

China's FTA Progress

Ouyang Cheng

Ministry of Commerce, P. R. China

E-mail: ouyangcheng@mofcom.gov.cn

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Overviews

- ◆ China's Trade Policies
- ◆ China's FTA Progress
- ◆ China-Australia FTA Negotiations

China's Trade Policies

State Objectives

- ◆ Opening up to the outside
- ◆ Accelerating domestic reforms

Current Achievements

- ◆ the 3rd largest economy
- ◆ the 3rd largest trader
- ◆ the 1st FDI recipient in developing countries

China's Trade Policies

China's Approaches in Foreign Trade

- ✦ Playing a constructive role in WTO multilateral trading system
- ✦ Enhancing economic cooperation with countries in the region
- ✦ Pursuing better trading conditions through regional/bilateral FTAs

China's Trade Policies

Global FTA Trend

- ◆ Almost all WTO members involved
- ◆ Half of trade in goods took place in FTAs

China's FTA Trend

- ◆ A new platform to accelerate opening up to the outside and promote domestic reform
- ◆ To **“Implement FTA Strategy”**



China's FTA Progress

FTAs Concluded

- ◆ CEPA between Mainland and HK: 2003
- ◆ CEPA between Mainland and Macau: 2003
- ◆ China-ASEAN FTA: 2004, 2007
- ◆ China-Chile FTA: 2006, 2008
- ◆ China-Pakistan FTA: 2006
- ◆ China-New Zealand FTA: 2008

CEPAs and Supplementary Agreements (1st, 2nd)

Trade in Goods

Mainland has applied zero tariff to all imported products produced in HK and Macau since 2006.

Trade in Services

Mainland has provided better treatments in 29 service sub-sectors.

China's WTO Commitment in Legal Service

- ✦ Mode 1 (cross border trade): no limitation
- ✦ Mode 2 (consumption abroad): no limitation
- ✦ Mode 3 (commercial presence): restrictions on form of presence, business scope, representatives' qualification, residence requirements, etc.
- ✦ Mode 4 (presence of natural persons): unbound except as indicated in horizontal commitments

Legal Service Liberalization under CEPAs

- ✦ To permit HK Chinese to participate in national legal profession examination, apply for legal practising certificates and engage in mainland non-litigation legal affairs
- ✦ To allow HK law firms to establish contractual joint ventures with mainland law firms
- ✦ To cancel the residence requirements on HK representatives in mainland
- ✦ To allow mainland law firms to employ HK lawyers

Legal Presence in Mainland, China

Year	Hong Kong-funded representative offices	Foreign-funded representative offices	Domestic-funded law firms
2002	25	91	10,873
2003	35	116	11,593
2004	45	144	11,823
2005	54	165	12,428
2006	59	179	13,096
31 July 2007	60	191	Not available

China-ASEAN FTA (3th)

- ◆ Since 2005, the tariff of more than 7000 items of both sides has been eliminated immediately or gradually.
- ◆ In 2007, China and ASEAN has become the 4th trade partner to each other.
- ◆ China provided better trade condition to ASEAN service providers in 26 sub-sections.

China-Chile FTA (4th)

- ◆ Duties of 97% Chinese tariff lines and 98% Chilean tariff lines would be eliminated in 10 years.
- ◆ In 2007, bilateral trade increased by 65%, China surpassed USA and became the largest exporting destination of Chilean products.
- ◆ China's 23 service sub-sectors would further open to Chilean providers.

China-Pakistan FTA (5th)

- ◆ Implemented in 2007, mainly focused on trade in goods.
- ◆ Also includes closer cooperation in some service sectors and investment regime.

China-New Zealand FTA (6th)

- ◆ Signed on April 7, 2008 and witnessed by top leaders of two countries
- ◆ China is NZ's 3rd largest trading partner and it is foreseeable that the agreement would substantially enhance bilateral economic cooperation.
- ◆ China's first FTA with developed country

China-New Zealand FTA (6th)

Trade in Goods

- ✦ China will eliminate the tariff of most products imported from NZ before 2019.
- ✦ NZ will eliminate the tariff of all products imported from China before 2016.

China-New Zealand FTA (6th)

Trade in Services

- ✦ China provides more preferential treatment in 15 sub-sectors.
- ✦ NZ provides better treatment in 16 sub-sectors.
- ✦ The agreement includes the cooperation in temporary entry by natural persons, custom, investment promotion and protection, IP protection, dispute settlement, etc.

FTAs under Negotiations

- ◆ Gulf Cooperation Council (GCC)
- ◆ Australia
- ◆ Singapore
- ◆ Iceland
- ◆ Peru
- ◆ South African Customs Union (SACU)

FTA Feasibility Studies

- ✦ China-India Joint RTA Feasibility Study: completed
- ✦ China-Norway Joint FTA Feasibility Study: completed
- ✦ China-Korea Joint FTA Feasibility Study: non-governmental
- ✦ China-Costa Rica Joint FTA Feasibility Study: ongoing

China-Australia FTA Negotiations

Current Progress

- ✦ Slow progress after 10 rounds of negotiation since May 26, 2005
- ✦ In April 2008, leaders of both sides re-emphasized its importance
- ✦ 11th negotiation scheduled in June

China-Australia FTA Negotiations

China's Difficulties

- ◆ Newly acceded WTO member
- ◆ Large population of peasants
- ◆ Vulnerable and disadvantaged agriculture and some services industries

China-Australia FTA Negotiations

Practicable Approaches

- ◆ China-NZ FTA has laid a good basis
- ◆ More flexibility on agricultural products
- ◆ FTA's MFN clause for some services sectors
- ◆ Mid-term review clause

China-Australia FTA Negotiations

Outlook

- ✦ China became Australia's largest two-way trading partner (imports and exports of both goods and services) in 2007.
- ✦ China would further its development and liberalization of services market.

Thanks!

