



CHINA @ WTO

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Summary

1

It's not the economy

2

There are no recipes

3

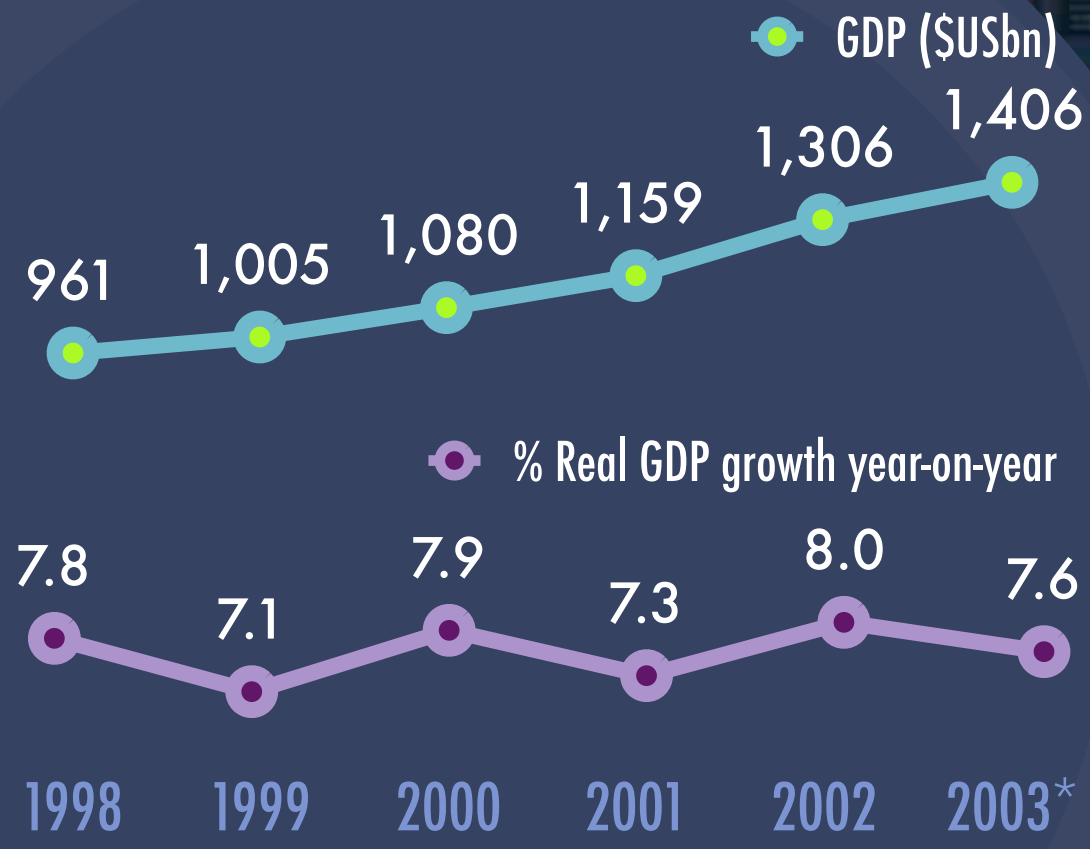
Business needs a role

○ ● ● Its not the economy

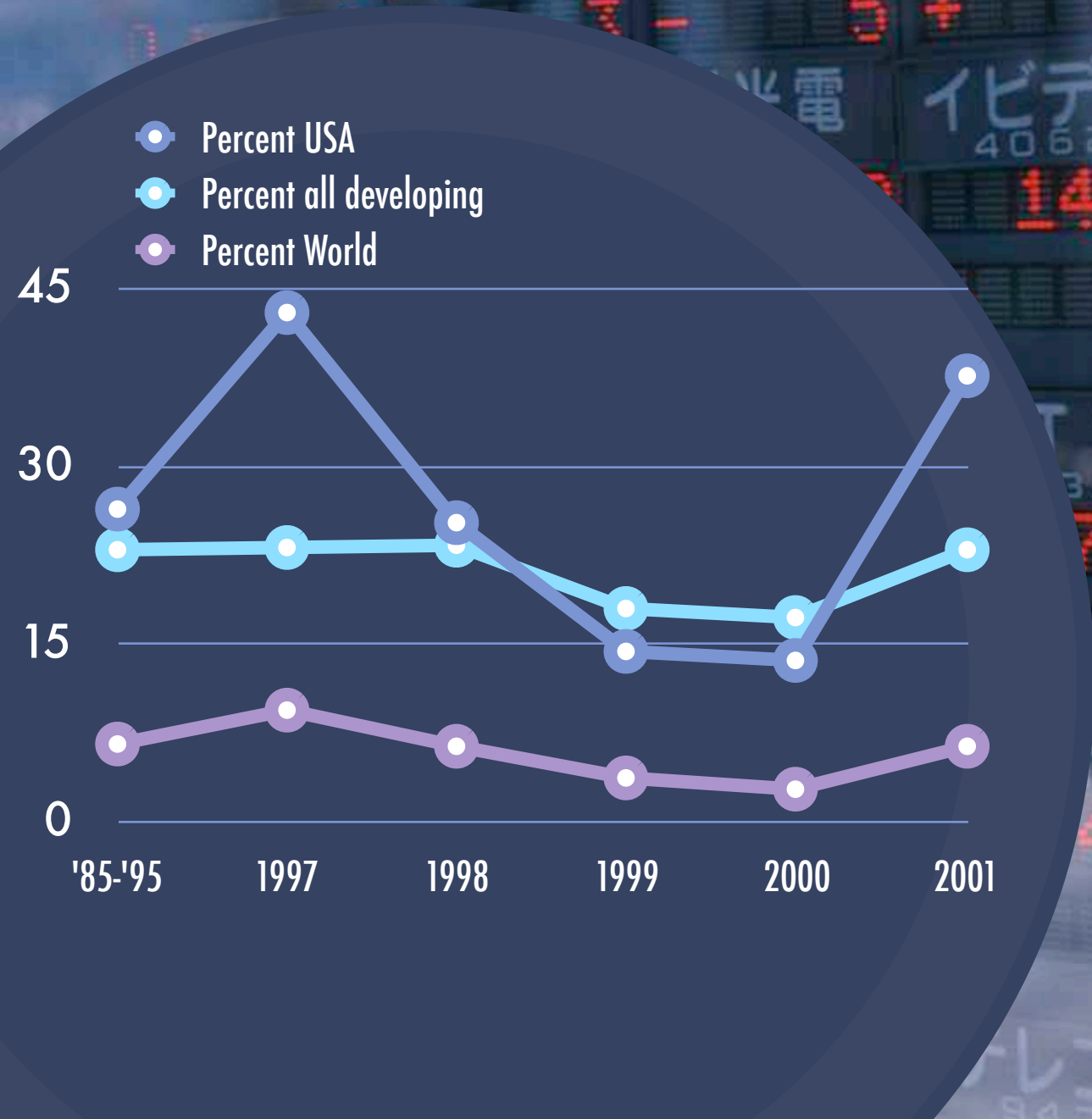
- Growth remains strong
- FDI powers ahead
- 'Financial crisis' is contained
- Trade = opportunity



