



TRADE POLICY DEVELOPMENTS PAPER NO. 71

TRADE POLICY MONITORING REPORT

OF

CHINA

(April 2014 – June 2014)

VOLUME XIII

Contributors: *James J Nedumpara, Anamika Srivastava, Supriya Prodaturi, Vandana Gyanchandani & Rishabh Gupta*

This report has been prepared by the Centre for International Trade and Economic Laws (CITEL), Jindal Global Law School, Sonapat, NCR of Delhi under a consultancy project awarded by the Centre for WTO Studies, Indian Institute of Foreign Trade (IIFT).

Table of Contents

ABBREVIATIONS.....	1
EXECUTIVE SUMMARY	2
AGENDA FOR THE NEXT REPORT	3
I. INTRODUCTION	3
II. ECONOMIC ENVIRONMENT	4
II.A. GROSS DOMESTIC PRODUCT (GDP).....	4
II.B.DISPOSABLE INCOME	5
II.C.INFLATION RATE	5
II.D.UNEMPLOYMENT RATE.....	6
II.E.FIXED INVESTMENT	7
II.F.CURRENT ACCOUNT SURPLUS.....	7
II.G.ECONOMIC INDEX	7
II.H.TRADE SURPLUS.....	8
II.I. BALANCE OF PAYMENTS.....	8
II.J. FOREIGN EXCHANGE RESERVE.....	9
III. TRADE ARRANGEMENTS AND AGREEMENTS.....	9
III.A. WORLD TRADE ORGANIZATION	9
III.B. PREFERENTIAL TRADE AGREEMENTS AND ARRANGEMENTS	9
III.C. FOREIGN INVESTMENT REGIME	14
IV. TRADE POLICIES AND PRACTICES BY MEASURE	16
IV.A. MEASURES DIRECTLY AFFECTING IMPORTS	16
IV.A.1. Contingency Measures	16
IV.A.2. Sanitary and Phytosanitary Standards	19
IV.A.3. Technical Barriers to Trade	20
IV.B. MEASURES DIRECTLY AFFECTING EXPORTS.....	20
IV.B.1. Finance, Guarantees and Promotion.....	20
IV.C. MEASURES AFFECTING PRODUCTION AND TRADE.....	20
IV.C.1. Subsidies and other government assistance	20
IV.C.2. Intellectual Property Rights.....	21
V. TRADE POLICY BY SECTOR.....	22
V.A. AGRICULTURE.....	22
V.B. ENERGY	23
V.C. ENVIRONMENT.....	23
VI. DISPUTE SETTLEMENT	24
ANNEXURE	27

ABBREVIATIONS

APEC	-	Asia-Pacific Economic Cooperation
ASEAN	-	Association of South-East Asian Nations
DSB	-	Dispute Settlement Body (WTO)
EPA	-	Economic Partnership Agreement
EU	-	European Union
FDI	-	Foreign Direct Investment
FTAs	-	Free Trade Agreements
GDP	-	Gross Domestic Product
IP	-	Intellectual Property
IPR	-	Intellectual Property Rights
IT	-	Information Technology
MOA	-	Ministry of Agriculture
MOF	-	Ministry of Finance
MOF	-	Ministry of Finance
MOFCOM	-	Ministry of Commerce
MPS	-	The Ministry of Public Security
OECD	-	Organization for Economic Cooperation and Development
PBC	-	The People's Bank of China
PPP	-	Purchasing-power parity
QIP	-	Quarantine Inspection Permit
ROO	-	Rules of Origin
SAARC	-	South Asian Association for Regional Cooperation
SAFE	-	State Administration of Foreign Exchange
TBT	-	Technical Barriers to Trade
TRIPs	-	Trade-Related Aspects of Intellectual Property Rights
WTO	-	World Trade Organization

EXECUTIVE SUMMARY

- The Chinese economy expanded by 2% in real GDP terms, on a quarter-to-quarter basis with an increase in industrial production and exports and a decrease in imports. The quarter saw a decrease in the economic gap between rural China and urban China. The consumer prices rose by 2.5% by end of the quarter, however this rise was within the tolerance margin of the Government of China.
- There has been an increase in the current account surplus in comparison to the last quarter. The trade surplus decreased by the end of the quarter to USD 31.6 Billion. The foreign exchange reserve has increased by the end of the quarter to USD 39.9 Billion.
- The report provides an update on China's various on-going trade agreements and arrangements with Korea, Switzerland, Iceland, Sri Lanka, United Kingdom, Bangladesh & India. Updates are also provided on negotiations for the Regional Comprehensive Economic Partnership and the Asia-Pacific FTA.
- India and China signed an MOU for cooperation on industrial parks. This MOU would bridge the trade deficit of 35 billion dollars. This MOU would facilitate bilateral trade and investment cooperation. The development of industrial parks would further enhance enterprises existing in both the countries.
- The report also provides update on various Foreign Investment Regimes adopted by China. There were various negotiations that were held to promote investment with European Union, United States of America and Singapore.
- It was noted that MOFCOM has adopted various contingency measures, TBT & SPS measures that have affected the imports of the country. Various policies were enforced with respect to subsidies and intellectual property rights. The report also gives update on the various policies rolled out with respect to the major sectors of China.
- The report also gives an update on the various WTO disputes involving China.

AGENDA FOR THE NEXT REPORT

- Update on the USTR's annual hearing on China's compliance with WTO commitments.
- Update on appeals filed by China and US in WTO CVD Dispute.
- Update on negotiations for settlement with USTR on on-going antidumping investigation on imports of solar panels from China.
- Update on various ongoing FTA negotiations.
- Update on execution of agreement with India for promoting investments in India.
- Update on China-US Investment Treaty Negotiations.
- Update on execution of MoU with Brazil and Korea.
- Update on the various decisions taken by MOFCOM for imposing and terminating antidumping duties.

TRADE POLICY MONITORING REPORT FOR CHINA FOR THE QUARTERLY PERIOD FROM APRIL TO JUNE 2014

I. INTRODUCTION

This is the Thirteenth Quarterly Trade Policy Monitoring Report prepared by the Centre for International Trade and Economic Laws (CITEL), Jindal Global Law School. This report will monitor and discuss the

trade and macroeconomic policy developments that took place in China during the period of April - June 2014.

II. ECONOMIC ENVIRONMENT

II.A. GROSS DOMESTIC PRODUCT (GDP)

China's GDP has increased 7.5% in the first quarter, the minimum level predicted by the Chinese premier. Fixed assets investment have increased to 17.3% ((y-o-y)), 0.3% slower from the previous quarter. The GDP expanded 2% (q-o-q), compared with a 1.4% pace in the last three months of 2014.¹

Chinese economy is continuing its steady evolution away from a 'growth-above-all' model – it is worth noting that the service sector is now larger than the manufacturing sector. Looking at the results of this year's mini-stimulus, China should now be able to sustain this level of economic performance without a major course correction."²

China adopted many 'mini-stimulus' adjustment policies, which helped them achieve the expected figure for this quarter.³ These stimuli have resulted in improved industrial production, which is 9.0%; compared with previous 8.8%, and a stabilizing retail sale, which is 12.4%, compared with previous 12.5%.⁴ Similarly the analysis of 'Focus-Economics.com', a leading statistics site, has been that Growth in nominal sales picked up 0.3% in Q1. Conversely, urban fixed-asset investment, which includes capital and construction investment, expanded an accumulated 17.3% in nominal terms in the first half of this year, which was down from the accumulated 17.6% increase recorded in the first quarter. In addition, nominal merchandise exports rebounded to a 5.0% expansion in Q1 (Q4: -3.4% (y-o-y)), while imports decelerated to a 1.4% increase (Q4: +1.7% (y-o-y)), suggesting that the external sector fared better in the three months up to June than in the previous quarter.⁵

Also, the PMI has reached a six-month high of 51% at the end of this quarter. This increase is a result of the increased demand of the industrial products, a product of the rising infrastructural investment and new export orders. In addition to this, industrial value added exhibited a growth of 9.2% and the PPI declined down to 1.1%, an indicator of manufacturing enterprises becoming active.⁶

According to KPMG's Q2 analysis, "The sector accounted for 46.6 percent of China's economic output in the first six months, up 1.3 percentage points (y-o-y), and outweighs the manufacturing sector by 0.6 percentage points."⁷

The industrial added value has been calculated at 8.7% y-o-y in the first 4 months of 2014. The manufacturing sub-set saw 9.9% growth between January-April. While a 3.6% and 4.2% growth in the mining and utilities sub sector respectively. In April itself the industrial added value rose to 8.7% y-o-y

¹ *China GDP Annual Growth Rate, 2014*, <http://www.tradingeconomics.com/china/gdp-growth-annual> (last visited Sept.30,2014).

² KPMG's Global China Practice, *Investment in China: Numbers and Trends (KPMG's Global China Practice 2014)*, <http://www.kpmg.com/DE/de/Documents/Investment-in-China-Numbers-and-Trends-201407-v1.pdf> (last visited Sept.30,2014).

³ *Id.*,

⁴ Le Xia, Jinyue Dong and Carlos Casanova Allende & , *China Flash: Q2 GDP Figures Point Towards a Recovery of China's Economy*, <https://www.bbvarsearch.com/en/publicaciones/china-flash-q2-gdp-figures-point-towards-a-recovery-of-chinas-economy/> (last visited Sept.30,2014).

⁵ Focus-economics, *China - GDP*, <http://www.focus-economics.com/country-indicator/china/gdp> (last visited Sept.30,2014).

⁶ KPMG's Global China Practice, *Investment in China: Numbers and Trends (2014)*, <http://www.kpmg.com/DE/de/Documents/Investment-in-China-Numbers-and-Trends-201407-v1.pdf> (last visited Sept.30,2014).

⁷ *Id.*,

and has grown by 0.1% from March 2014. In the stats released by the NBS (National Bureau of Statistics) and China federation of logistics and purchasing, the PMI for manufacturing sector also rose up from 50.3 from March to 50.4 in April. On further investigating the growth of different regions in China, the eastern, western and central region has an industrial growth value 8.1, 8.8 and 11% respectively. The industrial added value growth calculated for the first four month of 2014 has been 4.8 percent for the state owned enterprise and 10.1% growth for the joint stock companies in comparison to previous year. China has been going under a series of different macroeconomic policies in an attempt to increase the industrial output growth to economic stability. Although the top Chinese officials have been tough in their stand on releasing any sort of mass relief package but instead have chosen to implement a cut back in rural requirement ratio and extending its preferential taxation policy.⁸

II.B.DISPOSABLE INCOME

According to the statistics released by the National Bureau of Statistics (NBS), the average disposable income has risen by 10 % y-o-y to 10,025 Yuan in the first six months. After deducting the inflation rate, the growth rate stood at 8.3%. In this quarter the income gap, economic divide between the two i.e. the rural China and urban China has decreased. The actual income growth in rural China has been 2.7%, which is higher than the urban area in the first six months of 2014.

