

贸易政策审议：

WTO

秘书处关于
中华人民共和国的报告

WTO 秘书处 / 编著
刘敬东 / 等译



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贸易政策审议： WTO 秘书处关于中华人民共和国的报告

本报告系为中华人民共和国第一次贸易政策审议所做的准备，由 WTO 秘书处依据其自身的职责而起草。根据《建立贸易政策审议机制协定》的规定（《建立世界贸易组织马拉喀什协定》附件 3），秘书处已要求中华人民共和国对其贸易改革与实践予以澄清。本报告的一些部分特别是第三章和第四章还未从有关当局得到更为详细的评论。

由本报告产生的任何技术性问题可以致电罗西尼·阿察娅女士（电话：022 739 5874）和王铮女士（电话：022 739 5288）

编号为 WT/TPR/G/161 的文件包含了由中华人民共和国提交的政策声明。

注：在贸易政策审议机构关于中华人民共和国贸易政策审议的第一次会议结束之前，本报告限制出版和发行^①。

^① 作者注：在本书中文稿出版前，WTO 贸易政策审议机构关于中华人民共和国贸易政策审议的第一次会议于 2006 年 4 月 19 日至 21 日进行并已结束。另外，在中文译稿出版之前，本书译者已通过电子邮件方式征得 WTO 出版机构的同意，本书译者已获得其授权以提供信息资料之目的翻译并出版此报告。

一部中国贸易政策的百科全书

——评 WTO 秘书处发表的《贸易政策审议： WTO 秘书处关于中华人民共和国的报告》

2006 年 4 月 19 日至 21 日，世界贸易组织（WTO）对中国进行了自中国入世以来的首次贸易政策审议，这次审议的法律依据是《马拉喀什建立世界贸易组织协定》（即《WTO 协定》）附件 3《贸易政策审议机制》。根据这一机制，所有 WTO 成员的贸易政策和做法均应接受 WTO 定期审议。排在世界前四位的贸易实体每 2 年审议一次，其后的 16 个实体每 4 年审议一次，其他成员每 6 年审议一次。中国作为新成员，今年 4 月 19 日至 21 日的审议是中国加入 WTO 5 年多来第一次接受 WTO 贸易政策审议。由于中国已是世界第三大贸易国，因此今后将每 2 年审议一次^①，可见，接受 WTO 对中国贸易政策的审议是中国的一项条约义务。这里顺便需要说明的是，此次审议并非依据中国《加入议定书》中的“过渡性审议机制”条款，因为该项条款内容是专门针对中国规定的、一年一度 WTO 总理事会或 WTO 专门机构就中国入世后执行《WTO 协定》及《中国加入议定书》条款情况所进行的特殊审议^②，而本次审议的性质则是 WTO 对其成员开展的普遍性审议。

对于作为 WTO 新成员的中国来说，此次贸易政策审议可谓是对中国入世 5 年多来工作的一次“大考”，事实证明，中国的这次“大考”是成功的，参加此次审议的 WTO 各成员代表对中国经济发展取得的成就予以高度评价，他们普遍认为，中国加入 WTO 不仅促进了中国的改革开放进程，也给世界带来机遇，中国信守承诺是对多边贸易体系的重大贡献！

在对中国的贸易政策全面审议的基础上，由著名经济学家、WTO 秘书处贸易政策审议司司长克莱门斯·布恩坎普先生主持、WTO 秘书处撰写并公布了

① 见 2006 年 4 月 18 日中国驻 WTO 大使孙振宇答新华社记者问。

② 参见《中国加入议定书》第十八条：“过渡性审议机制”。

《贸易政策审议：WTO 秘书处关于中华人民共和国的报告》（以下简称《报告》），该《报告》从中国的宏观经济政策、贸易法律体系、具体政策措施、特定部门的贸易政策等四大方面对中国加入 WTO 以来的经济贸易政策和做法进行了详细的评述，内容十分丰富，涉及中国的政治、经济、社会生活的诸多方面，俨然是一部中国贸易政策的百科全书。

