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CHINA

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(Speaking as an Observer)

The past year has seen a further slow growth both in world output and trade volume. Substantial imbalances continue to exist among countries. The situation faced by developing countries is even more severe. They are burdened by heavy debt problems and serious shortage of funds. Their share in terms of world GNP and international trade has declined and their terms of trade are worsened with falling commodity export prices. The intensification of regional economic groupings, with developed countries as the main players, has an important impact on the economic development of developing countries. The proliferation of trade protectionism has made developing countries suffer greatly with an estimated loss of US\$150 billion in the two sectors of agriculture and textiles. All these worrying developments in world economy and trade must be given special attention by the international community which needs to take appropriate measures to redress the situation. The early and successful conclusion of the Uruguay Round is one such measure. We should bear in mind that the rapid development of developing countries will increase global effective demand and promote world economic growth.

The Uruguay Round is the most ambitious multilateral trade negotiation the world has ever witnessed in terms of scope, complexity and significance. Over the past several years all participants have put substantial resources into the negotiations, resulting in a number of draft agreements. Unfortunately, Ministers at the December 1990 Brussels' meeting failed to agree on a final outcome and the negotiations virtually came to a deadlock. However, despite the Brussels' setback, no participant gave up its confidence and expectations in the Round. This year, particularly since July, thanks to the joint efforts of all participants along with a high level of political involvement and impetus, all the negotiations have gathered new momentum and achieved varying degrees of progress. But the progress is far from satisfactory. While negotiations on such areas as trade in services and TRIPs, which are of particular concern to developed countries, have been pressed ahead with substantive efforts and concessions by developing countries, negotiations on such areas as market access and textiles and clothing, which are of special interest to developing countries, have moved at a much slower pace. The stumbling block in the agriculture negotiations remains to be removed. As a full participant in the Uruguay Round, China strongly urges all parties concerned to demonstrate real political will and quickly break the impasse

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of negotiations on some key issues so as to arrive at a balanced package reflecting the interests of all participants. The Uruguay Round final agreements should be open to all participants for acceptance and implementation, and truly help create a more open and sustainable multilateral trade framework for world economic and trade growth.

In keeping with changes in the international economic and trade situation, and the need to speed up domestic economic and trade development, various countries have been readjusting their economic development strategy and trade policies. Over the past decade and more, China has unremittingly carried out a reform and opening-up policy, and has achieved good success. China's economy has once again entered into stable growth after overcoming a phase of overheating. This year, the increase in GDP is expected to be 6 to 7 per cent, with its inflation rate below 4 per cent. Foreign trade continues to expand with imports and exports for the January to October period rising respectively by 18.2 per cent and 17.8 per cent when compared with the same period in the previous year. At the beginning of this year, the Chinese Government pursued further major reforms in its trade régime, by eliminating export subsidies and rationalizing exchange rates so as to make foreign trade enterprises fully responsible for their commercial operations and enable them to participate in equal competition in both domestic and international markets. In the coming months, China will substantially scale down the number of products subject to import licensing, improve market access and abolish import regulatory duties. As from 1 January 1992, China will adopt a new Harmonized System customs tariff and at the same time unilaterally reduce import tariffs on 225 products. China is continuing its endeavour to ensure maximum transparency and uniformity of its foreign trade régime. The economic and trade reforms and liberalizing measures undertaken by China have laid a solid basis for resumption of its GATT contracting party status, on which the Chinese Government sincerely hopes to accelerate the negotiating process of the Working Party on China for an early completion of its task.

Under the present context of increasing economic globalization and interdependence, China's economic and trade development and structural reforms will certainly contribute to growth in the world economy, and to the integration of China into the international economic and trading system. It is our belief that China's prompt resumption of its GATT membership and full participation in the multilateral trading system is a major step in the right direction, and should be welcomed and supported by all GATT contracting parties.