According to NBS, the urban residents in China pocket around average disposable income of 14,959 Yuan in the first 6 months, i.e. up by 7.1% after deducting inflation. The average rural disposable income was 5396-Yuan y-o-y of 9.8% after adjusting inflation. A 174.18 million rural workforce works outside, as calculated in the end of June, an increase of 1.8% from the previous year. The average income has been calculated at 2733 Yuan per month, an increase of 10.3% ((y-o-y)).⁹

II.C.INFLATION RATE

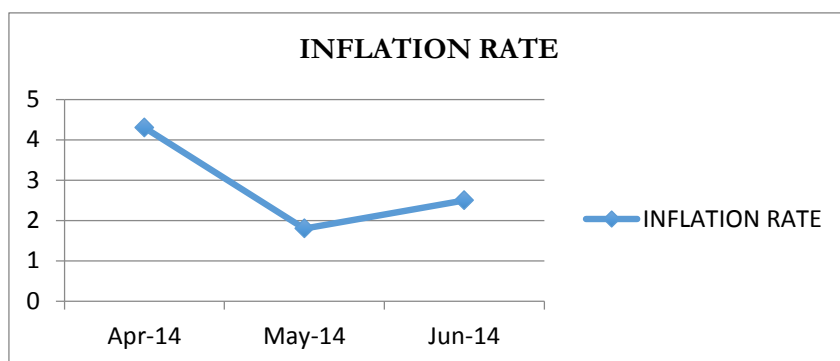
China's consumer prices rose to 2.5%, which means the inflation rate in China has risen to 2.5% in the month of May, Q1. This figure is the highest in the first 4 months. The food prices have increased of 4.1% in comparison to the previous month's 2.3%. The service sector has seen an increase in its prices i.e. 2.7%, clothing has seen a price increase of 2.5%, and the real estate sees an increase of 2.3%. The government of China has set its inflation target to be 3.5%. In comparison to April inflation has shown a rise of 0.1%. The producer price has declined by 1.4% ((y-o-y)), in comparison to April's 2%.

In June, China witnessed a marginal drop of 0.2% in comparison to May's 2.5% figure. The inflation figure in June was 2.3%. In spite of this marginal drop, the food prices still saw an increase of 3.7%, lower than the rise in previous month, and the non-food prices rose by 1.7%. The biggest increase has been reported in fresh fruits i.e. an increase of 19.8%, while pork and fresh vegetables fell by a marginal 2.7% and 1.8% respectively. Clothing has seen an increase of 2.6%; healthcare and personal; products rose 1.3% and household equipment saw 1.2% of increase. The cost of transport and communication rose a 0.6% while prices of leisure and cultural goods rose by 2.1%. On comparing June and May, consumer prices fell 0.1% in June compared to a 0.1% increase in May; producer price fell by 1.1% (Y-O-Y) compared to the 1.4% drop in May.¹⁰

⁸ *Industrial Production Growth Eases Pace, Displaying Stability* , May 13, 2014 at , <http://www.globaltimes.cn/content/860070.shtml> (last visited Sept.30,2014).

⁹ *Chinese Incomes Continue to Rise*, 2014, July 16, 2014 at (2014), http://www.chinadaily.com.cn/business/chinadata/2014-07/16/content_17803096.htm (last visited Spet.30,2014).

¹⁰ *China Inflation Rate*, 2014 (2014), <http://www.tradingeconomics.com/china/inflation-cpi> (last visited Sept.30,2014).



II.D. UNEMPLOYMENT RATE

China has recorded a 4.08% unemployment rate at the end of this quarter. The minister for HR and social security has made a statement that added 7.37 million jobs in the first half of this year, more than the 7.25 million a year earlier. China has stated that it would stick to the figure of 4.6% for unemployment, same as 2013.

The discount rate, lending rate and deposit rate (top to bottom respectively) in china for this quarter is depicted through the following table:¹¹

April 2014	May 2014	June 2014
3.250	3.250	3.000
6.000	6.000	6.000
3.000	3.000	3.000

At end of June 2014, outstanding broad money (M2) stood at 121.0 trillion Yuan, up 14.7 percent year on year and an acceleration of 2.6 percentage points from the end of March. Outstanding narrow money (M1) stood at 34.1 trillion Yuan, up 8.9 percent year on year and an acceleration of 3.5 percentage points from the end of March. Currency in circulation M0 stood at 5.7 trillion Yuan, up 5.3 percent year on year and an acceleration of 0.1-percentage point from the end of March. In the first half of 2014, cash withdrawals from circulation amounted to 162 billion Yuan, 102.5 billion Yuan more than that during the corresponding period of the last year. In general, since the beginning of 2014, the growth of M2 moved up amid fluctuations and was higher than the annual target of 13 percent that was set for the whole year. Monetary conditions were relatively accommodative.¹²

II.F. Foreign Direct Investment

FDI recorded an increase of 0.2% ((y-o-y)) to 14.2 billion in June. According to Ministry of Commerce, the FDI excluding the investment in financial sector, stood at \$63.33 billion, showing an increase of 2.2% in comparison to previous year. FDI in the service sector increased up to 14.8% ((y-o-y)) to \$35.2 billion, accounting for 56% of the FDI. On the other hand FDI in manufacturing sector was bearish and dropped by 13.9% to \$22.8 billion.

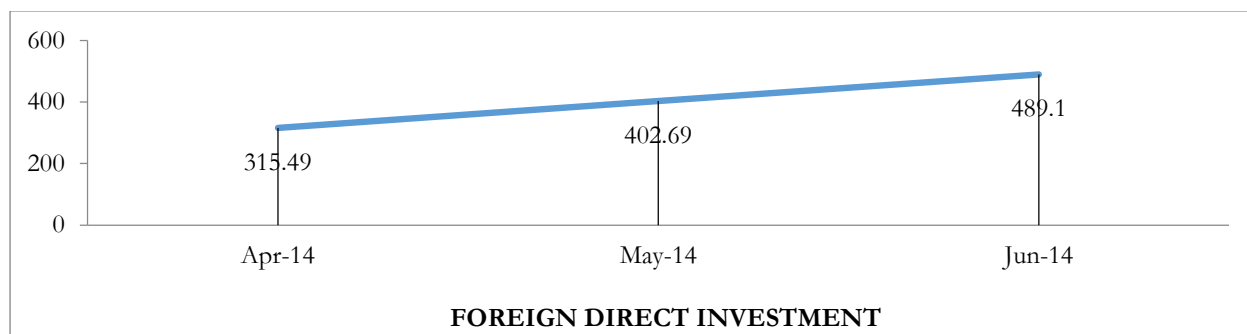
Investment from South Korea and United Kingdom, are up by 45.6% and 76.4% ((y-o-y)) respectively. On the other hand FDI from U.S. and Japan have decreased 4.6% and 48.8% ((y-o-y)). China's outbound direct investment (ODI) by non-financial firms dropped 5% to \$43.34 billion in the first half of the year. According to the stats, Hong Kong, the ASEAN, the EU, Australia, the U.S., Russia and Japan received

¹¹ IMF, *China Mainland Economic Indicators*, <http://elibrary-data.imf.org/DataReport.aspx?c=1449311&d=>

¹² China Monetary Policy Report Quarter Two, 2014 (People's Bank of China 2014)

http://www.pbc.gov.cn:8080/image_public/UserFiles/english/upload/File/2014MPRQ2after%20Nancy.pdf (last visited Sept.30,2014).

66.5 percent of ODI, or \$28.82 billion. There was 46.3% less investment in the overseas mining industry.¹³



China's service and manufacturing sectors are the primary contributors to FDI. While the manufacturing sector FDI dropped by 13.9 percent y-o-y through the second half of 2014, China's service sector continued to see solid FDI growth increasing by 14.8 percent (y-o-y). China's Ministry of Finance spokesman Shen Danyang noted, "The manufacturing sector tends to attract a smaller share of total FDI, but hope that some sectors, including advanced manufacturing, will remain a magnet for foreign investment."¹⁴ The policy adopted by China is that of limited approval and general registration instead of the overall approval system.¹⁵

II.E.FIXED INVESTMENT

China's Fixed Assets investment has been at been calculated at 17.3% y-o-y for the first six months of 2014. The investment growth pace for the first six months this year was 0.1% up from the Jan-May 2014, although 0.3% low than the same period last year. In the first six months, total investment reached 21.28 trillion Yuan (3.43 trillion). The agricultural sector has reached 24.1%, an increase of 3.3% from the first five months. The investment growth in the country has been at slow rate. The official data of NBS shows rise of 14.1% in property investment in the six months i.e. 4.2 trillion Yuan.¹⁶

II.F.CURRENT ACCOUNT SURPLUS

There has been an increase in the current account surplus in comparison to the last quarter. Current Account is the sum of the balance of trade (exports minus imports of goods and services), net factor income (such as interest and dividends) and net transfer payments (such as foreign aid).¹⁷

In Q1, China recorded a current account surplus of \$722 million.¹⁸

II.G.ECONOMIC INDEX

Economic indexes are indicators of economic activity in the country. Leading economic index in China had decreased in May to 99.46 indexes in comparison to the figure of 99.68 of April 2014. The index is

¹³ China Foreign Direct Investment, <http://www.tradingeconomics.com/china/foreign-direct-investment> (last visited Sept.30,2014).

¹⁴ *Id.*,

¹⁵ *Id.*,

¹⁶ *China's H1 Fixed Asset Investment Up 17.3%*, July 16, 2014 at , http://www.chinadaily.com.cn/business/chinadata/2014-07/16/content_17799423.htm (last visited Sept.30,2014).

¹⁷ *Id.*,

¹⁸ China's Current Account Deficit, <http://www.tradingeconomics.com/china/current-account> (last visited Sept.30,2014).

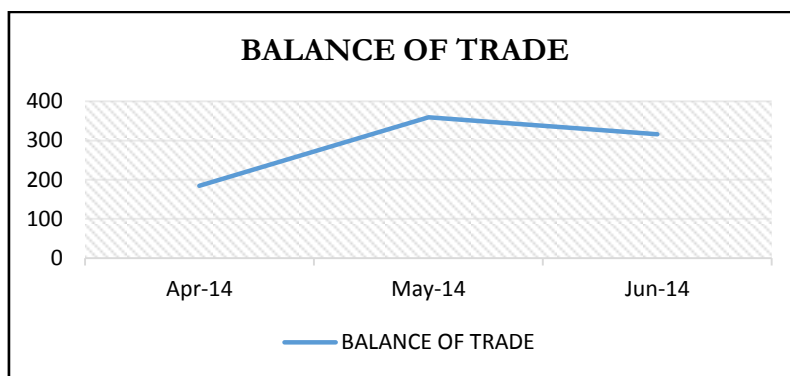
based on 8 indicators that reflect the various aspects of economic activities. The eight indexes are Hang Seng China Mainland Circulation index, investment in newly started projects, ratio of industrial production, ratio of industrial production, real estate development leading index, money supply M2, national debt interest rate spread, consumer expectations index, logistics Index. In China, the leading index is used to forecast the economic trends in the economy.¹⁹

II.H.TRADE SURPLUS

The trade surplus was recorded at USD 18.5 billion in April from USD 7.7 billion in March 2014. But eventually in June, towards the end of the quarter, the trade surplus decreased from May's USD 35.9 billion to USD 31.6 billion. Exports rose 0.9 percent (y-o-y) to USD 188.5 billion in April, following falls of 6.6 percent in March and 18.1 percent in February. Sales to the United States increased 12 percent in April, the most since November last year. Shipments to the European Union advanced by 15.1 percent, to South Korea 13.5 percent, to Australia 6.1 percent and to Japan by 2.6 percent. In contrast, exports to Hong Kong and Taiwan fell 31.4 percent and 13.9 percent respectively, after dropping by 43.6 percent and 23.5 percent respectively in March.

