



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 6/2/2000

GAIN Report #CH0014

China, Peoples Republic of

Trade Policy Monitoring

Trade Policy Update

2000

Suzanne Hale
U.S. Embassy

John Wade, Ralph Bean and Xander Kameny

Report Highlights:

Once China joins the WTO, tariff cuts and a new system of TRQs for wheat, corn, cotton and vegetable oil, are expected to boost U.S. farm exports to China by \$2 billion annually within five years. China recently removed sanitary and phytosanitary barriers which closed the Chinese market to U.S. wheat, tobacco, meat, poultry and citrus. China has also agreed to give up export subsidies and limit domestic support programs once it joins the WTO.

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
Beijing [CH1], CH

TABLE OF CONTENTS

EXECUTIVE SUMMARY Page 1 of 22

MULTILATERAL AGREEMENT COMPLIANCE Page 3 of 22

TARIFFS: Page 3 of 22

QUOTAS AND LICENSES Page 3 of 22

VALUE ADDED TAX Page 5 of 22

SANITARY AND PHYTOSANITARY MEASURES Page 6 of 22

STATE TRADING Page 6 of 22

LABELING AND STANDARDS REQUIREMENTS Page 7 of 22

EXPORT SUBSIDIES Page 7 of 22

DOMESTIC SUPPORTS Page 8 of 22

BILATERAL AGREEMENT COMPLIANCE Page 9 of 22

ESTIMATED FINANCIAL IMPACT OF TRADE BARRIERS Page 10 of 22

APPENDICES Page 11 of 22

 APPENDIX A. Grain and Grain Products Tariffs Page 11 of 22

 APPENDIX B. Beef, Pork and Poultry Tariffs Page 12 of 22

 APPENDIX C. Citrus Fruit Tariffs Page 12 of 22

 APPENDIX D. Oilseeds and Oilseed Products Tariffs Page 13 of 22

 APPENDIX E. Tariffs on 20 Top Imported Consumer Products . . . Page 14 of 22

 APPENDIX F. Tariffs on Forest Products Page 15 of 22

ANNEX 1/ Page 18 of 22

EXECUTIVE SUMMARY

China's upcoming accession to the WTO will bring major changes to all aspects of Chinese agricultural trade policy. Traditionally, China's agricultural trade has been heavily dominated by the government, directly through state trading enterprises and indirectly through licensing requirements, tariffs, sanitary and phytosanitary (SPS) requirements and internal market controls, most of which were unpublished. While information on Chinese import tariffs is now being published in a more timely way, China's opaque system of tariff rate quotas, import licensing, SPS standards, and state trading have combined to severely restrict access to the Chinese market.

China's accession to the WTO will bring about a substantial change. Under the accession package negotiated by the U.S., tariffs on many agricultural products will be reduced, while import quotas for many commodities are rapidly expanded. Accession will also eliminate the threat of future tariff increases and quotas on currently uncontrolled commodities such as soybeans. Future SPS restrictions will also be limited by the rules governing the WTO, which require that such restrictions be based on sound science.

China has eliminated several major sanitary and phytosanitary barriers in preparation for its upcoming WTO accession. The Sino-American Agricultural Cooperation Agreement, signed in April, 1999, reopened the Chinese market for wheat from the Pacific Northwest after 26 years. It also opened the market for imports of U.S. meat, poultry, and citrus for retail sale. In May, 2000 China announced that it would be lifting an 11-year old ban on U.S. tobacco.

If the Chinese market for farm products were completely open, U.S. agricultural exports to China could increase by \$3 billion, or more. In the medium term, improvements in market access once China joins the WTO are expected to result in an additional \$2 billion a year in U.S. farm exports to China within five years. Commodities which will benefit most from WTO accession include wheat, cotton and corn.

China has also agreed to give up export subsidies and limit domestic supports once it joins the WTO.

MULTILATERAL AGREEMENT COMPLIANCE

China is currently not a member of the WTO, and it is thus not bound by the WTO's rules of trade.

TARIFFS:

After China joins the WTO, its overall average duty for agricultural products will fall from 22% to 17.5% or less. On U.S. priority agricultural products, tariffs will drop from an average of 31% to 14% by January 2004, with even sharper drops for beef, poultry, pork, cheese, and other commodities.

These tariff cuts are important because although China's average tariffs fell from 43% in 1992, to 17% in 1997, China has continued to maintain restrictively high tariffs for many agricultural products. At present China's average tariff rates are 21% for live animals and animal products, 7% for grains, 17% for fats and oils, 29% for processed foods, beverages and tobacco products, and 27% for textiles and other processed farm products. See Appendix A-D for a list of China's tariffs on grains, oilseeds, meat and poultry and consumer foods as of January 1, 2000.

QUOTAS AND LICENSES

Once China joins the WTO, it has agreed to set up tariff rate quotas which will provide access to the Chinese market for significant amounts of wheat, corn, rice, cotton and soybean oil. China has had tariff rate quotas in the past. However, since there were no minimum levels under the old quotas, imports of some commodities, such as corn, were often minimal. In administering the quotas, quota amounts are first recommended by the State Development and Planning Commission, and then approved by the State Council. Once the levels have been set, the quota allocations to individual firms are administered by the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), which grants licenses to specific companies to import specific quantities.