《报告》回顾了中国自实行改革开放政策 20 多年来的经济发展和贸易政策演变进程，多处称赞中国经济建设和贸易开放所取得的“非凡成就”，对中国经济体制、履行加入 WTO 时所作的承诺、贸易政策与法律以及对多边贸易体制的贡献等均从正面作了介绍，所载材料比较翔实，总体基调积极，但《报告》同时也对中国宏观经济和贸易政策中存在的一些问题表示了“关注”，主要关注如下^①：

关于贸易和投资政策框架的关注：在引入新政策和制度的同时，旧有政策和制度仅有部分得到了修改或废除，因而增加了立法和政策制定整体框架的复杂性；

在贸易和与贸易有关的改革方面的关注：可能是为了保证某些产品的国内供应，中国的出口体制改革步伐落后于进口体制，包括出口税、出口禁止、出口许可和出口配额在内的出口体制依然复杂；

知识产权保护力度不够；

某些关键性服务业部门的自由化落后于其他部门。

《报告》还在总体上列出了中国经济在未来将遇到的挑战，如农业部门重组带来的就业压力，地区间和城乡之间日益扩大的收入差距，对金融部门和资本市场的重组、改革以解决资源不当配置的问题，经济发展与环境保护方面的问题等。

负责《报告》起草工作的布恩坎普先生在《报告》发布之际称赞道，“中国是负责任的 WTO 成员”，并认为中国对此次审议显然非常重视，所做准备工作也相当充分，在审议中，中国回答了约 600 个左右的问题，中方还承诺其余的问题在下个月之内（即《报告》公布后的一个月，作者注）答完，布恩坎普先生认为此次对中国贸易政策的审议是“一次非常成功的审议”^②。

我国已故著名 WTO 法学家赵维田教授曾经指出：“WTO 多边贸易体制不仅对货物贸易领域的法律规则具体化，而且还把管辖面扩大到服务贸易和知识产权等广泛领域。这意味着它把触觉延伸到传统完全属于国内法范围的国民经

① 上海 WTO 事务咨询中心网站：《WTO 对中国首次贸易政策审议（2006 年 4 月 30 日）》。

② 同上注。

济生活的方方面面。”^① 赵老的这一科学论断从此次《报告》的内容中可以得到认证。历史已经证明并将继续证明，虽然 WTO 规则已经触及我国国民经济、社会生活的方方面面，但中国入世已成为中国经济全面发展、社会进步的强大推动力。此次中国参加 WTO 贸易政策审议的成功预示着中国经济融入全球一体化经济的步伐必将进一步加快，但与此同时，我们应当冷静、清醒地看待《报告》所列举的巨大成就，正视《报告》关注的一些问题以及即将面临的一系列重大挑战，采取扎实、稳健的步骤来进一步完善我国的贸易法律体制、政策机制和框架，从而大力推进国家经济、社会生活各方面的进步，以更加开放的姿态迎接新的历史机遇！

基于对《报告》重要性的认识，以及对《报告》包含大量丰富、翔实的资料、数据对于研究中国经济贸易政策、法律体制等的重要意义等方面的考虑，为了尽快使《报告》与中国读者见面，我们组织了北京市政法管理干部学院 WTO 法律实务研究所、国际经贸法律系的研究人员、教师在短时间内将英文版的《报告》全文翻译成中文，还将中国政府提交给 WTO 的正式英文版报告进行翻译并附在《报告》后面。由于《报告》长达 300 多页，短时间内完成这项工作无疑是一项艰巨的任务，尽管如此，本书的全体译者还是克服了各种困难尽早地完成了这项工作。当然，不能不说明的是，由于《报告》涉猎内容极为广泛，且充斥着大量的、数目繁多的经济学名词、工矿产品、农产品、纺织品等方面的专有名词，这对于仅仅专业于法律、英语的本书译者来说，其翻译难度是可以想像的，虽然大家本着严谨的态度翻阅了大量资料、尽量使译文更加准确，但也难免挂一漏万、出现错误，敬请读者见谅并提出宝贵意见。为了使读者能更加科学、准确地理解《报告》内容，我们还将 WTO 秘书处发布的《报告》英文版原文附后以供参考。