Imports grew 0.8 percent (y-o-y) to USD 170 billion, after an 11.3 percent fall in March. While crude oil imports rose to a record high of 6.78 million barrels per day, purchases of iron ore surged to 83.39 million in April, the second highest monthly figure on record and imports of soybean rose 63.5 percent.²⁰

China's trade surplus has doubled to USD 195.5 billion in May, following a 0.9 % of increase from its previous month i.e. April 2014. China has seen an increase in its exports and imports have declined by 1.6% (y-o-y). To sum up the figures of trade surplus in short, exports have seen rise of 7% to USD 195.5 million as mentioned above in the opera. Sales to EU have climbed to 13.4% and an increase of 6.3%. Shipment to Taiwan grew 14.7%, sales to ASEAN countries climbed 9.1% and to Japan 2.2%. Imports fell down by 1.6% to 159.5 billion, compared to a 0.8% rise in April.²¹



II.I. BALANCE OF PAYMENTS

China recorded a trade surplus of 473 USD Hundred Million in July of 2014.

¹⁹ *China Leading Economic Index*, 2014 (2014), <http://www.tradingeconomics.com/china/leading-economic-index> (last visited Sept.30,2014).

²⁰ *China Balance of Trade*, 2014 (2014), <http://www.tradingeconomics.com/china/balance-of-trade> (last visited Sept.30,2014).

²¹ *Id.*,

II.J. FOREIGN EXCHANGE RESERVE

The foreign exchange reserve in China has jumped in the last month of Q1 from 3948096.54 USD Million in March to 3990000 USD Million.²²

III. TRADE ARRANGEMENTS AND AGREEMENTS

III.A. WORLD TRADE ORGANIZATION

a) *Trade in Services Agreement*

Australian Trade Minister called for China to be part of the TISA. He provided that China is actively reforming its services sector. It recognizes that services are critical to its transition to consumption-led growth and meeting the consumer demands of its middle class. He provided: *China has performed a humanitarian miracle by moving 500 million people out of poverty over the last 15 to 20 years. However, China also understands that the task of moving hundreds-of-million more out of poverty will require a huge move into services, where the large numbers of jobs reside. Beyond our bilateral negotiations, the Trade in Services Agreement could be a real 'game changer'. This is a big negotiation with big ambitions.* The 50 economies in the negotiation account for 70% of all global services trade- and more countries are looking to join the negotiations. *We want countries like China and India, Indonesia and Malaysia and our other ASEAN neighbors to join TISA.*²³

b) *China files an appeal against the Panel Report in the US- Amendment to Tariff Act*

On 8 April 2014, China lodged an appeal to WTO dispute settlement institution against US Amendment to Tariff to overthrow part of the rulings made in the panel report. The US DOC launched has launched consecutive countervailing investigations against China in the absence of domestic legal support since 20 November 2006. On 13 March 2012, the US Congress passed the 1930 Amendment to the Tariff Act, authorizing the US Ministry of Commerce to take countervailing measures against the non-market economy countries which apply to the investigations after 20 November 2006. On 17 September 2012, China lodged an appeal to WTO dispute settlement institution against the US Amendment to Tariff Act and the 26 anti-dumping and countervailing cases launched by the US during 2006-2012. On 27 March 2014, WTO announced the panel report on China's appeal that 25 anti-dumping and countervailing cases violated WTO rules but the US Amendment to Tariff Act did not violate the rules.²⁴

III.B. PREFERENTIAL TRADE AGREEMENTS AND ARRANGEMENTS

a) *China-Korea 11th Round of FTA Negotiations*

²² *China Foreign Exchange Reserves*, 2014 (2014), <http://www.tradingeconomics.com/china/foreign-exchange-reserves> (last visited Sept.30,2014).

²³ *Inside US Trade, Robb Calls For TISA To Include China, India, Others; Says Bilateral Services Talks With Beijing 'Tough'*, 21 July 2014, <http://insidetrade.com/201407212477433/WTO-Documents/Text-Document/robb-calls-for-tisa-to-include-china-india-others-says-bilateral-services-talks-with-beijing-tough/menu-id-174.html> (last visited Sept.30,2014).

²⁴ *MOFCOM, China Lodges an Appeal to the WTO Dispute Case of China's Appeal against the US Amendment to Tariff Act*, 10 April 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201404/20140400550151.shtml> (last visited Sept.30,2014).

On 26 May 2014, the 11th Round of China-ROK FTA negotiation started in Meishan of Sichuan Province for a week. Both the sides held consultations on trade in goods, trade in services, investment, rule of origin, trade remedy, technical barriers to trade, sanitary and phytosanitary measures and intellectual property rights. China-ROK negotiation was officially launched in May 2012, and talks on the FTA approach have been completed.²⁵ The two sides failed to achieve any significant progress during the 10th negotiation due to differing opinions about the level of opening of areas of mutual interest in terms of goods; as well as the method of liberalization in terms of services and investments. It is expected that the both parties will have a full-fledged negotiation on concessions based on the results of past negotiations.²⁶

b) *China-Swiss FTA to become effective from July*

On 29 April 2014, China and Switzerland exchanged notes on enforcing the China-Switzerland Free Trade Agreement. According to the relevant provisions, the agreement will come into effect officially on 1 July 2014. China and Switzerland launched negotiations on the agreement in January 2011. In May 2013, a memorandum of understanding on finishing China-Switzerland FTA negotiations was signed during Chinese Premier Li Keqiang's visit to Switzerland. In July 2013, Minister of Commerce Gao Hucheng signed the agreement in Beijing with Johann Schneider-Ammann, Swiss federal councilor and head of the Swiss Federal Department of Economic Affairs on behalf of the two governments. The agreement is one of the highest-level and most comprehensive FTA China has signed with foreign countries in recent years. Trade in goods enjoys a high-zero-tariff ratio, and favorable mechanisms for bilateral cooperation in many fields including horologe are established. A number of new rules on environmental protection and intellectual property rights are also included. The agreement will further improve China-Switzerland economic and trade cooperation and deepen China-EU economic and trade cooperation. The signing and implementation of the agreement show the determination and confidence of China and Switzerland to strengthen economic and trade relations, show the Chinese government's determination and confidence to unswervingly expand opening up, and show China's determination and confidence to positively participate in economic globalization and regional economic integration. China will take the opportunity of the signing and implementation of China-Switzerland FTA to accelerate the FTA strategy and participate in global competition and cooperation with a more open attitude.²⁷

c) *China and Iceland FTA comes into force from July 2014*

On 26 June 2014, Trade Ministers announced that China-Iceland FTA will officially go into effect on 1 July 2014. The agreement is the first of its kind signed between China and EU, which covers fields of trade in goods, trade in services and investment. It will inject huge vitality to the long-term development of China-Iceland relations and play an exemplary role in deepening China-Europe economic and trade cooperation. The agreement's coming into effect demonstrates the joint efforts of the two parties and indicates a milestone in the development of bilateral relations. The agreement will bolster the two countries' economy and employment and broaden their cooperation in energy, food and shipbuilding. Upon the establishment of China-Iceland FTA, nearly 96% of products are subject to zero tariffs in terms of tariff number, and nearly 100% in terms of trade volume. The agreement comprises 12 chapters, namely preface, general rules, trade in goods (including tariff concession, trade remedies, sanitary and phytosanitary measures, and technical trade barrier), rules of origin, customs procedure, competition policy, intellectual property, trade in service, investment cooperation, mechanism

²⁵ MOFCOM, *11th Round of China-ROK FTA Negotiation Held in Meishan, Sichuan Province*, 27 May 2014, http://insidetrade.com/iwpfile.html?file=may2014%2Fwto2014_1563b.pdf (last visited Sept.30,2014).

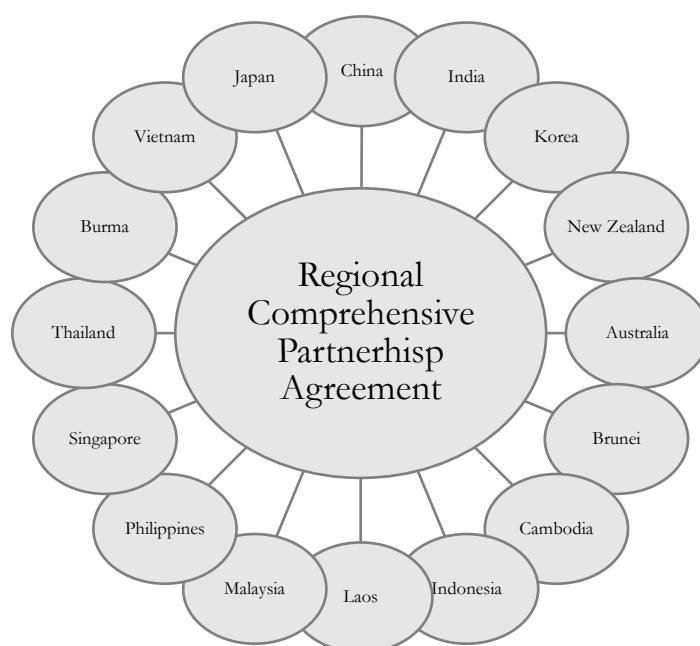
²⁶ *Ministry of Trade, Industry and Energy (MOITTE) Republic of Korea, Korea and China Move Closer to FTA*, 23 May 2014, http://insidetrade.com/iwpfile.html?file=may2014%2Fwto2014_1563.pdf (last visited Sept.30,2014).

²⁷ MOFCOM, *China-Switzerland Free Trade Agreement Will Come into Force on July 1*, 4 May 2014, http://insidetrade.com/iwpfile.html?file=may2014%2Fwto2014_1334a.pdf (last visited Sept.30,2014).

clause, dispute resolution clause, dispute resolution, final clause, as well as nine appendices including the movement of natural persons.²⁸

d) *Regional Comprehensive Economic Partnership*

The fifth round of negotiations for Regional Comprehensive Economic Partnership (RCEP) was held in Singapore, from 21-27 June 2014. In this round of negotiations, the meetings of the Trade Negotiating Committee, in which senior officials participated, and of working groups on Trade in Goods, Trade in Services, Investment, Economic and Technical Cooperation, Intellectual Property, Competition and Legal and Institutional Issues were held. In this round of negotiations, the scope and method of negotiations, the preparation of the second RCEP Ministerial Meeting which is scheduled to be held in August 2014, amongst others, were discussed. The next round of negotiations shall be held in Indian during December 2014.²⁹



e) *Korea-China exchanged second offer of goods*

The 11th round of Korea-China FTA negotiations was held in China (Meishan, Schuan) for five days from 26 May – 30 May 2014. During the negotiation, the two parties discussed all of the areas to be covered by the FTA, including offers of goods, services and investments and regulations and cooperation. The two parties exchanged a 2nd offer which was improved from 1st offer exchanged in December 2013 for the category of goods, and also exchanged the 2nd request for items of key interest to each party. The two parties made meaningful progress in terms of agreement on text of trade in goods, trade remedy, regulations and areas of cooperation. The parties engaged in an in-depth discussions on the approach to opening the services and investment sectors, and significantly, exchanged requests and opinions about areas of mutual interest in relation to the services sector for the first time. The two parties also reached an agreement on the competition chapter during this negotiation, and managed to come to an agreement on almost every provision with the exception of some technical matters in relation to the e-commerce chapter. The negotiations also saw significant progress in areas such as rules of origin, customs procedures and environment and it was agreed that efforts to reach an agreement

²⁸ MOFCOM, *Trade Ministers of China and Iceland Announces Official Effect of Bilateral Free Trade Agreement*, 27 June 2014, http://insidetrade.com/iwpfile.html?file=jun2014%2Fwto2014_1933a.pdf (last visited Sept.30,2014).

