CHINA – DOMESTIC SUPPORT FOR AGRICULTURAL PRODUCERS

REQUEST FOR CONSULTATIONS BY THE UNITED STATES

The following communication, dated 13 September 2016, from the delegation of the United States to the delegation of China and to the Chairperson of the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

My authorities have instructed me to request consultations with the Government of the People's Republic of China ("China") pursuant to Articles 1 and 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU"), Article 19 of the Agreement on Agriculture ("Agriculture Agreement"), and Article XXII of the General Agreement on Tariffs and Trade 1994 ("GATT 1994") with respect to all support China provides in favor of agricultural producers. China appears to provide domestic support in excess of its commitment level of "nil" specified in Section I of Part IV of its Schedule CLII because, for example, China provides domestic support in excess of its product-specific de minimis level of 8.5 percent for each of wheat, Indica rice, Japonica rice, and corn.

The legal instruments through which China provides domestic support in favor of agricultural producers of wheat, Indica rice, Japonica rice, and corn include but are not limited to:

- Communist Party of China Central Committee and State Council Several Opinions on Accelerating the Promotion of Agricultural Science and Technology Innovation and Continuing to Strengthen the Capacity to Guarantee Agricultural Product Supplies (Communist Party of China Central Committee, State Council, Zhong Fa [2012] No. 1, issued December 31, 2011)
- Communist Party of China Central Committee and State Council Publication of "Several Opinions on Comprehensively Deepening Rural Reform and Accelerating the Promotion of Agricultural Modernization" (Communist Party of China Central Committee, State Council, Zhong Fa [2014] No. 1, issued January 19, 2014)
- Communist Party of China Central Committee and State Council Several Opinions on Strengthening Reform and Innovation and Accelerating Agricultural Modernization (Communist Party of China Central Committee, State Council, Zhong Fa [2015] No. 1, issued February 1, 2015)

1 As specified in China's Protocol on the Accession of the People's Republic of China (WT/L/432) ("Accession Protocol"), Part I, paragraph 1.2 (incorporating commitments referenced in paragraph 342 of China's Working Party Report, including paragraph 235).


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as well as any amendments, or related, successor, replacement, or implementing measures.

China provides domestic support to agricultural producers that appears to be inconsistent with China's obligations pursuant to Articles 3.2, 6.3, and 7.2(b) of the Agriculture Agreement because the level of domestic support provided exceeds China's commitment level of "nil" specified in Section I of Part IV of China’s Schedule CLII. In particular, China's domestic support in favor of

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2 Including provincial level measures that implement the National Temporary Reserve Purchases for Corn in the Northeast Region, such as the Notice on Proper Handling of National Temporary Reserve Corn Purchases Work for 2012 (Jilin Provincial Grain Administration, Agricultural Development Bank of China Jilin Branch, China Grain Reserves Corporation Jilin Branch, Ji Liang Tiao [2012] No. 127, issued November 16, 2012), and Heilongjiang Province Notice on Issuing the "Heilongjiang Outline for Promoting the National Temporary Reserve Soybean and Corn Purchase Policy for 2012" (Heilongjiang Province Grain Bureau, China Grain Reserves Corporation Heilongjiang Branch, Agricultural Development Bank of China Heilongjiang Branch, Hei Liang Nong Lian [2012] No. 112, issued November 13, 2012).

3 Including provincial level measures that implement the National Temporary Reserve Purchases for Corn in the Northeast Region, such as the Notice on Proper Handling of Issues Relating to National Temporary Reserve Purchases of Corn and Soybeans for 2013 (China Grain Reserves Corporation Heilongjiang Branch, China Grain Reserves Beifang Nongye Kaifa Corporation, Heilongjiang Province Grain Bureau, Agricultural Development Bank of China Heilongjiang Branch, Zhong Chu Liang Hei [2013] No. 249, issued November 25, 2013).

4 Including provincial level measures that implement the National Temporary Reserve Purchases for Corn in the Northeast Region, such as the Notice on Proper Handling of National Temporary Reserve Corn Purchase Work for 2014 (Jilin Province Grain Bureau, China Grain Reserves Corporation Jilin Branch, Agricultural Development Bank of China Jilin Branch, Zhong Chu Liang Ji [2014] No. 211, issued December 16, 2014) and Notice on Issues Relating to Proper Handling of National Temporary Reserve Purchases of Corn for 2014 (China Grain Reserves Corporation Heilongjiang Branch, Heilongjiang Province Grain Bureau, China Grain Reserves Beifang Nongye Kaifa Corporation, Agricultural Development Bank of China Heilongjiang Branch, Zhong Chu Liang Hei [2014] No. 353, issued December 17, 2014).

5 Including provincial level measures that implement the National Temporary Reserve Purchases for Corn in the Northeast Region, such as the Notice on Proper Handling of National Temporary Reserve Corn Purchase Work for 2015 (Jilin Province Grain Bureau, China Grain Reserves Corporation Jilin Branch, Agricultural Development Bank of China Jilin Branch, Zhong Chu Liang Ji [2015] No. 198, issued October 30, 2015) and Notice on Proper Handling of National Temporary Reserve Corn Purchase Work for 2015 (China Grain Reserves Corporation Heilongjiang Branch, China Grain Reserves Beifang Nongye Kaifa Corporation, Heilongjiang Province Grain Bureau, Agricultural Development Bank of China Heilongjiang Branch, Zhong Chu Liang Hei [2015] No. 399, issued October 30, 2015).
agricultural producers, expressed in terms of its current Total Aggregate Measurement of Support ("Total AMS"),\textsuperscript{6} appears to exceed China’s final bound commitment level in 2012, 2013, 2014, and 2015 on the basis of domestic support provided to producers of, \textit{inter alia}, wheat, Indica rice, Japonica rice, and corn. In each of these years, China appears to provide domestic support in excess of its product-specific \textit{de minimis} level of 8.5 percent for each product.

We look forward to receiving your reply to the present request and to scheduling a mutually convenient date for consultations.

\textsuperscript{6} Calculated in accordance with Articles 1(a), 1(h), 6.1, 6.2, and 6.4, and Annex 3 of the Agriculture Agreement, and paragraph 235 of the Working Party Report as incorporated into China’s Accession Protocol, pursuant to Part I, paragraph 1.2.