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CHINA - DUTIES AND OTHER MEASURES CONCERNING THE EXPORTATION OF CERTAIN RAW MATERIALS

REQUEST FOR THE ESTABLISHMENT OF A PANEL BY THE EUROPEAN UNION

The following communication, dated 26 October 2016, from the delegation of the European Union to the Chairperson of the Dispute Settlement Body, is circulated pursuant to Article 6.2 of the DSU.

On 19 July 2016, the European Union requested consultations with the Government of the People's Republic of China ("China"), pursuant to Articles 1 and 4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* ("DSU") and Article XXII of the *General Agreement on Tariffs and Trade 1994* ("GATT 1994") with respect to China's restrictions on the exportation from China of various forms of antimony¹, chromium², cobalt³, copper⁴, graphite⁵, indium⁶, lead⁷, magnesia⁸, talc⁹, tantalum¹⁰ and tin¹¹. The request was circulated to WTO members on 25 July 2016 as document WT/DS509/1 and G/L/1148.

¹ Forms of antimony include, but are not limited to, items falling under the eight-digit Chinese Customs Commodity Codes identified in *State Council Customs Tariff Commission Notice on Issuing the 2016 Tariff Adjustment Plan* (State Council Customs Tariff Commission, Shui Wei Hui [2015] No. 23, issued 4 December 2015, effective 1 January 2016) (hereinafter referred to as the "*2016 Tariff Adjustment Plan*") as listed in Annex 1 Section A.

Forms of antimony also include but are not limited to items falling under the 10-digit Chinese Customs Commodity Codes identified in the *Ministry of Commerce and General Administration of Customs 2015 Public Notice No. 76 on Announcing the "2016 Export Licensing Management Commodities Catalogue"* (Ministry of Commerce and General Administration of Customs 2015 Public Notice No. 76, issued 29 December 2015, effective 1 January 2016) (hereinafter referred to as the *2016 Export Licensing Management Commodities Catalogue*) as listed in Annex 1 Section B.

² Forms of chromium include, but are not limited to, items falling under the eight-digit Chinese Customs Commodity Codes identified in the *2016 Tariff Adjustment Plan* as listed in Annex 2 Section A.

³ Forms of cobalt include, but are not limited to, the item falling under the eight-digit Chinese Customs Commodity Code identified in the *2016 Tariff Adjustment Plan* as listed in Annex 3 Section A.

⁴ Forms of copper include, but are not limited to, items falling under the eight-digit Chinese Customs Commodity Codes identified in the *2016 Tariff Adjustment Plan* as listed in Annex 4 Section A.

⁵ Forms of graphite include, but are not limited to, items falling under the eight-digit Chinese Customs Commodity Codes identified in the *2016 Tariff Adjustment Plan* as listed in Annex 5 Section A.

⁶ Forms of indium also include, but are not limited to, items falling under the 10-digit Chinese Customs Commodity Codes identified in the *2016 Export Licensing Management Commodities Catalogue* as listed in Annex 6 Section B.

⁷ Forms of lead include, but are not limited to, items falling under the eight-digit Chinese Customs Commodity Codes identified in the *2016 Tariff Adjustment Plan* as listed in Annex 7 Section A.

⁸ Forms of magnesia include, but are not limited to, items falling under the eight-digit Chinese Customs Commodity Codes identified in the 2016 Tariff Adjustment Plan as listed in Annex 8 Section A.

Forms of magnesia also include, but are not limited to, items falling under the 10-digit Chinese Customs Commodity Codes identified in the 2016 Export Licensing Management Commodities Catalogue as listed in Annex 8 Section B.

⁹ Forms of talc include, but are not limited to, items falling under the eight-digit Chinese Customs Commodity Codes identified in the 2016 Tariff Adjustment Plan as listed in Annex 9 Section A.

Forms of talc also include, but are not limited to, items falling under the 10-digit Chinese Customs Commodity Codes identified in the 2016 Export Licensing Management Commodities Catalogue as listed in Annex 9 Section B.