²⁹ Ministry of Economy, Trade and Industry (METI) Gov. of Japan, *Fifth Round of Negotiations for Regional Comprehensive Economic Partnership (RCEP)*, 28 June 2014, http://insidetrade.com/iwpfile.html?file=jun2014%2Fwto2014_1929a.pdf (last visited Sept.30,2014).

on the remaining issues would be accelerated. The two parties also engaged in in-depth discussions on ways to reinforce bilateral cooperation in industry, agriculture, fishery, forestry and government procurement. The 12th round will be held in Korea in July, at a date and location to be determined.³⁰

f) *China proposes feasibility study of mega Asia-Pacific FTA*

China has proposed the feasibility of a mega-FTA in the Asia-Pacific region as many small FTAs in the area could burden businesses with different standards. China has made a proposal to establish a working group to study the feasibility of a FTA of the Asia-Pacific and have received responses from many members of the Asia-Pacific Economic Cooperation forum. The working group will analyze the potential economic benefits of an Asia-Pacific FTA as well as how to use existing regional FTAs to build a broad pact. The group consists of government officials will finalize a proposal for APEC to decide whether to launch the Asia-Pacific FTA talks. China provided that Asia-Pacific FTA will not conflict with other developing FTAs in the region as Asia Pacific leaders have decided that the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership are both possible routes to it. According to China, too many FTAs would set-up different standards and create the 'Noodle Bowl Syndrome' a disorganized tangle of bilateral trade deals and thus hinder regional businesses.³¹

g) *6th session of China-Sri Lanka Trade and Economic Joint Committee*

On 7 June 2014, 6th session of China-Sri Lanka Trade and Economic Joint Committee in Kunming City of Yunnan Province. Talks were held on jointly building the 21st century Maritime Silkroad, bilateral FTA negotiation, infrastructure construction, economic and technological cooperation, Asia-Pacific Trade Agreement and relevant specific projects were held and a series of consensus were reached in the meeting. It has been provided that since 5th session of China-Sri Lanka Trade and Economic Joint Committee in 2013, China's position as Sri Lanka's second largest trade partner has been strengthened and Sri Lanka has become China's third largest contracted project market in South Asia. China-Sri Lanka Trade and Economic Joint Committee grew out of China-Sri Lanka Trade Committee and China-Sri Lanka Trade and Economic Cooperation Joint Committee. The first meeting was held in 1992.³²

h) *China-CEEC Ministerial Meeting on promoting trade and economic cooperation*

On 8 June 2014, China-CEEC Ministerial Meeting on Promoting Trade and Economic Cooperation was held in Ningbo, Zhejiang province. Chinese Minister of Commerce presided the meeting along with the economic and trade ministers or representatives from 16 CEE countries were present together with their delegations. China International Trade Representative and Vice Minister of Commerce delivered a speech on behalf of China. Focusing on the theme of deepening pragmatic cooperation and achieving common development, the participants exchanged views and reached extensive consensus one expanding trade scale and promoting balanced development of trade, increasing mutual investment and strengthening economic and trade cooperation and connection; broadening financing channels and bolstering infrastructure cooperation. The Joint Document of China-CEEC Ministerial Meeting on Promoting Trade and Economic Cooperation was approved. Since the first China-CEEC Economic and Trade Forum held in Budapest in June 2011 and the first China-CEEC Leaders Meeting held in Warsaw in

³⁰ Ministry of Trade, Industry and Energy (MOTIE), *Korea and China Exchanged 2nd Offer of Goods and Made Progress in Regulations*, 2 June 2014, http://insidetrade.com/iwppfile.html?file=jun2014%2Fwto2014_1686a.pdf (last visited Sept.30,2014).

³¹ MOFCOM, *China mulls mega FTA*, 2 May 2014, http://fta.mofcom.gov.cn/enarticle/enrelease/201405/15661_1.html (last visited Sept.30,2014).

³² MOFCOM, *6th Session of China-Sri Lanka Trade and Economic Joint Committee Held in Kunming*, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600627425.shtml> (last visited Sept.30,2014).

April 2012, two leaders meetings and three economic and trade forums have been successfully held. China-CEEC cooperative mechanism has been improving and boasts widespread influence and promising future. The 12 measures announced by China to promote friendly cooperation with CEE countries, as well as the Bucharest Guidelines for Cooperation between China and Central and Eastern European Countries jointly approved by the leaders, are being implemented well and gaining favorable achievements.³³

i) *11th Session of China-UK Trade and Economic Joint Committee*

On 28 May 2014, Chinese Commerce Minister and British Secretary of State for Business, Innovation and Skills Vince Cable co-chaired the 11th session of Sino-Trade and Economic Joint Committee. The two parties reviewed the development of bilateral economic and trade relations and the work of the committee's working groups in recent years, and discussed multilateral trade policy coordination and other issues of common concern. The two parties announced the establishment of a standardization commission under the framework of the committee of strengthen bilateral cooperation in the field of standardization. UK is China's third largest trade partner and the second largest source of actual investment in the EU and a major destination of China's investment overseas. MOFCOM provided that the China and UK should broaden their cooperation in trade in service, and promote cooperation in infrastructure like nuclear power and high-speed rail. It hoped that UK would continue to play an active role in driving China-Europe high-tech cooperation. UK wishes to cooperate with China in trade in service, high technology, and infrastructure like nuclear power and high-speed rail. After the session, the two ministers in charge co-signed the achievement list of the 11th session of Sino-UK Trade and Economic Joint Committee.³⁴

j) *13th Session of China-Bangladesh Trade and Economic Joint Committee*

On 4 June 2014, MOFCOM and the Financial Secretary of Bangladesh co-chaired the 13th session of China-Bangladesh Trade and Economic Joint Committee in Kunming, Yunnan Province. Since the 12th session of China-Bangladesh Trade and Economic Joint Committee in 2009, bilateral trade volume witnessed an annual growth rate of 22.5% and reached US\$10.3 billion in 2013. Bangladesh has become an important destination for China to transfer labor-intensive industries and also the most important project contracting market in South Asia. China has provided support for Bangladesh' economic construction and economic development. The two parties also had in-depth discussions on jointly building the Silk Road Economic Belt and Marine Silk Road, financing cooperation, economic and technological cooperation and specific projects, and reached consensus in many fields. The two parties agreed that the next Joint Committee meeting will be held in Bangladesh.³⁵

k) *China-ROK FTA Negotiations*

On 30 May 2014, the five-day 11th round of China-Republic of Korea FTA negotiation ended in the city of Meehan, Sichuan province. In this round of negotiation, the two sides had intensive and in-depth consultation on trade in goods, trade in services and investment, negotiated on widespread fields of the rule of origin, trade remedy, technical barriers, sanitary and phytosanitary measures, intellectual property rights, e-commerce and environmental protection and made

³³ MOFCOM, *China-CEEC Ministerial Meeting on Promoting Trade and Economic Cooperation Opens*, 10 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600629269.shtml> (last visited Sept.30,2014).

³⁴ MOFCOM, *11th Session of China-UK Trade and Economic Joint Committee Held in Beijing*, 30 May 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600609595.shtml> (last visited Sept.30,2014).

³⁵ MOFCOM, *13th Session of China-Bangladesh Trade and Economic Joint Committee Held in Kunming*, 6 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600616364.shtml> (last visited Sept.30,2014).

positive progress. China-ROK FTA negotiation was launched in May 2012 and 11 rounds of negotiation have been conducted. The two countries aim to reach a comprehensive, balanced and high-level free trade agreement. Over the 22 years since China established diplomatic relations with the Republic of Korea, bilateral economic and trade relations have developed by leaps and bounds. In 2013, bilateral trade volume was US\$270 billion and the two way investment exceeded US\$57 billion. China has become ROK's largest trade partner, and largest export and import markets.³⁶

l) India-China Inks Agreements on Industrial Park.

India and China signed an MOU for cooperation on industrial parks. This MOU would bridge the trade deficit of 35 billion dollars. Four industrial parks would be set up in four different Indian states. This MOU would facilitate bilateral trade; investment cooperation and the development of industrial parks would further enhance enterprises existing in both the countries.

This MOU would also facilitate sharing of information between the two neighbor states over the hydrological data of river Brahmaputra. In return, India would exchange "information regarding data utilization in flood forecasting and mitigation and the information of the related hydrological stations." The MOU will help both the countries to establish a solid framework through which the officials for both the countries could interact regularly. The MOU is for cooperation between Lal Bahadur Shastri National Academy of Administration, Missouri, and China Executive Leadership Academy, Pudong, Shanghai. It would further help in training programmes.³⁷

m) China-Iceland FTA to come into force on 1 July 2014

On 20 May 2014, MOFCOM and Ministry of Foreign Affairs of Iceland exchanged the note of China-Iceland FTA. In accordance with relevant regulations under operative clause, China-Iceland will come into force on 1 July 2014. China-Iceland FTA negotiations started in December 2006. On 15 April 2013, China and Iceland signed China-Iceland FTA in Beijing on behalf of their governments. China-Iceland FTA is the first FTA that China signed with European countries and it covers various areas including trade in goods, trade in services and investment.³⁸

III.C. FOREIGN INVESTMENT REGIME

a) Third round of China-EU Investment Agreement

³⁶ MOFCOM, *Achievements in 11th Round of China-ROK FTA Negotiation*, 4 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600611600.shtml> (last visited Sept.30,2014).

³⁷ *India, China Ink Agreement on Industrial Parks*, 2014, June 30, 2014 at (2014), <http://world.einnews.com/article/211621195/EHNSzc0AHScKGyzM> (last visited Sept.30,2014).

³⁸ MOFCOM, *China-Iceland FTA to Come into Force on July 1*, 22 May 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201405/20140500607076.shtml> (last visited Sept.30,2014).

According to China and the EU, the three day third round of China-EU Investment Agreement Negotiations was started in Beijing on 17 June 2014. China-EU Investment Agreement Negotiations were launched at the 16th China-EU Summit on 21 November 2013.³⁹

b) *13th China-US Investment Agreement Negotiations*

On 9 June 2014, the 13 China-US Investment Agreement Negotiation was held in Beijing. The two sides continued to talk on the text of agreement in the five-day negotiation. Since the 11th round of negotiation in 2014, the two sides have come to the substantive negotiation of text. In this round of negotiation, core issues of the text will be touched in an in-depth way. Since 2008, 12 rounds of negotiation had been held. China-US Investment Agreement is of great significance to promote the opening of bilateral investment fields, safeguarding and advancing two-way investment and pushing forward the sound development of China-US trade and economic relations.⁴⁰

c) *4th Joint Meeting of China-Singapore Investment Promotion Commission*

On 5 June 2014, Chinese Minister and Singaporean Minister Trade and Industry co-chaired the 4th Joint Meeting of China-Singapore Investment Promotion Commission in Singapore. Both sides exchanged in-depth views on economic and trade topics and reached extensive consensus. China-Singapore economic and trade cooperation has maintained good momentum of development. In 2013, bilateral trade in goods amounted to US\$75.91 billion and trade in service registered US\$19.25 billion, up 9.6% and 5.9% on a year-on-year basis respectively. Singapore invested US\$7.23 billion in China and China's investment in Singapore reached US\$2.41 billion, increasing 14.7% and 78.2% year on year respectively. At present, both China and Singapore are going through economic transformation and upgrading. With deepening economic transformation, more converging points will presented in bilateral economic and trade cooperation and constant vigor will be gained from it. ⁴¹

d) *Investment promotion agency MOFCOM signs MOU on Investment Promotion Cooperation with South Korean Automobile Industry Cooperative Federation*

Director-general of Investment Promotion Agency of MOFCOM signed a MoU on investment promotion cooperation with the chairman of South Korean Automobile Industry Cooperative Federation Dal-Suk SHIN. Both sides reached extensive consensus in sharing information, promoting bilateral investment cooperation and pushing forward the employment of China's labor service personnel in South Korea. ⁴²

e) *MOFCOM terminated Anti-dumping Measures Against Imports of Acrylate from Malaysia, Singapore and Indonesia*

MOFCOM released Announcement No. 20 of 2014 on 8 April 2014 on its decision to terminate the anti-dumping measures against imports of acrylate originated from Malaysia, Singapore and

³⁹ MOFCOM, *Third Round of China-EU Investment Agreement Negotiations Held in Beijing*, 19 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600632822.shtml> (last visited Sept.30,2014).