《报告》中文版能在短时间内与读者见面，还要感谢中国财政经济出版社的领导以及本书编辑卢关平先生的大力支持和辛勤工作，在此，本书全体译者对他们表示由衷的感谢。

刘敬东^②

2006 年 6 月 9 日于北京·濠景阁

^① 赵维田：《世贸组织的法律制度》，吉林人民出版社 2000 年版，第 34 页。

^② 刘敬东，副研究员，中国社会科学院博士后，中国政法大学国际法学博士，北京市政法管理干部学院 WTO 法律实务研究所主任，首届北京市政法系统优秀人才提名奖获得者。

SUMMARY OBSERVATIONS

(1) ECONOMIC ENVIRONMENT

1. China's economic reforms, which began in 1978, have gradually opened up the economy to both international trade and foreign direct investment (FDI) and allowed the emergence alongside the public sector of a private (non – public) sector, whose contribution to GDP reached nearly 60% in 2003. As a result, the economy has grown by an average of over 9% per annum since then, while GDP per capita increased from US \$148 in 1978 to US \$1,700 in 2005. Furthermore, the proportion of China's population living below the poverty line (US \$2 per day) fell from nearly 73% in 1990 to 32% in 2003. The nearly nine – fold rise in GDP per capita since 1978 and dramatic drop in people living in poverty demonstrate clearly the value of integrating more liberal trade and foreign investment policies into broader macroeconomic and structural reforms in order to promote economic development. Ongoing reforms have been given added impetus by China's membership of the WTO in 2001; its commitments have provided a catalyst for reform, paving the way for continuing strong growth in the foreseeable future.

2. Since 2001, real GDP growth has averaged almost 9% per year, driven mainly by exports and investment, especially as trade and investment reforms have increased China's integration into the world economy. Its total trade in goods alone accounted for around 64% of GDP in 2005 and 6.7% of global trade in 2004. Much of the trade is conducted by foreign – invested companies based in China as a result of more liberal FDI policies; these have attracted FDI (together with related technology) mainly to manufacturing as a platform for export. China is now one of the world's main destinations for FDI.

3. The accumulation of capital, financed for the most part by domestic savings, has also been vital, accounting for much of the growth in GDP as well as in labour productivity, a key determinant of living standards. Gross domestic investment and gross national saving amounted to 39.3% and 42.9% of GDP, respectively, in 2004. The widening gap

between China's saving and investment is reflected in its growing current account surplus, which increased from 1.3% of GDP in 2001 to 3.6% in 2004, and is estimated to have been at least 5% of GDP in 2005.

4. Notwithstanding these remarkable achievements, a number of challenges remain. In particular, inequalities in the distribution of income have grown, especially between the urban and rural populations and between the coastal and inland regions. The Government is attempting to tackle this and other problems through structural reforms aimed, *inter alia*, at making the labour market more flexible, greater private sector participation and competition in the economy, and developing a more efficient capital market. China's proposals for its 11th Five Year Plan, which were approved in October 2005, emphasized the importance of a more balanced approach to development and the need to continue with these structural reforms.

5. Until July 2005, China's currency, the renminbi (RMB), was pegged to the U.S. dollar, maintaining its stability in nominal terms against the U.S. dollar, but resulting in a certain degree of volatility in inflation. In July 2005, the RMB was revalued by 2.1% in relation to the U.S. dollar, and China moved to a managed floating exchange rate regime with respect to a basket of currencies. The move to a more flexible exchange rate could enable China to operate a more independent monetary policy and allow the market to play a greater role in determining interest rates and therefore in allocating resources.

6. China is a moderately taxed country, with total tax revenues accounting for a little more than 15% of GDP in 2004. Fiscal policy has operated in a stabilizing fashion; the overall fiscal situation is seemingly sound with rapid growth of tax revenues and tight control over expenditure bringing the overall budget deficit down to around 1.3% of GDP and keeping the public debt stable at around 20% of GDP.