Under its current system China does not publish specifics on either the size of the quotas or its procedures for administering the system. However, once China joins the WTO they have agreed to administer its TRQs based on economic rather than political criteria. These commitments are designed to ensure a transparent and consistent system for allocating shares of the TRQ to end-users and creating provisions to ensure that quota-holders are not impeded in utilizing their quotas. China also made specific commitments to administer its TRQs so as to maximize the potential that they will be used as fully as possible. Specifically, TRQ allocations will be redistributed to other end users if they are not used by the companies that receive the original allocation. Moreover, part of the TRQ for each commodity will be reserved for non-state trading entities. If any portion of the TRQ allocated to state traders is not contracted for by October for any given year, it will be reallocated to non-state trading entities.

Under the TRQ's which China agreed to as part of its WTO accession package, China agreed to permit imports for certain quantities of each commodity at a minimal duty (1% for the grain, no more

than 10% for partially processed grain products). The quantities that can be imported at the low tariff rate will expand significantly through by 2004. Imports above the quota levels will face a higher duty.

GRAINS - The specific commitments China has made for grains are listed below . There are no quotas restricting imports of sorghum and other minor grains.

	<u>Initial TRQ</u>	<u>2004 TRQ</u>	<u>Private Share</u>	<u>1998 Total Imports</u>
Wheat	7,300,000 mt	9,636,000 mt	10%	2,000,000 mt
Corn	4,500,000 mt	7,200,000 mt	25%, grows to 40%	250,000 mt
Rice				
total	2,660,000 mt	5,320,000 mt		250,000 mt
short/med grn.	1,330,000 mt	2,660,000 mt	50%	
long grn.	1,330,000 mt	2,660,000 mt	10%	

OILSEED AND PRODUCTS – There are currently no tariff rate quotas for either oilseeds or oilseed meal, however there is a TRQ for vegetable oils.

Soybean and Other Vegetable Oils

Under the WTO accession package trade in soybean oil will be completely liberalized by 2006, China will use a tariff-rate quota (TRQ) system and state trading during the interim. Once China joins the WTO, China will permit annual imports of approximately 1.7 million metric tons at a duty of 9%, with the quantity growing to nearly 3.3 million metric tons by 2005. Imports over this quota will face a higher duty of 74% falling to 20% by the year 2005. In 2006, the TRQ and state-trading will be eliminated, with nothing remaining but a 9% duty for all imports of soybean oil.

China will immediately eliminate quotas on cottonseed, sunflower, safflower, peanut and corn oil and replace them with a 10 percent tariff. China agreed not to charge a higher duty for any of these oils, and for soybean oil, than is charged for other vegetable oils.

Other WTO commitments for oilseeds include the following :

China will bind its tariff for soybeans at the current applied rate of 3%, foreclosing its ability to establish a quota in the future. China's imports of soybeans exceeded 3,000,000 metric tons in 1998. China will bind its tariff for soybean meal at 5%.

TOBACCO AND SUGAR – There are no tariff rate quotas for sugar or tobacco products. Imports however, are strictly limited by licensing and import quota systems. The size of these quotas has

declined over the past two years as China faces surplus production of sugar and tobacco products.

COTTON – Cotton is governed by a tariff-rate quota similar to those for grains. Quota amounts are set by the State Development and Planning Commission based on their own assessment of China's needs. This quota has been slashed in recent years as China attempts to cope with large surplus stocks of domestic cotton.

As part of the WTO accession package China has agreed to implement a tariff-rate quota (TRQ) for cotton which will assure access for significant amounts of imported cotton. Under the agreement, China will permit imports of 743 thousand metric tons of cotton at a duty of 1% (1998 imports equaled 200 thousand metric tons). This volume will grow to 894 thousand metric tons by 2004. Imports above these levels will face a higher duty of 76%, which will be reduced to 40% by the year 2004. China made specific commitments to administer these TRQs so as to maximize the potential that they will be filled. Specifically, if TRQs are not utilized they will be redistributed to other end users who have an interest in importing. Moreover, 67% of the quota will be reserved for non-state trading entities. If a TRQ share that was reserved to be imported by a state trader is not contracted for by October for any given year, it will be reallocated to non-state trading entities.

China has committed to establish a TRQ on the following terms:

<u>Initial TRQ</u>	<u>2004 TRQ</u>	<u>In-quota Duty</u>	<u>Private Share</u>	<u>1998 Total Imports</u>
743,000 mt	894,000 mt	1%	67%	200,000 mt

VALUE ADDED TAX

China applies a value added tax (VAT) to imports as well as domestic products. The VAT ranges from % on to % on . Trade contacts indicate that this tax is often unevenly applied with, imports more likely to be fully taxed than domestic products.

The VAT on soymeal provides a good example of how the VAT is sometimes used to affect trade. Several years ago the Government issued a waiver exempting feed ingredients from the VAT in order to keep down the cost of animal feed. Last year, however, the government reinstated the VAT on soybean meal. This placed soybean meal at a significant disadvantage to competitive products such as fishmeal and meatmeal, which continued to benefit from VAT-free status. As a result soybean meal imports have fallen drastically.

Grain traded through Government grain bureaus is not subject to the VAT. This exemption puts private traders, who must pay the VAT, at a disadvantage in handling both domestic and imported grain.

Rebates on the VAT are available for exports domestically produced commodities including cotton, tobacco and sugar. In the case of cotton, VAT rebates have been extended to finished textiles as well.

SANITARY AND PHYTOSANITARY MEASURES

Under an agreement signed last year, China agreed to end a 26 year-old ban on wheat from the Pacific Northwest by establishing a tolerance for TCK. At the same time China approved protocols permitting imports of U.S. citrus and agreed to accept meat and poultry from all USDA approved packing plants. This year China agreed to end an 11-year-old ban on U.S. tobacco imports.

