

Schedule CLII - People's Republic of China

PART III - NON-TARIFF

Section A--Tariff-rate Quotas on Fertilizer and Wool

1. Tariff quotas indicated in the third column are volumes for calendar year 2001. Tariff quota concessions will be implemented according to the date specified in the "implementation" column. The implementation column indicates the date (referring to 1 January of the year indicated) when the final quota quantity will be achieved. The tariff quota concessions are subject to equal annual adjustments (occurring on 1 January of each year), unless otherwise specified in the last column ("Other terms and conditions").
2. An entity granted a tariff quota allocation (quota-holder) may engage in importation through state-trading enterprises and/or through entities possessing the right to trade other than state-trading enterprises, including direct importation by the quota holder, as indicated on documentation issued with the allocation or reallocation of the tariff quota quantities.
3. Application: All applications for an allocation of the tariff-quota will be submitted to the relevant organization. Specific conditions for applying for a tariff-quota allocation will be published in the official journal one month in advance of the application period, which will be from 15 October to 30 October.
4. Allocation:
 - A. The entire tariff-quota quantity established in Part III shall be allocated to end users by 1 January each year. Inquiries regarding tariff-quota allocations can be made to the relevant organization, with responses provided within 10 working days. Any additional requirement for importation will be automatic under the terms of the Agreement on Import Licensing Procedures. The People's Republic of China will equitably distribute allocations within each portion of the tariff-quota to ensure complete tariff-quota utilization and to establish a tariff-quota system that is open, transparent, fair, responsive to market conditions, timely, minimally burdensome to trade and reflects enduser preferences.
 - B. In the first year, allocations to end users by the relevant organization of the tariff-quota reserved for importation through state-trading enterprises shall be based on a first-come, first-served system or the requests of the applicants and their historical import performance, production capacity, or other relevant commercial criteria, subject to specific conditions to be published one month in advance of the opening of the application period so as to ensure an equitable distribution and complete tariff-quota utilization. In the first year, no less than 10 % of the tariff-quota reserved for importation through state-trading enterprises will be allocated to new quota-holders.
 - C. In the first year, allocations to end users by the relevant organization of the tariff-quota reserved for importation through entities other than state-trading enterprises shall be based on a first-come, first-served system or the requests of the applicants and their historical import performance, production capacity, or other relevant commercial criteria. No less than 10 % of the tariff-quota reserved for importation through entities other than state-trading enterprises will be allocated to new quota-holders. This tariff-quota will be limited to entities that do not receive any special or exclusive rights or privileges, and will include allocations to joint ventures, wholly foreign-funded enterprises, and private enterprises.
 - D. Except in cases where tariff-quota is allocated on a first-come, first-served basis, and in accordance with China's Schedule of Concessions

and Commitments on Goods, a quota-holder that has imported under a tariff-quota shall, upon application, receive an allocation of the tariff-quota in the following year for a quantity no less than the quantity imported the previous year. For all methods of allocation, a quota-holder that does not import its full allocation under a tariff-quota will receive a proportional reduction in the tariff-quota allocation in the subsequent year unless the quantity is returned to the relevant organization prior to 15 September. A quota-holder that has failed to import its full allocation in two consecutive years and has returned that unused portion by 15 September shall have its quota allocated in the following year on the basis of its fill rate in the most recent year, and shall not benefit from any additional reallocations until and unless there are no other applications. The means of calculating the penalty will be included in the TRQ regulation in force and publicly available, and will be applied in a consistent and equitable manner.

