

Appendix

China's Policy for the Liberalization of Trade and Investment through the APEC/IAP and Negotiations for the Accession to the WTO in 1997

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1. Introduction

China's APEC policy has taken the initiative for the liberalization of trade and investment in China, since 1995 when China failed to be an original member of the WTO. The most important objective for China with regard to APEC policy is the preparation and step for the accession to the WTO membership through controlling domestic and international environments, such like as the "accumulation of practical experiences", "winning international confidence by the achievements", that are to be acquired as a result of involvement in APEC.

China has been stalled in obtaining the membership of the WTO, but China has been working on reforms step by step and has implemented several measures through the recent efforts for the liberalization of trade and investment in APEC. Specifically, such efforts were made through China's Initial Individual Actions at the Osaka Meeting in 1995, China's Individual Action Plan (IAP) at the Manila Meeting in 1996 and at the Vancouver Meeting in 1997.

However in 1997, there has been excellent progress and results in the movement of negotiations for China's accession to the WTO, including the contents of the IAP at the APEC

Vancouver meeting that had no difference from and followed the outcome of bilateral and multilateral negotiations for China's accession to the WTO. It seems that China's WTO policy took the initiative and replaced its APEC Policy for the liberalization of trade and investment, and China's policy for the liberalization of trade and investment faced a turning point in 1997. In other words, a historic role of its APEC policy has come into transition.

The purpose of this paper is to give considerations to the following:

- 1) The purpose and significance of China's APEC Policy;
- 2) China's implementations and improvements for the liberalization of trade and investment in 1997 in conformity with the IAP (MAPA) in 1996;
- 3) Negotiations for China's accession to the WTO in 1997, particularly;
 - : Negotiation on product market access,
 - : Substantial agreements on product markets (September 1997),
 - : Negotiation on services, especially with regard to the distribution system,
 - : Japan's Request on Services, especially concerning the distribution system,
- 4) The political and economic backgrounds to China's WTO policy that took the initiative and replaced its APEC Policy in 1997; and
- 5) Problems of negotiations for China's accession to the WTO.

Finally, as a conclusion, this paper will discuss "What APEC means for China", "What is the Role and Merit of APEC for China?", "What China will give Re-definition of the APEC", and "What APEC should do for China".

2. The Objectives of China's APEC Policy

There are two major objectives for China in its APEC policy. One is the promotion of domestic economic reforms to encourage a market economy and economic growth in China. The other is the preparation and step for the accession to WTO membership through the

adjustment of the domestic economy to the international environment, such as accumulating practices and experiences, winning international confidence by the achievements, that are to be achieved as results of involvement in APEC.

Among the two objectives, to obtain membership of the WTO at an early stage is more important. China has been seeking for obtaining the membership of the WTO (GATT) since 1986 for the following reasons:

- 1) to promote domestic economic reforms, and to shift to a market economy;
- 2) to secure the accession to international organizations that are considered comparable to the present political and economic status of China in the world;
- 3) to expand international trade by acquiring the status of a most favored nation (MFN);
- 4) to remove the concern over the renewal of China's MFN status in the United State Congress each year, and to strengthen China's standing in the United States;
- 5) to adjust the relation between China and Hong Kong; and
- 6) to catch up and adjust the situation of the recent negotiations between Taiwan and WTO, about the accession to the WTO.

The WTO, however, considered that China's efforts for the accession to the WTO so far was not sufficient to meet the conditions for the membership, because of:

- 1) unfair treatments for domestic and foreign products, such as the discrimination on criteria of standard and approval;
- 2) discrimination against foreign companies operating in China, such as trade licensing;
- 3) protective measures for specific industries;¹
- 4) import quotas for agricultural products; and
- 5) China's request to attain the comprehensive treatment of the WTO specially

¹ For example, "Interim Provisions on Guiding Foreign Investment Direction" and "Catalogue for the Guidance of Foreign Investment Industries."

designed for developing countries.²

China has been stalled in obtaining membership of the WTO, but it has been working on reforms gradually and has implemented several measures through the recent efforts for the liberalization of trade and investment in APEC such as the Initial Individual Actions at the Osaka Meeting in 1995 and IAPs at the Manila Meeting in 1996 and the Vancouver Meeting in 1997.

China has been showing improvements in some areas such as the provision of national treatment to foreign companies and the opening of financial markets and the consolidation of environment for intellectual property rights. When problems, such as the huge bureaucracy, shortage of human resources and the political and economic transitional phase in China (it made the government more interested in protecting the domestic industry than opening its economy), are taken into consideration, China's consistent efforts for trade and investment liberalization in the APEC framework should be appreciated. APEC has been important for China because it gave an opportunity to display its efforts for liberalization of trade and investment and demonstrate the progress made in its endeavors to satisfy the conditions for WTO membership. In other words, APEC was a place for training and building up actual liberalization results for acquiring the WTO membership.

It also seems that there have been merits in APEC for China, for example:

- 1) The APEC approach of "cooperative and voluntary liberalization" was also compatible with the problematic economic situation in China;³
- 2) The Chinese government wanted the APEC scheme to obtain economic and technical cooperation from other member economies; and
- 3) The Chinese government wanted the APEC scheme to solve the FEEEP problems for sustainable development.

² For example, transitional period for liberalization of trade and investment, same as developing countries.

³ See Takoh, 1995.

3. China's Implementations of IAP (MAPA) in 1997

This section will review China's implementations and new improvements for the liberalization of trade and investment in 1997. Policies were carried out in conformity with the IAP (MAPA) in 1996 in 15 main sectors. Sincere implementations of these policies were expected to serve favorably for China's accession negotiations to the WTO.

3-1. Tariff

- 1) On 1 October, China further reduced its simple average tariff rates for 6549 items to 17%, a significant drop of 26%. (On 1 April 1996, China's simple average tariff rates for over 4900 items were brought down from 35.9% to 23%.)
- 2) China indicated its intention to participate in the Information Technology Agreement (ITA) as soon as possible.

3-2. Non-Tariff Measures

- 1) 17 items of products were eliminated in accordance with the Sino-US Memorandum of Understanding for Market Access. Currently only 5% of the total import tariff lines, or 385 items, are still subject to quota, licensing and other import control measures.
- 2) China indicated that it would further reduce NTMs and eliminate all NTMs inconsistent with the WTO agreements by the end of 2010, ten years earlier than the deadline indicated in the previous IAP.

3-3. Services

A. Financial Services

- 1) In April, China advanced the realization of its objective of free convertibility of the Chinese currency Renminbi (RMB) under the current account.
- 2) The trials of foreign banks' handling of Renminbi were initiated and 9 foreign banks

were initially approved. They were allowed to handle Renminbi deposits, loans, settlement, guarantee, national debts and financial bond investment.

