

Retrospects and Prospects at the 20th Anniversary of China's Accession to the WTO

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Abstract: The year 2021 marks the 20th anniversary of China's accession to the WTO. In the past 20 years, China has thoroughly and practically fulfilled its accession commitments and abided by WTO rules. Its ability to embrace challenges and opportunities has enhanced its progress and enabled it to grow into a developing power and core WTO Member. Currently, the domestic and international environment confronting China is drastically changing, and the WTO multilateral trading system is facing a crisis. In the future, China must face and value its shifting identity along with its role in the WTO so it can maintain authentic multilateralism.

Keywords: WTO, Multilateral Trading System, Global Economic Governance

I. CHINA'S OVERALL PERFORMANCE IN THE 20 YEARS AFTER ITS WTO ACCESSION

On December 11, 2001, China officially became a WTO Member. In the past 20 years, China has thoroughly and practically fulfilled its accession commitments, increased efforts to construct a socialist market economy with Chinese characteristics, and is fully connected to the WTO multilateral trading system. China has actively participated in WTO affairs, steadfastly maintained the WTO multilateral trading system, and become a core WTO Member.

A. Practically Fulfilling Its WTO Accession Commitments

China has achieved its accession commitments related to trade in goods ahead of schedule. Starting in 2002, China lowered its import tariffs year by year. In 2010, it adjusted the average tariff level from 15.3% to 9.8%, its average tax

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rate for agricultural products from 23.2% to 15.2%, and average tax rate for industrial products from 14.8% to 8.9%. Moreover, its tariff binding rate reached 100%, while its actual tariffs and bound tariffs are consistent. Since 2018, China has annually and proactively lowered its import tariffs. The general level of its current import tariffs is only 7.4%, which is lower than that of all developing Members and close to that of developed Members.

China canceled relevant non-tariff measures to comply with these commitments. For example, by January 1, 2005, as committed to in Annex 3 to the *Protocol on the Accession of the People's Republic of China*, it had completely cancelled its import non-tariff measures for 424 items, including import quota, import licenses, and specific import tendering. China has gradually liberalized the right to foreign trade. Pursuant to its *Foreign Trade Law* revised in April 2004, China fulfilled its commitment to liberalize the right to foreign trade half a year in advance on July 1, 2004, thus canceling the foreign trade right approval system that had operated for 50 years, and began to implement a registration system for foreign trade authorization.

China's commitment level regarding opening up the services market is close to that of developed Members. In addition, China has enacted dozens of regulations and rules on opening up numerous areas of trade in services such as finance, distribution, logistics, tourism, and architecture, and also essentially completed its opening-up of the trade in services legal system. Furthermore, China prematurely fulfilled its relevant commitments in fields such as banking, securities, and tourism, thus forming a pattern of comprehensive opening-up of the service industry. Out of the 160 services sub-sectors that the WTO has classified, China has opened up 104 (65%), approaching the average level among developed Members (66%).

China has developed a full-fledged legal system for intellectual property protection and has strengthened its law enforcement mechanisms. After its accession, China has complied with WTO requirements to thoroughly organize and amend nearly all laws, regulations, and judicial interpretations related to intellectual property protection, such as the *Trademark Law*, *Patent Law*, *Copyright Law*, and *Regulations for the Protection of Computer Software*. It has also promulgated new regulations such as the *Regulations on the Protection of Layout-designs of Integrated Circuits* and the *Regulations on the*

Collective Administration of Copyright. China has continually improved its protection system involving intellectual property laws and regulations, which conforms to international universal rules and features comprehensive categories. In 2019, it revised the *Trademark Law* and the *Anti-unfair Competition Law*. It annually releases a white paper entitled *Intellectual Property Protection in China*,¹ demonstrating its domestic and international intellectual property protection status. Furthermore, China has strengthened its intellectual property judicial protection and administrative law enforcement, continually promoted special governance in key fields, and improved its working mechanism, while innovative subjects in various countries and the international community have extensively recognized its achievements in intellectual property protection.²

China has established a WTO-compliant legal system. China's legislation development curves from 1979 to 2005 show that its peak values appeared in 2001, which may be related to its efforts to organize and amend laws for WTO accession.³ After accession, China made plans to adjust its trade-related laws, administrative regulations, and departmental regulations. Moreover, it formulated, amended, and abolished more than 2,300 central-level laws, administrative regulations, and departmental regulations. Transparency in government affairs and other concepts have been continually merged into its legislation. The *Legislative Law*, the *Ordinance Concerning the Procedures for the Formulation of Administrative Regulations* along with other laws and regulations have further institutionalized and standardized its legislative openness, serving as a fundamental principle that should be followed by legislative activities. In 2007, the *Government Information Disclosure Ordinance* was promulgated, demonstrating China's determination to build a transparent and service-oriented government. In 2014, the State Council Office printed and issued the Notice on Further Strengthening Trade Policy Compliance (Guo Ban Fa [2014] No. 29), in an effort to further strengthen trade policy compliance with WTO rules. The public can also access trade-related laws, regulations, and

1 China released its first white paper entitled *Intellectual Property Protection in China* in 1994, and has annually formulated and released it since 1998.

