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| China**’s Bogor Goals Progress Report (as at 30 September 2016)**[[1]](#footnote-1)\* |
|   | **Highlights of Achievements and Areas for Improvement** |

* Progress in reducing applied tariffs has been assisted by proliferation of FTAs. Unilateral reduction of tariffs for selected products in 2015 and 2016.
* Tariff rate quotas still apply to certain agricultural products, as well as some import and export restrictions through quotas or licenses.
* Services sectors continue to liberalize.
* Experimental services and investment liberalization policies in several pilot free trade zones (PFTZs). An updated negative list with a restricted number of sectors was applied to selected PFTZs. Many industries are open for foreign investments in PFTZs.
* China is actively participating in multilateral recognition arrangements on conformity assessment. A number of specific trade concerns have been raised at the WTO TBT and SPS Committee in various sectors.
* Several customs-related reforms have been carried out to facilitate trade.
* Ongoing reforms in the competition policy and intellectual property rights systems.
* Efforts to increase transparency in government procurement. Concerns about restrictions for foreign firms to participate in some of these processes.
* The 2015 Arbitration Rules of China International Economic and Trade Arbitration Commission entered into force to introduce best practices from the field of international arbitration.

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|   | **Summary of Topics** |

**Tariff**

The simple average MFN applied tariff rate was equal to 9.6% in 2014. Both agricultural and non-agricultural products have posted lower average tariffs than in the previous year. Around 7.9% of tariff lines were duty-free. Progress in tariff reduction has been assisted by FTAs with four of them entering into force during 2014 and 2015. Tariffs on selected consumer goods were slashed in June 2015. In addition, tariff lines of environmental goods to implement the APEC Environmental Goods List entered into force in January 2016 following the approval from the State Council.

Tariff-rate quotas (TRQ) are applied to some products. Products subject to TRQ include wheat, rice, maize, sugar, chemical fertilizer, wool and cotton, among others.

**Non-Tariff Measures**

Automatic import licensing is applied to some agricultural, mineral, mechanical and electronic products. There are no quantitative limits on imports of commodities subject to automatic import licensing. The “Catalogue of Goods Subject to Automatic Import Licensing” has been updated annually. As of 2015, the two categories of imports are subject to import licensing: ozone depleting substances and used mechanical and electronic products.

A list of prohibitions on commodities under processing trade is updated when necessary. The 2014 “Catalogue of Commodities Prohibited under Processing Trade” includes mineral products, hides and skins, used mechanical and electrical products and among others. The latest amendment in December 2015 removed silver ores from the import prohibition list.

Export quotas or licensing are in force in China. A list of exports requiring a license is updated annually and currently includes commodities, minerals and some dual use goods, among others. Export quotas are, upon application, granted directly or allocated through a bidding process by relevant ministries. Currently, they are applied to certain agricultural products and industrial-related products such as tin, antimony, indium, magnesia, and phosphate rock and others. The latest amendment abolished export quotas on tombarthite, tungsten and molybdenum. Export prohibitions applied to products such as bones, ivory, organic chemicals, some platinum products and unprocessed woods in order to maintain national security, public safety and protect the environment.

**Services**

Experimental liberalization policies have been implemented in the Shanghai Pilot Free Trade Zone (PFTZ): foreign investors receive equal treatment as domestic investors in terms of market access in all industries, except those listed in the negative list since September 2013; foreign players are allowed to provide bank card payment clearing services since June 2015; and foreign-invested entities face less control over conversion of foreign exchange equity capital since May 2014. Restrictions on foreign ownership in shipping industry in Shanghai PFTZ and tourism services in several PFTZs were also relaxed. Shanghai PFTZ also opened up some value-added telecommunication services for foreign investment, while restrictions on basic telecommunication services still remained.

In telecommunications services, the restrictions on foreign ownership ceilings in e-commerce businesses were removed in April 2015. Rules on inbound real estate investment were relaxed with increased financing flexibility for foreign-invested real estate enterprises.

China has continued opening up services trade through new RTA/FTAs entering into force and existing RTA/FTAs being upgraded.

**Investment**

Three more PFTZs were established in Guangdong, Tianjin and Fujian in April 2015, and adopted the negative list approach to foreign investment since May 2015. The negative list was revised in 2015 with sectors on the list cut to 122 from 139 that were previously applied to the Shanghai PFTZ in 2014.

The latest “Catalogue for the Guidance of Foreign Investment” released in 2015 lifted many restrictions on foreign investment with fewer industries under the “restricted” and “prohibited” lists compared to the 2011 Catalogue. The newly expanded “encouraged” industries include construction and operation of grids, accounting and auditing, senior care institutions and chemical manufacturing industries. Certain industries still impose restrictions on foreign firms, such as manufacturing of whole units of automobile, specific banking services and basic telecom services, among others.