- 3) By the end of 1996, there were 131 branches of foreign banks, 5 wholly foreign-funded banks, 5 joint venture banks, 6 foreign finance companies and 8 foreign-invested insurance companies established and operating in China. By the end of June 1997, 38 financial leasing companies had also been approved.

B. Commercial Retailing

- 1) Foreign-funded processing enterprises, including Sino-foreign joint ventures and cooperative companies may entrust Chinese retailing organizations to sell their products or use their own agents in China according to the percentage of sales in the approved contract.
- 2) It was approved that two Sino-foreign joint venture commercial retail enterprises could be opened in 6 cities and in 5 special economic zones.
- 3) The establishment of two Sino-foreign joint venture or cooperative retailing chain stores in Beijing and Shanghai was allowed.
- 4) China's domestic retailing organizations can become franchisee branches of foreign retailing enterprises through special business authorization.

C. Energy

- 1) China allowed and encouraged foreign investment in building and operating areas in thermal power stations, hydropower stations and pump storage power stations, nuclear power stations and new energy power stations.
- 2) By the end of 1996, 28 foreign-investment projects were approved with the total installed capacity around 15,000 MW, and the total foreign investment worth approximately US\$ 1.3 billion.

D. Transportation

- 1) Four bilateral marine transportation agreements were signed and 2 automobile

transportation agreements were initiated.

- 2) Foreign freight agencies were allowed to set up air freight agent joint ventures.

E. Telecommunication

- 1)The government allowed the establishment of wholly-foreign-owned enterprises, equity or contractual joint ventures in manufacturing of communication equipment.
- 2) The Ministry of Post and Telecommunication undertook comparative study and analysis on the current status and development of domestic and overseas value-added telecommunication systems to prepare for working out a program by 2000.

F. Tourism

- 1) Foreign companies, enterprises, other foreign economic organizations and individuals were permitted to build and operate hotels, office buildings and holiday resorts. The resulting legal entities may be in the form of equity/contractual joint ventures, or wholly-foreign-owned projects.
- 2) Foreign institutions were allowed to establish non-business tourist service offices in China, and to establish joint equity or joint venture travel agencies in 12 state-level tourist/holiday resorts.

G. Legal Services

A foreign law firm approved and registered in China may cover:

- 1) provision of consulting services to Chinese clients on international laws, civil and commercial laws and practices, and the laws of countries where the firms have been granted the right to practice;
- 2) handling legal matters upon commission of clients or Chinese law firms regarding laws of countries where the firm members have been granted the right to practice, and;
- 3) serving as an agent of foreign clients upon commission of Chinese law firms to handle legal matters concerning Chinese laws.

H. Accounting Services

- 1) Foreign accounting companies may file applications for establishing representative offices in China in accordance with Provisional Measures Governing Administration of the Permanent Representative Offices of Overseas Accounting Firms.
- 2) Foreign accounting companies were allowed to cooperate with their Chinese counterparts to establish contractual offices in accordance with the Law of PRC.
- 3) Foreign accounting companies were allowed accept Chinese accounting firms as their member firms according to the regulation of PRC.
- 4) China's CPA examination is open to non-Chinese candidates who are also allowed to apply for non-operational membership in accordance with related regulations.

3-4. Investment

- 1) Between 1996 and 1997, the government promulgated 4 Regulations and 7 Notices, relating to foreign investment with a view to improve the transparency of investment system.
- 2)The government concluded investment protection agreements with 83 countries and regions, and signed bilateral investment agreements on avoidance of double taxation with 56 countries.
- 3) The government acceded to international treaties such as the Multilateral Investment Guarantee Institutes Treaty and Settlement of Investment Disputes Between States and Nationals of Other States.
- 4) A pilot program for equity joint venture foreign trading companies started in Pudong, Shanghai and Shenzhen. The first two equity joint venture foreign trading companies were approved and started operation in Shanghai.

3-5. Standards and Conformance

- 1)1056 standards were formulated or amended, 662 standards were aligned with international standards, accounting for 62% of all. (In 1996, 818 standards were formulated and 567 standards were amended, of which 560 had been aligned with international standards,

accounting for 40% of all.)

- 2) By 1997, the following sectors/products were aligned with international standards: marine fuels, floor tiles, gypsum plaster board, carbon steel seamless tubes for ship, casting alloy for dentistry, round copper rods for electrical purposes, white granulated sugar, spring dial scales, electronic crane scales, sizes of unprocessed paper for printing, writing and drawing, implantable pacemakers, aluminum caps for medical containers, holders for bayonet lamps.

3-6. Customs Procedure

The following were under consideration:

- 1) To set research projects; to translate and publish legal documents and customs laws of developed economies, and to conduct investigations into desired subjects with a view to learning from the successful experiences of developed economies;
- 2) To conduct a series of legal training courses for Customs officers;
- 3) To improve and upgrade the Automated Entry Processing System (AEPS);
- 4) To set up the legal database and central database for revenue accounting;
- 5) To develop and implement license and quota control system, using UN/EDIFACT in Customs Clearance System for Express Consignments; and
- 6) To organize seminars and training programs on valuation laws and regulation and other members' practices.

3-7. Intellectual Property Rights (IPR)

- 1) Chinese Laws and Regulations on IPR Protection in 1997.
 - : Method of Registering Copyright Pledge Contracts;
 - : Provisional Measures, the Administration of Foreign-Related Copyright Agencies;
 - : Implementing Measures of Administrative Punishment in the Field of Copyright ;
 - : Crimes of Infringement of Intellectual Property Rights, Article 7 of the Criminal Law of the PRC; and
 - : Regulations for Protection of New Plant Varieties.

- 2) By the end of 1996, China National Patent Agency received 620,000 patent applications and approved 310,000 of them.
- 3) From 1992 to July 1997, the China Software Registration Center approved 1,878 registrations. The State Patent Administration accredited 3,709 foreign-related audio-visual products and accredited 200 computer software products between September 1996 and July 1997. The statistics show that the patent authority dealt with 679 cases of copyright-tort and confiscated 2,794,539 pirate products.

3-8. Competition Policy

- 1) “Regulations on Anti-dumping and Anti-subsidization” was promulgated by the State Council, while specific local regulations on countering unfair competition were also promulgated in Beijing, Shanghai and Wuhan.
- 2) Industrial and Commercial Administration of China (ICA) at all levels handled more than ten thousand unfair competition cases in China. Typical cases were publicized by the media to promote public awareness of laws for countering unfair competition.
- 3) China’s first anti-trust law, a protection of commercial secrets law and the implementation regulations of the laws for countering unfair competition were drafted.

