# China

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| **China’s Bogor Goals Progress Report (as at 3 September 2018)**[[1]](#footnote-1)\* |
|   | **Highlights of Achievements and Areas for Improvement** |

* Average MFN tariffs in China were 9.9% in 2016. Tariff rate quotas are applied to certain agricultural products.
* Import and export licenses are required for some goods. Export quota abolished for five types of products.
* Liberalisation in services trade continues in specific sectors. Free Trade Zones (FTZs) set up in seven areas promoted services liberalization.
* The “Catalog for the Guidance of Foreign Investment” used a negative list for the first time to determine the sectors with foreign investment restrictions.
* China continues to participate actively in international organisations such as ISO and IEC. Several TBT and SPS concerns were raised at their respective WTO committees.
* A single window initiative covering all ports in China was implemented in 2017. China aims to implement four Category B measures under WTO Trade Facilitation Agreement by 2020.
* Trademark applications and trademark application channels increased in China in 2017.
* Increased number of merger cases being notified to the Ministry of Commerce for review.

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|   | **Summary of Topics** |

Tariffs

China’s simple average MFN tariff rate was 9.9% in 2016. Average MFN tariff rates for agricultural products were 15.5%, higher than those of non-agricultural products at 9.0%. Nonetheless, the number of duty free tariffs lines were fairly similar in both products, with 7.2% duty free tariff lines in agricultural goods, and 6.6% duty free tariff lines in non-agricultural goods. Progress in tariff reductions were aided by existing and new FTAs. China reduced MFN tariffs on IT products, with the second phase of tariff reductions starting in July 2017.

Certain products continue to be subjected to tariff rate quotas (TRQs), such as agricultural products like wheat, short- and medium- grain rice, long grain rice, and corn, among others.

Non-Tariff Measures

China updated the “Catalog of Goods Subject to Automatic Import Licensing” in December 2017, which included 49 categories of products ranging from: agricultural products like animal meat and grains, electrical goods like mobile communications devices, automobiles, and machinery as well as medical equipment.

The “2018 Catalogue of Goods Subject to Import License Administration” containing 13 categories of goods was also revised, such as: construction and agricultural machinery, ozone depleting substances, and electrical equipment.

The “Catalogue of Goods Subject to Export License Administration” was promulgated on 1 January 2018. 44 categories of goods were listed in the catalog including live animals, cereals, mineral oils and products and automobiles. Starting from 1 January 2017, China has abolished the export quota measures on five types of goods such as magnesia sand, talc (block), tin and tin products, antimony and antimony products and indium. These products continue to be subjected to export licensing requirements.

In 2017, China updated the “Administrative Catalogue of Dual-use Items and Technology for Import and Export Permission”. The list of items requiring licensing under this provision has expanded to include products such as triethanolamine mixture, methyldiethanolamine mixture, and certain lasers, in addition to existing products such as nitrogen gas, high voltage power supplies, and radioactive isotopes.

Services

Some restrictions to foreign participation in specific services sectors have been reduced. For example, since January 11, 2016, foreign-funded enterprises can apply for a certification to allow them to undertake urban-and-rural planning work. Also, the Code of the People’s Republic of China Governing the Registration of Ships issued in 2016 has relaxed the participation of foreign capital in the shipping industry in certain cases.

Free Trade Zones (FTZ) were set up in Liaoning, Zhejiang, Henan, Hubei, Chongqing, Sichuan and Shanxi by the State Council of China. Wholly foreign-owned companies involved in international shipping service in and out of the relevant Chinese ports are allowed to be set up. The foreign ownership cap in establishing the international shipping agent joint ventures was also lifted up to 51%.

Investment

In January 2017, the State Council promulgated the Circular on Several Measures for Furthering Opening-Up and Expanding the Utilization of Foreign Capital which stipulated a series of measures aiming to encourage the participation of foreign investments in specific manufacturing and services sectors, including energy, water and financial sectors, and give local governments the faculty to offer incentives to attract foreign investors.

Other measures to promote foreign investment were enacted. For instance, on 17 February 2017, the revised version of the “Catalog of Advantageous Foreign-Funded Industries in Central and Western Regions” was released and expanded the scope of the foreign-invested industries in the central and western regions. Likewise, on 28 June 2017, the revised “Catalog for the Guidance of Foreign Investment”, issued for the first time a negative list on foreign investment access implemented nationwide, and reduced restrictions on foreign investment by about one-third.