(2) TRADE AND INVESTMENT POLICY FRAMEWORK

7. The economic reform process has necessitated a number of changes in China's trade and investment policy framework. A large number of trade – related laws have been reviewed and revised as part of China's accession to the WTO in 2001. Legislation includes laws enacted by the National People's Congress (the legislature), or its Standing Committee, and regulations issued by the State Council (the Executive). Ministries and government departments may issue rules to implement legislation. Local people's congresses and local governments have the authority to issue local regulations and rules until these are superseded

by the same legislation at national level. The State Council also issues "interim provisions" under responsibilities delegated to it by the National People's Congress; these interim provisions relate mainly to economic and tax reform and may be replaced by laws after they are tested and when the authorities deem it appropriate. In addition to this overall hierarchy of legislation, policy is often implemented in the form of "trials". China's gradual reforms have often resulted in an overlap of policies and institutions. While new policies and institutions are continually being introduced to address the needs of the economy, old policies and institutions are only partially amended or dismantled, thus adding to the complexity of the overall legislative and policymaking framework.

8. The gradual nature of China's reforms is also reflected in changes in its trade and FDI policies. Trade policy has gradually shifted away from direct intervention in the economy aimed at promoting import substitution and exports. Import barriers have been reduced and investment is permitted in a larger number of sectors, particularly if the investment involves high and environmentally sound technologies. As a result, there is significantly less intervention in the economy. However, the Government provides "guidance" to the economy reflecting, inter alia, domestic supply considerations. In this regard, measures such as interim export taxes and VAT rebates are used to "manage" exports of products in short supply. FDI policy has largely directed investment into the manufacturing sector, particularly export processing activities.

9. Since becoming a Member of the WTO in December 2001, China has been an active participant in the multilateral trading system. It provides at least MFN treatment to all WTO Members except El Salvador and the territories of some European Union members. At the same time, however, it is actively pursuing regional and bilateral free - trade agreements. China has signed Closer Economic Partnership Agreements with the Special Administrative Regions (SARs) of Hong Kong and Macao, a Framework Agreement with ASEAN countries, a free - trade agreement with Chile, and a preferential trade agreement with Pakistan, and is currently negotiating bilateral agreements with a number of other countries. It appears that all its bilateral agreement partners have recognized China as a market economy.

(3) TRADE AND TRADE - RELATED REFORMS

10. Since beginning its programme of economic liberalization, and especially as a result of its accession to the WTO, China has carried out major trade and trade - related

reforms. The average applied MFN tariff was reduced from 15.6% in 2001, just before China acceded to the WTO, to 9.7% in 2005; the average MFN duty rates for agricultural (WTO definition) and non-agricultural products were 15.3% and 8.8%, respectively, in 2005. The tariff is entirely bound and applied rates are generally at or close to bound rates; this lends a high degree of predictability to the tariff. The bound tariff rate averaged 10% in 2005 and is due to fall to 9.9% by 2010, when China completes implementation of its current commitments on bindings. China also extends bilateral trade preferences under the Bangkok Agreement, to ASEAN countries, to Pakistan, and to the SARs of Hong Kong and Macao. Unilateral preferences (zero rates of duty) are offered to 39 least developed countries for some products.

11. Non-tariff measures have also been falling progressively as China implements its commitments under its Protocol of Accession. Import quotas as well as trading rights (the latter granted to certain qualifying traders) were discontinued at the end of 2004, while import prohibitions and licensing have been reduced progressively. The administration of the import licensing regime has also been simplified. China maintains import prohibitions, largely for health and safety reasons and under international conventions. It also prohibits imports of certain products only for processing and re-export purposes; such imports include some agricultural products, minerals, fertilizers, and other used and waste materials. Automatic as well as non-automatic import licences are used to regulate some imports. Non-automatic import licences are currently used mainly for imports that are restricted under international conventions. Automatic licences are used mainly for monitoring purposes and to ensure that trade in these products "does not fluctuate drastically". The number of tariff lines subject to automatic licences has increased slightly since 2002; they currently apply to around 16% of the tariff. Import quotas have been phased out. However, tariff rate quotas still exist for some agricultural products and fertilizers and state trading is used to manage imports of some products.