On 19 August 2016 the European Union requested consultations with the Government of China pursuant to Articles 1 and 4 of DSU and Article XXII of the GATT 1994 with respect to China's restrictions on the exportation of ferronickel¹². This request supplemented the consultation request of 19 July 2016. The addendum was circulated to WTO members as document WT/DWS509/1/Add.1 and G/L/1148/Add.1.

The European Union held consultations with China on 8 and 9 September 2016. Those consultations unfortunately did not resolve the dispute.

I. EXPORT DUTIES

China imposes export duties on various forms of antimony¹³, chromium¹⁴, cobalt¹⁵, copper¹⁶, ferronickel¹⁷, graphite¹⁸, lead¹⁹, magnesia²⁰, talc²¹, tantalum²² and tin²³. These materials are not listed in Annex 6 of the Protocol on the Accession of the People's Republic of China (WT/L/432) ("Accession Protocol").

The legal instruments through which China imposes and administers these export duties, operating separately or collectively, include but are not limited to:

- Foreign Trade Law of the People's Republic of China (adopted at the 8th Session of the Standing Committee of the Tenth National People's Congress on 6 April 2004, effective 1 July 2004);
- Customs Law of the People's Republic of China (adopted at the 19th Meeting of the Standing Committee of the Sixth National People's Congress on 22 January 1987, amended 28 December 2013, in Order No 8);
- Regulation of the People's Republic of China on Import and Export Duties (State Council, Order No. 392, adopted at the 26th executive meeting of the State Council on 29 October 2003, amended 6 February 2016, in Order No. 666);
- State Council Customs Tariff Commission Notice on Issuing the 2016 Tariff Adjustment Plan (State Council Customs Tariff Commission, Shui Wei Hui [2015] No. 23, issued 4 December 2015, effective 1 January 2016) (the "2016 Tariff Adjustment Plan");
- General Administration of Customs Notice on the 2016 Tariff Implementation Plan (General Administration of Customs, Zong Shu Gong Gao [2015] No. 69, issued 28 December 2015, effective 1 January 2016);

¹⁰ Forms of tantalum include, but are not limited to, the item falling under the eight-digit Chinese Customs Commodity Code identified in the 2016 Tariff Adjustment Plan as listed in Annex 10 Section A.

11 Forms of tin include, but are not limited to, items falling under the eight-digit Chinese Customs

Commodity Codes identified in the 2016 Tariff Adjustment Plan as listed in Annex 11 Section A.

Forms of tin also include, but are not limited to, items falling under the 10-digit Chinese Customs Commodity Codes identified in the 2016 Export Licensing Management Commodities Catalogue as listed in Annex 11 Section B.

¹² Ferronickel includes the items falling under the eight-digit Chinese Customs Commodity Codes identified in the "2016 Tariff Adjustment Plan as listed in Annex 12 Section A.

¹³ As listed in Annex 1 Section A.

¹⁴ As listed in Annex 2 Section A.

¹⁵ As listed in Annex 3 Section A.

¹⁶ As listed in Annex 4 Section A.

¹⁷ As listed in Annex 12 Section A.

¹⁸ As listed in Annex 5 Section A.

¹⁹ As listed in Annex 7 Section A.

²⁰ As listed in Annex 8 Section A.

²¹ As listed in Annex 9 Section A.

²² As listed in Annex 10 Section A.

 $^{^{23}}$ As listed in Annex 11 Section A.

 as well as any annexes or schedules thereto, amendments, supplements, extensions, replacement measures, renewal measures, and implementing measures.

The European Union considers that these measures are inconsistent with Paragraph 11.3 of Part I of the Accession Protocol because these measures constitute taxes and charges applied to exports.

II. EXPORT QUOTAS

China imposes quantitative restrictions, such as quotas, on the export of various forms of antimony²⁴, indium²⁵, magnesia²⁶, talc²⁷ and tin²⁸.