3-9. Government Procurement

- 1) Contact points were established for the exchange of information with and the collection of practices and experiences from other member economies on government procurement policies, systems and practices.
- 2) Started with studies of GP systems and tendering procedures described in the WTO GPA and sought information about the practices and experiences of other member economies, with an emphasis on technical aspects necessary to establish such a system.
- 3) Hosted the APEC Government Procurement Training Program and participated in the APEC Seminar of Bid Challenge/Remedy Procedures hosted by Chinese Taipei.

3-10. Deregulation

- 1) From 1992, China reduced a number of products subject to import quotas, license administration and import control from 1,247 to 385, accounting for 5% of the total import tariff lines as compared with the previous 20%.
- 2) Foreign-invested enterprises started to have access to foreign trade. The first two foreign trade companies were approved to be established in Shanghai.
- 3) From the end of 1996, a registration system for trading rights of manufacturing enterprises was formally endorsed in 5 special economic zones.
- 4) China liberalized importation of all products except for 8 products through state trading and 6 through designated importers.

3-11. Rules of Origin

- 1) China followed discussions in TCRO on rules of origin for products under HS.
- 2) A preliminary assessment of China's export rules of origin was underway.
- 3) A Notice on Strengthened Management of Export Certificates of Origin of the People's Republic of China was promulgated on May 31, 1997 to ensure a more uniform, strict style of management.
- 4) The State Administration of Commodities Inspections and the China Committee for the Promotion of International Trade were to facilitate a computer network between them to share information resources and modernize the issuance and management procedures for export certificates of origin.

3-12. Dispute Mediation

- 1) China signed bilateral agreements on investment protection providing for dispute settlement mechanisms with over 80 countries, including 11 APEC economies (Thailand, Singapore, Australia, Japan, Malaysia, New Zealand, Papua New Guinea, the Philippines, Republic of Korea, Chile and Indonesia). Consultations were held with other 4 APEC members (the US, Canada, Brunei, and Mexico) with an aim to signing similar agreements.
- 2) The National People's Congress approved the Convention on Taking Abroad of Evidence

in Civil and Commercial Matters.

- 3) Drafted domestic regulations to implement the Washington Convention.
- 4) A Training Center for Arbitration was set up to improve the quality of related services.
- 5) The first draft of China's assignment of the APEC Guide of Dispute Settlement was completed and put under review.

3-13. Mobility of Business People

The following were under consideration:

- 1) The possibility of issuing multiple entry visa to business people;
- 2) Review of existing visa regulations and of further simplifying the procedures;
- 3) Accelerating visa approval, computerization and modernization of the process of customs examination at ports; and
- 4) Explore the possibility of participating in the APEC Business Travel Card scheme.

3-14. Implementation of Uruguay Round Results

Fully implement Uruguay Round Agreements after China's accession to WTO.

3-15. Information Collection and Analysis

The following were under consideration:

- 1) Actively participate in the TID Working Group of APEC on the establishment of commercial, trade in services and investment databases, and improve China's performance on data collection concerning trade in services and investment;
- 2) Join the efforts of APEC economies to establish an APEC Tariff Database, and participate in other collective actions of APEC;
- 3) Study and evaluate the impact of trade and investment liberalization; and
- 4) Investigate and analyze its own trade and investment barriers.

4. Negotiations for China's Accession to the WTO in 1997

China's APEC policy had taken the initiative for the liberalization of trade and investment in China since 1995, when China failed to be an original member of the WTO. However, in 1997, there were excellent progress and results in the movement of negotiations for China's accession to the WTO. It seems that, in 1997, China's WTO policy took the initiative and replaced its APEC Policy for the liberalization of trade and investment. China's policy for the liberalization of trade and investment faced a turning point.

This section will review the progress and results through the negotiations for China's accession to the WTO in 1997. It will follow two channels of the negotiations that carried on at the same time. One is the multilateral negotiations of the Working Party (WP) established in the WTO to draft the protocol which provides the conditions of China's accession, while the other is the bilateral negotiations regarding requests and offers that were exchanged as to the level of reduction of tariffs and non-tariffs barriers and the extent of liberalization of the service market.

4-1. Negotiation on product market access

China had been seeking the accession to the WTO (GATT) since 1986. China desired to be an original member of the WTO, which was established in 1995, but China could not reach an agreement with the member countries.

Japan has insisted that the negotiation for China's accession to the WTO should be promoted, because of the importance of the promotion of China's economic reforms aimed at shifting to a market economy, of involving China into the international economic framework and of Hong Kong returning to China in July 1997. Prime Minister Hashimoto expressed his view on China at the Japan-the United States talk on April 1996⁴, the Lyon summit on June, and the APEC Manila meeting.

In Autumn, 1996, the United States came to negotiate on the issue with China, because negotiators in charge were changed and the Sino-US summit was held at the APEC meeting in Manila. The US attitude encouraged the member countries and China to facilitate negotiations.

⁴ The basic policy of the United States on China's accession to WTO membership was "the United States supports China's membership of WTO on condition that it meets all commercially reasonable terms". (1993 Sino-US summit at APEC meeting in Seattle).

Top-governmental and ministerial-level meetings between the United State and China / Japan and China also contributed to the progress of the negotiations.

In March 1997, the Working Party (WP) in WTO on China's membership reached an agreement on trade rights,⁵ which was one of the most concerned problems. At the WP in May, China expressed that it had made a high-level political commitments to enter the WTO and made steady progress in the protocol of the WTO.

At the WP in July, the problem of market access was discussed intensively. The improved proposals from China regarding tariff and non-tariff measures were appreciated to some extent, though the proposals on services were not appreciated. China agreed to make an offer between the end of August and the beginning of September. China also committed itself to reduce tariff rates, shorten the transitional period for the elimination of quotas, loosen quotas, and eliminate agricultural subsidies.

From the end of August until the beginning of September, negotiations on market access between China and Japan continued intensively⁶, and they finally reached a substantial agreement on product-market access including tariffs, quotas, and a standards and validation system, when Prime Minister Hashimoto visited China in September⁷.

Details of the agreement involve:

1) Tariffs

Comparing to the base rate as of 1992, offers as to about 3,600 industrial articles were improved reflecting Japan's requests.

China and Japan agreed to shorten a grace period before tariffs on textile products are reduced and to reduce tariffs on automobiles and others.

⁵ Trade right is the right to trade given to foreign enterprises. It was restricted to about 12,000 company as of 1996. The member countries must lift the restriction for 3 years. In China, even if the restriction is lifted, authority's admission is still required to sell imported goods to others and the problem.

⁶ Nine rounds of negotiation between China and Japan were held in 1997. The minister of MITI sent two personal letters and the Vice-Minister visited China five times.

⁷ It was heard that Prime Minister Hashimoto took the leadership and ordered the MITI to settle the issue by the time of his visit to China at the beginning of September. It was also heard that China extremely appreciated Japanese political decision.