⁴⁰ MOFCOM, *13th China-US Investment Agreement Negotiation Held in Beijing*, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600627438.shtml> (last visited Sept.30,2014).

⁴¹ MOFCOM, *Fourth Joint Meeting of China-Singapore Investment Promotion Commission*, 9 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600618006.shtml> (last visited Sept.30,2014).

⁴² MOFCOM, *Investment Promotion Agency of Ministry of Commerce Signs MOU on Investment Promotion Cooperation with South Korean Automobile Industry Cooperative Federation*, 24 April 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201404/20140400563644.shtml> (last visited Sept.30,2014).

Indonesia as of 9 April 2014. MOFCOM released Announcement No. 18 of 2009 on 8 April 2009, deciding to continue to implement anti-dumping measures as per Announcement No. 3 of 2003 and Announcement No. 40 of 2005 on imports of acrylate originated from the said countries since 9 April 2009 for five years. Since the domestic acrylate industry did not submit petition for final review within the period as specified MOFCOM decided not to initiate a final review investigation. Thus, MOFCOM made a decision that the said anti-dumping measures against imports of acrylate originated from Malaysia, Singapore and Indonesia will be terminated from 9 April 2014.⁴³

f) MOFCOM initiates anti-dumping investigation against Hemodialysis Equipment from EU and Japan

On 13 June 2014, MOFCOM released Announcement No. 42, 2014, on its decision to launch anti-dumping investigation against Hemodialysis Equipment imported from the EU and Japan. The investigation covers Hemodialysis Equipment, whose Tariff Number is 90189040 under the Import and Export Tariffs of China. Other products except Hemodialysis Equipment under this Tariff Number are not covered. In line with the Regulations of China on Anti-dumping, MOFCOM started on this date to investigate in the dumping and dumping margin of the above product as well as the harm and extent of harm to China's domestic industry.⁴⁴

IV. TRADE POLICIES AND PRACTICES BY MEASURE

IV.A. MEASURES DIRECTLY AFFECTING IMPORTS

IV.A.1. Contingency Measures

Anti-dumping and countervailing measures

a) Imports of Cellulose Pulp Originated in the US, Canada and Brazil

MOFCOM released on 4 April 2014, annual Announcement No. 18 on its final decision to levy anti-dumping duties on imports of cellulose pulp originated in the US, Canada and Brazil for 5 years from 6 April 2014. MOFCOM after investigation released its final ruling that dumping exists in the said imports, and that the dumping has caused substantial damage to China's cellulose pulp industry, and there was causal relationship between the dumping and substantial damages. Hence, it held that the importers shall pay anti-dumping duties to Chinese Customs as of 6 April 2014 when importing cellulose pulp from the above-mentioned countries. According to the final ruling, anti-dumping duty rate applicable to the US companies is 16.9%-33.5%; Canadian companies, 0%-23.7%, Brazilian companies 6.8%-11.5%. In addition, the IA accepted the price commitment applied by Brazil's Bahia Specialty Cellulose Company, and cellulose pulp imported from Bahia Specialty Cellulose will be subject to the price commitment and anti-dumping duties will not be imposed thereon. The products listed under 47020000, 47061000 and 47063000 in the Customs Import and Export Tariff of China, are mainly used in production of such chemical fibres as viscoss fibers.⁴⁵

⁴³ MOFCOM, *MOFCOM Terminated Anti-dumping Measures against Imports of Acrylate from Malaysia, Singapore and Indonesia*, 10 April 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201404/20140400555174.shtml> (last visited Sept.30,2014).

⁴⁴ MOFCOM, *MOFCOM Starts Anti-dumping Investigation against Hemodialysis Equipment from EU and Japan*, 16 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600625817.shtml> (last visited Sept.30,2014).

⁴⁵ MOFCOM, *MOFCOM Released Final Ruling of Anti-Dumping Investigation against the imports of Cellulose Pulp Originated in the US, Canada and Brazil*, 7 April 2014,

b) *Preliminary ruling on anti-dumping investigation on imports of TBHQ*

On 29 April 2014, MOFCOM released its Announcement No. 28, 2014, publishing its preliminary ruling on anti-dumping investigation against imported Tertiary Butylhydroquinone (TBHQ). MOFCOM made the preliminary ruling that during the investigation period, dumping existed in imported TBHQ from India with the dumping margin of India companies standing between 37.6% and 56.9%. China's domestic industry was substantially harmed and there was causal relationship between the dumping and substantive damage. MOFCOM decided to carry out provisional anti-dumping measures against imported TBHQ starting 30 April 2014. Importers of the product under investigation shall pay corresponding security deposits to China's Customs in light of the dumping margin determined by this preliminary ruling. The tariff number of the import is 29072990 in the Customs Import and Export Tariff of China, under which products other than TBHQ are not covered by this investigation.⁴⁶

c) *MOFCOM releases final ruling on Anti-dumping and Countervailing Investigation against Imports of Solar-Grade Polysilicon from EU*

On 30 April 2014, MOFCOM released its Announcement No. 25 and No. 26, 2014, publishing its final ruling on anti-dumping and countervailing investigation against the imports of Solar-grade Polysilicon originated from EU. MOFCOM gave its final ruling that dumping and subsidy existed in the above-cited product and that the dumping and subsidy had caused substantial damage to China's Solar Grade Polysilicon industry. MOFCOM rules that it would accept the price commitment made by Germany's Wacker Chemie AG and the company could export the probed product at a price not lower than the committed price. The Customs Tariff Commission of the State Council made a decision as suggested by MOFCOM that the anti-dumping and countervailing duties should be launched on the above cited product for a period of two years starting 1 May 2014. Importers shall pay anti-dumping and countervailing duties to Chinese Customs in accordance with the listed rates in the announcements when importing Solar Grade Polysilicon originated from EU. The price commitment made by Wacker Chemie AG came into force for two years. The tariff number of the import is 28046190 in the Customs Import and Export Tariff of China, under which electronic-grade polysilicon used for producing semiconductors such as integrated circuits and discrete devices are not covered by this investigation.⁴⁷

d) *MOFCOM releases preliminary ruling on Anti-dumping Measures against Single-mode Optical Fiber Imported from India*

On 13 May 2014, MOFCOM released announcement No. 33 of 2014, deciding to launch provisional anti-dumping measures against single-mode optical fiber imported from India. The preliminary ruling confirmed that during the investigation period, dumping existed in imported single-mode optical fiber from India. China's domestic industry was substantially harmed and there was causal relationship between the dumping and substance damage. MOFCOM decided to carry out provisional anti-dumping measures against single-mode optical fiber imported from India. Effective from 14 May 2014, importers of the above said product are required to pay 13.7% to 51% security deposits to China's Customs in light of the dumping margin determined by this preliminary ruling. The anti-dumping investigation was initiated on

<http://english.mofcom.gov.cn/article/newsrelease/significantnews/201404/20140400553480.shtml> (last visited Sept.30,2014).

⁴⁶ MOFCOM, *MOFCOM Releases Preliminary Ruling on Anti-dumping Investigation on Imports of TBHQ*, 4 May 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201405/20140500570120.shtml> (last visited Sept.30,2014).

⁴⁷ MOFCOM, *MOFCOM Releases Final Ruling on Anti-dumping and Countervailing Investigation against Imports of Solar-Grade Polysilicon from EU*, 5 May 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201405/20140500573237.shtml> (last visited Sept.30,2014).

14 August 2013. The tariff number of the import is 9001000 in the Customs Import and Export Tariff of China, under which other kinds of optical fiber clusters and optical cables not suitable for description of the above product are not covered by the investigation.⁴⁸

- e) *MOFCOM provides final ruling on Anti-dumping Measures against Alloy Steel and Seamless Steel Tubes for High Temperature and Pressure from EU, Japan and US*

On 9 May 2014, MOFCOM released a final ruling on the anti-dumping investigation on alloy steel and seamless steel tubes for the purpose of high temperature and pressure service, imported from the EU, Japan and the US. The final ruling confirmed that dumping existed in the investigated products imported from the EU and the US. They caused substantial damage to China's domestic industry and there was causal relationship between the dumping and substantive damage. Dumping also existed in the investigated products imported from Japan but the quantity could be ignored so the final ruling decided to terminate the investigation and would not take anti-dumping measures. Therefore, from 10 May 2014, importers of the investigated products from EU and US should pay anti-dumping tax ranging from 13% to 14.1% at the Chinese Customs in accordance with the anti-dumping rates determined by the ruling. This anti-dumping investigation was launched on 10 May 2013. Tariff numbers of the imports are 73045110, 73045190, 73045910 and 73045009 in the Customs Import and Export Tariff of China, under which other types of steel products are not covered by this investigation.⁴⁹

- f) *MOFCOM released final ruling on anti-dumping measures against Tetrachloroethylene from EU and US*

On 30 May 2014, MOFCOM announced the final ruling on the investigation in anti-dumping measures against tetrachloroethylene imported from the EU and the US. The final ruling confirmed that dumping existed in tetrachloroethylene imported from the EU and the US, and that it caused substantive damage to China's domestic industry. There was causal relationship between the dumping and substantive damage. Starting 31 May 2014, importers of tetrachloroethylene from the EU and the US should pay anti-dumping tax at Chinese Customs in accordance with the anti-dumping rates determined by the announcement. The investigation was launched on 31 May 2013. The tariff number of tetrachloroethylene is 29032300 in the Customs Import and Export Tariff of China.⁵⁰

- g) *MOFCOM releases final ruling on anti-dumping measures against acetone, dimethyl ketone*

On 7 June 2013, at the request of Chinese mainland's Acetone, Dimethyl ketone industry, MOFCOM decided to carry out investigation in anti-dumping measures against Acetone, Dimethyl ketone imported from Japan, Singapore, Korea and Taiwan region. Upon investigation, MOFCOM released Announcement No. 40 on 6 June 2014. Accordingly, it decided to carry out anti-dumping measures

⁴⁸ MOFCOM, *MOFCOM Releases Preliminary Ruling on Anti-Dumping Measures against Single-mode Optical Fiber Imported from India*, 15 May 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201405/20140500594898.shtml> (last visited Sept.30,2014).

⁴⁹ MOFCOM, *MOFCOM Releases Final Ruling on Anti-dumping against Alloy Steel and Seamless Steel Tubes for High Temperature and Pressure from EU, Japan and US*, 12 May 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201405/20140500589031.shtml> (last visited Sept.30,2014).

