

# **Chapter X**

## **China's Practice of Participating in Multilateral and Regional Economic and Trade Cooperation**

China firmly promotes global openness cooperation, actively integrates into the process of economic globalization, participates in mechanisms such as the United Nations, WTO, G20, APEC, and BRICS, accelerates the construction of free trade zones, promotes regional economic integration, and supports and promotes global trade and investment liberalization and facilitation, so as to contribute to the improvement of the global economic governance system, the construction of an open world economy, and the building of a community with a shared future for mankind.

### **I. Firmly Safeguarding Multilateral Trade System**

This year marks the 20<sup>th</sup> anniversary of China's accession to the WTO. Over the past 20 years, China has firmly abided by and upheld WTO rules, supported a rule-based, open, transparent, inclusive, and non-discriminatory multilateral trading system, fully participated in the WTO's work, and sent out China's voice for the improvement of global economic governance. China has been a participant, defender, beneficiary, and contributors of the multilateral trading system.

#### **1. Fully fulfilling the commitments to the WTO**

China continues to improve the socialist market economy system, earnestly fulfills its commitments in the fields of open-up trade in goods and services, opens up 100 sub-sectors in 9 major service sectors, and strengthens intellectual property protection. It has significantly improved stability, transparency, and predictability of its opening-

up policy, making positive contributions to the effective operation of the multilateral trading system. China's fulfillment of its WTO commitments has been recognized by all parties. Former WTO Director-General Pascal Lamy, for example, gave a high score of "A+". China has also agree to receive WTO's trade policy review as required. Most WTO members hold that given its positive image in fulfillment of commitments, obeying of rules and openness, China has set a good example for other members.

## 2. Promoting the role of the multilateral trading system

China has actively promoted trade and investment liberalization and facilitation, comprehensively participated in the negotiations on various topics of the Doha Round, made important contributions to the conclusion of the expansion of the *Trade Facilitation Agreement* and the *Information Technology Agreement*, and earnestly fulfilled relevant agreed commitments. It has thoroughly participated in trade policy review, seriously accepted trade policy supervision of WTO members, and urged other members to abide by multilateral trade agreements. It has provided full support for the integration of developing countries into the multilateral trading system, implemented zero tariffs on 97% of tax items on goods from least developed countries that have established diplomatic relations with China, and set up special projects to help these countries joining the WTO.

## 3. Supporting necessary WTO reforms

China supports and promotes the resolution of the existing crisis facing the WTO, enhances its authority and effectiveness, and allows the WTO to play a greater role in openness expansion and promoting development.

**Clarifying overall position.** In November 2018, China issued a document, titled *China's Position Paper on WTO Reform*, which puts forward three principles and five propositions, emphasizing the need to maintain the WTO's main role as the main channel for pushing global trade and investment liberalization and facilitation, and safeguard non-discrimination, openness and other core values of the multilateral trading system, create a stable and predictable competitive environment for international trade. It is also urged that the development interests of developing members should be guaranteed, the "development deficit" in WTO rules should be addressed, the difficulties of developing members in integrating into economic globalization should

be solved, and efforts should be made to help achieve the UN 2030 Sustainable Development Agenda goals.

**Making specific suggestions.** In May 2019, China submitted a document, titled *China's Proposal on WTO Reform*, to the WTO, proposing reform proposals on four key action areas and 12 specific topics. China holds that the main areas of action for WTO reform include the followings. First, to resolve key and urgent issues that endanger the survival of the WTO, such as breaking the deadlock in the selection of members of the Appellate Body. Second, to increase the relevance of the WTO in global economic governance, such as promotion of negotiations and discussion of such topics as e-commerce and investment facilitation. Third, to improve the operational efficiency of the WTO, such as strengthening the implementation of member notification obligations. Fourth, to enhance the inclusiveness of the multilateral trading system, such as respecting developing members' rights to special and differential treatments.

**Strengthening communication and cooperation with other members.** In July, 2018, China and the EU agreed to establish a joint working group at the deputy ministerial level for WTO reform. The two sides held three joint working group meetings to exchange views on reform issues. In November 2019, China hosted a small-scale WTO ministerial meeting in Shanghai; 33 ministers or ministerial representatives from the European Union, Russia, India, and other countries exchanged views on the designing of the outcomes of the 12th WTO Ministerial Conference and WTO reforms, and pushed 92 WTO members, including those participating in the meeting, issued the *Joint Ministerial Statement on Investment Facilitation for Development*.

**Participating in relevant negotiations actively.** China and some developing members have jointly established the Friends of Investment Facilitation for Development mechanism and initiated structural discussions and negotiations on investment facilitation in the WTO. China has actively implemented the decisions made at the 11<sup>th</sup> WTO Ministerial Conference, and put forward many its own proposals on the negotiation of fishery subsidies. It has participated in negotiations on trade-related e-commerce issues with more than 80 members, including the United States and the European Union, signed a joint statement to promote negotiations on domestic regulatory issues with more than 60 members, including the European Union, and pushed negotiation on investment facilitation with more than 100 members, including

the European Union. It has also established a multi-party interim appeal arbitration arrangement with more than 40 members, including the European Union.

## II. Accelerating Construction of Free Trade Areas

In 2002, the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and China was signed, starting China's process of building free trade area. In 2007, China for the first time put forward the implementation of free trade area strategy. After more than a decade of hard work, China's free trade area construction has developed rapidly, the number of free trade partners has continued to increase, and the contents of relevant agreements have become increasingly substantial. As a result, it has largely built a high-standard free trade area network that is based on neighboring regions, connected with the Belt and Road Initiative, and aimed at the whole world, thus making positive contributions to global openness development.

### 1. Positive progress made in the construction of free trade areas

**China's free trade *circle of friends* is getting wider and wider.** In recent years, the construction of China's free trade areas has accelerated, and free trade agreements have been reached with Iceland, Switzerland, South Korea, Australia, Georgia, Maldives, Mauritius, Cambodia, among others. Among them, the free trade agreements it signed with Iceland and Switzerland mark a major breakthrough in the establishment of free trade areas with European countries; the free trade agreements it signed with South Korea and Australia are important in the sense that it has signed such agreements with major advanced economies. The agreement it signed with Georgia marks the first such agreement it has signed with a Eurasia country. And the agreement it signed with Mauritius marks the first such agreement with an African country. In November 2020, the *Regional Comprehensive Economic Partnership Agreement* (RCEP) was officially signed by its participating members, marking the formal launch of the free trade area with the largest population, the largest economic and trade scale and the most development potential in the world in which China has participated. By the end of 2020, China had signed 19 free trade agreements with 26 countries and regions, with free trade partners covering Asia, Africa, South America, Oceania and Europe.

**Level of liberalization continues to improve.** In terms of trade in goods, through