Importers must obtain a license from China Inspection and Quarantine (CIQ) authorities for each product they plan to import, for each port they will be using. This license is designed to assure that importers do not sign contracts for products which can not be imported for quarantine reasons.

STATE TRADING

China continues to use state trading enterprises (STEs) to control imports and exports of many agricultural products, however, state trading enterprises are becoming somewhat more independent and entrepreneurial than they were in the past. China's state trading enterprises have sometimes abused their monopoly positions by charging high mark-ups and delivering products which do not meet the quality specifications of end users. State trading enterprises were also subject to political pressures, and they apparently sometimes made purchasing decisions on the basis of political rather than economic considerations.

As part of its WTO accession package China has agreed that any entity will be able to import most products into any part of China. This commitment will be phased in over the three-year period with all entities being permitted to import and export at the end of the period. A select list of products will be partially exempt from this rule and some trade will continue to be partially channeled through China's state trading enterprises, including wheat, corn, rice, and cotton. State trading will be phased out for soybean oil. Specific commitments to end monopoly import status have also been established and the number of entities allowed to import will gradually be increased.

Grains -- Imports and exports of wheat, rice and corn have been dominated by the Cereal, Oil and Foodstuff Company (COFCO). In recent years however, the Government has allowed several flour millers, feed millers, and food processors, to directly import wheat and corn under the quotas. Since the last half of 1999, the Government has allowed the Jilin Grain Bureau to export corn in addition to COFCO, and apparently the state corporation responsible for handling the nations grain reserve will also soon be allowed to trade directly.

Under the WTO accession package China has agreed that any entity will be able to import grain, into any part of China. This commitment will be phased-in over the three-year period with all entities being permitted to import and export at the end of the period. Under the grain TRQs, China has reserved a percentage of trade for importation through state trading enterprises, but China will also permit other enterprises to import under the TRQ.

Oilseeds and Products -- Soybeans and soybean meal are freely traded. However, imports of

vegetable oil are tightly controlled, and only six companies are allowed to import vegetable oil. All of these companies are state-owned. Of the six, two were temporarily suspended for illegal activities (i.e., smuggling).

Under the WTO accession package China has agreed that any entity will be able to import oilseeds and oilseed products, into any part of China. This commitment will be phased in over the three-year period with all entities being permitted to import and export at the end of the period. Under the soybean oil TRQ, 50 percent of the TRQ will be reserved for entities other than state trading enterprises initially, with this share growing to 90 percent by 2005.

Cotton -- China's cotton imports are strictly controlled through a system of licenses and quotas. Permits to import raw cotton are only issued to produce products that will be re-exported. The system is controlled by CHINATEX, which is also the government state-trading organization for textiles. At one point CHINATEX was the only organization permitted to import cotton. In recent years however, their role has declined as joint venture spinning mills have been allocated an increasing share of import permits. Exports of cotton have traditionally been controlled by CHINATEX, but the government recently authorized the Xinjiang Cotton and Jute Corporation and several large state farms in Xinjiang to export cotton directly.

As part of the WTO accession package China has agreed that any entity will be able to import cotton, into any part of China. This commitment will be phased in over the three-year period with all entities being permitted to import and export at the end of the period. Under the cotton TRQ, China has reserved a percentage of trade in cotton for importation through state trading enterprises, but China will also permit other enterprises to import under the TRQ.

Tobacco and Sugar – Tobacco and sugar imports are both controlled by state-owned monopolies. There is no import quota for tobacco, but imports are tightly controlled by the State Tobacco Monopoly Administration. Cigarette imports are limited to tourist hotels and duty-free shops. Sugar imports are controlled by a state monopoly through a system of quotas. During the past year, sugar quotas have been reduced and previously booked shipments have been re-sold, as China attempts to deal with falling sugar prices and surplus supplies.

LABELING AND STANDARDS REQUIREMENTS

China has been increasing its labeling and standards requirements in recent years. See the FAIRS Report for further details.

EXPORT SUBSIDIES

All Chinese agricultural exports benefit from a VAT rebate of at least 5%. The rebate for a few commodities, such as cotton, is higher.

China has agreed not to use export subsidies for agricultural products once it joins the WTO. This

commitment is particularly important for commodities for which China has used export subsidies in the past, such as corn, rice, and cotton.

Grains -- China has subsidized exports of corn and rice in the past, however, recently domestic prices of corn and rice have fallen to such a level that new crop exports would require little if any subsidy. However the Government still needs to absorb the cost of corn and rice exported out of stocks built up in past years when the Government was procuring at higher prices. Including storage costs this write-off can amount to as much as \$30/ton for corn.

Cotton -- China has subsidized exports of cotton in the past. The recent liberalization of domestic prices has caused China's cotton prices to fall so far that subsidies are no longer deemed necessary for current year cotton. The Chinese government still possesses massive stocks of cotton from previous years, however. Should the Chinese government attempt to market these stocks at current market prices, a substantial subsidy would be required. Exported cotton receives a full rebate on the VAT. China will eliminate cotton export subsidies when it joins the WTO, benefitting U.S. cotton in third-country markets.

