

China's Free Trade Agreement Upgrading Strategy

MOFCOM, China

November 2022

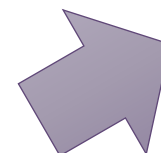
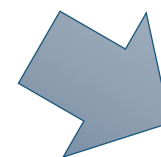
General View of International Economic and Trade Rules

Multilateral Trade System Represented by WTO

- ▶ **Unified rules, non-discriminatory, expansive beneficiaries**
- ▶ **difficult coordination, slow process**

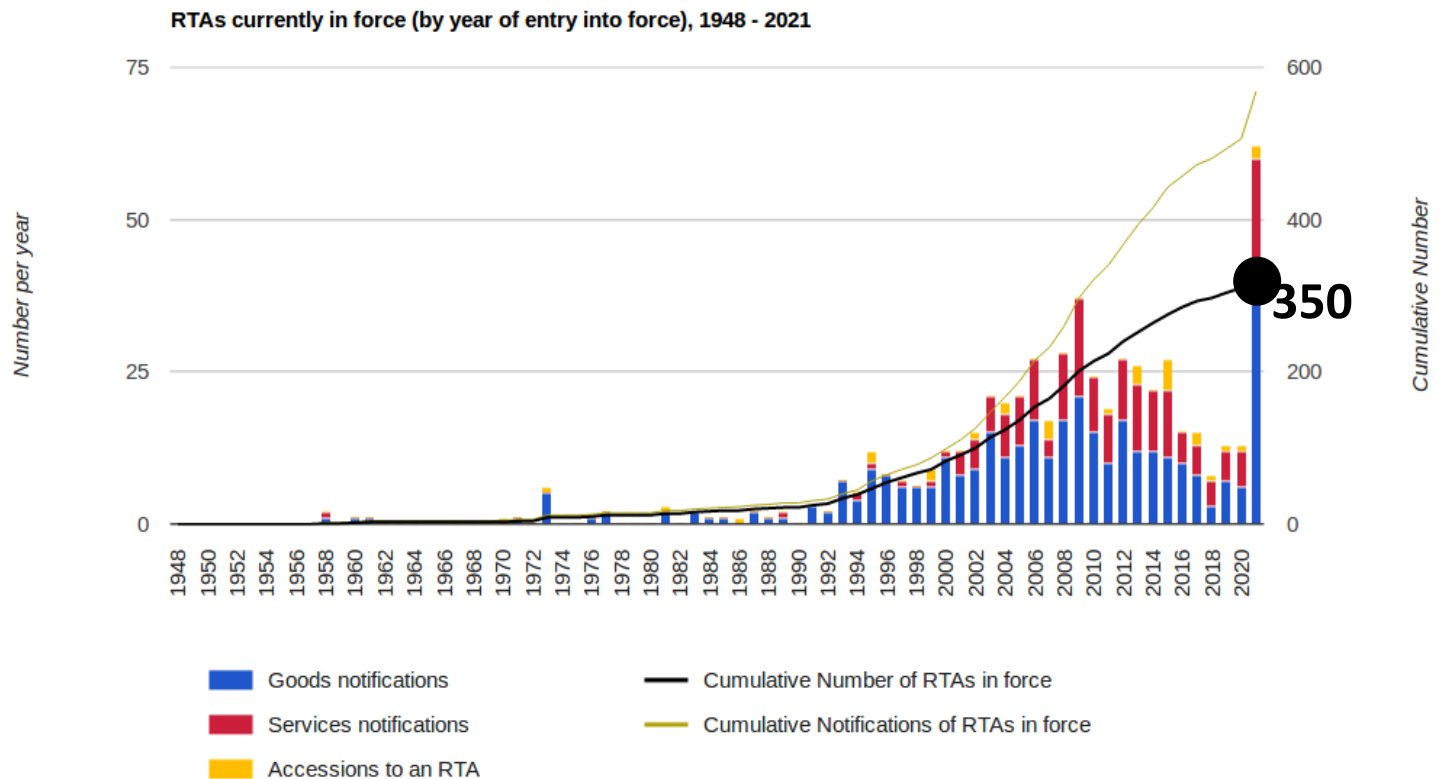
Regional Trade Arrangement Represented by Free Trade Agreements

- ▶ **higher level of openness, more flexible, more efficient**
- ▶ **limited beneficiaries: only FTA members**