2) Import quotas

China and Japan agreed to shorten the grace period before tariffs on automobiles, textile products, etc. in reaction to Japan's request.

Quotas on machinery including automobiles and electrical products were drastically widened and the growth rates of the quotas increased as a result of Japan's effort.

3) Standards and validation

China applies a different standards and validation system to imported products. China must remove the discriminatory treatments, for example, by standardizing criteria and guarantee the transparency of the system.

The following 4 problems are strongly required to be solved by Japan.

- (a) the improvement of the registration system of chemical products;
- (b) the coordination of different validation marks;
- (c) the improvement of the validation system of automobiles; and
- (d) the improvement of validation system of boilers and pressure cookers.

The agreement gave impetus and promotion to the United State and the EU to enter into negotiations.⁸ In October and November, China offered to join the ITA and to reduce tariffs at the talk and negotiation with the United States, and it made some additional offers related to the service and the agricultural markets. The United States basically agreed on the reduction of tariffs.⁹

4-2. Negotiation on services, with regard to a distribution system

Negotiations on the product market came to an end and problems related to the service market have been discussed. Two most important issue on services are distribution, especially that of the Japanese product makers, and telecommunication.

⁸ China expressed that a bilateral agreement was concluded on trade in goods between 7 countries (New Zealand, Korea, Hungary, Czech, Slovakia, Turkey, and Japan) and that the negotiations with 20 countries were coming to an end.

⁹ It was reported that China agreed to reduce its average tariff rate to 10% (8% for industrial products and 15% for agricultural products). China also agreed to eliminate any non-tariff measures by 2005. These results were reflected in the IAP of the APEC Canada summit.

At the end of October, the Minister of International Trade and Industry Horiuchi sent a personal letter to urge China to make additional offers in the services sector. Japan had interests in professional services such as financial services, telecommunications, marine transportation, construction, distribution services, accountants, and lawyers. Japan requested national treatment in China, especially with the distribution services. Japan also demanded the deregulation and the liberalization of the Chinese services market, foreign retailers and foreign wholesalers, foreign traders, sales of foreign companies' products and automobiles sales.

In November, when Prime Minister Li Peng visited Japan, the negotiation on the services market between China and Japan was considerably progressed, and China made a proposal reflecting Japan's requests. A joint declaration was announced which confirmed that progress in the negotiation on the services market was made.

Japan's Request on Services, especially on a distribution system

- 1) In the area of retail business including chain stores and wholesale business including foreign trade, equal national treatment, easing restrictions on trade areas, and relaxing limitations on the number of foreign enterprises;
- 2) Admitting Franchise enterprises; and
- 3) Admitting foreign-owned manufacturing enterprises to establish distributors.

From the middle of November, China made an official offer to the member countries which was based on the offer to Japan. At the beginning of December, China intensively talked over the services market with the member countries. The revised offer was appreciated to some extent, limitations on the liberalization of the distribution industry (only joint ventures are admitted), restrictions on trade areas, quotas, restrictions on the ration of foreign capital, the minimum requirements which foreign enterprises must meet became the subjects for discussion. As for the distribution industry, which is closely related to the liberalization of the product market, the financial market, the qualification for accountants and lawyers, and the transport industry, were regarded that it needed to be reconsidered by member countries. It was a disappointment for member countries that no offers were made regarding the

telecommunication industry and further offers were to be required.

5. Factors behind China's WTO policy taking over its APEC Policy in 1997

This section is to suggest the political and economic backgrounds that influenced China's policy for the liberalization of trade and investment in 1997.

5-1. Political backgrounds

1) Until 1996, China had been in a political transition phase, the Jiang Zemin administration was stability-oriented and its policy making and management had been defensive. Although China entered into post Deng Xiaoping era, considering the political circumstances surrounding the Jiang Zemin administration, the current group leadership was expected to remain intact until the 15th Communist Party Conference in September 1997. Because of many difficult political and economic problems in China, the priority for the Jiang Zemin administration was the realization of stable growth and the maintenance of the status quo. Therefore, it was highly likely that the fundamental institutional reforms and the sound policy management would not be implemented. Instead, policies were expected to incline toward "domestic-first".

However in 1997, the Jiang Zemin administration overcame Deng Xiaoping's demise in February, and achieved a great success in returning of Hong Kong to China in July, the fifteenth Communist Party Conference in September, and the Sino-US summit at Washington D.C. in October. The political power of the Jiang Zemin administration was enforced and the administration became ready to cope with domestic problems. The administration was prepared to reform state-owned enterprises, which had been one of the most imminent problems.

- 2) In early 1997, China intended to settle the bilateral negotiations with the United States for China's accession to the WTO, by the Sino-US summit at Washington D.C. in October.
- 3) China worried about the issue of Taiwan's accession to the WTO might come ahead of the

bilateral negotiations for China. (Negotiations between Japan and Taiwan came to an end in February 1997, while negotiations between the United States and Taiwan came to an end in February 1998.)

5-2. Economic backgrounds

1) China's policy for state-owned enterprises reform changed. China planned to sweep away deficits in state-owned enterprise sector in 3 years. Details are as follows:

- : The government selected 120 leading enterprises to hold and support;
- : The government decided to support superior enterprises by M&A and finance, for example, in motorbike and petrochemical sectors in 1997;
- : The government decided to assist general trading companies;
- : The government decided to put small and medium-sized enterprises in market competition, and approved the bankruptcy and "scrap and build"¹⁰;
- : The government decided to promote stock corporations in China for facilitating M&A and fund raising from domestic and international markets; and
- : The government decided to promote foreign capital introduction for encouraging technology transfer, facilitating M&A and carrying out a industrial system reform.

2) China worried about a rapid decrease of foreign direct investment into China in 1996 and 1997. China wanted foreign firms (investment) to cooperate for M&A, technology transfer, human resources development and finance, to solve serious problems of state-owned enterprises.

3) China realized the merits of accession to the WTO,

- : abolition of discriminatory measures of the United States and the EU such as anti-dumping and quotas; and
- : dispute settlement under the WTO rules are beneficial to both China and the member countries.

6. Problems of negotiations for China's the accession to the WTO

¹⁰ The National Statistics Bureau forecasted that 15% of the state-owned enterprises would bankrupt

For China and the WTO member countries, China's accession to the WTO is important for reasons such as:

- 1) China's influence on international trade is becoming bigger. It is important for the WTO to integrate China to an international trade system through the WTO;
- 2) It will be of benefit to both China and the member countries if China acts within the WTO framework. Trade and investment relations will be stabilized if China's economic system is harmonized with international rules. It is also beneficial because disputes over trade and investment will be settled under the WTO rules;
- 3) Tariffs will be reduced, import quotas will be eliminated, service trade will be liberalized and the Chinese market becomes more accessible. (It will be beneficial especially for Japan who has a close trade relation with China); and
- 4) China can expect the United States and the EU to eliminate discriminatory treatments such as anti-dumping measures and quotas. China can also expect the United States to treat her as a most-favored-nation.

