



WTO

WTO Members Discuss Transparency of China's Subsidy Notifications

By [Simon Lester](#) - December 15, 2021

At the July 8 and 9, 2021 meeting of the WTO's Council for Trade in Goods, for which the minutes have just recently been [circulated by the WTO](#), several WTO Members raised the issue of the transparency of China's subsidies.

The agenda item was entitled: *China – Subsidy Transparency and China's Publication and Inquiry Point Obligations Under China's Protocol Of Accession – Request From Australia, Canada, the European Union, Japan, the United Kingdom, and the United States.*

The United States began the discussion by noting that over the years, many Members "have expressed numerous serious concerns with respect to the transparency of China's subsidy regime." It took five years for China to submit its first subsidy notification, and "once China did start submitting notifications, they were normally late and, in the view of the United States, grossly incomplete." In the absence of transparency, the United States said it "is often compelled to ascertain the facts about China's subsidy regime for itself."

The United States said that in China's Protocol of Accession, "China agreed to make available to WTO Members all trade-related laws, regulations, and other measures prior to implementing or enforcing them, and to designate a single journal for the publication of all trade-related laws, regulations, and other measures, which China has designated as the MOFCOM Gazette." However, "in most cases, subsidy measures, especially normative measures and sub-central measures, are not published in the MOFCOM Gazette," and sometimes "are nowhere to be found anywhere else."

The United States also noted that China agreed to "establish or designate an enquiry point where, upon request of any individual, enterprise or WTO Member all information relating to the measures required to be published ... may be obtained." With respect to this enquiry point, "[r]eplies to requests for information shall generally be provided within 30 days after receipt of request. In exceptional cases, replies may be provided within 45 days after receipt of a request. However, the United States alleged that China has failed to comply with the commitment. The

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United States described examples relating to "fuel subsidies for fishermen," the development of China's distant water fishing fleet, and the semiconductor industry, where it had been unable to obtain information. It noted that:

This raises serious questions as to China's commitment to adhere to its WTO obligations. What can be so sensitive about a fuel subsidy programme for fishermen, for example, that it was not published in the MOFCOM Gazette, or anywhere else, apparently? Why has China refused for well over a year to provide a copy of such measures pursuant to a properly submitted request?

It then "urge[d] China to respond to its request by providing all the requested documents, as soon as possible, in accordance with its obligations under its Protocol of Accession."

The European Union stated that in order for these commitments to publish measures and provide information to be effective, "China must publish all its trade-related measures in the MOFCOM Gazette, as well as respond to requests for information under the enquiry point."

Japan added that "WTO Members have been expressing their concerns regarding the possibility of a lack of transparency and non-notification of China's subsidies in the relevant committees," and it "is concerned that failure to ensure transparency on subsidies expenditure might give rise to such problems as supply surplus by encouraging trade-distorting subsidies." Japan therefore "requests that China implement its transparency obligations and ensure the effectiveness of its mechanisms to enhance transparency, as agreed under its WTO Protocol of Accession."

Canada said it "echoes the US concerns with China's compliance with WTO transparency requirements." It noted that "China has yet to respond to an enquiry from Canada dated January 2020 regarding two unnotified subsidy programmes."

The United Kingdom and Australia also added general statements in support of the importance of transparency in trade measures, with Australia "call[ing] on China to fully adhere to its transparency obligations, including those under its Protocol of Accession."

In response, China "recall[ed] that this issue has been discussed several times in the Subsidies Committee and would like to refer Members to the statements made during those meetings." China said it "attaches great importance to complying with WTO rules and fulfilling WTO obligations." It noted that "[t]he China Foreign Trade and Economic Cooperation Gazette is an official publication that uniformly publishes Chinese trade policies," with eighty issues published every year and which can be accessed through the website of the Ministry of Commerce of China. Regarding China's obligation on an enquiry point, China said it "has provided replies to the requests made by a certain Member last September, in accordance with the commitments specified in China's Protocol of Accession."

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