⁵⁰ MOFCOM, *MOFCOM Releases Final Ruling on Anti-dumping Measures against Tetrachloroethylene from EU and US*, 5 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600613040.shtml> (last visited Sept.30,2014).

against Acetone, Dimethyl ketone imported from Japan, Singapore, Korea and Taiwan region with a period of five years starting 8 June 2014. Price commitment made by Changchun Plastics Co., Ltd. Also came into force simultaneously with a period of five years. The tariff number of the above-cited product is 29141100 in the customs import and export tariff of China.⁵¹

h) *MOFCOM initiates anti-dumping investigation against Hemodialysis Equipment from EU and Japan*

On 13 June 2014, MOFCOM released Announcement No. 42, 2014, on its decision to launch anti-dumping investigation against Hemodialysis Equipment imported from the EU and Japan. The investigation covers Hemodialysis Equipment, whose Tariff Number is 90189040 under the Import and Export Tariffs of China. Other products except Hemodialysis Equipment under this Tariff Number are not covered. MOFCOM started to investigate in the dumping and dumping margin of the above product as well as the harm and extent of harm to China's domestic industry.⁵²

IV.A.2. Sanitary and Phytosanitary Standards

a) *China returns 1.25 million tonnes of US corn*

China's quarantine watchdog has returned 1.25 million tonnes of corn shipments from the US in recent months over genetic modifications concerns. Since October, Chinese authorities have been finding US corn shipments tainted with genetically modified (GM) strain MIR162. MIR162, a kind of insect-resistant transgenic corn, is not approved by China's agriculture ministry. The first batch of MIR162-tainted corn was found in Shenzhen in south China's Guangdong Province and more have been detected at other ports. The country rejected 601,000 tonnes of unapproved GM corn imports in 2013, according to the administration.⁵³

b) *China lifts import Ban on Poultry from Virginia*

After 7 years, poultry exports the State of Virginia, US will resume into China. The ban was instituted in July 2007 has been rescinded by China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and China's Ministry of Agriculture (MOA). Since 2007, following an isolated case of low pathogenic avian influenza (LPAI) on a single farm in Virginia, China has maintained a ban on all poultry produced in Virginia, poultry transiting through Virginia, poultry that is exported from any port in Virginia. Virginia officials have long contended that China's ban was not justified by scientific data, as the isolated LPAI occurrence did not pose a food safety on poultry health risk. Because of the ban, Virginia had been excluded from taking advantage of business in this high growth market. China is currently one of the top foreign markets for US poultry, purchasing more than \$416 million in 2013, with Georgia, Mississippi, and North Carolina as leading suppliers.⁵⁴

c) *HK-US agree to expanded export for US beef and beef products*

⁵¹ MOFCOM, *MOFCOM Releases Final Ruling on Anti-Dumping Measures against Acetone, Dimethyl ketone*, 9 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600618019.shtml> (last visited Sept.30,2014).

⁵² MOFCOM, *MOFCOM Starts Anti-dumping Investigation against Hemodialysis Equipment from EU and Japan*, 16 June 2014, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201406/20140600625817.shtml> (last visited Sept.30,2014).

⁵³ Xinhua, *China's quarantine watchdog rejects U.S. GM corn*, 30 June 2014, http://news.xinhuanet.com/english/china/2014-06/30/c_133449792.htm (last visited Sept.30,2014).

⁵⁴ Inside US Trade, *China Lifts Import Ban On Poultry From Virginia, Governor Announces*, 6 May 2014, <http://insidetrade.com/201405062469817/WTO-Documents/File-Document/china-lifts-import-ban-on-poultry-from-virginia-governor-announces/menu-id-174.html> (last visited Sept.30,2014).

Hong Kong will permit the import of the full range of US beef and beef products consistent with access priority to December 2003. The new terms come into effect on 17 June 2014. Previously banned beef from all cattle and certain bone-in beef from cattle less than 30 months of age could be shipped from the US to Hong Kong. HK banned the US beef and beef products following the detection of a bovine spongiform encephalopathy (BSE) - positive animal in the US (one of only four cases discovered in America). In December 2005, HK partially re-opened its market to allow imports of deboned US beef from cattle aged 30 months or younger produced under a special program for HK and expanded access to include certain bone-in cuts from cattle less than 30 months of age in February 2013. While HK is officially part of China, it serves as its own customs and quarantine administration zone and so maintains its own rules and regulations.⁵⁵

The Sanitary and Phytosanitary Measures have been illustrated in **Annexure A**.

IV.A.3. Technical Barriers to Trade

The Technical Barriers to Trade have been illustrated in **Annexure B**.

IV.B. MEASURES DIRECTLY AFFECTING EXPORTS

IV.B.1. Finance, Guarantees and Promotion

PBC sought more financing channels for the country's import and export businesses, in efforts to stabilize foreign trade. Commercial banks were urged to innovate their products and services, such as expanding borrowing to companies on export credit insurance, and more flexibility in lending to enterprises' short and medium-term capital needs. Qualified enterprises will be encouraged to issue bonds, with small and medium-sized firms also having the option to issue collective bonds. Qualified financing leasing companies will be encouraged to issue bonds in efforts to increase financing channels. Banks were further urged to simplify their procedures while providing transaction services for cross-border trade and investment. The central bank provided that the measures were announced following a cabinet document issued last month which called upon support to stabilize growth of foreign trade and job creation, as businesses come under pressure to increase exports.⁵⁶

IV.C. MEASURES AFFECTING PRODUCTION AND TRADE

IV.C.1. Subsidies and other government assistance

- a) *China adjusts taxes to promote PV power generation supplies*

⁵⁵ USDA, *Hong Kong Market Reopens for US Beef*, 17 June 2014, http://insidetrade.com/index.php?option=com_iwpfile&file=jun2014/wto2014_1780.pdf (last visited Sept.30,2014).

⁵⁶ Xinhua, *China beefs up financial support for trade*, 11 June 2014, http://news.xinhuanet.com/english/china/2014-06/11/c_133400349.htm (last visited Sept.30,2014).

China's taxation authorities provided that buyers of distributed photovoltaic (PV) power should invoice for purchases which will reduce the tax burden on PV power producers and promote green energy. The buyers, mainly companies of the State Grid, will be required to invoice power generators from 1 July to make PV power transactions easier. The move reverses the current practice and boosts the installation of building-integrated PV power projects, as most producers are individuals and non-enterprise entities and always experience difficulties with invoicing. Electric power companies will also be allowed to collect value-added taxes on behalf of the authorities from PV power producers with monthly revenue exceeding 20,000 RMB (US\$3,252). Distributed PV power generation projects were mainly adopted by hospitals, schools, government offices and communities, which were allowed to sell their extra electricity after self-consumption. China added 800MW distributed solar PV capacity in 2013, totaling to 3.1 GW.⁵⁷

IV.C.2. Intellectual Property Rights

a) Yishijia Network Technology Co. Ltd sues Apple for 100 million RMB (\$US 16 million)

A Chinese technology company in Shanghai is suing Apple Inc. and another local company for infringement of its trademark and unfair competition. Representatives of Shanghai Yishijia Network Co. Ltd. filed a lawsuit against Apple and Shanghai Washing Information technology., Ltd over the use of a trademark Yishijia owns on Apple's App Store, and is seeking a compensation of more than 100 million RMB about US\$16 million. The lawsuit has been accepted for review by the Shanghai No.1 Intermediate People's Court. The dispute began in April when Yishijia applied to upload the mobile application for Homevv, an online shopping platform that it developed, on the App Store, but was rejected by Apple as another app bearing the same trademark by Woshang was already there. Yishijia which has owned the trademark of Homevv since 2010, asked Apple to take Woshang's app off the store multiple times but was rejected.⁵⁸

b) U.S. and Taiwan conclude TIFA on IPR issues

The U.S.-Taiwan TIFA process serves as a key mechanism to strengthen our robust commercial ties and covers the broad range of trade and investment issues important to U.S. and Taiwan stakeholders. U.S. and Taiwan experts agreed to continue fully utilizing the Investment and the Technical Barriers to Trade Working Groups launched at last year's TIFA Council meeting and build on recent positive steps being taken by Taiwan to clarify investment criteria, lift data localization requirements in the financial sector, and to revise standards and multi-pack labeling requirements. The Taiwan authorities outlined plans to devote necessary resources to strengthen IPR enforcement. The two sides recognized the need for further engagement on intellectual property protection, including in the challenging but critical area of online piracy, as well as on pharmaceutical and medical device issues over the next year.⁵⁹

c) China's New Trademark Law to take effect in May

On May 1ST China's revised Trademark Law, set to strengthen intellectual property protection and ensure a fair market for trademark holders, will take effect. An amendment to the law, which was

⁵⁷ Xinhua, *China adjusts taxation to promote PV power generation*, 11 June 2014, http://news.xinhuanet.com/english/china/2014-06/11/c_133400224.htm (last visited Sept.30,2014).

⁵⁸ Xinhua, *Chinese tech firm sues Apple for trademark infringement*, 30 June 2014, http://news.xinhuanet.com/english/china/2014-06/30/c_133449901.htm (last visited Sept.30,2014).

⁵⁹ At Eighth TIFA Meeting, U.S., Taiwan Commit To Engage Further On Online Piracy, Other IPR Issues, April 7, 2014, <http://insidetrade.com/201404072466705/WTO-Documents/Text-Document/at-eighth-tifa-meeting-us-taiwan-commit-to-engage-further-on-online-piracy-other-ipr-issues/menu-id-174.html> (last visited Sept.30,2014).

passed by the country's top legislature in August, will raise the compensation ceiling for trademark infringement to 3 million Yuan (about 500,000 U.S. dollars), six times the previous limit. The new law mitigates trademark holders' responsibility in providing proof of infringement, saying alleged offenders shall provide their account books or other materials for investigation. Otherwise, compensation could be determined according to amounts proposed by trademark holders. The new law mitigates trademark holders' responsibility in providing proof of infringement, saying alleged offenders shall provide their account books or other materials for investigation. Otherwise, compensation could be determined according to amounts proposed by trademark holders. The law offers protection for well-known trademarks, giving owners the right to ban others from registering their trademarks or using similar ones. Sounds can be registered as trademarks as long as they are easily distinguishable and recognizable.⁶⁰

d) Chinese Patent Filings Abroad on Big Rise

The World Intellectual Property Organization (WIPO) Friday said in a report that the growth of Chinese patent filings abroad increased significantly since 2000. The report noted that between 2000 and 2005, the average annual growth rate of overseas patent filings reached 40 percent, and remained at 23 percent since 2005. It said more than 80 percent of Chinese foreign-oriented patent families in the 1970-2012 period included at least one patent application with the United States, Europe or Japan. In terms of absolute numbers, the majority of patent applications abroad by Chinese residents targeted the United States with close to 50,000 patent applications between 1970 and 2012, followed by Europe, Japan, the Republic of Korea, and Canada. "Data showing that more and more patent applications from China are being filed outside the country," WIPO spokesperson Edward Harris told reporters on Friday. He said "this can be seen as an increase in the quality of the innovations and inventions in China." Firms owned statistics showed almost 70 percent of the Chinese overseas patent families, while the share of universities and research institutes in total patent families is about 6 percent. The report said digital communication, computer technology, nanotechnology, semiconductors as well as telecommunications listed as the fastest growing fields among Chinese foreign-oriented patent families between 2000 and 2009.⁶¹

e) China's Notification under Article 63.2 of TRIPS

On 15 April 2014, the Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has submitted the following updated notifications of its Main dedicated intellectual property laws and regulations, and of its Other laws and regulations under Article 63.2 of the Agreement. The notification contained information regarding the amendment of the Patent Act, the Copyright Act, the Copyright Collective Management Organization Act, the Trade Secrets Act and the Integrated Circuit Layout Protection Act to the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.⁶²

V. TRADE POLICY BY SECTOR

V.A. AGRICULTURE

⁶⁰ China's New Trademark Law to Take Effect in May (2014), http://www.chinaipr.gov.cn/newsarticle/news/headlines/201405/1811532_1.html (last visited Sept.30,2014).

⁶¹ Chinese Patent Filings Abroad on Big Rise (2014), http://www.chinaipr.gov.cn/newsarticle/news/headlines/201405/1815777_1.html (last visited Sept.30,2014).

