

The 45th RDCY Research Paper

WTO's A-Class Student

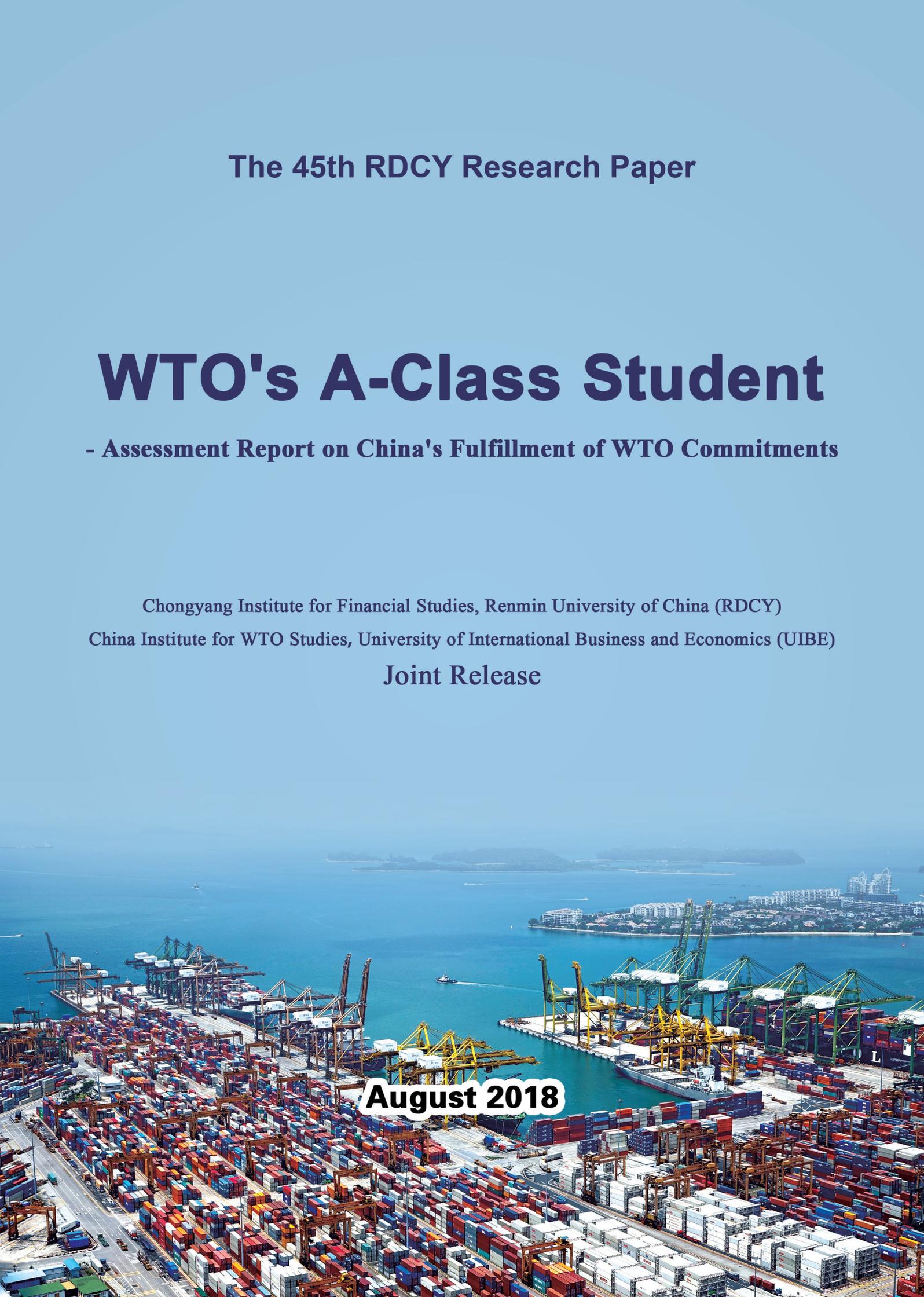
- Assessment Report on China's Fulfillment of WTO Commitments

Chongyang Institute for Financial Studies, Renmin University of China (RDCY)

China Institute for WTO Studies, University of International Business and Economics (UIBE)

Joint Release

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An aerial photograph of a busy container port. The foreground and middle ground are filled with stacks of colorful shipping containers in various colors like red, blue, yellow, and white. Several large gantry cranes are visible, some with yellow and green structures. In the background, there's a body of water, a small island with buildings, and a clear blue sky. The overall scene depicts a major hub of international trade.



Chongyang Institute for Financial Studies at Renmin University of China (RDCY) was established on January 19th, 2013. It is the main program supported by an education fund with the 200 million RMB donation from Mr Qiu Guogen, an alumni of Renmin University of China, and now Chairman of Shanghai Chongyang Investment Group Co., Ltd.

RDCY is a new style think tank with Chinese characteristics. We have invited more than 90 former politicians, bankers, and preeminent scholars from over 10 countries as senior fellows. We also maintain cooperation with think tanks from over 30 countries.

At present, RDCY consists of 7 departments, and runs 3 research centers (the Center for Eco-Financial Studies, Global Governance Research Center, and the Sino-US People-to-People Exchange Research Center). RDCY has been designated as the joint coordinating think tank by the Chinese government for the T20 2016 Summit, the secretariat of Green Finance Committee (GFC) of China Society of Finance and Banking, the executive director of the Chinese Think Tank Cooperation Alliance for the “Belt and Road”, and the leading think tank to jointly build “Belt and Road” through the cooperation of the official and academic organizations between China and Iran. Since 2014, RDCY has been thrice ranked among the "150 top think tanks in the world" in the most internationally-recognized Global Go To Think Tank Index Report, which were launched by the University of Pennsylvania, and only seven Chinese think tanks were selected continuously in the past three years.



China Institute for WTO Studies, University of International Business and Economics (UIBE) is an organization integrating research, teaching and consulting. Its predecessor was the GATT Research Association set up in May 1991, which changed its name to the WTO Research Association following the establishment of the WTO. In January 2000 the WTO Research Center was founded after a restructuring of the WTO Research Association. In August 2000 the Center was chosen by the Ministry of Education as a Key Research Institution of Humanities and Social Sciences in Universities and the only one of its kind dedicated to the study of WTO. A name change occurred in July 2002 when China Institute for WTO Studies was adopted. The aim of the present Institute is to research the multilateral trading system, economic integration, national trade policies in the context of the WTO. Guided by the basic national policy of reform and opening up, the Institute directs its research efforts at facilitating the development of a market economy in China, the integration of China's economy into the world economic system, China's participation in global competition and its modernization drive process. As is required by the Ministry of Education, the Institute endeavors to develop into the country's premier institution of research, education and training, nationwide academic exchange, information gathering and consulting services.

Since its founding in August 2000 the Institute has completed 38 research projects running a fund totaling 2.4 million yuan. Of these research projects 4 were financed by the State Fund for Social Sciences, one by State Fund for Natural Science, 9 by the Ministry of Education Fund for Social Sciences. Major achievements in the way of publications include *The Road to Prosperity — Choice of Policies in a Globalized Economy*, *Globalization of the Economy*, *Talks on China's Entry into WTO*, *International Economic Organizations and the Third World*, *WTO and Trade Dispute over Agricultural Products*, *Global Competition — Opportunities and Challenges*, *WTO and China's Utilization of Foreign Investment and Investing Overseas*, *Notes on WTO Rules*, *China and WTO: Rules, Challenges and Ways Forward*, *Studies in China's Market Economy*, *China's Trade and Economic Relations after WTO*, *On Global Competition*, *Zhang Hanlin Interprets China's WTO Entry*, *A Theoretical Study of China's Market Economy*, *WTO's Dispute Settlement Mechanism — Case Studies and Analysis*, *China's Service Industry and the Multilateral Service Trade system*, *China's WTO Membership Commitments: A New Economic Strategy and a New Economic Pattern*, *Commitments in Manufacturing: Redivision and Upgrading*, *Commitments in Services: Opening Up and Promise of Success*, *Commitments in Agriculture: Competition and Development*, *WTO Safeguard Measures Dispute: Case Studies*, *WTO Intellectual Property Dispute: Case Studies*.

WTO' s A-Class Student - Assessment Report on China' s Fulfillment of WTO Commitments

Research Project Team

Co-Chairs of the Research Project Team

Wang Wen, Executive Dean of Chongyang Institute for Financial Studies, Renmin University of China

Tu Xinquan, Dean of China Institute for WTO Studies, University of International Business and Economics

Report Writing Team

Yang Rongzhen, Professor, China Institute for WTO Studies, University of International Business and Economics

Li Siqi, Ph.D., China Institute for WTO Studies, University of International Business and Economics

Chen Chenchen, Deputy Director and Research Fellow, Macro Research Department, Chongyang Institute for Financial Studies, Renmin University of China

Liu Ying, Research Fellow, Chongyang Institute for Financial Studies, Renmin University of China

Guan Zhaoyu, Associate Research Fellow, Chongyang Institute for Financial Studies, Renmin University of China

Research Operation Team

Hu Haibin, Assistant to Dean and Chief Editor of Information Center of Chongyang Institute for Financial Studies, Renmin University of China

Jia Jinjing, Member of the Management Committee and Director of the Macro Research Department of the Chongyang Institute for Financial Studies, Renmin University of China

Yang Qingqing, Member of the Management Committee and Director of the Academic Cooperation Department of Chongyang Institute for Financial Studies, Renmin University of China

Zhuang Xuejiao, Member of the Management Committee and Office Director of Chongyang Institute for Financial Studies, Renmin University of China

He Si, Deputy Director and Art Director of Chongyang Institute for Financial Studies, Renmin University of China

Liu Jianping, Deputy Director of the Academic Cooperation Department, Chongyang Institute for Financial Studies, Renmin University of China

Bian Yongzu, Deputy Director of the Industry Research Department, Chongyang Institute for Financial Studies, Renmin University of China

He Yaxin, Deputy Finance Project Manager, Chongyang Institute for Financial Studies, Renmin University of China

Liu Yajie, Administrative Manager of Chongyang Institute for Financial Studies, Renmin University of China

Shao Jianhua, Administrative Project Manager of Chongyang Institute for Financial Studies, Renmin University of China

Ren Wei, Information Project Manager of Chongyang Institute for Financial Studies, Renmin University of China

Yao Le, Assistant Research Fellow, Chongyang Institute for Financial Studies, Renmin University of China

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WTO' s A-Class Student - Assessment Report on China' s Fulfillment of WTO Commitments

Abstract

As early as 2011, the Chinese government issued a white paper to announce that its WTO commitments had been fully fulfilled. On June 28, 2018, China released the white paper of China and the World Trade Organization, elaborating its efforts in fulfilling WTO commitments. Presently, the United States remains controversial regarding China's effective fulfillment of its WTO commitments, especially in terms of technology transfer, subsidies and industrial policies, intellectual property rights, government procurement, state-owned enterprises, and market economy status, etc.. The reports submitted by the US Trade Representative (USTR) Office to the Congress on China's fulfillment of its WTO commitments in recent years all expressed dissatisfaction with China's fulfillment of its WTO commitments.

This report focuses on China's WTO commitments, directly tackles the doubts of the US, answers major concerns of all parties, and puts China that has been proved to be an A-class student of the WTO under the spotlight of the international community, to authentically demonstrate its successful proceeding with the "Final Test". The following are the highlights of this report:

1. Has China fulfilled its commitments? This report assesses China's degree of implementation of its commitments from three perspectives: in-house compliance review, review and supervision of the deliberation mechanism of the trade policy, supervision of dispute settlement mechanism (DSB) and "correction".
2. What are the points of dispute for China's fulfillment of its commitments? This report analyzes the points of dispute regarding China's implementation of its WTO commitments from six areas - technology transfer, industrial policies, intellectual property rights, government procurement, state-owned enterprises, and market economy status.
3. How has China involved in the WTO in the past 17 years? This report sheds light on the 17 years of China's integration into the WTO from the perspectives of law, trade in goods, trade in services, intellectual property rights and transparency.

Preface

The WTO is an international system that regulates global trade, drives global economic growth, and facilitates the common good of the world people in the context of globalization. Since entering into the WTO, China has actively fulfilled its commitments and vigorously adjusted itself to comply with WTO rules in terms of law, trade in goods, trade in services, intellectual property rights and transparency.

However, the United States has always questioned China's fulfillment of its WTO commitments because of the divergence in the understanding of WTO rules and commitments on one hand; on the other hand, the commitment standards of the US have gone beyond the WTO's rules, and the US has also arbitrarily judged China's entry into the WTO based on its own ideology and interests.

Regarding the questioning of the United States, China has always kept an open attitude and actively responded to questions. Rooted in reality, this report assesses China's fulfillment of its WTO commitments and provides an important reference for all parties to understand China's integration into the WTO.

I. Several focuses of dispute of China's fulfillment of its WTO commitments

(1) Technology transfer

The relevant provisions on technology transfer at the time of China's Accession to WTO was set out in Article 7.3 in the Protocol on the Accession to WTO of the People's Republic of China (the "Protocol") and paragraph 49 of the Report of the Working Party on the Accession of China (the "Report of the Working Party"). According to Article 7.3 of the Protocol, "China shall, without prejudice to the relevant provisions of this Protocol, ensure the allocation of import licenses, quotas, tariff quotas or any other means of approval for importation, the right of importation or investment by national and sub-national authorities, is not conditioned on: whether competing domestic suppliers of such products exist; or performance requirements of any kind, such as local content, offsets, the transfer of technology, export performance or the conduct of research and development in China. According to paragraph 49 of the Report of the Working Party, "The representative of China confirmed that China would only impose, apply or enforce laws, regulations or measures relating to the transfer of technology, production processes, or other proprietary knowledge to an individual or enterprise in its territory that were not inconsistent with the WTO Agreement on Trade Related Aspects of Intellectual Property Rights ("TRIPS Agreement") and the Agreement on Trade Related Investment Measures ("TRIMs Agreement"). He confirmed that the terms and conditions of

technology transfer, production processes or other proprietary knowledge, particularly in the context of an investment, would only require agreement between the parties to the investment. The Working Party took note of these commitments".

At present, China has fully fulfilled its commitments of not using technology transfer as a threshold for the entry of the foreign capital into its market, while other WTO members have never filed a request for consultation with China on the technology transfer issue in the WTO dispute settlement mechanism. The United States' accusation of China's "mandatory technology transfer" is absurd and groundless, which is only a result of China's practices that do not meet the requirements and expectations of the United States, leading to its conclusion that China failed to fulfill its WTO commitments. In response, the United States has adopted a unilateral 301 investigation method that explicitly violates the WTO principle of most-favored-nation (the "MFN") treatment and the obligation of binding tariff to address these issues. In the more than 200-page 301 investigation report ^① of the United States, there have been many similar expressions such as "according to report", "according to many sources" and the so-called "confidential investigation" information sources, the reliability of the information however, is debatable. Moreover, the Section 301 provides for three types of conduct, policies, or practices that can be investigated: (1) violation of trade agreements; (2) conduct

^① Office of the United States Trade Representative Executive Office of The President. Findings of the Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation Under Section 301 of the Trade Act of 1974. March 22, 2018. <https://ustr.gov/sites/default/files/Section%20301%20FINAL.PDF>.

policies, or practices that are inconsistent with US international legal rights, and impose burdens or restrictions on US businesses; (3) unreasonable or discriminatory conduct, policies or practices that impose burdens or restrictions on US business. This 301 investigation is mainly aimed at the third type of conduct, that is, as long as the United States believes it is an "unreasonable" or "discriminatory" measure that is detrimental to the interests of the United States, it can carry out investigation. Therefore, the conclusion based on the US 301 investigation is not the basis to conclude whether China has violated the WTO rules, nor can it be used as a basis to conclude whether China has fulfilled its WTO commitments.

Specifically, the US 301 Investigation cited two aspects of compulsory technology transfer set by China: (1) The United States believes that the Chinese government utilizes foreign ownership restrictions, such as formal and informal joint venture requirements and other foreign investment restrictions to ask US companies to transfer technology to Chinese entities and to restrict foreign investors from entering specific industries unless they cooperate with Chinese companies. Nevertheless, the fact is that China has never forced foreign-funded enterprises to transfer technology to Chinese entities with joint venture requirements. According to the 2018 China Business Climate Survey Report issued by American Chamber of

Commerce^①, 82% of respondents do not think that they share more technical and patent knowledge with their business partners and customers in China than with those in other overseas regions. And China is gradually canceling the joint venture requirements in some industry sectors, albeit this is China's independent and open initiative to blend in economic globalization, rather than its commitment under the WTO. On June 28, 2018, the National Development and Reform Commission (NDRC) and the Ministry of Commerce jointly issued the Special Administrative Measures on Access of Foreign Investment (Negative List) (2018 Edition), which was implemented on July 28, 2018. This version of the negative list is a revision of the special administrative measures for foreign investment access in the Catalogue for the Guidance of Foreign Investment Industries (Amended in 2017), and also the first time that China has separately issued a negative list of foreign investment access, which fully relaxes restrictions on market access in the primary, secondary, and tertiary industries including 22 open measures in finance, transportation, commerce circulation, professional services, manufacturing, infrastructure, energy, resources, agriculture, etc.; and shrank special administrative measures by nearly 25%, down from 63 in 2017 to 48. The main open measures included in the negative list of 2018 are shown in Table 6.

① AmChamChina. 2018 Business Climate Survey.