This section will review problems and future views of negotiations at the WP for China's the accession to the WTO.

At the WP on March 1997, China and the member countries reached an agreement on trade rights. At the WP in May, they agreed on the judicial investigation (all administrative orders have to pass the judicial investigation. China agreed to make no exceptions for the Patent Act and the Trademark Act) and the regulation on discriminatory treatments (the abolishment of discriminatory pricing). China's offer on subsidies, which was required to be clarified, was considerably improved. At the WP in July, the revised protocol (for quotas, subsidies, and a standards and validation system) and the promise to abolish the subsidies for the agricultural industry were appreciated.

The following problems remained. The negotiations on the protocol were left undone

within 5 years. The National Planning Committee estimated that 170 million people would be unemployed.

since July, because the negotiations on the liberalization of China's market were given priority.

1) A standard and validation system, food sanitary measures, and quarantine

The member countries required China to unify two different systems of laws, standards, and institutions between domestic products and import products. China committed to unify the two systems of laws and standards, but denied unifying the two institutions. The member countries also required China to present the list and information of the import goods which should be under compulsory inspection.

2) TRIM

The measures to foreign enterprises in China such as the requirements of export and technology transfer, were required to be abolished.

3) The special measures against China

: Special safeguard measures against China

The United States and EU required the WTO to relax the conditions for the system to impose the restrictions of urgent imports from China.

: Anti-dumping measures

The United States and EU have required to simplify the mechanism of verify dumping price, but China is opposed to introducing the special measures.

: Safeguard measures

The article to abolish the agreement of the WTO, when a dispute over trade and the implementation of the protocol cannot be settled.

: Current account article

The conditions for trade restrictions such as quotas because of current account were required to be strict.

These problems are politically difficult to solve and remain unsettled at this stage. It has been said that the only way to solve these problems is the political solution between China and

the WTO member countries. At the time of writing, the future schedule of negotiations for China's the accession to the WTO in 1998 is as follows:

February : The representative of the USTR visits China.

March : The next WTO-WP.

April : Quadrilateral trade talks among the US, the EU, Canada, and Japan.

May : The GATT/WTO's 50-years anniversary and minister-level conferences.
: G7 Summit Meeting.

June : The US President visits China.

Fall : President Jiang Zemin visits Japan.

November : A mid term election in the United States.
: APEC Malaysia meeting.

After the Sino-US summit at Washington D.C. in October 1997, China intended to settle the bilateral negotiation with the United States by the time the US President would visit China in 1998. Also, China intended to settle all bilateral and multilateral negotiations for China's accession to the WTO before the GATT/WTO's 50-years anniversary and minister-level conferences in May 1998. The US President will visit China in June, but there still remain politically difficult problems of negotiations. It seems to be a difficult situation to settle all bilateral and multilateral negotiations for China's accession to the WTO prior to the conference in May and even by the end of 1998.

7. Conclusion --What does APEC mean for China? What is the Role of APEC for China?--

China's APEC policy had played an important role for the liberalization of trade and investment in China since 1995, when China failed to be an original member of the WTO. However, in 1997, there were excellent progress and results in negotiations for China's accession to the WTO. It seems that China's WTO policy replaced its APEC Policy for the liberalization of trade and investment. China's policy for the liberalization of trade and

investment faced a turning point in 1997. This section will consider what APEC means for China and try to re-define the role of APEC for China.

APEC still remains as important organization for China for the following reasons:

- 1) The preparation and step for the accession to the WTO through adjusting the domestic economy to the international environment, such as the “accumulating practices and experiences”, “winning international confidence by the achievements”, as results of the commitment to APEC.
- 2) The APEC approach of "voluntary and cooperative liberalization of trade and investment" is different from the WTO approach, and compatible with the current economic situation in China, facing various difficult problems.
- 3) China wants to obtain economic and technical cooperation from member economies through the APEC scheme.
- 4) China wants to solve the FEEEP problems and the protection from the recent Asian Finance Crisis (Asian Currency Crisis), for sustainable economic growth through the APEC scheme.
- 5) At the APEC Vancouver Meeting in 1997, Russia’s membership of the APEC from 1998 was approved. APEC will possibly become a politically important scheme, including the United States, Russia, China and Japan.
- 6) A diplomatic channel has been developed between China and Taiwan.

It was reported that, at the APEC Vancouver Meeting in 1997, China requested Malaysia, that was to be a chair of the APEC in 1998, to concentrate on economic and technical cooperation at the APEC Malaysia meeting. In the near future, it seems that China will give a re-definition of the APEC. (Not only the preparation and step for the accession to the WTO, but also economic and technical cooperation, FEEEP problems, Asian financial problems, and so on.)

It is important for APEC that China will maintain interests, because the Chinese economy

has become too big and important to be ignored by the international economy, and China's participation in APEC is extremely important in order to involve China into the international framework.

APEC also has to make efforts to realize China's accession to the WTO at an early stage, by proposals and coordination of multilateral economic cooperation using the APEC framework in order to help China maintain economic growth and to promote trade and investment liberalization.

In the future, APEC will be called upon for further efforts on the following issues:

- 1) To persuade the United States and other countries to make a political decision to China's accession to the WTO;
- 2) On the difficult question of treatment of China in particular, APEC should propose specific content and period for the treatment; and
- 3) To make proposals and the coordination of the multilateral cooperation for FEEEP problems and Asian Finance Crisis using the APEC framework.

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Annex 1: China's Individual Action Plan (1997)

