

**WORLD TRADE  
ORGANIZATION**

RESTRICTED

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**Working Party on the  
Accession of China**

**DRAFT REPORT OF THE WORKING PARTY  
ON THE ACCESSION OF CHINA**

Corrigendum

*This second corrigendum to Rev.8 of the Draft Report provides additional corrections to – and in some cases modifies – those corrections set out in the first corrigendum, dated 10 September 2001.*

**Draft Report of the Working Party**

Paragraph 79, lines 2 and 3: delete "measures covered under Section 2(D)(1) of the Draft Protocol" and replace with "the implementation of laws, regulations, judicial decisions and administrative rulings of general application referred to in Article X:1 of the GATT 1994, Article VI of the GATS and the relevant provisions of the TRIPS Agreement".

Paragraph 101, third line: revert to original text, ignoring correction provided in the first corrigendum.

Paragraph 111, second line: revert to original text, ignoring correction provided in the first corrigendum.

Paragraph 129, eighteenth line: change "paragraph 2(C)2" to "Section 2(C)2".

Paragraph 130: delete and replace with the following reorganized paragraph, ignoring reordering provided in the first corrigendum.

"130. The representative of China stated that China would allocate quotas in accordance with the following criteria and procedures which would be published in advance and would be applied in conformity with WTO requirements, including the Agreement on Import Licensing Procedures. In applying these criteria, China would consider the need to allow for equitable participation by producers from WTO Members and take into account the need to maximize the potential for quota fill.

(a) (i) If the relevant quota quantity exceeded total requests for quota allocations, all requests would be approved.

(ii) In other cases, the criteria for allocation would be as follows:

Historical performance of applicants where relevant (in cases in which average imports over the 3-year period immediately prior to the year of China's accession, for which data was available, amounted to less than 75 per cent of the relevant quota, it would be necessary to take into account other criteria *inter alia* as set forth below);

- Production or processing capacity, in the case of intermediate products and raw materials;

- Experience and ability in producing, importing, marketing, or servicing in international markets, in the case of finished products or products destined for wholesale or retail distribution;

(b) (i) In cases in which average imports over the 3-year period immediately prior to the year of China's accession, for which data was available, exceeded 75 per cent of the relevant quota, applicants that had not previously been allocated quota would be allocated 10 per cent of the total quota in the first year and the majority of any quota growth in any subsequent year.

(ii) In other cases :

- In the first year, 25 per cent of the total quota would be allocated to applicants that had not previously been allocated quota; however, an applicant that had imported under a quota on the relevant products in the year prior to China's accession would not receive a decrease in the absolute amount of its quota allocation;

- In the second year, for the amount of the quota growth as well as an amount equivalent to the amount of any quota that had not been filled in the previous year, China would give priority consideration to requests from enterprises with foreign ownership equal to or less than 50 per cent;

- In the third and fourth year, if relevant, for the amount of the quota growth as well as an amount equivalent to the amount of any quota that had not been filled in the previous year, China would give priority consideration to requests from enterprises with foreign ownership greater than 50 per cent.

(c) In all cases, a quota-holder receiving an initial allocation that had fully utilized or contracted for its quota allocation would, upon application, receive an allocation in the following year for a quantity no less than the quantity imported in the previous year. A quota-holder that did not import its full allocation would receive a proportional reduction in its quota allocation in the subsequent year unless the quantity was returned for reallocation by 1 September.

The Working Party took note of these commitments."

Paragraph 159, sixth line: delete "not produced by them".

Paragraph 237 bis. *[check with Renzo]*

Paragraph 250, at the end of paragraph: add "Other laws, regulations and measures relating to the implementation of the TRIPS Agreement had been or would be notified to the WTO and would be made available upon request."

Paragraph 274, fifth line: after "conditions", add ", on the understanding that this requirement could be waived in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use and subject to the other provisions of subparagraph (b) of Article 31". Ignore changes contained in first corrigendum.

### **Draft Protocol**

Section 15, third line: change "sub-paragraph (b)" to "subparagraph (b)".

### **Protocol Annexes**

Annex 1A, Section III.1(b): change "Section 2(A), Article 5" to "Section 2(A), paragraph 4".

Annex 1A, Section IV.8(a): *[awaiting confirmation of Secretariat change from China]*

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