**China’s Position Paper on WTO Reform**

The rules-based multilateral trading system, with the World Trade Organization (the WTO) at its core, is the cornerstone of economic globalization and free trade. It has made significant contributions to promoting international trade, economic growth and sustainable development. Since its accession to the WTO, China has been a staunch supporter of the multilateral trading system, advocating for the WTO to play a greater role in global economic governance, and taken firm position against protectionism.

At a time when the world economy is undergoing profound changes and the multilateral trading system is severely undermined by rising unilateralism and protectionism, China supports necessary reform of the WTO, in order to enhance its authority and efficacy, to build an open world economy, and to pursue a community with a shared future for mankind.

To this end, China has put forward three basic principles and five suggestions on WTO reform. The three basic principles are as follows:

**Firstly, the WTO reform shall preserve the core values of the multilateral trading system**. China believes that non-discrimination and openness are the most important core values of the WTO, which guide the WTO members in managing economic and trade relations with each other within the framework of multilateral rules. The principle of non-discrimination, as reflected in the rules of National Treatment and Most Favored Nation, is to ensure that no member will be singled out and discriminated against by any other member in connection with importation and exportation. The principle of openness, as embedded in the binding of tariffs and the elimination of quantitative restrictions, is to ensure that no member can levy tariffs above the bound level or impose quantitative restrictions against any certain member at will. The reform shall reinforce these fundamental rules of the multilateral trading system, in order to create stable and predictable environment for international trade.

**Secondly, the WTO reform shall safeguard the development interests of developing members.** Development is at the center of the work of the WTO. The WTO rules explicitly provide that developing members are entitled to special and differential treatment as compared with developed members, including lower level of market liberalization, longer transitional period to meet their obligations or for the implementation of results of negotiations, greater flexibility in the use of policy instruments/maintaining policy space as well as access to technical assistance. China believes that the reform should address the difficulties developing members encounter in their integration into economic globalization, by providing developing members with flexibility and policy space needed for their economic development, contributing to the United Nations 2030 Agenda for Sustainable Development and narrowing the North-South gap.

**Thirdly, the WTO reform shall follow the practice of decision-making by consensus.** Rules should be made by the international community jointly. The reform is of considerable importance to the future path of the multilateral trading system. The choice of reform agenda, the formulation of any work plan as well as the final outcomes shall be decided through extensive consultations, based on mutual respect and dialogues on equal footing. The process shall be inclusive and open to all Members, especially the developing ones. The reform cannot be dictated by a few, nor decided by an exclusive small group of Members.

**The five suggestions are as follows:**

**Firstly, the WTO reform should uphold the primacy of the multilateral trading system.** Some members are trying to introduce “new concepts” or “new terminologies” into the reform agenda that could undermine the authority of the multilateral trading system in a disguised way. China is firmly opposed to these attempts. The WTO reform should reinforce the centrality of the multilateral trading system in international trade liberalization and facilitation.

**Secondly, the priority of the reform is to address the existential problems faced by the WTO.** Currently, one major member is blocking the appointment of Appellate Body members, raising tariffs by abusing the National Security Exception and taking unilateral measures on the pretext of domestic law. Such actions are undermining the basis of the multilateral trading system. China proposes that the reform should take up and resolve the issue of Appellate Body member appointment blockage as soon as possible, and rein in actions of unilateralism and protectionism with the strings of the WTO rules, and ensure the smooth functioning of all aspects of the WTO.

**Thirdly, the reform should address the imbalance of trade rules and respond to the latest developments of our time.** China stands against pursuing protectionist measures by taking advantages of the loopholes of current rules. The reform should address the long-term distortion of international agricultural trade by over-subsidization from developed members. The reform should prevent abuse of trade remedy measures, especially the “surrogate country” methodology in anti-dumping investigations that severely disrupts the normal flow of international trade. Meanwhile, the reform should also keep the WTO rules relevant by including 21st century issues such as Investment Facilitation, and Micro, Small and Medium-sized Enterprises.

**Fourthly, the reform should safeguard the special and differential treatment for developing members.** The gap between the developed and the developing members is much more than the gap reflected in their respective GDPs. Rather, it is reflected in various areas, such as the stage of social and economic development, industrial structures and competitiveness, regional development disparities, literacy and educational levels, social welfare and safe nets, and the capabilities to participate in the international governance. China stands against the intention of certain members to question or take away the special and differential treatment for some developing members in the name of WTO reform. China is the largest developing country in the world, and is willing to take up commitments commensurate with its level of development and economic capability. However, China will never agree to be deprived of its entitlement to special and differential treatment as a developing member.

**Last but not least, the reform should respect members’ development models.** Some members do not accept the diversity of development models. On the one hand, they point fingers to other members’ legitimate developmental models and policy measures, such as state-owned-enterprises and industrial subsidies. On the other hand, they are restricting legitimate flows and exchanges of technological innovations, trying to maintain their monopolistic position over technology and contain the development of others. China firmly opposes such actions. The reform should prohibit discrimination against enterprises of certain members in investment security review and anti-trust investigations. The reform should address the abuse by developed members of export control measures in obstructing technology cooperation. China opposes special and discriminatory disciplines against state-owned-enterprises in the name of WTO reform, and the inclusion of issues based on groundless accusations in the WTO reform agenda.