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# China and the Doha Round

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# 1. China and Doha: A Brief History

- China joined the WTO in 2001, after 15 years of arduous negotiation
- Motives:
  - Economic
    - Trade development and foreign trade relations
  - Domestic reform agenda
  - Participation in rule-making in international trade



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- “Being able to participate in global trade rules making was another motive for the Chinese to join the WTO .... China hopes to re-write some of the rules of the game ...” Furst (2001)
  - WTO accession could make China “a leader of diplomacy, with a potential for coalition-seeking”.

# *Economic performance after China's WTO accession*



<b>2001</b>	<b>2009</b>
7 <sup>th</sup> largest economy	Since 2007, the third largest economy
7 <sup>th</sup> largest exporter and 8 <sup>th</sup> largest importer	2 <sup>nd</sup> largest exporter (since 2008), and 3 <sup>rd</sup> largest importer

# Performance in the negotiations



- Just cool!
  - Active in some negotiations, but has not sought to assume leadership as expected by many
  - Comfortably sit the backseat in many other negotiations
  
- Urged by its major trading partners to assume a level of global responsibility that matches its heavy weight in international trade
  - Confused and worried a bit.

# “Abnormal” performance in the 2008 Mini-Ministerial

- China and India were blamed for having “thrown the entire Doha Round into the gravest jeopardy”
- Chinese counterattack: “publicly accusing the US of hypocrisy for heavily subsidizing its own cotton farmers ... while asking other countries to expose theirs to harsh competition” (Financial Times, 29 July 2008)



## 2. China's Negotiating Positions



- General position:
  - Jumped on the bandwagon of global trade talks
  - Special treatment for new Members
  - Four Ls: less (requests), lower (obligations), longer (transition periods), and latter (liberalization)
  - Development dimension

# On selected issues

- NAMA: tariff reduction with special treatment for developing countries, especially the RAMS; a slight variation of the Swiss Formula
- Services: China is relatively more active in services negotiations but has indicated it would not be in a position to offer substantial concessions
- Rules negotiations: China has a keen interest in seeking clarification and improvement of the existing rules
- Development and S&D: mildly support





# 3. China's as a BRICs country

- Yielded leadership to Brazil and India
  - Member of G20, and G33
- Emerged as a central player during 2008 mini-ministerial



# 4. Impact of the Global Crisis



- The crisis is a huge blow to China's export: continuous decline since November 2008
  - Dropped by about 18% in January 2009, 23.4% in August 2009
  - "the biggest victim of the rising global trade protectionism"
- Two conflicting lessons for China
  - The best medicine seems to be multilateral liberalization. China has said this
  - Over-reliance on foreign trade questioned domestically
  - Serious measures taken to stimulate domestic consumption with a US\$585 billion economic plan

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- Already one of the largest importers and key export destination for Asian economies, China is likely to become a trade-deficit country in the years to come, “thanks to the rising income levels and government stimulus on the nation’s consumption” (CLSA Asian-Pacific Markets, 2009)
  - The biggest importer of a range of products
  - Profound implications if China eventually becomes a deficit country

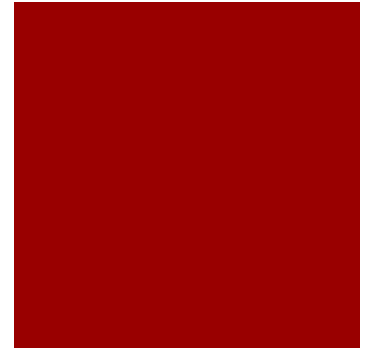
# 5. Other factors affecting China's negotiating positions



- (1) The benefits of the multilateral system
- (2) Domestic politics (in light of the over-committed obligations during WTO accession)
- (3) Regionalism as a backup
- (4) Trade litigation as an additional policy device
- (5) Relationship with developing countries
- (6) Power-based bilateral solutions
- (7) Institutional capacity
- (8) Development strategy

## 6. Conclusion

- China will continue to take a middle-position, using its existing offers and its status as a RAM as a shield against pressure and criticism





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