



TRADE POLICY DEVELOPMENTS PAPER NO. 35

TRADE POLICY MONITORING REPORT

OF

THE PEOPLE'S REPUBLIC OF CHINA

VOLUME VII

(October 2012- DECEMBER 2012)

Authors: James J. Nedumpara and Aman Garg

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)

ABBREVIATIONS

| | | |
|-------|---|--|
| APEC | - | Asia-Pacific Economic Cooperation |
| APEDA | - | Agricultural Products Export Development Authority |
| AQSIQ | - | The General Administration of Quality Supervision, Inspection and Quarantine |
| ARFs | - | Automatic Registration Forms |
| Art. | - | Article |
| ASEAN | - | Association of South-East Asian Nations |
| BL | - | Bidding Laws |
| BOFT | - | Bureau for Fair Trade for Imports and Exports |
| CAAC | - | General Administration of Civil Aviation |
| CBRC | - | China Banking Regulatory Commission |
| CCC | - | China Compulsory Certification |
| CEPA | - | Comprehensive Economic Partnership Agreement |
| CERC | - | China Electricity Regulatory Commission |
| CIRC | - | China Insurance Regulatory Commission |
| CPC | - | Communist Party of China |
| CQC | - | The China Quality Certification Centre |
| CSRC | - | China Securities Regulatory Commission |
| DFEC | - | Department of Foreign Economic Cooperation |
| DITEA | - | Department of International Trade and Economic Affairs |
| DSB | - | Dispute Settlement Body (WTO) |
| EEA | - | European Economic Area |
| EFTA | - | European Free Trade Association |
| EPA | - | Economic Partnership Agreement |
| EU | - | European Union |
| FDI | - | Foreign Direct Investment |
| FTAs | - | Free Trade Agreements |

| | | |
|--------|---|--|
| GAC | - | General Administration of Custom |
| GAT | - | General Administration of Taxation |
| GDP | - | Gross Domestic Product |
| GIs | - | Geographical Indications |
| GPA | - | Agreement on Government Procurement GPA |
| HS | - | Harmonized System |
| IBII | - | Investigation Bureau for Industry Injury |
| IECE | - | The IEC System for Conformity Testing and Certification of Electrical Equipment |
| IP | - | Intellectual Property |
| IPR | - | Intellectual Property Rights |
| ISO | - | International Organization for Standardization |
| IT | - | Information Technology |
| ITES | - | Information Technology Enabled Services |
| MLPS | - | The Multi-Level Protection Scheme |
| MOA | - | Ministry of Agriculture |
| MOF | - | Ministry of Finance |
| MOFCOM | - | Ministry of Commerce |
| MPS | - | The Ministry of Public Security |
| MRRFTO | - | Measures for Registration for the Record of Foreign Trade Operators |
| NAFTA | - | North American Free Trade Agreement |
| NBER | - | National Bureau of Economic Research |
| NCAC | - | National Copyright Administration of China |
| NDRC | - | National Development and Reform Commission |
| NME | - | Non-Market Economy |
| NPC | - | National People's Congress |
| NPK | - | Sodium, Phosphorous, Potassium |
| NT | - | National Treatment |

| | | |
|-------|---|--|
| OECD | - | Organization for Economic Cooperation and Development |
| PBC | - | The People's Bank of China |
| PPP | - | Purchasing-power parity |
| PRC | - | People's Republic of China |
| PRD | - | Office of the Economic and Commercial Counselor, Policy Research Department |
| PSI | - | Pre-shipment inspection |
| QIP | - | Quarantine Inspection Permit |
| RAIEG | - | Regulation on the Administration of the Import and Export of Good |
| RMB | - | Renminbi |
| ROO | - | Rules of Origin |
| SAARC | - | South Asian Association for Regional Cooperation |
| SAC | - | The Standardization Administration of China |
| SAFE | - | State Administration of Foreign Exchange |
| SAIC | - | The State Administration of Industry and Commerce |
| SASAC | - | State-Owned Asset Supervision Administration Commission |
| SAT | - | Chinese State Administration of Taxation |
| SCNPC | - | Standing Committee of the National People's Congress |
| SEZs | - | Special economic zones |
| SIPO | - | State Intellectual Property Office |
| SOEs | - | State-owned enterprises |
| SPC | - | Supreme People's Court |
| STE | - | State-trading enterprises |
| TBT | - | Technical Barriers to Trade |
| TCF | - | Textiles, clothing and footwear |
| TRIMs | - | Trade-Related Investment Measures |
| TRIPs | - | Trade-Related Aspects of Intellectual Property Rights |
| TRQs | - | Tariff-rate quotas |

| | | |
|-------|---|--|
| USTR | - | United States Trade Representative |
| VAT | - | Value-added Tax |
| WAP | - | The WLAN Authentication and Privacy Infrastructure |
| WIPO | - | World Intellectual Property Organization |
| WLANs | - | Wireless Local Area Networks |
| WTO | - | World Trade Organization |

TABLE OF CONTENTS

| | |
|--|----|
| I. INTRODUCTION..... | 8 |
| II. ECONOMIC ENVIRONMENT..... | 8 |
| III. TRADE AGREEMENTS AND ARRANGEMENTS | 10 |
| IV. FOREIGN INVESTMENT | 12 |
| V. FOREIGN DIRECT INVESTMENT (FDI) | 13 |
| VI. IMPORTS AND EXPORTS | 13 |
| VII. TARIFFS AND TAXES | 14 |
| VIII. ANTI DUMPING MEASURES..... | 15 |
| IX. TECHNICAL BARRIERS TO TRADE | 16 |
| X. SANITARY AND PHYTOSANITARY MEASURES | 19 |
| XI. INTELLECTUAL PROPERTY RIGHTS | 19 |
| XII. TRADE POLICY BY SECTOR..... | 20 |
| XII.1 AGRICULTURE | 20 |
| XII.2 CLIMATE CHANGE..... | 20 |
| XIII. WTO DISPUTE SETTLEMENT..... | 20 |

