annex B of the SPS Agreement, China had notified 15 new or revised SPS measures. Comments from other WTO Members on these notified measures had been taken into account and responsible authorities had tried their best to reflect these comments, if reasonable and justifiable, in the final adoption of the SPS measures. For example, following comments and information from the European Communities and the Netherlands on China's import ban on Dutch products of animal origin due to chloramphenicol contamination (G/SPS/N/CHN/5), China had allowed some products such as certain kinds of sea fishes, sea molluscs, edible eggs and egg products to be imported. China also published promptly its newly adopted or revised SPS regulations and measures, as required by Annex B of the SPS Agreement, in the "Gazette of the Ministry of Foreign Trade and Economic Cooperation" and the "Gazette of the General Administration of Quality Supervision, Inspection and Quarantine". These new SPS regulations and measures were also available at the websites of the AQSIQ, Ministry of Agriculture, Ministry of Health, and the SPS Enquiry Point.

The representative of China emphasized that, because of the great challenges related to accession, capacity building had been of the utmost importance, particularly in technical fields such as the SPS Agreement. A series of materials had been translated and published in the Chinese language, and seminars and training courses had been organized for officials at various levels. China expressed its appreciation to the Secretariat, other international organizations and WTO Members for their support in this respect.

The representative of China indicated that his general introduction had addressed some of the questions raised by Members in advance of the meeting. China had categorized the remaining questions and would provide responses by subject. Regarding harmonization, China had taken many steps to base its SPS measures on international standards. First, Article 10 of the "Law on Standardization of the People's Republic of China" stipulated that relevant international standards should be taken into account while developing national standards. Second, in 2001, the Standardization Committee of the People's Republic of China (SAC) within AQSIQ had been established. This Committee was specifically responsible for the administration of standardization in the whole country, for promoting an active participation in international standard-setting activities and for alignment of national standards to international standards.

Third, AQSIQ had promulgated "Rules on Management of Adopting International Standards" in Decree No.10 in 2001. The Rules stipulated explicitly the principle and procedures for adopting international standards: (i) determine if Codex, OIE or IPPC have adopted a related international standard; (ii) if a relevant international standard existed, the Chinese standard should be the same or equivalent to it, except in cases where there was sufficient scientific evidence; (iii) a working plan for adopting the international standard should be presented to SAC; (iv) after the proposed standard was ready, it should be published for public comments and the relevant organizations or specific standard committees proposing the standard should take into account the comments from the public; (v) the proposed standard should be notified to Members for comments if it was not based on existing international standards and had a significant effect on international trade, and the comments from Members should be taken into account; and (vi) the standards should be released after being adopted.

Fourth, in July 2002, SAC had worked out a target for adoption of international standards. By the end of 2005, the ratio of national standards based on international standards should reach 70 per cent on the whole and 75-80 per cent in important fields such as SPS. Fifth, to conform to international standards, existing standards were being reviewed and modified. The Ministry of Health was reviewing dozens of food safety standards which were not in conformity with Codex standards.

Regarding consistency, the representative of China noted that China was a centralized country, and the constitution and the current legal and standard system could effectively ensure nationwide uniform implementation of laws, regulations, national standards and the WTO Agreement. Local SPS regulations and standards which did not conform to national laws, regulations and standards, as well as to the WTO Agreement, would be withdrawn by the central Government.

On risk assessment, the representative of China explained that at the beginning of the 1990s, China had participated in the drafting of the international standard of phytosanitary measures regarding pest risk analysis. China was one of the first developing country Members to conduct pest risk analysis. New SPS measures had been developed and import bans on a variety of agricultural products had been lifted based on risk assessments. In 2001, the National SPS Risk Assessment Committee led by AQSIQ had been established to promote the development of risk assessment in China in accordance with international standards. In concluding his statement, the representative of China indicated that the interim review process was a useful forum for clarification and information exchange.

Several Members acknowledged the efforts required of China to comply with its WTO obligations, expressed their appreciation for the information provided and requested written copies of the statement. The representative of Chinese Taipei indicated that in its written questions it had requested clarification of the quarantine procedures for imported fresh fruits. He was not sure this question had been addressed in China's statement. Chinese Taipei indicated that China's smooth implementation of its commitments was in the best interest of all Members, including China itself.

The representative of the European Communities indicated that it had raised a number of issues whose clarification would be mutually advantageous to facilitate trade. The European Communities recognized that China might require time to reflect on these questions and looked forward to a written response to the EC questions.