12. China has taken steps to simplify its administration of other border measures, such as standards, sanitary and phytosanitary measures, and contingency measures. In 2005, 32% of standards were based on international standards; as a result of a recent review, 44% of current standards are to be revised to ensure their conformity with international standards, while 11.6% are to be abolished. The SPS regime and SPS inspection procedures for imports remain complex and not very clear; a large number of laws and regulations govern implementation in this area.

13. Under the Law on Government Procurement, which covers purchasing by state organs

and public and social institutions but not state – owned enterprises , procurement is expected to facilitate the achievement of state goals for economic and social development . Purchasing preferences also exist for “ domestic goods , construction and services ,” although these may be purchased from foreigners under exceptional circumstances . China is an observer to the WTO’s Government Procurement Agreement .

14. Export barriers , while falling , have not tended to keep pace with reform to import measures and are used in part to ensure stability in domestic supplies of certain products . The export regime , which includes export taxes , export prohibitions , export licensing , and export quotas , remains complex . Export restrictions , including prohibitions and licensing , are maintained , inter alia , to avoid domestic supply shortages and to meet international obligations . Prohibitions are also announced from time to time on exports under the processing trade regime to discourage processing of certain products or to ensure their supply to domestic industry . China has global export quotas on some agricultural products , as well as on petroleum and some minerals , while destination specific quotas are maintained for exports of live cattle , swine , and fowl to the SARs of Hong Kong and Macao . Under memoranda of understanding signed with the European Union and the United States , China also maintains export restraints on certain textiles and clothing products ; these restraints are due to remain in place until the end of 2007 and 2008 , respectively . In addition , export of rice , maize , cotton , coal , crude and processed oil , tungsten ore and products , antimony ore and products , silver , and tobacco products are subject to state trading to , inter alia , ensure stable domestic supply of these products , prevent disruption in the international market , and protect exhaustible resources . Frequent changes are also made to VAT rebate rates and interim export tax rates to , inter alia , ensure adequate domestic supply of certain products .

(4) OTHER MEASURES AFFECTING TRADE

15. As trade barriers have been liberalized , domestic structural problems have become more evident . China has taken gradual steps to tackle some of these challenges , including reform of the public sector , which until recently dominated most sectors of the economy , as well as improvements in the legislative framework concerning competition and corporate governance . The investment climate has also been improved by legislation and steps to improve enforcement of intellectual property rights , although problems with the latter remain .

16. As a result of economic reforms, direct government intervention in the economy has declined. Nevertheless, industrial policy remains an important feature of government policy and various measures are used to encourage investment in certain sectors and discourage investment in others. The measures include administrative “guidance” for example, to financial institutions to stop providing financing for certain types of projects, or to administrative authorities to stop approving certain kinds of projects. China has also used its tax system to encourage investment, especially by foreign companies, which enjoy lower tax rates (15% and 24%) than domestic companies (33%) and also have access to tax holidays if they invest in targeted sectors or regions.

17. The reform of state – owned enterprises (SOEs) has been ongoing since the late 1970s. It has been undertaken gradually mainly because of the pervasive presence of SOEs across large sections of the economy as well as the social functions performed by the large SOEs, which are difficult to replace. Nevertheless, the reforms have thus far reduced the number of SOEs by almost half since the late 1990s, and improved profitability among those remaining. Further closures of a number of loss – making SOEs and depleted mines are expected over the next four years. Efforts are also under way to improve competition and corporate governance in SOEs and other companies, including by permitting them to list on local and foreign stock exchanges.