DOMESTIC SUPPORTS

Grains -- The government provides a protected price for procurement of average to high quality varieties of wheat, corn and rice. Protected price levels are published at local grain procurement stations and may vary depending on the variety and amount of moisture (for corn). For the 1999 crop, the Government, concerned about its large stocks and upcoming entry into the WTO, significantly lowered procurement prices and eliminated procurement for many low quality grain varieties. The provincial grain bureaus have also been given considerable leeway to reject grain or reduce prices based on quality. As a result the Government is purchasing relatively less new crop grain and domestic prices have fallen approximately 20 percent during the last year. As part of the WTO accession package China committed to cap and reduce trade-distorting domestic grains subsidies.

Oilseeds and Products -- In recent years the government has provided no direct support to producers. In general, oilseeds trade freely, with no set purchase price. Although soybean producers in the Northeast are required to sell a small portion of their crop to the state at a fixed price, this 'quota' has become a burden to the state in recent years, and has been reduced to the point that it is no longer economically significant. In the past few months however, a plan has been announced in Jilin province to provide a subsidy on soybeans as a way to persuade farmers to switch from corn. Under this plan, one crushing mill in the province will purchase soybeans at an artificially high price, and receive compensation from the local government. As part of the WTO accession package China committed to cap and reduce trade-distorting domestic oilseeds subsidies.

Cotton -- Cotton markets have witnessed a drastic change in policy during the past year. After several years of reducing support prices, the government eliminated them, allowing domestic prices to float. As a consequence, prices dropped sharply, and cotton production has fallen. Most recently, falling production has caused a partial recovery in prices, and may lead to stable production in the future.

Though cotton procurement and marketing is still dominated by the government's Cotton and Jute Corporation, a number of large mills have been authorized to purchase cotton directly from farmers. Cotton and Jute itself has undergone considerable change, and has opened a cotton spot market in Beijing. Trial sessions of the Beijing market have proven to be remarkably successful. As part of the WTO accession package China committed to cap and reduce trade-distorting domestic cotton subsidies.

Tobacco – Tobacco farmers receive a fixed procurement price from the State Tobacco Monopoly Admonition for their tobacco. In the past, they also received substantial subsidies from local governments. These extra subsidies were effectively eliminated last year. Domestic production is regulated, but high prices for tobacco products have led to illegal production and counterfeiting. Procurement prices are likely to decline as the government is committed to reducing production.

Sugar – Like tobacco, sugar producers are paid a government-determined procurement price that is well above current international prices. The government is reducing these prices, and is undertaking other activities to encourage farmers to switch to other crops.

As China accedes to the WTO it will need to more transparent information on domestic support programs.

BILATERAL AGREEMENT COMPLIANCE

Discussions with China concerning its agricultural trade practices take place in a bilateral context because China is not yet a member of the WTO. However, concerns raised bilaterally are consistent with obligations that China would assume if it were a member of the WTO.

Preferential Trade Agreements with the U.S.:

There are no such agreements in force today, and none are being sought.

Preferential Trade Agreements between China and Third Countries:

China is not a member of any preferential trade agreements. However, China does extend preferential tariff treatment to developing countries.

Phytosanitary Agreements:

In 1992, China signed a Memorandum of Understanding agreeing to resolve key SPS issues before joining the WTO. The Agricultural Cooperation Agreement, which China signed in April, 1999, opened the Chinese market to U.S. meat, poultry, citrus and wheat. This Agreement resolved all of the outstanding SPS issues from the 1992 MOU except tobacco. In May, 2000, China finally agreed to end its 11 year ban on U.S. tobacco, resolving the last issue from the 1992 MOU.

Over the past several years China has resolved several important SPS issues, opening the Chinese market to U.S. apples, grapes, and cherries. China has also signed protocols to allow the import of horses, live swine and swine semen, bovine embryos and semen, breeding poultry and hatching eggs, ratites and ratite eggs, as well as approving 9 artificial insemination and embryo transfer centers in 1996, and 26 such centers in 1999 for export to China.

ESTIMATED FINANCIAL IMPACT OF TRADE BARRIERS

If the Chinese market for farm products were completely open, U.S. agricultural exports to China might increase by \$3 billion or more. In the medium term, improvements in market access once China joins the WTO are expected to result in an additional \$2 billion a year in U.S. farm exports to China within five years.

Actual Chinese imports from the United States will depend on a variety of factors including:

- The price elasticity of demand for specific products in China.
- Domestic production costs and price supports for each product.
- The effect of any increases in Chinese imports on international prices.
- The quality and prices of commodities available from U.S. competitors.

USDA estimates that U.S. exports of bulk commodities will increase by \$1.6 billion annually within five years after China joins the WTO. If all trade barriers were eliminated, total exports might increase by an additional \$500 million dollars or more for a total of at least \$ 2.1.billion dollars.

In the case of consumer oriented products, many products which the government of China tries to restrict through prohibitively high tariffs and non tariff barriers, in fact pour into China through Hong Kong. In 1999, for example, Hong Kong re-exported over \$600 million worth of U.S. consumer oriented products to China. In the absence of trade barriers, much of this trade would move directly into China rather than going through Hong Kong. In fact, actual imports would be likely to increase as U.S. exporters were able to develop and manage their own marketing efforts in China.

USDA estimates that U.S. exports of consumer oriented products will increase by \$350-450 million by 2005 if China joins the WTO. A complete elimination of all tariff and non-tariff barriers could result in an additional \$500,000 or more in exports for a total increase of at least \$900 million.

