

CHINA AND THE WORLD TRADING SYSTEM

Entering the New Millennium

China, the world's sixth largest economy, has recently joined the rules-based international trading system. What are the implications of this accession? Leading scholars and practitioners from the United States, Europe, China, Australia and Japan argue that China's membership will affect the WTO's decision-making, dispute resolution and rules-based structures. It will also spur legal and economic reform, have far-reaching social, political and distributional consequences in China, facilitate a new role for China in international geo-political affairs, and alter the shape, structure and content of the international trading system as a whole. This book will be of interest to international trade lawyers and economists as well as scholars of China and international relations.

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Edited by
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PREFACE

This book arose from a research project funded by the Australian Research Council and the Australian Department of Foreign Affairs and Trade (DFAT). The idea for the project first emerged in 1997 in discussions between Deborah Cass and Geoff Raby, former head of the Trade Negotiations Division at DFAT, and subsequently Australian ambassador to the World Trade Organization; and Graeme Thomson, formerly principal adviser in the DFAT Trade Negotiations Division, who oversaw much of Australia's role in the accession negotiations. The success of the project owes a great debt to the inspiration of Geoff Raby, and to the generosity of Graeme Thomson, who was always willing to share the wisdom of his vast experience in trade relations, and his understanding and appreciation of the unique questions arising from the Chinese accession. Invaluable advice and assistance was also received from other DFAT personnel during the project, including Toni Harmer, Ian Macintosh, Klea Maniatis, John Stroop and Antony Taubman in Canberra, Philippa Kelly in Beijing, and Rick Wells in Geneva.

The three-year project, which ran from 1998 to 2001, produced a series of results, in the form of seminars, working papers, essays, a website, a major conference and ultimately this publication. It was instrumental in bringing together, sometimes for the first time, interested parties from business, government and academia, to discuss the crucial issue of China's accession to the World Trade Organization. In March 2001 an international conference was held in Canberra, Australia, as a culmination of the project. Keynote speakers included the leading GATT/WTO scholar, Professor John Jackson, from Georgetown University; Professor Raj Bhala, from George Washington University; Dr Sylvia Ostry, former Canadian trade representative, distinguished research fellow at the University of Toronto and now member of the WTO Director General's Expert Advisory Group; and Mr Jeffrey Gertler, senior counsellor in the Legal Affairs Division of the



XVİ PREFACE

WTO, who acted for thirteen years as secretary to the WTO Working Party on China's Accession. The essays in this collection arose from this conference.

The original application for project funding was made by Deborah Cass and Ian McEwin in 1997, who began the research by holding a series of seminars in 1998. In 1999, while Deborah Cass was on leave in the United States, research assistance was provided by Jian Fu, Brett Williams and Fabio Spadi and administrative assistance by Kate Booth. Between them, Jian Fu and Brett Williams conducted research in Australia, Geneva, and China.

Ian McEwin left the project in 2000 and was succeeded by George Barker, director of the Centre for Law and Economics at the Law Faculty of the Australian National University, and a director of Legal and Economics Consulting Group (LECG). Brett Williams continued as principal research officer and was assisted during this time by Faye Liu, Tanya Canny, Scott Ralston and Wang Qiang. In addition, during 2000, Brett Williams identified most of the conference speakers who comprise the authors of this collection.

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territory of Taiwan; Mr Tang Xiaobing of UNCTAD, and Peter Milthorp and Cato Adrian of the WTO Accessions Division; in Beijing, officers from the Centre for International Agricultural Trade and the Centre for Chinese Agricultural Policy, both at the Chinese Academy of Agricultural Sciences, the Chinese Academy of International Trade and Economic Co-operation, the Legislative Affairs Office of the State Council, the Rural Industries Research Centre, the Department of Treaties and Law of the Ministry of Foreign Trade and Economic Co-operation, the US Embassy in Beijing and News Corporation.

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On 11 December 2001, three years after beginning our research, China joined the World Trade Organization. It is a great privilege to have been amongst the first to study this momentous event. We present the fruits of that study in the confidence that the book will shed some light on a range of fascinating issues for future study by lawyers, trade specialists, industry, diplomats and the international community generally.



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- Michael Lennard (chapter 21). Previously 'Navigating by the stars: interpreting the WTO agreements' (2002) 5(1) *Journal of International Economic Law* 17–81, Cambridge University Press.
- Will Martin and Elena Ianchovichina (chapter 7). Previously 'Trade liberalization in China's WTO accession' (2001) 16(4) *Journal of Economic Integration* 421–45, Sejong University, Seoul.
- Alice E. S. Tay and Hamish Redd (chapter 10). Previously 'China: trade, law and human rights' (2002) 7 *International Trade and Business Law Annual* 301–24, Cavendish Publishing (Australia) Pty Ltd.

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ABBREVIATIONS AND ACRONYMS

Abbreviations

Protocol on the Accession of The People's

Republic of China, 10 November 2001, Doha,

(published in Ministerial Decision of

10 November 2001, 'Accession of the People's

Republic of China', WT/L/432, dated 23 December 2001). Available at

http://www.wto.org/english/thewto_e/acc_e/

completeacc_e.htm.

WP Report Report of the Working Party on the Accession of

China, WTO/ACC/CHN/49, 1 October 2001.

Available at

http://www.wto.org/english/thewto_e/acc_e/

completeacc_e.htm.

Doha Declaration Doha Ministerial Declaration, adopted on

14 November 2001 (WT/MIN(01)DEC/1, dated

20 November 2001).

Paris Convention Paris Convention for the Protection of Industrial

Property of 1883, as revised.

