China’s Aid for Trade toward Least Developed Countries: Practice and Outlook

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I. China’s Aid for Trade Practices

Trade is an important engine for economic growth and an important channel to promote independent development in the least developed countries. Therefore, China has implemented 5 main practices in order to help LDCs to improve trade facilitation and capacity:
1. Enhancing Trade Connectivity

China assisted the LDCs in building trade-related infrastructure, facilitating regional logistics and fostering new forms of trade:

1) Through assisting the construction of transportation infrastructure, China has been able to promote physical connectivity and intraregional trade.

2) The promotion of digital connectivity has conditioned transborder e-commerce development.
2. Supporting Trade Negotiation Capacity

Under the multilateral framework of WTO, China supported the least developed countries to enhance their trade negotiation capabilities:
2. Supporting Trade Negotiation Capacity

1) Participating in WTO internship projects.

2) Joining the WTO roundtable.

3) Supporting LDCs to participate in WTO meetings.

4) Facilitating the South-South dialogue between the LDCs and developing countries.

5) Supporting follow-up seminars on trade policy reviews concerning the LDCs.
3. Conducting Aid for Trade Training Programs and Technical Cooperation

1) China has organized several trade-related seminars for the LDCs, which have strengthened communication between China and the least developed countries.

2) China has actively helped LDCs formulate trade development strategies and policies to improve their business environment.
4. Providing Zero-Tariffs on Exports to China and Prompting Industrial Cooperation

China has announced measures such as zero tariff treatment for exports to China, launching industrial cooperation, and promoting service exemption, which effectively promoted exports from the least developed countries to China.
4. Providing Zero-Tariffs on Exports to China and Prompting Industrial Cooperation

1) To promote exports from the least developed countries to China, China placed zero tariffs on 190 items from 25 LDCs in Africa in 2005.

2) In December 2011, prior to the 8th WTO Ministerial Conference, China and the “Cotton Four” countries published the “Joint Communiqué of Cooperation in the Cotton Sector under the WTO Framework” in Geneva.

3) Since 2005, China has actively implemented preferential measures for Services and Service Suppliers of the LDCs in terms of market access preferences, capacity building and facility assistance, so as to enhance its capacities to export services to China.
5. Providing Cargo Monitoring Equipment

By providing trade-related equipment and facilities, China help the LDCs enhance their competitiveness in the global supply chain layout and promote the modernization of trade flows.
II. The characteristics of China’s aid for trade

China’s Aid for Trade to the developing countries, especially the least developed countries, is highly compatible with the pace of China’s domestic economic system reform and the development needs of the least development countries. To sum up, it has 3 distinctive characteristics:
II. The characteristics of China’s aid for trade

1. Since its reform and opening up, China has supported the least developed countries in building a large number of trade-related infrastructures to consolidate the foundation for their trade development.

2. With China's accession to the World Trade Organization, the close trade ties between China and the least developed countries have gradually led China's aid for trade to extend to the fields of trade facilitation and business environment improvement.

3. As China is becoming an important trading partner of the world, China has gradually expanded its imports from the least developed countries.
III. Future outlook

At present, the COVID-19 has led to the intensification of protectionism and unilateralism. The developing countries, especially the least developed countries, are facing more severe development risks. Based on this, in the future, Chinese foreign aid practice will focus more on the development needs of LDCs, promote trade facilitation in stages and steps, strengthen efforts to cultivate the trade capacity of developing countries, and strive to the implementation of the 2030 Agenda for Sustainable Development.
III. Future outlook

1. China is to boost the export of agricultural products from the least developed countries.

2. China could lend its experience to increasing cooperation in capacity building efforts.

3. China could support the development of overseas industrial parks.
Chinese Academy of International Trade and Economic Cooperation

Thank you!