**Statement by H.E. Mr. Wang Shouwen**

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**at the Second Session of the Seventh WTO TPR of China**

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**Mr. Chair Ambassador Laourou,**

**Discussant Ambassador Chambovey,**

**Ambassadors, Delegates,**

Over the past couple of days, Mr. Chair, the Discussant, as well as Ambassadors and representatives of 70 Members offered observations on China’s economic and trade policies during the period under this review. Most of them are constructive, but some are completely unacceptable. I can assure you that my colleagues and I will take all the comments seriously. On behalf of the Chinese delegation, I would like to thank you all for your input.

I would also like to express my appreciation to Members’ acknowledgement of China’s fulfillment of its WTO obligations and commitments, efforts in advancing higher-level opening-up and firm support for the multilateral trading system.

Some Member mentioned 行胜于言 “Actions speak louder than words”. That reminds me of an old saying in China, “No sooner said than done”.Just three months after President Xi Jinping made his speech at the Boao Forum for Asia, the relevant opening-up measures that he referred to have been implemented in succession.

June 28th saw the release of the 2018 revised negative list for foreign investment, introducing 22 opening-up measures in such areas as financial services and automobile manufacturing. Since July 1st, import duties on automobiles and car parts among nearly 1,500 tariff lines of consumer goods have been lowered. And on July 9th, the government of China unveiled another 15 specific measures for promoting trade liberalization and facilitation.

The majority of questions and issues raised by members in their interventions have already been responded to in my opening statement the day before and China’s replies to written questions. Let me take this opportunity to approach and clarify the priority areas identified by members.

**1. Regarding the role of the government.**

The 3rd Plenum of the 18th CPC Central Committee held in 2013 spell out the relationship between the government and the market, letting the market play the decisive role in resource allocation and the government play its role better.

In recent years, the role of market has been brought into full play in China. The interest rate is already market-based, and the market-oriented exchange rate formation mechanism has been constantly improved. Restrictions on the access of foreign investors have been cut by nearly two thirds. And investment in areas outside the negative list is by and large administrated through the filing for record system. The number of products and services subject to central government-set prices is only 7 now, mainly those prone to natural monopoly, as well as important public utilities and services relating to public benefit. [These are natural gas, certain water supply (for water conservancy), electricity, special drugs and blood, certain transportation, postal and professional services.]

On the other hand, the government has also played its role better. We have vigorously strengthened IPR protection, minimized monopoly, and continuously improved the business environment. For example, no foreign investor in China has to worry falling victim of gun violence.

It is due to both the decisive role of the market and the better role of the government that China has achieved rapid development, and provided opportunities for its trading partners. The current situation is not perfect of course, but China will continue enabling its government and its market optimally play their respective role.

**2. Regarding Made in China 2025**

According to UNCTAD studies, over 100 countries in the world have supportive industrial policies. 60% of them are for manufacturing, and 25% are related to the new round of industrial revolution.

The US once released many strategic programs or policy acts, Manufacturing Enhancement Act of 2010, Advanced Manufacturing Partnership 2012, and National Strategic Plan for Advanced Manufacturing 2012, just to name a few. Germany has a plan entitled Industry 4.0. And France has New Industrial France 2013.

Made in China 2025 is essentially the same in nature as these plans and programs. It is implemented in an open, transparent and non-discriminatory manner. It applies to both Chinese enterprises and FIEs in China, and in certain aspects, even applies to foreign companies. In fact, many foreign enterprises including American ones have already participated in projects implemented under Made in China 2025.

**3. Regarding overcapacity**

Overcapacity is a global economic issue of both cyclical and structural nature. The US in 1970s and Japan in 1980s both encountered with overcapacity in crude steel.

The 2008 international financial crisis resulted in world economic recession and decline in global market demand. To deal with the crisis, China adopted an economic stimulus plan to boost domestic demand and expand fixed-assets investment, thus contributing to rescuing the world from the crisis. As a side effect, China’s responsible actions also led to capacity increase.

Taking a responsible position again, China has been making tremendous efforts to address domestic overcapacity. China is the only country that has set a quantitative indicator and acted to accomplish it. For 2016 and 2017, China cut its capacity of crude steel by 120 million tons in total. Director General Edwin Basson of World Steel Association said that the global steel industry has felt the significant contributions made by China to capacity reduction.

Although China’s steel and iron production accounts for half of the global total, no worry that it would affect your industry. Because China’s steel and iron export only takes up 9.5% of its total production, while some other countries export 65%, 39% and 47% of their production respectively today. Addressing overcapacity needs collective actions. China stands ready to join hands with other countries to tackle this problem together.

**4. Regarding SOEs**

SOEs can be found in many WTO members. The United States has Fannie Mae and Freddie Mac. Canada, France and a number of developed members also have SOEs.

