

China's Bogor Goals Progress Report (as at 8 August 2014)*

Highlights of Achievements and Areas for Improvement

- Progress in reducing applied tariffs under the implementation of the tariff liberalization schedules agreed in FTA/RTAs.
- Tariff rate quotas still apply, as well as some import and export restrictions through quotas or licenses.
- Liberalization in services is increasing, by allowing more participation of foreign providers in a number of sectors.
- The opening of the China (Shanghai) Pilot Free Trade Zone is aiming to attract further investment, by offering a negative list approach and a trial implementation of national treatment for foreign investment projects.
- China continues to participate in international standardization activities, but concerns still remains to obtain the China Compulsory Certificate (CCC) that accredits any product as safe for commercialization in the domestic market.
- Customs-related measures to facilitate trade and improve law enforcement are being implemented.
- China has been working in the improvement of regulations regarding intellectual property rights.
- Increased international cooperation with entities in standards and conformance, intellectual property rights and competition policy.

Summary of Topics

Tariff

Progress in reducing tariffs in recent years has been achieved by implementing the tariff schedules agreed in 11 FTAs in force. China is also continuing offering unilateral special preferential tariff rates on certain products from 40 least-developed economies.

China applies tariff rate quotas (TRQ) to wheat, maize, rice, sugar, wool, wool tops, cotton and fertilizers, involving 47 tariff lines at the HS 8-digit level.

Non-Tariff Measures

Import prohibitions are applied to some cases related to public interest, environmental matters, or in accordance with international commitments. In addition, import prohibitions may be imposed on the grounds of animal, plant, or human health and safety. Some commodities are subject to import licenses such as ozone depleting substances and used mechanical and electronic products.

Automatic import licenses are also applied to some products for the purpose of monitoring the import of commodities. These licenses do not entail quantitative restrictions. The Catalogue of

* This brief report was prepared with information from China's submission of 2014 APEC Individual Action Plan (IAP) template; the 2012 WTO Trade Policy Review – Report by the Secretariat – China; Replies to the Questionnaire on Import Licensing Procedures, Notification under Article 7.3 of the Agreement on Import Licenses Procedures 2013, China; the WTO SPS and TBT Information Systems; and the Ministry of Commerce website.

Goods Subject to Automatic Import License Administration has been updated in few occasions during the last two years.

Export restrictions are still applied in China through a quota or license. Quotas could be general or destination-specific. The allocation of export quotas is either through a bidding process or directly by the Ministry of Commerce or the National Development and Reform Commission. Licenses are issued mainly to fulfill obligations in accordance to international commitments.

Services

In comparison with the previous Bogor Goals Progress Report in 2012, China has continued with the liberalization of services sectors, allowing more participation of foreign services providers in different sectors. For example, in the financial sector, the share of foreign shares in joint venture securities companies was raised in 2012. In the same year, the State Council amended the regulation concerning futures trading to allow foreign investors to participate in certain types of futures trading. Locally incorporated foreign-funded banks can also participate in a pilot program for assets securitization.

Regarding other sectors, China is reducing restrictions on foreign investments in health-related services. In the telecommunications sector, China had granted 32 operative licenses to foreign investors by the end of December 2013. In legal services, China granted licenses to 15 foreign law firms to establish representative offices. In accounting services, documentation requirements for Hong Kong and Macau-based firms to apply for temporary audit licenses in mainland China have been simplified and taken effect since September 2012.

By December 2013, China had concluded 115 bilateral Air Services Agreements.

Investment

The China (Shanghai) Pilot Free Trade Zone was launched on 29 September 2013. It has implemented a negative list approach and a trial implementation of national treatment for foreign investment projects.

China revised the Catalogue of Priority Industries for Foreign Investment in Central and Western China, which came into effect on 10 June 2013. The catalogue lists activities where foreign investments are “encouraged”, which includes 89 more activities than the previous catalogue released in 2008.

China released a Catalogue of Investment Projects Subject to Government Approval. The intention is to facilitate Chinese outward FDI by reducing the administrative burden with the elimination of some approval steps.

Standards and Conformance

China continues to participate actively in international standardization activities within international bodies such as the Codex Alimentarius Commission. In addition, China is working to enhance transparency of their standards and conformance requirements. In this sense, China has notified 104 new food safety measures at the WTO SPS Committee since 2012.

By the end of 2013, 15 specific trade concerns raised against China at the WTO SPS Committee had not reported a resolution. The concerns raised in 2013 involve products such as phthalates, swallow nests and beef. Similarly, 45 specific trade concerns against China raised at the WTO TBT Committee had not reported a resolution. Some of the most recent concerns raised in 2013 were related to medical instruments and devices.

Some concerns remain with regards to the process, cost and time to obtain the China Compulsory Certificates (CCC) to sell products in the domestic market. Conformity assessment and regulatory approval processes could take longer in comparison to other markets.

Customs Procedures

China has been implementing measures in order to facilitate trade and improve law enforcement. Regarding trade facilitation, China is allowing the use of the ATA carnet for customs clearance of temporary imports from vehicles from Hong Kong, China to Guangdong Province. In addition, Mutual Recognition Arrangements on Authorized Economic Operators have been reached with Singapore; Korea; Hong Kong, China; European Union and Chinese Taipei.

In terms of law enforcement, China has been implementing mechanisms to fight and prevent corruption in customs-related activities. In 2013, China Customs joined forces with the U.S. Customs and Border Protection to launch a joint IPR enforcement operation against counterfeit consumer electronics products.

Intellectual Property Rights

China is improving the legal framework to increase the protection of IPR. Four regulations were amended and entered into force in March 2013: 1) Regulation on the Protection of Computer Software; 2) Regulation on the Implementation of the Copyright Law; 3) Regulation on the Protection of the Right to Network Dissemination of Information; and 4) Regulation of the People's Republic of China on Protection of New Varieties of Plants. Similarly, the Trademark Law was revised and it will enter into force on 1 May 2014.

China has also started to review the Patent Law. A draft is currently being examined at the State Council.

Competition Policy

As at October 2013, the Ministry of Commerce received 760 merger applications and completed 696 cases, among which 675 of them were cleared unconditionally, 20 cases were cleared with remedies and one case was blocked. Since 2012, the National Development and Reform Commission (NDRC) investigated and punished a cartel related to LCD panels; and price monopoly cases on wine companies and milk powder producers.

China is enhancing international cooperation with competition authorities from several economies from around the world.

Government Procurement

As reported in the Bogor Goals Progress Report 2012, China continues working in the following areas: value for money, open and effective competition, fair dealing, accountability, and non-discrimination.

China is negotiating its accession to the WTO Government Procurement Agreement (GPA) and had made a commitment to submit a new accession offer by the end of 2013.

Mobility of Business People

By the end of 2013, China had processed more than 32,000 local ABTC applications and nearly 280,000 applications submitted by other economies.

New regulations concerning the entry and exit of foreign citizens came into force on 1 September 2013. Currently, foreign passport holders from 51 economies can apply for a 72-hour transit visa exemption policy with their valid IDs and air tickets at Beijing, Shanghai, Guangzhou and Chengdu airports.

RTAs/FTAs

China has reported 10 RTA/FTAs in force¹ and two RTA/FTAs signed in 2013 but not implemented yet. China has also reported its participation in six RTA/FTA negotiations with the Gulf Cooperation Council; Australia; Korea; Japan-Korea; Norway; and the Regional Comprehensive Economic Partnership (RCEP).

¹ 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).