WORLD TRADE

ORGANIZATION

Original: English

CHINA – GRANTS, LOANS AND OTHER INCENTIVES

Request to Join Consultations

Communication from Australia

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The following communication, dated 16 January 2009, from the delegation of Australia to the delegation of China, the delegation of Mexico, and to the Chairman of the Dispute Settlement Body, is circulated in accordance with Article 4.11 of the DSU.

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Pursuant to paragraph 11 of Article 4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* (DSU), Australia notifies the Government of the People's Republic of China that, in light of the substantial trade and systemic interests of Australia, it desires to be joined in the consultations requested by Mexico in the communication entitled "*China – Grants, Loans and Other Incentives*" and circulated to WTO Members on 8 January 2009 (DS388/1).

Australia and China enjoy a strong and highly complementary trading relationship. China became Australia's largest trading partner in 2007. Total two-way trade reached AUD$63.8 billion in 2007-08, a 16.5 per cent increase on 2006-07. China is Australia's second largest export market after Japan, accounting for 14.9 per cent of total Australian exports (AUD$31.4 billion). China is a rapidly growing market for Australian services exports, our second largest agricultural export market and our largest source of merchandise imports.

Given Australia's substantial trading interests with China, trade measures adopted by the Chinese Government are of significant interest to us. Australian goods compete with Chinese goods within China and Australia. Australian goods also compete with Chinese products in third markets, particularly in Australia's largest export markets which include Japan and the United States. Australia therefore has a clear interest in ensuring that trade measures which affect the trading environments within which Australian goods compete are consistent with WTO obligations.

Australia looks forward to receiving your reply.

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