



WORLD TRADE ORGANIZATION

Analysis of China's Commitments to Other Members

Highlights of GAO-03-4, a report to the Chairman and Ranking Minority Member, Committee on Finance, U.S. Senate, and Chairman and Ranking Minority Member, Committee on Ways and Means, U.S. House of Representatives

Why GAO Did This Study

China's entry into the World Trade Organization (WTO) on December 11, 2001, represented a major step in the reform efforts of the U.S.'s fourth largest trading partner. When implemented, these reforms will liberalize and modernize China's economy and trading activities, including its industrial, services, and agricultural sectors. However, understanding the implications of China's accession depends on a thorough analysis of the complex terms of China's membership in the WTO. In this initial study, one of several GAO will conduct for the Congress on China-WTO issues, GAO systematically analyzed (1) the scope and types of China's WTO commitments; and (2) the interrelationships among commitments set forth in China's accession agreement.

U.S. Trade Representative and other agency officials provided technical and editorial comments on this report, which GAO incorporated as appropriate.

What GAO Found

China's WTO accession commitments are comprehensive and set forth the ways in which China will conform to the WTO's trade liberalizing rules. The commitments span eight broad areas and require both general pledges and specific actions from China, ranging from adherence to nondiscriminatory principles to reforming designated laws and trade practices (see figure below). GAO identified nearly 700 individual commitments on how China is expected to reform its trade regime, as well as commitments that liberalize market access for over 7,000 goods and nine broad services sectors in industries important to the United States, such as automobiles and information technology.

The potential for China's WTO accession agreement to open China's market to foreign goods and services cannot be assessed by only examining individual commitments. GAO found that the interrelationships among some individual commitments could strengthen the general business environment in China by fostering a more transparent, consistent, and market-oriented trade regime for U.S. business. Other interrelated commitments, however, could delay or limit the access given to U.S. businesses, because some commitments are to be phased in over 10 years or will provide only partial access for particular foreign products or services. Overall, the breadth and complexity of China's commitments underscore the challenges for China in fulfilling its obligations and for other WTO members in monitoring and enforcing China's compliance.

China's WTO agreement covers eight broad areas:

