

CHINA'S TRANSITIONAL REVIEW MECHANISM¹

Comments and questions from JAPAN to CHINA

The following communication, dated 1 September 2003, has been received from the Permanent Mission of Japan.

1. Japan welcomes that, in the second year after accession, implementation by China of its commitments on import licensing has progressed and is entering into a cruising phase. It appreciates efforts by China for developing and improving necessary regulatory framework and smoothly implementing phase-in commitments. In a transitional period of evolving regulations, the importance of regulatory transparency, predictability, stability and consistency is paramount; the value of import licensing commitments and the efforts to implement them could be easily clouded out by a shortness of such elements either in regulations themselves or in their application. The transitional review mechanism could be useful for making those transitional efforts more efficient and productive, and it is a pleasure for Japan to contribute to this process.

2. In this context, China is further invited to take necessary steps to ensure regular and effective application of public comments procedures, well-in-advance publication of laws and regulations, avoidance of abrupt regulatory change, clear demarcation of departmental responsibilities, improvement in inter-departmental and central-provincial coordination and consistency etc.

3. In accordance with Section 18 of the Protocol on the Accession of the People's Republic of China, which states that "China shall provide relevant information to each subsidiary body in advance of the review" and in the spirit of cooperation to render the TRM process most efficient and effective, Japan requests China to provide in advance of the meeting of the Committee on Import Licensing responses and relevant information to the following questions and comments.

4. Questions

Publication and provision of information on the implementation of import quotas on automobiles

Concerns about the implementation of import quotas on automobiles

(i) □ The actual automobile imports registered \$3.85 billion from April 2002 to March 2003, a period subject to the quota for the first fiscal year, which was significantly lower than the import quota of \$7.94 billion. We would like to know why the large disparity between these figures occurred.

¹ Pursuant to Section 18 of the Protocol of Accession of the People's Republic of China (WT/L/432).

Furthermore, the customs-cleared imports in the second quarter in 2003 posted \$1.21 billion, as shown in the annex attached hereto. Multiplying this figure four-fold amounts only to \$4.84 billion, which, again, results in a significant disparity from the nominal quota for 2003 of \$9.125 billion. We are now concerned about the implementation of the quota as agreed, and would like to know what measure the Government of China plans to take to improve this year's implementation.

(ii) Annex 3 to China's Protocol of Accession states that items subject to the import quotas for 2003 are 44 under complete vehicles and only one item, bodies, under the auto parts. We would like the Government of China to confirm that there are no other items subject to the import quotas for 2003 than the foregoing ones.

Ensuring of the transparency of the current import quotas on automobiles

(iii) In Paragraph 127 of the report of the Working Party², it is agreed that the allocation of quotas and issuance of import licences shall be operated in conformity to simple and transparent procedures pursuant to Article XIII of the GATT 1994 and the WTO Agreements including the Import Licensing Procedures. Furthermore, Article 2(c) of Annex 1A-IV stipulates that China shall provide information about the status of quota allocation and reallocation which meet WTO requirements under the Agreement on Import Licensing Procedures and the report of the Working Party.

(iv) We would like the Government of China to inform us of the status of the quota allocation and reallocation for 2003 with a view to ensuring a transparent system. More specifically, we would like the Government of China to present the actual quotas for 2003 by item and by country of origin.

(v) Paragraph 130(c) of the report of the Working Party provides that quota holders 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. In this connection, we would like to know the number of the quota holders to whom the Government of China applied this provision at the time of allocating the quotas for FY 2003 and the reduction in quota in total.

(vi) We have the information that the Government of China controls the number of import licences to be granted by category. Especially, the number of import licences granted to cars of 2,000 cc or less displacement in the sedan category is small, which indicates that import licences are not granted impartially, regardless of the engine displacement, and enough to meet the demand for imported cars. Is such information about the method for granting import licences true?

² WT/MIN(01)/3.