Issue	Term	Content
Tariffs	Short	Reduce the simple average level of tariffs to around 15%.
	Middle	Further reduce the level of tariffs.
	Long	Further reduce the level of tariffs.
Non-tariff Measure	Short	Identify and review all NTMs; Further reduce or relax NTMs; and Ensure the transparency of NTMs.
	Middle	Further reduce NTMs and eliminate all NTMs inconsistent with the WTO agreements.
Services 1.Financial Services	Short	Banking business: The number of business institutions set up by foreign banks will be gradually increased on the basis of the present 24 open cities. Insurance business: Based on the pilot experiment, the number of insurance institutions set up by foreign insurance corporations in China will be increased and the areas for foreign access expanded gradually. Securities business: The number of business institutions set up by foreign securities institutions in China for pilot experiment will be increased progressively.
	Middle	Banking business: The geographical restrictions on the opening up of the financial sector will be further relaxed and the pilot experiment on the RMB business conducted by foreign banks will be further expanded. Insurance business: The opening up of the insurance market will be gradually expanded to several coastal cities and more foreign insurance corporations will be granted the opportunity for market access. Securities business: The number of business institutions set up by foreign securities institutions will be gradually increased and the pilot experiment on the trading of A shares will be carried out.
	Long	The opening up of China's financial services sector will be further expanded. Foreign financial institutions will enjoy "national treatment" in terms of many requirements.
2.Commercial Retailing	Short	Continue pilot programs of equity and contractual joint ventures in the 11 cities, and expand as appropriate the numbers of the joint ventures; --Expand the equity and or contractual joint venture chain stores to the above 11 cities; --Formulate and promulgate the regulations on the opening of wholesale enterprises and select one or two areas to set up equity and/or contractual joint venture wholesale enterprises with the priority given to the distribution centers with wholesale functions.
	Middle	--Expand the area of equity/contractual joint venture experiments to all provincial capitals and economic centers; --Open more equity/contractual joint venture chain stores and open more areas; --Open more equity/contractual joint venture wholesale enterprises and open more areas.
	Long	Wholly foreign-invested retailing enterprises will be allowed.
3.Transportation	Short	As China's market of marine and road transportation has been quite open, the supply of the two services may fully meet the requirements of the society, and a competition mechanism has been formed, which helps increase the service quality and reduce transportation prices, China will regulate the market through enhancing legislative support and further integrate with international management practices.
	Middle	Upon China's accession to the WTO, China will honor its commitments on marine transportation in GATS and further expand its market of marine and road transportation for foreign investment.
	Long	Further relax the conditions for the establishment of equity and contractual joint Ventures regarding marine and road transportation.
4.Telecommunication	Short	Work out a programme for compliance with the international rules for trade in value-added network services.

5.Tourism	Short	Carry out pilot programs of Chinese-foreign equity joint venture travel agencies in five cities on the basis of the previous 12 state level tourist/holiday resorts
	Middle	Progressively expand the scope of pilot programs of Chinese-foreign equity joint venture.
Investment	Short	-Update China's report of investment regimes in a timely manner; --Improve transparency of China's investment regimes; --Progressively increase the number of operational agencies set up by foreign banks; --Further expand the pilot programs of equity and contractual joint ventures in terms of commercial retail and wholesale; --Continue pilot programs of equity joint ventures of foreign trade companies in 2 cities; --Designate five more cities on the basis of the experience of previous 12 state level joint venture travel agencies in tourist/holiday resorts; --Gradually expand sectors for foreign investment; --Gradually render national treatment to foreign-funded enterprises; --Implement Uruguay Round agreements after China becomes a member of WTO.
	Middle	Further broaden overseas investment sectors and remove restrictions.
	Long	Further deregulate investment policies towards eventual realization of investment liberalization in accordance with international practices.
Standards and Conformance 1.Align with International standards	Short	Align Over 60% newly developed national standards with international standards.
	Middle	Transform the existing ISO and IEC standards into national standards, except those unsuitable due to geographic climatal and technological reasons. Perfect products certification system registration/certification and auditor/assessor training;
	Long	Align the development of national standards with the activities of international organizations.
2.Mutual Recognition Arrangements	Short	Participate in the process of selecting new priority areas for MRAs and develop mutual recognition in some fields and seek to enter into mutual recognition arrangements with other APEC members in the following products and areas: toy, cement and electromagnetic compatibility. Participate in the APEC mutual recognition arrangements in the field of food. Currently there are 834 imported products in terms of 8 digits HS code in the List of Import and Export Commodities Subject to the Inspection Enforced by the Commodity Inspection Authorities. Upon China's accession to WTO, 100 imported products will be removed.
	Middle	Seek to conclude mutual recognition arrangements with other APEC members in the following products: automobiles and components, gas and gas utensils, television sets, television kinescopes, refrigerators, compressors for refrigerators, air conditioners, electric tool, vacuum cleaners, electric rice cookers. Seek multilateral recognition arrangements with Australia, Korea, Japan, Thailand and Singapore by 2005
	Long	By 2020, conduct MRA with APEC members in all mandatory and non-mandatory sectors.
3.Technical Infrastructure Development and Cooperation	Short	Auditor Registration: practice national registration institution of auditor inside. Laboratory Accreditation: gradually complete the laboratory national accreditation system in line with the guidelines of ISO/IEC with an aim to enter APLAC MRA and seek bilateral or multilateral mutual recognition with Asia and Pacific region and more extensive region.
4.Transparency	Short	Participate in the information exchange in the field of toy safety. Participate in the related investigation of SCSC, exchange information with other APEC members and ensure the transparency of standards and conformance. Compile and analyze laws, regulation and standards of other APEC member economies.
	Middle	Carry out standards information exchange as required by WTO/TBT.
Customs Procedure		

Intellectual Property Rights	Short	Intensify research efforts in laws and regulations related to IPR, and prepare for amendment of related laws and the amendment of Trademark Law; Strengthen cooperation with related international organizations, launch training programs for IPR protection staff and prepare to establish China Intellectual Property Right Training Centre, open a national legal knowledge campaign for IPR enforcement.
	Middle	1) Make further amendments to the Patent Law in line with the impact of new technological sectors on patent protection, further improve patent approval procedures and consistent with related international convention; 2) Amend the Trademark Law and further streamline trademark registration procedures; 3) Amend the Copyright Law in line with international conventions to combat infringing; 4) Issue the Regulations for Protection of Layout Design of Semi-Conductor; and 5) Promulgate the Act on Protection of Commercial Secrets. Improve administrative enforcement through establishment of a administrative Enforcement process for IPR protection, while strengthening judicial tools to form an in-time, convenient, and effective enforcement mechanism.
	Long	Further improve China's legal system for IPR protection in keeping with the development of China's market economy; and Carry on the legal knowledge campaign for IPR protection to heighten public awareness.
Competition Policy	Short	Review the laws and regulations on countering improper competition and unfair trading; Draft and enact the law and regulations concerning anti-monopoly, perfect the legal system, e.g. strengthening the drafting and research work on the anti-trust law; Draft and promulgate relevant regulations concerning anti-dumping, countervailin and safeguard measures; Enhance the legal exchange concerning the fair competition with other APEC economies or international organizations. Study the advanced experience of other APEC economies; Enhance the enforcement and supervision of laws and regulations, e.g. strengthen the supervision on the price, quality and measure. Crack down on the illegal activities of producing and selling fake and inferior commodities take strong measures against fraudulence and monopoly over price. Protect the producer and consumer's legitimate rights.
	Middle	Transform the traditional planned economy system into market economy system. Reorganize the state-owned enterprise by way of joint operation, merger and joint stock cooperation in order to make them become the true competitive participants in the market. Set up a market system with unified, opening and fair competition; Through the legal and economic methods, regulate the market circulation order, break the regional blockade and sector separation; and
Government Procurement	Short	Review its government practices and consider reforming its procurement system; Start experiment of tendering on government procurement projects; and Participate actively in developing a set of APEC non-binding principles
	Middle	Continue to enhance exchange of information on government procurement systems and practices with member economies; Provide on-job training for procurement personnel with the goal of creating an efficient administrative management of procurement; Reform its government procurement system gradually and improve procurement and tendering procedures to enhance openness, transparency and fair competition; Promulgate and perfect a complete set of laws and regulations on government procurement, taking into account their consistency with WTO Government Procurement Agreement; and Expand the scope of experiment of tendering on government procurement projects.