Passed in May 2015, the National Security Law contains measures to enhance the security review of foreign investments. On the grounds of national security, social order, morality and internet safety, the intention is to review investments by foreigners in military-related fields, key agricultural products, energy, transportation, information technology and equipment manufacturing concerning national security.

According to its 2016 Individual Action Plan, China has signed Bilateral Investment Treaties (BITs) with 131 economies.

**Standards and Conformance**

China National Accreditation System for Conformity Assessment (CNAS) has been participating actively in the international multilateral recognition arrangements such as the International Accreditation Forum (IAF), International Laboratory Accreditation Cooperation (ILAC), Asia Pacific Laboratory Accreditation Cooperation (APLAC) and Pacific Accreditation Cooperation (PAC), among others.

As of February 2016, 56 and 19 specific trade concerns (STCs) against China had not reported a resolution at the WTO Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) Committees respectively. Among those TBT-related concerns raised in 2015, they are related to issues such as cosmetic labelling, banking IT equipment security regulation, technical specifications for natural rubber and registration fees for drugs and medical device products, among others. In 2015, concerns about China’s SPS measures were raised on bovine meat, GMO-related policies and import restrictions due to the African swine fever.

**Customs Procedures**

To further facilitate trade, paperless customs clearance for goods under automatic import licenses has been implemented on a nationwide basis since February 2016. In May 2015, the customs clearance integration reform was extended to four provinces in Pan-Pearl River region, the Silk Road Economic Belt and northeastern region, covering 42 customs districts across China. For firms exporting from/importing to the three above-mentioned regions, the reform allows them to do the paperwork in the customs corresponding to the area that the firms are registered or in the customs in the area where the goods enter into or exit from China.

At the international level, a Mutual Recognition Agreement (MRA) between China and European Union on Authorized Economic Operators (AEOs) entered into force in November 2015. This adds into existing MRAs on AEOs with Singapore; Korea and Hong Kong, China. The WTO Trade Facilitation Agreement was ratified in September 2015.

**Intellectual Property Rights**

In August 2014, China decided to establish specialized intellectual property courts in Beijing, Shanghai and Guangzhou, aiming to reinforce the judicial protection of intellectual property rights (IPR).

In December 2015, a new draft for the Fourth Amendment to the Chinese Patent Law was published for comments. This new draft amendment includes various significant changes such as expanding the scope of patent eligibility by allowing design patents to cover portions of an article rather than covering the whole article; increasing damage awards in the cases of willful infringement; and empowering the role of IP enforcing authorities, among others.

**Competition Policy**

The Rules on the Prohibition of Abuses of Intellectual Property Rights to the Exclusion or Restriction of Competition entered into force in August 2015. China has promulgated the Interim Provisions on the Standards that apply to Simplified Cases of Concentrations of Undertakings, and the Provisions on Restrictive Conditions for Concentrations of Undertakings since 2014. According to the legislative plan of the Anti-Monopoly Committee of the State Council, the relevant members of the Committee include the three Anti-Monopoly Enforcement Agencies – Ministry of Commerce (MOFCOM), National Development and Reform Commission (NDRC) and State Administration for Industry & Commerce (SAIC), which are in the process of drafting the Guideline on the prohibition of Abuse of Intellectual Property Rights to the Exclusion or Restriction of Competition.

**Government Procurement**

The State Council passed a draft of regulations on enforcing the Government Procurement Law in December 2014 aiming to enhance fairness and transparency. The draft requires that governments must make their procurement contracts and bidding results public through the media.

China’s accession to the WTO Government Procurement Agreement (GPA) is still under negotiation after the submission of the 6th offer at the end of 2014.

**Dispute Resolution**

The Arbitration Rules of China International Economic and Trade Arbitration Commission (CIETAC) entered into force in January 2015. Key changes include the introduction of best practices from the field of international arbitration; amended rules to increase efficiency; and changes to the institutional organization of CIETAC.

**Mobility of Business People**

By the end of 2015, China had processed more than 450,000 home and foreign APEC Business Travel Card (ABTC) applications, up 47 % from the end of 2013. China also extended the ABTC from three to five years since September 2015.

**RTAs/FTAs**

China has reported fourteen RTA/FTAs in force[[2]](#footnote-2) and eight more under negotiation, including with Sri Lanka; 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 2016 APEC Individual Action Plan (IAP) template; the 2014 WTO Trade Policy Review – Report by the Secretariat – China; the WTO TBT and SPS system; the UNCTAD Investment Policy Hub; and the Ministry of Commerce, China National Accreditation Service for Conformity Assessment and Central Government Procurement Center 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) and China–Australia (2015). [↑](#footnote-ref-2)