

**Statement by H.E. Ambassador Dr. ZHANG Xiangchen at
the Regional Dialogue on WTO Accessions
for the Greater Horn of Africa**

Nairobi, 28 August 2017

Ms. Hilda Al-Hinai,

Dear colleagues,

I'm pleased to share with you the experience of China in the 15 years of negotiations of accession to the WTO.

It was some 30 years ago, back in 1986, when China started the negotiations for accession, and it was 15 years later in 2001 when China eventually joined WTO as its 143rd Member.

This photo was taken in Doha on 11 November 2001, showing that Mr. SHI Guangsheng, the Head of Chinese Delegation and Minister of Foreign Trade and Economic Cooperation (MOFTEC), was signing the Protocol on China's Accession to the WTO. I have participated in the process of negotiations on resumption of China's status as a GATT contracting party and accession to WTO. It was a privilege for me to assist my Minister in signing the Protocol, as shown in the photo. One month later, on 11 December 2001, China officially became a full Member of WTO.

It is really heartening to see what we have achieved since our accession to WTO 15 years ago. China's GDP has increased from 1.3 trillion US dollars in 2001 to 11 trillion US dollars in 2016. The annual trade in goods jumped from 510 billion US dollars to 3.7 trillion. In the global ranking of trade in goods, China has moved from the sixth largest trader to the second. China's annual trade in service has increased from 71.9 billion US dollars to 657.5 billion, with ranking rising from the 12th to the second. In 2016, China has attracted 1337 billion US dollars of FDI and invested abroad 183.1 billion US dollars, ranking the 3rd largest FDI recipient and the 2nd largest investor globally. Since the international financial crisis in 2008, China has contributed more than 30% to the world's economic growth and has been the largest export market for the LDCs, particularly for most of the African countries.

China's development achievements in the past 15 years are owing much to the hard work by all the Chinese people, and are also benefiting from China's integration into the multilateral trading system. The WTO accession has created a stable and transparent legal system and external environment for China to achieve rapid economic growth, raising competitiveness and lifting people's livelihood. It is my sincere hope that, by joining the WTO, acceding countries in the Greater Horn of Africa could get an equitable share from the cake of globalization.

Here are some of my personal observations regarding China's accession negotiation to WTO.

First, the WTO accession negotiation is both a Marathon and a 100-meter race.

From 1986 to 2001, China has gone through a 15-year-long negotiations of resuming its GATT contracting party status and joining the WTO. For China, without strong political determination and enduring patience and perseverance, it would be impossible to accomplish the final goal.

In the first six years, we focused on dealing with the review of economic and foreign trade regime. And then we spent another six years in addressing the issue of market access.

That was a protracted tug of war which tested our endurance and patience. The final dash came in the remaining two to three years when we wrapped up the negotiations and finished drafting of the legal documents.

In this regard, the long-distance running of Marathon and the power dash in the final hour are equally important. Because, no matter how long you have run, if you cannot assess the situation and fail to catch the fleeting opportunity, it would be difficult to reach the finish line. In short, all of these require the negotiators' observation, analysis, judgment and resolution.

On 15 November 1999, China and the US reached the bilateral agreement on China's WTO accession. The Chief Negotiators from both sides recalled years later that if the agreement had not reached at that particular point in time, China's accession to the WTO would have to be prolonged for many more years.

As we now know, the year of 2000 was the US Election year, and the topic of China would be dramatized, leading to a political climate in the US that was not conducive to reaching agreement.

And then, it would take some time for the new President to form its own trade negotiating team and the high-level officials would need more time to familiarize with the negotiation.

Further on, it occurred the 9/11 attacks in 2001, the attention of US and the whole world was focused on the issue of counter-terrorism.

In this sense, we may say that if China had not been able to seize the moment of final dash, we might have to run several more laps in the running track.

Second, accession to the WTO is both a negotiation with trading partners, and a "negotiation" with domestic stakeholders.

Opening up brings about progress and isolation leads to backwardness. In today's world of rapid evolving globalization, closed-door policy is lagging behind our time and will be increasingly rejected.

Nonetheless, a total blind and unprepared opening and liberalization would also cause damage to the economy and industry. In other words, a rational opening-up is not a driving without due care, but should be commensurate with the national circumstances and development level. It is on the premise of safeguarding national economic security that the country will be

able to achieve progress and growth through opening-up to the outside world.

