

Highlights of [GAO-03-461](#), a report to the Chairman and the Ranking Minority Member, Senate Committee on Finance, and to the Chairman and the Ranking Minority Member, House Committee on Ways and Means

Why GAO Did This Study

China's December 2001 membership in the World Trade Organization created substantial opportunities for U.S. companies seeking to expand into China's vast market, and for significant reforms within China at all levels of government. However, the benefits of China's membership in the World Trade Organization are contingent on China's successful implementation of its commitments. In recognizing this fact, Congress has provided increased resources to executive branch agencies to enhance the government's ability to effectively monitor and enforce China's compliance. In this study, one of several that GAO will conduct for Congress on China-World Trade Organization issues, GAO was asked to (1) examine key agencies' organizational changes and the interagency process used to carry out compliance responsibilities and (2) review how the agencies have addressed compliance issues that arose during the first year of China's membership, by using two specific examples; the examples illustrate the type of compliance issues U.S. officials face but are not representative of China's compliance record overall.

The U.S. Trade Representative and other agency officials provided technical and editorial comments mainly on our characterization of issues relating to tariff-rate quotas and the multilateral review of China's trade policies. We clarified these issues and made other changes as appropriate.

www.gao.gov/cgi-bin/getrpt?GAO-03-461.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Susan Westin at (202) 512-4128 or westins@gao.gov.

WORLD TRADE ORGANIZATION

First-Year U.S. Efforts to Monitor China's Compliance

What GAO Found

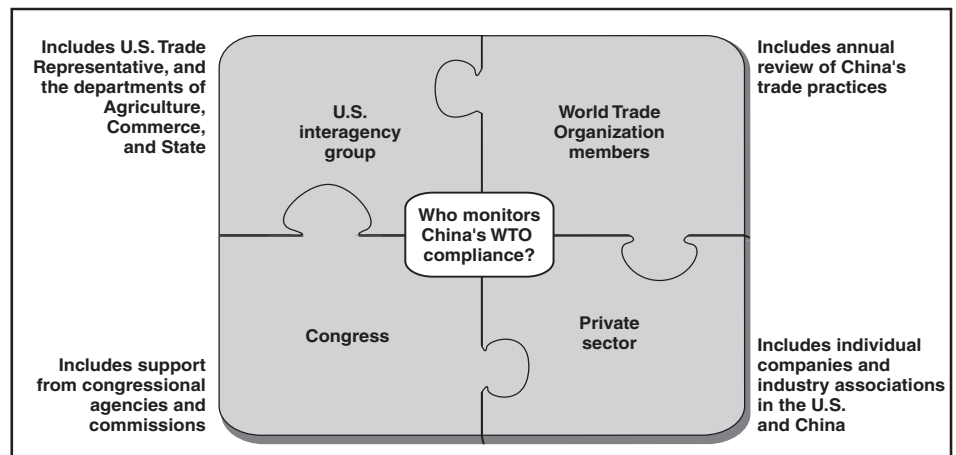
In order to better monitor China's compliance with its World Trade Organization commitments, the U.S. Trade Representative and the departments of Agriculture, Commerce, and State have

- reorganized or established intra-agency teams to coordinate their oversight of China's compliance;
- increased staff from about 28 to 53 in key units in Washington, D.C., and China from fiscal year 2000 to 2002; and
- reflected these changes in their agencies' recent performance and strategic plans.

In addition, the U.S. Trade Representative is leading a new interagency working group on China's compliance to identify, analyze, and resolve problems. This group, which utilizes private sector input, was very active in monitoring and responding to issues during the first year of China's membership, although it took some time for agencies to work out their respective roles and responsibilities in the interagency group.

U.S. agencies' experiences in two areas during the first year of China's World Trade Organization membership illustrate the challenges ahead in addressing compliance issues. First, problems regarding China's commitments to grant market access to certain bulk agricultural commodities through the use of tariff-rate quotas show the extensive effort required to identify difficulties, gather and analyze information, and begin to resolve complex and technical issues with China. Second, disagreement among World Trade Organization members over how to conduct a comprehensive annual review of China's trade policies within the World Trade Organization led to a limited first-year review that did not meet U.S. expectations, and illustrated the challenges of gaining consensus in this multilateral forum to improve future oversight. Problems in both of these areas are unresolved, and U.S. officials continue to pursue their resolution with China in 2003.

Many Actors Monitor China's World Trade Organization Compliance



Source: GAO.