18. While the authorities intend to retain the public sector as the mainstay of the Chinese economy, efforts are being made to encourage the development of private enterprise, especially in certain sectors. For example, amendments to the Company Law ease the establishment of private companies, especially small and medium – sized enterprises (SMEs), which are also being provided with assistance to gain access to capital. The State Council also issued guidelines in 2005 permitting private investment in a number of activities previously restricted to the public sector (including electric power and other utilities, railways, civil aviation, and oil). In this regard, further development of a competition policy framework will be important to ensure a level playing field for the public and private sectors. Competition at present is enforced through a number of laws, but appears not to be very effective; China is currently finalizing an Anti – Monopoly Law.

19. Effective enforcement of intellectual property rights is also needed to ensure an investment environment conducive to the development of an innovative private sector and foreign investment. Steps have been taken to ensure better enforcement and coordination between the various government agencies involved in enforcement. However, relatively low fines and other penalties that appear insufficient to deter IPR violations remain among the

significant problems to be addressed.

(5) SECTORAL POLICIES

(i) Agriculture, forestry, and fisheries

20. *The agriculture sector accounted for around 12.5% of GDP in 2005 (according to GDP data issued in early 2006), although its share of employment is some 45% , indicating that labour productivity is much lower than elsewhere in the economy. Agricultural policy is aimed at ensuring an adequate supply of food for the population at affordable and stable prices. Restrictions on production , distribution , and sales of food , including through procurement , pricing , and export and import restrictions , have been used to meet this goal. The sector was also heavily taxed. However , agricultural reforms were introduced in the late 1970s , gradually liberalizing these restrictions and allowing farmers a greater degree of flexibility in making their own production decisions. Border measures have also been relaxed : the average MFN tariff on agriculture (WTO definition) fell from 23.1% in 2001 to 15.3% in 2005 ; import quotas have been converted to tariff – rate quotas mainly for some cereals , some edible oils , sugar , mineral and chemical fertilizers , and wool and cotton. Nevertheless , state trading is maintained to manage trade in some products , as are price controls for some products , largely to maintain stability of supply and prices. In a major reversal of previous policy , tax reforms are addressing the disproportionate tax burden borne by rural areas , and direct subsidies have been introduced for agriculture ; the policies are expected to reduce or remove the net transfer of resources out of agriculture that resulted from previous measures .*

(ii) Energy

21. *Production in China is , by and large , relatively energy – intensive . Rapid economic growth has resulted in the Chinese economy becoming increasingly reliant on imported energy. In 2004 , 120 million tonnes of crude oil were imported ; imports for 2005 are expected to have increased to 130 million tonnes. China is increasingly supplementing domestic petroleum supplies through imports and outward investment by its SOEs in the global petroleum industry ; China is also to establish a national oil reserve to stabilize prices and supplies. Prices of both petroleum and electricity are set by the Government and stability of supplies is maintained through state trading and supply by SOEs. China plans*

to supplement its current source of electricity, mainly coal, with others such as hydroelectric and nuclear power; it also intends to reduce energy costs, although it is not clear how this is to be achieved given current intensive energy use by certain sectors and energy prices, which do not appear to reflect their true cost.

(iii) Manufacturing

22. Emphasis in the manufacturing sector has been placed on investment in export-oriented, capital-intensive activities, including through government assistance and public investment. The result is that manufacturing, especially export-oriented manufacturing, has developed more rapidly than other sectors. According to figures released in early 2006, the share of industry, which includes manufacturing, mining, and production and supply of electricity, gas and water, accounted for over 40% of GDP in 2005. Manufacturing, much of which is dominated by foreign-invested enterprises, now accounts for over 90% of China's merchandise exports. Foreign-invested enterprises appear also to account for a greater share of output of higher value-added production. To encourage domestically owned firms to move up the value-added chain, China is currently encouraging investment in high technology based manufacturing and uses "guidance" as well as trade policy instruments for this purpose.

