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Statement by H.E. Mr. Lu Fuyuan Minister of Commerce

I am much honored to join you all in Cancún, the beautiful town in the North Caribbean Sea, to work together for the progress of the Doha Development Agenda (DDA).

Let me start by thanking our host, the Mexican Government for its considerate organization. My thanks also go to the Chairman of the General Council, the Director-General and Secretariat of the WTO for their efforts which make this Conference possible.

It is the first time for China to attend the WTO Ministerial Conference as a Member. Standing here at the podium, I feel a great deal of responsibility. In China, we have an ancient saying "A polished bronze mirror helps you see yourself dress up right, and history as a mirror helps you see behind one's rise and fall".

In 1981, also in this nice town, leaders from 22 countries gathered to exchange views on the adjustment of South-North economic relations and the resumption of global dialogue. Undoubtedly, the event was of special significance at that time. Time flies and 22 years elapsed, world pattern has undergone great changes, but still, we are so far away from an international economic new order that is just and reasonable.

From the birth of GATT in 1947 to the establishment of WTO in 1995 and from the conclusion of the Uruguay Round to the launch of the DDA, the multilateral trading system has experienced difficulties and frustrations. It is due to the wisdom of mankind and unremitting efforts of all its Members that the multilateral trading system managed to resolve its problems one after another and grow up from twists and turns. Built upon GATT which only had 23 contracting parties when it came into being, WTO today already has 146 Members who contribute to over 95 per cent of world trade in goods, and the aggregate value of which has also increased from about US\$58 billion in 1948 to US\$6.24 trillion in 2002. And with warm enthusiasm, we are ready to embrace two new Members, Cambodia and Nepal, at this Cancún Conference. All these reflect progress of the human society, during which the multilateral trading system has played a critical role. Nonetheless, we must be aware that in the WTO the rights of developed and developing Members are not symmetrical, their obligations are not balanced and their gains are not equal. We must be aware that the market access barriers imposed by developed nations against developing countries are far from being eradicated and that the gap between the South and the North has been further widened instead of being narrowed.

Actually, GATT in its early days already incorporated a number of articles that gave special attention to the interests of developing Members and the Uruguay Round Agreements went a step further by explicitly endowing developing Members with special and differential treatment (S&D). However, these articles have not been effectively implemented.

The Doha Declaration 2001 also clearly identified ensuring trade growth and development of developing Members in particular least-developed countries (LDCs). However, negotiations following the Doha Conference failed to achieve substantive results in real sense in this regard. On the contrary, the trade protective practices constantly adopted by some developed countries have left developing Members very disappointed.

Therefore, whether we can have a good sense of the seriousness of the above-mentioned problems and whether we can come up with prompt solutions has a great bearing on the future and fortune of WTO.

We believe that all Members should have equal participation in the WTO negotiations with their interests fully respected and reflected. The overwhelming majority of WTO Members are developing ones. Therefore enabling developing Members to genuinely benefit from the negotiations essentially safeguards the success of the DDA. Disregarding such an important basic fact will only result in a more zigzag and lengthy DDA process.

As you all know, China, as a developing country, has proceeded from improving the living conditions of its 1.3 billion people and put forward the goal of building a well-off society in an all-round way in the first two decades of this century. What I would like to underline is that China's GDP per capita is below US\$1,000 today and even 20 years later when China attains its goal, its GDP per capita will still be less than US\$3,009, equivalent to the current average per capita GDP of middle-income countries.

As a country with the largest farming population in the world, China still has 300 million rural people living under the poverty line and the annual per capita income of our farmers is below US\$300 on average.

Despite this, China undertook enormous commitments in its accession to the WTO. Just having tariff as an example, the overall average tariff rate of China will be cut from 15.3 per cent to around 10 per cent on the basis of applied rate during as short as 25 months from the beginning of its WTO Membership in December 2001 to January 2004. Such a speed and margin of tariff reduction are rarely seen in all negotiations to date, either on agricultural products or on non-agricultural products. Although its agriculture is in a much backward state, China eliminated all its export subsidies and bound its domestic support well below the level of other developing countries upon its accession to the WTO. All these are great contributions to the multilateral trading system and the new round of talks. We hold that the new Round should give full consideration to the huge pressure on the governments and industries of recently acceded Members including China, especially the huge pressure that their fragile industries are facing in restructuring. Important contributions made by recently acceded Members should be recognized and their particular concerns must be effectively addressed in the new Round. Only in this way can the WTO principles of equity and justness be reflected. We have noted that many other Members have expressed the same view in this aspect.

Another point I want to emphasize is a well-off Chinese society and its quadrupled GDP by 2020 based on the level of 2000, first and foremost, means that China's marketplace is to be quadrupled in size and total demand. Correspondingly, China will become the world's second biggest market, from whose development, all countries of the world can find enormous business opportunities. China imported more than US\$1 trillion from the world during the five years 1998 through 2002. And the first eight months of this year has seen a monthly import of over US\$31 billion on average. At such a pace, China will import over US\$1 trillion in the coming three years and by 2010, China will have the ability of importing US\$1 trillion every two years. History has proven and will continue to prove that China's development is a major historical opportunity for the growth of the world economy.

We should face up to the major differences and difficulties before us when taking stock of the new Round and looking ahead. The key to the success at this Cancún Conference is that we succeed to bridge divergences of various parties, to drive the overall negotiation process and to reach consensus on the key issues of the DDA.

We hold that agriculture is right at the core of the new Round. The current stalemate cannot be broken nor can the overall negotiations be pushed forward unless developed Members with high subsidy, high support and high tariffs make major and substantial reduction commitments. Negotiations on all the three pillars should proceed in a balanced way.

We hold that NAMA negotiations should aim to substantially reduce tariff peaks and eliminate tariff escalation and should observe the principle of "less than full reciprocity" to genuinely safeguard the interests of Members whose economy are at the level of developing countries.

We hold that in the negotiations on other issues, due consideration should be given to the specific circumstances of different Members, especially to the actual difficulties and positions of developing Members. Priority should be given to the concerns of developing Members such as S&D treatment and implementation of Uruguay Round Agreements.

China believes that peace and development are still the themes of our era and the world today. China has set building a well-off society as its fundamental goal for the next 20 years. The development and prosperity of China's economy will not only benefit 1.3 billion Chinese people, but also bring about significant economic and trade interests to other WTO Members. And China will make unremitting efforts to realize common development with all its trading partners.

On our way to a well-off society, we need, more than ever an equitable and reasonable international economic new order, we need new fruits out of the DDA, and we need to participate in, reinforce and advance the multilateral trading system.

Ours is a colourful world. Countries having different civilizations and social systems and taking different roads to development should respect one another and draw upon one, another's strong points to realize mutual benefit and reciprocity and should develop side by side by seeking common ground while shelving differences.

Blessed with a lofty historical mission and great historical responsibility, the Cancún Conference is destined to have a far-reaching impact on the progress of the new Round and development of the WTO. The whole world is watching us. The Chinese delegation is willing to cooperate closely and consult fully with other WTO Members to pursue the broadest consensus and we are ready to make efforts for and contribute to the success of the Cancún Conference.