The legal instruments, through which China imposes and administers these quantitative restrictions, operating separately or collectively, include but are not limited to:

- Foreign Trade Law of the People's Republic of China (adopted at the 8th Session of the Standing Committee of the Tenth National People's Congress on 6 April 2004, effective 1 July 2004);
- Regulation of the People's Republic of China on the Administration of the Import and Export of Goods (Order of the State Council No. 332, adopted at the 46th executive meeting of the State Council on 31 October 2001, effective 1 January 2002);
- Measures for the Administration of Licensing for the Export of Goods (Order of the Ministry of Commerce No. 11, adopted 7 May 2008, effective 1 July 2008);
- Rules on the Administration of Import and Export License Certificates (Ministry of Commerce, Shang Wu Bu Ling [2012] No. 1, issued 4 February 2012, effective 5 March 2012);
- Ministry of Commerce Notice on the Printing and Distributing of the "Working Rules on Issuing Export Licenses" (Ministry of Commerce, Shang Pei Fa [2008] No. 398, issued 9 October 2008);
- Ministry of Foreign Trade and Economic Cooperation Notice on Printing and Distributing the "Measures on the Administration of the Organs for Issuing the Licenses of Import and Export Commodities" (Ministry of Foreign Trade and Economic Cooperation, Wai Jing Mao Pei Guan Han Zi [1999], No. 68, issued 21 September 1999, amended 12 September 2010);
- Measures for the Administration of Export Commodities Quotas (Order of the Ministry of Foreign Trade and Economic Cooperation No. 12, issued 20 December 2001, effective 1 January 2002);
- Measures for Quota Bidding for Export Commodities (Decree of the Ministry of Foreign Trade and Economic Cooperation No. 11, adopted on 20 December 2001, effective 1 January 2002);
- Ministry of Foreign Trade and Economic Cooperation Notice on Printing and Distributing the "Implementation Rules of Export Quota Bidding for Industrial Products" (Ministry of Foreign Trade and Economic Cooperation, Wai Jing Mao Mao Fa [2001] No. 626, issued 8 November 2001);

²⁴ As listed in Annex 1 Section B.

²⁵ As listed in Annex 6 Section B.

²⁶ As listed in Annex 8 Section B.

²⁷ As listed in Annex 9 Section B.

²⁸ As listed in Annex 11 Section B.

- Ministry of Commerce and General Administration of Customs 2015 Public Notice No. 76 on Announcing the "2016 Export Licensing Management Commodities Catalogue" (Ministry of Commerce and General Administration of Customs 2015 Public Notice No. 76, issued 29 December 2015, effective 1 January 2016);
- Ministry of Commerce 2015 Public Notice No. 79 on Announcing the "2016 Graded License-Issuing Catalogue of Commodities Subject to Export License Administration" (Ministry of Commerce 2015 Public Notice No. 79, issued 31 December 2015, effective 1 January 2016);
- Ministry of Commerce 2015 Public Notice No. 53 on Announcing the "2016 Agricultural Products and Industrial Product Export Quota Total Amount" (Ministry of Commerce 2015 Public Notice No. 53, issued 29 October 2015);
- Ministry of Commerce Notice on Announcing the 2016 List of Tungsten, Antimony, and Silver Exporting State Trading Enterprises and Tungsten, Tin, and Phosphate Rock Export Quota Enterprises (Ministry of Commerce, issued 30 November 2015);
- Ministry of Commerce 2015 Public Notice No. 50 on Announcing the "Requirements and Procedures for Applying for Export Quotas of Indium and Tin in 2016" (Ministry of Commerce 2015 Public Notice No. 50, issued 28 October 2015);
- Ministry of Commerce 2015 Public Notice No. 49 on Announcing the "Application Requirements and Procedures for Export of Tungsten, Antimony and Silver by State Trading Enterprises in 2016" (Ministry of Commerce 2015 Public Notice No. 49, issued 28 October 2015);
- Ministry of Commerce 2015 Public Notice No. 55 on the 2016 Magnesia and Talc Export Quota Bidding Qualifications (Ministry of Commerce 2015 Public Notice No. 55, issued 4 November 2015);
- Ministry of Commerce Public Notice on Bid Invitation for the First 2016 Magnesia Export Quota (Ministry of Commerce, issued 30 November 2015);
- Ministry of Commerce Public Notice on Bid Invitation for the First 2016 Talc (Powder) Export Quota (Ministry of Commerce, issued 30 November 2015);
- Ministry of Commerce Public Notice on Bid Invitation for the Second 2016 Magnesia Export Quota (Ministry of Commerce, issued 6 July 2016);
- Ministry of Commerce Public Notice on Bid Invitation for the Second 2016 Talc (Powder) Export Quota (Ministry of Commerce, issued 6 July 2016);
- Ministry of Commerce Notice on Announcing the Export Quotas of the First Batch of Industrial Products in 2016 (Ministry of Commerce, Shang Mao Han [2015] No. 1012, issued 25 December 2015);
- Ministry of Commerce Notice on Announcing the Export Quotas of the Second Batch of Industrial Products in 2016 (Ministry of Commerce, Shang Mao Han [2016] No. 323, issued 28 June 2016);
- Ministry of Commerce Notice on Supplementing the Export Quotas of the First Batch for Silver and Indium in 2016 (Ministry of Commerce, Shang Mao Han [2016] No. 131, issued 29 March 2016);
- Ministry of Commerce Notice on Printing and Distributing the List of Bid-winning Enterprises and Their Quotas in the First Bidding for Export Quotas of Magnesia and Talc in 2016 (Ministry of Commerce, Shang Mao Pi [2015] No. 1030, issued 22 December 2015);