EXECUTIVE SUMMARY AND THE AGENDA FOR THE NEXT REPORT

- China signed various bilateral and multilateral Free Trade Agreements with economies like the U.S., Australia, Taiwan, New Zealand and Nepal. The main objective of most of these agreements was to remove trade barriers and to deepen the economic cooperation in trade, services, investment and infrastructure development.
- From January 2013 onwards, China started to levy differentiated dividend taxes on individual investors according to the time period the investors hold their shares by encouraging long-term investment and curbing short-term speculation with a view to promote a healthy development of the country's capital markets.
- China lowered the tariffs on 784 imported products with a view to boost domestic consumption. The temporary adjustment will allow certain specified products to be imported at a tax rate that is lower than the most-favored-nation tariff.
- China follows a policy to actively impose anti-dumping duties on its imports. During this review quarter as well, China has imposed various anti-dumping duties on various products like spandex, ethylene glycol monobutyl ether, diethylene glycol monobutyl ether etc. originating in various countries like the U.S., EU, Japan, Singapore, ROK and Taiwan.
- During this review quarter, China imposed various TBT measures on several imported products including pre-packaged foods for special dietary uses, cosmetics, smart mobile terminals and light-duty vehicles.
- In December 2012, Japan requested consultations with China concerning measures imposing anti-dumping duties on high-performance stainless steel seamless tubes originating in Japan. Besides, China also requested the DSU to establish a panel in a couple of disputes.
- In December 2012, China increased the amount of compensation for infringement of intellectual property rights with a view to strengthen the Intellectual Property (IP) laws and to improve the enforcement of the IP laws in the country.
- China has been actively engaged in initiating anti-dumping activities against the EU. Next report will monitor the various anti-dumping duties imposed by China especially against the EU.
- China has increased tariffs on a number of products that is imported into the country. These tariffs and the respective tariff rates will be monitored in the next report.
- The next report will focus on environmental issues involved in trade practices and the strengthening of links between China and the UN Environment Programme (UNEP) in the wake of an agreement between China and the UNEP concerning green economy, wildlife protection and engagement of youth support in February 2013.

TRADE POLICY MONITORING REPORT OF CHINA

FOR THE QUARTERLY PERIOD: OCTOBER 2012 – DECEMBER 2012

I. INTRODUCTION

This is the seventh 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: October-December, 2012.

II. ECONOMIC ENVIRONMENT

In comparison to the previous quarter, the GDP of China expanded by 9.1%. In 2012, China's fiscal revenue was 11.7 trillion yuan, increased by 12.8% year-on-year. The growth rate was 12.2 percentage points lower than that of 2011, due to slower economic growth, declining rate of enterprise profit, and structural tax reduction. Fiscal expenditure, on the other hand, was 12.6 trillion, increased by 1.65 trillion yuan, or 15.1% year-on-year. However, during the review quarter, the fiscal revenue growth slowed in the fourth quarter as the economic expansion moderated and inflation eased.¹

In October 2012, China's fiscal revenues increased by 13.7% year-on-year to 1.04 trillion yuan² while in November it increased by 21.9% year-on-year to 787.1 billion yuan. On a month-on-month basis, fiscal revenues in November were decreased by 257.3 billion yuan.

During the same period, incomes for central government increased by 17.9% year-on-year to 367.2 billion yuan, while that of local governments increased by 25.6% to 419.9 billion yuan. Tax revenues, the main source of the government's income, increased by 21.1% year-on-year to 676 billion yuan.³

In October 2012, inflation of the economy decreased to a 33-month low of 1.7%⁴, whereas, in November it increased by 2% year-on-year.⁵ In October 2012, China's consumer price index (CPI), one of the main gauge of inflation, increased by 5.5% year-on-year. In November, it was expected to decrease by 4.5% whereas in reality it increased by 4.2% year-on-year.⁶ However, in December it increased by 2.5% year-on-year.⁷

¹ Ministry of Finance, 'China 2012 Fiscal Revenue Growth Slows to 12.8 Percent', <http://www.chinascopfinancial.com/news/post/21969.html> (last visited 10 February, 2013).

² Ministry of Commerce People's Republic of China, 'China's fiscal revenues rise 13.7 pct in Oct.' <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandafricareport/201211/20121108439251.shtml> (last visited 9 February 2013).

³ Ministry of Commerce People's Republic of China, 'China's fiscal revenues rise 21.9 pct in November' <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandafricareport/201212/20121208486585.shtml> (last visited 9 February 2013).

⁴ Ministry of Commerce People's Republic of China, 'China's consumer confidence rebounds in October' <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandafricareport/201211/20121108428257.shtml> (last visited 9 February 2013).

⁵ 'China's inflation rises 2% in November', <http://english.cntv.cn/program/newsupdate/20121209/101811.shtml> (last visited 9 February 2013).

⁶ 'China Inflation falls further to 4.2% in November', <http://www.alsosprachanalyst.com/economy/china-inflation-falls-further-to-4-2-in-november.html> (last visited 11 February 2013).

⁷ Ministry of Commerce People's Republic of China, 'China's December inflation rises to 2.5 pct', <http://english.mofcom.gov.cn/article/counselorsreport/europereport/201301/20130100004542.shtml> (last visited 9 February 2013).

In December 2012, the rate of inflation increased to 4.1% despite the Government's efforts to rein in prices. Consumer prices increased by 4.1% year-on-year and the Consumer Price Index increased by 2.5% year-on-year. For the year, inflation was at 5.4%, well above government targets.⁸

Trend of Consumer Price Index from Dec. 2011 to Dec 2012



Source: National Bureau of Statistics of China

China's Purchasing Managers Index (PMI) increased to 50.6% in November from 50.2% in October, suggesting a marked improvement whereby manufacturing activity improved.⁹ In December 2012 as well, it remained at 50.6% as growth in new orders was unchanged and the pace of output softened marginally.¹⁰

In October 2012, China's broad measure of money supply (M2) totalled 93.64 trillion yuan (\$14.86 trillion) increased by 14.1% year-on-year, whereas the narrow measure of money supply (M1) inclusive of cash in circulation and demand deposits increased by 6.1% year-on-year to 29.33 trillion yuan. At the same time, M0, measures cash in circulation, increased by 10.5% to 5.15 trillion yuan.¹¹

In November 2012, broad money (M2) totalled 94.48 trillion yuan, increased by 13.9% year-on-year and decreased by 0.2 percentage points from end-October. Narrow money (M1) registered 29.69 trillion yuan, increased by 5.5% year-on-year and decreased by 0.6 percentage points from end-October. Currency in circulation (M0) totalled 5.24 trillion yuan increased by 10.7% year-on-year. November witnessed a net money input of 92.4 billion yuan.¹² Currency in circulation (M0) totalled 5.15 trillion yuan,

⁸ 'China inflation rate little changed at 4.1% in December', <http://www.bbc.co.uk/news/business-16522996> (last visited 23 February 2013).

