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Agenda Item: III

China's IAP Peer Review - Presentation

Purpose: Consideration
Submitted by: APEC Secretariat



**Third Senior Officials' Meeting
Cairns, Australia
3 July 2007**

CHINA'S IAP PEER REVIEW

July 4, 2007

Cairns, Australia

China's IAP Peer Review

- I. China's Economic Situations
- II. China and APEC
- III. China's Efforts towards Bogor Goals

China's IAP Peer Review

I. China's Economic Situations

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- ◆ In 2006, GDP reached 20.94 trillion yuan, with annual growth rate around 10% since last IAP Peer Review.
- ◆ Total value of import and export in 2006 reached 1760.7 billion US dollars.
- ◆ The foreign capitals actually utilized were 69.5 billion US dollars in 2006.
- ◆ Urban per capita disposable income rose to 1488 US dollars and rural per capita net income grew to 454 US dollars.

I. China's Economic Situations

	2003	2004	2005	2006
Export Volume (billion USD)	438	593	762	969
Import Volume (billion USD)	413	561	660	792
GDP (billion RMB)	12582	15988	18387	20941
Destination of Exports (Top 5)	US, HK, EU, Japan, ASEAN	US, EU, HK, Japan, ASEAN	US, EU, HK, Japan, ASEAN	US, EU, HK, Japan, ASEAN
Source of Imports (Top 5)	Japan, EU, Chinese Taipei, ASEAN, Korea	Japan, EU, Chinese Taipei, ASEAN, Korea	Japan, Korea, ASEAN, Chinese Taipei, EU	Japan, EU, Korea, ASEAN, Chinese Taipei
Share of APEC Members in Total Exports (%)	71	75	69	64
Share of APEC Members in Total Imports (%)	69	78	66	67
Share of APEC Members in Total FDI (%)	73	71	65	61

China's IAP Peer Review

II. China and APEC

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- ◆ Since 1991, the trade between China and APEC members has been kept above 65% of China's total trade volume and direct investment from APEC members has also taken up over 60% of the total FDI.
- ◆ In 2006, eight of the ten largest trading partners of China are APEC members, namely, Japan, USA, Hong Kong, China, ASEAN, Korea, Chinese Taipei, Russia and Australia.



China's IAP Peer Review

III. China's Efforts towards Bogor Goals

1. Tariff and NTMs

Tariff

- The average tariff rate of 11.0% in 2003 was reduced to 9.9% in 2006.
- China bounds 100 percent of the tariffs.

NTMs

- All NTMs inconsistent with WTO were eliminated by 1 January 2005.
- Tariff quotas are only applied to those limited products important to the national economy and the people's livelihood.

Tariff Reduction & Average Tariffs

Year	Actions	Average Tariff
1996	Unilateral (reduced by more than 30%)	23.0%
1997	Unilateral	17.0%
1999	Unilateral	16.7%
2000	Unilateral	16.4%
2001	Unilateral	15.3%
2002	WTO Schedule	12.0%
2003	WTO Schedule	11.0%
2004	WTO Schedule	10.4%
2005	WTO Schedule	9.9%
2006	WTO Schedule	9.9%

The Average MFN Tariffs to Tariff Lines

Sector	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Average applied tariff rate for all lines subject to duty (%)	10.9	16.5	11.6	6.6	7.8	11.4	13.2	7.6	7.0	13.3	9.0	13.3	9.9	13.3

1: all goods; 2: Agriculture excluding Fish; 3: Fish and Fish Products; 4: Petroleum Oils; 5: Wood, Pulp, Paper and Furniture; 6: Textiles and Clothing; 7: Leather, Rubber, Footwear and Travel Goods; 8: Metals; 9: Chemical & Photographic Supplies; 10: Transport Equipment; 11: Non-Electric Machinery; 12: Electric Machinery; 13: Mineral Products, Precious Stones & Metals; 14: Manufactured Articles, n.e.s
 Note: Products of zero tariff are excluded.

2. Services

- ◆ **Significant achievements**
 - ✦ Among the 160 services sectors and sub-sectors under the WTO classification, China has opened up 104 sectors, accounting for 62.5%.
- ◆ **Banking**
 - ✦ Removal of geographic restrictions
 - ✦ Allowing foreign financial institutions dealing in local currency with local customers
 - ✦ Elimination of non-prudential measures on ownership and operation

2. Services

- ◆ Securities
 - ✦ Foreign ownership: from 33 to 49 percent
 - ✦ Capital Market open:
 - ◆ Qualified Foreign Institutional Investors (QFII)
 - ◆ Open listed companies to strategic investors
- ◆ Telecommunications
 - ✦ 17 Chinese cities open to foreign suppliers
 - ✦ Postal services separated from telecommunications services

3. Investment

- ◆ Legislative build-up
 - ✦ 40 new regulations and provisions promulgated for further liberalization
- ◆ Decentralization of screening power to provincial level
 - ✦ For encouraged and permitted sectors not exceeding US\$ 100 million, for restricted sectors not exceeding US\$ 50 million
- ◆ Dispute centers for foreign investment complaints set up at both central and provincial levels.

