

China's Accession to the GATT

The centrepiece of China's trade policy remains its well organized strategy for reentering the GATT. However, even the most dedicated of reformers concede that China's domestic market and industries need substantial protection for a number of years. China can therefore be expected to negotiate in multilateral and bilateral forums with the primary goal of securing access to foreign markets while arguing that China, as a developing economy, needs an extended transition period to reach GATT norms.

China's stated goal is to accede to the GATT as an original member of the World Trade Organization (WTO) by January 1995. However, working party members have not come to a consensus on the precise terms that must be met by Chinese reforms in order for China to accede. Canada strongly supports China's accession, but would like to include Uruguay Round agreements on services and intellectual property rights among the terms.

Generally, the reforms which must be undertaken before China can meet the conditions outlined by GATT working party members include: elimination of import prohibitions, restrictive licensing requirements and other controls or restrictions; lifting of all restrictions on access to foreign exchange and full convertibility of the Chinese currency; full liberalization of domestic prices to reflect actual costs of production; uniform application and enforcement of laws and regulations in all regions, to all imports, from all countries; and uniform and fair application of standards and measures based on internationally accepted scientific principles.

Foreign Trade

China is steadily becoming an important world trader; in 1991 for example, PRC exports topped two percent of global totals for the first time. The latest figures place China's world trade at U.S. \$195.71 billion (1993), made up of U.S. \$91.76 billion (up from \$9.8 billion in 1978) in exports and U.S. \$103.95 billion (\$10.9 billion in 1978) in imports. Also in 1992, China was the world leader in sales of several traditional products, including pig bristles, tungsten, fireworks, and tea. Over the last decade, PRC trade (imports and exports) as a percentage of GDP (gross domestic product) has risen from 10 percent in 1978 to 38 percent in 1992.