⁹ Ministry of Commerce Peoples Republic of China, 'China's Nov. inflation rises to 2%', <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandafricareport/201212/20121208481336.shtml> (last visited 11 February 2013).

¹⁰ Lucy Hornby, China official factory PMI points to steady growth revival, <http://www.reuters.com/article/2013/01/01/us-china-pmi-official-idUSBRE90001120130101> (last visited 24 February 2013).

¹¹ Ministry of Commerce Peoples Republic of China, 'China's broad money supply up 14.1%', <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandafricareport/201211/20121108431204.shtml> (last visited 11 February 2013).

¹² The People's Bank of China, 'Financial Statistics, November 2012', http://www.pbc.gov.cn/publish/english/955/2012/20121219100045372816786/20121219100045372816786_.html (last visited 11 February 2013).

increased by 10.5% year-on-year. In October 2012, there was a net money withdrawal of 196.6 billion yuan.¹³

At end-October 2012, outstanding RMB and foreign currency loans totalled 66.07 trillion yuan, increased by 16.2% year-on-year. Outstanding RMB loans totalled 62.01 trillion yuan, increased by 15.9% year-on-year. RMB loans registered an increase of 505.2 billion yuan, decreased by 81.6 billion yuan year-on-year.¹⁴

At end-November 2012, outstanding RMB and foreign currency loans totalled 66.69 trillion yuan, increased by 16.1% year-on-year. Outstanding RMB loans registered 62.54 trillion yuan, increased by 15.7% year-on-year. RMB loans showed an increase of 522.9 billion yuan, decreased by 40 billion yuan year-on-year. At end-November, outstanding foreign currency loans registered \$660 billion, increased by 24.3% year-on-year. Foreign currency loans increased by \$16.6 billion in the month.¹⁵

At end-October 2012, the outstanding amount of RMB and foreign currency deposits totalled 92.32 trillion yuan, increased by 14.2% year-on-year. RMB deposits registered an outstanding balance of 89.68 trillion yuan, increased by 13.3% year-on-year.¹⁶

At end-November 2012, the outstanding amount of RMB and foreign currency deposits registered 92.77 trillion yuan, increased by 14.3% year-on-year. RMB deposits registered an outstanding balance of 90.16 trillion yuan, increased by 13.4% year-on-year and 0.1 percentage points from end-October. RMB deposits rose by 473.9 billion yuan in November, increased by 151 billion yuan year-on-year. Foreign currency deposits decreased by \$1.9 billion in the month.¹⁷

At end-October 2012, RMB settlement in cross-border trade in goods, cross-border trade in services and other current accounts, outbound FDI and inbound FDI amounted to 166.5 billion, 66.8 billion, 1.1 billion and 17.6 billion yuan respectively.¹⁸

In November 2012, RMB settlement in cross-border trade in goods, cross-border trade in services and other current accounts, outbound FDI and inbound FDI amounted to 224.4 billion, 79.4 billion, 2.1 billion and 23.2 billion yuan respectively.¹⁹

In December 2012, RMB loans increased by 454.3 billion yuan, down 186.3 billion yuan year-on-year, whereas the deposits increased by 1.58 trillion yuan, up 152.8 billion yuan year-on-year.²⁰

III. TRADE AGREEMENTS AND ARRANGEMENTS

China and Republic of Korea

¹³ The People's Bank of China, 'Financial Statistics, October 2012', http://www.pbc.gov.cn/publish/english/955/2012/20121205095536854642789/20121205095536854642789_.html (last visited 11 February 2013).

¹⁴ *Supra* note 10.

¹⁵ *Supra* note 11.

¹⁶ *Supra* note 10.

¹⁷ *Supra* note 11.

¹⁸ *Supra* note 10.

¹⁹ *Supra* note 11.

²⁰ People's Bank of China, 'Financial Statistics, 2012', http://www.pbc.gov.cn/publish/english/955/2013/20130114164249631487923/20130114164249631487923_.html (last visited 23 February 2013).

In October 2012, China and the Republic of Korea (ROK) extended their 2009 agreement over currency swap for another three years. China signed an agreement with ROK doubling the value of the deal to 360 billion yuan (\$56.7 billion) from the previous 180 billion yuan.²¹

China and Central America

In October 2012, China signed a Memorandum of Understanding with the Inter-American Development Bank (IDB) on the establishment of a China Co-financing Fund, to further promote the collaboration between China and the IDB and to support the economic and social development in Latin America and the Caribbean.²²

China and Africa

In October 2012, China and ECOWAS (Economic Community of West African States) signed an agreement to increase trade, economic, investment and technical cooperation between the two regions. Other objectives of the agreement included deepening the economic cooperation in trade, services, investment and infrastructure development and stimulating the industrial and technical cooperation through joint production and ventures.²³

China and Nepal

In November 2012, China signed a letter of exchange with Nepal allowing 7,787 items, which covered all the major exports of Nepal to be exported to China free of tariff.²⁴

China and Australia

In December 2012, China and Australia released the Australia Agricultural Investment and technical cooperation joint research report. The main objective of the research was to promote investment in agriculture between the two countries as well as technical cooperation in order to strengthen the exchanges and cooperation between the two countries in the field of food security.²⁵

China and Russia

²¹ Ministry of Commerce People's Republic of China, 'China, ROK expand currency swap agreement', <http://english.mofcom.gov.cn/article/counselorsreport/asiareport/201212/20121208496706.shtml> (last visited 12 February 2013).

²² The People's Bank of China, 'Signing of Memorandum of Understanding between the PCB and IDB concerning exploration of opportunities to establish a China co-financing fund', http://www.pbc.gov.cn/publish/english/955/2012/20121019160024470888790/20121019160024470888790_.html (last visited 10 February 2013).

²³ Embassy of the People's Republic of China in the Republic of South Africa, 'ECOWAS, China sign agreement for cooperation in infrastructure development, trade and investment', <http://www.chineseembassy.org.za/eng/znl/t983596.htm> (last visited 10 February 2013).