The representative of New Zealand noted the steps China was taking to meet key principles of the SPS Agreement, including harmonization, equivalence, risk assessment and transparency. New Zealand encouraged China to remedy those areas where China was not in compliance with its WTO commitments, and to ensure that any new measures introduced were consistent with its obligations under the SPS Agreement. New Zealand looked forward to continuing a fruitful exchange of views on SPS matters, in both bilateral and multilateral contexts.

The representative of the United States noted that many of its questions had been addressed in China's statement, including those regarding pest risk assessment and harmonization. The United States had also raised specific questions, for example related to quarantine inspection permits and raw meat and poultry standards. The United States hoped that China could provide a response to these questions in sufficient time for the review mechanism to be completed by the SPS Committee before the end of 2002.

The representative of Chile highlighted that Chile had agreements on animal and plant health with China to further the principles of the SPS Agreement, and was working on the recognition on pest-free areas in accordance with Article 6. Recently Chinese technicians had visited Chile to certify its condition as free from fruit flies. There had been great progress on the technical level, and Chile was awaiting administrative progress to finalize the recognition process.

The representative of Australia emphasized the positive SPS relationship between Australia and China. Australia was bilaterally pursuing several issues regarding access for some animal and plant products to China. There were a number of outstanding bilateral issues whose solution had been protracted, but Australia remained hopeful that they would soon be sorted out. Australia appreciated China's commitment to address systemic challenges in its implementation of the SPS Agreement related to consistency, transparency, the use of international standards, the use of least trade-restrictive measures and matters related to non-discrimination. Australia had been pleased to be amongst those assisting China in its SPS training programmes and would soon welcome a visit by Chinese quarantine authorities for work on SPS matters.

The representative of Thailand informed the Committee of concerns similar to those expressed by Chinese Taipei regarding the delays in receiving import permits for agricultural products, especially fresh fruits. Thailand's exports of fresh fruit and vegetables to China had declined after China's accession to WTO. Thailand requested written explanations from China.

The representative of China replied to some of the comments raised by Members. Regarding the US question on meat standards related to *Escherichia Coli* and other bacteria, China's standards in Article 10 of its food sanitation law provided that meat and other food must not be contaminated by disease-causing organisms. The procedures for obtaining import quarantine permits had been notified according to Article 14 of the Protocol of Accession. Importers in China filled out application forms and sent them to the local quarantine bureau for a first consideration. If the permits were for imports

of specific animals, plants or foods, the quarantine permit covered a combination of disease and food safety issues. If there was any prohibition on imports from overseas, the importers need not go further. Otherwise, the application form would subsequently be submitted to AQSIQ for final approval. There was no limit on the amounts of products covered by one application. In the case of fresh fruit, the same system applied. Furthermore, there was no restriction on which ports could import fruits unless there were no inspection facilities or unless agreed bilaterally.

Regarding four US meat plants, from December 2001 until March 2002, China had twice found E. coli O157 on meat from two plants, and had also twice found other disease-causing organisms on meat from the other two plants. China had immediately notified US authorities and was working on lifting the bans on products from these four plants. China looked forward to receiving responses from its US counterparts and was confident that the problem could be solved through bilateral discussions.

Regarding the US concerns about treatment of Alaskan logs, the representative of China explained that imports of logs were permitted from countries that did not have appropriate facilities for log treatment on condition that the arrival ports in China had these treatment facilities and the capability to address risks of pests entering into China. Pest species in logs imported from Russia were similar to those in China, and logs exported from Russia could be treated at the border in the north of China. Logs from Alaska could so far not be treated in the same manner due to a high risk of pest introduction since Alaska had a different ecosystem from China. However, relevant Chinese ports did not yet have the necessary treatment facilities. Chinese and US experts were currently discussing these issues. The United States had agreed to establish a research project for log treatment in Alaska, for example by dipping the logs in sea water. China was expecting to hear good news from the project.

More generally, China appreciated the encouragement, understanding and patience expressed by its trading partners, and confirmed that it would make efforts to continue its implementation of the commitments in its Protocol of Accession and in the SPS Agreement. China's statement would be made available to Members in writing. China looked forward to further cooperation with Members. If any questions had remained unanswered they could be addressed through the normal channels of the SPS Committee, which provided for efficient cooperation.

The Chairperson announced that she would make a short factual report on the transitional review to the Council for Trade in Goods. The Chairperson briefly outlined the content of this report (subsequently circulated as G/SPS/22).