2 China's intellectual property protection social satisfaction achieved a new high in 2020, reaching 80.05 points (out of 100). The 2020 Global Innovation Index Report released by the World Intellectual Property Organization showed that China ranked No. 14.

3 Zhu Jingwen, *Report on China Law Development, Database and Indicators*, China Renmin University Press, 2007, p. 3.

rules in the *China Foreign Trade and Economic Cooperation Gazette*.

B. Actively Participating in WTO Affairs

In the past 20 years, China has grown from a new Member at the launch of the Doha Round into a core Member with decisive influence in multiple aspects of negotiation, gradually leading the formulation of WTO rules rather than adapting to them.

China has devoted itself to promoting the Doha development round negotiations. Since 2004, no major negotiations have taken place without China.⁴ It has also actively helped to connect developed and developing Members by aiming to bridge the gap between various parties and drive negotiations to consensuses. In a mini-ministerial conference held during July 2008, China was invited to participate in the G7 ministerial small-scope negotiation (the US, the EU, Japan, Australia, China, India and Brazil), thus entering the core of multilateral trade negotiations and rule formulation for the first time while changing the balance of power during negotiations. China extensively participated in reaching the Bali Package Agreements, and created the foundation for the final conclusion of its negotiations. The conclusion and effectiveness of the *Trade Facilitation Agreement* as well as the conclusion of the *Information Technology Agreement* expansion negotiation relied on China's active participation and promotion.

China has actively participated in the WTO's aid plans regarding infrastructure, public construction, social welfare facilities, agriculture, health care, and education sectors. After the WTO founded the Least Developed Countries Programme, China was the first Member to make donations. In 2011, it established the Least Developed Countries and Accession to the WTO China Program. China provides duty-free quota-free market access to least developed Members.

China has actively participated in discussions and negotiations on new WTO issues. In addition, it has participated in joint statement initiative negotiations including domestic regulation of services, micro-small-and-medium-sized enterprises (MSMEs), and e-commerce. Moreover, it took the lead in conducting

⁴ Gao Yuan. An Interview with Sun Zhenyu, China's First Ambassador to the WTO, on Whether the WTO Is Still Relevant? *Journal of WTO and China*, No. 3, 2017.

joint statement initiative negotiations on investment facilitation. It also initiated WTO discussions on coping with plastic pollution.

China has sufficiently used the WTO dispute settlement mechanism. As part of the WTO, China prosecuted 22 cases, defended 47 cases, and participated in 190 cases as a third party. Under the WTO dispute settlement mechanism, prosecution involves urging other WTO Members to abide by WTO rules and commitments by rules-oriented legal means, while defense involves defending a country's legitimate rights and trade interests by implementing justified legal procedures. China has actively applied the WTO dispute settlement mechanism, not only maintaining Chinese enterprises' interests but expanding its influence among WTO Members. It has actively contributed to the development of WTO rules and judicial practices, and accumulated a group of lawyers and legal professionals who are familiar with WTO rules.

China has actively participated in the WTO trade policy review mechanism. It has also earnestly accepted transitional period reviews for 8 consecutive years since its accession to the WTO as well as the last transitional period review in the tenth year (2011). Transitional period reviews are conducted by the WTO General Council and its affiliated 16 councils and committees to supervise and review China's fulfillment of its accession commitments. Since 2006, China has undergone 8 consecutive trade policy reviews.⁵ China has also diligently participated in the WTO's trade policy reviews of other Members, particularly those of the United States, the EU, Japan, and other major developed Members. It has asked questions about their trade protectionism measures breaching WTO rules, expressed concerns during multilateral occasions about pending issues in bilateral economic cooperation, and promoted the improvement and settlement of issues through the collective voice of the majority of WTO Members.

C. Firmly Maintaining the WTO Multilateral Trading System

Pursuant to Article 7 of the Marrakech Agreement Establishing the World Trade Organization, each Member shall contribute a membership fee to the

⁵ According to the WTO's regulation, WTO Members whose trade volumes rank Top Four should be reviewed once every two years, those whose trade volumes rank Top 16-20 should be reviewed once every four years, and the rest once every six years. Pursuant to the revised rules in 2017 (WT/L/1014), the review frequencies are adjusted to 3, 5, and 7 years accordingly.