APPENDICES

APPENDIX A. China's Grain and Grain Products Tariffs as of January 1, 1999

HS Code	Description	In Quota	Out-of-Quota	
		Duty	M.F.N.	V.A.T.
1001.1000	Durum wheat	1%	114%	13%
1001.9010	Wheat for seed	0%	114%	13%
1001.9090	Other wheat	1%	114%	13%
1101.0000	Wheat flour	6%	91.2%	13%
1103.1100	Groats and meal of wheat	9%	91.2%	13%
1103.2100	Pellets of wheat	35%	114%	13%
1003.0010	Barley for seed	0%	91.2%	13%
1003.0090	barley	3%	91.2%	13%
1104.1100	Rolled grains of barley	40%	114%	13%
1104.2100	Worked grains of barley	40%	114%	13%
1005.1000	Maize (corn) for seed	0%	40%	13%
1005.9000	Other Maize (corn)	1%	114%	13%
1102.2000	Maize flour	9%	91.2%	13%
1103.1300	Groats and meal of maize	9%	91.2%	13%
1104.2300	Other worked maize	35%	114%	13%
1006.1010	Rice for seed	0%	114%	13%
1006.1090	Other rice	1%	114%	13%
1006.2000	Husked (brown) rice	1%	114%	13%
1006.3000	Milled or semi milled rice	1%	114%	13%
1006.4000	Broken rice	1%	40%	13%
1102.3000	Rice flour	9%	91.2%	13%
1103.1400	Groats and meal of rice	9%	40%	13%
1007.0010	Sorghum for seed		0%	13%
1007.0090	Other sorghum		3%	13%

f:\shared\lotus\trade policy\gmtrf.wk4

APPENDIX B. China's Tariffs on Beef, Pork and Poultry, Effective January 1, 1999

HS Code	Description	M.F.N.	V.A.T.
BEEF			
0201.1000.1, 0201.2000.1, 0201.3000.1	Beef, Fresh	45	13/17
0201.1000.9, 0201.2000.9, 0201.3000.9, 202.1, 0202.2000, 202.3	Beef, Chilled, Frozen	45	17
PORK			
0203.1110, 0203.1190	Pork, Fresh	20	13/17
0203.1200.9, 0203.1900.9, 203.211, 0203.2190, 0203.2200, 0203.2900	Pork, Chilled, Frozen	20	17
POULTRY			
207	Poultry	20	13/17
f:\shared\lotus\trade policy\meattrf.wk4			

APPENDIX C. China's Tariffs on Citrus Fruit, Effective January 1, 1999

HS Code	Description	M.F.N.	V.A.T.
FRESH			
805.1	Oranges	40%	13%
	Tangerines	40%	13%
805.3	Lemons	40%	13%
805.9	Grapefruits	40%	13%
805.9	Other citrus	40%	13%
CANNED			
2008.301	Citrus	30%	17%
2008.309	Other citrus	30%	17%
f:\shared\lotus\trade policy\citrus.wk4			

APPENDIX D. China's Tariffs on Oilseeds and Oilseed Products, Effective January 1, 1999

HS Code	Description	In-quota	Out-of-quota	
		Duty	M.F.N.	V.A.T.
SEEDS				
1201.001	Soybeans, for seeds	0%	114%	13%
1201.0091-1201.0099	Soybeans	3%	114%	13%
1205.001	Rapeseed, seeds	0%	40%	13%
1205.009	Rapeseed, other	12%	40%	13%
2008.111	Peanut kernels, in airtight containers		30%	17%
2008.112	Roasted peanuts		30%	17%
2008.113	Peanut butter		30%	17%
2008.119	Other processed peanuts		30%	17%
1207.201	Cottonseed for cultivation		0%	13%
1207.209	Other cottonseed		15%	13%
1206.001	Sunflower seeds for seeds		0%	13%
1206.009	Sunflower seeds		15%	13%
OIL				
1507.1000, 1507.9000	Soy oil	13%	121.6%	13%
1514.1000, 1514.9000	Rapeseed oil	20%	100%	13%
1508.1000, 1508.9000	Peanut oil	9.7%	75%	13%
1512.2100.0, 1512.2900.0	Cottonseed oil		35%	13%
1512.1100, 1512.1900	Sunflower seed oil	40%	91.2%	13%
1513.1100, 1513.1900	Coconut oil		20%	17%
1511.1	Palm oil, crude	9%	30%	13%
1511.9	Palm oil, refined	10%	30%	13%
1515.2100, 1515.2900	Corn oil	18%	91.2%	13%
MEAL				
2304.001	Soy oil cake		5%	13%
2304.009	Soy meal		5%	13%
2302.5	Legume sweepings		5%	13%
1208.1	Soyflour	9%	40%	17%
2306.4	Rapeseed meal		5%	13%
2305	Peanut meal		5%	13%
2306.1	Cottonseed meal		5%	13%
2306.3	Sunflower seed meal		5%	13%
2301.201	Fish meal		3%	13%
f:\shared\lotus\trade policy\oilseedrf.wk4				

APPENDIX E. China's Tariffs on 20 Top Imported Consumer Products, Effective January 1, 1999

