China’s IAP Peer Review - Presentation

Purpose: Consideration
Submitted by: APEC Secretariat
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
I. China’s Economic Situations

- 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

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

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II. China and APEC
II. China and APEC

- 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.

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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

<table>
<thead>
<tr>
<th>Year</th>
<th>Actions</th>
<th>Average Tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>Unilateral (reduced by more than 30%)</td>
<td>23.0%</td>
</tr>
<tr>
<td>1997</td>
<td>Unilateral</td>
<td>17.0%</td>
</tr>
<tr>
<td>1999</td>
<td>Unilateral</td>
<td>16.7%</td>
</tr>
<tr>
<td>2000</td>
<td>Unilateral</td>
<td>16.4%</td>
</tr>
<tr>
<td>2001</td>
<td>Unilateral</td>
<td>15.3%</td>
</tr>
<tr>
<td>2002</td>
<td>WTO Schedule</td>
<td>12.0%</td>
</tr>
<tr>
<td>2003</td>
<td>WTO Schedule</td>
<td>11.0%</td>
</tr>
<tr>
<td>2004</td>
<td>WTO Schedule</td>
<td>10.4%</td>
</tr>
<tr>
<td>2005</td>
<td>WTO Schedule</td>
<td>9.9%</td>
</tr>
<tr>
<td>2006</td>
<td>WTO Schedule</td>
<td>9.9%</td>
</tr>
</tbody>
</table>
The Average MFN Tariffs to Tariff Lines

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


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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of project</th>
<th>Share (%)</th>
<th>Contracted value</th>
<th>Share (%)</th>
<th>Realized value</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>43664</td>
<td>100</td>
<td>1534.79</td>
<td>100</td>
<td>606.30</td>
<td>100</td>
</tr>
<tr>
<td>Agriculture, Forestry, Animal Husbandry and Fishery</td>
<td>1150</td>
<td>2.59</td>
<td>32.71</td>
<td>2.13</td>
<td>11.16</td>
<td>1.94</td>
</tr>
<tr>
<td>Mining</td>
<td>279</td>
<td>0.64</td>
<td>11.36</td>
<td>0.75</td>
<td>5.18</td>
<td>0.89</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>30366</td>
<td>69.59</td>
<td>1097.36</td>
<td>71.50</td>
<td>430.17</td>
<td>70.95</td>
</tr>
<tr>
<td>Production and Supply of Power, Gas and Water</td>
<td>455</td>
<td>1.04</td>
<td>38.80</td>
<td>2.56</td>
<td>11.36</td>
<td>1.87</td>
</tr>
<tr>
<td>Construction</td>
<td>412</td>
<td>0.94</td>
<td>17.68</td>
<td>1.05</td>
<td>7.12</td>
<td>1.17</td>
</tr>
<tr>
<td>Transportation, Warehousing, Post and Telecommunications</td>
<td>638</td>
<td>1.46</td>
<td>23.73</td>
<td>1.55</td>
<td>12.73</td>
<td>2.10</td>
</tr>
<tr>
<td>Computer and Software</td>
<td>1622</td>
<td>3.71</td>
<td>20.21</td>
<td>1.32</td>
<td>9.18</td>
<td>1.51</td>
</tr>
<tr>
<td>Wholesale, Retailing</td>
<td>1700</td>
<td>3.89</td>
<td>25.01</td>
<td>1.63</td>
<td>7.42</td>
<td>1.22</td>
</tr>
<tr>
<td>Hotel and Restaurant</td>
<td>1174</td>
<td>2.68</td>
<td>22.89</td>
<td>1.41</td>
<td>6.41</td>
<td>1.09</td>
</tr>
<tr>
<td>Finance</td>
<td>43</td>
<td>0.10</td>
<td>5.79</td>
<td>0.37</td>
<td>2.92</td>
<td>0.43</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1761</td>
<td>4.09</td>
<td>134.88</td>
<td>8.79</td>
<td>59.50</td>
<td>9.81</td>
</tr>
<tr>
<td>Lease and Business Service</td>
<td>2061</td>
<td>4.79</td>
<td>87.40</td>
<td>5.76</td>
<td>28.24</td>
<td>4.66</td>
</tr>
<tr>
<td>Scientific Research, Technology Service and Geographical Prospecting</td>
<td>629</td>
<td>1.44</td>
<td>10.06</td>
<td>0.66</td>
<td>2.94</td>
<td>0.48</td>
</tr>
<tr>
<td>Management of Water Conservancy, Environment and Public Equipment</td>
<td>184</td>
<td>0.43</td>
<td>0.32</td>
<td>0.02</td>
<td>0.39</td>
<td>0.06</td>
</tr>
<tr>
<td>Resident Service and other Service</td>
<td>235</td>
<td>0.53</td>
<td>5.43</td>
<td>0.35</td>
<td>1.98</td>
<td>0.33</td>
</tr>
<tr>
<td>Education</td>
<td>59</td>
<td>0.14</td>
<td>1.73</td>
<td>0.11</td>
<td>0.82</td>
<td>0.13</td>
</tr>
<tr>
<td>Health Care, Social Security and Social Welfare</td>
<td>21</td>
<td>0.05</td>
<td>1.47</td>
<td>0.10</td>
<td>0.87</td>
<td>0.15</td>
</tr>
<tr>
<td>Culture, P.E. and Entertainment</td>
<td>272</td>
<td>0.62</td>
<td>10.13</td>
<td>0.66</td>
<td>4.48</td>
<td>0.74</td>
</tr>
<tr>
<td>Public Management and Social Organization</td>
<td>2</td>
<td>0.04</td>
<td>0.24</td>
<td>0.03</td>
<td>0.12</td>
<td>0.02</td>
</tr>
</tbody>
</table>

### 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