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Page: 1/3

**Working Party on State Trading Enterprises**

Original: English

## STATE TRADING

### QUESTIONS POSED BY AUSTRALIA REGARDING CHINA'S NEW AND FULL NOTIFICATION<sup>1</sup>

The following communication, dated and received on 29 April 2021, is being circulated at the request of the Delegation of Australia.

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Australia asks the following questions in relation to China's previous notification (G/STR/N/16/CHN - G/STR/N/17/CHN):

#### AGRICULTURE

##### Question 1

a) On page 7 of China's notification (G/STR/N/16/CHN, G/STR/N/17/CHN), under reply A-C, China states that for a number of commodities, including key agricultural commodities such as wheat, rice, sugar and cotton, a portion of the respective tariff-rate quota (TRQ) may be allocated to enterprises other than STEs. However, the enterprises must have obtained trading rights through registration, which involves satisfying certain requirements and conditions.

- i. Could China confirm whether portions of the respective TRQs are still being allocated to non-STEs, particularly with regard to its cotton TRQs, and reconfirm the shares allocated to Chinese STEs and non-STEs?
- ii. Can China please explain in detail the requirements and conditions that must be met for an enterprise to obtain trading rights through registration?
- iii. Can China explain whether STEs which are allocated a portion of the TRQs are required to engage with non-STEs to facilitate imports, given the large share of China's TRQs initially allocated to STEs?
- iv. Has China reviewed the involvement of STEs in China's TRQs, including a reallocation mechanism during the quota year to avoid underfill, and considered a more liberal approach to TRQ administration to facilitate greater usage of the volume under TRQs?

(A) If no, can China please explain why such a review or approach has not been considered?

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<sup>1</sup> G/STR/N/16/CHN - G/STR/N/17/CHN.

**Question 2**

b) On page 7, under Reply D, China states that "*State trading enterprises are operated following market mechanism. State trading enterprises determine by themselves the import level of wheat, maize, rice, sugar, cotton and chemical fertilizer according to the quantity of TRQ that they have obtained, and taking into account the domestic supply and the prices of both domestic and international markets among other factors.*" In China's response to the same question (on Page 9 under Reply D) in its prior notifications (G/STR/N/10/CHN, G/STR/N/11/CHN, G/STR/N/12/CHN, G/STR/N/13/CHN, G/STR/N/14/CHN, G/STR/N/15/CHN), China stated that "*State trading enterprises are operated following market mechanism, with no government interference*".

- i. Could China please explain what changed that resulted in the language '*with no government interference*' being removed? How should this be interpreted by WTO Members?
- ii. Could China please explain whether it provides instructions to its STEs on the importation of the notified products, in particular cotton, or any other agricultural products?
- iii. Has any Chinese authority, directly or indirectly, officially or unofficially, instructed any Chinese STEs, millers or other businesses, to stop or limit purchases of Australian cotton, or cotton from any other WTO Member?

(A) If yes, has China published a notice of these measures domestically, and notified them to the WTO? If so, please provide copies of the relevant documentation.

- iv. Has any Chinese authority, directly or indirectly, officially or unofficially, advised any Chinese STEs, millers or other businesses that their existing or future allocation of China's tariff-rate quota for cotton will depend on whether or not they import cotton from Australia?

(B) If yes, has China published a notice of these measures domestically, and notified them to the WTO? If so, please provide copies of the relevant documentation.

**Question 3**

c) Regarding *Table I: Statistical Information, Imports*, can China please clarify why the data relating to "Import Quantity of State Trading Enterprises", "Average representative domestic sales price", "Average representative domestic sales price" and "Mark-up" is not available?

- i. Will China be in a position to provide this data in its notification for the 2018 and 2019 notification periods, and subsequent future notifications?

**INDUSTRIAL PRODUCTS****Question 4**

a) Regarding *Table: State Trading Products and Enterprises (Export)*, on page 4, China lists five STEs involved in the exportation of coal, including *China National Coal Industry Import and Export Corporation (renamed China National Coal Group Corporation in April 2009)*, *China National Metals and Minerals Import and Export Co. (renamed China Minmetals Corporation in January 2004)*, *Shanxi Coal Import and Export Group Co. Limited*, *Shenhua Group Corporation Ltd.*, and *Aluminum Corporation of China Limited*.

- i. Could China confirm whether these, or other STEs, are also involved in the importation of coal into China?
- ii. Could China please explain why these STEs have not been notified with respect to imports, and whether they will be notified in China's future notifications?

- iii. Can China confirm whether formal or informal quota administration (noting China has no scheduled WTO bound TRQ for coal and has not notified or published any formal applied TRQ within China's bound WTO tariff commitments) for the importation of coal is being used to regulate the volume of imports, including through the allocation of quotas to importers, including state-owned enterprises in China?
- (A) If yes, could China please explain why these state-owned enterprises have not been notified pursuant to XVII:4(A) as STEs?
- (B) If no, can China confirm there are no formal or informal quotas on the import of coal by state-owned enterprises?
- iv. Noting concerns Australia has raised in other relevant WTO committees regarding the cessation of China's imports of Australian coal, has any Chinese authority, directly or indirectly, officially or unofficially, instructed any Chinese STEs, or other businesses, to stop or limit purchases of Australian coal, or coal from any other WTO member?

**Question 5**

b) With regard to Table II, and noting China's concern with regard to protecting the internal information of individual enterprises, can China provide any additional information regarding average coal pricing (procurement, domestic sales, export)?

**OVERDUE NOTIFICATIONS**

**Question 6**

China's last notification was submitted on 10 July 2018, and covers the notifying period 2015, 2016 and 2017. Can China please update the Working Party on when it plans to submit the overdue notifications for 2018 and 2019?

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