HS Code	Description	M.F.N.	V.A.T.	Consumption Tax
02.07	Poultry	20%	13/17%	
0206.3000	Pork offal	20%	13/17%	
2203.0000	Beer	RMB3.5/L	17%	RMB220/MT
17.04	Sugar confectionery	15%	17%	
0805.1000	Oranges	40%	13/17%	
0806.1000	Table grapes	40%	13%	
22.04	Wine	65%	17%	10%
0206.1000	Beef offal	20%	13/17%	
1601.0000	Sauces	25%	17%	
0802.5000	Pistachios	35%	13/17%	
0808.1000	Apples	30%	13%	
0701.9000	Potatoes, frozen (French fries)	13%	13/17%	
08.02	Almonds	30%	13/17%	
0709.4000.0	Celery	13%	13/17%	
02.01, 02.02	Beef	45%	13/17%	
20.09	Fruit Juice	35%	17%	
1206.0090	Sunflower seeds	15%	13%	
19.02	Pasta & related items	25%	17%	
20.08	Fruit preparations	30%	17%	
0404.1000	Whey powder	6%	17%	
f:\shared\lotus\trade policy\tops.wk4				

APPENDIX F. China's Tariffs on Forest Products, Effective January 1, 1999

WOOD PRODUCTS TARIFFS		old rates	new rates*	VAT
HS code	Commodity			
4401.1000	fuel wood	30	9	17
4401.2100	wood chips or particles, coniferous	2	1	17
4401.2200	wood chips or particles, non-coniferous	2	1	17
4401.3000	sawdust and wood waste and scrap	2	1	17
4402.0000	wood charcoal, whether or not agglomerated	30	15	17
4403.1000	wood in the rough, treated with paint, stains	3	2	13
4403.2000	wood in the rough treated with other preservatives	3	2	13
4403.4100	dark red meranti, light red meranti and meranti bakau	2	2	13
4403.4910	wood in the rough: teak	15	6	13
4403.4990	other tropical wood in the rough	3	2	13
4403.9100	wood in the rough: oak	3	2	13
4403.9200	wood in the rough: beech	3	2	13
4403.9910	wood in the rough: nan mu	15	6	13
4403.9920	wood in the rough: camphor wood	15	6	13
4403.9930	wood in the rough: rose wood	15	6	13
4403.9940	wood in the rough: kiri	3	2	13
4403.9990	other wood in the rough	3	2	13
4404.1000	coniferous hoopwood, split poles, wooden sticks and the like	30	12	17
4404.2000	non coniferous hoopwood, split poles, wooden sticks and the like	30	12	17
4405.0000	wood wool, wood flour	25	9	17
4406.1000	railway or tramway sleepers (cross-ties) of wood, not impregnated	6	3	17
4406.9000	railway or tramway sleepers (cross-ties) of wood, impregnated	6	3	17
4407.1000	coniferous wood	6	3	17
4407.2400	virola, mahogany, imbuia and balsa wood	6	3	17
4407.2500	dark red meranti, light red meranti and meranti bakau wood	6	3	17
4407.2600	white lauan, white meranti, white seraya, yellow meranti and alan wood	6	3	17
4407.2910	teak wood	20	9	17
4407.2990	other tropical wood	6	3	17
4407.9100	oak wood	6	3	17
4407.9200	beech wood	6	3	17
4407.9910	camphor-wood, nanmu or rosewood wood	20	9	17
4407.9920	other wood	6	3	17
4407.9990	paulownia wood	6	3	17

4408.1010	coniferous veneer sheets	20	12	17
4408.1020	coniferous sheets for plywood	9	6	17
4408.1090	other coniferous sheets	15	12	17
4408.3110	veneer sheets of dark red meranti light red meranti and meranit bakau wood	20	12	17
4408.3120	sheets for plywood of dark red meranti, light red meranti and meranti bakau wood	9	5	17
4408.3190	other sheets of dark red meranti, light red meranti and meranti bakau wood	15	12	17
4408.3910	veneer sheets of other tropical wood	20	12	17
4408.3920	sheets for plywood of other tropical woods	9	5	17
4408.3990	sheets of other tropical woods	15	12	17
4408.9010	veneer sheets of other wood	20	12	17
4408.9020	sheets for plywood of other wood	9	5	17
4408.9090	sheets of other wood	15	12	17
4409.1000	coniferous wood continuously shaped	35	20	17
4409.2000	nonconiferous wood continuously shaped	35	20	17
4410.1100	waferboard, including oriented strand board	35	22	17
4410.1900	particle board of wood	35	22	17
4410.9000	similar board of other ligneous materials	30	22	17
4411.1100	not mechanically worked or surface covered fibreboard of wood or other ligneous materials, fibreboard of a density >0.8g/cm ³	25	22	17
4411.1900	mechanically worked or surface covered fibreboard of wood or other ligneous materials, fibreboard of a density >0.8g/cm ³	25	22	17
4411.2100	not mechanically worked or surface covered fibreboard of wood or other ligneous materials, fibreboard of a density <=0.8g/cm ³	25	22	17
4411.2900	mechanically worked or surface covered fibreboard of wood or other ligneous materials, fibreboard of a density >0.5g/cm ³ but<=0.8g/cm ³	25	22	17
4411.3100	not mechanically worked or surface covered fibreboard of wood or other ligneous materials, fibreboard of a density >0.35g/cm ³ but<=0.5g/cm ³	25	22	17
4411.3900	mechanically worked or surface covered fibreboard of wood or other ligneous materials, fibreboard of a density >0.35g/cm ³ but<=0.5g/cm ³	25	22	17
4411.9100	other not mechanically worked or surface covered fibreboard of wood or other ligneous material	25	22	17
4411.9900	other mechanically worked or surface covered fibreboard of wood or other ligneous material	25	22	17
4412.1300	plywood with at least outer ply of tropical woods in this chapter	20	20	17
4412.1400	other plywood with at least outer ply of non-coniferous wood	20	20	17
4412.1900	other plywood consisting solely of sheets of wood, each ply <= 6mm thickness	20	20	17