The System of
International
Economic
Rules

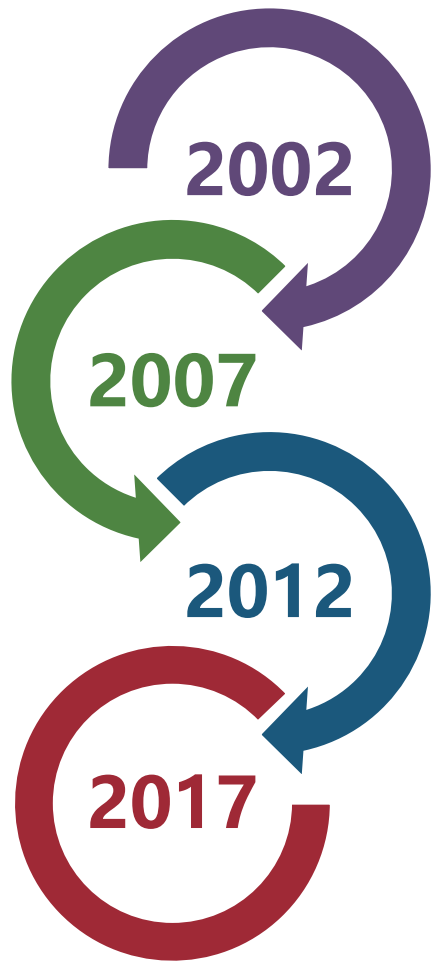
Number of FTAs Notified to the WTO (1948-2021)



Comparing the Free Trade Agreements of Major Economies

No	Economy	Number of FTAs	Number of FTA partners	Trade with FTA partners/Total trade (%)
1	Mexico	14	55	81
2	Korea	14	55	63
3	Canada	15	51	84
4	Australia	15	28	67
5	Indonesia	10	20	68
6	Turkey	16	50	52
7	Africa	7	89	48
8	European Union	42	71	39
9	United States	15	21	44
10	Japan	18	48	52
11	China	19	26	35

The Development of China's FTA Strategy



China's takeoff in Building Free Trade Areas

► Signed the “10+1” Comprehensive Economic Cooperative Framework Agreement

2002

► Carried out FTA Strategy

2007

► Accelerating the Implementation of FTA Strategy

2012

► Building on the neighboring regions, accelerating the implementation of FTA strategy and forming a network of global-oriented Free Trade Areas

2017

► Facilitating the construction of Free Trade Areas and promoting an openness-oriented global economy

CCP' s Central Committee Strategic Plan for FTA

The fifth Plenary Session of the CCP 19th Central Committee' s Advice Regarding Drafting the 14th Five-Year Plan on National Economic and Social Development and 2035 Vision

► **Implementation the Free Trade Area **upgrading** strategy and creating a network of global-oriented and **high-standard** Free Trade Areas**

CCP' s Central Committee Strategic Plan for FTA

Report to the 20th National Congress of the Communist Party of China on October 16, 2022

► **Expand** the globally-oriented network of high-standard free trade areas

China's FTA Strategy

19

FTAs

26

Countries and Economies

► Covered 35% of China's international trade (45% with Hong Kong, Macau, and Taiwan)

► 86% and 71% of inward and outward foreign investment, respectively

► 110-112 service sectors opened to the FTA partners

2013

Iceland

2013

Switzerland

2017

Georgia

2006

Pakistan

2017

Maldives

2019

Mauritius

2008

Singapore

2015

Australia

2015

韩国

ECFA

2002

ASEAN

2020

Cambodia

2020

RCEP

2010

Costa Rica

2009

Peru

2008

New Zealand

2005

Chile

Overview of China's FTAs (1)

No	FTA	Year of taken effect	FTA partner(s)	Trade volume with China (100 million USD)	Share of China's total trade volume (%)
1	China-ASEAN*	2003	10 ASEAN countries	6415	14.02
2	China-Chile*	2006	Chile	409	0.89
3	China-Pakistan*	2007	Pakistan	180	0.39
4	China-New Zealand	2008	New Zealand	183	0.40
5	China-Singapore*	2009	Singapore	899	1.97
6	China-Peru	2010	Peru	237	0.52
7	China-Costa Rica	2011	Costa Rica	22	0.05
8	China-Iceland	2014	Iceland	3	0.01
9	China-Switzerland	2014	Switzerland	318	0.70

Note: * stands for the FTAs that have completed the second-stage or upgrade negotiation

Overview of China's FTAs (2)

No	FTA	Year of entry into force	FTA partner(s)	Trade volume with China (100 million USD)	Share of China's total trade volume (%)
10	China- Korea	2015	Korea	2846	6.22
11	China-Australia	2015	Australia	1696	3.71
12	China-Georgia	2018	Georgia	15	0.03
13	China-Maldives	Not taken effect yet	Maldives	4	0.01
14	China-Marithius	2020	Marithius	8	0.02
15	China-Cambodia	2021	Cambodia	94	0.21
16	Regional Comprehensive Economic Partnership (RCEP)	2021	ASEAN, Japan, Korea, Australia, and New Zealand	14290	31.23

Note: Mainland China's agreements with Hong Kong (CEPA) and Taiwan (ECFA) are not included in the table above

China's ongoing FTA negotiations

Under negotiation

- ▶ **Gulf Arabic States Cooperation Committee** (United Arab Emirates, Oman, Bahrain, Qatar, Kuwait, Saudi Arabia)
- ▶ **China-Japan-Korea** ▶ **Pakistan** ▶ **Panama**
- ▶ **Israel** ▶ **Palestine** ▶ **Norway** ▶ **Sri Lanka** ▶ **Moldova** ▶ **Ecuador** ▶ **Nicaragua**
- ▶ **Korea, Singapore** (2nd phase) ▶ **Peru** (upgrade)