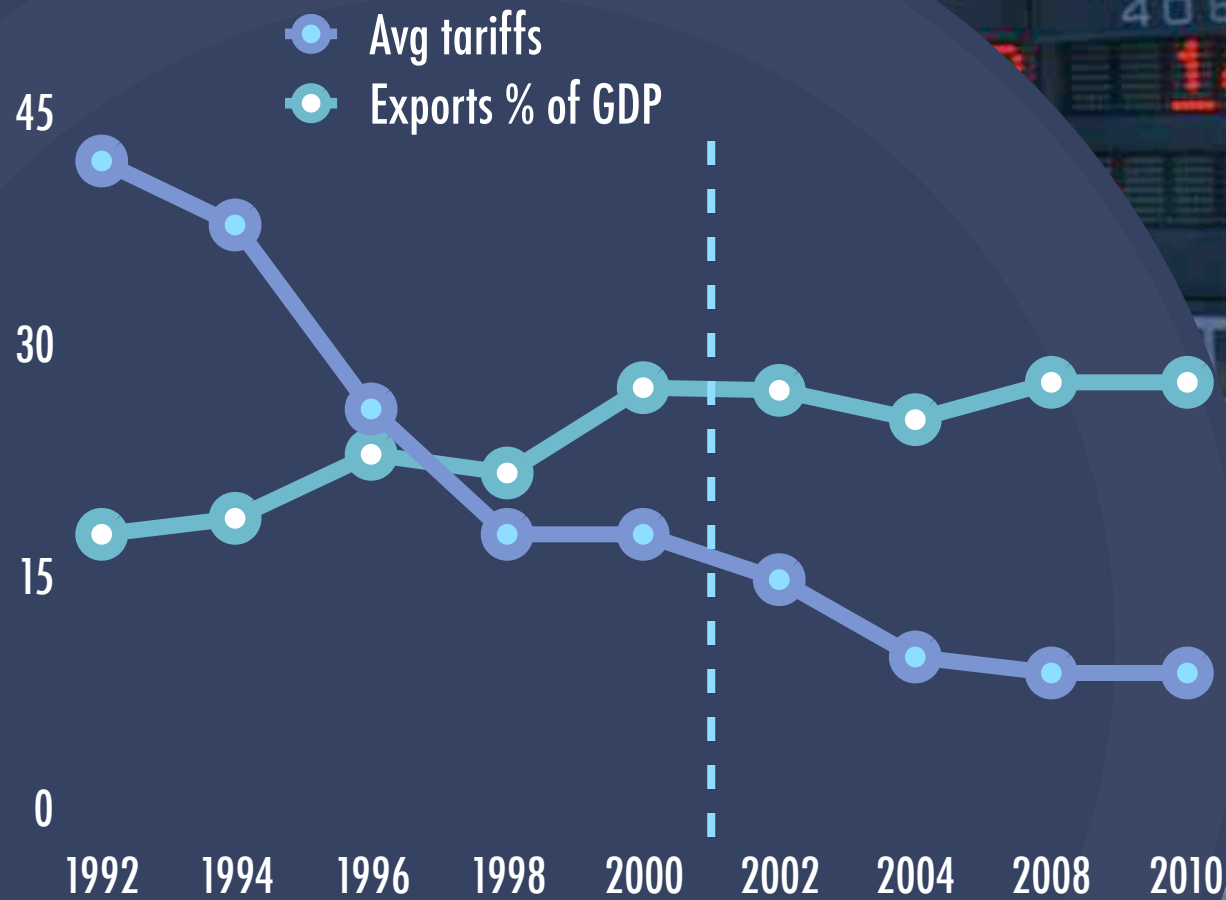
strong growth



investmentflows



trade liberalization

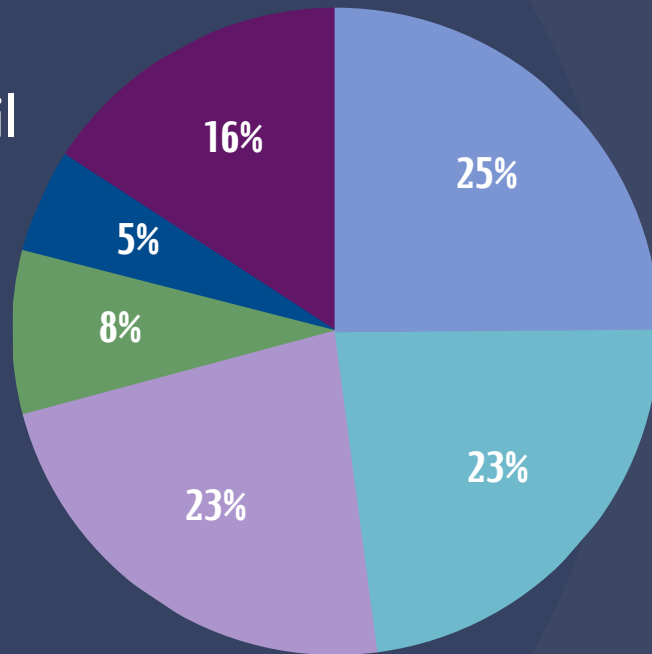


Threats to growth

1

Dislocation

- Textiles
- W'sale & r'tail
- Apparel
- Constr
- Chem
- Other