²⁴ Minister of Commerce People's Republic of China, 'China, Nepal sign letter of exchange on zero tariff', <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandaficareport/201211/20121108432932.shtml> (last visited 11 February 2013).

²⁵ Ministry of Commerce People's Republic of China, 'China and Australia completed investment in agriculture through joint research and technical cooperation', http://english.mofcom.gov.cn/article/zt_cv/lanmua/201212/20121208492979.shtml (last visited 11 February 2013).

In December 2012, China signed a number of agreements with Russia with a focus on energy and trade. The two countries are keen to further expand bilateral trade and intend to meet a target of \$100 billion worth bilateral trade by the end of 2015.²⁶

China and New Zealand

In December 2012, China and New Zealand entered into an agreement with respect to the quantity of the wool and wool tops that can be imported to China from New Zealand in 2013. The quantities of 'Country Specific Tariff Quotas' of imports of wool and wool tops are 30,388 tons and 547 tons respectively.²⁷

IV. FOREIGN INVESTMENT

In December 2012, China formulated ten measures to develop the cross-border economic cooperation zones in order to boost China's opening-up in border areas. The measures will provide loans with discounted interest for infrastructure construction in cross-border economic cooperation zones, a 15-percent tax discount for enterprises concerning prioritized industries in West China before the end of 2020, direct administrative power to examine and verify foreign investment in transportation industries and international freight forwarding and wholesaling. The proposed measures will also give priorities to land management, customs supervision, labor service cooperation, project contracting and personnel exchanges.²⁸

Cross-border mergers and acquisitions (M&A) have become the new highlights of investment overseas. In the first 11 months of 2012, China's direct investment overseas through M&A amounted to \$15.5 billion, accounting for 25% of China's total investment over the same period, covering areas such as mining, manufacturing, power generation and supply.²⁹

During January-November 2012, the newly approved US-funded enterprises in China were 1180 in number, down by 8.9%, wherein the utilized foreign investment was \$2.4 billion, up by 11.6% year-on-year. By the end of November 2012, the actual investment by US reached \$70 billion. At the same time, China's investment in U.S. kept increasing, and China's non-financial direct investment in US reached \$1.1 billion. At the end of November 2012, non-financial investment by Chinese enterprises in US totaled \$8.6 billion, with a wide range of investment covering various fields.³⁰

²⁶ Qin Jize, Cheng Guangjin, 'China inks energy and trade deals with Russia', http://www.chinadaily.com.cn/cndy/2012-12/07/content_15993907.htm (last visited 23 February 2013).

²⁷ Ministry of Commerce People's Republic of China, 'MOFCOM and GACC Announcement No 89, 2012 on Administration on Country-specific Import Tariff Quotas for Wool and Wool Tops in 2013', <http://english.mofcom.gov.cn/article/policyrelease/buwei/201301/20130100003841.shtml> (last visited 23 February 2013).

²⁸ 'Incentives for cross-border economic co-op zones', http://usa.chinadaily.com.cn/business/2012-12/05/content_15989716.htm (last visited 23 February 2013).

²⁹ Ministry of Commerce People's Republic of China, 'Review on Commerce Work of 2012, Series X: Leap and Bound Development Made in Cooperation and Investment Overseas', <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201301/20130108512859.html> (last visited 11 February 2013).

³⁰ Ministry of Commerce People's Republic of China, 'Commerce Work Review of 2012, Series III :Record High China-US Trade close to US\$ 500 billion', <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201212/20121208503113.html> (last visited 11 February 2013).

In October 2012, China's insurance regulator widened the overseas investment scope of domestic insurance companies and expanded the categories of assets they can invest in. This was done to boost their investment returns amid the sluggish stock market. The China Insurance Regulatory Commission had relaxed the restriction limiting mainland insurers from investing only in Hong Kong, to investing in 45 countries and regions, including 25 developed economies and 20 developing economies such as Brazil and India.

Besides, approved asset categories have also been expanded from equities and bonds to real estate, currency products and non-bond fixed-income products. However, investments in overseas real estate markets will be restricted to commercial properties in prime locations or real estate investment trusts and any overseas investments will be limited to less than 15% of the company's total assets.³¹

In October 2012, China, with a view to open its capital markets, granted \$2.8 billion in quotas to overseas investors.³²

V. FOREIGN DIRECT INVESTMENT (FDI)

In October 2012, Foreign Direct Investment (FDI) in China decreased by 0.24% year-on-year amounting to \$8.31 billion,³³ whereas, in November, the FDI inflow decreased by 5.4% year-on-year. This is the tenth time in 11 months that FDI has declined, as labor costs have increased and the economic growth has slowed down.³⁴

In the month of December as well, there was a 4.5% decrease of FDI in China. The FDI in December 2012, amounted to \$11.7 billion.³⁵

Overall in 2012, the direct investment overseas amounted to \$77.22 billion, increased by 28.6% year-on-year, of which equity investments and other investments were \$62.82 billion, accounting for 81.4%, and earnings reinvested were \$14.4 billion, accounting for 18.6%.³⁶

VI. IMPORTS AND EXPORTS

In October 2012, China's import and export totalled \$319.15 billion with a year-on-year growth of 7.3%. China's export was \$175.57 billion and its import was \$143.58 billion, increased by 11.6% and 2.4% respectively.³⁷

³¹ Ministry of Commerce People's Republic of China, 'More investment options for insurers', <http://english.mofcom.gov.cn/article/counselorsreport/asiareport/201212/20121208490473.shtml> (last visited 11 February 2013).

³² 'China grants record \$2.8 bln of foreign investment quotas in Oct', <http://www.reuters.com/article/2012/11/13/china-qfi-idUSL3E8LG39Q20121113> (last visited 11 February 2013).

³³ Li Jiabao, 'FDI remains on down trend', http://www.chinadaily.com.cn/business/2012-11/21/content_15946853.htm (last visited 23 February 2013).

³⁴ Ministry of Commerce People's Republic of China, 'China's FDI inflow drop quickens in November', <http://english.mofcom.gov.cn/article/counselorsreport/europereport/201212/20121208488558.shtml> (last visited 11 February 2013).

³⁵ Li Jiabao, 'China's FDI drops 3.7%', http://usa.chinadaily.com.cn/business/2013-01/16/content_16125173.htm (last visited 23 February 2013).