4412.2200	laminated wood, with at least one outer ply of non-coniferous wood, with at least one outer ply of tropical woods in subheading note to this chapter	20	20	17
4412.2300	other laminated wood, with at least one outer ply of non-coniferous wood containing at least one layer of particle board	20	20	17
4412.2900	other laminated wood with at least one outer ply of non-coniferous wood	20	20	17
4412.9200	other laminated wood with at least one ply of tropical wood specified in subheading note 1 to this chapter	20	20	17
4412.9300	other laminated wood, containing at least one layer of particle board	20	20	17
4412.9900	other laminated wood	20	20	17
4413.0000	densified wood, in blocks, plates, strips or profile shapes	15	12	17
4414.0000	wooden frames for paintings, photographs, mirrors or similar objects	70	50	17
4415.1000	cases, boxes, crates, drums and similar packing: cable-drums	40	30	17
4415.2000	pallets, box pallets and other load boards; pallet collars	40	30	17
4416.0000	casks, barrels, vats, tubs and other coopers products and parts thereof of wood, including staves	40	25	17
4417.0000	tools, tool bodies, tool handles, broom or brush bodies and handles of wood; boot or shoe lasts and trees, of wood	40	25	17
4418.1000	windows, french-windows and their frames	40	30	17
4418.2000	doors and their frames and thresholds	40	30	17
4418.3000	parquet panels of wood	40	30	17
4418.4000	shuttering of wood for concrete constructional work	40	25	17
4418.5000	shingles and shakes	40	25	17
4418.9000	other builders joinery and carpentry of wood	40	30	17
4419.0000	tableware and kitchenware, of wood	70	50	17
4420.1010	wood marquetry an inlaid wood	70	40	17
4420.1020	wooden fans	70	30	17
4420.1090	other statuettes and ornaments, of wood	70	40	17
4420.9010	wood marquetry and inlaid wood	30	15	17
4420.9090	caskets and cases for jewelry cutlery and similar and articles of wood	70	40	17
4421.1000	cloths hangers of wood	60	40	17
4421.9010	spools,cops,bobbins, sewing thread reels and the like of wood	20	12	17
4421.9090	other articles of wood	60	40	17
SOURCE: "Practical Handbook on Import and Export Tax of the Customs of the PRC"				
China Customs Administration, Tariff Department				
f:\shared\lotus\forest\woodtarf				

ANNEX 1/

1/ Agricultural Tariff Lines Only

ALL DATES REFER TO DECEMBER 31 OF THE YEAR

L indicates import license requirement

Q indicates quota item

C indicates controlled item

HS Number	Production Description	Type of Restraint	Phase-Out Time
0305.59	Fish. dried, whether salted but not smoked nesoi..	L	L-93
0506.90	Powder and waste of bones and horn-cores. nesoi ...	L	L-93
0507.90	Tortoise-shell. whalebone nails etc, powder, waste	L	L-93
0510.00	Ambergris. castoreum etc; glands etc for pharmacy	L	L-93
*0805.10	Oranges, fresh Q	Q-93	
*0805.30	Lemons and limes, fresh or dried	Q	Q-93
*0805.40	Grapefruit, fresh or dried	Q	Q-93
*0806.10	Grapes, fresh Q	Q-93	
*0806.20	Grapes, dried (including raisins)	Q	Q-93
*0807.10	Melons, including cantaloupes & watermelons, fresh..	Q	Q-93
*0808.10	Apples, fresh Q	Q-93	
*0808.20	Pears and quinces. fresh	Q	Q-93
*0809.20	Cherries, sweet or tart, fresh	Q	Q-93
*0809.40	Plums, prune plums and sloes, fresh	Q	Q-93
*0810.10	Strawberries, fresh Q	Q-93	
0901.11	Coffee. not roasted. not decaffeinated	L	L-93
0901.12	Coffee. not roasted, decaffeinated	L	L-93
0901.21	Coffee, roasted, not decaffeinated	L	L-93
0907.00	Cloves (whole fruit, cloves and stems)	L	L-93
0908.30	Cardamoms L	L-93	
0910.20	Saffron L	L-93	
1001.10	Durum wheat Q	Q-94	
1001.90	Wheat (other than durum wheat), and moslin	Q	Q-94
1002.00	Rye in the grain Q	Q-94	
1003.00	Barley Q	Q-94	
1004.00	Oats Q	Q-94	
1005.10	Corn (maize) seed. certified, excluding sweet corn	Q	Q-94
1005.90	Corn (maize), other than seed corn	Q	Q-94
1006.10	Rice in the husk (paddy or rough)	Q	Q-94
1006.20	Rice, husked (brown)	Q	Q-94
1006.30	Rice, semi- or wholly milled. polished etc or not	Q	0-94
1006.40	Rice,. broken Q	Q-94	
1007.00	Grain sorghum Q	Q-94	