Table 1 Special Administrative Measures on Access of Foreign Investment (Negative List) (2018 Edition)

Industry Sectors	Open Measures
Service Sector	In the financial sector, the restriction on foreign investment proportions in the banking sector was abolished, and the foreign investment proportions of securities companies, fund management companies, futures companies, and life insurance companies were enlarged to 51%, further in 2021, all restrictions on foreign investment proportions in the financial sector will be abolished; the restrictions on foreign investment in national trunk railways and power grids were abolished; the restrictions on foreign investment in railway passenger transport companies, international maritime transport, international shipping agency were abolished; the restrictions on foreign investment in gas stations and grain purchase and wholesale in the trade circulation sector were abolished; the ban of foreign investment in Internet access service premises in the cultural sector was abolished.
Manufacturing	The restriction on the foreign investment proportions of special-purpose vehicles and new-energy vehicles in the auto industry was abolished, further in 2020, the restriction on the foreign investment proportions of commercial vehicles will be abolished, and in 2022, the restriction on the foreign investment proportions of passenger vehicles and the restriction of no more than two parties in one joint ventures will be abolished; the restrictions on foreign investment in all links of design, manufacturing and repair in the shipbuilding industry was abolished; the restrictions on foreign investment in trunk line aircraft, regional aircraft, general aircraft, helicopters, drones and aerostatics in the aircraft industry were abolished.
Agriculture and Energy Resources Sectors	The restriction on foreign investment in crop and seed production excluding wheat and corn in the agricultural sector was abolished; the restriction on foreign investment in special scarce coal mining in the energy sector was abolished; the restrictions on foreign investment in graphite mining, rare earth smelting and separation, and tungsten smelting in the resource sector were abolished.

Source: The Ministry of Commerce of the People's Republic of China. <http://www.mofcom.gov.cn/article/b/f/201806/20180602760432.shtml>

At present, China is a major investment destination for US companies. Six out of every ten companies interviewed in the 2018 China Business Climate Survey Report issued by the American Chamber of Commerce bracket China among the top three investment destinations in the world. Another 46% of the companies interviewed put it that the Chinese government will further open its market to foreign investment in the upcoming three years, an increase of 34% from 2016. All these indicate that China's foreign investment environment is constantly improving, and American companies are showing growing

confidence in further opening-up of the Chinese market. The investment decisions of US companies in China are based on commercial considerations of market profitability, rather than being driven by the actions of the Chinese government or tampered by the policy environment. 62% of the US companies interviewed by the Chamber of Commerce said that the processes of policy formulation and communication in China have become increasingly transparent in the past five years. And most of the companies interviewed believe that their investment decisions won't go astray even

if China's processes policy formulation and communication are not transparent enough.

(2) The United States holds that the Chinese government uses the administrative licensing approval process to force foreign-funded enterprises to transfer technology, and make it a prerequisite for issuing administrative licenses for establishing and operating businesses in China. While the fact is that China has now shifted from a comprehensive approval system to a recording system. On September 3, 2016, the Standing Committee of the National People's Congress passed the "Decision on Amending the Four Laws Including the Law of the People's Republic of China on Foreign-capital Enterprises", which shifted the approval to recording management regarding the establishment and alteration of foreign-funded enterprises that do not involve the implementation of special administrative measures stipulated by the State. In order to ensure smooth transition of laws and facilitate the specific implementation and practice of various commercial departments, the Ministry of Commerce issued the Administrative Measures of Foreign Investment Recording on October 8, 2016. On July 30, 2017, the Ministry of Commerce issued the "Decision on Amending the Interim Measures for the Administration of Establishment and Alteration Recording of Foreign-funded Enterprises", and further revised and clarified the Administrative Measures of Foreign Investment Recording implemented on October 8, 2016, further improved the recording management of the establishment and alteration of foreign-invested enterprises, and defined that foreign investors investing in qualified domestic and foreign non-foreign-invested enterprises (including domestic and foreign non-foreign-invested listed companies) in the form of "M&A" are also applicable to the recording management regulations, which further

expanded the sphere of application of foreign investment recording management. According to the relevant regulations, any foreign-funded enterprise that meets the requirements will not be subject to approval, but only network recording. If there is an approval and recording department demanding technology transfer for the implementation of the approval or recording, the foreign-funded enterprise can apply for administrative reconsideration and administrative litigation against that.

In this way, the arguments raised in the US 301 Investigation are unwarranted by the facts. It confuses government behavior with corporate behavior and expands the boundary of mandatory technology transfer. Since the reform and opening-up and the establishment of special economic zones, China has taken attracting foreign investment as one of its most important open policies. In the process of attracting foreign investment in China, the Chinese government has never signed a mandatory technology transfer agreement, and China does not have any law that forces foreign investors to transfer their technologies. Up to now, the Ministry of Commerce of China has never received an accusation of the violation of laws, contracts and agreements, and the mandatory demand of transfer technology by the Chinese side made by the American, European, Japanese and Korean Chambers of Commerce in China. In the process of cooperation with Chinese enterprises, foreign-funded enterprises may have technology transfer behaviors, but Chinese enterprises did not obtain technologies without any costs, instead they made reimbursement in the forms of royalties, patent fees, etc., which are contractual behaviors implemented by the two parties on a voluntary basis, not the result of government's mandatory intervention. In fact, China's rapid improvement in industrial

technologies in recent years should be attributed to the increasingly optimized innovation environment, rapid growth of innovation investment, and continuous improvement of innovation capabilities, rather than the result of mandatory technology transfer at the expense of the interests of US enterprises.

(2) Industrial Policies

The relevant provisions on subsidies and industrial policies at the time of China's accession to the WTO appear in paragraphs 171 to 176 of the Report of the Working Party. China clarified and confirmed its rights and obligations in terms of the "special and differential treatment of developing country members", "subsidies of state-owned enterprises (including banks)", "transparency of subsidy notification", "subsidies whose export performance or local content requirements", etc. are inconsistent with the "Agreement on Subsidies and Countervailing Measures (SCM Agreement)", "Steel Import Substitution Program" and "China High-Tech Products Export Catalogue". However, China's accession documents and the WTO SCM Agreement do not explicitly prohibit member governments from enacting industrial policies, as long as they do not violate the specific commitments at the time of accession to the WTO and the SCM Agreement.

Developed countries are the inventors and main users of industrial policies and subsidies. It was the Manufacturing Industry Report made by Alexander Hamilton at the end of the 18th century that sets a precedent for the formulation of industrial policies. Like other countries, China has also developed a number of strategies, plans and industrial policies that have played a certain role in economic and social development, but have been exaggerated and groundlessly accused

by the United States. The United States' accusation of China's industrial policies focuses on the "Made in China 2025" initiative, arguing that the goal of "Made in China 2025" is to allow Chinese companies to replace the technology, products and services of foreign companies in the Chinese market to prepare the ground for Chinese companies to dominate the international market; it holds that the way and scale of policy tools used by the Chinese government to achieve "Made in China 2025" is somewhat other WTO members have not used, including extensive state intervention and support to promote China's industrial development; this may cause or exacerbate market distortions and bring severe overcapacity in many target industries in its train. The United States' accusation of "Made in China 2025" lacks specific WTO rules backup, especially its accusation of China's local innovation is indefensible.

First of all, "Made in China 2025" is China's development vision based on its stage of economic development, the requirement of transformation and upgrading of its own industry, as well as in response to a new round of scientific, technological and industrial revolution, which does not target any region or country. Other WTO members have also introduced similar policy plans. For example, the United States has introduced A Framework for Revitalizing American Manufacturing, Advanced Manufacturing Partnership, A National Strategic Plan for Advanced Manufacturing and other strategic planning and policy acts supporting the development of the manufacturing industry, the "Industry 4.0" of Germany, and the "Industry 2050 Strategy" of the UK, and so on. These policies are essentially the same as "Made in China 2025" and are implemented in an open, transparent and non-discriminatory manner, applicable to

both Chinese companies and foreign-invested companies.

Secondly, "Made in China 2025" is only a guiding goal vision whose implementation relies mainly on market forces with a solid dominant position of enterprises, while the policy only plays a guiding role. As the Third Plenary Session of the 19th CPC Central Committee put forward, we must resolutely remove the shortcomings of the system and mechanism that stop the market from playing a decisive role in resource allocation and better playing the role of the government, and focus on promoting high-quality development and building a modern economic system^①. The Chinese government's supports mainly focus on the construction of industrial innovation platforms that repair market failures, the research and development of key common technologies and human resources training in the industry, and do not undermine the principle of fair competition, which is also a common practice in developed countries.

Thirdly, the supporting policy of "Made in China 2025" is open-ended, and is weighed equally for both domestic and foreign investment, without any restriction or

discrimination. Since its implementation, China has actively pushed forward the strategic accouplement of the "Made in China 2025" and the United States' A National Strategic Plan for Advanced Manufacturing, the Germany's "Industry 4.0" and other national strategies, and carried out substantive project cooperation in many fields. In fact, many companies, including US companies, have already taken part in relative projects of "Made in China 2025".

Another fault the US has found with China's industrial policies is concentrated on industrial subsidies and the possible overcapacity. In this regard, China can enhance its obligation to notify subsidies and implement stricter subsidy discipline. However, the United States itself has invested heavily in research and development in the defense and pharmaceutical sectors, as well as substantial subsidies in the energy, agriculture, and manufacturing sectors. Overcapacity is a global cyclical and structural economic problem. China's relevant industrial policies are not the main cause of global overcapacity, on the contrary, China has been striving to effectively resolve overcapacity, the relative measures to resolve overcapacity are shown in Table 7.

^① people.cn. The Third Plenary Session of the 19th CPC Central Committee was held in Beijing. <http://politics.people.com.cn/n1/2018/0301/c1001-29840365.html>.

Table 2 Specific measures taken by China to resolve overcapacity

Industries	Specific Measures
Steel	<p>In 2016, the Chinese government issued the State Council's Guidelines on Addressing Overcapacity and Achieving a Turnaround in the Steel Industry, and planned to reduce the crude steel production capacity by 100 million to 150 million tons in 2016-2020. Adhere to the principle of marketization and rule of law, and address excess steel production capacity actively and steadily by withdrawing outdated production capacity and guiding the voluntary withdrawal of production capacity according to law. At the same time, new capacity will be tightly controlled, and capacity replacement policies will be strictly implemented, and new capacities that are in violation of laws and regulations will be strictly forbidden. In 2016 and 2017, the crude steel production capacity was reduced by more than 65 million tons and 50 million tons respectively, which has exceeded the lower limit target of 5 years in advance, in 2018, the capacity of crude steel will be planned to reduce by 30 million tons.</p> <p>Source: www.gov.cn. The State Council's Guidelines on Addressing Overcapacity and Achieving a Turnaround in the Steel Industry. http://www.gov.cn/gongbao/2016-02/29/content_5045931.htm. The 21st Century Business Herald. NDRC: The Coal and Steel Industry Turned to Systemic De-capacity and Structurally Optimizing Capacity. http://epaper.21jingji.com/html/2018-04/19/content_84699.htm.</p>
Electrolytic Aluminum	<p>The Chinese government attaches great importance to the work of resolving the excess capacity of coal. In 2016, it formulated the State Council's Guidelines on Addressing Overcapacity and Achieving a Turnaround in the Coal Industry, and made comprehensive deployment and arrangement for the resolution of the overcapacity and the turnaround in the coal industry, clearly putting forward that, in 3 to 5 years starting from 2016, China will reduce the coal production capacity by 500 million tons, shrink and reorganize the capacity by 500 million tons, reduce the coal production capacity to a large extent, and moderately cut down the number of coal mines, so that the excess capacity of the coal industry will be effectively resolved, and the market supply and demand will be basically balanced and optimized, the industrial structure will be optimized, and substantial strides will be made in transformation and upgrading. In 2016-2017, the total coal production capacity was reduced by more than 540 million tons, including more than 290 million tons in 2016 and more than 250 million tons in 2017.</p> <p>Source: www.gov.cn. The State Council's Guidelines on Addressing Overcapacity and Achieving a Turnaround in the Coal Industry. http://www.gov.cn/zhengce/content/2016-02/05/content_5039686.htm. The 21st Century Business Herald. NDRC: The Coal and Steel Industry Turned to Systemic De-capacity and Structurally Optimizing Capacity. http://epaper.21jingji.com/html/2018-04/19/content_84699.htm.</p>
Shipbuilding	<p>The electrolytic aluminum industry resolves excess capacity mainly through marketization and the rule of law, with focuses on strictly controlling new capacity, implementing capacity equivalent or decremental replacement, to achieve the goal of total-amount control and optimizing reserves and dynamic equilibrium of supply and demand in the electrolytic aluminum industry.</p> <p>Source: The Ministry of Industry and Information Technology of the People's Republic of China. The Notice of the Ministry of Industry and Information Technology on the Relevant Matters Concerning the Implementation of Capacity Replacement of Electrolytic Aluminum Enterprises through Mergers and Reorganizations and Other Measures. http://www.miit.gov.cn/n1146295/n1146592/n3917132/n4061854/c6016958/content.html. Interpretation of the On the Relevant Matters Concerning the Implementation of Capacity Replacement of Electrolytic Aluminum Enterprises through Mergers and Reorganizations and Other Measures. http://www.miit.gov.cn/n1146285/n1146352/n3054355/n3057569/n3057574/c6019256/content.html.</p>
Shipbuilding	<p>In 2013, the Chinese government issued the Guiding Opinions of the State Council on Resolving the Conflict of Rampant Overcapacity, which set clear requirements for the shipbuilding industry to resolve overcapacity. It is strictly forbidden to build new capacity projects. All local authorities and departments shall not approve or record new capacity projects in any name or by any means.</p> <p>Source: www.gov.cn. Guiding Opinions of the State Council on Resolving the Conflict of Rampant Overcapacity. http://www.gov.cn/zwgk/2013-10/15/content_2507143.htm.</p>

Coal-fired Power	<p>In August 2017, 16 ministries and commissions including the National Development and Reform Commission and the National Energy Administration jointly issued the Opinions on Promoting Supply-side Structural Reform and Preventing and Overcoming the Overcapacity Risk of Coal-fired Power Generation, and proposed to control the scale of coal-fired power installations within 1.1 billion kilowatts by 2020.</p> <p>Source: National Development and Reform Commission of the People's Republic of China. Issued the Opinions on Promoting Supply-side Structural Reform and Preventing and Overcoming the Overcapacity Risk of Coal-fired Power Generation. http://www.ndrc.gov.cn/zcfb/zcfbtz/201708/t20170814_857567.html.</p>
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The conclusions drawn by the Global Trade Alert confirm this fact. The project report pointed out that ^① China's industries with overcapacity take up a small proportion of global trade (no more than 21% since 2005), and exports from these industries account for only a small portion of China's total exports, 86% of China's exports to G20 members in 2016 were not from so-called overcapacity industries. The project also conducted a study on the financial reports of listed steel companies, of which 16 are in China and 31 are in other countries, and found that the

subsidies Chinese companies received are less than 0.4% of their sales revenue, while many other foreign companies received much higher subsidies. Since the financial crisis in 2008, the United States has put in place a large number of policy interventions on the steel industry, and its protective policy measures adopted account for 98% of all policy measures, while the proportion in China is only 53%, as shown in Table 8. It is illogical for the United States to blame China without comparison with its domestic industrial measures.

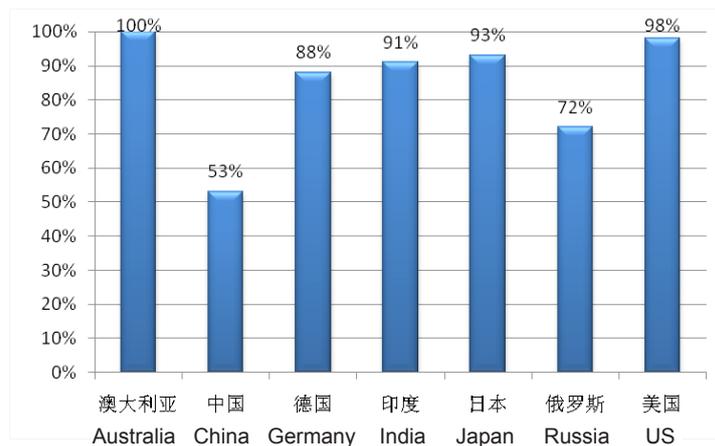


Figure 1: Statistics of policy interventions on the steel industry adopted by major countries in the world (Nov. 2008-2018)

Source: Global Trade Alert

^① Simon J. Evenett, Johannes Fritz. The 22nd Global Trade Alert Report Going Spare: Steel, Excess Capacity, and Protectionism. <https://www.globaltradealert.org/reports/44>.

Table 3 Statistics of policy interventions on the steel industry adopted by major global countries

Major Countries	Number of discriminatory (protectionist) policy interventions implemented since November 2008	Number of liberalization policy interventions implemented since November 2008	Proportion of discriminatory (protectionist) policy interventions
Argentina	23	17	0.58
Australia	25	0	1.00
Austria	40	6	0.87
Belgium	41	6	0.87
Brazil	29	23	0.56
Canada	34	4	0.89
China	21	19	0.53
Finland	40	6	0.87
France	44	6	0.88
Germany	45	6	0.88
Greece	40	6	0.87
Hungary	40	6	0.87
India	89	9	0.91
Indonesia	26	25	0.51
Italy	42	6	0.88
Japan	13	1	0.93
Luxembourg	40	6	0.87
Mexico	27	5	0.84
Netherlands	40	6	0.87
Norway	1	0	1.00
Poland	41	6	0.87
South Korea	7	0	1.00
Russia	34	13	0.72
Saudi Arabia	21	1	0.95
Slovakia	40	6	0.87
South Africa	16	3	0.84
Spain	42	6	0.88
Sweden	40	6	0.87
Switzerland	0	0	
Turkey	24	10	0.71
UK	51	6	0.89
US	379	6	0.98

Source: Simon J. Evenett, Johannes Fritz. The 22nd Global Trade Alert Report Going Spare: Steel, Excess Capacity, and Protectionism. <https://www.globaltradealert.org/reports/44>.