Standards and Conformance

The China Compulsory Certification (CCC) was reformed to include new measures that were more market oriented and simplified certification procedures, including the opening of the CCC certification and testing market, the reduction of the frequency for ex-post certification supervision and the elimination of initial factory inspections for certain industries.

Up to the end of the 2017, China is a participating member of 696 International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) technical and sub-committees.

As of March 2018, no resolution had been reported on a number of specific trade concerns raised against China at the WTO Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) Committees respectively. TBT-related concerns raised between 2016 and 2017 include issues relating to information security products, vehicles, and infant formula, among others. Some of the SPS-related concerns raised against China in recent years relate to import restrictions due to Schmallenberg virus, avian influenza and swine fever.

Customs Procedures

China ratified the WTO Trade Facilitation Agreement in September 2015. As of February 2018, China set a three-year transitional period in implementing the four Category B measures of single window, average release time, information exchange, and provision of information by 2020.

Regarding trade facilitation, China implemented the basic functions of its single window initiative in 2017, covering all ports for exporters and importers. In addition, China has signed Mutual Recognition Agreements (MRAs) on Authorized Economic Operators (AEO) with the European Union; Singapore; Korea; New Zealand; Switzerland; Israel; Australia and Hong Kong, China.

Intellectual Property Rights

The Notice on Strengthening the Administration of Copyrights in Online Literature was issued on 4 November 2016, which clarifies the responsibilities of internet service providers and third-party network service providers in ensuring online literature disseminated by them are in accordance with copyright laws.

Trademark applications increased from 3.69 million in 2016 to 5.75 million in 2017. Application channels were also expanded, with over 100 trademark application reception windows all over China.

Competition Policy

The National Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce, the State Administration for Industry and Commerce and the Legislative Affairs Office of the State Council released the Opinions of the State Council on Establishing a Fair Competition Review Regime in the Market System in 2016 and the Notice on Issuing the Fair Competition Review System Implementing Regulations (Interim) in 2017. The review system aims to prevent policies and measures that obstruct or restrict competition from being issued.

In 2017, the Ministry of Commerce was notified of 400 merger review cases (an increase from the 378 cases notified in 2016), reviewed 353 cases and concluded 344 cases. Among the cases concluded, 7 were cleared with remedies.

Dispute Resolution

As of February 2018, China has signed Bilateral Investment Treaties (“BITs”) with 131 economies. Investors of the contracting parties are entitled to submit their disputes with the specific actions of the invested contracting party to international arbitration in accordance with the provisions of the BIT.

Government Procurement

Negotiations regarding China’s accession to the WTO Government Procurement Agreement are ongoing.

Mobility of Business People

China updated the online lodgment system to apply for an APEC Business Travel Card (ABTC). Regulations on the ABTC have been updated with the aim of further ensuring the qualification of Chinese ABTC applicants. In 2017, ABTC holders used this card over 284,000 times to enter China, an increase of 9.5% compared with 2016.

RTA/FTAs

China has reported 15 RTA/FTAs in force[[2]](#footnote-2) and 11 more under negotiation, including with Japan and Korea; the Gulf Co-operation Council and the Regional Comprehensive Economic Partnership (RCEP).

1. \* This brief report was prepared with information from China’s submission of 2018 APEC Individual Action Plan (IAP) template; the 2016 WTO Trade Policy Review – Report by the Secretariat – China; the WTO SPS and TBT Information Systems; UNCTAD Investment Policy Hub; Reuters; Ministry of Commerce; General Administration of Customs; National Development and Reform Commission; Cyberspace Administration of China; and The State Council of the People's Republic of China websites. [↑](#footnote-ref-1)
2. China’s RTA/FTAs in force are the following ones: China-Hong Kong, China (2003); China-Macao, China (2003); China-ASEAN (2005); China-Chile (2006); China-Pakistan (2007); China-New Zealand (2008); China-Singapore (2009); China-Peru (2010); China-Costa Rica (2011); China-Chinese Taipei (2011); China-Iceland (2014); China-Switzerland (2014); China-Korea (2015); China-Australia (2015); and China-Georgia (2018). [↑](#footnote-ref-2)