	Long	Gradually establish and improve procedures and system of government procurement so as to realize their integration with universally-adopted international practices; Make all information related to government procurement systems, procedures, opportunities and tender necessary for bidders accessible to all interested parties; and Eliminate preferences for suppliers and services providers on government procurement and open government procurement market mutually to each APEC economies.
Deregulation	Short	Review the regulations on trade and investment, simplify licensing procedures, Promote and improve fair competition mechanism; Reduce the number of import products handled by designated companies; After China's accession to WTO, 100 import products in term of 8 digits HS Code will be removed from the List of Import and Export Commodities Subject to the Inspection Enforced by the Commodity Inspection Authorities, which includes 834 import products at present.
	Middle	Replace the approval system with registration system for granting trading rights within 5 years upon China's entry into the WTO; Phase out, within 5 years upon China's entry into the WTO, the practice of designating importers for the 5 items including rubber, timber, plywood, wool and acrylic fibers, for steel products, within 6 years; Further review and liberalize regulations on trade and investment and seek to remove obstacles standing in the way of trade and investment.
Rules of Origin	Short	Participate in the harmonization and unification of technical aspects of rules of origin currently under way within WTO/WCO and strive for compliance with the WTO/WCO rules.
	Middle	Unify China's rules of origin for import and export based on the agreed the WTO/WCO.
Dispute Mediation	Short	--Constantly enhance the transparency of laws, regulations and administrative rules. Make all laws, regulations, administrative rules pertaining to trade and investment publicly available in a prompt, transparent and readily accessible manner; --Strengthen the communications with other APEC economies and world organizations. Exchange the information on dispute mediation; --Enhance the quality of personnel engaged in arbitration and related affairs through the "Arbitration Training Center" established; --Strengthen the supervising work for the implementation of laws; --Formulating relevant laws and regulations.
	Middle	--Further perfect the laws and regulations related to dispute mediation; --Strengthen dialogues with other APEC economies and world organizations and exchange the information on dispute mediation with a view to assisting member economies concerned to resolve differences in a manner that can help to avoid confrontation and escalation.
Mobility of Business People	Short	The following are under consideration: 1.The possibility of issuing multiple entry visa to business people; 2.Review of existing visa regulations and possibility of further simplifying the procedures; 3.Accelerating visa approval, computerization and modernization process of customs examination at ports; instituting extensive computerized-code examination; speeding up the customs procedures; and reduce the waiting time for examination, and 4.Explore the possibility of participating in the scheme of APEC Business Travel Card.
	Middle	Continue to improve regulations concerning entry visa for business people, with the aim to meet the greater need of global mobility of business people.
	Long	Further explore policies and measures to facilitate entry/exit of business people into/out.

Implementation of UR	Short	Fully implement Uruguay Round Agreements after China's accession to WTO.
Information Collection and Analysis	Short	<ul style="list-style-type: none"> --Actively participate in the TID Working Group of APEC on the establishment of commercial, trade in services and investment databases, and improve China's performance on data collection concerning trade in services and investment --Join the efforts of APEC economies to establish APEC Tariff Database, and participate in other collective actions of APEC in accordance with Osaka Action Agenda. --Study and evaluate the impact of trade and investment liberalization on various sectors; --Study the relations between sub-regional trade arrangements and APEC trade and investment liberalization and the impact of the former on the latter; --Investigate and analyze its own trade and investment barriers.

Source: China's Individual Action Plan in 1997

Annex 2: China's Individual Action Plan (MAPA) in 1996--Highlights

Tariff: By 2000, reduce the level of simple average tariff rate from current 23% to around 15%, and make further reductions in the medium-long term.

Non-tariff measures: In the short term, review current 384 items of NTMs and gradually reduce or relax these NTMs while ensuring their transparency. In the mid-long term, reduce and eliminate all NTMs inconsistent with WTO agreements.

Service: In the service areas such as banking, insurance, security, commercial retailing, transportation, energy, telecommunication, and tourism, further carry out its reform and opening policy and provide more market access and business opportunities to foreign companies.

Investment: In the short term, improve transparency of investment regime and open more sectors for foreign investment. In the mid-long term, implement relevant WTO agreements after its accession to the WTO and further expand areas and reduce restrictions on foreign investment with a view to achieving free and open investment in the long run.

Standards and Conformance: Fully implement the collective actions formulated by the SCSC of APEC, and take specific actions in four areas: alignment with international standards, mutual recognition of conformity assessment, cooperation on technical infrastructure and transparency.

Customs Procedures: Fully implement its individual action plan of the collective actions agreed in the SCCP, especially those actions for the realization of the nine objectives listed in the collective actions of SCCP.

Intellectual Property Rights: In the short term, revise or draft and publish relevant laws, rules and regulations to perfect China's legislative system in the area of intellectual property rights. Meanwhile, optimize administrative enforcement measures and strengthen judicial measures by establishing a set of executive procedures for IPR in the long term.

Competition Policy: Study and develop a relatively complete market competition mechanism and introduce it into more economic sectors in the short term. For the mid-long term, take various measures to complete the transition from a traditionally planned economic system to a market economic system.

Government Procurement: Development of common understanding on government procurement policies and systems, as well as those of other APEC economies. Aim to establish a government procurement system in China and achieve liberalization of government procurement markets throughout the Asia-Pacific region.

Deregulation: Further improve transparency of administrative regime and reduce trade and investment distortions caused by domestic rules and regulations.

Rules of Origin: Participate in the harmonization and unification of technical aspects of ROO currently undertaking by WTO/WCO and strive for consistency with the agreed rules concluded by WTO/WCO.

Dispute Mediation: Encourage cooperation in addressing economic disputes and facilitate the application of procedures for timely and effectively resolution of disputes between private entities, between governments as well as disputes between governments and private entities.

Mobility of Business People: Consider new measures to improve regulations concerning entry visa for business people and further explore measures to facilitate entry/exit of business people with the aim to meet the greater need for global mobility of business people.