WTO in accordance with its share of the global export trade. Along with the changes in China's global export share, the membership fee it pays has risen year by year. Regarding the amount, China ranks No. 2, surpassing Germany from 2015 on, and is second only to the United States, contributing a membership fee exceeding 10% starting from 2019.

China has firmly supported the WTO Secretary-General and the Secretariat. China's special political, economic and trade status means that it has common interests that overlap with those of other WTO Members, objectively giving China the role of coordinating other Members within the multilateral trading system. Since 2008, the diplomats of the Permanent Mission of the People's Republic of China to the World Trade Organization have served as the chairmen of 10 institutions such as the Committee on Technical Barriers to Trade, the Working party on State Trading Enterprises, the Committee on Trade in Financial Service, and the Committee on Rules of Origin. In addition, professionals, scholars, and experts are leading in the WTO Secretariat and Appellate Body.

As a founding Member of the WTO "Aid for Trade Task Force", China has actively participated in the WTO's launch and follow-up under the Aid for Trade framework. It has also made helpful suggestions regarding the scope, direction, and effect assessment of Aid for Trade during the Task Force's conference discussions. Since the outbreak of the COVID-19, China has provided the international community with roughly 350 billion masks, over 4 billion protective suits, over 6 billion person-share detection reagents, and over 1.6 billion vaccines, thus actively promoting international anti-pandemic cooperation. It supports the exemption of vaccine intellectual property for developing countries, and also relies on practical actions to fulfill commitments and undertake responsibilities.⁶

China fully supports the WTO's efforts to constrain global trade protectionism. President Xi Jinping has repeatedly stressed at international conferences that the multilateral trading system should be maintained, trade and investment protectionism should be objected to, Doha round negotiations should be promoted, the authoritativeness and effectiveness of the multilateral

6 President Xi Jinping, Let the Opening-up Breeze Warm the World—Keynote Speech at the Opening Ceremony of the Fourth China International Import Expo, *Communist Party of China News Net*, <http://cpc.people.com.cn/n1/2021/1104/c64094-32274021.html> (Last Visited on November 5, 2021).

system should be maintained, and the construction of an open world economy should be encouraged. Particularly after 2018, China has promoted autonomous opening-up, e.g. proactive tax reduction and the development of pilot free trade zones. China maintains and develops an open world economy, while globally providing public goods, e.g. promoting the Belt and Road Initiative and holding the China International Import Expo. China has also actively participated in international economic governance, e.g. promoting Asia-Pacific Economic Cooperation and the G20 to promote world economic recovery, as well as trade and investment facilitation and liberalization.

China has actively participated in WTO reforms. Since 2018, the WTO multilateral trading system has faced a survival crisis. As one of the earliest Members submitting general WTO reform plans to the WTO, China has supported the WTO to implement reforms towards the right direction. Meanwhile, China has collaborated with other developing Members to make co-sign proposals for different issues. For example, China made co-sign proposals with the EU and many other Members in an effort to promote the launch of the Appellate Body selection procedure. After the failure of their efforts, China, the EU, and 17 other WTO Members established the multi-party interim appeal arbitration arrangement (MPIA), under which it set up the appeal arbitration mechanism and arbitrator database.

II. CHINA'S MAIN ACHIEVEMENTS DURING THE 20 YEARS AFTER WTO ACCESSION

During the 20 years after China's accession to the WTO, China has integrated into the WTO multilateral trading system, fully participated in economic governance, and gradually improved its socialist market economy with Chinese characteristics. Its efforts to abide by rules, deepen reform, and comprehensively open up has enabled it to benefit from extensive development. China's economic development and opening-up has provided other countries with a vast market, created opportunities for investors, and generated a strong impetus for world economic growth.

A. China's International Economic and Trade Environment Improved

As a WTO Member, China has full access to multilateral and unconditional most-favored-nation treatment and national treatment, i.e. non-discriminatory treatment.⁷ It has consistently followed the rules, continually learned to use these rules, and gradually participated in formulating new rules. China has used the dispute settlement mechanism to maintain its justified economic and trade rights and interests.

China has become a core WTO Member and thoroughly participated in WTO activities. Its comprehensive participation in WTO negotiations has made its speaking right enhanced. When China participates in trade policy reviews, it answers questions and removes doubts raised by WTO Members, expresses its willingness to get involved, supervises and studies other Members' trade policy trends, and makes its own appeals.

During the 20 years after China's accession to the WTO, China has fulfilled commitments to WTO Members, followed WTO rules, as well as legally established and standardized opening-up policies, thus eliminating uncertainty risks for operation entities and enterprises in the Chinese market arising from policy adjustment and changes.