³⁶ Ministry of Commerce People's Republic of China, 'Brief Statistics on China Non-financial Direct Investment Overseas in 2012', <http://english.mofcom.gov.cn/article/statistic/foreigntradecooperation/201301/20130100011531.shtml> (last visited 11 February 2013).

In November 2012, China's imports and exports totalled \$339.13 billion with a year-on-year growth of 1.5%. China's exports were \$179.38 billion and its imports were \$159.75 billion. The exports increased by 2.9% while the imports remained stagnant.

In November 2012, China's monthly trade surplus decreased to \$19.63 billion. Exports increased by 2.9% year-on-year whereas imports were decreased by 2.4% - the rise seen in October. The trade surplus, in November, decreased to \$19.63 billion from \$31.99 billion in October.³⁸

In December 2012, China's imports and exports totalled \$366.84 billion with a year-on-year growth of 10.2%. China's exports were US\$ 199.23 billion and its imports were \$167.61 billion, increased by 14.1% and 6.0% respectively. There was a trade surplus of \$31.62 in the month.³⁹

VII. TARIFFS AND TAXES

On 1 January 2013, China lowered the tariffs on 784 imported products with a view to boost domestic consumption. The temporary adjustment will allow the products, grouped under five major categories, to be imported at a tax rate that is lower than the most-favored-nation tariff. Products that support the development of the agriculture and textile industry are included in the list. The measure aims to boost imports and meet an increasing demand from domestic consumers⁴⁰

On 1 January 2013, China implemented its Tariff Implementation Plan for 2013 making adjustments on tariff tax items and tax rates concerning a number of exports and imports. The number of items to be taxed in 2013 has reached 8,238. In order to boost import and meet domestic demand, China will implement temporary tax rates lower than the most favorable national tariff on more than 780 imported commodities next year. Currently, dividend tax rates stand at 10 percent for all shareholders in China ⁴¹

From January 2013, China will begin to levy differentiated dividend taxes on individual investors from according to the time period the investors hold their shares with a view to promote a healthy development of the country's capital markets by encouraging long-term investment and curbing short-term speculation. Investors holding shares for less than a month will have to pay a 20% tax rate on dividends, while those holding shares for more than one month but less than one year have to pay a 10% tax rate. If shares are held longer than one year, the tax rate will only be 5%.⁴²

³⁷ Ministry of Commerce People's Republic of China, 'Brief Statistics on China's Import & Export in October 2012', <http://english.mofcom.gov.cn/article/statistic/BriefStatistics/201212/20121208465365.shtml> (last visited 11 February 2013).

³⁸ Ministry of Commerce People's Republic of China, 'China's exports, imports growth slips in November', <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandafricareport/201212/20121208481361.shtml> (last visited 11 February 2013).

³⁹ Ministry of Commerce People's Republic of China, 'Brief Statistics on China's Import & Export in December 2012', <http://english.mofcom.gov.cn/article/statistic/BriefStatistics/201301/20130100017291.shtml> (last visited 11 February 2013).

⁴⁰ Ministry of Commerce People's Republic of China, 'Import tariffs lowered to boost consumption', <http://english.mofcom.gov.cn/article/counselorsreport/europereport/201212/20121208494597.shtml> (last visited 11 February 2013).

⁴¹ Ministry of Commerce People's Republic of China, 'China adds 44 tariff items for 2013', <http://english.mofcom.gov.cn/article/counselorsreport/asiareport/201212/20121208502496.shtml> (last visited 11 February 2013).

⁴² Ministry of Commerce People's Republic of China, 'China to levy differentiated dividend taxes on individual investors', <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandafricareport/201211/20121108454719.shtml> (last visited 11 February 2013).

On 1 January 2013, China, in an effort to support oil and gas drilling, has issued tax exemption incentives for drilling programs in China. From 1 January 2013 to 31 December 2015, oil and gas drilling projects on specially appointed land and sea areas will be exempt from import taxes on equipment, instruments, accessories and special purpose tools that domestic companies are unable to manufacture and are directly used in exploration and exploitation. The exemptions are valid within quotas for free imports.⁴³

VIII. ANTI DUMPING MEASURES

On 12 October 2012, the Ministry of Commerce decided to prolong the period of anti-dumping measures against imports of spandex originating in Japan, Singapore, ROK, Taiwan region and the U.S. The Ministry of Commerce ruled that dumping of imports of spandex originating from Japan, Singapore, ROK, Taiwan region and the U.S. could reoccur if the original anti-dumping measures were terminated. The anti-dumping duties will be levied for 5 years starting from 13 October 2012 in accordance with the taxation coverage and anti-dumping duty rates released in Announcement No. 74 of 2006, No. 39 of 2008, No. 68 of 2008 and No. 6 of 2010 by the Ministry of Commerce.⁴⁴

On 1 November 2012, the Ministry of Commerce initiated an anti-dumping investigation and an anti-subsidy investigation against imports of solar grade polysilicon (Tariff no.– 28046190) sourced from the EU and combined the investigation with the anti-dumping investigation against imports of solar grade polysilicon originating in the United States and South Korea and an anti-subsidy investigation against imports of solar grade polysilicon originating in the United States initiated by the Ministry of Commerce on 20 July 2012. The Investigation Authority examined the petitions on retrospective taxation above, and in accordance with the provisions of Article 44 of Regulations of the People's Republic of China on Anti-dumping and Article 45 of Countervailing Regulation of the People's Republic of China. The Ministry of Commerce has yet to decide whether to impose retrospective anti-dumping duties against imports of solar grade polysilicon originating in the United States, South Korea and the EU, and/or whether to impose retrospective anti-subsidy duties against imports of solar grade polysilicon originating in the United States and the EU.⁴⁵

On 8 November 2012, the Ministry of Commerce of People's Republic of China decided to levy anti-dumping duties ranging from 9.2% to 14.4% on imports of certain high-performance stainless steel seamless tubes from EU and Japan for five years starting from 9 November 2012.⁴⁶

On 13 November 2012, the Ministry of Commerce initiated anti-dumping measures against Toluene Diisocyanate imports (TDI80/20) originating from EU.⁴⁷

⁴³ Ministry of Commerce People's Republic of China, 'Import taxes exempted for oil-drilling goods', <http://english.mofcom.gov.cn/article/counselorsreport/asiareport/201212/20121208499617.shtml> (last visited 11 February 2013).