Growth sectors trade exposed



Est job gains = 12m
Est job losses = 10.95m

Threats to growth

1 Dislocation

2 Fiscal impact

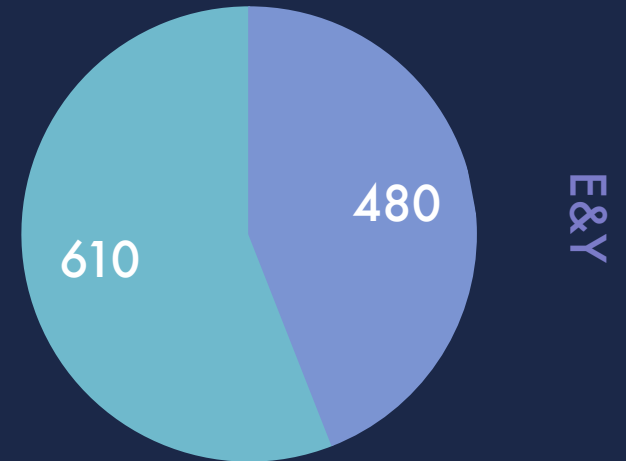
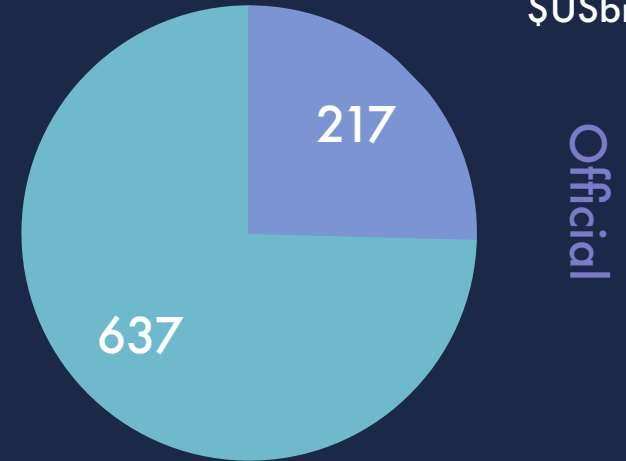
● State contingent liabilities