B. China's Socialist Market Economy with Chinese Characteristics Improved

WTO rules essentially represent the application and development of the market economy's rules within WTO Members. China's economic reform is focused on establishing and improving its socialist market economy. Since China's accession to the WTO, it has continually adjusted and amended the foreign economic legal system, by not only adjusting laws and regulations with central government departments but also revising and abolishing 190,000 local regulations, local governmental rules, and other policy measures with its 31 provinces, autonomous regions, municipalities directly under the central government, and 49 larger cities.

Along with its economic and trade development needs, China has continually improved relevant laws and regulations. On August 30, 2007, the 29th Session of the Standing Committee of the 10th National People's Congress

7 Before the accession to the WTO, the United States conducted discriminatory annual reviews over whether or not China enjoyed the most-favored-nation treatment.

deliberated and adopted the *Anti-monopoly Law*.⁸ In October 2007, the Report of the 7th Congress of the CPC indicated that “the socialist legal system with Chinese characteristics has basically been formed”, thus officially announcing the basic formation of this system. After October 8, 2016, the establishment and change of foreign-invested enterprises applies a filing system rather than an approval system. On March 15, 2019, the *Foreign Investment Law* was adopted⁹ to standardize foreign investment administration, promote the formation of a new pattern of comprehensive opening-up, and drive the robust development of its socialist market economy.

China has actively built a modern market economic system. On April 12, 2002, the State Council approved the *Reform Scheme of the Electric Power System*, which signified that the vertical and integrated operations of China’s monopolistic industries was beginning to break apart and market competition began to develop.¹⁰ In May 2004, the *National Commodity Market System Construction Program* was officially promulgated, pointing out that the purpose of constructing a commodity market system is to “initially develop a commodity market system featuring reasonable layout, optimized structure, complete functions, perfect system and high modernization levels by 2020 as per the requirements of constructing a unified, open, competitive and orderly modern market system”. On April 10, 2020, at the 7th Session of the Financial and Economic Commission of the CPC Central Committee, General Secretary Xi Jinping stressed the necessity to build a new development pattern focused on domestic major circulation with domestic and international circulation promoting each other. The *Regulations on Optimizing a Business Environment*¹¹ was officially implemented on January 1, 2020 to promote the construction of a modern economic system.

While driving market economic development, China also emphasizes

⁸ This Law took effect on August 1, 2008 and was revised in 2020.

⁹ This Law was implemented on January 1, 2020. The *Law on Chinese-foreign Equity Joint Ventures*, the *Law on Foreign-capital Enterprises* and the *Law on Chinese-foreign Contractual Joint Ventures* were concurrently abolished.

¹⁰ Institute of Industrial Economics of CASS, *China’s Industrial Development Report 2006*, Economic Administration Press, 2006, p. 113.

¹¹ This Ordinance was issued by the State Council on October 22, 2019. In order to promote the implementation of this Ordinance’s requirements and improve the business environment legalization level, the Development Research Center of the State Council conducted a third-party evaluation of the implementation of the Ordinance.

strengthening macro-regulation and a market supervision mechanism. After its accession to the WTO, China has significantly adjusted the thinking and methods of macro-regulation and this mechanism based on the theme of “balancing, coordinating and paying more attention to exerting the adjustment functions of the market mechanism”. In addition, China makes adjustments appropriately, moderately, and in accordance with the law of market economy.

China has innovated its positioning of governmental functions and has promoted its service-oriented and legalized guidance of governmental functions. On June 29, 2002, the 28th Session of the Standing Committee of the 9th National People’s Congress adopted the *Government Procurement Law*.¹² This was the first law that China officially enacted and implemented after its accession to the WTO, indicating that the thinking and framework of a modern public service-oriented government was ready to emerge. In 2004, its inclusion of the phrase “the state respects and protects human rights” in the Constitution embodied the Party and the State’s close attention to upholding human rights. On April 5, 2007, the *Information Disclosure Ordinance* was officially promulgated, further promoting disclosures of governmental affairs on a legal track and demonstrating China’s determination to build a transparent and service-oriented government. The government also promoted reforms of the public service system, continually shrinking its scale and greatly improving the efficacy of its public service system. “The major adjustment of governmental agencies in 2003 marked China’s official adoption of market supervision means replacing the economic planning”.¹³ On March 21, 2003, the newly revised *Working Rules of the State Council* initially included law-based administration in the core of the State Council’s work. On April 20, 2004, the State Council issued the *Outline for Promoting Law-based Administration in an All-around Way* which expressly proposes that “the purpose of promoting law-based administration in an all-around way is to ‘basically realize the construction of a rule of law government upon around ten years of constant efforts’”. Since 2008, *Rule of Law in China* annual reports have demonstrated the practical achievements of constructing a socialist society with Chinese characteristics.