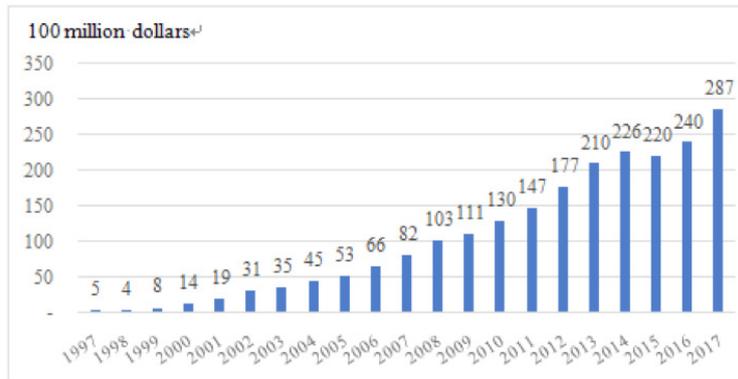


Figure 2: China's Payments of Intellectual Property Royalties to Foreign Right Holders
Source: State Administration of Foreign Exchange

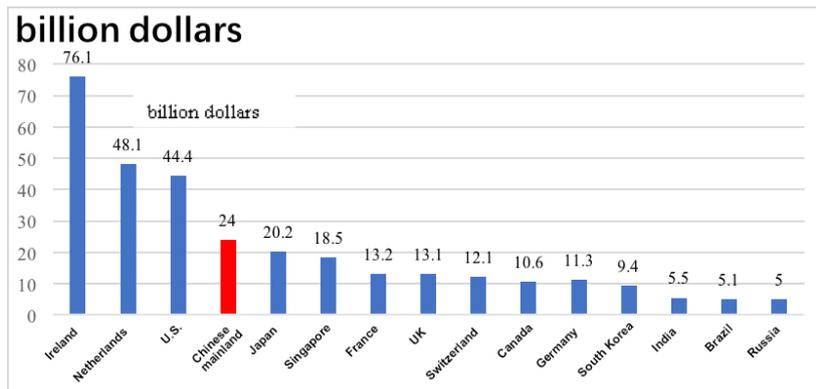


Figure 3: China's Top 15 Intellectual Property Royalties Receivers
Note: The countries listed in Figure 3 rank the top 15 countries among the 137 countries to whose intellectual property royalties data in 2016 we have access.
Source: IMF

In fact, US criticism of China's industrial policies reflects the fundamental differences between the two countries' national governance models. Notwithstanding the "Chinese model" varies from the "American model", it cannot be construed that the "Chinese model" is wrong and goes against WTO rules. Any country has the right to develop and the right to promote development through the implementation of appropriate industrial policies. With faster pace of economic globalization and technological progress, China vote against differentiated and protective industrial policies, because it is in more urge of development policies corresponding to the reality. China will completely disallow the United States' groundless accusations of China's industrial policies such as "Made in China 2025".

(3) Intellectual Property Rights

The relevant provisions on intellectual property rights at the time of China's accession to the WTO appear in paragraphs 251 to 305 of the Report of the Working Party, in which China clarified and confirmed rights and obligations regarding the application of national treatment and MFN treatment to foreign nationals, "entity standard for intellectual property protection", "measures to control the abuse of intellectual property rights" and "implementation of intellectual property rights".

Since China's accession to the WTO, the intellectual property system has become increasingly mature. China has successively established and improved a relatively complete intellectual property legal protection system, re-established the State Intellectual Property Office (SIPO),

which has continuously played a leading role in the judicial protection of intellectual property rights, promoted the establishment of intellectual property courts and specialized tribunals, and established a specialized commodity inspection team, conducted institutional reform of the industrial and commercial quality inspection departments to further strengthen market administration. At present, China has acceded to almost all major international intellectual property rights conventions in the world, and signed the "Patent Prosecution Highway" (PPH) agreement with 24 national patent examination agencies^①.

First of all, the United States' allegations of China's "theft of intellectual property" are unfounded. Since China's accession to the WTO, the intellectual property royalties paid by China to foreign right holders have grown rapidly. In 2017, China's intellectual property royalties paid to foreign right holders reached US\$28.6 billion, spiking 15 times from 2001 at its accession to the WTO (Figure 1), among which the intellectual property royalties paid to US have increased by 14% year-on-year. Among the 15 countries with the highest payments of intellectual property royalties to foreign right holders worldwide, China ranked the fourth (Figure 2).

According to the 2018 China Business Climate Survey Report made by American Chamber of Commerce, "Intellectual Property Infringement" only ranks the 12th (last) of the respondents' perceived business challenges in China, and only 20% of the companies interviewed selected this option. The interviewed companies were almost unanimous that "the enforcement of intellectual property rights in China has

^① The 24 countries include: Japan, USA, Germany, Russia, Finland, Denmark, Mexico, Austria, South Korea, Poland, Canada, Singapore, Portugal, Spain, United Kingdom, Sweden, Iceland, Israel, Hungary, Egypt, Chile, Czech Republic, Brazil, Malaysia.

remained stable or improved in recent years”, and the proportion of companies holding this opinion has jumped from 86% in 2014 to 96% in 2017. According to the World Intellectual Property Indicators released by the World Intellectual Property Organization in 2017, in 2016, China accepted more than 1.33 million patent applications, ranking the first in the world for seven consecutive years, exceeding the sum of the United States, Japan, South Korea and the European Patent Office. China also leads the world in the amount of trademark applications and industrial appearance applications^①. According to the Global Innovation Index released by the World Intellectual Property Organization in 2018, China has embarked on the list of the 20 most innovative economies in the world for the first time and is the only middle-income country in the top 20. From the prospective of investment, China ranks the second in the world in absolute value of human capital and R&D investment; from the perspective of output, China is the country with the largest amount of patent applications, scientific publications, and scientific workers and R&D personnel^②. These figures and facts tell the world that China's intellectual property climate is constantly improving, China has been capable of creating intellectual property rights independently and is gradually becoming a global innovation leader. This has somehow powerfully countered the so-called unwarranted accusation of "theft of intellectual property" imposed by the United States.

In the second place, the United States' allegations that China failed to comply with its intellectual property-related WTO commitments are utterly unjustifiable. The standards for measuring whether China has fulfilled its WTO commitments are the Report of the Working Party and the TRIPS Agreement when China acceded to the WTO. Since the United States, in its latest report^③ on China's commitment to WTO accession, has already acknowledged that China has made great strides in amending intellectual property laws and regulations, there is no reason to make trouble with China in the field of intellectual property. Although paragraph 251 of the Report of the Working Party states that “Despite that China's intellectual property protection system is still in the initial stage of development, its goal is to catch up with the world-level and world standards”, according to the commitments listed in paragraph 342 of the Report of the Working Party and the expression of Article 1, Section 2 of the Protocol, paragraph 251 of the Report of the Working Party falls outside the WTO commitments, with the help of which we can understand the commitments that are clearly a part of the WTO Agreement, but in its nature, it is not a legally enforceable commitment. Therefore, the United States infers that China has failed to effectively fulfill its WTO commitments just because China's current level of intellectual property protection failed to meet the “world level and world standards” expected by it, which is adverse to the interests of the US. This is a typical “US First” logic. By the same token, if any WTO member who believes

① World Intellectual Property Organization. World Intellectual Property Indicators 2017. http://www.wipo.int/edocs/pubdocs/en/wipo_pub_941_2017.pdf.

② World Intellectual Property Organization. The Global Innovation Index 2018. http://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2018.pdf.

③ United States Trade Representative. 2017 Report to Congress On China's WTO Compliance. <https://ustr.gov/sites/default/files/files/Press/Reports/China%202017%20WTO%20Report.pdf>.

that another party has caused obstacles to it, regardless of whether the obstacle is within the scope of the rules, the party can blame the other party for not complying with WTO rules, which would totally be an unreasonable behavior.

(4) Government Procurement

At the beginning of China's accession to the WTO, it promised to join the Government Procurement Agreement (GPA), and the related commitments appeared in paragraphs 339 to 341 of the Report of the Working Party. China's commitments include: prior to its accession to the GPA, all government entities at the central and local levels, as well as public entities specializing in commercial activities, will conduct procurement in a transparent manner and provide equal opportunity to all foreign suppliers to involve in procurement in accordance with the principle of MFN treatment; at the same time, China becomes an observer of the GPA upon accession to the WTO, and will initiate negotiations for membership in the GPA by tabling an offer as soon as possible.

At the time of accession to the WTO, China promised to become a GPA participant, become an observer and submit offer lists as soon as possible, and China has fully fulfilled the above commitments. So far, China has submitted 6 offer lists. In its "Assessment Report on China's Trade Barrier", the United States pointed out that China's latest bid indicates progress in some areas, including thresholds, physical coverage and service coverage. Despite this, the offer did not meet the expectations of the US and was not accepted by other parties. But there must be a process in the negotiations, China's active participation in the GPA negotiations is the fulfillment of its WTO commitments. As for the US's accusation that China's offer does not meet its asking price, it still needs

to negotiate to achieve a balance of rights and obligations between the two sides, the United States is turning a blind eye to China's substantial improvement in the offer, and the United States itself needs to improve its asking price.

(5) State-owned Enterprises

The relevant provisions on state-owned enterprises at the time of China's accession to the WTO appear in paragraph 46 of the Report of the Working Party, China promises that "China would ensure that all state-owned and state-invested enterprises would make purchases and sales based solely on commercial considerations, e.g., price, quality, marketability and availability, and that the enterprises of other WTO Members would have an adequate opportunity to compete for sales to and purchases from these enterprises on non-discriminatory terms and conditions. In addition, the Chinese government will not directly or indirectly influence the commercial decisions of state-owned enterprises or state-invested enterprises, including the quantity, amount or country of origin of any goods purchased or sold, except for those in a manner consistent with the WTO Agreement". This article provides a provision in principle for the conditions of competition of state-owned enterprises.

Since its accession to the WTO, China has carried out many state-owned enterprise reforms and achieved remarkable results. Some of the policy documents regarding state-owned enterprise reform issued by China at the central level in recent years are shown in Table 9.

Table 4 List of part of the policies of state-owned enterprises reform in China in recent years

Time	Dispatch Unit	Name of Policy
August 2015	State Council	Guiding Opinions on Deepening the Reform of State-Owned Enterprises
September 2015	State Council	Opinions on the Development of a Mixed-Ownership Economy of State-Owned Enterprises
October 2015	State Council	Several Opinions on Reforming and Improving the Management System of State-owned Assets
June 2016	SASAC, MOF	Administrative Measures for the Supervision of State-owned Assets Trading
August 2016	General Office of the State Council	Opinions on Establishing an Accountability Mechanism of State-owned Enterprises for Business Investment of Violation
April 2017	General Office of the State Council	Guiding Opinions on Further Improving the Corporate Governance Structure of State-Owned Enterprises
April 2018	MOST, SASAC	Opinions on Further Promoting the Innovation and Development of Central Enterprises
May 2018	State Council	Opinions on Reforming the Wage Determination Mechanism of State-owned Enterprises
May 2018	SASAC, MOF, CSRC	Measures for the Supervision and Administration of State-owned Shares of Listed Companies

Source: www.gov.cn. <http://www.gov.cn/index.htm>

The United States has been exclaimed against Chinese state-owned enterprises for large span of time, first came with the subsidy of state-owned enterprises. In fact, state-owned enterprises are also common in the major developed economies. If a member believes that the state-owned enterprises of other members receive special subsidies from the government, and the exports of these state-owned enterprises steals a march on the domestic industry of the member, the member can take corresponding measures within the framework of the WTO, such as anti-subsidy investigations under the Agreement on Subsidies and Countervailing Measures, or resorting to the WTO dispute settlement mechanism.

The second is the monopoly of state-owned enterprises. In its Assessment Report on China's Trade Barrier, the United States pointed out that the Anti-Monopoly Law

implemented by China's regulatory authority has brought in multiple challenges, one of the key issues is how the Anti-Monopoly Law will apply to state-owned enterprises. The United States holds that although the Chinese regulatory authorities have made it clear that the Anti-Monopoly Law does apply to state-owned enterprises, but it has only carried on law enforcement for provincial state-owned enterprises by far, and there has never been any law enforcement on any central enterprise under the SASAC. But in fact, China's anti-monopoly review treats domestic and foreign enterprises, including state-owned enterprises, equally without any discrimination. Article 7 of the Anti-Monopoly Law stipulates that "operators of the state-controlled industrial sectors that have a key link with national economy or national security and the sectors that monopolize certain goods or products under

law shall operate according to law, be honest and trustworthy, have strict self-discipline, and be subject to the supervision of the public, and shall not take the advantage of their controlling position or monopoly position to the detriment of customer benefit", Article 17 of the Anti-Monopoly Law has prohibitive provisions on the relevant abuses of enterprises with dominant market position. Among the 27 companies involved in the anti-monopoly case investigated and handled by the National Industry and Commerce and Market Supervision System in 2017, 8 are state-owned enterprises, accounting for nearly 30% ^①. These facts prove that the accusation of the United States is unfounded, and point the finger at China to claim that it has failed to fulfill its WTO commitments simply because of the dissatisfaction with the reform process of China's state-owned enterprises is untenable.

(6) Market Economy Status

The relevant provisions on "market economy status" at the time of China's accession to the WTO appear in Article 15 of the Protocol "Price Comparability in Determining Subsidies and Dumping". Article 15 (a), (d) of the Protocol deal with price comparison of anti-dumping, paragraph (b) is a price comparison of countervailing, and paragraph (c) is a legal notification obligation for price comparison. In fact, Article 15 of the Protocol does not identify China as a "non-market-economy country", and its paragraph (a)(ii) only empowers WTO members to "calculate the dumping margin using the price of the surrogate country if the Chinese company cannot prove that the industry in

which it is involved has a market economy condition"; and according to paragraph (d), in any case, after 15 years of China's accession to the WTO, paragraph (a)(ii) shall be null and void, that is to say, after 15 years of China's accession to the WTO, other WTO members should terminate the practice of surrogate country in their anti-dumping investigations against China. With regard to Article 15 of the Protocol, China has fully fulfilled its commitment to allow the practice of surrogate country in anti-dumping investigations against China carried out by the United States and the Europe within 15 years after accession to the WTO. However, after the expiration of 15 years of China's accession to the WTO, WTO members such as the United States and the Europe did not fulfill their commitments as scheduled, and did not cancel their practice of surrogate country in their anti-dumping investigations against China, which is a clear violation of the WTO rules.

The key to the United States' failure to cancel its practice of surrogate country in its anti-dumping investigations against China lies in that it hinges whether to abolish the practice of surrogate country in its anti-dumping investigation against China on whether its domestic law recognizes China as a "market economy country". According to the latest conclusion of investigation on the issue of "China's market economy status" ^② published by the US Department of Commerce in the anti-dumping investigation on aluminum foil on October 30, 2017, China is still a "non-market economy country". The conclusion of the US Department of Commerce that China is a "non-market economy country" is based

^① www.gov.cn. The Investigation and Prosecution of Monopoly Cases Conducted by National Industry and Commerce and Market Supervision System in 2017. http://www.gov.cn/xinwen/2018-02/01/content_5262853.htm.

^② International Trade Administration of United States Department of Commerce, China's Status as a Non-Market Economy, October 26 2017, <https://enforcement.trade.gov/download/prc-nme-status/prc-nme-review-final-103017.pdf>.

on its belief that the Chinese government holds a dominant position in the economy and the relationship between the market and the private sector have fundamentally distort the Chinese economy. According to Sections 771(18)(A) and 771(18)(B) of the US Tariff Act of 1930, the following factors should be taken into consideration when the US Department of Commerce determines whether a country is a “market economy country”:

1. The degree of currency convertibility;
2. The degree of freedom of wage negotiations between labour and management ;
3. The degree of freedom in establishing joint ventures or foreign-funded enterprises;
4. Government's degree of ownership and control of production methods;
5. Government's degree of control over resource allocation, enterprise output, and price decisions;
6. Other judgment factors that the Department of Commerce considers appropriate.

The US Department of Commerce has separately illustrated the above six standards. First, the Chinese government still imposes strict restrictions on capital account transactions and performs extensive interventions in onshore and offshore foreign exchange markets. Second, the Chinese government prohibits the establishment of independent trade unions to represent labor rights, and workers do not have the legal right to strike. The determination of wages through free negotiation between the labor and management are subject to significant institutional restrictions, the government restricts labor mobility through the household registration system. Third, China has imposed some major restrictions on foreign investment, including equity restrictions and local cooperation requirements, opaque approval and regulatory procedures, technology transfer and local content requirements; the government guide foreign

investment into the government-supported sectors and technologies, while holding back foreign investment in strategic industries to maintain the Chinese government's control position in these fields. Fourth, the Chinese government continues to maintain ownership and control over the domain of production, which is reflected in: (1) State-invested enterprises are widespread in the corporate sector, and the government allocates resources to industries of strategic importance. These state-invested enterprises are not subject to severe restrictions on market rules and supply and demand; (2) land ownership and use rights system. China's land belongs to state property, and the government controls rural land expropriation and monopolizes the distribution of urban land use rights. Fifth, the Chinese government plays a key role in resource allocation. The national planning is still an important feature of China's industrial policies, which can be proved from the official mechanism of plan formulation, allocation and review, as well as the scope and details of the plans at department level, and the Chinese government tightly controls over the prices that it believes to be strategic. Sixth, China's legal system is still a tool used by the Chinese government and the Chinese Communist Party to ensure various economic outcomes, guide broader economic policies, and pursue industrial policy objectives, individuals and companies have very limited capacity to independently participate in the formulation of administrative legislation and to challenge administrative decisions. Based on the above analysis, the US Department of Commerce concluded that China is a "non-market-economy country". Since China's economic operation failed to fully implement market principles, the US Department of Commerce could not adopt China's price and cost for anti-dumping investigations and analyses in its anti-dumping investigations on Chinese products.