UPOV Convention International Convention for the Protection of

New Varieties of Plants, done 2 December 1961. UPOV 1961/72 means the treaty amended by the Act of 10 November 1972; UPOV 1978 refers to the Act of 23 October 1978; UPOV 1991 refers to

the Act of 19 March 1991.

Vienna Convention Vienna Convention on the Law of Treaties, done

at Vienna, 23 May 1969, in force 27 January 1980,

1155 UNTS 331; (1969) 8 ILM 679.

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More information

XX ABBREVIATIONS AND ACRONYMS

WTO Agreement Marrakesh Agreement Establishing the World

Trade Organization, done at Marrakesh, 15 April 1994, in force 1 January 1995, (1994) 33 *ILM* 1144.

994, in force 1 January 1995, (1994) 33 ILM 114

Acronyms

AAMA American Apparel Manufacturers Association
AICs administrations for industry and commerce
ALL Administrative Litigation Law of the PRC
APEC Asia Pacific Economic Co-operation forum
AQSIQ the PRC State General Administration for Quality

Supervision and Inspection and Quarantine

ASEAN Association of Southeast Asian Nations
ATC the WTO Agreement on Textiles and Clothing
BMAIC Beijing Municipal Administration for Industry

and Commerce

BZC bonded zone trading companies

CAAC Civil Aviation Administration of China

CBI Caribbean Basin Initiative CCB China Construction Bank

CCF China-China-Foreign joint venture enterprises

CCP Chinese Communist Party

CEECs central and eastern European countries

CIQ-SA the former State Administration for Entry–Exit

Inspection and Quarantine of China

CITA the USA's Committee for Implementation of

Textile Agreements

CITIC China International Trust and Investment

Corporation

CNAC China National Aviation Corporation

CPA chartered public accountant

CPC UN Central Product Classification Categories

CPL Criminal Procedure Law of the PRC

CSBTS the former China State Bureau of Technical

Supervision

DSB Dispute Settlement Body
DSR Dispute Settlement Reports

DSU WTO Understanding on Dispute Settlement



ABBREVIATIONS AND ACRONYMS

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ECJ European Court of Justice

ELVIS the USA's Electronic Visa Information System

EU European Union

FDI Foreign Direct Investment
FIE foreign-invested enterprise
FSU Former Soviet Union
FTC foreign trade corporations

GATS General Agreement on Trade in Services
GATT General Agreement on Tariffs and Trade
GEDA Guangzhou Economic and Technological

Development Area

GI geographical indication HS Harmonized System

IBRD International Bank for Reconstruction and

Development

ICB Industrial and Commercial Bank of China

ICP internet content providers

ICSID Convention International Convention on the Settlement of

Investment Disputes between States and

Nationals of Other States

IFF Regulations Administrative Regulations on Foreign

Investment in the International Freight

Forwarding Industry

IFFEFI Regulations the Regulations on the Examination and

Approval of International Freight Forwarding

Enterprises with Foreign Investment

IIPA International Intellectual Property Alliance

IMFInternational Monetary FundIPRintellectual property rightISPinternet service providers

ITO International Trade Organization

JVCE Joint Venture Commercial Enterprises

MEI the former PRC Ministry of Electronic Industries

(now part of MII)

MFA Multi-Fibre Arrangement MFN most favoured nation

MII the PRC Ministry of Information Industry

MMF man-made fibre



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XXII ABBREVIATIONS AND ACRONYMS

MNC multinational corporation

MOC the PRC Ministry of Communication

MOFTEC the PRC Ministry of Foreign Trade and Economic

Co-operation

MOR the PRC Ministry of Railways
MOU Memorandum of Understanding
MPS the PRC Ministry of Public Security
MPT the former PRC Ministry of Posts and

Telecommunications (now part of MII)

NAFTA North American Free Trade Agreement

NGO non-governmental organization

NME non-market economy

NPC National Peoples' Congress of the PRC

NTB non-tariff barrier NV normal value

OECD Organization for Economic Co-operation and

Development

PCT Patent Co-operation Treaty

PNTR permanent normal trading relations

RMB renmimbi, the PRC currency

SABIC Shanghai Administrative Bureau of Industry and

Commerce

SAIC the PRC State Administration of Industry and

Commerce

SC Standing Committee of the National Peoples'

Congress of the PRC

SCER State Commission for Economic Restructuring SCIO the PRC State Council Information Office SCM the WTO Agreement on Subsidies and

Countervailing Measures

SDPC State Development Planning Commission

SEMC the PRC State Encryption Management Commission SETC the PRC State Economic and Trade Commission

SEZ special economic zone SOE state-owned enterprise

SPS Agreement the WTO Agreement on Sanitary and Phytosanitary

Measures

State Council State Council of the PRC



ABBREVIATIONS AND ACRONYMS

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STIB China's State Textile Industry Bureau

TBT Agreement the WTO Agreement on Technical Barriers to Trade

TPRM Trade Policy Review Mechanism

TRAB Trademark Review and Adjudication Board

TRIMs Agreement on Trade-Related Investment Measures
TRIPs Agreement on Trade-Related Aspects of Intellectual

Property Rights

TRQ tariff-rate quota

TVE township and village enterprises

UPOV Union for the Protection of New Varieties of Plants

USO universal service obligation

USTR United States trade representative

VAT value added tax

WFOE wholly foreign-owned enterprise

WIPO World Intellectual Property Organization

WTO World Trade Organization