China in the WTO: Past, Present and Future
中国加入世界贸易组织十周年
The Tenth Anniversary of China's Accession to the WTO
China’s accession to the WTO is a milestone in China’s reform and opening-up, bringing us into a new era to further open up. To join the WTO was a major strategic decision based on our comprehensive analysis of the situation at home and abroad in order to push forward China’s reform and opening-up and socialist modernization drive.

---Chinese President HU Jintao
China’s 10th anniversary of its accession to the WTO is a momentous event in China's opening-up to the outside world. If we describe the Canton Fair as a window China opened to the world, then the accession to the WTO can be seen as a door China opened to the world. If we describe the Canton Fair as China extending a hand to the world, then its WTO membership is its full embrace of this world.

---Chinese Premier WEN Jiabao
China’s Arduous Journey to the WTO

- From China’s request to resume its status as a contracting party to the GATT to its final accession to the WTO, it took China 15 years to go through the arduous and prolonged negotiations.
- On July 10, 1986, China formally submitted to the GATT Secretariat its request of resumption of China’s status as a contracting party to the GATT.
- In November 1995, China formally requested to accede to the WTO.
- On December 11, 2001, China officially became WTO’s 143rd member.
China has scored remarkable achievements in economic and social terms

- 2nd largest economy in GDP terms
- 1st largest merchandise exporter
- 2nd largest merchandise importer
- 4th largest commercial services exporter
- 3rd largest commercial services importer
- 1st destination for Inward FDI among developing countries
- 1st investor for outward FDI among developing countries
Performance (I)

China's GDP during 2001-2010

Source: World Bank
China’s Merchandise Trade during 2001-2010
(in billion USD)

Source: WTO Secretariat
Performance (III)

China's Commercial Services Trade during 2001-2010
(in billion USD)

- CS Trade
- CS Export
- CS Import
China's Inward and Outward FDI Stock during 2001-2010 (in billion USD)

Source: UNCTAD Stats

Performance (IV)
China's Agriculture during 2001-2011

Performance (V)

Source: National Statistic Bureau
China's Manufacturing Industry during 2001-2011

Performance (VI)

Source: National Statistic Bureau
Performance (VII)

* China has established a unified and transparent policy system consistent with WTO rules
  - Amend and repeal more than 3000 pieces of laws, administrative regulations and departmental rules
  - Open the website of Central People’s Government (www.gov.cn)
  - Established China WTO Notification and Inquiry Centre
  - Publish laws, regulations and other measures related to or affecting trade at *China Foreign Economic and Trade Gazette*
  - Legislation public hearing system since 2005
China's Patent Applications (Direct and PCT National Phase Entry)

<table>
<thead>
<tr>
<th>Year</th>
<th>Resident</th>
<th>Rank</th>
<th>Non-Resident</th>
<th>Rank</th>
<th>Abroad</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>30,038</td>
<td>5</td>
<td>33,412</td>
<td>4</td>
<td>1,201</td>
<td>21</td>
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<tr>
<td>2002</td>
<td>39,806</td>
<td>5</td>
<td>40,426</td>
<td>3</td>
<td>1,493</td>
<td>20</td>
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<tr>
<td>2003</td>
<td>56,769</td>
<td>4</td>
<td>48,548</td>
<td>3</td>
<td>1,862</td>
<td>20</td>
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<tr>
<td>2004</td>
<td>65,786</td>
<td>4</td>
<td>64,598</td>
<td>2</td>
<td>2,772</td>
<td>19</td>
</tr>
<tr>
<td>2005</td>
<td>93,485</td>
<td>4</td>
<td>79,842</td>
<td>2</td>
<td>3,794</td>
<td>17</td>
</tr>
<tr>
<td>2006</td>
<td>122,318</td>
<td>4</td>
<td>88,183</td>
<td>2</td>
<td>6,111</td>
<td>16</td>
</tr>
<tr>
<td>2007</td>
<td>153,060</td>
<td>3</td>
<td>92,101</td>
<td>2</td>
<td>6,960</td>
<td>15</td>
</tr>
<tr>
<td>2008</td>
<td>194,579</td>
<td>3</td>
<td>95,259</td>
<td>2</td>
<td>7,941</td>
<td>14</td>
</tr>
<tr>
<td>2009</td>
<td>229,096</td>
<td>2</td>
<td>85,508</td>
<td>2</td>
<td>10,626</td>
<td>12</td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td><strong>293,066</strong></td>
<td><strong>1</strong></td>
<td><strong>98,111</strong></td>
<td><strong>2</strong></td>
<td><strong>12,134</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

Source: WIPO.
China has been firmly devoted to the multilateral trading system and the successful conclusion of the Doha Round.