This is not the first time the US Department of Commerce has made such a ruling. On August 30, 2006, the US Department of Commerce also concluded its investigation into China's market economy status in its anti-dumping investigation against Chinese lined paper. Although the conclusions of the two investigations all denied China's market economy status, by comparing the conclusions of the two investigations, it is still clear that the US Department of Commerce's identification of China's market economy has obviously regressed. For instance, regarding the first factor, the conclusion of the investigation on the lined paper case is that "China still restricts capital account transactions", and that of the aluminum foil case is "there are still strict restrictions on and substantial interventions in capital account transactions and foreign exchange markets". Regarding the second factor, the conclusion of the investigation on the lined paper case is that "both labor and management parties can generally negotiate wages", and that of the aluminum foil case is "the free wage bargains of both labor and management parties are still subject to institutional restrictions". Regarding the third factor, the conclusion of the investigation on the lined paper case is that "the Chinese government allows all types of foreign investment and profit repatriation, and is not subject to not nationalization or expropriation", "the Chinese government guides foreign investment into export-oriented industries and regions through industry access policies", while the conclusion of the aluminum foil case is that "there are critical restrictions in the Chinese government's foreign investment system including equity restrictions and local cooperation requirements, opaque approval procedures, technology transfer and local content requirements, etc." and "restricting foreign investment into strategic industries". Regarding the fourth factor, the

conclusion of the investigation on the lined paper case is that "although state-owned capital has withdrawn from some economic sectors, there is still a policy of maintaining the state-owned proportion in key and pillar industries", "prohibiting private land ownership, while allowing private enterprises and individuals to obtain the right to use the land, while the conclusion of the aluminum foil case is that "the Chinese government continues to maintain ownership and control over the domain of production: the economic proportion of Chinese state-owned enterprises is giant; while Chinese government's actual control of the economy is greater than that of state-owned enterprises", "the public land ownership is one of the important means by which the Chinese government controls the mode of production". Regarding the fifth factor, the conclusion of the investigation on the lined paper case is that "the planned economic system is phasing out, most of the price controls have been lifted" and "the resource allocation has become market-oriented, but Chinese governments at all levels still have profound control over resource allocation", while the conclusion of the aluminum foil case is that "the Chinese government has a major impact on resource allocation through national planning and other forms" and "the Chinese government controls the prices of factors of production, resulting in overall distortion of production costs and prices". Regarding the sixth factor, the conclusion of the investigation on the lined paper case is that "the Chinese government has made significant progress in market-oriented reforms of economy" and "China's private economy is dynamic, but government agencies still maintain a considerable degree of economic control", while the conclusion of the aluminum foil case is that "China's legislation and judicial system are the tools for the party and government organs to ensure the realization of economic goals

and implementation of industry policies; the main judicial departments such as the courts are intervened by the government as a whole or on a case-by-case basis", "it is difficult for individuals and companies to make suggestions to or challenge government decisions". Comparing the two rulings, their characteristics are obvious: the conclusion of investigation of the lined paper case uses more affirmative terms, and points out the gap while affirming the progress of China's market economy construction, while that of the aluminum foil case uses negative terms for the most part, and uses a large number of emphatic rhetoric to indicate the gravity of the situation, such as "major restrictions and interventions", "special restrictions", "huge proportion", "larger proportion of management and control", "significant impact", "overall distortion" and so on.

The US Department of Commerce's identification of the market economy status of China is neither objective nor realistic. The WTO hasn't defined the "market economy", and the "market economy" in the world has more than one model. Since the reform and opening up, China has established and constantly improved the socialist market economy which has been widely recognized by the international community. The United States has ignored the fruits of market-oriented reforms that China has borne from time to time, and has even come to a

retrogressive conclusion on the identification of China's market economy, which is a serious distortion of China's actual situation, and it is a flagrant violation of WTO rules for the US to recognize China as a "non-market economy country" according to its domestic law, based on which it continues to adopt the practice of "surrogate country" in its anti-dumping investigation against China after the relevant provisions of Article 15 of the Protocol has expired.

To sum up, the United States' allegations against China's above-mentioned problems are totally unsubstantiated. Both China and the United States are members of the WTO, which means both sides can use the dispute settlement mechanism to resolve trade disputes within the framework of the WTO, or get into negotiations and increase the space for discussion of cooperation. For investment and intellectual property issues, China and the United States can negotiate on the basis of the TRIMS Agreement and the TRIPS Agreement. For issues that cannot be covered or resolved by existing WTO rules, China and the United States can work together to promote the reform of WTO and the formulation of new rules, but the chiefly premise is to respect existing rules, rather than settle trade disputes between China and the United States in a way that clearly violates WTO rules.

II. Review and supervision of whether China has fulfilled its commitments

100% fulfilling rules and commitments is impossible for any of the WTO member. In order to ensure the effective implementation of the commitments of the members, the WTO has set up a trade policy review mechanism and a dispute settlement mechanism to conduct regular review and irregular supervision and “correction” of each member's fulfillment of commitments. Since its accession to the WTO, China has consciously accepted the review and supervision of these two mechanisms, taken seriously the concerns raised by other members, and fully implemented the rulings of the dispute settlement body, which literally constitutes an important part of China's WTO commitments. In addition, while accepting the external supervision of the WTO multilateral mechanism, China has independently established a domestic compliance review mechanism to conduct self-censorship and supervision of trade policies formulated by various government departments to ensure the consistency of different trade policies and WTO rules.

(1) Domestic in-house compliance review

At the beginning of China's accession to the WTO, in order to fulfill the WTO "blanket agreements" and the legal documents on the accession of China to WTO, the trade-related laws, rules and regulations were revised, re-made and abolished by China, and the first round of compliance review and legal adjustments was consciously completed by China. Afterwards, in order to ensure that the new rules and regulations of the government

departments are consistent with the WTO rules and commitments, on June 9, 2014, the General Office of the State Council issued the Notice of the General Office of the State Council on Further Enhancing the Compliance of Trade Policies (Guo Ban Fa [2014] No. 29)^①, clearly stipulates that the regulations, normative documents and other policy measures formulated by the departments of the State Council and the local people's governments and their departments at all levels that relate to or affect trade in goods, services and trade, and trade-related intellectual property rights shall be in line with the WTO rules. The various departments of the State Council shall conduct compliance assessments in the process of formulating trade policies, and the so-called “compliance” means that the above-mentioned trade policies shall comply with the World Trade Organization Agreement and its annexes and follow-up agreements, and the Protocol of the Accession of the People's Republic of China and the Report of the Working Party on the Accession of China. According to the requirements of the Notice, the Ministry of Commerce is responsible for receiving written opinions from members of the World Trade Organization on trade policies formulated by various departments of the State Council and the local people's governments and their departments. Departments of the State Council shall conduct compliance assessments in the process of formulating trade policies, and copy the policy texts to the Ministry of Commerce (China WTO Notification and Inquiry Center) at the time of official release. If the policy making department considers it

① www.gov.cn.

necessary, the trade policies formulated by the various departments of the State Council shall, in any of the following circumstances, consult the Ministry of Commerce for compliance before submitting the policy for review or publishing the policy by itself according to relevant procedures: (1) The connection with international economic and trade treaties and agreements such as the World Trade Organization Agreement; (2) Situations that may have an important impact on trade. The Annex to the Notice lists all policy measures that may affect trade, including: (1) Policy measures that directly affect imports: customs procedures, valuation and rules of origin; tariffs; indirect taxes affecting imports; import bans and permits; state trading; trade remedies; standards and other technical requirements; import-related financing policies. (2) Policy measures that directly affect exports: export tax; export tax rebate; tax concession of processing trade; export prohibition, restriction and licensing; state trading; export-related financing, insurance and guarantee policies; promotion and marketing support measures. (3) Other policy measures that affect trade: tax preference; subsidies and other government support; industrial policies involving trade; price controls; competition policies and consumer protection policies; trade-related intellectual property policies; trade-related investments policies; policies related to market access to service sectors; policies related to national treatment of service sectors; other policies affecting trade.

In 2015, 2016 and 2017, the Ministry of Commerce conducted compliance assessments on 670, 300, and 375 trade policy measures at the central and local levels respectively, and held several sessions

of national trade policy compliance training courses, realizing the full coverage of the implementation measures of provincial-level local government trade policy compliance work^①. The compliance review of trade policies has strictly controlled the forthcoming trade policy measures, which has basically secured the consistency between the various trade policies formulated by China and the WTO rules and China's accession commitment. Strictly speaking, the establishment of the compliance review system itself has not been explicitly included in China's WTO accession commitments, and the introduction and implementation of this system is obviously a voluntary overweight taken on by China for the better fulfillment of WTO commitments, indicating China's consciousness and higher requirements of fulfilling WTO commitments.

(2) Review and supervision of the trade policy review mechanism

The WTO's trade policy review mechanism "enables the regular collective appreciation and evaluation of the full range of individual Members' trade policies and practices and their impact on the functioning of the multilateral trading system"^②. Through the trade policy review, the WTO Secretariat and the members under review submit a report on the member's trade policy to each of the WTO members, other WTO members raise concerns about the trade policy of the members under review, who shall reply all the questions by writing. The trade policy review mechanism is a unique system of the WTO that plays an important role in promoting the transparency of trade policies, reviewing the consistency of trade policies between members and WTO rules, and providing a

① Year-end Review of Business Work in 2015-2017, http://www.mofcom.gov.cn/article/zt_swxs/.

② Paragraph A of Annex 3 "Trade Policy Review Mechanism" of the WTO Agreement.

platform for members to exchange views on their concerns.

It should be noted that in accordance with Article 18 of the Protocol, in addition to the above-mentioned conventional review of all members made in the trade policy review on China, there is also a “transitional review mechanism” specifying that within 8 years after China’s accession to the WTO, it is subject to annual review by the WTO General Council and its 16 sub-councils and committees^① in the areas under their respective jurisdiction, and a final review will be carried out in the 10th year after the accession. Notwithstanding the transitional review itself violates the basic principles of the multilateral trading system on non-discrimination and is a discriminatory institutional arrangement that is only applicable to China, since it is part of the WTO legal documents upon China's accession, China has faithfully fulfilled its commitments after the accession as the Chinese has always been loyal to its legacy of “being true in word and resolute in deed”. Since the transitional review differs from the regular review in review bodies and procedures, China needs to send 17 delegations each year to attend meetings of the various councils and committees according to the meeting time of different bodies of the WTO, and submit relevant documents to the meeting and answer the questions raised by each member in accordance with the requirements of the Protocol. On November 30, 2011, the WTO General Council adopted a transitional final review of China. In this review, WTO members affirmed the results of China's fulfillment of its commitments, acknowledged

that China had cleared up a large number of laws and regulations after its accession, reduced tariffs, eliminated many non-tariff measures, and improved transparency and intellectual property legislation. To this end, China has deepened its integration into the multilateral trading system and strengthened the rule of law and economic reform. China’s trade and investment with other members has also picked up sharply and become one of the main engines of world economic growth.

In accordance with the provisions of the Trade Policy Review Mechanism in Annex 3 of the WTO Agreement, the frequency of regular trade policy reviews of members is determined by their share in world trade, and the top four countries should be reviewed on a biennial basis. Since 2006, China has accepted one trade policy review every two years and gone through seven so far, China accepted the supervision of other members through the review and completed a large number of question answering and information submission. On April 19 and 21, 2006, the WTO conducted its first trade policy review of China. During the review, a total of 1,110 questions were collected from other members, with the length of the report of the Secretariat in this review and the number of questions asked by other members all setting a historical record for WTO trade policy review. On May 21-23, 2008, the WTO conducted its second trade policy review of China. During the review, more than 900 questions were raised from other members. On May 31 and June 2, 2010, the WTO conducted its third trade policy review of China. During the review, China received a total of 1508 questions in 44 batches submitted by 27 members, which once again

① Including: Council for Trade in Goods, Council for Trade-Related Aspects of Intellectual Property Rights, Council for Trade in Services, Committee on Balance-of-Payments Restrictions, Committee on Market Access, Agriculture Committee, Committee on Sanitary and Phytosanitary Measures, Committee on Technical Barriers to Trade, Committee on Subsidies and Countervailing Measures, Committee on Customs Valuation, Committee on Rules of Origin, Committee on Import Licensing, Committee on Trade-Related Investment Measures, Committee on Safeguards and Committee on Financial Services.

created a fresh record with the most questions ever asked in the WTO trade policy review after the first one. On June 12, 2012, the WTO conducted a fourth trade policy review of China, and 30 WTO members submitted a total of 1,720 written questions to China. On July 1, 2014, the WTO conducted a fifth trade policy review of China, the relevant members submitted more than 1,700 written questions to China, concerning China's macroeconomic system and lots of policy measures in the economic and trade field.^①

On July 22, 2016, China accepted the sixth trade policy review and received 1964 written questions submitted by 34 members, and the number of questions raised during the review reached a new record. The questions raised relate to China's macroeconomic system and policy measures in the economic and trade field, specifically including trade policy transparency, state-owned enterprises and subsidies, intellectual property protection, overcapacity, import non-tariff measures like TBT and SPS, etc., foreign investment environment and institutional arrangements, and China's participation in multilateral trading system and so on.

On July 11-13, 2018, the WTO conducted its seventh trade policy review of China. Prior to the review meeting, a total of 42 members submitted more than 1960 written questions to China; at the meeting, a total of 70 member representatives spoke at the meeting, which again broke the record. The questions raised by the members involved China's industrial policies, subsidy policy, overcapacity, the advantageous treatment to state-owned enterprises, transparency of trade policy, intellectual property protection, foreign investment market access, and cybersecurity policy, etc.

By actively engaging in the trade policy review and carefully answering the questions of other members, China has fully fulfilled its member obligations under the WTO trade policy review mechanism. On the other hand, by engaging in the trade policy review process, China has also promoted its establishment of a more transparent and fair trade policy environment, specifically, this role is reflected in the following aspects: (1) Improving the transparency of trade policies and regulations. Through the trade policy review, the reviewed members not only need to provide all members of the WTO with the general overview and details of their domestic trade policies and regulations, but also explain to other members the objectives and processes of producing their policies and regulations, and even provide the assessment on their implementation effect of policies and regulations. Through consultations with the staff of the WTO Secretariat and responses to questions from other members, China has promoted the international community to gain much more acquaintance and understanding of its trade policies and regulations. The regular review system of trade policy itself also exerts certain pressure on improving the transparency of domestic policies and regulations, driving the members under review to ensure the transparency of their policy and regulation formulation and implementation processes, so as to continue to cope with the next round of trade policy review. (2) Trade policy review plays a certain supervisory role. The trade policy review is a collective discussion on whether the domestic trade policy of the country under review is consistent with the WTO multilateral trade rules, therefore, the process of review and all the publicly released documents are able to exert certain pressure on the country under review, playing a certain supervisory role.

① Website of the Ministry of Commerce of PRC <http://www.mofcom.gov.cn/>.

Although the mechanism “does not intend to impose new policy commitments on members”^①, it still will more or less lead to autonomous adjustment of the trade policy of the country under review. (3) The trade policy review provides a good communication platform. Through seven rounds of reviews, China has replied massive questions and dispelled substantial doubts, helped to avoid misunderstandings, and adjusted the policies and regulations that it considered to need further improvement. (4) The trade policy review has promoted coordination and cooperation between and among various domestic departments. The WTO trade policy review involves a broad range of issues. Each review will engaged with multiple departments in China, which includes, in addition to the Ministry of Commerce, several Ministries and Commissions Directly under the State Council such as NDRC, MOF, MIIT, and SASAC. During the review, through the establishment of the Inter-Ministerial Working Group on trade policy review, various government departments have strengthened mutual understanding and cooperation, promoted coordination and collaboration among various departments and will facilitate the unified implementation of domestic trade policies in their multiple consultations with the WTO Secretariat staff and in their responses to other members during the review process.

(3) Supervision and "correction" of the dispute settlement mechanism

The WTO dispute settlement mechanism is an effective system design that guarantees the effective execution of its "blanket" agreements by all members, which is regarded as the "Pearl on the Crown" and the

cornerstone of the multilateral trading system. Its most important attribute is that it is legally binding, and a dispute resolution method armed with "teeth". All WTO members have made pre-commitments to accept the jurisdiction of the dispute settlement mechanism and implement the ruling adopted by the dispute settlement body. Therefore, the WTO dispute settlement mechanism is the last line of defense to supervise whether members have earnestly carried out their commitment to accession, and has the function of mandatory “correction” of violations. Whether a member is willing to take seriously the complaints of other members and consciously implement the valid ruling of the dispute settlement body is an important aspect in assessing whether a WTO member has fulfilled its commitments.