⁴⁴ Ministry of Commerce People's Republic of China, 'MOFCOM Decided to Prolong the Period of Anti-Dumping Measures against Imports of Spandex originated in Japan, Singapore, ROK, Taiwan region and the U.S.', <http://english.mofcom.gov.cn/aarticle/newsrelease/significantnews/201210/20121008384125.html> (last visited 11 February 2013).

⁴⁵ Ministry of Commerce People's Republic of China, 'MOFCOM Announcement No.84 of 2012 on Retrospective Taxation Investigation against Imports of Solar Grade Polysilicon Originated in the United States, South Korea and the EU', <http://english.mofcom.gov.cn/article/policyrelease/buwei/201211/20121108458866.shtml> (last visited 11 February 2013).

⁴⁶ Ministry of Commerce People's Republic of China, 'MOFCOM Decided to Collect Anti-dumping Duty on Imports of Certain High-performance Stainless Steel Seamless Tubes from EU and Japan', <http://english.mofcom.gov.cn/aarticle/newsrelease/significantnews/201211/20121108429516.html> (last visited 11 February 2013).

On 14 November 2012, the Ministry of Commerce decided to initiate an anti-dumping investigation on imports of ethylene glycol monobutyl ether and diethylene glycol monobutyl ether originating in the U.S. and the EU. The investigation is scheduled to end by 18 February 2013.⁴⁸

On 18 November 2012, the Ministry of Commerce decided to initiate an anti-dumping investigation against imports of Ethylene Glycol Monobutyl Ether and Diethylene Glycol Monobutyl Ether originating in the U.S. and the EU. The Ministry extended the investigation period of this case by three months. The new deadline for investigation is 18 February 2013.⁴⁹

On 21 November 2012, the Ministry of Commerce decided to initiate a final review against the anti-dumping measures applicable to the imports of methyl ethyl ketone (tariff no.– 29141200) originating in Japan and the Taiwan region. The investigation commenced on 21 November 2012 and is expected to conclude before 21 November 2013.

The Ministry of Commerce of People’s Republic of China, via Announcement No. 69 of 2012, announced that it continued to levy anti-dumping duties on the imports of methyl ethyl ketone originated in Japan and Taiwan region pursuant to the anti-dumping duty scope and rate as released in MOFCOM Announcement No. 81 of 2007 during the period of the final review. At the same time, the Ministry of Commerce has decided not to initiate a final review on the imports of methyl ethyl ketone originating in Singapore as no petitions were filed before the Ministry, thereby terminating the applicable anti-dumping duties.⁵⁰

IX. TECHNICAL BARRIERS TO TRADE

China made the following TBT notifications during the review quarter; all the notifications mentioned below were made under Article 2.9.2 of the TBT Agreement –

| Product Name/Notification No. & Date of notification | Objective | Description of Content |
|---|------------------|--|
| Pre-packaged foods for special dietary uses; | Food safety. | This standard applies to the labelling of pre-packaged foods for special dietary uses. |

⁴⁷ Ministry of Commerce People’s Republic of China, ‘MOFCOM Made Preliminary Ruling on Taking Provisional Anti-dumping Measures against Imports of Toluene Diisocyanate Imports (TDI80/20) Originated from EU’, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201211/20121108433843.shtml> (last visited 11 February 2013).

⁴⁸ Ministry of Commerce People’s Republic of China, ‘MOFCOM Announces to Extend Anti-dumping Investigation on Diethylene Glycol Monobutyl Ether’, <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201211/20121108435547.shtml> (last visited 11 February 2013).

⁴⁹ Ministry of Commerce People’s Republic of China, ‘MOFCOM Announcement No. 75 of 2012 on Extension of Anti-dumping Investigation against Ethylene Glycol Monobutyl Ether and Diethylene Glycol Monobutyl Ether’, <http://english.mofcom.gov.cn/article/policyrelease/buwei/201211/20121108447799.shtml> (last visited 11 February 2013).

⁵⁰ Ministry of Commerce People’s Republic of China, ‘MOFCOM Announcement No.69 of 2012 on Case-filling of the Final Review of the Anti-dumping Measures against Methyl Ethyl Ketone’, <http://english.mofcom.gov.cn/article/policyrelease/buwei/201211/20121108452851.shtml> (last visited 11 February 2013).

| | | |
|---|---|--|
| G/TBT/N/CHN/92 9; 21 November 2012 | | |
| Cosmetics; G/TBT/N/CHN/93 7; 21 December 2012 | To regulate the matters about cosmetics label, instructions | To regulate the management of cosmetics label, instructions and to ensure the consumer's right to know. The proposed date of adoption is 1 April 2013 whereas the proposed date of entry into force is 1 July 2013. |
| Human drug; G/TBT/N/CHN/93 6; 21 December 2012 | To prevent the counterfeited drugs from entering into the supply chain. | To implement the same electric code monitoring on imported drugs as on the domestic ones; manufacturers have to print or paste a unique electric Chinese drug code on each package of imported drug and submit its marketing data to SFDA's database. Proposed date of adoption and proposed date of entry into force is 31 December 2012. |
| Smart Mobile Terminals; G/TBT/N/CHN/92 8; 21 November 2012 | To protect the network and information security | According to the provisions contained in the "Telecommunications Regulations of the People's Republic of China" and the "Measures for the Administration of Network Access of Telecom Equipment", smart mobile terminals applying for the Network Access Licenses (NAL) shall comply with the provisions of national laws and regulations as well as the basic requirements contained in the telecommunication industry standards governing the security of smart mobile terminals. The recognized NAL test laboratories shall conduct security tests in accordance with relevant standards. Manufactures of smart mobile terminals shall register at MIIT if there is significant upgrade of the operating system or addition of preset application software on the smart mobile terminals that have obtained NALs. |
| Light-duty vehicles (ICS: 13.040.50; HS: 8703, 8704); G/TBT/N/CHN/93 0; 27 November 2012 | For the protection of the environment and human health | This standard specifies the limits and measurement methods of Stage V light-duty vehicles, the technical requirements for type approval, inspection for conformity of production and in-service conformity. The limits of exhaust emission and evaporative emission are equivalent to those of Euro 5b band the requirements for OBD system are basically equivalent to those of Euro 5+. The proposed date of adoption: is 90 days after circulation by the WTO Secretariat and the proposed date of entry into |

