

A Moment Seized

Following its WTO accession, China has fulfilled its membership commitments and made great contributions to the world economy **By Mei Xinyu**



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China has comprehensively fulfilled its commitments to the World Trade Organization (WTO), substantially opened its market to the world and delivered mutually beneficial win-win outcomes on a broader scale, according to a white paper, "China and the World Trade Organization," released by China's State Council Information Office on June 28.

The Chinese government published the white paper to give a full account of China's fulfillment of its WTO membership commitments; explain China's principles, stances, policies and propositions regarding the multilateral trade system; and describe China's vision and actions in advancing higher-level reform and opening up, the document stated.

China acceded to the WTO in 2001, a milestone in the country's integration into the global economy and the start of a new historic phase of market openness. Over the past 40 years, China has adhered to its fundamental national policy of reform and opening up, and the pursuit of development with its door open to the world. Consequently, a model of comprehensive, multilevel and wide-ranging opening up has gradually taken shape.

When acceding to the WTO in 2001, China agreed to an annual review on the fulfillment of its accession commitments for the next eight years, with a final review due in the 10th year. The review, in which Western countries including the United States have the largest say, has approved China's fulfillment of its accession commitments for the last 10 years. Nonetheless, some observers have made groundless accusations that China has not fulfilled these commitments.

After accession to the WTO, China's share

in the global import of goods expanded from just 3.8 percent in 2001 to 10.26 percent in 2017, according to data from the United Nations Conference on Trade and Development. With the rapid growth of imports, China evolved from an economic stabilizer in East Asia during the Asian financial crisis of 1997-98 to become the ballast of the global economy after the global financial crisis of 2008. China, with robust import and investment demands, has helped lift a number of countries and regions out of recession.

The speed of China's own economic and trade growth is testament to the significance of its accession to the WTO. Developments in recent years also demonstrate that the most valuable aspect of China's WTO accession is that it has coincided with a unique opportunity for growth.

Accession benefits

China's decision to join the WTO has been vindicated by the subsequent ascent of its global economic and trade ranking. Back in 2001, China accounted for 4.3 percent of the world's total export of goods, ranking sixth globally following the United States, Germany, Japan, France and the U.K. Since its WTO accession, China has gradually surpassed all of the world's major economies in terms of exports.

By 2015, China accounted for 13.76 percent of global exports of goods—a much larger share than the 9.1 percent of the second country on the list, the United States. Without WTO membership, China could never have realized such rapid growth. Despite its global export share edging down slightly to 12.78 percent in 2017, China still leads the world by a wide margin and will remain the world's largest exporter of goods for a long time to come.

With history in mind, China's achievements are all the more remarkable. The country's current share of the global goods export market is on par with that of the United States in the late 1950s and 1960s—the

largest share the United States has been able to maintain, even at the height of its peacetime power.

China's success has been achieved largely due to the extent of the external market—newly accessible following China's WTO accession—which has prompted a surge in the size of the country's manufacturing sector and economic aggregate. From 2001 to 2017, the revenue of China's major industrial firms increased from 8.4 trillion yuan (\$1.27 trillion) to 116.5 trillion yuan (\$17.63 trillion), while the national GDP jumped from 11 trillion yuan (\$1.66 trillion) to 82.7 trillion yuan (\$12.52 trillion).

China has been able to accomplish such dramatic increases in its manufacturing sector, foreign trade and GDP in the past 17 years because the first decade of this century represented a window of opportunity to realize swift and sustained economic and trade growth, and China seized the moment by joining the WTO at the right time. As a latecomer, China was already equipped with the industrial foundation, human resources, infrastructure, economic structure and administration system necessary to capitalize on these favorable conditions upon its admission to the WTO in 2001.

The first decade of this century marked a high point in the boom-and-bust cycle; technological innovation in areas such as information technology emerged and spread rapidly worldwide, the market economy system assimilated almost every economy in the world and the multilateral trade system led by the WTO functioned well.

In addition, following loose monetary policies, most central banks in the West, particularly the U.S. Federal Reserve, created sufficient liquidity for other economies to support their own trade and economic growth. During this period, Western countries, the United States in particular, had a high level of market openness that created favorable conditions for export-driven economies.

Setting out again

Since 2015, however, these favorable conditions have begun to disappear or be reversed. The global economy has been in a bust period since the global financial crisis of 2008, and it could take a long time for the boom to return.

For now, there is no sign of any technological revolution powerful enough to galvanize worldwide growth as before. The stimulus effect brought about by the expansion of the market economy is disappearing, and major central banks in the West, including the U.S. Federal Reserve, are tightening their monetary policies, which could remain in place for a long time to come.

Trade protectionism and anti-globalization are also on the rise. Since U.S. President Donald Trump took office, the global trade system has hit a patch of turbulence. Under Trump's leadership, U.S. economic policy has become increasingly domestic in focus.

