

6 August 2021

(21-6123)

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Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES**SECOND SET OF FOLLOW-UP QUESTIONS POSED BY THE
UNITED STATES TO REPLIES¹ REGARDING THE
NEW AND FULL NOTIFICATION OF CHINA²**

The following communication, dated and received on 26 July 2021, is being circulated at the request of the delegation of the United States.

We appreciate China's answers to the United States' follow-up questions regarding China's 2019 notification but have some additional follow-up questions.

Question 1

This question was not answered in our original and follow-up questions: Does China accept its obligation to publish in the MOFCOM Gazette all legal measures that establish and implement its subsidy programs at all levels of government?

Question 2

In Question 13 of our original questions, the United States asked: According to the Domestic Refined Fuel Price Reform Upward Adjustment According to the System notice issued on 2 December 2019 (and earlier iterations of this program), purchasers of diesel fuel in the fishery sector enjoy a preferential price compared to other retail purchasers, based on a state determined sales price. Does China intend to notify this program and publish it in the MOFCOM Gazette? China responded stating: "China has not implemented the measure mentioned by the US, and purchasers of diesel fuel in the fishery sector do not enjoy a preferential price compared to other retail purchasers."

However, we note that China appears to have continued to implement the measure throughout 2020, issuing adjustment notices for the program on a near-monthly basis. Moreover, the latest Domestic Refined Fuel Price Reform Upward Adjustment According to the System notice was just issued by the National Development Reform Commission on 15 January 2021 (Price Department of the National Development and Reform Commission, *Domestic Refined Fuel Price Reform Upward Adjustment According to the System*; https://www.ndrc.gov.cn/xwdt/xwfb/202101/t20210115_1264991.html). Therefore, it appears the program remains in place. In response to this question, China replied that the program has been repealed.

However, once again, another *Domestic Refined Fuel Price Reform Upward Adjustment* measure was issued on 12 July 2021 (https://www.ndrc.gov.cn/xwdt/xwfb/202107/t20210712_1290249.html). We acknowledge that the pricing standard has been raised in these most recent measures, but once again, this indicates that the underlying program remains in place. Please explain.

¹ G/SCM/Q2/CHN/86 (original questions); G/SCM/Q2/CHN/93 (replies); G/SCM/Q2/CHN/97 (follow-up questions); G/SCM/Q2/CHN/99 (replies to follow-up questions).

² G/SCM/N/343/CHN.

Question 3

In our original questions, this question was not answered with respect to the subs-central programs listed below. For each of the sub-central fishing programs identified below, how much of the funding is used to: (1) decrease the operation costs of domestic marine vessels, (2) decrease the operation costs of distant water vessels, (3) reward distant water fishing vessels for bringing catch back to China for processing, (4) provide insurance and other income supplement to fishermen during a moratorium on fishing, or (5) support vessel refurbishing? The programs for which this question was not answered are: Zhejiang Province (Grant for policy-based fishery mutual insurance; and Fund for marine and fishery comprehensive management and industry development); Fuzhou City, Fujian Province (Fund for fishing ports); Shandong Province (Fund for distant water fishery development); Production and living allowance for fishermen during fishing close seasons; Fund for aquaculture; and Living allowances for fisherman during fishing close seasons); Dalian City of Liaoning Province (Fund for marine and fishery development); Qingdao City of Shandong Province (Fund for distant water fishery); Ningbo City of Zhejiang Province (Fund for policy-based fishery insurance). In response to asking about these programs again in our follow-up questions, China replies that "These sub-central programs are under verification." We respectfully ask that China answer the question.