⁶² Notification, Council for Trade-Related Aspects of Intellectual Property Rights, http://insidetrade.com//index.php?option=com_iwprfile&file=apr2014/wto2014_1165.pdf (last visited Sept.30,2014).

a) *China removes price control over seed*

China removed price control on seed, silkworm cocoon and industrial salt prices. The announcement on the National Development and Reform Commission (NDRC) prices of sodium carbonate and caustic soda, listed as industrial salt in China, will continue to be under government control. The move will promote an open and uniform national market system with orderly competition.⁶³

V.B. ENERGY

a) *Indonesia-China agree on price of gas from Tangguh*

The Indonesian renegotiation team made an agreement with buyer in Fujian, China over the rise of liquefied natural gas (LNG) price from Tangguh field in Papua of Indonesia. Both sides agreed to raise gas price from US\$3.3 per mmbtu (million metric British thermal unit) to US\$8 per mmbtu and it would keep rising based on the Japan Crude Cocktail (JCC) or the average price for customs-cleared crude oil imports which is used in the formula for determining gas price. In the negotiation, both agreed to delete the cap of JCC price which was determined only at US\$38 per barrel. The formula for the LNG price before the renegotiation was 5.25% multiplied by JCC price, so the gas price at that time was at \$us3.3 per mmbtu. Effective from 1 July 2014, the parties agreed the price of (determined with the formula of), 0.065 multiplied by JCC, and then plus US\$1.5 per mmbtu. The JCC price would keep rising and expected to be at \$US 10.3 per mmbtu next year and \$US 12 per mmbtu in 2017. The contract of the gas sales to Fujian, China will end in 2034. The sales of gas was signed under the presidency of Megawati Soekarnoputri in 2002.⁶⁴

b) *China and Russia signed \$400 billion Natural Gas Deal*

China and Russia signed *Purchase and Sales Contract on East Route Gas Project* and a *memorandum*. The contract will provide China will 38 billion cubic meters of natural gas annually from 2018 from east route pipeline. China's National Petroleum Corporation (CNPC) signed a framework gas supply agreement with Russia's Gazprom, the world's largest gas company. The gas will come from Kovyktin and Chayandin gas fields in eastern Siberia of Russia and will be piped to China's northeast, the Beijing-Tianjin-Hebei metropolitan area in the north and the Yangtze river delta in the east. China and Russia have vowed to strengthen cooperation in energy and infrastructure in Russia.⁶⁵

V.C. ENVIRONMENT

a) *China becomes world's largest carbon trader next only to the EU*

Chinese enterprises traded over 3.85 million tonnes of carbon emission quotas as of 23 May 2014. These quotas were sold for 125 million RMB (US\$20.2 million), making China a major carbon trader next to the EU. China began pilot trading in 2011 and has approved seven trading schemes in Beijing, Tianjin, Shanghai, Chongqing, Shenzhen, Guangdong and Hubei. Under the schemes, enterprises which produce more than their share of emissions are allowed to buy unused quotas on the market from those that cause less pollution. Carbon trading is designed to encourage emission reduction and raise money to fund

⁶³ Xinhua, *China removes price control over seed*, 13 June 2014, http://news.xinhuanet.com/english/china/2014-06/13/c_133405768.htm (last visited Sept.30,2014).

⁶⁴ Xinhua, *Indonesia, China reach deal on price hike of gas from Tangguh*, 30 June 2014, http://news.xinhuanet.com/english/business/2014-06/30/c_133449988.htm (last visited Sept.30,2014).

⁶⁵ Inside US Trade, *China, Russia Reach 30-Year, \$400 Billion Natural Gas Deal*, 21 May 2014, <http://insidetrade.com/201405212471535/WTO-Documents/Text-Document/china-russia-reach-30-year-400-billion-natural-gas-deal/menu-id-174.html> (last visited Sept.30,2014).

research on environmental protection. Afflicted by serious pollution especially smog, China will control carbon emissions by cutting fossil fuel consumption, promoting the use of clean energy and establishing carbon trading markets. In an action plan released in May 2014, the country aims to cut carbon consumption per unit of economic output by 4% in 2014.⁶⁶

b) *Massive violations of the EU trade deal by Chinese solar manufacturers*

The EU solar industry initiative ProSun submitted over 1,000 pages of documentation to the Directorate General for Trade of the European Commission, containing about 1,500 proposals by Chinese solar companies offering prices below the minimum level agreed by the EU Commission and China. According to Milan Nitzchke, president of EU ProSun: *EU trade rules are being systematically violated by Chinese manufacturers. Not one Chinese manufacturer seems to follow the agreed minimum prices for imports into the EU. Dumped Chinese solar products continue to flood the EU market, destroying European Industry and Jobs. The Commission must act fast to stop these violations and implement sanctions.* The EU imposed anti-dumping duties on Chinese solar imports in mid-2013, after state-subsidized dumping from China drove dozens of European solar companies to ruin. In order to circumvent these duties of around 50%, over 100 Chinese solar manufacturers offered the EU a contractual undertaking to only import above a minimum price of 56 cents per watt. The EC and European Council agreed to this minimum price offer. However, the Chinese companies are neither paying duties, nor observing the minimum price agreement. The president further provided: *Chinese manufacturers never cease to trick, deceive and circumvent their own undertaking and EU rules. Chinese tricks range from kickback payments camouflaged as 'marketing grants', to false product shipments massively under-declaring the quantities actually imported into the EU. It is like a Chinese fish market-anyone who thinks the price is not low enough simply gets another crate of solar modules for free.* According to EU ProSun, the majority of Chinese companies use shady middlemen for these deals who work as a buffer between the Chinese companies and European authorities. According to EU ProSun, whoever takes part in such minimum price and customs violations risk severe punishment. The contract between the EU Commission and the Chinese companies clearly states: The affected manufacturer will be barred from the minimum price agreement for even minor violations of the requirements. The duty of around 50% of the import price is then due immediately. The duty must be paid by the EU importer, even after the fact when applicable. In the case of grave customs violations, criminal prosecution is also possible. The entire minimum price agreement between the EU and China is sought to be reviewed.⁶⁷

VI. DISPUTE SETTLEMENT

⁶⁶ Xinhua, *China becomes world No. 2 Carbon trader*, 10 June 2014, http://news.xinhuanet.com/english/china/2014-06/10/c_133397508.htm (last visited Sept.30,2014).

⁶⁷ Inside US Trade, *EU Solar Industry Accuses Chinese Firms Of Selling Below Agreed-To Price Floor*, 9 June 2014, <http://insidetrade.com/201406092473388/WTO-Documents/Text-Document/eu-solar-industry-accuses-chinese-firms-of-selling-below-agreed-to-price-floor/menu-id-174.html> (last visited Sept.30,2014).

Appeals Announced by China in Rare Earth Dispute for DS431, DS432 and DS 433- Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum

In response to the panel report circulated by the DSB on 26 March 2014, PRC has filed an appeal to the WTO Secretariat on 17 April 2014 in ds431 and a similar appeal on 25 April 2014 in DS432 & DS433, where EU and Japan are complainants respectively. The appeals in all three cases have been filed on the grounds of legal interpretation and areas of law discussed in the panel report.⁶⁸

Earlier, DSB panel favored the complainant over all the three issues: export quotas, export duties and trading rights. China had been found in breach of China's accession protocol and could not justify its actions.⁶⁹

Appeal Announced by China in United States – Countervailing and Anti-Dumping Measures on Certain Products from China DS449

China seeks review by the appellate body on the panel report by the DSB, alleging errors of law and legal interpretation. China has invoked Rules 20(1) and 21(1) and has filed this Notice of Appeal together with its Appellant's Submission with the Appellate Body Secretariat.

China seeks the review of the panel's finding under Article X: 2 of the GATT 1994, China has in fact requested the appellate body to make another legal analysis to find, instead, that Section 1 of P.L. 112-99 effected an "advance in a rate of duty or other charge on imports under an established and uniform practice" and imposed "a new or more burdensome requirement, restriction or prohibition on imports" within the meaning of Article X.2 of the GATT 1994. Consequently, the Appellate Body also find that the United States acted inconsistently with Article X: 2 of the GATT 1994 in enforcing Section 1 of P.L. 112-99 prior to its official publication.⁷⁰

China Requested to bring its Relevant Measures in Conformity with its Obligation under Anti-Dumping and SCM Agreements - DS440

In 2012 U.S. had requested consultation with China over MOFCOM imposing anti-dumping and countervailing duties on certain automobiles from the United States, including any and all annexes. The complainant had claimed that the measures adopted were inconsistent with various articles of Anti-Dumping Agreement. Thereafter, on U.S. request a panel had been established by DSB.

The panel report established made its submission on 23 May 2014. The dispute involved imposition of certain anti-dumping and countervailing measures on certain autos made in U.S. Therefore, on the basis of the findings and in accordance with Article 19.1 of the DSU, the panel requested China to bring its measures in accordance with its obligation under the anti-dumping and SCM agreements.⁷¹

⁶⁸Panel report on CHINA — MEASURES RELATED TO THE EXPORTATION OF RARE EARTHS, TUNGSTEN AND MOLYBDENUM (WTO 2014), http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds432_e.htm (last visited Sept.30,2014).

⁶⁹ Panel report on CHINA — MEASURES RELATED TO THE EXPORTATION OF RARE EARTHS, TUNGSTEN AND MOLYBDENUM (WTO 2014), http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds431_e.htm (last visited Sept.30,2014).

⁷⁰ Panel report on UNITED STATES — COUNTERVAILING AND ANTI-DUMPING MEASURES ON CERTAIN PRODUCTS FROM CHINA (WTO 2014), http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds449_e.htm (last visited Sept.30,2014).

⁷¹ China — Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States (WTO 2014), http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds440_e.htm#bkmk440r (last visited Sept.30,2014).

Chinese Taipei Files Dispute against Canada over Anti-dumping Measures on Steel

The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) has notified the WTO Secretariat on 25 June, 2014 of a request for consultations with Canada over provisional and definitive anti-dumping measures imposed by Canada on imports of carbon steel welded pipe (CSWP) originating in, among others, the Separate Customs Territory. China in Document WT/DS482/1 claims that Canada is in violation of Article 1, 3.2, 3.4, 3.5, 3.7, 5.8, 6.8, 6.10, 18 and Annex II of the Anti-Dumping Agreement and Article VI of the GATT 1994 as a consequence of the above violations.⁷²

U.S. tells WTO Compliance Panel that Updated Chinese Duties on goes applied in Same Flawed Manner

On November 16, 2012, the Dispute Settlement Body adopted its recommendations and rulings in the dispute China – Countervailing and Anti-Dumping Duties on Grain Oriented Flat-rolled Electrical Steel from the United States (“China – GOES”) (DS414), and found that China imposed antidumping and countervailing duties on U.S. exports of grain oriented flat-rolled electrical steel (“GOES”) in a manner that breached China’s obligations under the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (“AD Agreement”), and the Agreement on Subsidies and Countervailing Measures (“SCM Agreement”). As a result, the DSB recommended that China bring its measures into conformity with its obligations under these agreements.

US accuses that instead of complying with the DSB’s recommendations and rulings, China did the opposite: on July 31, 2013, China’s Ministry of Commerce (“MOFCOM”) issued a Determination on the Re-investigation of Antidumping and Countervailing Duties on Grain Oriented Flat-Rolled Electrical Steel Imports from the United States (“Re-determination”) that suffers from many of the same flaws as the original investigation, and as a result, continues to impose antidumping and countervailing duties on imports of GOES in a WTO-inconsistent manner.⁷³

WTO Faults China's AD, CVDs on U.S. Autos

A World Trade Organization panel report released on May 23, 2014 faulted now-removed Chinese trade remedy duties on imports of certain U.S. automobiles on three key counts: procedural transparency, the injury determination and the calculation of the duties imposed on companies that were not directly investigated in the cases. The panel faulted China under AD Agreement Article 6.5.1 and ASCM Article 12.4.1 for failing to require the submission of adequate non-confidential summaries of confidential information in the case. It also said China was in violation of AD Agreement Article 6.9 because it failed to disclose "essential facts under consideration which formed the basis for its decision to impose AD duties."⁷⁴

⁷² Canada – Anti-dumping Measures on imports of certain carbon steel welded pipe from the separate customs territory of Chinese Taipei, https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=125552&CurrentCatalogueIdIndex=0&FullTextSearch= (last visited Sept.30,2014).

