

**TRANSITIONAL REVIEW UNDER ARTICLE 18 OF THE PROTOCOL
OF ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA
INFORMATION REQUIRED IN ANNEX 1A**

PEOPLE'S REPUBLIC OF CHINA

The following communication, dated 1 November 2004, is being circulated at the request of the Delegation of China.

II. ECONOMIC POLICIES

4. Pricing Policies

(a) Application of existing or any other price controls and the reason for their use

(1) The practice of multiple pricing for one product or service has been terminated for many years. Currently, the prices of most products and services are adjusted solely by market forces. The scope of products and services subject to pricing administration are very small and are in consistency with the Protocol on Accession of China, including its Annex 4. Pricing administration is applied to the very small number of products or services regardless of the ownership of the enterprises. (2) The *Price Gazette of the People's Republic of China* stopped circulation in 2004. The list of products and services subject to pricing administration, the related price-setting mechanism and the pricing policies concerned are now published through *China Economic Herald* and the official website of the National Development and Reform Commission (www.ndrc.gov.cn). (3) The *Law of the People's Republic of China on Pricing* is the legal basis of the pricing administration and pricing policies. Pursuant to this law, the public hearing procedures, the expert appraisal and collective review systems have been introduced into the process of pricing administration, and therefore greatly strengthen the scientific basis and enhance transparency of the pricing administration. The adoption of state pricing and state guidance pricing will not limit or impair the market access of imported goods and services. Neither will it jeopardize the interests of our trading partners in a way inconsistent with our obligations in the WTO.

(b) Pricing mechanism of China's state trading enterprises for export products

The prices of the products exported by the state trading enterprises are independently determined by the enterprises themselves, based on market conditions including the situation of

demand vs. supply, the cost of production, processing and/or procurement as well as distribution etc (i.e. cost of storage, transportation, interest rate and inspection fees etc.).