1008.10	Buckwheat	Q	Q-94	
1008.20	Millet	Q	Q-94	
1008.30	Canary seed	Q	Q-94	
1008.90	Cereals nesoi including wild rice	Q	Q-94	
1211.20	Ginseng roots, fresh or dried	L,Q	L-93, Q-93	
1211.90	Plants & parts etc for medicaments etc nesoi	L,Q	L-93, Q-93	
1301.90	Natural gums, gum resins. resins and balsams nesoi	L	L-93	
*1507.10	Soybean oil & fractions, crude, whether/not degummed	Q	Q-95	
*1507.90	Soybean oil. refined, and fractions, not modified..	Q	Q-94	
*1508.10	Peanut (ground-nut) oil, crude, not chem modified..	Q	Q-95	
*1508.90	Peanut (ground-nut) oil. refined, not chem modified.	Q	Q-95	
*1512.11	Sunflower-seed or safflower oil, crude, fractured, etc.	Q	Q-95	
*1512.19	Sunflower-seed or safflower oil, refine, fractured etc.	Q	Q-94	
*1512.21	Cottonseed oil crude w/not gossypol has been removed	Q	Q-95	
*1512.29	Cottonseed oil, refined, and fractions, not modified	Q	Q-95	
*1515.21	Corn (maize) oil, crude, not chemically modified	Q	Q-95	
*1515.29	Corn (maize) oil. refined, & fractions, not modified	Q	Q-94	
*1515.60	Joyoba oil whether or not refined not chemically modified.	Q	Q-95	
2101.10	Coffee extracts, essences etc. & prep therefrom..	L	L-93	
*2106.90	Food preparations nesoi	L,Q	L-96,Q-94	
*2201.10	Water, mineral & aerated natrl/artfcl not swtn/flavt	L,Q	L-96,Q-94	
*:2202.10	Waters, incl mineral & aerated, sweetnd or flavord	L,Q	L-96,Q-94	
*2203.00	Beer made from malt	Q	Q-94	
*:2204.21	Wine, fr grape nesoi & gr must w alc, nov 2 liters	Q	Q-94	
*2207.10	Ethyl alcohol, undenat, alchol not un 80% by volume	Q	Q-95	
*:2207.20	Ethyl alcohol & oth spirits denatured any strength	Q	Q-95	
*2208.10	Compound alcoholic preparations fr mfg of beverages	Q	0-95	
*2208.20	Grape brandy	Q	Q-95	
*2208.30	Whiskies.	Q	Q-95	
*2208.40	Rum and tafia	Q	Q-95	
*2208.50	Gin and geneva	Q	Q-95	
*2208.90	Cordials, liqueurs, kirschwasser. ratafia. etc	Q	Q-95	
2402.10	Cigars, cheroots & cigarillos, containing tobacco	L	L-94	
2402.20	Cigarettes containing tobacco	L	L-94	
2403.10	Smoking tobacco, whether not contain substitutes	L	L-94	
4403.10	Wood in the rough, treated paint etc preservatives	L,Q	L-94, Q-94	
4403.20	Coniferous wood in the rough, not treated	L,Q	L-94, Q-94	
4403.31	Drk/lght red moranti moranti bakau wd rough nt treated	L,Q	L-94, Q-94	
4403.32	White lauan/meranti/seraya, alan etc rgh nt treated	L,Q	L-94, Q-94	
4403.33	Keruing/ramin/kapur/teak/merbau etc. rough nt treated	I,Q	L-94. Q-94	
4403.34	Okoume/obeche/sapelli/sipo/iroko etc, rgh nt treated	L,Q	L-94, Q-94	
4403.35	Tiama, mansonina, ilomba, limba etc, rough, nt treated	L,Q	L-94, Q-94	
4403.91	Oak wood, in the rough, not treated	L,Q	L-94, Q-94	
4403.92	Beech wood, in the rough, not treated	L,Q	L-94, Q-94	

4403.99	Nonconiferous wood in the rough nesoi, not treat....	L,Q	L-94, Q-94
4406.10	Railway, tramway sleepers, wood. not impregnated...	L,Q	L-94, Q-94
4406.90	Railway/tramway sleepers (cross-ties), wood, nesoi....	L,Q	L-94, Q-94
4407.10	Coniferous wood sawn, sliced etc, over mm thick	L,0	L-94,Q-94
4407.21	Red/white/yellow meranti, teak, morbau, etc, lumber	L,Q	L-94,0-94
4407.22	Okoume, obeche, sapelli. sipo, makore, etc, lumber	L,Q	L-94,Q-94
4407.23	Baboen/mahogany/imbuia/balsa wood sawn or chip, etc	L,Q	L-94,0-94
4407.91	Oak wood, sawn, sliced etc, over 6 mm thick	L,Q	L-94,0-94
4407.92	Beech wood, sawn, sliced etc, over 6 mm thick	L,Q	L-94,0-94
4407.99	Nonconiferous wood nesoi, sawn, sliced etc, ov 6mm	L,Q	L-94,Q-94
4408.10	Veneer sheet etc, not over 6mm thick, coniferous	L,Q	L-94,0-94
4408.20	Ven/plywd sheet saw lngthws nov 6mm, tropical woods	L,Q	L-94,Q-94
4408.90	Veneer sheet etc, not ov 6mm, nonconiferous nesoi.	L,Q	L-94,Q-94
4412.11	Plywood. ply noc 6mm, at least one ply tropic wood	Q	Q-94
4412.12	Plywood. ply nov 6mm of wood sheets, nonconif nesoi	Q	Q-94
4412.19	Plywood, ply nov 6mm, both outer plies coniferous	Q	Q-94
4412.2	Ply nesoi, ven pan etc 1 out ply hdwd lay partcl	Q	Q-94
4412.29	Ply nesoi, ven pan etc 1 outer ply hrdwood nesoi..	Q	Q-94
4412.91	Ply ven panl etc, nesoi, at least 1 lay partic bd.	Q	Q-94
4412.99	Plywood, veneer panels & similar lam wood, nesoi..	Q	Q-94