Under joint feasibility studies

- ▶ **Nepal** ▶ **Bangladesh** ▶ **Mongolia** ▶ **Fiji** ▶ **Papua New Guinea** ▶ **Canada** ▶ **Switzerland** (Upgrade)

Facilitating the Development of Bilateral Economic Relations

2003



2021

78,3 billion USD

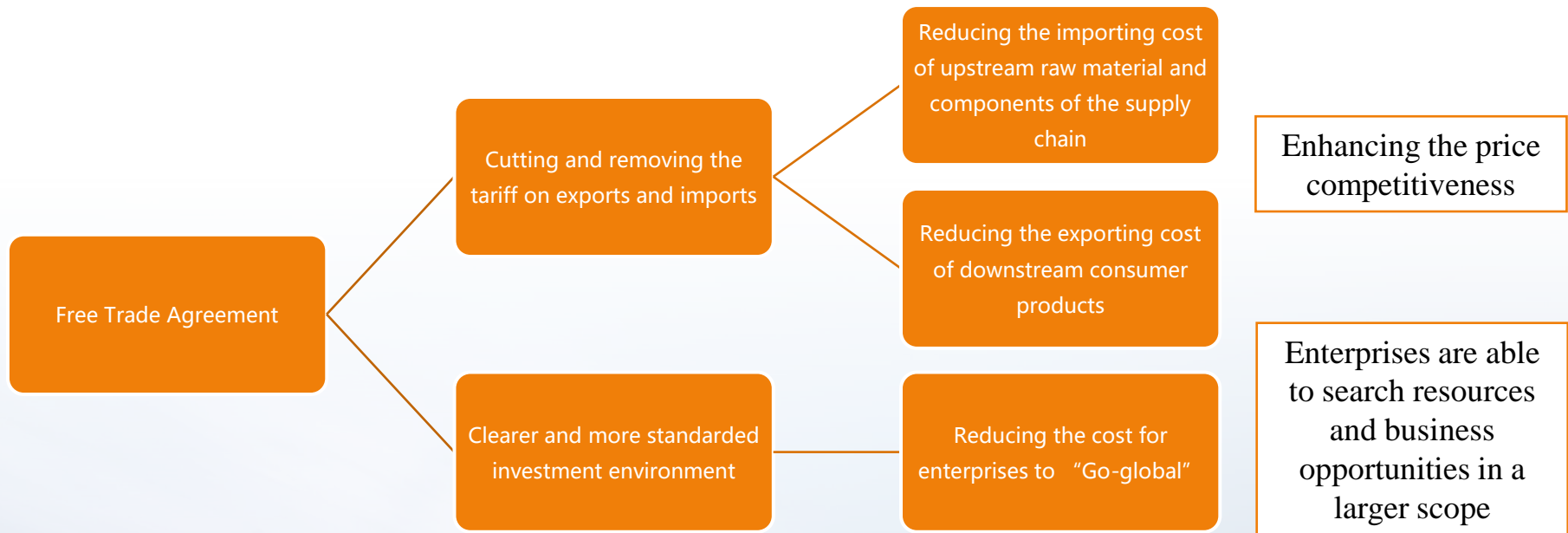
**Bilateral Trade Volume
between China and ASEAN**

878,2 billion USD

**By 2021, China has been ASEAN' s top trade partners for 13
consecutive years;
In 2020, ASEAN historically became China' s top trade
partner for the first time**



Enhancing the Competitiveness of Enterprises



Increasing the real benefits of consumers

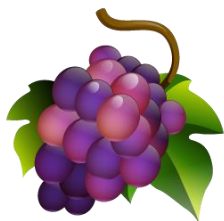


China-ASEAN FTA
The Tariff rate of
China's Imports from
ASEAN:
7%→0%



China-Chile FTA
The Tariff rate of
China's Imports from
Chile:
14-20%→0%

Increasing consumer welfare



Free Trade Areas Upgrading Strategy

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graph TD; A[Free Trade Areas Upgrading Strategy] --> B[Expanding scope]; A --> C[Lifting quality]; A --> D[Enhancing effectiveness]
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Expanding
scope

Lifting
quality

Enhancing
effectiveness

Lifting quality:

1

Raising the level of liberalization of trade in goods

2

Relaxing the market entry of trade in services and investment

3

Actively participate in negotiations of rules

Enhancing effectiveness:

Promoting a healthy interaction between FTA negotiations and domestic reforms

Enhancing the publicity, training, monitoring and assessment of FTAs

Exploring establishing sub-national experimental sites to upgrade free trade areas

Establishing a coordinated network composed by the government, association, enterprises and research institutes



China's FTA information



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协定税率

原产地：CN-中国

商品编码：08.11.00.00

编码查询

服务开放

承诺方：CN-中国

林林经济文：澳大利亚

部门：商业服务-专业服

分部门：法律服务（CPC 861）



商务部代表钟山在韩国首尔出席中日韩经贸部长会议

<http://fta.mofcom.gov.cn>



Thanks