12 On June 29, 2002, the *Government Procurement Law* was adopted at the 28th Session of the Standing Committee of the 9th National People’s Congress to become effective on January 1, 2003. It was the first administrative law officially enacted by China after its accession to the WTO.

13 OECD Reviews of Regulatory Reform, China Defining the Boundary between the Market and the State.

China has established a trade law system based on WTO rules. Since its accession to the WTO in 2001, China has attained numerous achievements regarding economic reform. Compared with most OECD countries, China has made considerable progress in making new laws to build a new system including ownership, competition, market entry and a withdrawal mechanism.¹⁴ The construction and improvement of this trade law system has enhanced the litigation awareness of citizens. During the 20 years after China's accession to the WTO, Chinese enterprises' lawsuit response rate has increased from 40% to over 90% when faced with anti-dumping and other trade frictions. In particular, the antidumping lawsuit response rate towards developed countries and key markets such as the EU and the United States has reached 100%.

China has established a modern enterprise system and has improved its corporate quality. Following China's accession to the WTO, it has implemented a series of reform measures for the state-owned assets management system, which has enhanced the vitality of state-owned enterprises. Moreover, China's state-owned economy's overall quality has continually improved, its independent innovation ability has been increasingly strengthened, and its international competitiveness is constantly rising. During the 20 years after China's accession to the WTO, the number of Chinese enterprises on the Fortune Global 500 list has rapidly grown from 13 in 2001 to 143 in 2020. Private enterprises have become the main body of foreign trade, and the import and export percentage of private enterprises and foreign-invested enterprises in the national total import and export increased from 57.5% in 2001 to 82.6% in 2019. In 2019, private enterprises that comprised the largest export entity occupied 51.9% of the total exports.

C. China's Overall Development Experienced

During the 20 years after China's accession to the WTO, it has become the world's second largest economy, with an economic aggregate increasing from 11.1 trillion yuan in 2001 to 101.6 trillion yuan in 2020 (eight-fold growth), and the global percentage increased from 4% to 17.4%. China was the world's only major economy that achieved positive growth in 2020. The living standard of its people has significantly improved, and its GDP per capita

¹⁴ *Ibid.*

increased from 8,717 yuan in 2001 to 72,000 yuan in 2020 (seven-fold growth). Its material resources are abundant, and its total retail sales of consumer goods increased from 4.2 trillion yuan to 39.2 trillion yuan (eight-fold growth). Based on the United Nations' Human Development Index, China improved from 0.596 in 2001 to 0.761 in 2019, far exceeding the world's average level (0.737).

China has become a global trade and investment power. It has already transformed into the world's largest country in terms of trade in goods, with its export of goods increasing from 2.2 trillion yuan in 2001 to 17.9 trillion yuan in 2020 (seven-fold growth), and the global percentage increased from 4.3% to 14.7%. China's trade in services ranks No. 2 globally, with its export of services increasing from 324.3 billion yuan in 2001 to 1.9 trillion yuan in 2020 (five-fold growth). The scale of China's utilization of foreign investment has continually expanded by 1.7-fold from 2001 to 2020, with the global percentage growing to 15%, ranking No. 1 among developing countries for 29 consecutive years. China's foreign direct investment has achieved astounding development, increasing from 57 billion yuan in 2001 to 1.1 trillion yuan in 2020 (eighteen-fold growth), rising from No. 26 to No. 1 globally. China's current account and capital finance accounts constantly have huge surpluses and have accumulated a foreign exchange reserve of over 3 trillion USD. On November 30, 2015, the renminbi was incorporated into the International Monetary Fund Special Drawing Right (SDR) currency basket, making it the first currency to join the SDR emerging markets.

China has also become a manufacturing power, with a manufacturing industry added value increasing from 3.5 trillion yuan in 2001 to 26.6 trillion yuan in 2020 (seven-fold growth), and the global percentage increased from 7.4% to nearly 30%, steadily ranking No. 1 worldwide after 2010. China has also become a foreign projects contracting power, with its completed turnover increasing from 61.4 billion yuan in 2001 to 1.1 trillion yuan in 2020, and its business scope rapidly expanding from civil construction to the whole industry chain with areas such as design, consultation, financing, construction, operation, and maintenance.