Since the official implementation of the WTO dispute settlement mechanism in 1995, as of June 2018, WTO members had filed a total of 556 dispute cases. Among them, the United States, the European Union, and Canada are the most active players of the WTO dispute settlement mechanism, who have filed 117, 99 and 39 complaints respectively, and were filed against with 147, 84, and 22 cases respectively, followed closely by China at the fourth place, with 17 complaints filed and 41 filed against. While starting from December 11, 2001, the date of China’s accession to the WTO, the number of complaints filed by the United States and the European Union during the same period was 48 and 43 respectively, and the number of cases they received was 91 and 51 respectively, all of which are higher than that of China. In particular, the United States was sued by 91 cases during this period, more than twice the number of cases received by China.

^① Paragraph A of Annex 3 “Trade Policy Review Mechanism” of the WTO Agreement.

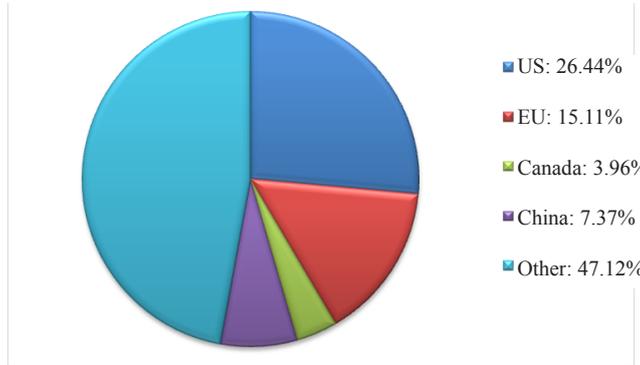


Figure 4: Number and proportion of defendant countries under the Dispute Settlement Mechanism of the World Trade Organization (1995 - 2018)

Source: <https://www.wto.org>

In the 17 years since accession to the WTO, China has participated in the WTO dispute settlement more frequently and become one of the most important players in the WTO

dispute settlement mechanism. The cases brought into dispute settlement with China's participation are shown in Table 5.

Table 5 Details of cases brought into dispute settlement with China's participation (12.2001 - 6.2018)

	Case Number	Complainant/ Respondent	Time	Disputing Matters	Current Situation
As a total of 17 complaints as the complainant	DS252	US	2002	the Case of Steel Final Safeguard Measures	Appellate Report Adopted
	DS368	US	2007	Initial Decision on Anti-Dumping and Countervailing Measures on Certain Coated Paper	Aborted
	DS379	US	2008	Anti-Dumping and Countervailing Measures on Certain Products	Appellate Report Adopted
	DS392	US	2009	Some Measures Affecting Imports of Chinese Poultry Products	Panel Reports Adopted
	DS397	EU	2009	Final Anti-dumping Measures for Chinese-made Screws and Bolts	Appellate Report Adopted
	DS399	US	2009	Measures Affecting Tire Imports	Appellate Report Adopted
	DS405	EU	2010	Anti-dumping Measures for Certain Shoes	Panel Reports Adopted

□ https://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm

As a total of 17 complaints as the complainant	DS422	US	2011	Anti-dumping Measures for Warm Water Shrimp and Diamond Saw blades	Panel Reports Adopted
	DS437	US	2012	Countervailing Measures for Certain Products	Appellate Report Adopted
	DS449	US	2012	Countervailing and Anti-dumping Measures for Certain Products	Appellate Report Adopted
	DS452	EU	2012	Some Measures Affecting the Renewable Energy Power Generation Industry	Under Negotiation
	DS471	US	2013	Some Methods Related to Anti-dumping Procedures in China and Their Applications	Appellate Report Adopted
	DS492	EU	2015	Measures Affecting Tariff Concession for Certain Poultry Products	Panel Reports Adopted
	DS515/	US	2016	Price-related Comparison Method	Under Negotiation
	DS516	EU	2016	Price-related Comparison Method	Under the Hearing of the Expert Panel
	DS543	US	2018	Tariff Measures for Chinese Products	Under Negotiation
	DS544	US	2018	Actions Taken on Steel and Aluminum Products	Under Negotiation
A Total of 41 Cases as Respondents	DS309	US	2004	VAT Refund of Integrated Circuit	Reconciled
	DS339/ DS340/ DS342	EU/US/Canada	2006	Measures Affecting the Import of Auto Parts	Appellate Report Adopted
	DS358/ DS359	US/Mexico	2007	Return and Reduction Measures for Taxes and Other Expenses	Reconciled
	DS362	US	2007	Measures Affecting the Protection and Implementation of Intellectual Property	Panel Reports Adopted
	DS363	US	2007	Measures Affecting the Right to Trade in Publications and Audio-visual Products and Distribution Services	Appellate Report Adopted
	DS372/ DS373/ DS378	EU/US/Canada	2008	Measures Affecting Financial Information Services and Foreign Financial Information Providers	Reconciled

A Total of 41 Cases as Respondents	DS387/ DS388/ DS390	US/Mexico/ Guatemala	2008	Donation, Payment for Goods and Other Incentives	Reconciled
	DS394/ DS395/ DS398	US/EU/Mexico	2009	Measures to Restrict the Export of Certain Raw Materials	Appellate Report Adopted
	DS407	EU	2010	Temporary Anti-dumping duties on Certain Steel Fasteners	Under Negotiation
	DS413	US	2010	Measures Affecting Electronic Payment Services	Panel Reports Adopted
	DS414	US	2010	Anti-dumping and Countervailing of Certain Steel Products	Panel Reports Adopted
	DS419	US	2010	Measures Involving Wind Facilities	Under Negotiation
	DS425	EU	2011	Final Anti-dumping Duty on X-ray Security Inspection Equipment	Panel Reports Adopted
	DS427	US	2011	Anti-dumping and Countervailing Duty of White Feather Broiler Products	Panel Reports Adopted
	DS431/ DS432/ DS433	US/EU/Japan	2012	Export Restrictions Related to Rare Earths, Tungsten and Molybdenum	Appellate Report Adopted
	DS440	US	2012	Anti-dumping Countervailing Duty on Automobiles	Panel Reports Adopted
	DS450	US	2012	Measures Affecting the Automotive and Auto Parts Industries	Under Negotiation
	DS451	Mexico	2012	Clothing and Textile Export Measures	Under Negotiation
	DS454	Japan	2012	Anti-dumping Duty on High Performance Stainless Steel Seamless Pipes	Appellate Report Adopted
	DS460	EU	2013		
	DS483	Canada	2014	Anti-dumping Measures Against Imported Cellulose Pulp	Panel Reports Adopted
	DS489	US	2015	Demonstration Base and Public Service Platform Measures	Reconciled
DS501	US	2015	Tax Measures for Domestically Made Aircraft	Under Negotiation	

A Total of 41 Cases as Respondents	DS508	US	2016	Certain Raw Material Export Tax	Under the Hearing of the Expert Panel
	DS509	EU	2016	Export Taxes and Other Measures on Certain Raw Material	Under the Hearing of the Expert Panel
	DS511	US	2016	Domestic Agricultural Support	Under the Hearing of the Expert Panel
	DS517	US	2016	Tariff Quotas for Certain Agricultural Products	Under the Hearing of the Expert Panel
	DS519	US	2017	Primary Aluminum Subsidy	Under Negotiation
	DS542	US	2018	Intellectual Property Protection Measures	Under Negotiation
		EU	2018	Technology Transfer Measures	Under Negotiation

Source: <https://www.wto.org/>

Being the complainant or the respondent, most of the cases in which China is currently involved have been closed, and a handful of cases are still under negotiation or the hearing of Expert Panel. Of the 17 cases in which China is the complainant, 11 reports of the Expert Panel or the Appellate Body have been adopted, 1 has been aborted, 1 is in the

process of hearing of the Expert Panel, and 4 are under negotiation. Of the 41 cases in which China is the respondent, 29 have been closed (including 19 cases whose reports are adopted by the Expert Panel or the Appellate Body and 10 cases settled in reconciliation), 8 are under negotiation and 4 in the hearing process of the Expert Panel.

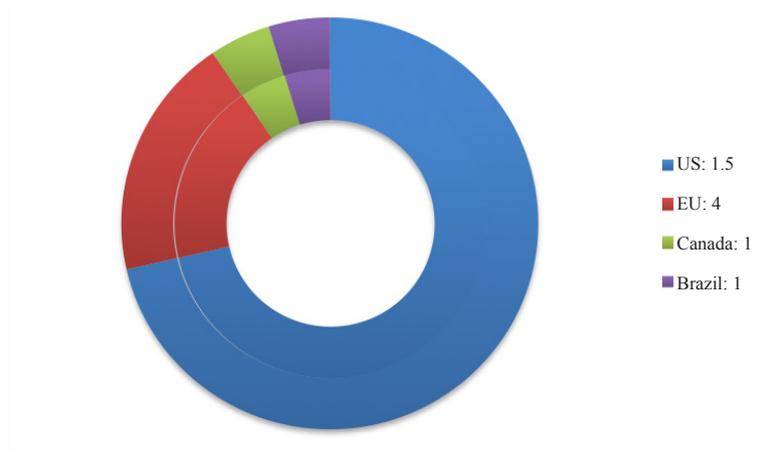


Figure 5: Number of times of authorized retaliations imposed on the defendant state refusing to execute the ruling of the dispute settlement of the World Trade Organization (1995 - 2017) Source: <https://www.wto.org>

Once the ruling of the WTO Dispute Settlement Body is made, whether it can be effectively executed is an important indicator of whether a member has fully fulfilled its WTO obligations. According to the dispute settlement rules, there are two approaches to execute the ruling: the first is that the members consciously execute the rulings according to the requirements, and the second is to compulsorily execute by authorized retaliation when the defeated member is not consciously executing the rulings. According to relevant statistics of the WTO, in 1995-

2017, the WTO authorized 21 retaliations against the respondent who refused to execute the ruling in accordance with Article 22.6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU). These enforced WTO members include the United States, the European Community, Canada, and Brazil. Among them, except for the 4 against European Community, 1 against Brazil, and 1 against Canada, the remaining 15 are all against the United States. See Table 6 for details.

Table 6 Authorized Retaliation by the WTO Dispute Settlement Body in 1995-2017

Case Number	Member Applying for Retaliation	Authorized Member to Retaliate	Arbitration Document (DSU22.6)	Arbitration Date	DSB Authorization File (DSU22.7)	Authorization Date
DS46	Canada	Brazil	WT/DS46/ARB	2000.8.28	WT/DS46/25	2000.12.12
DS222	Brazil	Canada	WT/DS222/ARB	2003.2.17	WT/DS222/10	2003.3.18
DS27	Ecuador	EC	WT/DS27/ARB/ECU	2000.3.24	WT/DS27/54	2000.5.18
DS27	US	EC	WT/DS27/ARB	1999.4.9	WT/DS27/49	1999.4.19

DS26	Canada	EC	WT/DS26/ ARB	1999.7.12	WT/DS26/21	1999.7.15
DS48	Canada	EC	WT/DS48/ ARB	1999.7.12	WT/DS48/19	1999.7.26
DS136	EC	US	WT/DS136/ ARB	2004.2.24	The United States amended the "Anti-dumping Law of 1916"	
DS384	Canada	US	WT/DS384/ ARB	2015.12.7	WT/DS384/38	2015.12.21
DS386	Mexico	US	WT/DS386/ ARB	2015.12.7	WT/DS386/39	2015.12.21
DS108	EC	US	WT/DS108/ ARB	2002.8.30	WT/DS108/26	2003.5.7
DS285	Antigua and Barbuda	US	WT/DS285/ ARB	2007.12.21	WT/DS285/25	2013.1.28
DS217	Brazil	US	WT/DS217/ ARB/BRA	2004.8.31	WT/DS217/38	2004.11.26
DS217	Chile	US	WT/DS217/ ARB/CH	2004.8.31	WT/DS217/43	2004.11.26
DS217	EC	US	WT/DS217/ ARB/EEC	2004.8.31	WT/DS217/39	2004.11.26
DS217	India	US	WT/DS217/ ARB/IN	2004.8.31	WT/DS217/40	2004.11.26
DS217	Japan	US	WT/DS217/ ARB/JP	2004.8.31	WT/DS217/41	2004.11.26
DS217	South Korea	US	WT/DS217/ ARB/KOR	2004.8.31	WT/DS217/42	2004.11.26
DS234	Canada	US	WT/DS234/ ARB/CAN	2004.8.31	WT/DS234/31	2004.8.31
DS234	Mexico	US	WT/DS234/ ARB/MEX	2004.8.31	WT/DS234/32	2004.8.31
DS381	Mexico	US	WT/DS381/ ARB	2017.4.25	WT/DS381/44	2017.5.22
DS267	Brazil	US	WT/DS267/ ARB	2009.8.31	WT/ DS267/41WT/ DS267/42	2009.11.19

Source: https://www.wto.org/english/tratop_e/dispu_e/dispustats_e.htm

According to the WTO report, in the process of participating in the WTO dispute settlements, China has carried out full and conscious implementation of all the settlement agreements reached and the rulings and recommendations adopted by the DSB (the Dispute Settlement Body), and has not been authorized to be retaliated for not enforcing rulings. The performance of the cases by China is broken down as follows:

(1) The Case Concerning Integrated Circuit Value-added Tax Rebate (DS309). On July 14, 2004, the case was settled by the signing of the Memorandum of Understanding between the United States and China on the Value-added Tax for Integrated Circuits by the Chinese and American ambassadors to the WTO. On August 31, 2004, the Ministry of Finance of China and the State Administration of Taxation jointly issued the Circular on Ceasing the Implementation of the Import Value-added Tax Rebate Policy for Integrated Circuit Products Designed Domestically and Going Abroad for Wafer Foundry and Processing (Cai Guan Shui [2004] 40); on September 30, 2004, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular on Ceasing the Value-added Tax Rebate Policy for Integrated Circuits (Cai Shui [2004] 174). On October 5, 2005, China and the United States reported to the Dispute Settlement Body (DSB) in accordance with Article 3.6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) that a satisfactory solution had been reached by the two parties.

(2) The Case Concerning the Measures Affecting the Import of Automobile Parts (DS339/DS340/DS342). The case was reported by the DSB through the Appellate Body (AB) on January 12, 2009. On February 27, 2009, China and the three

prosecuting parties reached an agreement on a reasonable implementation period, a total of 7 months and 20 days, as of September 1, 2009. On August 31, 2009, China reported the DSB rulings having been implemented at the DSB conference: on August 15, 2009, the Ministry of Industry and Information Technology, the National Development and Reform Commission issued Decree No.10, ceasing the implementation of Article 52, Article 53, Article 55, Article 56 and Article 57 of the Automotive Industry Development Policy, ceasing the implementation of the provision of Article 60, "the specific measures for the management of imported vehicles and parts shall be formulated by the General Administration of Customs in conjunction with the relevant departments, and shall be submitted to the State Council for approval". On August 28, 2009, the General Administration of Customs, the National Development and Reform Commission, the Ministry of Finance and the Ministry of Commerce jointly issued Decree No.185, abolishing the Measures for the Import of Automotive Parts Constituting the Characteristics of Whole Vehicles. On August 28, 2009, the General Administration of Customs issued Proclamation No. 58, annulling the Rules for Determining Imported Automotive Parts' Constituting the Characteristics of Whole Vehicles.

(3) The Case of the Measures for the Rebate and Deduction of Taxes and Other Charges (DS358/DS359). On December 19, 2007 and February 7, 2008, China and the United States, China and Mexico respectively notified the DSB that a memorandum of understanding had been reached by them. On December 25, 2008, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular on the Cessation of the Tax Rebate Policy for the Foreign-funded Enterprises Purchasing Domestically-

made Equipment (Cai Shui [2008] 176), ceasing the implementation of the policy that a foreign-invested enterprise may fully get the value-added tax on domestic equipment purchased by it within the total investment amount rebated from January 1, 2009, and at the same time, abolishing Guo Shui Fa [1997] 171, Article 1 of Cai Shui [2004] 116), Cai Shui [2006] 61, Guo Shui Fa [2006] 111, Guo Shui Han [2007] 637 and other documents and related provisions. On January 1, 2008, the Law of the People's Republic of China on Enterprise Income Tax came into effect and the relevant tax preference measures provided in the former Law of the People's Republic of China on Income Tax of Enterprises with Foreign Investment and Foreign Enterprises became ineffective.

(4) The Case Concerning the Measures Affecting the Protection and Enforcement of Intellectual Properties (DS362). The case was reported by the DSB through the Expert Panel on March 20, 2009. On June 29, 2009, China and the United States notified the DSB that both sides had reached an agreement on the reasonable implementation period of 12 months, as of March 20, 2010. On March 19, 2010, China notified the DSB that the Copyright Law of the People's Republic of China (amended on February 26, 2010) and the Regulation of the People's Republic of China on the Customs Protection of Intellectual Property Rights (amended on March 17, 2010) had all been amended, and that these amendments complied with the DSB's rulings and recommendations.

(5) The Case Concerning the Measures Affecting the Right to Trade in Publications and Audio-visual Products and Distribution Services (DS363). The case was reported by the DSB through the Appellate Body (AB) on December 21, 2009. On July 12, 2010, China and the United States notified the

DSB that an agreement had been reached by them on a reasonable implementation period of 14 months, expiring on March 19, 2011. On March 19, 2011, the State Council promulgated the Decision on Amending the "Regulations Governing Publishing" (Decree No. 594) and the Decision on Amending the "Regulations Governing Audio-visual Products" (Decree No. 595), implementing the rulings and recommendations of the Appellate Body.