China has actively participated in all kinds of WTO activities, including regular Council and Committee ones and DDA negotiations.

China has also been doing its best to help other developing countries, multilaterally, plurilaterally and bilaterally, in areas such as DDA, capacity building.
the Chinese government has always supported trade liberalization and facilitation, opposed trade protectionism in any form, strongly supported the multilateral trade system and actively pushed forward the Doha round negotiations to achieve a success.

----Vice Premier WANG Qishan
On December 1, 2009, China’s Commerce Minister Chen Deming delivered a speech at the Seventh WTO Ministerial Conference. He stated that China has always been a firm supporter of the multilateral trading system, a faithful follower of the free trade principles, and an active participant of the Doha Round talks.
Worries about sector security and sector development after China’s WTO Accession

- Agriculture
- Automobile sector
- Financial sector??

But, is WTO the coming wolf??
## Lessons (II)

### Agriculture

<table>
<thead>
<tr>
<th>Category</th>
<th>2001</th>
<th>2011</th>
<th>Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value-added (billion RMB)</td>
<td>1461.0</td>
<td>4771.0</td>
<td>13%</td>
</tr>
<tr>
<td>Agra Export (billion USD)</td>
<td>16.1</td>
<td>60.8</td>
<td>14%</td>
</tr>
<tr>
<td>Agra Import (billion USD)</td>
<td>11.8</td>
<td>94.9</td>
<td>23%</td>
</tr>
<tr>
<td>Grain Production (million tons)</td>
<td>452.6</td>
<td>571.2</td>
<td>2%</td>
</tr>
<tr>
<td>Meat Production (million tons)</td>
<td>634.0</td>
<td>795.7</td>
<td>2%</td>
</tr>
<tr>
<td>Cotton Production (million tons)</td>
<td>5.3</td>
<td>6.6</td>
<td>2%</td>
</tr>
<tr>
<td>Rural Income (RMB)</td>
<td>2366.0</td>
<td>6977.0</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: China National Statistics Bureau.
# Lessons (III)

* Automobile

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2011</th>
<th>annual growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Production (thousand unit)</td>
<td>2342</td>
<td>18419</td>
<td>23%</td>
</tr>
<tr>
<td>Passenger car</td>
<td>695</td>
<td>14485</td>
<td>35%</td>
</tr>
<tr>
<td>Commercial Vehicle</td>
<td>1647</td>
<td>3934</td>
<td>9%</td>
</tr>
<tr>
<td>Auto Sales (thousand unit)</td>
<td>2363</td>
<td>18505</td>
<td>23%</td>
</tr>
<tr>
<td>Passenger car</td>
<td>1435</td>
<td>14472</td>
<td>26%</td>
</tr>
<tr>
<td>Commercial Vehicle</td>
<td>928</td>
<td>4033</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: CAAM
What have we done?

- Establishment of the State Council leading group on WTO Affairs
- Numerous training on WTO-related issues to Chinese officials at central, provincial and local levels
- Public propaganda of WTO basic information
- Specialized course on WTO at university
- WTO Research Centre in cities, including Beijing, Shanghai and Shenzhen
Challenges (I)

* China has limited method in economic management
  - Lower tariff level
  - Increasing pressure from huge import
* Rebalancing Chinese economy toward
  - Over-dependence on processing trade
  - Lower end of the Global Value Chain
* China is still a developing country
  - Pressure from outside to make larger contributions
  - Pressure from inside to protect and develop
China’s average tariff is quite low, even compared to the developed countries.

No “water” between China’s tariff bound rate and applied rate.