China has become an intellectual property power. Benefiting from a comprehensive intellectual property protection-based legal system and improved levels of law enforcement, pursuant to the *World Intellectual Property Indicators 2020* organized by the World Intellectual Property Organization, China's

applications have gained a globally leading position in terms of multiple global intellectual property indicators. In particular, its patent applications have ranked No. 1 for 9 consecutive years. It applied for 1.4 million patents in 2019, twice as many as the United States, which was the second-largest applicant country.

During the 20 years after its accession to the WTO, China has continually improved opening-up and is developing a new system of independent opening-up to comprehensively improve its open economy based on a larger scope, in a wider field, and at a deeper level. It has gained more profound and skilled understanding and application of WTO rules, and its role has shifted to actively participating and leading the continual structuring, revision, and formulation of WTO rules. Moreover, it has deepened its understanding of free trade, and after starting as a traditional free trade advocate, China still firmly advocates free trade and objects to protectionism while promoting trade and investment liberalization along with facilitation during opening-up. China focuses closely on the relationship and combination between trade development and the environment, develops regulations intended to protect the environment, adopts vigorous measures, commits to its sustainable development strategy, and proposes its peak carbon dioxide emissions and carbon neutrality goals. In the context of the downturn of economic globalization, China firmly supports economic globalization and promotes the construction of an open, inclusive, balanced, win-win environment that is beneficial for all forms of economic globalization.

During the 20 years after its accession to the WTO, the collision, fusion, development, and deepening between domestic economic and trade rules and WTO rules has occurred. In addition, as continual cultural connections such as education and tourism have developed, Chinese people's ideas have continuously modernized and innovated. Furthermore, its socialist core values have formed based on its people's enhanced rules awareness, inclusiveness awareness, win-win awareness, and awareness of equal stress on morality, interest, and sharing. In addition to economic development, Chinese entrepreneurship is also gradually forming. On September 25, 2017, the CPC Central Committee and the State Council issued the *Opinions on Creating a Healthy Growth Environment for Entrepreneurs, Promoting Excellent Entrepreneurship and Giving Better Play*

to the Role of Entrepreneurs, which aimed to cultivate and promote excellent entrepreneurship.

D. China's Contributions to the World Increased

After China's accession to the WTO, many countries have shared in China's development dividend, which is referred to as the "China special demand". China exports a massive amount of high-quality and reasonably-priced products, and in fact, it has improved consumers' purchasing power in numerous countries. It has also become the largest trade partner of over 120 countries and regions.

China is not only the world's largest exporting country but also the second-largest importing country, providing the world with an enormous market. Its import of goods increased from 2.01 trillion yuan in 2001 to 14.22 trillion yuan in 2020 (six-fold growth), with the global percentage increasing from 3.8% to 11.5%, and the import increment comprising 15.9% globally. China provides duty-free treatment to 42 least developed countries concerning 97% of tax items, thus becoming the largest export market of these countries and attracting 25% of their exports. China is the world's second-largest importing country of services, with its import turnover of services increasing from 325.1 billion yuan in 2001 to 2.63 trillion yuan in 2020 (seven-fold growth). Moreover, in order to expand its imports, China proactively opens its market to the world by hosting the China International Import Expo, the world's first state-level import-focused exhibition.

China's average contribution to world economic growth is above 30%. Particularly after the financial crisis, in the context of a generally depressed world economy, China's economic growth as well as its continual reform and opening-up have relieved the stress of new trade protectionism and slowed the financial crisis.

China has provided global economic governance with a Chinese approach. It has also proposed its global governance strategy of building a community with a shared future for mankind, thus promoting the collective construction of an open world. Specifically, China has promoted the implementation of its Belt and Road Initiative, advocated the foundation of the Asian Infrastructure Investment Bank, hosted the China International Import

Expo, and promoted discussions of global investment rules. Moreover, it has firmly supported the multilateral trading system as the main channel for formulating international rules, submitted China's plan for WTO reform, and actively participated in negotiations over new issues such as digital economy, trade and the environment.

III. CHALLENGES CONFRONTING CHINA 20 YEARS AFTER ITS ACCESSION TO THE WTO

The 20 years after China's accession to the WTO has resulted in China accepting challenges and opportunities as well as continually deepening its reform and opening-up. Currently, the domestic and international environment has changed, the WTO multilateral trading system is undergoing challenges, and China's identity change due to its development has triggered responses by other WTO Members. These factors have challenged China's future efforts to develop and promote economic globalization as well as collectively construct an open world economy.