(6) The Case Concerning the Measures Affecting Financial Information Services and Foreign Financial Information Providers (DS372/DS373/DS378). China reached a settlement agreement with the three prosecuting parties on November 13, 2008. Under the Memorandum of Understanding, China agreed to hand over the authority of Xinhua News Agency to oversee foreign financial information to an independent regulator. On April 30, 2009, the Information Office of the State Council, the Ministry of Commerce and the State Administration for Industry and Commerce jointly issued the Regulations Governing the Financial Information Services Provided by Foreign Institutions in China, which came into effect on June 1, 2009.

(7) The Case Concerning the Measures for Gifts, Loans and Other Incentives (DS387/DS388/DS390). China signed a settlement agreement with the three prosecuting parties on December 18, 2009. The parties agreed not to refer the case to the WTO Expert Panel, and China confirmed that it had abolished or modified the relevant measures: on April 2, 2009, the Ministry of Commerce promulgated the Guiding Opinions on Promoting the Cultivation of International Famous Brands (Shang Mao Fa [2009] 150) and annulled the Guiding Opinions on Supporting the Development of Famous

Export Brands (Shang Mao Fa 2005 [124]) at the same time.

(8) The Case Concerning the Measures Limiting the Export of Certain Raw Materials (DS394/DS395/DS398). The case was reported by the DSB through the Appellate Body (AB) on January 30, 2012. On May 24, 2012, China, the United States, European Union and Mexico each notified the DSB that they had reached an agreement on a reasonable implementation period of 10 months and 9 days, expiring on December 31, 2012. On December 20, 2012, the Customs Tariff Commission of the State Council published the 2013 Tariff Implementation Plan, in which the Export Commodity Tax Rate Table deleted the export products involved in the case. On December 31, the Ministry of Commerce and the General Administration of Customs promulgated the Catalogue of Commodities Subject to Export License Administration in 2013, which no longer implements export quota administration but implements export license administration on coke, silicon carbide, bauxite and other products involved in the case, and no longer implements export license administration on the zinc involved in the case. The above measures have been implemented since January 1, 2013.

(9) The Case Concerning the Measures Affecting Electronic Payment Services (DS413). The case was reported by the DSB through the Expert Panel on August 31, 2012. On November 22, 2012, China and the United States notified the DSB that they had reached an agreement on a reasonable implementation period of 11 months, expiring on July 31, 2013. On June 28, 2013, the People's Bank of China issued Proclamation No. 7 of 2013, announcing the repeal of three normative documents, such as the Circular of the People's Bank of China Concerning

the Unified Use of the "UnionPay" Logo and its Holographic Anti-counterfeiting Logo (Yin Fa [2001] 57), etc., and announcing the abolishment of 2 normative documents such as the Circular on Printing and Issuing "Opinions of the People's Bank of China on the Implementation of the Networking and Joint Work for Bank Cards in 2001" (Yin Fa [2001] 37). On July 5, 2013, the People's Bank of China issued the Notice on Simplifying the Cross-border RMB Business Process and Perfecting Relevant Policies, announcing that it would no longer implement the provisions of the relevant documents relating to the requirements of Hong Kong and Macao.

(10) The Case of Anti-dumping and Countervailing of Certain Steel Products (DS414). The case was reported by the DSB through the Appellate Body (AB) on November 16, 2012. On May 3, 2013, China and the United States reached an agreement on a reasonable implementation period of 8 months and 15 days. In July 2013, the Ministry of Commerce of China adjusted anti-dumping and countervailing duties on the imported electrical steel products from the United States and the adjusted duties became effective on August 1, 2013. On January 13, 2014, the United States claimed its dissatisfaction with the Chinese enforcement measures and requested the establishment of an executive expert panel. On 31 August 2015, the report of the executive expert panel was adopted. On the same day, China informed the DSB that the anti-dumping and countervailing measures against the imported electrical steel products from the United States had expired on April 10, 2015.

(11) The Case of the Final Anti-dumping Duty of X-ray Safety Inspection Equipment (DS425). The case was reported by the DSB through the Expert Panel on April

24, 2013. On July 19, 2013, China and the European Union notified the DSB that they had reached an agreement on a reasonable implementation period of 9 months and 25 days, expiring on February 19, 2014. On January 10, 2014, the Ministry of Commerce issued the Proclamation on the Filing of the WTO Dispute Ruling on the Enforcement of Anti-dumping Measures for X-ray Safety Inspection Equipment, and decided to start another investigation from the date of proclamation to implement the rulings and recommendations of the WTO. On February 19, 2014, as a result of the withdrawal of the original case prosecutor during the re-investigation, the Ministry of Commerce issued the Proclamation on the Termination of Anti-dumping Duties on Imported x-ray Safety Inspection Equipment from the European Union, and decided to terminate the imposition of anti-dumping duties on the products involved as from the date of proclamation.

(12) The Case of Anti-dumping and Countervailing Duties of White Feather Broiler Products (DS427). The case was reported by the DSB through the Expert Panel on September 25, 2013. On December 19, 2013, China and the United States notified the DSB of a reasonable implementation period of 9 months and 14 days, expiring on July 9, 2014. On December 25, 2013, the Ministry of Commerce issued the Proclamation on the Filing of the WTO Dispute Ruling on Anti-dumping and Countervailing Measures against White Feather Broilers, and decided to re-investigate the case from the date of proclamation. On July 8, 2014, the Ministry of Commerce issued the Proclamation on the Re-investigation of Anti-dumping and Countervailing Measures on Imported White Feather Broiler Products from the United States, and adjusted the rate of the anti-dumping duties and countervailing duties

imposed on the products involved. On 10 May 2016, the United States initiated the executive expert panel procedures. On 28 February 2018, the DSB adopted the report of the executive expert panel. On February 27, 2018, the Ministry of Commerce issued Proclamation No. 5 of 2018, ending anti-dumping duties and countervailing duties on the imported white feather broiler products from the United States.

(13) The Case of Export restrictions Related to Rare Earth, Tungsten and Molybdenum (DS431/DS432/DS433). The case was reported by the DSB through the Appellate Body (AB) on August 29, 2014. On December 8, 2014, China and the United States, Japan, the European Union notified the DSB that they had reached an agreement on a reasonable implementation period of 8 months and 3 days, expiring on May 2, 2015. On December 11, 2014, the Ministry of Commerce and the General Administration of Customs jointly promulgated the Catalogue of Commodities Subject to Export License Administration in 2015, stipulating that the export quota administration should not be applied to the rare earth, tungsten and tungsten products, molybdenum and other products involved in the case, but the export license administration should be implemented instead. On May 20, 2015, China notified the DSB that it had fully implemented the WTO's rulings.

(14) The Case of Anti-dumping and Countervailing Duties of Automobiles (DS440). The case was reported by the DSB through the Expert Panel on June 18, 2014. On December 13, 2013, the Ministry of Commerce issued the Proclamation on the Termination of Anti-dumping and Countervailing Measures against Some Imported Automobile Products from the United States and announced that from

December 15, 2013, anti-dumping duties and countervailing duties imposed on the automobiles involved would be terminated. As the controversial measures were terminated before the Expert Panel's report was adopted, China no longer had to take enforcement measures.

(15) The Case of Anti-dumping Duties of High-performance Stainless Steel Seamless Pipes (DS454/DS460). The case was reported by the DSB through the Appellate Body (AB) on October 28, 2015. On February 19, 2016, China, Japan and the European Union notified the DSB that they had reached an agreement on a reasonable implementation period of 9 months and 25 days, expiring on August 22, 2016. On June 20, 2016, the Ministry of Commerce decided to re-investigate anti-dumping cases against the imported high-performance seamless stainless steel pipes from the European Union and Japan. During the re-investigation, the applicant of the original anti-dumping case filed an application for rescission of the original anti-dumping measure on behalf of the domestic industry. On August 22, 2016, the Ministry of Commerce issued Proclamation No. 34 of 2016 and decided to stop imposing anti-dumping duties on the imported high-performance seamless stainless steel pipes from the European Union and Japan from the date of proclamation.

(16) The Case of Anti-dumping Measures against Imported Cellulose Pulps (DS483). The case was reported by the DSB through the Expert Panel on May 22, 2017. On June 1, 2017, China and Canada notified the DSB that they had reached an agreement on a reasonable implementation period of 11 months, expiring on April 22, 2018. On August 25, 2017, the Ministry of Commerce announced the initiation of the re-investigation procedure for imported cellulose pulps. On April 20, 2018, the Ministry of Commerce issued a further investigation ruling, deciding to continue the anti-dumping measures against the imported pulps from the United States, Canada and Brazil.

(17) The Case Concerning the Measures against Demonstration Bases and Public Service Platforms (DS489). China and the United States had reached a constructive memorandum of understanding on April 14, 2016. The memorandum of understanding dispelled the misunderstanding of the United States on China's foreign trade transformation and upgrading demonstration base policy, and confirmed that China's policy objective was to encourage foreign trade transformation and upgrading, rather than provide financial support to export enterprises, and also clarified the support scope of the related fund policy.

III. Overall Implementation of China's Commitments

To assess whether China has fulfilled its WTO commitments, the legal documents signed by China at the time of its accession to the WTO shall prevail, i.e. the Protocol on the Accession to WTO of the People's Republic of China^① (hereinafter referred to as the "Protocol") and the Report of the Working Party on the Accession of China^② (hereinafter referred to as the "Report"). In accordance with the provisions of Paragraph 2, Article 1 of the Protocol, the commitments in the relevant paragraphs^③ referred to in the Protocol and its nine annexes and Paragraph 342 in the Report shall form an integral part of the WTO Agreement and have legal effect on China.

(i) Legal Adjustment

The WTO is an international economic organization based on rules. A series of international agreements signed by all members constitute the international legal system that each member must abide by. In order to realize the connection between the domestic trade law system and the WTO rules, China began to prepare for the adjustment of domestic law since 1986 when it began the negotiation of "Returning to GATT". Since China joined the WTO in 2001 when it began to amend many relevant laws and regulations, and enact many new laws and regulations: the central government has

cleaned up more than 2,300 laws, regulations and departmental regulations, and the local governments have cleaned up more than 190,000 local policies and regulations^④. The relevant legal adjustments include: foreign trade law, goods trade law, service trade law, intellectual property law, foreign investment law and legislative law.

1. Foreign Trade Law

The foreign trade law is the basic law that standardizes each kind of right and obligation relations in foreign trade. The Foreign Trade Law of the People's Republic of China came into force in July 1994. After China joined the WTO, this law was amended by reference to the WTO Agreement and China's accession commitment, and the amendment came into effect in July 2004. This amendment is a large adjustment to the original law from the subject of law, the scope of application to the specific legal provisions. The main contents revised include: with regard to the object of adjustment, the contents of trade-related intellectual property rights have been included in the scope of the adjustment; the contents "concluding or participating in CUAs, FTAs and other regional economic trade agreements, participating in regional economic organizations" have been added; the scope of the subjects of foreign trade operators has been expanded to individuals,

① WT/L/432, <https://www.wto.org>.

② WT/ACC/CHN/49WT/ACC/CHN/49, <https://www.wto.org>.

③ The following sections of the Report: 18-19, 22-23, 35-36, 40, 42, 46-47, 49, 60, 62, 64, 68, 70, 73, 75, 78-79, 83-84, 86, 91-93, 100-103, 107, 111, 115-117, 119-120, 122-123, 126-132, 136, 138, 140, 143, 145, 146, 148, 152, 154, 157, 162, 165, 167-168, 170-174, 177-178, 180, 182, 184-185, 187, 190-197, 199-200, 203-207, 210, 212-213, 215, 217, 222-223, 225, 227-228, 231-235, 238, 240-242, 252, 256, 259, 263, 265, 270, 275, 284, 286, 288, 291, 292, 296, 299, 302, 303, 304-305, 307-310, 312-318, 320, 322, 331-334, 336, 339, 341.

④ White Paper on China and the WTO, Website of the State Council Information Office: www.scio.gov.cn

and the original review and approval system has been changed into the recording and registration system; the general exceptions to foreign trade in accordance with the WTO rules have been adjusted and the national security exceptions have been added; the system of license and tariff quota administration has been revised for import and export; the provisions on the implementation of the unified conformity assessment system by China have been added; the provisions on the control of the origin of imported and exported goods have been added; the circumstances in which international trade in services may be restricted or prohibited have been added, the new provisions on exceptions to national security in the field of trade in services have been added; a new chapter on "Trade-related intellectual property rights", which stipulates that where imported goods infringe upon intellectual property rights and jeopardize the foreign trade, the competent foreign trade authority may take the measures in relation of goods import such as prohibiting the infringer from producing and selling the relevant products within a certain period of time, has been added; the new provisions prohibiting the monopolistic act in violation of the relevant anti-monopoly laws and regulations in foreign trade activities, and unfair competition and practice acts in foreign trade have been added; the trade remedy rules have been revised.

2. Goods Trade Law

The sector of goods trade is the traditional adjustment object of the WTO rules, and also the part of the "Package Agreement" of the WTO with the richest contents and most mature rules. Before and after China's accession to the WTO, in order to meet the requirements of the rules of the WTO, the laws and regulations in the sector of goods trade were revised and newly established on

a large scale. Including:

(1) Customs Administration Law

The Customs Law of the People's Republic of China was adopted on January 22, 1987 and amended for the first time on July 8, 2000. Although three more amendments were made respectively in 2013, 2016 and 2017, the amendment with major changes in content was the one made in 2000. The revised contents include: ① According to the Agreement on Customs Valuation of the WTO, the dutiable price of imported and exported goods has changed to be examined and determined by the customs on the basis of the transaction price of the goods; if the transaction price cannot be determined, the dutiable price shall be assessed by the customs in accordance with law. ② The following provision on origin has been added: the origin of imported and exported goods shall be determined in accordance with the relevant rules of China on origin. According to this provision, on September 3, 2004, the State Council promulgated the Regulations of the People's Republic of China on the Origin of Imported and Exported Goods. ③ Customs protection for intellectual property rights has been added. According to this provision, the State Council formulated and promulgated the Regulations of the People's Republic of China on Customs Protection of Intellectual Property Rights on December 2, 2003. ④ The authority to determine the temporary tariff reduction and exemption has been changed from the General Administration of Customs to the State Council, which has embodied the standardization of tariff collection; the enforcement system of customs has been improved; the system of customs preservation has been added; and the guarantee system for customs affairs has been added. In order to comply with the transparency and judicial review system required by the WTO

Agreement, the new Customs Law has added the content of law enforcement supervision.

(2) Administration of Import and Export of Goods

Upon accession to the WTO, in accordance with the WTO rules and China's accession commitments, the State Council abolished five administrative regulations and departmental regulations, including the original Interim Regulations on the License System for Imported Goods, the Interim Administrative Measures for Exported Commodities and the Interim Measures for the Import of Mechanical and Electrical Products, and on October 31, 2001, promulgated the Regulations Governing the Import and Export of Goods, which came into effect on January 1, 2002. The contents of the Regulations Governing the Import and Export of Goods include the basic principles for the administration of import and export of goods, administration of import of goods, administration of export of goods, state trade and designated operation, import and export monitoring and interim measures.

In order to tie in with the implementation of the Regulations Governing the Import and Export of Goods, the relevant ministries and commissions of the State Council have successively promulgated supporting departmental regulations, including: on December 20, 2001, the former Ministry of Foreign Trade and Economic Cooperation promulgated the Regulations Governing Export Licenses, the Administrative Measures for the Quotas for Exported Commodities, the Administrative Measures for the Licenses for the Import of Goods, and the Administrative Measures for the Designated Operation for the Import of Goods; on January 15, 2002, the former State Economic and Trade Commission and the General Administration of Customs jointly promulgated the Detailed

Rules for the Implementation of Automatic Import License Administration of Important Industrial Products.

(3) Administration of Inspection and Quarantine of Imported and Exported Goods

The Law of the People's Republic of China on Import and Export Commodity Inspection was adopted and implemented on February 21, 1989. According to the WTO accession commitment of China, the amended Law of the People's Republic of China on Import and Export Commodity Inspection came into effect on October 1, 2002. This law was amended for a second and third time respectively in 2013 and 2018. The main contents revised include: the commodity inspection authority of State may license domestic and foreign inspection agencies that meet the requirements to undertake the import and export commodity inspection and appraisal business entrusted to it; the purpose of inspection has changed from "for the needs of developing foreign trade" to "to protect human health and safety, protect the life and health of animals or plants, protect the environment, prevent frauds and safeguard national security"; it has been clarified that the commodities subject to mandatory inspection shall be those listed in the Catalog; it has been clarified that the content of the mandatory inspection is to determine whether the import and export commodities listed in the catalog conform to the mandatory requirements of the national technical codes; the obligation of confidentiality of the commodity inspection personnel has been added; the circumstances in which the "agent" as the inspection applicant and the administrative provisions on the agent have been added; the provisions on the place and time limit for the application for inspection have been revised; the spot inspection authority of the commodity

inspection authority has been reserved, and at the same time, the transparency requirements of "publication of the result of random inspection" have been added; the distinction between domestic products and import and export commodities has been eliminated and a unified certification system for all commodities has been implemented; it has been clarified that an administrative review and judicial review may be initiated on by any party involved on the decision of punishment from commodity inspection.

In accordance with the amended Law of the People's Republic of China on Import and Export Commodity Inspection, the General Administration of Quality Supervision, Inspection and Quarantine amended and promulgated the Regulations Governing Compulsory Product Certification on December 3, 2001, and promulgated the Administrative Measures for the Entry Verification of Civilian Commodities Subject to the Import Licensing System and amended and promulgated the Administrative Measures for the Adoption of International Standards on December 4, 2001, preliminarily establishing the legal system for goods inspection and quarantine in conformity with the WTO rules.