- Ministry of Commerce Notice on Printing and Distributing the "List of Bid-winning Enterprises and Their Quotas in the Second Bidding for Export Quotas of Magnesia and Talc in 2016" (Ministry of Commerce, Shang Mao Pi [2016] No. 674, issued 26 July 2016);
- Guidelines of the Ministry of Commerce on Items Requiring Approval [18013] Application Guidelines: Qualification Recognition of State Trading Enterprises for Import and Export of Goods;
- Application Guidelines: Qualification Recognition of State Trading Enterprises for Import and Export of Goods;
- Ministry of Foreign Trade and Economic Cooperation Notice on Printing and Distributing the "Provisional Measures on Administration of the Export Operations of Tungsten and Tungsten Products and of Antimony and Antimony Products" (Ministry of Foreign Trade and Economic Cooperation, Wai Jing Mao Guan Fa [2000] No. 649, issued 4 December 2000, effective 1 January 2001);
- as well as any annexes or schedules thereto, amendments, supplements, extensions, replacement measures, renewal measures, and implementing measures.

The European Union considers that these measures are inconsistent with Article XI:1 of the GATT 1994 and China's obligations under the provisions of Paragraph 1.2 of Part I of the Accession Protocol, which incorporates commitments in Paragraphs 162 and 165 of the Working Party Report on the Accession of China (WT/MIN(01)/3) ("Working Party Report"), because these measures constitute export restrictions other than duties, taxes or other charges.

III. ADMINISTRATION AND ALLOCATION OF QUANTITATIVE EXPORT RESTRICTIONS

China imposes additional requirements and procedures with respect to the administration and the allocation of the quantitative export restrictions on various forms of indium²⁹, magnesia³⁰, talc³¹ and tin³², including restrictions on the trading rights of enterprises seeking to export those products, such as prior export experience requirements, and other conditions that appear to treat foreign and foreign-invested entities differently from domestic entities.