23. Such "guidance" in the past resulted in the rapid development of key industries. There is currently overcapacity in steel production and the Government is trying to rationalize the production structure through mergers and acquisitions, relocation of enterprises, and closure of small-scale producers. Although the MFN tariff is lower than for other industries (5% in 2005), import and export restrictions continue to be used to regulate supply. In the automotive industry, previously applied technology transfer requirements appear to have been relaxed in a new policy issued in 2004. In addition, as part of its WTO commitments, import quotas previously applied to certain automotive products were removed by the end of 2004 and the overall applied MFN tariff was reduced from 30.1% in 2001 to 14.8% in 2005. In textiles and clothing, relatively greater liberalization has resulted in productivity gains, and efforts are under way to move domestic production up the value-added chain. Trade barriers have also fallen. In particular, the number of silk products subject to export quotas and licensing has been reduced and state trading in silk products discontinued. Furthermore, the tariff declined from 20.7% to 10.9% between 2001 and 2005 for textiles and from 24.1% to 15.8% for clothing. However, cotton imports remain subject to state trading and tariff rate quotas. In

electronics and communication equipment, one of China's largest exports, similar efforts are being made to encourage domestic production and export of higher – value – added products. Exports have been encouraged by the Government through, inter alia, assistance for research, export financing, and VAT rebates.

(iv) Services

24. China has liberalized its services in line with its schedule in the General Agreement on Trade in Services (GATS); its specific commitments in this regard are relatively extensive by developing country standards, covering nine out of the 12 large sectors in the GATS list. According to GDP figures released in early 2006, services accounted for 40.7% of GDP in 2004 (40.3% in 2005) and for almost 25% of employment in 2002. Liberalization of key services has been slower than for other sectors of the economy. Banking, insurance, telecommunications, and transport services are characterized by significant state ownership and little private, especially foreign, presence. Four banks with majority state holding control 54% of bank assets. They also continue to be burdened with large non – performing loans (NPLs), although these are declining as China continues to reform the financial services subsector. Efforts are being made to improve governance in banking through improvements in the supervisory framework as well as structural reform of the state – owned banks. Insurance is dominated by six state holding companies, which account for 85% of premiums; foreign presence is sparse, although this is likely to increase with further market access provided under China's GATS commitments.

25. In telecommunications, basic services are dominated by six majority state – owned companies, while value – added services are provided largely by private enterprises. Price controls are maintained, although increasingly in the form of price ceilings or “guidance prices” set by the Government. A limited amount of foreign investment in some of the basic telecommunications service providers has been permitted, mainly through investment in the stock market. Air and maritime transport services are similarly dominated by majority or fully state – owned companies. Some regulatory reform has taken place in recent years, although the increased use of market – based incentives and further deregulation are likely to be crucial in meeting increasing demand for these services.

(6) OUTLOOK

26. China's economic reforms, although gradual, have increased the market orientation

of its economy, making it one of the fastest growing in the world. Proposals for the 11th Five Year Plan for National Economic and Social Development, approved in October 2005, aim to double GDP per capita by 2010 relative to 2000, while paying attention to disparities in income distribution, energy efficiency and the environment, and the need to develop a “harmonious society”.

27. Given the pace of economic growth and reform in the past two decades, there is no reason to believe that the goal of doubling GDP per capita by 2010 cannot be achieved. There remain, however, a number of key challenges. Continued restructuring of the economy, especially of the agriculture sector and of state – owned enterprises, is expected to result in the need to create over 100 million jobs over the next decade. This may require a reappraisal of current policy of giving priority to attracting investment in export – oriented, capital – intensive manufacturing, with a view to placing greater emphasis on removing impediments to the expansion of the services sector, which tends to be less capital – intensive. The Government is also faced with the challenge of raising the quality of the labour force in order to move away from traditional low – skilled, labour – intensive industries, which are losing their external competitiveness, into higher value – added production.

28. Other challenges include: the widening regional and urban – rural income disparities that the Government is addressing through investment incentives and assistance; bottlenecks in land, water, and energy resources together with environmental problems resulting from rapid economic growth; as well as the continued need to restructure the financial sector and capital markets, by making them more market – oriented, so as to address the misallocation of resources, including “overinvestment” in certain sectors.