⁷³ China Countervailing and Anti-dumping duties on grain oriented flat-rolled electrical steel from the US, http://insidetrade.com/iwpfile.html?file=jun2014%2Fwto2014_1670a.pdf (last visited Sept.30,2014).

⁷⁴ WTO Faults China's AD, CVDs On U.S. Autos, Siding With Most U.S. Claims, May 23, 2014, <http://insidetrade.com/201405232472025/WTO-Daily-News/Daily-News/wto-faults-chinas-ad-cvds-on-us-autos-siding-with-most-us-claims/menu-id-948.html> (last visited Sept.30,2014).

ANNEXURE

Annexure A

Notification & Date	Agency Concerned	Products Concerned	Purpose of Notification
G/SPS/N/CHN/650 05/06/2014	National Health and Family Planning Commission of the People's Republic of China	Casein	This standard applies to acid casein, rennet casein and membrane separated casein. This standard prescribes the terms and definitions, technical requirements, etc. ⁷⁵
G/SPS/N/CHN/651 05/06/2014	National Health and Family Planning Commission of the People's Republic of China	Food additives	This code of hygienic practice applies to the production of food additives. ⁷⁶
G/SPS/N/CHN/652 05/06/2014	National Health and Family Planning Commission of the People's Republic of China	Cookies and crackers	This standard concerns all types of cookies and crackers. This standard contains the terms and definitions, technical requirements, packaging and labelling, etc. ⁷⁷
G/SPS/N/CHN/653 05/06/2014	National Health and Family Planning Commission of the People's Republic of China	Pastries and bread	This standard concerns all types of pastries and bread. This standard contains the terms and definitions, technical requirements, packaging and labelling, etc. ⁷⁸

⁷⁵ This notification is available at; https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=125035,125036,125037,125038&CurrentCatalogueIdIndex=0&FullTextSearch (last visited Sept.30,2014).

⁷⁶ This notification is available at; https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=125035,125036,125037,125038&CurrentCatalogueIdIndex=1&FullTextSearch (last visited Sept.30,2014).

⁷⁷ This notification is available at; https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=125035,125036,125037,125038&CurrentCatalogueIdIndex=2&FullTextSearch (last visited Sept.30,2014).

⁷⁸ This notification is available at; https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=125035,125036,125037,125038&CurrentCatalogueIdIndex=3&FullTextSearch (last visited Sept.30,2014).

--	--	--	--

Annexure B

Notification & Date	Agency Concerned	Products Concerned	Purpose of Notification
G/TBT/N/CHN/1026 7/4/2014	China Food and Drug Administration	Medical devices.	This notification concerns regulation of administration for approval and regulation of medical devices. The notification had been circulated in accordance to article 10.6. ⁷⁹
G/TBT/N/CHN/1025 7/4/2014	China Food and Drug Administration	Medical devices	This notification concerns regulation of administration for approval and registration of in vitro diagnostic equipment. ⁸⁰
G/TBT/N/CHN/1022 7/4/2014	China Food and Drug Administration	Medical Devices	The objective of this notification is to list the catalogue of class II devices that are being exempted from clinical trials. ⁸¹
G/TBT/N/CHN/1029	China Food and Drug Administration	Medical Devices	The objective of this notification is to clarify and fix the responsibilities of food and drug authorities, manufacturers, business enterprises and third party maintenance companies. It would laydown the duties of

⁷⁹ The following notification is available on https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=123853,123854,123855,123856,123647,123648,123135,123136,123139,123141&CurrentCatalogueIdIndex=3&FullTextSearch (last visited Sept.30,2014).

⁸⁰ The notification is available on https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=123853,123854,123855,123856,123647,123648,123135,123136,123139,123141&CurrentCatalogueIdIndex=1&FullTextSearch (last visited Sept.30,2014).

⁸¹ The notification is available on https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124537,124538,124539,124547,124548,124549,124332,124333,124334,123852&CurrentCatalogueIdIndex=9&FullTextSearch (last visited Sept.30,2014).

			all the parties and also stipulates penalties for any violation. ⁸²
G/TBT/N/CHN/1028	China Food and Drug Administration	Medical Devices	The notification defines the conditions for the medical devices, business licenses and its recording, to improve the working procedures, fortification of measures for quality and raising the penalties for violation.
G/TBT/N/CHN/1027	China Food and Drug Administration	Medical Devices	This notification deals with the revision of administrative measures for supervision of medical device manufacturing in accordance with the newly revised regulations for supervision and administration of medical device. ⁸³
G/TBT/N/CHN/1050	Standardization Administration of China (SAC)	Substances and materials used in finger paints for children under 14 years of age for playing	The objective of this notification is to health and ensures safety of the children. This standard applies to the substances and materials used in finger paints for children under 14 years of age. It does not apply to the components and materials in finger paints products other than finger paints.
G/TBT/N/CHN/1047	Standardization Administration of China (SAC)	Activity toys for domestic indoor and outdoor use intended for children under 14	The standard specifies the requirements and test method for activity toys of domestic indoor and outdoor use

⁸² The following notification is available at https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124537,124538,124539,124547,124548,124549,124332,124333,124334,123852&CurrentCatalogueIdIndex=8&FullTextSearch (last visited Sept.30,2014).

⁸³ The notification is available on https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124537,124538,124539,124547,124548,124549,124332,124333,124334,123852&CurrentCatalogueIdIndex=6&FullTextSearch (last visited Sept.30,2014).

		years to play on or in	intended for children under 14 years to play on or in. This standard applies to swings, slides, seesaws, carousels, rocking, climbing frames, fully enclosed toddler swing seats and other products intended to bear the mass of one or more children. ⁸⁴
G/TBT/N/CHN/1046 7/5/2014	Standardization Administration of China (SAC)	Infants and children textile products	This standard specifies the safety technical requirements, test methods and inspection rules for infants and children textile products. It applies to infants and children textiles products sold in China. ⁸⁵
G/TBT/N/CHN/1045 7/5/2014	Standardization Administration of China (SAC)	Switches for household and similar fixed-electrical installations	Articles 6.4, 19.3 and Appendix C of this standard are recommended, the rest are mandatory. The mandatory contents are the scope, terms and definitions, general requirements, rated value and classification etc. of switches for household and similar fixed-electrical installations. This standard applies to manually operated general purpose switches, for a.c. only with a rated voltage not exceeding 440 V and a rated current not

⁸⁴ The following notification is available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124537,124538,124539,124547,124548,124549,124332,124333,124334,123852&CurrentCatalogueIdIndex=2&FullTextSearch (last visited Sept.30,2014).

⁸⁵ The following notification is available at https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124537,124538,124539,124547,124548,124549,124332,124333,124334,123852&CurrentCatalogueIdIndex=1&FullTextSearch (last visited Sept.30,2014).

			exceeding 63 A, intended for household and similar fixed electrical installations either indoors or outdoors. ⁸⁶
G/TBT/N/CHN/1043 7/05/2014	Standardization Administration of China (SAC)	Foam fire fighting vehicle	This notification is in reference to ensure safety of the firefighters. It mandates technology requirement, inspection rules and logo for fire fighting vehicle. ⁸⁷
G/TBT/N/CHN/1044 7/05/2014	Standardization Administration of China (SAC)	Newly manufactured inductive current transformers used for electrical measuring instruments and/or electrical protective devices with frequencies from 15 Hz to 100 Hz.	It is to ensure the safety of the personal and safety of power grids. This notification mandates rated value, design and construction, tests etc. for the transformers produces. The objective is to ensure safety along with design efficiency. ⁸⁸
G/TBT/N/CHN/1042 7/05/2014	Standardization Administration of China (SAC)	Water tank fire fighting vehicle, water supply fire fighting vehicle	The notification contains instructions and mandated requirement for fire tanks to ensure safety of the same. ⁸⁹
G/TBT/N/CHN/1040	Standardization Administration of	Bridge and gantry cranes	This notification concerns the safety of

⁸⁶ The notification is available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124537,124538,124539,124547,124548,124549,124332,124333,124334,123852&CurrentCatalogueIdIndex=0&FullTextSearch (last visited Sept.30,2014).

⁸⁷ The notification is available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124527,124528,124529,124530,124531,124532,124533,124534,124535,124536&CurrentCatalogueIdIndex=8&FullTextSearch (last visited Sept.30,2014).

⁸⁸ The notification is available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124527,124528,124529,124530,124531,124532,124533,124534,124535,124536&CurrentCatalogueIdIndex=9&FullTextSearch (last visited Sept.30,2014).

⁸⁹ The notification is available on: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124527,124528,124529,124530,124531,124532,124533,124534,124535,124536&CurrentCatalogueIdIndex=7&FullTextSearch (last visited Sept.30,2014).

7/05/2014	China (SAC)		the operators and the property by issuing guidelines that mandates safety requirements for design, manufacture, installation, transformation, maintenance, use, inspection and discard of bridge and gantry cranes.
G/TBT/N/CHN/1039 7/05/2014	Standardization Administration of China (SAC)	Lifts for explosive atmospheres	This Standard specifies the additional safety rules which should be complied with in the construction and installation of lifts for explosive atmospheres operating in explosive gas atmosphere zones 1, 2 or flammable dust atmosphere zones 21, 22 defined in GB 25285.1-2010. The objective here is to improve the safety performance of lifts for explosive atmospheres, safe guard the security of personnel and objects during the installation, operation, maintenance and inspection work on lifts for explosive atmospheres. ⁹⁰
G/TBT/N/CHN/1036 7/05/2014	Standardization Administration of China (SAC)	Manual radial arm saws	The objective here is to eliminate and limit risks on manual radial arm saws, which include safety requirements and/or measures, mechanical hazard protection and non-mechanical hazard

⁹⁰ The notification is available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124527,124528,124529,124530,124531,124532,124533,124534,124535,124536&CurrentCatalogueIdIndex=4&FullTextSearch (last visited Sept.30,2014).

			protection, information of use, etc.
G/TBT/N/CHN/1035 7/05/2014	Standardization Administration of China (SAC)	Double end tenoning and/or profiling machines fed by chain or chains	The mandatory contents mentioned in the notification are the requirements and/or measures for eliminating and limiting risks on double end tenoning and/or profiling machines fed by chain or chains, which include safety requirements and/or measures, mechanical hazard protection and non-mechanical hazard protection, information of use, etc. ⁹¹
G/TBT/N/CHN/1033	Standardization Administration of China (SAC)	Category M1 vehicles	The objective of the notification here is to ensure an adequate visibility for drivers when driving vehicles, and reduce the occurring of traffic accidents. The standard specifies the requirements and measurement methods for 180° forward direct field of vision of drivers of category M ₁ vehicles. ⁹²

⁹¹ The notification is available at : https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124527,124528,124529,124530,124531,124532,124533,124534,124535,124536&CurrentCatalogueIdIndex=0&FullTextSearch (last visited Sept.30,2014).

⁹² The notification is available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=124964,124966,124965,124967,124968,124524,124525,124521,124522,124523&CurrentCatalogueIdIndex=8&FullTextSearch (last visited Sept.30,2014).