Implementation of UR Outcomes: Fully implement UR agreements after China`s accession to WTO.

Information Gathering and Analysis: Actively participate in the collective actions with other APEC economies.

Source: China`s Individual Action Plan in 1996

Annex 3: Joint Statement by the Heads of Delegation of Japan and the PRC --On the Japan-PRC Bilateral Negotiations on China's accession to the WTO (4 September 1997, Beijing)--

On the basis of the bilateral negotiations on China's accession to the World Trade Organizations (WTO) ,held on 27,28 and 29 August 1997 in Tokyo and on 2 and 3 September 1997 in Beijing, the two Heads of Delegations of Japan and the PRC have noted with satisfaction that a major substantial progress has been made and wish to jointly announce the following:

1. Both sides shared that view that, as a result of the discussion conducted so far, which is briefly described below, a framework towards agreement on the market access of goods has been established.
 - a. The two sides have reached a common recognition that the bilateral negotiation on tariffs and phase-in period is completed.
 - b. The two sides reached a common understanding on non-tariff-measures (NTMs) regarding the base value, the phasing out timetable and the growth rates of import quotas. The two sides decided to conduct further negotiations regarding specific issues on the administration of the NTMs by China.
 - c. The two sides have reached a common recognition that the bilateral negotiation is completed on China's standards and certification systems.
2. In the area of trade in services, the Chinese delegation has indicated that it is ready to provide a substantial offer covering a wide range of sectors of interest to the Japanese side, including, among others, distribution. The Japanese side expressed its appreciation for the endeavor made by the Chinese side, and conveyed its hope that Chinese offer would provide a good basis for further negotiations.

Recognizing that an agreement in the areas of trade in services is an indispensable element in achieving a satisfactory conclusion of the overall bilateral negotiations, both sides have decided to intensify their efforts so that a mutually satisfactory agreement on trade in services can be reached as soon as possible.

3. Believing that an early conclusion of the bilateral negotiations on goods and services will contribute to further strengthening the strong ties of friendship that exist between the two countries, both sides renewed their determination to intensify their efforts to resolve the remaining outstanding issues.

They also reaffirmed their determination to continue to work closely in Working Party negotiations in Geneva as well, with a view to realizing China's early accession to the WTO.

Source: Joint Statement by the Heads of Delegation of Japan and the PRC.

Annex 4: Major Events in 1997, China's APEC Policy/Negotiations for Accession to the WTO

Month	Event	Category
January	Tariffs on 14 articles were reduced.	APEC/ WTO
February	Japan-Taiwan negotiations on Taiwan's admission to the WTO came to an end.(Embargo on Japanese-made automobiles was removed.)	Taiwan/ WTO
March	China agreed to remove import quotas on 385 articles for 12 years	WTO-WP
	China agreed to liberalize trade 3 years after its admission to the WTO (Abolition of Trade Rights).	WTO-WP
	China agreed to implement Agreement on Trade of Intellectual Property Rights (TRIPS) immediately.	WTO-WP
April	China promulgated and enforced Anti-dumping Act.	WTO
	The WTO secretary-general visited China and demanded drastic market liberalization.	WTO
May	Although China's early entry into the WTO was supported at 4 countries' meeting on commerce, China was demanded to liberalize its market drastically.	WTO
	China agreed to eliminate discriminatory measures before its entry into the WTO (Non-discriminatory Principle).	WTO-WP
June	US decided to renew the MFN treatments for China (1 year)	MFN
	China hoped to settle the WTO admission problem by the time of the American-Chinese talks in October.	WTO
July	China approved the establishment of joint enterprises.	WTO
	Tariffs on 160 articles were reduced (China-Japan negotiations).	WTO
	Tariffs on 300 articles were reduced (China-Japan negotiations).	WTO
	China agreed to eliminate import quotas on 385 articles 8 years after its entry into the WTO.	WTO
August	The US classified China as a country changing into a developed county and demanded as high a level of market liberalization as that of industrial countries.	WTO
		WTO
September	The US was pessimistic about the settlement of the China's WTO admission problem before October.	WTO
	China agreed on the tariff problem in the WTO admission negotiations (China compromised on tariff on products).	WTO
	The average of tariffs on 3600 industrial articles was reduced from 47% to 17%.	APEC/WTO
October	China agreed to eliminate import quotas on automobiles 8 years after its entry into the WTO.	WTO
	The average of tariffs on 4874 articles was reduced from 23% to 17%.	WTO
	China expressed that it settled the WTO admission negotiations with the US by the first half of the next year, when the US president would visit China.	WTO
November	China and the EU composed a memorandum on economic cooperation in 5 areas.	WTO
	China announced its entry into the Information Technology Agreement (ITA).	WTO
December	China agreed to permit a joint retailer 5 years after its entry into the WTO.	APEC
	Vancouver APEC Conference	APEC/WTO
		WTO-WG
	China agreed to reduce the average of tariffs from 17% to 10%.	
	China approved the establishment of a foreign-owned subsidiary insurance company.	WTO-WG
	WTO	
	China agreed to permit a joint retailer 2 years after its entry into the WTO.	
	China investigated dumping of the US, Canada, and Korea for the first time.	

Source: Newspapers in China, the United States and Japan.

Annex 5: The current state of the China's WTO admission negotiations

	Item	Status
	Preamble	Agreed
1	General Rules	Agreed
2	Trade system	
	(A) Consistent application	Agreed
	(B) Special economic areas	Agreed
	(C) Transparency	Agreed
	(D) Judicial investigation	Agreed
3	Non-discriminate principle	Agreed
4	Special trade agreement	Agreed
5	Trade right	Agreed
6	National trade	Related issues are negotiated.
	[Annex 2a: National trade]	Under negotiation
	[Annex 2b: Special trade]	Under negotiation
7	Non-tariff measures	Under negotiation
	[Annex 3 : NTM list]	Under negotiation
8	Import and export permission procedure	Agreed
9	Foreign exchange control	Under negotiation
10	Price control	Under negotiation
	[Annex 4: Price control]	Substantially agreed
11	Subsidies	Under negotiation
	[Annex 5a : Report]	
	[Annex 5b : Abolition]	Subsidy abolition
12	BOP article	Under negotiation
13	Import and export tax	Substantially agreed
14	Agriculture	Substantially agreed
15	Standards and validation	Under negotiation
	[Annex 7 : Compulsory investigation]	Substantially agreed
16	Sanitary and quarantine	Substantially agreed
17	Reservation	Agreed
	[Annex 8 : Import restriction]	Under negotiation
18	Temporary review mechanism	Under negotiation
19	SG	
	(A) Special SG	Under negotiation
	(B) General SG	Under negotiation
20	Anti-dumping measures	Under negotiation

Source: Ministry of International Trade and Industry of Japan.