I do share the frustration that some of the acceding countries have, that is, a number of WTO Members' requests are too high, sometimes totally ignoring the fact that the acceding countries are LDCs.

To address this concern, it calls for WTO Members to re-examine their requests, while more practically, it also calls for the acceding countries to improve their negotiating capabilities and professional skill, minimizing the unnecessary costs.

Such negotiating capabilities are multi-dimensional, which require spending huge amount of time and energy to learn the complex rules of WTO, and also having smarter and flexible negotiating techniques.

Only in this way, can we distinguish fact from fable, judge our counterparts' bottom line, and bridge the gap in negotiation with the lowest cost.

Likewise, the negotiation with domestic stakeholders are even more difficult than negotiation with trading partners, especially in the case of the developing countries.

Because, opening-up would "move the cheese" of certain sectors and industries. Normally, they do not even want to pay a single coin. Hence, it will take enormous amount of inter-agency coordination, trying to persuade these stakeholders, so that you can obtain more mandate for the negotiation.

The key is to encourage them to change the wrong mindset

that opening-up is concession, make them realize that protection is of a temporary nature and is only protecting the backwardness, while opening the market and increased competition will bring in long-term benefits.

What is more important is to let them know that you are not standing with your negotiating counterparts, but standing with the WTO rules. What should be narrowed is not the bargaining gap between you and your counterparts, but the gap between your country's system and the WTO rules.

To sum up, it is easier to find a reasonable landing zone if you would give less in negotiation with trading partners and take more in the negotiations with domestic stakeholders. Though it may seem contradictory, but in reality both steps are serving the objective of promoting the progress of your country.

Third, acceding to the WTO is both opening-up to the outside world and domestic structural reform.

Before joining the WTO, the level of liberalization in many sectors in China is relatively low. There was a need to introduce external dynamics to push forward the reform in some key sectors, featuring a mechanism of reversed transmission of pressure.

By joining the WTO, China has reformed its trade regime, not only making it consistent with the WTO rules, but also making China more competitive in the international market.

The opening-up has brought major changes to our legal system, government administration and people's mind. This has

injected external dynamics into the reform, and smashed the shackles of physical and mental resistance.

In addition, opening-up has another kind of effect called "Ratchet Effect" upon reform. In this case, joining WTO will lock in the existing results of reforms with WTO legal provisions in black and white, ultimately identifying future steps and objectives of reform and avoiding policy uncertainties caused by backtrack.

Having said that, I would now share with you some specific ideas on how to effectively move forward the negotiation of accession.

First, combination of utilizing technical assistance and building up your own negotiating team.

During the process of our accession, the WTO Secretariat provided substantive amount of technical assistance, which is one of the main resources that acceding countries could rely on.

This is why China has initiated "China program" to provide assistance to help the acceding countries. Some experienced Members also provide their support. It is important to fully utilize these resources.

What is more important is that the acceding country should build up a stable, dedicated and professional negotiating team. Only in this way can an acceding country be able to take initiative with vision and measured steps, and better respond to the challenges after joining the WTO.

Second, combination of governmental efforts with

mobilizing support from all domestic stakeholders.

Since joining the WTO, China has launched a massive examination and check-up of laws and regulations. Over 2300 laws, regulations and departmental rules have been drafted, revised and revoked at the central government level, and more than 190,000 local regulations, rules and other policy measures have been examined and sorted out at local government level.

In the meantime, we have organized extensive training and education of WTO rules nationwide, explaining WTO rules to government officials and corporate managers. These efforts have helped more Chinese people to understand the spirit of WTO featuring open market and rule of law, which have been put into the daily economic activities.

Last but not the least, combination of analysis of short-term impact with the long-term impact.

As an ancient Chinese proverb saying, *the finer details fall into places when they align with the bigger picture*. In the negotiation of accession, acceding countries should be able to make bold and decisive decisions in scientific way, through cost-benefit assessment of each tariff reduction, taking into full consideration of the potentials of the industrial development.

On the other hand, acceding countries should be even more cautious in the area of amending the legal provisions, so that they could address properly the long-term and systemic impact arising from the WTO accession.

Thank you.