China’s average tariff will be further lowered with the conclusion of the Doha Round.
### Average Tariff Comparison of NAMA Products between China and the World

<table>
<thead>
<tr>
<th></th>
<th>Simple Average Bound</th>
<th>Simple Average Applied</th>
<th>Weighted Average Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed Countries</td>
<td>12.30%</td>
<td>5.50%</td>
<td>3%</td>
</tr>
<tr>
<td>Developing Countries</td>
<td>29.40%</td>
<td>11.60%</td>
<td>8%</td>
</tr>
<tr>
<td>LDCs</td>
<td>45.20%</td>
<td>12.60%</td>
<td>13.50%</td>
</tr>
<tr>
<td>China</td>
<td>9.20%</td>
<td>8.70%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: UNCTAD.
* China is over-dependent on processing trade

* “Assembled in China” rather than “Made in/by China”

* China has been the major Target of trade remedy measures
Challenges (V)

China's Soybean Imports during 2001-2011

- Value (billion USD)
- Quantity (million tons)

Source: GTA Database
Challenges (VI)

China's Cotton Imports during 2001-2011

Source: GTA Database
Challenges (VII)

With China’s rapid development in the past decade, here comes an important question: *Is China still a developing country?*
Challenges (VIII)

GDP Per Capita Comparison between China and the World in 2010 (USD)

Source: World Bank
Challenges (IX)

Rural Population Share between China and the World in 2010 (%)

Source: World Bank
Challenges (X)

China remains a developing country

The world's objective and correct understanding of China is beneficial for China's development. As a responsible member of the international community, China is always brave in shouldering international responsibilities corresponding to its strength.

China has a heavy development burden in terms of population and resources. 150 million Chinese people still live in rural areas, 150 million farmers are migrating to cities, and the annual population increases. It is projected that this situation will last for another 10 years. One can only imagine the enormity of the development tasks and responsibilities China faces today.

China's economy is the most vibrant in the world. In the last 30 years, the country's GDP has increased by more than 3,000%. However, this development is not uniform. Uneven development has certain disadvantages. The pursuit of economic growth has been at the expense of the environment, social equity, and cultural diversity.

In both urban and rural areas, China is facing problems of poverty, unemployment, and environmental degradation. China is facing a serious challenge of reducing the income gap between urban and rural areas. The gap between rich and poor is increasing. The road to development is long, but China is determined to overcome these challenges.

In summary, China is facing a complex and multi-faceted set of challenges. The country is committed to addressing these challenges and continuing its path of development. The world must support China in its efforts to overcome these challenges and contribute to global prosperity.
So if China is forced to take on the duties of a developed country and forego the benefits of a developing country, the West could soon ask other developing countries that are ahead of China (at least in per capita terms) to do the same. ... China's fight to retain its developing country status is of interest not only to the Chinese people, but also to their counterparts in other developing countries.

----Martin Khor, Director of South Centre
China’s first Ten years after accession achieved win-win outcome with the rest of the world.

China will continue its integration into the World in an all-round way.
China’s Contribution (I)

* Trade
  - The largest destination for the export of LDCs since 2009
  - Only WTO member not requesting market access for LDC acceding countries
  - Largest trading partner for major economies

* Aid for Trade
  - Contributor to the Aid for Trade initiative since 2008
  - the China Program for LDCs and their WTO Accession

* Outward FDI
  - largest developing country in terms of outward FDI
China’s Contribution (II)

G7’s Imports from LDCs during 20001-2010
(in million USD)

Source: UNCTAD
China’s Contribution (III)

* **First Largest trading partner of:** Australia, Chile, Japan, South Korea, Hong Kong China, Malaysia, Russia, Brazil, South Africa, Saudi Arabia

* **Second largest trading partner of:** Argentina, Canada, European Union, India, Indonesia, Mexico, New Zealand, Singapore, United States

* **Third largest trading partner of:** Turkey, Germany, Italy
China will adopt a more proactive opening-up strategy by exploring new areas, improving internal system, enhancing the quality of the economy, forming a new pattern of development and promoting development, reform and innovation.

----President HU Jintao
“…China's opening to the outside world in the past 30 years and more tells us that only an open and inclusive country can be strong and prosperous…”

China will Keep its door open forever!

----Premier WEN Jiabao