

Regulations on Imports of Genetically Modified Organisms (GMOs)

China's Ministry of Agriculture (MOA) promulgated the country's new Safety Regulation of Agricultural Genetically Modified Organisms in May 2001. Since then, the Ministry of Health (MOH) and the State Administration for Quality Supervision, Inspection and Quarantine (AQSIQ) have each issued separate and supplementary regulations. These new regulations cover the labelling, research, production, marketing, movement and import/export of agricultural GMOs. Canada made several representations to China with respect to the lack of transparency of the regulations and their potential to disrupt trade between the two countries.

China introduced interim measures in March 2002 to allow trade to continue while field testing and approval of foreign-approved agricultural GMOs were completed. The interim measures, which were initially in effect until December 20, 2002, were later extended with some modifications to September 20, 2003. Further, the Ministry of Health has since indicated that it will coordinate with the Ministry of Agriculture with respect to timing and to minimize duplication. AQSIQ has as yet not confirmed its timetable for implementing its measures.

While a process for importing GMO products into China is currently in place, it is cumbersome and remains a cause for concern. Canada will continue to carefully monitor the GMO file and make representations as necessary to ensure that trade in Canadian GMO products is not impeded.

Standards and Technical Regulations

Since joining the WTO, China has been moving ahead with implementation of its WTO commitments with respect to standards and technical regulations. These include establishing contact points for enquiries about regulations, improving transparency by notifying the WTO of new regulations being put into place, and ensuring that standards, technical regulations and conformity assessment procedures are the same for imported and domestic products. China has created a new agency, the Certification and Accreditation Administration of the PRC (CNCA), to certify both imported and domestic products, and has established a single certification

mark (the CCC mark) to replace previous marks applied separately to foreign and domestic products. However, there have been some problems with this transition: suppliers have expressed concern about burdensome Chinese requirements to re-certify under the new system, including often-costly inspection visits to the manufacturer. Canada will continue to address these concerns to ensure that, in accordance with the WTO Agreement on Technical Barriers to Trade, technical regulations and other measures taken by China are the least trade-restrictive possible.

Administration of Tariff Rate Quotas (TRQs)

The establishment of tariff rate quotas for wheat and canola oil was a significant gain from China's WTO accession negotiations and will represent significant export opportunities.

China's State Development Planning Commission (SDPC) is responsible for the administration of agricultural TRQs. Its "Interim Rules and Regulations for Agricultural Imports Tariff Rate Quotas" establish the parameters for allocating TRQs on certain agricultural products. The TRQ on wheat and wheat products will rise to over 9.6 million tonnes by 2004, with the over-quota tariff rate falling to 65% in that year (the in-quota rate will be a constant 1%). The TRQ for canola oil was established at 878,900 tonnes in 2002 and will rise to 1.2 million tonnes by 2005. The over quota tariff rate will fall to a single tariff of 9% in 2006, at which time the TRQ on canola oil will be eliminated. Due to uncertainty over new GMO regulations (see section on China's GMO rules), large domestic wheat harvests and delays in TRQ allocation, Chinese imports of wheat and canola oil were extremely low in 2002 relative to the size of the TRQ.

"State trading entities" (STEs) have monopoly import status for a number of commodities in China, including goods that are also covered by TRQs. These privileges are being reduced or eliminated according to the schedule negotiated for each product. For wheat, China has committed to allocate 10% of the TRQ volume to direct, private sector imports. For canola oil, only a minority of the TRQ is reserved for the six STE canola oil importers, the rest being available for direct imports. By 2006, the STE reserve will have been completely phased out.