



WORLD TRADE ORGANIZATION

Selected U.S. Company Views about China's Membership

Highlights of [GAO-02-1056](#), a report to the Chairman and the Ranking Minority Member, Committee on Finance, U.S. Senate, and to the Chairman and the Ranking Minority Member, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

China's entry into the World Trade Organization (WTO) on December 11, 2001, brought the world's seventh largest economy under global trade liberalizing rules. If implemented, China's commitments will open China's economy and reform its trading activities, thereby expanding U.S. companies' opportunities for investing in China and for exporting goods, agricultural products, and services to China. Understanding U.S. companies' expectations is fundamental for policymakers to judge the degree to which the benefits of China's WTO membership are being realized.

GAO analyzed U.S. companies' views about (1) the importance of, (2) the anticipated effects of, and (3) prospects for China implementing its WTO commitments. GAO surveyed a random sample of 551 U.S. companies and interviewed 48 judgmentally selected companies in four cities in China. Survey results reflect responses from 191 companies—a response rate of 38 percent—and may not reflect the views of all U.S. companies with activities in China.

What GAO Found

U.S. companies that responded to the GAO survey reported that most of China's WTO commitments are important to them. These companies, which already have a presence in China, identified rule of law-related reforms as more important than other reforms to increase market access, to liberalize foreign investment measures, and to make fundamental changes to continue China's transition to a market economy. Specifically, WTO commitments in the areas of intellectual property rights; consistent application of laws, regulations, and practices; and transparency of laws, regulations, and practices emerged as the most important areas in which China made commitments.

Most companies responding to GAO's survey expected that China's WTO commitments would have a positive impact on their business operations, that the impact has already begun or would begin within 2 years and that it would lead to an increase in their volume of exports to China, market share in China, and distribution of products there. However, some company representatives whom GAO interviewed in China believed that China's implementation would be incremental.

Survey respondents expected that most of the WTO-related commitment areas listed in GAO's survey would be difficult for Chinese officials to implement. Companies expected the important rule of law-related commitment areas to be the most difficult commitments to carry out and had mixed expectations about implementation for different government levels and geographic areas across China. Besides rule of law-related reforms, company representatives described how they expect that China's need to protect its domestic interests and China's culture with regards to business relationships might create impediments to implementation.

Almost 80 Percent of U.S. Companies Responding to GAO's Survey Expected China's WTO Commitments to Have a Very Positive or Positive Impact on their Business