The legal instruments through which China imposes and administers the above mentioned additional requirements and procedures, operating separately or collectively, include but are not limited to:

- Foreign Trade Law of the People's Republic of China (adopted at the 8th Session of the Standing Committee of the Tenth National People's Congress on 6 April 2004, effective 1 July 2004);
- Regulation of the People's Republic of China on the Administration of the Import and Export of Goods (Order of the State Council No. 332, adopted at the 46th executive meeting of the State Council on 31 October 2001, effective 1 January 2002);
- Measures for the Administration of Licensing for the Export of Goods (Order of the Ministry of Commerce No. 11, adopted 7 May 2008, effective 1 July 2008);
- Rules on the Administration of Import and Export License Certificates (Ministry of Commerce, Shang Wu Bu Ling [2012] No. 1, issued 4 February 2012, effective 5 March 2012);

²⁹ As listed in Annex 6 Section B.

 $^{^{\}rm 30}$ As listed in Annex 8 Section B.

³¹ As listed in Annex 9 Section B.

 $^{^{\}rm 32}\,{\rm As}$ listed in Annex 11 Section B.

- Ministry of Commerce Notice on the Printing and Distributing of the "Working Rules on Issuing Export Licenses" (Ministry of Commerce, Shang Pei Fa [2008] No. 398, issued 9 October 2008);
- Ministry of Foreign Trade and Economic Cooperation Notice on Printing and Distributing the "Measures on the Administration of the Organs for Issuing the Licenses of Import and Export Commodities" (Ministry of Foreign Trade and Economic Cooperation, Wai Jing Mao Pei Guan Han Zi [1999], No. 68, issued 21 September 1999, amended 12 September 2010);
- Measures for the Administration of Export Commodities Quotas (Order of the Ministry of Foreign Trade and Economic Cooperation No. 12, issued 20 December 2001, effective 1 January 2002);
- Measures for Quota Bidding for Export Commodities (Decree of the Ministry of Foreign Trade and Economic Cooperation No. 11, adopted on 20 December 2001, effective 1 January 2002);
- Ministry of Foreign Trade and Economic Cooperation Notice on Printing and Distributing the "Implementation Rules of Export Quota Bidding for Industrial Products" (Ministry of Foreign Trade and Economic Cooperation, Wai Jing Mao Mao Fa [2001] No. 626, issued 8 November 2001);
- Ministry of Commerce and General Administration of Customs 2015 Public Notice
 No. 76 on Announcing the "2016 Export Licensing Management Commodities
 Catalogue" (Ministry of Commerce and General Administration of Customs 2015
 Public Notice No. 76, issued 29 December 2015, effective 1 January 2016);
- Ministry of Commerce 2015 Public Notice No. 79 on Announcing the "2016 Graded License-Issuing Catalogue of Commodities Subject to Export License Administration" (Ministry of Commerce 2015 Public Notice No. 79, issued 31 December 2015, effective 1 January 2016);
- Ministry of Commerce 2015 Public Notice No. 53 on Announcing the "2016 Agricultural Products and Industrial Product Export Quota Total Amount" (Ministry of Commerce 2015 Public Notice No. 53, issued 29 October 2015);
- Ministry of Commerce Notice on Announcing the 2016 List of Tungsten, Antimony, and Silver Exporting State Trading Enterprises and Tungsten, Tin, and Phosphate Rock Export Quota Enterprises (Ministry of Commerce, issued 30 November 2015);
- Ministry of Commerce 2015 Public Notice No. 50 on Announcing the "Requirements and Procedures for Applying for Export Quotas of Indium and Tin in 2016" (Ministry of Commerce 2015 Public Notice No. 50, issued 28 October 2015);
- Ministry of Commerce 2015 Public Notice No. 55 on the 2016 Magnesia and Talc Export Quota Bidding Qualifications (Ministry of Commerce 2015 Public Notice No. 55, issued 4 November 2015);
- Ministry of Commerce Public Notice on Bid Invitation for the First 2016 Magnesia Export Quota (Ministry of Commerce, issued 30 November 2015);
- Ministry of Commerce Public Notice on Bid Invitation for the First 2016 Talc (Powder) Export Quota (Ministry of Commerce, issued 30 November 2015);
- Ministry of Commerce Public Notice on Bid Invitation for the Second 2016 Magnesia Export Quota (Ministry of Commerce, issued 6 July 2016);
- Ministry of Commerce Public Notice on Bid Invitation for the Second 2016 Talc (Powder) Export Quota (Ministry of Commerce, issued 6 July 2016);

