

Committee on Import Licensing

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

1. The Committee on Import Licensing, at its meeting on 20 October 2008, carried out the seventh transitional review of China pursuant to Paragraph 18 of the Protocol on the Accession of the People's Republic of China (WT/L/432).
2. Written questions in connection with the transitional review of China's import licensing system were submitted in advance by the United States. This submission was circulated in document G/LIC/Q/CHN/23.
3. The information provided by China to the Committee on Import Licensing for its meeting on 8 October 2007, was circulated in document G/LIC/W/33.
4. The statements made at the meeting, where discussions under the transitional review took place, are reflected in the minutes of the meeting (G/LIC/M/28, paragraphs 3.1-3.7). The relevant paragraphs which reflect this discussion are annexed.

3. Seventh Transitional Review Under Paragraph 18 Of The Protocol On The Accession Of The People's Republic Of China (WT/L/432).

3.1 The Chairperson recalled that the sixth transitional review of the implementation by China of the WTO Agreement and of the related provisions of the Protocol, under paragraph 18 of the Protocol of Accession of China (WT/L/432), had been carried out in 2007 by the subsidiary bodies of the WTO, including the Committee on Import Licensing, which had a mandate covering China's commitments under the WTO Agreement or China's Protocol of Accession. The Committee's report to the Council for Trade in Goods on that review had been circulated in document G/LIC/17. The Committee would conduct the seventh transitional review at the present meeting. He also informed the Committee that since the last meeting, the Secretariat had received one submission from the United States (G/LIC/Q/CHN/23) containing questions on China's import licensing procedures. The Secretariat had also received, after the airgram and its addenda convening this meeting were issued, a communication from China containing information required by paragraph IV:3 of Annex 1A of the Protocol of Accession which has been circulated in document G/LIC/W/33.

3.2 The representative of the People's Republic of China informed the Committee that no major changes had occurred on China's import licensing regime since 2007 and that all China's related import licensing issues could be found in China's Foreign Trade and Economic Cooperation Gazette as well as in the website of MOFCOM, China's Ministry of Commerce.

3.3. The representative of the United States, referring to the questions posed to China under the transitional review (document G/LIC/Q/CHN/23), informed the Committee that on 5 August 2008 China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) had issued Notice No. 87-2008 announcing the establishment of a new requirement for cotton foreign exporters which might obtain, before engaging in the export of cotton to China, a registration certificate from AQSIQ or face preshipment inspection requirements. This notice established a starting date for the acceptance of registration applications by foreign exporters of cotton of 15 September 2008 and set a deadline of 15 March 2009, by which time consignees might provide the registration certificate of a foreign exporter of cotton at the port of entry of a cotton shipment. AQSIQ Notice No. 87-2008 also imposed an obligation for consignees to include a preshipment inspection clause in the contract or purchase agreement for importation of cotton from *non*-registered foreign suppliers, and described a quality credit appraisal system for implementation by AQSIQ.

3.4 The representative of the People's Republic of China, in response to the concerns raised by the United States, informed the Committee that China imported more than 3 million tonnes of cotton each year whose total value exceeded US\$4 billion and that the inferior quality of some imported cotton had been a problem for some time. Chinese importers and users of this cotton were seriously injured due to quality problems such as plant diseases, insect pests, hazardous substances, poor quality and shorter wheat. The figure for 2006 showed that this was the case for almost 70% of cotton imports inspected. Therefore, China had decided to implement the registration requirement from AQSIQ for quality purposes to preventing inferior cotton from entering into China and to put an end to deceptive practices. This registration did not constitute a trade barrier and would serve to protect the legitimate activities of fair enterprises. The complete text of this registration requirement, currently available only in Chinese, could be consulted at the website of AQSIQ (www.aqsiq.gov.cn). With regard to the question concerning the qualification criteria in entering the certificate, the representative of China stated that it was advisable to refer to Article I of the registration requirement which provided specific details. Concerning the designation of an organization for pre-shipment inspection, the TBT National Enquiry Point should be approached by interested Members via e-mail, telephone or fax (www.aqsiq.gov.cn; Telephone 8861082260618; or Fax 8601082262448).

3.5 The Committee took note of the statements made.

3.6 The Chairperson suggested that, to conclude the Seventh Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China, a factual report on China's transitional review be submitted to the Council for Trade in Goods (CTG). As had been done previously, this factual report would refer to the relevant paragraphs of the minutes of this meeting as well as the oral and written comments and questions submitted to China, and the information received from China. The relevant paragraphs of the minutes which reflected the discussion would be annexed to this report.

3.7 The Committee so agreed. The report to the CTG on the seventh transitional review was circulated in document G/LIC/19.
