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Committee on Import Licensing

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IMPORT LICENSING SYSTEM OF CHINA

QUESTIONS FROM THE EUROPEAN UNION TO CHINA

The following communication, dated 27 March 2018, is being circulated at the request of the delegation of the European Union.

The EU thanks China for its annual notification circulated as document G/LIC/N/3/CHN/15. However, the EU regrets that it refers to the year 2016 and that China has not yet submitted its annual notification for the year 2017. The EU would strongly encourage China to comply with its notification's requirements.

In the lack of any updated notifications the EU would like to ask China the following clarifications referring to the information contained in document G/LIC/N/3/CHN/15:

Non-automatic licences:

According to point 4, second paragraph of the notification, it seems that only two products are subject to import licences: (i) ozone depleting and (ii) key used mechanical and electronic products (catalogue for commodities subject to import licences in 2016).

EU question No 1: Could China clarify whether this understanding is correct?

The EU is aware that additional products are subject to import licences, i.e. those in the Catalogue of restricted solid waste published in July 2017 (32 products), [cf Notice of the general office of the State Council on the printing and distribution of the implementation plan for prohibiting the entry of foreign garbage and promoting the reform of solid waste import management system General Office of the State Council, July 18 2017]. While China could allege that these products are not covered in this notification as it refers to the year 2016, the EU is aware that those products were already subjects to import licences in the previous year.

EU question No 2: Could China provide a complete list of products subject to non-automatic import licences? Could China also amend the notification accordingly?

Automatic licences

The EU appreciated Table 1 of the notification, containing the products subject to tariff rate quotas.

However, according to the rules of the Import Licensing Agreement, China should submit the tariff codes of all products subject to automatic import licensing and submit precise information in this respect.

EU question No 3: Could China submit the full list of products subject to automatic licensing procedures as required by Art. 5 of the Import Licensing Agreement?

According to the information available to the EU, it seems that the list of products subject to automatic licences is very long and covers products from the whole HS universe, from agriculture/

food/tobacco to fertilisers, different types of machineries and consumer electronics, some toys, cars and car parts and other transport means.

EU question No 4: Could China explain the rationale for requesting automatic licence for products such as artificial filament tow (5502), machineries for the production of pulp (8439) telephones (8517), monitors for TVs (8528), video games (9504), printing machines (8443), etc.?

According to point 4 of the notification, the purpose of these automatic licences is to monitoring the import and doing trade statistics.

EU question No 5: Could China describe the peculiarities of these products justifying the monitoring? Has China considered any different way for having trade statistics on these products?

The EU does not have a translation of the catalogue for commodities subject to automatic import licences in 2016, but it seems that it does not contain the solid waste products. In any event, the EU is aware that the importation of a list of solid waste products is subject to automatic licences according to the catalogue of non-restricted solid waste of July 2017 (which existed already before).

EU question No 6: Could China clarify why this notification does not contain the procedures applicable to waste products? Is China going to amend it?

In addition, it seems that poultry has also been recently subject to automatic import licences.

EU question No 7: Could China clarify what is the import procedures regime applicable to poultry? Has been any changes in these last years, meaning since 2016?

In point 5 of the notification, China refers to the following pieces of legislation: Measures for the administration of the import of electromechanical products (2008) and Implementing measures for the automatic import licensing of electromechanical products (2008).

EU question No 8: Could China clarify why electromechanical products need a specific legislation imposing the use of automatic licences? Why these products are treated differently comparing to the rest of the products subject to automatic licences?

Procedures

According to the template to be used for the notification:

- under point 7.a, Members are requested to clarify how far in advance of importation must application for a licence be made and whether a licence can be obtained within a shorter time-limit or for goods arriving at the port without a licence.
- under point 7.b, Members are requested to clarify whether a licence can be granted immediately on request.

China's reply given under point 7 (a) and (b) seem to refer exactly to the same type of licences: automatic import licensing.

EU question No 9: Could China clarify whether it should be understood that the first paragraph refers to automatic licences and the second one to non-automatic licences?

Point 8 mentions that in the event the State decides to take interim prohibitive measures against or to impose interim import quantity restrictions or commodities subject to automatic import licensing, issuance of automatic import licences will be ceased from the effective date of interim measures.

EU question No 10: Does this mean that the issuance shall cease from the entry into application of the prohibitive measures?

EU question No 11: Could China explain which the situation is in relation with non-automatic licences? Shall they be ceased to be issued also in the date of application of the prohibitive measures?

EU question No 12: Could China explain what happens with the validity period of both types of import licences? i.e. if automatic and non-automatic licences issued the day before of the entry into application of the prohibitive measures shall have still a validity of six months or one year, respectively, and the importation of the products covered by the licence will be still possible?

The notification does not contain any information about the granting authorities for the automatic and non-automatic licences, while there is for the import tariff rates quota licences. According to Article 5.2 of the Import Licensing Agreement, the notification should also contain the information on the administrative body(ies) for submission of applications (art. 5.2.c).

EU question No 13: Could China submit this information?

Procedures applicable for the importation of waste and waste as raw material

Reference is made to the discussion held at the previous meeting of the Committee on Import Licensing held on 10 October 2017 where the EU and other Members raised questions on the procedures applicable to the importation of waste and waste as raw material. The EU notes that China has not submitted any notification of the new procedures applicable to these products and therefore would like to ask the following:

EU question No 14: The EU would like to know when China will submit the 2017 notification of its import licensing procedures, considering that the deadline was 30 September 2017.

EU question No 15: The EU would like to know whether China will submit its due notification(s) according to Article 5 of the Import Licensing agreement with reference to the new procedures recently entered into force (for details see question No 15).

EU question No 16: In the lack of the notification, the EU would like to ask China detailed information on:

- (i) The products subject from 1.1.2018 to a ban that were subject to import restrictions under import licences since the end of 2017.
- (ii) Changes on the list of products subject from 1.1.2018 to non-automatic import licences (restricted solid waste) and automatic import licences (non-restricted solid waste).
- (iii) Changes on the conditions for the issuance of import licences, .i.e. import licences not issued any longer to traders but only to processors in China.