(4) Trade Remedy Law

On March 25, 1997, the State Council promulgated and implemented the Anti-dumping and Countervailing Regulations of the People's Republic of China. Upon China's accession to the WTO in 2001, these Regulations were amended and the Regulations of the People's Republic of China on Anti-dumping and the Regulations of the People's Republic of China on Countervailing were come into effect from January 1, 2002. In addition, in accordance with the Agreement on Safeguards of the WTO and China's accession commitments, on October 31, 2001, the State Council formulated

and promulgated the Regulations of the People's Republic of China on Safeguards, which came into effect on January 1, 2002. Subsequently, the Ministry of Foreign Trade and Economic Cooperation promulgated departmental regulations supporting the above three regulations, including the Provisional Rules for Anti-dumping Investigation Filings, the Provisional Rules for Anti-dumping Investigation Hearings, the Provisional Rules for Countervailing Investigation Filings, the Provisional Rules for Countervailing Investigation Hearings, the Provisional Rules for the Investigation Filings of Safeguards and the Provisional Rules for Investigation Hearings of Safeguards. On April 4, 2018, the Ministry of Commerce promulgated the Rules for Review of Dumping and Dumping Margin Period, the Rules for Anti-dumping Questionnaires and the Rules for Anti-dumping and Countervailing Investigation Hearings.

3. Service Trade Law

Before and after China's accession to the WTO, it formulated and amended a large number of laws and regulations in the field of service trade, including:

(1) Financial Service

The Regulations of the People's Republic of China Governing Foreign-funded Financial Institutions were promulgated and implemented on February 25, 1994. After China's accession to the WTO, the Regulations were amended on December 20, 2001. The contents revised include: the restrictions on the Chinese partners for the establishment of joint venture financial institutions have been released; the regional restrictions on the establishment of foreign-funded financial institutions have been released; the matters related to the establishment and registration of

foreign-funded banks have been revised and supplemented; the scope of business of foreign-funded financial institutions have been expanding year by year, and they have been able to operate Renminbi business; on the basis of national treatment, foreign-funded financial institutions have been supervised and managed prudently.

(2) Insurance Service

After China's accession to the WTO, in order to fulfill China's commitment to open the insurance service industry, the State Council of China promulgated the Regulations of the People's Republic of China Governing Foreign-funded Insurance Companies on December 12, 2001, which came into effect on February 1, 2002. The main contents include: foreign-funded insurance companies are the insurance companies approved to establish and operate in the territory of China in accordance with the laws of China, which are divided into joint-venture insurance companies, wholly foreign-owned insurance companies and branches of foreign insurance companies; the establishment of a foreign-funded insurance company shall be subject to the review and approval system and shall meet the statutory capital requirements; the foreign-funded insurance company shall carry out insurance business within the business scope approved by the China Insurance Regulatory Commission, and shall implement the principle of separating property insurance from personal insurance; the supervision and administration of foreign-funded insurance companies; termination and liquidation of foreign-funded insurance companies.

(3) Telecommunications Service

According to its WTO accession commitment, after joining the WTO, China would open its telecommunications service market to the outside step by step. In order

to fulfill the commitment, the State Council promulgated the Regulations Governing the Foreign-invested Telecommunications Enterprises on December 11, 2001, which came into effect on January 1, 2002. These Regulations were amended respectively in 2008 and 2016. The main contents include: Foreign-Invested Telecommunications Enterprises can only carry out the business in the form of Chinese-foreign joint venture; the business scope and geographical scope of foreign-funded telecommunications enterprises are stipulated by the relevant laws and regulations; the establishment of foreign-funded telecommunications enterprises must meet the statutory conditions of registered capital, and the proportion of foreign capital operating basic telecommunications services must not exceed 49%, the proportion of foreign capital operating value-added telecommunications services shall not exceed 50%; and the establishment of the foreign-invested telecommunications enterprises shall be reviewed and approved by the competent industrial and information technology authority under the State Council.

(4) Marine Transport

In order to fulfill the commitment of opening up the international marine transport service market, on December 11, 2001, the State Council promulgated the Regulations of the People's Republic of China on International Maritime Transport, which came into effect on January 1, 2002. The State Council amended it respectively on July 18, 2013 and on February 6, 2016. The main contents include: With the approval of the department in charge of transport under the State Council, foreign investors may, in accordance with law, invest in the establishment of Chinese-foreign equity joint ventures or Chinese-foreign contractual joint ventures to engage in international marine transport

business, provided that the proportion of foreign capital shall not exceed 49%; the operation of international shipping business shall submit an application to the department in charge of transport under the State Council; for the operation of the business of non-vessel operating common carrier (NVOCC), it shall register the bill of lading with the department in charge of transport under the State Council and pay a deposit; the operator engaging in the business of international vessel management shall have the businessman qualification conditions and equipment conditions; the operator engaging in international vessel transport shall obtain the qualification for international liner transport in accordance with the provisions of the Regulations for the operation of international liner transportation in and out of Chinese ports; an application shall be made to the department in charge of transport under the State Council for the operation of international liner business; foreign operators for international shipping shall not operate the shipping business between Chinese ports.

(5) Tourism Service

In order to fulfill the promise of opening up the tourism service market, the State Council promulgated and implemented the new Regulations Governing Travel Agencies on December 11, 2001. On February 20, 2009, the State Council changed its name to "Travel Agency Regulations", further expanding the opening of tourism. The main contents of the Regulations include: the travel agencies with foreign investment shall include Chinese-foreign equity joint venture travel agencies, Chinese-foreign contractual joint venture travel agencies and foreign-funded travel agencies; for the establishment of a foreign-funded travel agency, the investor shall apply to the department in charge of tourism under the State Council; the amended Travel

Agency Regulations have abolished the requirements of registered capital and other special requirements for foreign-funded travel agencies and have basically realized the national treatment; any foreign-funded travel agency shall not operate the business of overseas travel of the residents of Chinese mainland or travel to Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan.

(6) Legal Service

In order to fulfill the commitment of gradually opening up the legal service market, the State Council promulgated the Regulations Governing the Representative Offices of Foreign Law Firms in China on December 22, 2001, which came into effect on January 1, 2002. The main contents of the Regulations include: The establishment of a representative office in China or the dispatching of a representative to China by a foreign law firm shall be subject to the permission of the judicial administration department under the State Council; the representative office and its representative shall only engage in business activities except Chinese legal affairs; any representative office shall not employ any Chinese practicing lawyer, nor shall any representative of any representative office act or concurrently act as a representative of two or more representative offices; any representative of any representative office shall remain in the territory of China for a period of not less than six months each year.

(7) Educational Service

In order to fulfill the commitment of opening up the educational service market step by step and standardize the behavior of foreign capital entering the educational service market of China, on March 1, 2003, the State Council promulgated the Regulations of the People's Republic of China on Chinese-

Foreign Cooperation in Running Schools, which came into effect on September 1, 2003. The main contents of the Regulations include: foreign educational institutions and Chinese educational institutions may cooperate in setting up educational institutions within the territory of China that are mainly aimed at recruiting Chinese citizens; any educational institution applying for running a Chinese-foreign cooperatively-run school shall have the status of legal person, and the establishment of a Chinese-foreign cooperatively-run school can be divided into two steps: preparation for establishment and formal establishment; the operators for Chinese-foreign cooperatively-run schools may cooperate in organizing educational institutions of all kinds at all levels, except the institutions for compulsory education and education of a special nature, such as military, police, political, and so on; a Chinese-foreign cooperatively-run school with the status of a legal person shall set up a board of directors, and a Chinese-foreign cooperatively-run school without the status of legal person shall establish a joint management committee; any foreign educational institution, any other foreign organization or foreign individual shall not set up any school or any other educational institution within the territory of China which are mainly aimed at Chinese citizens.

4. Intellectual Property Right Law

Before and after joining the WTO, in accordance with the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights of the WTO, China amended for many times the three major intellectual property right laws, i.e. the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, and the Copyright Law of the People's Republic of China, promulgated

the Regulations for the Protection of Layout-design of Integrated Circuits, and amended the Regulations for the Protection of Computer Software. Through amendment, the principles of national treatment and most-favored-nation have been introduced in the field of intellectual property right protection, and the standards of intellectual property right protection have been raised, the scope of intellectual property right protection has been expanded, and the intensity of intellectual property right protection has been strengthened.

5. Foreign Investment Law

Before and after China's entry into the WTO, in order to keep pace with the rules of the WTO, in accordance with the Agreement on Trade-Related Investment Measures and China's specific commitment to join the WTO, China amended the Law of the People's Republic of China on Foreign-capital Enterprises, the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures, and the Law of the People's Republic of China on Chinese-foreign Contractual Joint Ventures one after another. On September 3, 2016, the 22nd Session of the Standing Committee of the 12th National People's Congress adopted the Decision on Amending the Four Laws Including the Law of the People's Republic of China on Foreign-capital Enterprises, changing the review and approval items related to foreign investment to recording administration and further expanding the opening for foreign investment admission.

(ii) Fulfillment of Commitments in the Sector of Goods Trade

1. Tariff Cut

Annex 8^① to the Protocol on the Accession of the People's Republic of China is the concession obligation promised by China in the adjustment of import and export tariffs for goods. According to the Schedule of Concessions, China would reduce the total import tariff rate to 9.9% within the transition period of six years after China's

accession to the WTO. Since China joined the WTO, according to the tax reduction requirements of each product in the Schedule of Concessions, China has conscientiously fulfilled its tax reduction commitment. And China fully fulfilled the commitment at the end of the transition period, as detailed in Table 1.

Table 7 Overall Tariff Rate of China 2001 -2011

Year	Overall tariff rate (%)	Average tax rate on agricultural products (%)	Average tax rate on industrial products (%)
2001	15.3	18.8	14.7
2002	12.0	18.1	11.4
2003	11.0	16.8	10.3
2004	10.4	15.6	9.5
2005	9.9	15.3	9.0
2006	9.9	15.2	9.0
2007	9.84	15.2	8.95
2008	9.8	15.2	8.92
2009	9.8	15.2	8.9
2010	9.8	15.2	8.9
2011	9.8	15.2	8.9

Source: Tariff Department of the Ministry of Finance of the People's Republic of China, <http://gss.mof.gov.cn/>

① WT/ACC/CHN/49/Add.1, https://www.wto.org/english/thewto_e/acc_e/completeacc_e.htm#chn

2. Non-tariff Barrier Cut

In accordance with Article 7 of the Protocol, China shall implement the schedule for phased elimination of the measures contained in Annex 3 to the Protocol and gradually abolish non-tariff measures. During the transition periods specified in Annex 3, the protection afforded by the measures listed in that Annex shall not be increased or expanded in size, scope or duration, nor shall any new non-tariff measures be applied, unless in conformity with the provisions of the WTO Agreement. For all non-tariff measures that are applied after the date of accession, consistent with the WTO Agreement, China must abide by the the relevant provisions of the Agreement on Import Licensing Procedures and the WTO Agreement, including the performance of notification obligation, the allocation and administration of non-tariff measures.

As of January 2005, China had cancelled all non-tariff measures such as import quota, import license, specific bidding, etc. in accordance with the above-mentioned accession commitments, involving 424 taxable products^① such as automobile, mechanical and electrical products, natural rubber and so on. In addition, tariff quotas were imposed on bulk commodities related to the national economy and the people's livelihood such as wheat, corn, rice, sugar, cotton, wool, wool top, fertilizer and so on. In order to make the administration of tariff quotas consistent with the WTO rules, on September 27, 2003, the Ministry of Commerce and the the National Development and Reform Commission issued the Interim Administrative Measures for Import Tariff Quotas for Agricultural

Products, standardizing the catalog, application, allocation, execution procedures, etc. of the products subject to tariff quota administration. According to these Measures, the Ministry of Commerce announces the quantity, the proportion of state-owned trade, the application condition and the distribution principle, etc. of the specific products subject to tariff quotas in the form of governmental proclamation every year, ensuring the transparency of tariff quota administration and the consistency with the WTO rules.

3. Right to Trade

Before China joined the WTO, the review and approval system of foreign trade operation right of enterprises restricted the right of foreign trade business of enterprises. According to Article 5 of the Protocol, without prejudice to China's right to regulate trade in a manner consistent with the WTO Agreement, China shall progressively liberalize the availability and scope of the right to trade, so that, within three years after its accession into the WTO, all enterprises in China (including foreign enterprises and individuals) shall have the right to trade in all goods except the state-owned trade goods throughout the customs territory of China. All such goods shall be accorded national treatment under Article III of the GATT 1994, especially Paragraph 4 thereof, in respect of their internal sale, offering for sale, purchase, transportation, distribution or use, including their direct access to end-users. China shall complete all necessary legislative procedures to implement these provisions during the transition period.

Article 8 of the amended Foreign Trade Law of the People's Republic of China,

① White Paper on China and the WTO, Website of the State Council Information Office: www.scio.gov.cn

which came into effect on July 1, 2004, extends the scope of foreign trade dealers to individuals, and clearly stipulates that the procedure condition of obtaining foreign trade operation qualification is "have fulfilled the industrial and commercial registration or other practicing procedures in accordance with laws". Article 9 provides that "Foreign trade dealers engaged in import and export of goods or technologies shall register with the authority responsible for foreign trade under the State Council or its authorized bodies.....", changing the original review and approval system into the recording and registration system. So far, China has fully fulfilled its commitment to open its right to foreign trade.

Since the implementation of the new Foreign Trade Law in July 2004, the recording and registration system of the right to foreign trade has greatly had releasing the foreign trade vitality of private enterprises. The import and export of private enterprises have developed rapidly and their share has continued to expand; therefore, they have become the important operators of foreign trade. The proportion of imports and exports of private enterprises and foreign-invested enterprises in the total import and export of China rose from 57.5% in 2001 to 83.7% in 2017. In 2017, the export of private enterprises as the largest export operators accounted for up to 46.5%.^①

4. Subsidies

China's commitment on subsidies in Article 10 of the Protocol: China shall notify the WTO of any subsidy within the meaning

of Article 1 of the Agreement on Subsidies and Countervailing Measures ("SCM Agreement"), granted or maintained in its territory, organized by specific product; the subsidies provided to state-owned enterprises will be viewed as specific; China promised to eliminate all export subsidies from its accession to the WTO. In order to fulfill this commitment, in addition to establishing a compliance review mechanism at home to prevent subsidies that do not comply with the WTO rules, China has also conscientiously fulfilled its reporting obligations on subsidies. First of all, Annex 5A to the Protocol lists a total of 24 subsidy items to be notified at the time of China's accession to the WTO, including name, duration covered, purpose, competent authority, legal basis, form, object and amount of subsidy; Annex 5B lists three subsidy items to be phased out gradually.

After China's entry into the WTO, China has repeatedly notified the WTO of its domestic subsidy policy in accordance with the notification requirements of the SCM. The notifications can be divided into three categories according to content: first, the notification of the changes of the relevant domestic laws and regulations according to Article 32.6 of the SCM; second, the notification of the relevant domestic subsidy policies according to Paragraph 1, Article 16 of the General Agreement on Tariffs and Trade 1994 and Article 25 of the SCM; third, the notification of the domestic countervailing measures according to Article 25.11 of the SCM. As of June 2018, China had notified its domestic subsidy policy four times according to Article 25 of the SCM, covering the period of 2001-2014, as shown in Table 2.

① White Paper on China and the WTO, Website of the State Council Information Office: www.scio.gov.cn

Table 8 Notification of Subsidies by China to the WTO (2001 - June 2018)

Date of notification	Document No.	Duration covered	Number of subsidies	Government level
2006.4.13	G/SCM/N/123/CHN	2001-2004	78	Central Government
2011.10.21	G/SCM/N/155/CHN G/SCM/N/186/CHN	2005-2008	93	Central Government
2015.10.30	G/SCM/N/220/CHN G/SCM/N/253/CHN G/SCM/N/284/CHN	2009-2014	86	Central Government
2016.7.29	G/SCM/N/123/CHN/suppl.1 G/SCM/ N/155/CHN/suppl.1 G/SCM/N/186/CHN/suppl.1 G/SCM/ N/220/CHN/suppl.1 G/SCM/N/253/CHN/suppl.1 G/SCM/N/284/CHN/suppl.1	2001-2014	100	Local government

Source: <https://www.wto.org>

5. Agriculture

According to Article 12 of the Protocol, China shall implement the provisions contained in China's Schedule of Concessions. In this context, China shall not maintain or introduce any export subsidies on agricultural products. Section 235 of the Report of the Working Party on the Access of China makes it clear that China would have recourse to a de minimis exemption for product-specific support equivalent to 8.5 per cent of the total value of production of a basic agricultural product during the relevant year and China would have recourse to a de minimis exemption for non-specific product support of 8.5 per cent of the total value of China's agricultural production during the relevant year.

According to China Trade Policy Review Report^① released by the WTO Secretariat in June 2018, the average tariff rate for agricultural products of China in 2017 is 14.8%, well below the average tariff rate of 56% for developing members and 39% for developed members. The last time China reported agricultural subsidies was May 26, 2015^②. According to the data of subsidies for agricultural products notified by China as of 2010, there were no blue box subsidies; the green box subsidies fell from 593 billion yuan in 2008 to 534 billion yuan in 2010; the yellow box subsidies (including micro subsidies) reached 123 billion yuan in 2010, and the proportion of yellow box subsidies to the total agricultural output value 3694.1 billion yuan that year was 3.3%, which was

① WT/TPR/S/375.

