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Manila



Experience of China's WTO Accession Negotiations in Case of Tariff Concessions

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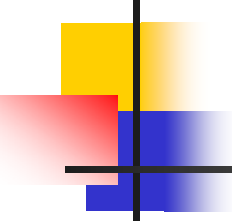
China Association of WTO Studies

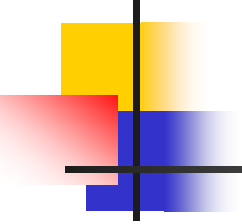


Part One

Overview of China's Accession Negotiations to WTO

- (1) The negotiations started when the Uruguay Round was launched, and concluded at the beginning of the Doha Round
- (2) The negotiations went through 3 stages
 - examination of China's trade regime
 - bilateral market access negotiations
 - draft of legal accession documents

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- (3) The Ministry of Commerce led the accession negotiation team, which was composed of various cabinet agencies. There was a ministerial inter-agency co-ordination committee chaired by a Vice-Premier.
- (4) The Geneva based accession negotiations were often coupled with domestic economic reforms



(5) The negotiation eventually led to a win-win conclusion: WTO members opened China's huge domestic market, and China was allowed to enter the WTO member's markets which had been liberalized over half a century.

Part Two

Accession Negotiations Were Held Within the Framework of WTO Rules and Regulations.

Including:

- the principle of trade liberalization
- the principle of non-discrimination
(MFN treatment and national treatment)
- safeguard measures

Part Three

Issue Raised by WTO Members Regarding China's Tariff Regime in 80's

- (1) Issue of high import duty rates,
 - 42.3% average rate by 1992
 - 180% for vehicle
 - 150% for cigarettes
 - 100% for cosmetics



(2) Issue of uniform application of tariff regime

----mini-tariff regime in Tibet

----tariff exemptions in special economic zones

(3) Issue of transparency

----not all tariff measures, government
decisions related to tariff were published

(4) Issue of customs valuation arbitrary and
fictitious practices of customs valuation

Part Four

Long and Complicated Tariff Negotiations with WTO Members

- (1) China held tariff concession negotiations with 27 WTO members
- (2) Focus of negotiations was on products of interest of China's major trading partners
 - US, reduction requested on 4333 tariff lines
 - EU, sector by sector approach
 - Japan, reduction requested on 4253 tariff lines



(3) "Zero" approach of developed members
for steel, wool, cosmetics, medicine, toys, ...

(4) "Zero" rates for IT products
256 tariff lines involved, according to IT
Agreement

(5) Co-ordinated rates for chemical
0% for chemical raw material
5% for intermediates
5.5% for manufactured chemicals



(6) Tariff quota negotiated for agricultural products

----grain

----cotton

----vegetable oils

----sugar

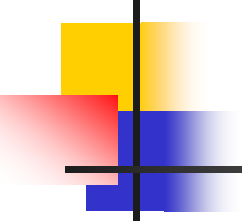
----wool



Part Five

Results of China's Tariff Negotiations

- (1) China committed substantial tariff reduction
 - average tariff rates of all products down to 9.8%
 - agricultural products down to 15.2%
 - non-agricultural products down to 8.9%
(note, current average, ddc, 3.8%, dgc, 12.3%)



(2) A schedule of concessions was established, as part of the Accession Protocol.

Implementation periods vary with different products

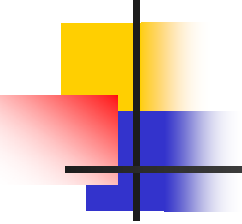
(3) Binding all tariff lines

----developed countries, 99%

----countries on transition, 98%

----developing countries, 72%

----China, 100%

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- (4) Commitment on uniform application of new tariff system
 - (5) Commitment of transparency of tariff measures
 - (6) Committed consistency of China's customs valuation with WTO rules



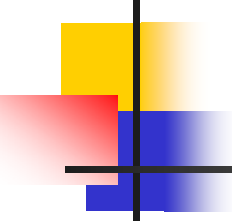
Part Six

China's Tariff Protection, 2010

(1) Average import rates of all products

2010	9.8%
2009	9.8%
2008	9.8%
2007	9.8%
2006	9.9%
2005	9.9%

2004	10.4%
2003	11.0%
2002	12.0%
2001	15.3%
1996	23.0%
1992	42.3%



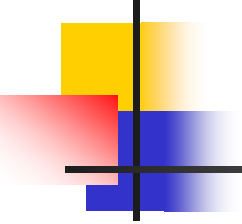
(2) Compared with other WTO members
(applied rates, all products)

US, EU and Japan	2.8%
China	9.8%
Mexico	10.4%
Brazil	11.9%
India	30.9%



(3) China's tariff protection is low

Product Group	On Chinese border	On border of importing member
Natural resources	1.9%	3.1%
Primary	15.5%	23.8%
Manufactures	6.1%	8.9%



(4) Agricultural products, comparison (bound rates)

China	15.3%
US	23.0%
EU	73.0%
World average	62%



(5) Products covered by tariff quota

Product	Quota	Non-quota rate
Grain	3%	66%
Sugar	15%	50%
Cotton	1%	40%
Wool	1-3%	38%



(6) 0% tariff is applied to the following products:

IT products (256 tariff lines)

Crude oil

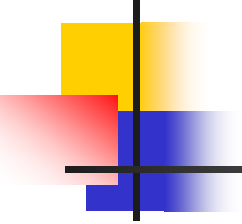
Mineral ores

Wood

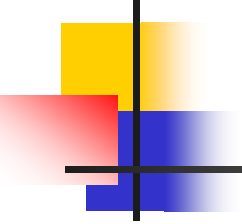
Toys

Furniture

Beer...



(7) Tariff system is applied uniformly in all Chinese territory, except for Hong Kong, Macau, and Taiwan, which are WTO Members in name of China's separate customs territories.



(8) China's tariff system is transparent, tariff decisions and administrative measures are all published.

(9) Procedure of China's customs valuation are fully consistent with WTO rules.

Part Seven

Some Reflections over China's Tariff Concessions in WTO

(1) Tariff reduction leads to revenue loss?

No, in case of China, lower tariff rates, more customs revenue.

Year	Average tariff	Tariff revenue (RMB/billion)
1992	43.2%	21.4
1996	23.0%	34.1



2002	12.0%	73.5
2003	11.0%	92.3
2004	10.4%	104.4
2005	9.9%	106.6
2006	9.9%	114.1
2007	9.8%	143.2
2008	9.8%	177.0
2009	9.8%	148.4



(2) Average agricultural tariff of 15.2% is sufficient to protect China's agriculture?

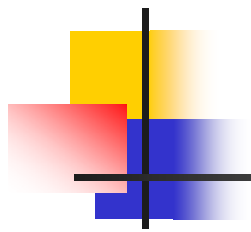
Perhaps not, when compared with high tariff of other WTO members. However, the Chinese agriculture development is so far so good, except for individual produce such as soy bean.



(3) Should developing countries take an active part in tariff negotiation of the Doha Round?

Reflections vary with different WTO members.

For China, yes.



Thank you