US\$			2002/04~2003/03		2003/04~2003/06	
SERIL NO	HSNO	DESCRIPTION OF PRODUCTS	QUANTITY	VALUE	QUANTITY	VALUE
104	84079090	Spark-ignition reciprocation or rotary internal combustion piston engines not elsewhere specified or included	732,047	63,151,026		
105	84082010	Compression-ignition internal combustion piston engines (diesel or semi-diesel engines) for the prolusion of vehicles of Chapter 87, with an output 132.39KW (180H.P.)or more	15,701	154,919,387		
106	84082090	Compression-ignition internal combustion piston engines (diesel or semi-diesel engines) for the prolusion of vehicles of Chapter 87, with an output less than 132.39KW (180H.P.)	8,426	24,794,154		
248	87012000	Road tractors for semi-trailers (truck tractors)	1,167	58,477,276	370	18,779,036
250	87021020	Coaches for transport of passengers at aerodrome, diesel	5	1,316,211	-	0
251	87021091	Buses with seats \geq 30, diesel	217	13,817,371	11	709,571
252	87021092	Buses with $20 \leq$ seats $<$ 30, diesel	44	1,706,040	-	0
253	87021093	Buses with $10 \leq$ seats $<$ 20, diesel	60	1,847,813	4	100,032
254	87029010	Other buses with seats \geq 30, nes	198	7,619,848	5	223,844
255	87029020	Other buses with $20 \leq$ seats $<$ 30, nes	427	15,139,704	9	407,153
256	87029030	Other buses with $10 \leq$ seats $<$ 20, nes	3,136	56,826,506	586	10,018,962
258	87032130	Saloon cars, \leq 1000 cc, spark-igni reciprocating	11	70,017	49	238,877
259	87032190	Cars nes, \leq 1000 cc, spark-igni reciprocating	16	108,303	2	13,169
260	87032230	Saloon cars, $>$ 1000cc but \leq 1500 cc, spark-igni recip	3,229	23,863,951	208	1,924,395
261	87032240	Cross-country cars(4WD), $>$ 1000cc but \leq 1500cc, spark-igni recip	35	278,972	14	116,200
262	87032250	Minibuses (seats \leq 9), $>$ 1000cc but \leq 1500cc,spark-igni recip	17	197,960	16	224,163
263	87032290	Cars nes, $>$ 1000cc but \leq 1500 cc,spark-igni recip	1	9,027	-	0
264	87032314	Saloon cars, $>$ 1500cc but \leq 2500 cc,spark-igni recip	41,238	718,130,877	18,100	327,579,081
265	87032315	Cross-country cars(4WD), $>$ 1500cc but \leq 2500 cc,spark-igni recip	13,368	230,131,057	2,557	45,121,683
266	87032316	Minibuses(seats \leq 9), $>$ 1500cc but \leq 2500 cc,spark-igni recip	12,343	225,249,091	1,643	30,063,158
267	87032319	Cars nes, $>$ 1500cc but \leq 2500 cc,spark-igni recip	77	1,373,471	21	331,257
268	87032334	Saloon cars $>$ 2500cc but \leq 3000 cc, spark-igni recip	12,658	348,838,424	5,549	193,179,046
269	87032335	Cross-country cars(4WD), $>$ 2500cc but \leq 3000 cc, spark-igni recip	12,248	274,155,578	3,895	98,330,119

US\$	SERIL NO	HSNO	DESCRIPTION OF PRODUCTS	2002/04~2003/03		2003/04~2003/06	
				QUANTITY	VALUE	QUANTITY	VALUE
	270	87032336	Minibuses(seats ≤ 9), > 2500cc but ≤ 3000 cc, spark-igni recip	612	13,400,082	20	474,748
	271	87032339	Cars nes, > 2500cc but ≤ 3000 cc, spark-igni recip	40	946,199	20	405,920
	272	87032430	Saloon cars, > 3000 cc, spark-igni recip	11,032	596,279,573	2,989	225,115,998
	273	87032440	Cross-country cars(4WD), > 3000 cc, spark-igni recip	17,249	543,176,293	3,507	129,015,620
	274	87032450	Minibuses (seats ≤ 9), > 3000 cc, spark-igni recip	1,267	156,932,429	157	3,677,773
	275	87032490	Cars nes, > 3000 cc, spark-igni recip	14	357,633	1	83,220
	276	87033130	Saloon cars, ≤ 500 cc, diesel	0	0	-	0
	277	87033140	Cross country cars(4WD), ≤ 1500cc, diesel	0	0	-	0
	278	87033150	Minibuses (seats ≤ 9), ≤ 1500cc, diesel	0	0	-	0
	279	87033190	Cars nes, ≤ 1500cc, diesel	0	0	-	0
	280	87033230	Saloon cars, > 1500cc but ≤ 2500 cc, diesel	12	231,691	3	71,450
	281	87033240	Cross country cars(4WD), > 1500cc but ≤ 2500 cc, diesel	15	239,352	3	59,030
	282	87033250	Minibuses (seats ≤ 9), > 1500cc but ≤ 2500 cc,diesel	27	361,817	6	91,034
	283	87033290	Cars nes, > 1500cc but ≤ 2500 cc, diesel	7	174,005	-	0
	284	87033330	Saloon cars, > 2500 cc, diesel	9	201,500	1	14,042
	285	87033340	Cross country cars(4WD), > 2500 cc, diesel	49	1,286,217	8	123,772
	286	87033350	Minibuses (seats ≤ 9), > 2500 cc, diesel	20	257,064	2	18,843
	287	87033390	Cars nes, > 2500 cc, diesel	7	627,629	-	0
	288	87039000	Motor cars with seats ≤ 9, nes	19	350,746	2	67,770
	290	87042100	Trucks diesel, g.v.w. ≤ 5 t	24	401,646	5	25,000
	291	87042230	Trucks diesel, 5 t < g.v.w.< 14 t	441	4,741,865	100	2,014,267
	292	87042240	Trucks diesel, 14 t ≤ g.v.w. ≤ 20 t	276	6,800,272	55	574,722
	293	87042300	Trucks diesel, g.v.w. > 20 t	6,265	267,837,781	2,536	112,958,225
	294	87043100	Trucks spark-igni, g.v.w. ≤ 5 t	504	7,364,687	69	1,399,793
	318	87071000	Bodies for passenger carrying vehicles	10,628	21,433,610	5,082	10,343,960
			TOTAL	905,186	3,845,424,155	47,605	1,213,894,933