

CHINA – GRANTS, LOANS AND OTHER INCENTIVES

Request to Join Consultations

Communication from Australia

The following communication, dated 29 January 2009, from the delegation of Australia to the delegation of China, the delegation of Guatemala and to the Chairman of the Dispute Settlement Body, is circulated in accordance with Article 4.11 of the DSU.

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 Guatemala in the communication entitled "*China – Grants, Loans and Other Incentives*" and circulated to WTO Members on 22 January 2009 (DS390/1).

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.