- E. Allocations will be established for commercially viable shipping quantities and provisions will be made for partial shipments against a single tariff-quota allocation. All commercial terms of trade, including product specification, pricing, packaging, etc., will be at the sole determination of the importer and the exporter taking into full account the demands of the end user. Tariff-quota allocations will be valid for any item or mixture of items subject to the same tariff quota.
 - F. Inquiries on the entities which received the allocation can be made to the relevant organization which will provide the information within 10 days.
5. Term: The tariff-quota for each product will be opened on 1 January each year, unless otherwise specified in the Schedule. Tariff-quota allocations will be valid for the calendar year.
6. Reallocation:
- A. In any year, if a quota-holder has not contracted for the total quantity by 15 September, it shall return the unused portion of the tariff-quota quantity to the relevant organization for reallocation.
 - B. Applications for reallocation of the tariff-quota will be accepted by the relevant organization from 1 September to 15 September and new allocations will be assigned by 1 October. Specific conditions for applying for reallocation of tariff quotas will be published in the official journal one month in advance of the application period. Such allocations, which will be to new applicants and to entities other than those returning quotas under sub-paragraph 6.A. above, will be assigned on a first-come, first-served basis. Quota-holders allocated a share of the tariff-quota reserved for importation through entities other than state-trading enterprises may import through any entity that has a right to trade in any product as specified in Section 5 of the Protocol of Accession.
 - C. Inquiries on the entities which received the reallocations can be made to the relevant organization which will provide the information within 10 days.
 - D. In situations where goods have been shipped from their port of origin before 31 December of any year, but are entered after 31 December of that year, the People's Republic of China shall extend the validity of the tariff quota documents and shall count such shipments against the tariff quota allocation for the year in which the tariff quota was initially allocated.
7. Consultations: With a view to maintaining a transparent and open tariff quota system, upon request from any WTO Member, China shall consult with the Member on the administration of the tariff quota to ensure that the tariff quota will be allocated in a transparent, equitable and non-discriminatory manner and that the tariff quota will be fully utilized.

Notes:

- 1. The share of the tariff-quota reserved for importation through state-trading enterprises is specified in column 7 of Part III. The remainder of the tariff-quota quantity is reserved for importation through any non-state trading enterprise possessing the right to trade in any product as set forth in Section 5 of the Protocol of Accession. In any year, if the quantity of the tariff-quota reserved for importation through state-trading enterprises

has not been contracted for by 15 August, quota-holders will have the right to trade or to import through any entity with the right to trade any product under Section 5 of the Protocol of Accession.

2. All quota holders, that have already fully used or contracted their tariff-quota allocations in any year by 15 September will also be eligible for reallocation of tariff-quota from other quota holders that have returned their allocations.
3. The quota quantities after the end of the implementation period will be the subject of further negotiation. Unless new quota quantities are agreed, the quantities at the end of the implementation period will continue.
4. The relevant organization referred to above for inquiries, allocations, and reallocations shall be:
 - (a) for fertilizer, the State Economic and Trade Commission (SETC);
 - (b) for wool top, the State Development and Planning Commission (SDPC).
5. After 1 January 2006, any annual growth in TRQ amounts provided to a fertilizer product subject to a TRQ shall be provided to all fertilizer products subject to a TRQ, including annual growth rates exceeding those provided for in this schedule.

Description	HS	Initial quota	Final quota	Implementation	INR	Other
Diammonium hydrogenorthophosphate (diammonium phosphate)	31053000	5,400,000 mt 4%	6,900,000 mt 4%	2006 (See Note 3)	US	1) STE quantity = 90% to 51% (See Note 1), decreasing 5 percentage points per year until reaching 51% in year 9. 2) The tariff quota level will be increased by 5% annually.
Urea	31021000	1,300,000 mt 4%	3,300,000 mt 4%	2006 (See Note 3)	AU, MY, US	1) STE quantity = 90% (See Note 1); 2) Year 2 - 1,300,000 mt Year 3 - 1,800,000 mt Year 4 - 2,300,000 mt Year 5 - 2,800,000 mt
NPK	31052000 31052000	2,700,000 mt 4%			CE15, MY, PH	1) Non-state trading share of 10% on accession increasing in equal steps to 49% over 8 years; 2) A 5% annual growth rate; 3) The growth rate will be reviewed with Members having an interest not before the end of the 6 year implementation period, following which it may be amended by agreement.
Wool tops	51051000 51052100 51052900	68,750 mt 3% 3% 3%	80,000 mt 3% 3% 3%	2004	AU, CL, CO, MY, NZ, UY	1) The People's Republic of China will allocate access to the WTO Members taking into account their bilateral historical trade flows. 2) Year: TRQ quantity: 2002 72,500 mt 2003 76,250 mt 2004 80,000 mt