SOEs in China, just like private companies, FIEs and other enterprises of this country, are independent market players that compete on a level playing field. If a member believes that certain SOEs get special subsidies from the Chinese government, and their exports affected that member’s domestic industry, the member could just conduct countervailing investigations according to the rules of SCM Agreement, just like what they normally do with private companies and FIEs.

**5. Regarding IPR**

Strengthening IPR protection is the inherent demand of China’s innovation and development. It serves the interests of Chinese enterprises, and also caters to the interests of foreign companies.

China has no law that mandates the transfer of technologies by foreign enterprises to their Chinese cooperation partners. The technical cooperation between Chinese and foreign companies are absolutely contractual behavior based on voluntary business deals. As for the groundless accusation of IPR theft, I wish to emphasize the Chinese government has established a relatively complete legal system for IPR protection, set up IPR courts and dedicated tribunals. The dominant role of judicial protection of IPR has been continuously cemented in China. And we will keep improving upon enforcement.

**6. Regarding cyber security and data flow**

By implementing its Cyber Security Law and regulating data flow, China does not intend to impede cross-border data flow, let alone restricting international trade. Rather, the aim is to ensure cyber security and orderly flow of data within the applicable legal framework, protect the legitimate rights and interests of its citizens and legal persons, and safeguard national security and social public interests.

As a developing member, China has to take these measures to prevent incidents like data leakage by Cambridge Analytica, and prevent interference into China’s domestic affairs by external powers that should jeopardize its stability and security.

**7．Regarding transparency**

Like the vast number of developing members, China still faces capacity constraint when it comes to implementing the transparency obligations. However, China has all along been sparing no efforts in honoring its notification obligations under the WTO agreements. We submitted the first notification on subsidies at sub-central government level before the last TPR. Prior to this TPR, we handed in the 2015-2016 notification for both central and sub-central subsidies programs. The notification encompasses 190 items in such fields as R&D of enterprises, environment protection and energy conservation, as well as fisheries. And for the first time, programs in all provincial-level administrative regions in China are reflected.

In terms of the domestic support notification, China has basically completed technical preparations. However, in view of the ongoing disputes, submission has to be postponed.

**8. Regarding GPA**

On top of China’s persistent endeavor to join the GPA at an earlier date, President Xi Jinping announced at the Boao Forum for Asia in April this year that China will pace up the process. That is a reiteration of China’s consistent position by our top leader. A revised offer will be submitted to the WTO as soon as possible.

China has already made considerable efforts to join the GPA. However, its accession process depends on not only China's own efforts, but to a large extent, the positions and expectations of the parties to the GPA. We hope that all the parties could adopt a flexible and pragmatic attitude as well.

**9. Regarding support for developing members and LDCs**

China’s status as the world’s largest developing country has not changed. At present, per capita GDP in China is below USD9000, ranking the 71st globally. Due to imbalanced and incomplete development, more than 30 million rural people still live in poverty. China lags far behind developed countries in pension, healthcare and other social security areas. It is therefore unrealistic to require China undertake responsibilities the same as developed members.

However, China is ready to shoulder the international responsibilities commensurate with its development level and capacities. We are willing to provide support to developing countries, especially LDCs within our capabilities. We have actively expanded import, promoted investment and firmly supported the implementation of S&D entitled to developing members under the multilateral trading system. As regards the first China International Import Expo to be held in the coming November, we will provide assistance and convenience to exhibitors from developing countries and exempt LDCs from their participating fees. A country pursuing state-led mercantilist trade policies would never do that.

**10. Regarding the Belt and Road Initiative and the WTO**

The Belt and Road Initiative aims at deepening cooperation among countries in a pragmatic manner for shared prosperity. Adhering to the principle of achieving shared benefits through consultation and collaboration, it is open to all like-minded friends. These are in line with the objectives of the WTO, and compatible with its rules.

It’s worth mentioning that the Belt and Road Initiative explicitly proposed, in terms of unimpeded trade, that the multilateral trading system with the WTO at its core be upheld, trade and investment liberalization and facilitation be advanced, and protectionism be strongly opposed. The initiative will be implemented in a manner consistent with the multilateral trading rules.

**11. Regarding FTAs**

While firmly safeguarding the multilateral trading system as the main channel, China has been vigorously promoting free trade arrangements with its trading partners. Our recent FTA negotiating partners include Moldova, Mauritius and Panama. China will remain committed to building a network of high-standard free trade areas which is open to the world. We look forward to making progress jointly with our FTA partners and attaining the objective of common development.

**Mr. Chair, the Discussant, Ambassadors and Delegates,**

This concludes my responses to the key issues identified in the first session of this TPR. I thank you all for attention.