| | | |
|---|--|---|
| | | force is 6 months after adoption. |
| Gas appliance in civil building (ICS: 91.140.99); G/TBT/N/CHN/93 1; 27 November 2012 | Safety | Articles 6.1, 6.2.1, 6.3.1 and 6.3.3 of this standard are mandatory, the others are recommended. The mandatory contents are the requirements for gas appliance safety protection devices, gas appliance adaptability, gas appliance rated pressure, etc. The proposed date of adoption: is 90 days after circulation by the WTO Secretariat and the proposed date of entry into force is 6 months after adoption. |
| Laminated solar PV glass for use in building (ICS: 81.040.20; HS: 7007). G/TBT/N/CHN/93 2 27 November 2012 | Regulating the market and protecting the safety of human life and buildings. | Articles 6.10.2, 6.19, 6.20.2, 6.22 and 6.23 of this standard are mandatory, the others are recommended. The mandatory contents are the requirements for ultraviolet (UV) radiation resistant performances, heat resistances, moisture resistances, falling ball impact peeling performance, shot bag impact performance of laminated solar photovoltaic glass in buildings. The proposed date of adoption: is 90 days after circulation by the WTO Secretariat and the proposed date of entry into force is 6 months after adoption. |
| Self-ballasted fluorescent lamps for general lighting service (ICS: 27.010; HS: 8539). G/TBT/N/CHN/93 5; 28 November 2012 | Saving energy and protecting the environment. | Article 4.3 of this standard is mandatory, the others are recommended. The mandatory contents are the minimum allowable values of energy efficiency of self-ballasted fluorescent lamps. This standard applies to the self-ballasted fluorescent lamps used at home and similar places, which with rated voltage 220V, frequency 50Hz AC power source, rated power 3W ~ 60W, and using screw cap and bayonet cap. The proposed date of adoption is 90 days after circulation by the WTO Secretariat and the proposed date of entry into force is 6 months after adoption. |
| Double-capped fluorescent lamps for general lighting service (ICS: 27.010; HS: 8539). G/TBT/N/CHN/93 4; 28 November 2012 | Saving the energy and protecting the environment. | Article 4.3 of this standard is mandatory, the others are recommended. The mandatory contents are the minimum allowable values of energy efficiency of double-capped fluorescent lamps. This standard applies to the following two working type double-capped fluorescent lamps for general service: lamps having preheated cathodes designed both for operating on a.c. mains frequencies with a starter and on high frequency line, and lamps having preheated cathodes for operating on high frequency line. |

| | | |
|--|--|--|
| | | The proposed date of adoption is 90 days after circulation by the WTO Secretariat and the proposed date of entry into force is 6 months after adoption. |
| Thermally toughened safety glass for ships (ICS: 81.040; HS: 70.07). G/TBT/N/CHN/933; 28 November 2012 | To protect the health and life safety of the crew. | Articles 6.6, 6.7, 6.8 and 6.9 of this standard are mandatory, the others are recommended. The mandatory contents are the requirements for pressing strength, light transmittance, optical distortion and surface stress of thermally toughened safety glass for ships. This standard applies to the glass panes used in rectangular window and side scuttle window of ships. For other intended use of thermally toughened safety glass for ships, this standard can be referred to use according to product characteristics. The proposed date of adoption is 90 days after circulation by the WTO Secretariat and the proposed date of entry into force is 6 months after adoption. |

Source: WTO website

X. SANITARY AND PHYTOSANITARY MEASURES

On 16 October 2012, China, vide G/SPS/N/CHN/544, notified the WTO about the SPS measures it has imposed on the food items with a view to enhance food safety. All its trading partners would be affected by this measure. The standard imposed stipulates the pathogen limits for food. Date of adoption and enforcement are yet to be determined.

XI. INTELLECTUAL PROPERTY RIGHTS

In December 2012, China increased the amount of compensation for infringement of intellectual property rights. Draft of Trademark Law Amendment was submitted to NPC Standing Committee which provided the amount of compensation for the infringement of rights provided for the exclusive use of a trademark. The Draft is based on the actual losses suffered by right holders or the profits obtained by infringers, or based on the licensing fees of the registered trademark.

For malicious infringement of rights to exclusive use of a trademark in serious cases, the compensation cannot be less than one time and not more than three times the fixed amount. To make clear the compensation amount, the People's Courts have the power to order the infringers to provide infringement-related account books and relevant materials in case right holders have born the burden of proof but infringement-related account books and materials are mainly held by infringers and, if infringers refuse to provide account books and materials or provide false account books and materials, the People's Courts can fix the compensation amount according to the claims of right holders and the proof provided.

The Draft also provides 'providing the above mentioned actual losses suffered by right holders, the profits obtained by infringers or the licensing fees of registered trademarks are difficult to be fixed,

the people's courts can determine a compensation of no more than 1 million yuan according to the material circumstances of the case.⁵¹

XII. TRADE POLICY BY SECTOR

XII.1 Agriculture

In December 2012, China issued guidelines to facilitate the circulation of fresh agricultural products over the next three to five years. The guidelines aim to improve innovation in the circulation of fresh farm produce, to simplify procedures in circulation and to cut costs and raise efficiency. Farm produce dealers will be encouraged to change their trade patterns and use the internet to diversify their business channels as per the newly laid guidelines.⁵²

XII.2 Climate Change

On 1 January 2013, China approved a new Administrative Regulations on Defective Automotive Product Recalls. The new rules provide for an increased penalty for manufacturers and importers who violate the regulations. Manufacturers who will not submit recall reports will be liable to pay a fine of 50,000 yuan to 200,000 yuan. Also, manufacturers and dealers who fail to recall problematic vehicles or inform car users will be fined between 500,000 yuan to one million yuan.⁵³

In October 2012, the Government announced that it will fund the development of pure electric, hybrid, fuel cell, and battery-powered automobile projects. The main objective will be to reduce the carbon emissions and to increase energy efficiency. To qualify for funding, a company must already have proven the research and development track records, and must be spending more than 3% of total revenue on new energy research and development.⁵⁴

XIII. WTO DISPUTE SETTLEMENT

China — Measures Imposing Anti-Dumping Duties on High-Performance Stainless Steel Seamless Tubes (“HP-SSST”) from Japan – Dispute DS454

On 20 December 2012, Japan had requested consultations with China concerning measures imposing anti-dumping duties on high-performance stainless steel seamless tubes originating in Japan. Japan claimed that the measures are inconsistent with various Articles of the Anti-Dumping Agreement and GATT 1994.⁵⁵

European Communities — Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China – Dispute DS397

⁵¹ Policy Release, IPR in China, ‘The Draft of Trademark Law Amendment: Malicious infringement of trademarks to be penalized with 1 million yuan’,

http://www.chinaipr.gov.cn/policyarticle/policy/iprsic/201212/1718632_1.html (last visited 11 February 2013).

