**Statement by H.E. Mr. Wang Shouwen**

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**at the First Session of the Seventh WTO TPR of China**

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**Honorable Chair Ambassador Eloi Laourou,**

**Honorable Discussant Ambassador Didier Chambovey,**

**Ambassadors,**

**Delegates,**

Good morning. I was here exactly 2 years ago. I am happy to be back for the Seventh WTO Trade Policy Review of China.

Let me begin by expressing my appreciation to Mr. Chair and the WTO’s TPR team for your tremendous efforts for this review. My thanks also go to Ambassador Chambovey for assuming the role of discussant. Fairly impressed by the turnout of today’s meeting, I want to thank you all for coming and for your interest in China’s trade policies.

The government of China attaches great importance to this review. Joining me today are 30 colleagues from 14 government agencies of China, as well as our Ambassador Zhang Xiangchen and colleagues at the Mission here in Geneva.

In the past few weeks, my team has been working around the clock. So far, we have received 1,963 written questions from 42 Members. By yesterday, we had answered all 1,627 questions submitted by 33 Members two weeks prior to this meeting. And we are working hard on the remaining questions submitted after June 28th. We will provide responses in one month from now according to the rule.

**Mr. Chairman, Ambassadors, Delegates,**

This year marks the 40th anniversary of China’s reform and opening-up. In this process, China’s accession to the WTO was no doubt a historic milestone. Two weeks ago, the government of China published a white paper on *China and the World Trade Organization*. The paper gives a comprehensive account of China’s fulfillment of its WTO commitments during its 17 years’ membership. It also expounds China’s policies and propositions in advancing higher-level reform and opening-up. Hard copies of the white paper are available in this room. I hope it could help you with a better understanding of China and its efforts.

Since the reform and opening-up of China, especially since China’s accession to the WTO, significant changes have taken place both in China and the rest of the world. However, one thing remains unchanged, that is China’s consistent pursuit of opening up for cooperation and mutual benefit with all countries. **While developing itself in economic globalization, China has created important opportunities for the world economic growth, and delivered tangible benefits to its trading and investment partners.**

**Firstly, China has provided tremendous market opportunities for goods and services for the rest of the world.** From 2001 when China joined the WTO to 2017, China’s imports of goods increased at an annual average growth rate of 13.5%. That is twice as high as the world average. Last year, China’s imports of goods took up 12.8% of the global total. Between 2001 and 2017, China’s imports of services registered a yearly average growth of 16.7%, 2.7 times as much as the world average. Last year, China’s imports in services accounted for close to 10% of the global total, with a trade deficit in services close to USD 240 billion.

**Secondly, foreign-invested enterprises (FIEs) in China have gained unprecedented opportunities of development.** Last year, FIEs contributed to 44.8% of China’s total foreign trade in goods. Their total sales revenue exceeded USD 5 trillion in 2016, representing an annual average of 15.8% since 2001.

Take the US-invested enterprises in China as an example. Their sales revenue in China reached USD 600 billion in 2016 compared with only USD 45 billion in 2001.

The latest survey by the European Chamber of Commerce in China also indicated that business operations of European companies in China have continued improving in 2017. About 66% of the respondents reported higher revenue than 2016. And 93% of respondents achieved growth in earnings.

**Thirdly, more and more Chinese companies have gone global for win-win cooperation with their counterparts worldwide.** This year marks the fifth anniversary of the Belt and Road Initiative proposed by President Xi Jinping. In the past 5 years, the government of China has vigorously promoted the Belt and Road Initiative and its alignment with the development strategies of various countries, based on the principle of achieving shared growth through joint consultation and collaboration. By the end of last year, Chinese companies had established 75 overseas economic and trade cooperation zones in relevant countries, and these companies had paid over USD 1.6 billion worth of taxes to the host countries and created 220,000 jobs for the local economies.

**Mr. Chairman, Delegates,**

**During the period under this review, the government of China has taken a series of measures for trade and investment liberalization and facilitation. Let me approach these areas from 5 perspectives.**

**We have significantly lowered import tariffs voluntarily and continuously.** By the end of 2017, import duties on over 900 tariff lines had been reduced, with the trade-weighted average tariff rate falling to 2.4%. That is a very low level even compared with developed economies. President Xi Jinping delivered an important speech at the Boao Forum for Asia in April this year. Following that, we further cut tariffs of about 1700 tariff lines in May and July. For example, the MFN rate on motor vehicles was reduced from 25% to 15%, and that on auto parts from 25% to 6%.

**China will be holding the first China International Import Expo in Shanghai in November this year.** This Expo is already oversubscribed by more than 100 countries. I would like to take this opportunity to renew our invitations to fellow Members, and warmly welcome you all to China to attend the Expo.

**We have constantly expanded market access for foreign investors.** On June 28th,, just a few days ago, China published the *2018 Special Administrative Measures for the Access of Foreign Investment (the Negative List),* reducing the number of restrictive measures on foreign investment from 63 to 48.

Today, foreign financial institutions can invest in Chinese banks for 100% ownership. Foreign equity caps on securities, fund management, futures and life insurance companies have been raised to 51%. By 2021, the financial sector will be thoroughly open, allowing 100% of foreign equity ownership.

Foreign equities cap on shipbuilding and aircrafts, as well as special vehicles and new energy vehicles have been also removed. Those on commercial vehicles and passenger cars will be lifted by 2020 and 2022 respectively.