- Ministry of Commerce Notice on Announcing the Export Quotas of the First Batch of Industrial Products in 2016 (Ministry of Commerce, Shang Mao Han [2015] No. 1012, issued 25 December 2015);
- Ministry of Commerce Notice on Announcing the Export Quotas of the Second Batch of Industrial Products in 2016 (Ministry of Commerce, Shang Mao Han [2016] No. 323, issued 28 June 2016);
- Ministry of Commerce Notice on Supplementing the Export Quotas of the First Batch for Silver and Indium in 2016 (Ministry of Commerce, Shang Mao Han [2016] No. 131, issued 29 March 2016);
- Ministry of Commerce Notice on Printing and Distributing the List of Bid-winning Enterprises and Their Quotas in the First Bidding for Export Quotas of Magnesia and Talc in 2016 (Ministry of Commerce, Shang Mao Pi [2015] No. 1030, issued 22 December 2015);
- Ministry of Commerce Notice on Printing and Distributing the "List of Bid-winning Enterprises and Their Quotas in the Second Bidding for Export Quotas of Magnesia and Talc in 2016" (Ministry of Commerce, Shang Mao Pi [2016] No. 674, issued 26 July 2016);
- as well as any annexes or schedules thereto, amendments, supplements, extensions, replacement measures, renewal measures, and implementing measures.

The European Union considers that these measures are inconsistent with paragraphs 5.1 and 5.2 of Part I of the Accession Protocol, as well as China's obligations under the provisions of paragraph 1.2 and 1.3 of Part I of the Accession Protocol, which incorporates commitments in paragraphs 83 and 84 of the Working Party Report, because these measures limit the right to trade.

Accordingly, the European Union respectfully requests that, pursuant to Article 6 of the DSU, the Dispute Settlement Body establish a Panel to examine this matter, with the standard terms of reference as set out in Article 7.1 of the DSU.

Annex 1

Antimony

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

26171090

Section B

(List of ten-digit Chinese Customs Commodity Codes, as identified in the 2016 Export Licensing Management Commodities Catalogue)

2617101000 2617109090 8110101000 8110200000 2617109001 2825800000 8110102000 8110900000

Annex 2

Chromium

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

26100000 81122200

81122100

Annex 3

Cobalt

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

26050000

Annex 4

Copper

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

26030000

74010000

Annex 5

Graphite

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

25041010 25049000

25041099

Annex 6

Indium

Section B

(List of ten-digit Chinese Customs Commodity Codes, as identified in the 2016 Export Licensing Management Commodities Catalogue)

8112923001 8112923090

8112923002 8112993000

Annex 7

Lead

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

78011000

78020000

Annex 8

Magnesia

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

25191000	25199020	25199099
25199010	25199030	25309099

Section B

(List of ten-digit Chinese Customs Commodity Codes, as identified in the 2016 Export Licensing Management Commodities Catalogue)

2519100000	2519902000	2519909910	2530909930
2519901000	2519903000	2530909910	3824909200

Annex 9

Talc

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

25261020 38249091

25262020

Section B

(List of ten-digit Chinese Customs Commodity Codes, as identified in the 2016 Export Licensing Management Commodities Catalogue)

2526102000 2526202090

2526202001 3824909100

Annex 10

Tantalum

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

81033000

Annex 11

Tin

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

80011000

80020000

Section B

(List of ten-digit Chinese Customs Commodity Codes, as identified in the 2016 Export Licensing Management Commodities Catalogue)

2609000000	8001100000	8001202900	8003000000
2825903100	8001201000	8001209000	8007002000
2825903900	8001202100	8002000000	8007004000

Annex 12

Ferronickel

Section A

(List of eight-digit Chinese Customs Commodity Codes, as identified in the 2016 Tariff Adjustment Plan)

72026000