A. Great Changes Are Occurring with International Economics and Trade

The global economy has not completely recovered from the financial crisis, and the COVID-19 pandemic is still affecting many people around the world. Global industry chains and supply chains have been impacted, and significant uncertainty still affects the world economy's future prospects. The world's economic recovery is weak and slow, while its growth is unsteady and unbalanced. Its recovery process involves multiple uncertain parameters, i.e. developed countries continually lagging behind, emerging economies' "inflection point" confusion, debt issues continually deteriorating, weakening coordination in international economics and politics, inflation, high petroleum prices, and frequent natural disasters.

Economic globalization has resulted in unbalanced interests affecting the world and unbalanced development impacting numerous countries and regions. Meanwhile, emerging and spreading global issues related to globalization such as ecological imbalances, environmental pollution, resource shortages, the north-

south relationship, a refugee and immigrant influx, the outbreak of financial crises and the difficulties in eliminating them, as well as the COVID-19 pandemic's impact have encouraged unilateralism, protectionism, and bullying, while anti-economic globalization has appeared. As domestic economic development becomes increasingly challenging in various countries and unemployment issues worsen, free trade and economic globalization have become scapegoats. Furthermore, governments such as those of the United States and other developed countries have become much less motivated and enthusiastic about supporting free trade, economic globalization, and the WTO multilateral trading system.

The reform of new technologies exemplified by information technology is profoundly changing the world and reshaping the world's division of industrial labor. Competitions between large countries, especially emerging power and established power, have intensified, and global economic governance is also experiencing intensified reforms.

B. The WTO Multilateral Trading System's Stable Operation Is Challenged

Since its foundation in 1995, discussions have occurred regarding how to improve and enhance the WTO mechanism's fairness and efficiency. In particular, in the context of pending Doha Round negotiations initiated in 2001, the WTO system's inherent problems have become highlighted, and doubts about the WTO system itself have continually arisen. For instance, the WTO's consensus decision-making mechanism has lost its efficiency and its multilateral negotiation function has nearly stopped. Since 2001, WTO Members have reached a consensus over a few issues such as trade facilitation and canceling agricultural export subsidies, while numerous traditional issues remain unsettled.

In the meantime, as world trade expands and new trade modes continually emerge, WTO Members have not formulated new rules regarding new issues. These issues increasingly confronting the world economy and challenging the WTO should include environment and trade amidst global warming, trade and energy, trade in services, standards and rules. Determining how to include these issues into the WTO's jurisdiction and how to correctly address these issues will affect the WTO's stable development.

The WTO lacks leadership. The United States was the traditional leading

force supporting economic globalization, trade liberalization, and the rules-based multilateral trading system, but suddenly changed its direction. The policy of unilateralism that it implemented on a long-term basis has severely impacted and destroyed WTO rules. Particularly, the “America First” unilateralist policy that President Trump pursued since he assumed office has constituted a new impact on and challenge to the multilateral trading system. After the Trump Administration assumed office, it publicly expressed its dissatisfaction with the WTO by doubting the WTO Appellate Body’s effectiveness and denouncing unfair rulings against the United States. In particular, the United States’ interruption of the appointment of the WTO Appellate Body members has almost completely halted the WTO dispute settlement mechanism. As the “pearl in the WTO’s crown”, the dispute settlement mechanism, if it becomes completely disorganized, will tremendously influence and impact the international economic and trade governance as well as the WTO’s authority. Meanwhile, the United States accused China and other emerging economies of using the special and differential treatment that the WTO gives to developing Members to gain unfair competitive advantages. It also urged China and other Members to advance past their developing country status as soon as possible.

Political factors affect the WTO and its reform. Currently, various parties share the common understanding that the WTO multilateral trading system should be reformed, but their goals for WTO reform are inconsistent. The WTO reform should aim at strengthening and maintaining the multilateral trading system and enabling it to operate more effectively. However, the United States and its allies intend to shame and “alienate” China, highlighting its systematic difference from other major countries and holding that its “non-market economy” threatens the WTO and its Members. They combine political and trade issues, further intensifying the complexity of future WTO reform along with the conflict between Chinese and foreign systems.

C. Challenges to China’s Identity Change

During the 20 years after China’s accession to the WTO, China has developed into a major country with enhanced economic and trade strength. As a result, its overall ability to use the WTO rules has also significantly improved. The

WTO has become a platform for China to explore broader world markets. China has developed from a new Member into a core Member of the WTO, so its concerns and appeals respecting the WTO will be significantly different. Based on accepting and fulfilling these rules, China needs to further participate in and formulate them. It also needs to enhance its participation and build the multilateral trading system based on openness, efficiency and equity. Meanwhile, domestic reform is currently at a critical stage, facing increased pressure and difficulty. There are also public opinions and forces in China that resist the multilateral trading system, and there is a weakening of the awareness of abiding by WTO rules.