**China has pragmatically implemented the *Trade Facilitation Agreement (TFA)*.** The average time of customs clearance has been reduced to less than 20 hours for imports, and to less than 2 hours for exports. A standard version of international trade single window has been applied to all ports nationwide. Talking about honoring the Agreement obligations, Category A measures have taken up 94.5% of China’s commitments, and the only 4 measures under Category B will be implemented at the expiration of the 3-year transition period as scheduled.

**China has also accelerated the construction of pilot free trade zones (PFTZs).** In March 2017, seven new PFTZs were established in Liaoning, Zhejiang and other provinces. In April this year, the government of China announced to support Hainan province in building a whole-island PFTZ, and in gradually exploring the development of a free trade port. On June 30th, the latest version of PFTZ negative list for foreign investment was released. It covers broader areas for opening up than the negative list for the nationwide application that I referred to earlier on.

**Mr. Chairman, Delegates,**

**During the period under this review, China has comprehensively deepened reform while opening further to the outside world.**

We have annulled the business tax and replaced it with value-added tax (VAT), lowered the VAT rates and simplified its structure. We have advanced the supply-side structural reform, and resolved over 120 million metric tons of crude steel and over 500 million metric tons of coal capacity in 2016 and 2017 combined.

**With regard to streamlining administrative approval,** the establishment of FIEs in sectors outside the Foreign Investment Negative List is subject to record filing rather than examination and approval. So far, over 96% of the establishment of FIEs is completed through record-filing.

**With regard to IPR protection,** *Trademark law* and *Anti-unfair Competition Law* have been revised*,* and *Copyright Law* and *Patent Law* are under amendment to enhance the level of IPR protection. Besides, reform on trial of IPR cases has been stepped up. We set up 10 trans-regional IPR courts in 7 provinces and a dedicated IPR protection campaign was launched for FIEs last year.

It is fair to say that IPR protection in China has tremendously benefited IPR holders. The royalties China paid to foreign right holders surged from merely USD 1.9 billion in 2001 to USD 28.6 billion last year. The 2018 White Paper by American Chamber of Commerce in China shows that among the biggest challenges facing the US-invested enterprises in China, IPR ranked only the 12th place. It is no longer a major problem in their business operation in China.

**Mr. Chairman, Delegates,**

**China has been a firm supporter of the Multilateral Trading** **System (MTS).** China has actively participated in all aspects of the WTO work, faithfully implemented its obligations, and striven to ensure the compliance of its domestic laws and policies with the WTO rules.

**As for transparency,** China’s relevant legislations explicitly provide that draft laws, administrative regulations and rules shall be made available for public comments. The system of government gazettes has also been constantly improved. Since the creation of trade policy compliance mechanism in June 2014, over 1,700 trade related policies have been reviewed for compliance.

**As for notification,** I would like to inform you that as a result of hard efforts over the past one and a half years, China had completed and submitted the subsidy notifications at central and sub-central government levels for 2015 to 2016 before this TPR meeting, satisfying the requirement of Agreement on Subsidies and Countervailing Measures (ASCM). For the first time, policies in all provincial-level administrative regions were reflected in the sub-central subsidy notifications.

**As for dispute settlement (DS),** we have taken an active part in the negotiations on improving the DS procedures, and supported the independence and impartiality of the panel and the Appellate Body (AB). We have also urged for an early launch of the selection process of AB members. By April 2018, China has brought 17 disputes to the WTO and China has complained against in 41 cases. As the respondent, China respected the WTO rulings, and made adjustments to its measures according to WTO rules. Up to now, none of the complainants has requested for retaliation against China.

The multilateral trading system is now confronted with severe challenges. **We would like to call on all WTO Members to resolutely defend the fundamental principles and core values of the MTS including MFN, National Treatment and S&D treatment for developing members, and to firmly stand up to trade bully, protectionism and unilateralism. We strongly appeal to break the impasse for the AB member selection process, and to tackle the systematic threats posed by such unilateralism actions as Section 232 and 301 investigations to the WTO.**

We all agree that the WTO is not perfect and WTO needs to keep pace with the times. We suggest updating some of the WTO rules based on the above principles, while accommodating the concerns of the overwhelming majority of members.

**Mr. Chairman, Delegates,**

**As the largest developing country, China has been providing support to other developing Members, and is ready to assume the international responsibilities commensurate with its level of development and capacities.** By the end of last year, China had accorded zero tariff treatment on 97% of all tariff lines to 36 LDCs that have diplomatic ties with China.

In response to the Aid for Trade Initiative, China has donated USD3.2 million to the China Program since 2011, and contributed USD1 million to the WTO Trade Facilitation Agreement Fund. Roundtables on LDCs’ accession to the WTO were successfully held in Cambodia and Argentina last year. This year, the Roundtable will be held in Kazakhstan. We stand ready to work with all members in assisting more countries and regions to join the big family of the WTO.

**Mr. Chairman, Delegates,**

On the occasion of the 40th anniversary of reform and opening-up, China will pursue with firmness the vision of innovative, coordinated, green and open development for all. China commits itself to deepening reform on all fronts and opening up wider and deeper to promote common development across the world. Working together with other countries, China is committed to building a community of shared future with extensive converging interests and a high degree of interdependence.

China will continue to support and safeguard the multilateral trading system. Joining hands with other Members, we will assume the responsibilities of our times, address problems emerging in the economic globalization, and enable various economies, social strata and groups of people to share the opportunities and benefits of economic globalization.

With that I conclude my statement. And the whole of the Chinese delegation would be all ears to the comments and questions from the discussant and all the members.

Thank you very much.