○ Banking system

○ SOE losses

○ Pension system

Bad loans in total bank lending
\$USbillion



Similar proportion of GDP

Threats to growth

1

Dislocation

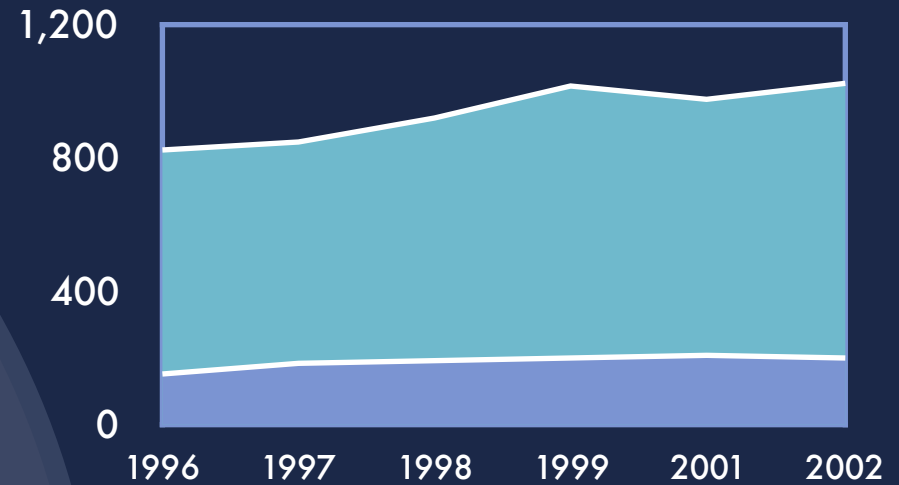
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Fiscal impact

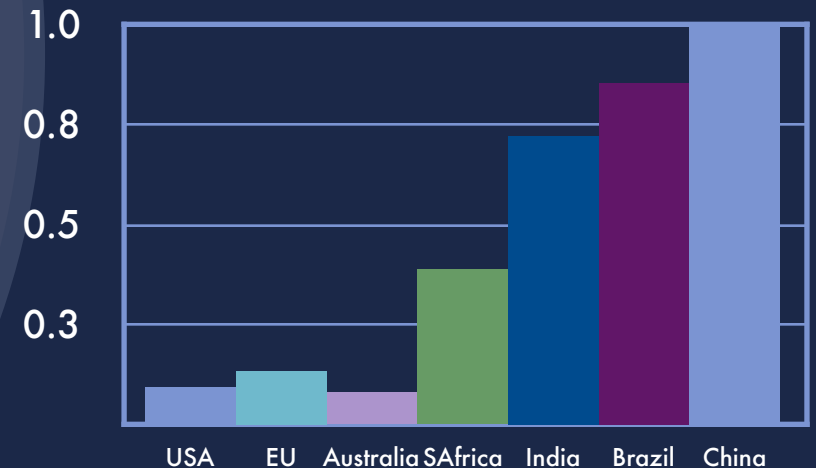
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External

20% of all A-D measures target China



A-D measures per \$USm exports*



* exports 1997

Threats to growth



Estimation	USA	EU
	Average dumping margins in 141 cases	Average dumping margins in 67 cases
Price comparison	3.2	22.7
Constructed values	25.1	25.1
Non-market economies	40.0	45.6
“Best available”	95.6	74.5

Source: Messerlin 2002

Threats to growth ○ ● ●

1

Dislocation

2

Fiscal impact





3

External

- Product-specific safeguard
- Fundamentally inconsistent with WTO provisions
- Textiles safeguard
- Permits arbitrary protection until 2008
- Standards & technical barriers mounting

There are no recipes



-  No policy prescription
-  Principles & procedures
-  Rule of law
-  Role of information

Rule of law



US Company goals for China

% of respondents

Establish a presence for the future	55
Increase exports to China	42
Benefit from lower labor costs	40
Expand a regional base in China	30
Expand a distribution network in China	23
Establish a distribution network in China	23
Benefit from FDI incentives in China	20
Benefit from cost or quality of raw materials in China	19
Establish a regional base in China	19
Other	11

Source: GAO survey of 193 US firms (2002)

Role of information



- Essential component of all 'globalizing' transactions
- Financial transfers
- Merchandise + Services trade
- Notifications & transparency in WTO

○ ● ● Business needs a role

No Member can participate effectively in WTO without well-informed, active, self-interested, input from industry and business groups





THANK YOU

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