⁵² Ministry of Commerce People’s Republic of China, ‘China to boost circulation of fresh farm produce’, <http://english.mofcom.gov.cn/article/counselorsreport/asiareport/201212/20121208491449.shtml> (last visited 11 February 2013).

⁵³ ‘China amends auto recall rules, penalties tougher’, http://www.chinadaily.com.cn/bizchina/greenchina/2012-10/31/content_15896033.htm (last visited 23 February 2013).

⁵⁴ Meng Fanbin, ‘More funds to be available for green auto industry’, http://www.chinadaily.com.cn/bizchina/greenchina/2012-10/22/content_15842178.htm (last visited 23 February 2013).

⁵⁵ WTO website, ‘China — Measures Imposing Anti-Dumping Duties on High-Performance Stainless Steel Seamless Tubes (“HP-SSST”) from Japan’, DS 454 (11 February 2013), http://wto.org/english/tratop_e/dispu_e/cases_e/ds454_e.htm.

In July 2011, the Appellate Body had circulated a report stating that European Union (EU) had acted inconsistently with its obligations and thus asked EU to implement the recommendations in a manner that respects its WTO obligations. China had initiated the case in 2009 alleging that certain measures imposed by the EU were trade restrictive and were in breach of several provisions of the GATT 1994, Anti-Dumping Agreement and the WTO Agreement.

In October 2012, the EU reported that it has completed that implementation process and has complied with the recommendations in accordance to its obligations under the WTO regime.⁵⁶

United States — Countervailing Duty Measures on Certain Products from China – Dispute DS437

In May 2012, China had requested consultations with the United States concerning the imposition of Countervailing Duty (CVD) measures by the United States on certain products from China. China alleged that these measures were inconsistent with certain measures of the GATT 1994, SCM Agreement and also with Art.15 of the Protocol of Accession of China.

In August 2012, China had subsequently requested for the establishment of a panel and a panel was thereby composed in the month of November 2012.⁵⁷

United States — Countervailing and Anti-dumping Measures on Certain Products from China – Dispute DS449

In September 2012, China requested consultations with the United States stating that certain measures imposed by the U.S. were inconsistent with its WTO obligation particularly the ones in breach of Articles 10, 15, 19, 21 and 32 of the SCM Agreement, Articles VI, X:1, X:2 and X:3 of the GATT 1994 and Articles 9 and 11 of the Anti-Dumping Agreement.

Later in November 2012, China requested for the establishment of a panel and a panel was thereby composed in the month of December 2012.⁵⁸

China — Certain Measures Affecting Electronic Payment Services – Dispute DS413

In September 2010, the United States requested consultations with China with respect to “certain restrictions and requirements maintained by China pertaining to electronic payment services for payment card transactions and the suppliers of those services”.⁵⁹ The US alleged that the measures were inconsistent with Articles XVI and XVII of the GATS. A panel was established in March 2011 and a panel report was thereby circulated in August 2012 stating that China had acted inconsistently with its obligations and thus requested China to implement the recommendations in a manner that respects its WTO obligations.

⁵⁶ WTO website, ‘European Communities — Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China’, DS 397 (11 February 2013), http://wto.org/english/tratop_e/dispu_e/cases_e/ds397_e.htm.

⁵⁷ WTO website, ‘United States — Countervailing Duty Measures on Certain Products from China’, DS 437 (11 February 2013), http://wto.org/english/tratop_e/dispu_e/cases_e/ds437_e.htm.

⁵⁸ WTO website, ‘United States — Countervailing and Anti-dumping Measures on Certain Products from China’, DS 449 (11 February 2013), http://wto.org/english/tratop_e/dispu_e/cases_e/ds449_e.htm.

⁵⁹ WTO website, ‘China — Certain Measures Affecting Electronic Payment Services’, DS 413 (11 February 2013), http://wto.org/english/tratop_e/dispu_e/cases_e/ds413_e.htm.

On 22 November 2012, China and the United States informed the DSB that they had agreed upon the reasonable period of time for China to implement the DSB's recommendations. A period of 11 months, which expires on 31 July 2013, was agreed upon by both the parties.⁶⁰

China — Countervailing and Anti-Dumping Duties on Grain Oriented Flat-rolled Electrical Steel from the United States – Dispute DS414

In September 2010, the United States requested consultations with China with respect to measures imposing countervailing duties and anti-dumping duties on grain oriented flat-rolled electrical steel (“GOES”) from the United States. U.S. claimed that China has allegedly breached various Articles of the Anti-Dumping, GATT and the SCM Agreement.

A panel was established in February 2011 which circulated a report of its findings in June 2012. China appealed to the Appellate Body (AB) and a report was thus circulated by the AB in October 2012 stating that China had acted inconsistently with its obligations and thus requested China to implement the recommendations in a manner that respects its WTO obligations.⁶¹

China — Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States – Dispute DS440

In July 2012, the United States requested consultations with China with respect to measures imposing anti-dumping and countervailing duties on certain automobiles from the United States, including any and all annexes. The US alleged that these measures were inconsistent with various provisions of the Anti-Dumping agreement, SCM Agreement and the GATT 1994. In October 2012, a panel was established by the DSB wherein India has reserved its third party rights.⁶²

⁶⁰ *Ibid.*

⁶¹ WTO website, ‘China — Countervailing and Anti-Dumping Duties on Grain Oriented Flat-rolled Electrical Steel from the United States’, DS 414 (11 February 2013), http://wto.org/english/tratop_e/dispu_e/cases_e/ds414_e.htm.

⁶² WTO website, ‘China — Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States’, DS 414 (11 February 2013), http://wto.org/english/tratop_e/dispu_e/cases_e/ds440_e.htm.