As China's strength has developed, its position and role in the WTO has changed significantly. WTO Members' conflicts and reactions have exceeded China's original obligations. Other WTO Members, both developed and developing countries, expect China to assume a trade power's responsibilities. WTO Members expect China to make greater concessions during trade negotiations and more actively open the market, particularly sectors beyond the commitments made at the time of WTO accession. They expect China to correct trade imbalance and promote trade balance by expanding imports from other Members while restricting China's exports to their countries. On the other hand, least developed Members expect China to offer them more unilateral preferential assistance.

The Chinese economy's continuous and stable development has strengthened the international community's confidence in the world economy's recovery and growth. WTO Members expect China to maintain high-speed economic and trade development and make greater contributions to the world economy's recovery and balanced development. Meanwhile, as China's economic and trade strength enhances, the international community has become vigilant and hostile against China's particularity. For example, the United States has attempted to "customize" a set of rules for China to introduce the China-US disputes over system, ideology, and geopolitics into WTO reforms. Currently, the United States and its allies' tendency to jointly target China is even more apparent. They gradually further support each other regarding issues such as "non-market-orientation", industrial subsidies, and the status of developing countries. They also tend to formulate new rules for state-owned enterprises,

forced transfer, forced labor, and competitive neutrality.

IV. OUTLOOK AND SUGGESTIONS

China's development and progress during the 20 years after its accession to the WTO is a result of its people working hard and striving tenaciously under the strong leadership of the Communist Party of China. This is also due to China's active strengthening of its international cooperation and the implementation of its concepts of mutual benefits and win-win.¹⁵

A. The WTO Multilateral Trading System Remains a Major Platform for Global Economic Governance

All WTO Members have realized the significance of the WTO multilateral trading system. Particularly, in the context of the COVID-19 pandemic, intensifying geopolitics and nationalism, global unsustainable development threatening the earth's environment, globalization and multi-polarization coexisting throughout the world, increases in economic and trade development imbalances, as well as tense global political and economic and trade relationships, the need to promote reforms of the WTO multilateral trading system and make substantial progress as soon as possible have become the desire of each WTO Member.

The WTO multilateral trading system is facing crises and challenges, and the WTO reform will be a long-term and complicated process. However, the WTO multilateral trading system's position as a main channel for formulating international rules will not change. It will remain a major and important platform for global economic governance.

B. Suggestions

1. General Stance: Continue to Highly Value China's Position and Roles in the WTO from a Strategic Perspective

China should define its identity and position in the WTO from a strategic perspective and value its roles in the WTO. This will guide China's efforts to strengthen its presence in the WTO.

¹⁵ *Supra* n. 7.

2. Determining the Position: China Is Still a Large Developing Country

China has become a major country as it ranks No.1 in trade, No. 2 in economy, and No. 1 in foreign exchange reserve, and also has greatly enhanced its national power. Meanwhile, China's economic and trade development still has numerous problems, and its per capita development is still low. Therefore, China has become a large developing country, and its interests intersect with both developing and developed Members. China should undertake and has already been undertaking more responsibilities.

3. China Will Steadfastly Maintain Authentic Multilateralism

Various parties have proposed their own plans for WTO reforms. However, this reform's fundamental goal should be to strengthen and maintain the multilateral trading system so it will operate more efficiently. The WTO multilateral trading system should not be a platform for a certain country or region or certain countries or regions to seek individual interests and implement unilateral protectionism or customize rules for a certain Member. When promoting this reform, Members should maintain the multilateral trading system's core values, i.e. openness, transparency, and non-discrimination.

China will still actively support the WTO, maximize the WTO platform, strengthen participation, promote the WTO reform, and participate in building the WTO, while developing relationships with WTO Members as well as enhancing communication and coordination based on the concept of mutual benefits and win-win. The WTO is the mother of trade liberalization and China's most important platform to participate in global economic governance.

China has independently attained its achievements, proving that its socialist market system with Chinese characteristics is correct and effective. Its development and continually expanded opening-up has also proved that the WTO multilateral trading system is effective. China's unique system is not "alien". China will develop relationships with WTO Members by relying on the concept of mutual benefits and win-win, actively seeking communication and coordination, eliminating misunderstandings, and dispelling misjudgments.

China strategically and comprehensively designs its future opening-up plans. It needs to expand and deepen, and is actively expanding and deepening its opening-up so it can further benefit from globalization. While participating in the

WTO multilateral trading system, China promotes proactive opening-up strategies, and is conducting high-level opening-up pressure tests by establishing pilot free trade zones and the Hainan Free Trade Port. It is also strengthening international cooperation by focusing on participation in high-level free trade arrangements by actively attempting to join the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* and the *Digital Economy Partnership Agreement*.