The WTO is arguably in its darkest hour. The Doha round of trade negotiations, which were supposed to conclude before Jan. 1, 2005, made the first breakthrough in 2013 and later came to a halt. Various regional trade agreements are replacing the WTO as the major instruments of economic integration. These issues have plagued the WTO for over a decade, and since Trump assumed power, the United States, which has the largest impact on the organization's development, has dealt with its trading partners by bypassing the institution it helped create.

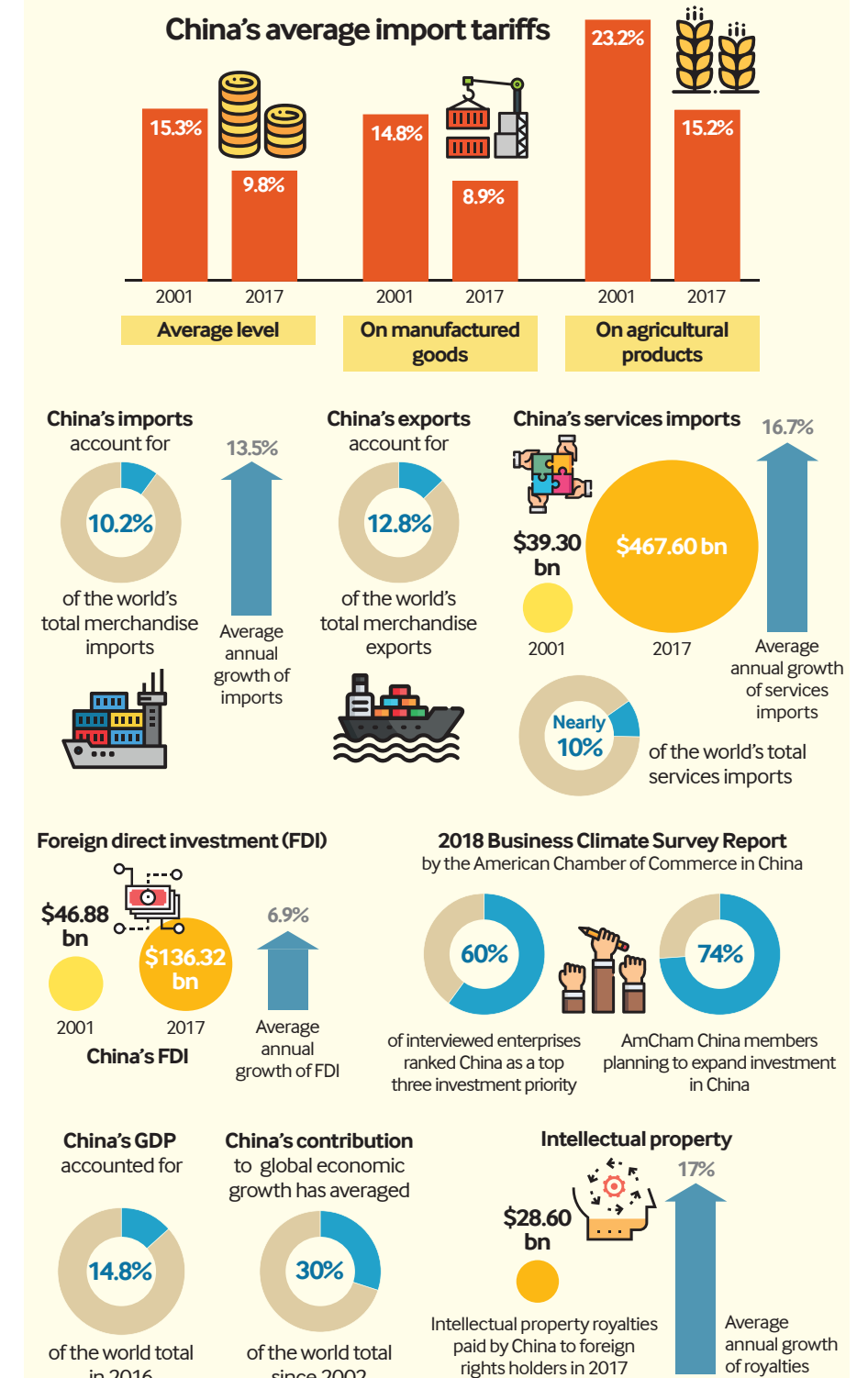
With its domestic industries maturing, China has overcome many of the difficulties that impede the economic growth and stability of developing countries. That said, China must continue to move with the times, open wider to the world, increase the price competitiveness of domestic products by utilizing global resources on a larger scale, align the Chinese and global markets by allowing trading partners to share Chinese opportunities and maintain the vitality of domestic industries by introducing competition.

Further opening up is essential to break vested interests and increase the efficiency of the national economy. In such a critical moment, China should retain the resolve and courage inherent in its accession to the WTO to maintain economic momentum. ■



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From 2001 to Now



Source: China and the World Trade Organization.
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