Distribution of FDI by Sectors

Sector	Number of project	Share (%)	Contracted value	Share (%)	Realized value	Share (%)
Total	43664	100	1534.79	100	606.30	100
Agriculture, Forestry, Animal Husbandry and Fishery	1130	2.59	32.71	2.13	11.14	1.84
Mining	279	0.64	11.56	0.75	5.38	0.89
Manufacturing	30386	69.59	1097.36	71.50	430.17	70.95
Production and Supply of Power, Gas and Water	455	1.04	39.60	2.58	11.36	1.87
Construction	411	0.94	17.69	1.15	7.72	1.27
Transportation Warehousing, Post and Telecommunications	638	1.46	23.73	1.55	12.73	2.10
Computer and Software	1622	3.71	20.21	1.32	9.16	1.51
Wholesale, Retailing	1700	3.89	25.01	1.63	7.40	1.22
Hotel and Restaurant	1174	2.69	21.69	1.41	8.41	1.39
Finance	43	0.10	5.75	0.37	2.52	0.42
Real Estate	1767	4.05	134.88	8.79	59.50	9.81
Lease and Business Service	2661	6.09	67.42	4.39	28.24	4.66
Scientific Research, Technology Service and Geological Prospecting	629	1.44	10.06	0.66	2.94	0.48
Management of Water Conservancy, Environment and Public Equipment	164	0.38	8.22	0.54	2.29	0.38
Resident Service and other Service	251	0.57	5.43	0.35	1.58	0.26
Education	59	0.14	1.73	0.11	0.38	0.06
Health Care, Social Security and Social Welfare	21	0.05	1.47	0.10	0.87	0.15
Culture, P.E. and Entertainment	272	0.62	10.13	0.66	4.48	0.74
Public Management and Social Organization	2		0.14	0.01	0.02	

4. IPR

- ◆ Legislative improvement
 - ✦ Revision of the Trademark Law, Copyright Law, Patent Law and relevant administrative rules
 - ✦ WCT and WPPT accession
- ◆ Enhanced administrative enforcement and judicial protection
 - ✦ Nationwide special campaigns
 - ✦ IPR Protection Outline and IPR protection Action Plan
 - ✦ Actions for cracking down on IPR infringements
 - ✦ Lower thresholds of criminal punishment
 - ✦ 50 Service Centers and “12312” telephone hotline

4. IPR

- ◆ Public awareness promotion
 - ✦ The IPR Protection week
 - ✦ The training programs on IPR protection for high level officials
 - ✦ The Project of Fostering IPR Talents and the nationwide training plan
 - ✦ National exhibition on IPR Protection

5. Transparency

- ◆ More than 2,300 pieces of laws, regulations and rules have been rectified and modified.
- ◆ Enhanced transparency by legislation:
 - ✦ The Administrative Licensing Law
 - ✦ The Administrative Review Law
 - ✦ The Administrative Procedure Law

6. Competition Policy and Regulatory Reform

- ◆ Building up legal framework
 - ✦ A series of laws, regulations and rules promulgated
 - ✦ The Anti-monopoly Law

7. Government Procurement

- ◆ A sound framework established
 - ✦ **Transparency**
 - ✦ **Value for Money**
 - ✦ **Open and effective competition**
 - ✦ **Fair dealing**
 - ✦ **Accountability and due process**

8. Trade Facilitation-Customs

- ◆ Customs reform
 - ✦ Fast-track clearance procedures, simplified clearance procedures, online declaration and surveillance
- ◆ Adoption of risk management
- ◆ Significant progress in shortening the custom processing time of the goods
 - ✦ In Shanghai Port, the average processing time for goods exportation is around 30 minutes.

8. Trade Facilitation-Standards

- ◆ Up to 2006, 9931 ISO and IEC international standards adopted
- ◆ Adoption rate of international standards: 46.5% in 2006
- ◆ Active participation in APEC food safety cooperation

8. Trade Facilitation-Business Mobility

- ◆ Port Visa at major ports
- ◆ ABTC Scheme
 - ✦ To date, 35,000 foreign applications processed
 - In 2006, 8,598 processed
 - ✦ The average processing time: 14 days

9. RTAs/FTAs

- ◆ FTAs signed:
 - ✦ CEPA with Hong Kong, China
 - ✦ CEPA with Macau, China
 - ✦ China-ASEAN
 - ✦ China-Chile
 - ✦ China-Pakistan
- ◆ FTAs under negotiation:
 - ✦ China-Australia
 - ✦ China-New Zealand
 - ✦ China-Singapore
 - ✦ China-Iceland
 - ✦ China-GCC
 - ✦ China-SACU

10. Conclusion

- ◆ We, as a member of APEC, are making significant progress to the Bogor Goals.
- ◆ We reaffirm our commitments to the Bogor Goals and continue our efforts to achieve trade and investment liberalization and facilitation.

Thank you