② G/AG/N/CHN/.

lower than the 8.5% promised by China for its entry into the WTO.

6. Trade Remedy

According to the relevant provisions of the Protocol and the Report, China's commitment obligations in the field of trade remedy include several aspects: first, to ensure the domestic laws and regulations in respect of the investigation of trade remedy are consistent with the WTO rules; second, to establish a system of reviewing and judicial review of trade remedy measures; and, third, to inform the WTO of the relevant legal amendments and the implementation of trade remedy measures.

After its entry into the WTO, China firstly amended and enacted the domestic trade remedy laws in order to make the domestic laws and regulations consistent with the WTO rules. Specific information on the adjustment of trade remedy laws can be found in Part I (i) of this Report. Secondly, the amended trade remedy law has perfected the system of annual review and sunset review of trade remedy measures. All interested parties affected by trade remedy measures may apply for review in accordance with the procedures prescribed by law when the statutory conditions are met. In order to fulfill the commitment to establish and improve a system of judicial review of trade remedy, in September and November 2002, the Supreme People's Court promulgated the Regulations on Some Issues of the Application of Law in the Hearing of Administrative Cases of Anti-dumping and the Regulations on Some Issues of the Application of Law in the Hearing of Administrative Cases of Countervailing, defining the court of jurisdiction, the plaintiff, the defendant, and the ruling that may be

made for administrative lawsuits against administrative acts on anti-dumping and countervailing.

After China's entry into the WTO, according to the WTO rules and its WTO accession commitments, China has been informing the WTO of the amendment of trade remedy laws and the implementation of trade remedy measures in a timely manner. For example, according to the Article 18.5 of the Agreement on Anti-Dumping, a total of 9 notifications have been made on the revision of anti-dumping laws; and according to Article 16.4 of the Agreement on Anti-dumping, a total of 42 semi-annual notifications on anti-dumping measures have been carried out by China.^① According to the Article 32.5 of the Agreement on Subsidies and Countervailing Measures, a total of 6 notifications have been made on the amendment of countervailing laws; and according to Article 25.11 of the Agreement on Subsidies and Countervailing Measures, a total of 19 semi-annual notifications on countervailing measures have been carried out by China.^② As far as safeguards are concerned, China has notified the WTO six times on the amendment of relevant safeguards laws and regulations, and has immediately notified the WTO about the initiation of safeguard investigation and the making of implementation decisions in accordance with Article 12 of the Agreement on Safeguards for a total of 10 times.^③

According to the WTO statistics from 1995 to 2017, China was the country that suffered the most anti-dumping and countervailing investigations in the world, but at the same time, China was relatively restrained launching trade remedy investigations, accounting for a very low proportion.

① https://www.wto.org/english/tratop_e/adp_e/adp_e.htm.

② https://www.wto.org/english/tratop_e/scm_e/scm_e.htm.

③ https://www.wto.org/english/tratop_e/safeg_e/safeg_e.htm.

Table 9 Number of Trade Remedy Investigations Initiated against and by China 1995-2017

Investigation type	Number of investigations against China	Proportion (%)	Number of investigations by China	Proportion (%)
Anti-dumping	1269	22.95	258	4.67
Countervailing	129	26.54	9	1.85
Safeguard	331 (total investigations)	100	2	0.6

Source: <https://www.wto.org>

7. Investment Measures Related to Trade

The WTO rules concerning investment measures are mainly embodied in two aspects: one is the Agreement on Trade-Related Investment Measures in relation to trade in goods and the other is the General Agreement on Trade in Services in respect of trade in services. According to the provisions of these two agreements, the national treatment obligation that each member must abide by in the field of investment is not unconditional, universal, but limited. The Agreement on Trade-Related Investment Measures expressly states in Article 1 that "This Agreement applies only to investment measures related to trade in goods" and lists the areas of investment and national treatment obligations, five cases in which the quantity restriction obligation is generally abolished in the form of an illustrative list, and its restrictions in the field of investment are limited to the five "trade-related" forms. The General Agreement on Trade in Services includes the obligation of national treatment together with market access in Part III, "Specific Commitments", that is, market opening and national treatment obligations in the sector of trade in services are specific commitments; only if a member makes a specific commitment to market access and

national treatment for a specific service sector will that member be required to assume an obligation of national treatment in that sector.

According to Section 203 of the Report, after its accession to the WTO, China will fully abide by the Agreement on Trade-Related Investment Measures, cancel the foreign exchange balance requirements, trade balance requirements, local content requirements and export performance requirements. In order to fulfill the above commitments, China amended the Law of the People's Republic of China on Foreign-capital Enterprises, the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures, and the Law of the People's Republic of China on Chinese-foreign Contractual Joint Ventures before China joined the WTO, cancelling the original requirements of relevant measures not conforming to the commitments.

The investment measures in the service sector are specific commitment obligations, which are embodied in the Annex 9: Schedule of Specific Commitments on Services" to the Protocol, and are mainly manifested in market access and national treatment restriction commitments to the "commercial presence" of the third mode of service delivery. After China's accession to the WTO, according to the commitments made

in the Schedule Of Concessions in respect of specifically restricting foreign investment, share ratio, registered capital, composition of senior management personnel, etc., China has adjusted the investment restriction measures in various service sectors and has fulfilled its commitment to opening up various service sectors.

In the field of foreign investment, in addition to fulfilling its WTO commitments, China has also implemented a policy of opening up on its own. On September 3, 2016, the Standing Committee of the National People's Congress issued the "Decision on Amending the Four Laws Including the Law of the People's Republic of China on Foreign-capital Enterprises", providing for the original review and approval matters stipulated by the original laws for the establishment of foreign-capital enterprises and Chinese-foreign equity joint ventures, Chinese-foreign contractual joint ventures or Taiwan-invested enterprises not involving the implementation of special administrative measures for entry into the market as prescribed by China shall be changed to be subject to the recording administration. In 2017, the seventh amendment of Catalogue for the Guidance of Foreign Investment Industries was carried out, and it was proposed for the first time that the negative list of foreign investment should be applied in the whole country as the basic basis for the administration mode of national treatment plus negative list before the entry of foreign investment. The negative list of 2017 edition has 63 restrictions, 30 fewer than those the Catalogue for the Guidance of Foreign Investment Industries 2015. On June 28, 2018, the National Development

and Reform Commission and the Ministry of Commerce issued the Special Administrative Measures on Access of Foreign Investment (Negative List) (2018) to revise the negative list of foreign investment admission in the Catalogue for the Guidance of Foreign Investment Industries (amended in 2017) and published the revised negative list separately. According to the Opinion of the State Council on Implementing the System of Negative List of Market Access^① promulgated by the State Council on October 19, 2015, all kinds of market entities can enter equally according to law all the industries, sectors, businesses, etc. out of the negative list of market access. The length of the negative list of foreign investment access of 2018 has reduced from 63 items to 48 items. Market access has been fully relaxed in the primary, secondary and tertiary industries, involving finance, transportation, trade circulation, professional services, manufacturing, infrastructure, energy, resources, agriculture and other sectors, a total of 22 major measures to open up have been launched.

China's implementation of these commitments and the opening-up of its own initiative have created an open and fair competition environment for foreign investment in China. In terms of the scale of foreign direct investment (FDI), China has been ranking first in developing countries for 26 consecutive years since 1992. After joining the WTO, the foreign direct investment (FDI) of China has increased from \$46.88 billion in 2001 to \$136.32 billion in 2017, with an annual growth rate of 6.9%.^② China's investment environment has also been affirmed by foreign-funded enterprises.

^① The Opinion of the State Council on the Implementation of the System of Negative List for Market Access (Guo Fa [2015] 55), www.gov.cn.

^② White Paper on China and the WTO, Website of the State Council Information Office: www.scio.gov.cn

According to China Business Climate Survey Report 2018 by American Chamber of Commerce in China, about 60% of the enterprises surveyed listed China as one of the three major investment destinations in the world, and 74% (the highest in recent years) of member enterprises planned to expand their investment in China in 2018, among them, 1/3 of the enterprises surveyed planned to increase their investment in China by more than 10%.^① The Business Confidence Survey 2018 by the European Union Chamber of Commerce in China shows that 59% of member companies still regarded China as one of the top three destinations for current and future investment and 55% planned to expand their operations in China.^②

(iii) Fulfillment of Commitments in the Sector of Service Trade

Since market access and national treatment obligations in the sector of trade in services are specific commitments, China's compliance should be determined on the basis of specific commitments. In accordance with Annex 9 to the Protocol, upon accession to the WTO, China committed itself to opening up 100 of the 160 sub-sectors of 12 major sectors of trade in services; the number of the sectors China committed to open was significantly above the average (54 sub-sectors) of the developing countries average - and close to that (108 sub-sectors) of the developed countries^③.

1. Fulfillment of the Obligations to Open up the Service Market according to China's schedule of specific commitments on services

For 17 years since its accession to the WTO, China has implemented a series of market opening measures in the major service sectors and fulfilled its service market opening obligations in accordance with China's schedule of specific commitments on services.

(1) Banking

According to Annex 9 of the Protocol, China's commitment to opening up to the banking sector is: for foreign exchange business, China shall cancel the regional restrictions and customer restrictions for foreign exchange business upon accession, and, for Renminbi business, China shall cancel the regional restrictions and customer restrictions within five years after accession; foreign-funded financial institutions that meet certain asset requirements are allowed to set up wholly foreign-owned banks or wholly foreign-owned financial companies in China.

In order to fulfill these commitments, China first enacted a series of new laws and regulations, including: in December 2003, the National People's Congress enacted and promulgated the Law of the People's Republic of China on Regulation of and Supervision over the Banking Industry, which was amended in October 2006; in 2003, the CBRC promulgated successively the Decision on Adjusting the Management Methods and Procedures of Banking Market Access, the Measures Governing Financial Licenses, the Measures Governing Foreign Financial Institutions to Invest and Participate in Chinese-funded Financial institutions, etc..

① <https://www.amchamchina.org/policy-advocacy/business-climate-survey/>

② <http://www.europeanchamber.com.cn/documents/signup/zh/pdf/568#>

③ https://www.wto.org/english/thewto_e/acc_e/acc_e.htm

With the implementation of various open-market measures, more and more foreign banks have entered the Chinese market. According to the 2016 Annual Report of the China Banking Regulatory Commission,^① by the end of 2016, the banks from 14 countries and regions had established 37 wholly-foreign-owned banks (314 branches) and one joint venture bank (with 1 branch) and one wholly foreign-owned finance company in China; and 68 foreign banks from 26 countries and regions had established 121 branches in China. In addition, 145 banks from 44 countries and regions had established 166 representative offices in China. Foreign-funded banks had established operation organs in 70 cities, with 1031 outlets, in 27 provinces. The total assets of foreign-funded banks in China amounted to 2.93 trillion yuan.

(2) Insurance

According to Annex 9 of the Protocol, China's commitment to opening up to the insurance industry is: within five years after accession, property insurance companies can establish wholly foreign-owned subsidiaries, and the insurance companies engaging in large-scale commercial risk insurance, reinsurance, international shipping, aviation, brokerage business and reinsurance of transportation insurance, etc. may establish wholly-funded subsidiaries.

After entry into the WTO, China has been fulfilling the above commitments. Since the end of 2005, there have been no restrictions on the geographical and business scope of foreign insurance companies in China. Foreign insurance companies can now establish offices in any city in China; foreign

life insurance companies may also provide health, group and pension (annuity) insurance services to Chinese and foreign citizens. By the end of 2016, the insurance companies from 15 countries and regions had set up 56 foreign insurance companies in China, and foreign insurance institutions had 140 representative offices in China.^②

(3) Securities

In December 2002, China began to formally implement QFII (Qualified Foreign Institutional Investor), which is a transitional measure for China to introduce foreign capitals and open up the securities market in a limited way under the condition that Renminbi is not fully convertible. During the Second Strategic Economic Dialogue between China and the United States in 2007, the Chinese Government announced that it would lift the ban on foreign securities firms entering the Chinese market in the second half of 2007 and resume the issuance of licences for securities companies, including joint-venture securities companies; the Chinese Government also agreed to further expand the range of foreign brokerages' operations in China ahead of the third strategic dialogue, including brokerage, proprietary and fund management. At this point, China has fulfilled all its WTO accession commitments.

In addition, in the absence of a clear commitment from the WTO, China has agreed joint ventures securities firms to engage in brokerage, proprietary business and asset management so that joint venture securities companies can have the same treatment as domestic securities firms. In 2005, there were only 4 foreign-funded securities companies in China. With the

^① China Banking Regulatory Commission, <http://www.cbrc.gov.cn/index.html>.

^② China Insurance Regulatory Commission, <http://bxjg.circ.gov.cn/web/site0/tab5168/>.

lowering of the entry threshold for foreign investment in the securities industry, the opening level of the securities industry continued to improve, and the number of foreign-funded securities companies in China reached 11 in 2015.^① On 28 April 2018, in order to further open the securities industry to the outside world, China Securities Regulatory Commission (CSRC) officially promulgated the Administrative Measures for Foreign-funded Securities Companies, which include: allowing foreign capitals to hold shares in joint venture securities companies; gradually opening up the scope of business of joint venture securities companies; unifying the proportion of the shares held by foreign capitals in listed and non-listed securities companies and so on. This is a move that China surpasses the WTO's commitment and expands the opening up of its own service sector.

(4) Tourism

On December 31, 2004, the transition period after China's entry into the WTO ended. The Chinese Government has actively fulfilled its commitment to join the WTO, and the tourism market has been completely open to the outside world. On February 17, 2005, the National Tourism Administration and the Ministry of Commerce of China jointly issued the Amendment to "the Interim Regulations on the Establishment of Foreign-held, Wholly Foreign-owned Travel Agencies", reducing the registered capital of foreign-funded travel agencies to not less than 2.5 million yuan, abolishing the geographical restriction of foreign-funded travel agencies, fulfilling the commitment of allowing foreign capitals to establish foreign-held travel agencies more

than one year in advance, and to establish wholly foreign-owned travel agencies three years in advance. In January 2009, the State Council promulgated the regulations on the Travel Agency Regulations, unifying the administration of domestic and foreign-funded travel agencies and further expanded the opening of tourism to foreign investment. According to the statistical bulletin issued by the National Tourism Administration of the People's Republic of China, a total of 11,685 star-rated hotels were included in the statistical management system of star-rated hotels throughout the country in 2016, of which 379 star-rated hotels were built by foreign investors, and the investors from Hong Kong, Macao and Taiwan of China; a total of 24.62 billion yuan operating revenues were realized and 630 million yuan business taxes were paid. The operating revenues of the foreign-funded travel agencies nationwide in 2015 were 3.502 billion yuan, with a YOY growth rate of 7.26%, accounting for 0.90% of the total of the travel agencies throughout China; the profits of tourism business of the foreign-funded travel agencies were 282 million yuan, with a YOY growth rate of 15.57%, accounting for 1.42% of the total of the travel agencies throughout China; the taxes actually paid by them were 44 million yuan, with a YOY growth rate of 22.22%, accounting for 1.75% of the total paid by the travel agencies throughout China.^②

(5) Telecommunication

According to Annex 9 to the Protocol, China's commitments to opening up the telecommunications market include: for value-added telecommunications services, China will eliminate regional restrictions

^① China Securities Regulatory Commission, <http://www.csrc.gov.cn/pub/newsite/>

^② China Tourism Statistical Bulletin, the Data Center of the National Tourism Administration.

within 2 years after accession but the share of the foreign capitals shall not be more than 50%; for the paging services of basic telecommunications services, China will eliminate regional restrictions within 2 years after accession but the share of the foreign capitals shall not be more than 50%; for mobile voice and data services, and share of foreign capitals shall not be more than 49% within 3 years after accession and China will eliminate regional restrictions within 5 years after accession; for domestic and international businesses, China will eliminate regional restrictions within 6 years after accession but the share of the foreign capitals shall not be more than 49%.

In order to fulfill its the WTO commitments, Decree No. 333 of the State Council of the People's Republic of China promulgated the Regulations Governing Foreign-funded Telecommunications Enterprises on December 11, 2001, which were amended respectively in 2008 and 2016. These Regulations detail the contents of China's WTO commitments, publish them in the form of administrative laws and regulations, and also stipulate the conditions, application and approval procedures, and so on for foreign investment in the telecommunications industry.

In June 2018, the China Academy of Information and Communications Technology issued the Development Trend of Foreign-funded Telecommunications Enterprises, according to which, by the end of June 2018, 99 foreign-funded telecommunications enterprises had been approved, of which 62 were licensed by the Ministry of Industry and Information Technology of China; the types of services involved included information

services, online data processing and transaction processing, domestic call center services, Internet access services, domestic Internet virtual private network services, and Internet data center services, domestic multi-party communications services, storage and forwarding services; and Shanghai Communications Administration issued the approval for 37 foreign-funded enterprises (in Shanghai Free Trade Zone).^①

(6) Educational Service

According to Annex 9 to the Protocol, China's commitments in respect of educational services include: allowing the existence of commercial form, allowing Chinese-foreign cooperation to run schools, allowing foreign capitals to own a majority stake, but not promising national treatment; making no commitment to cross-border delivery; no restrictions on overseas consumption; for the movement of natural persons, foreign individuals may be invited by Chinese educational institutions to provide educational services, provided that they meet the statutory eligibility requirements.

In order to fulfill the above commitments, Decree No. 372 of the State Council of the People's Republic of China on March 1, 2003 promulgated the the Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools, which set out the conditions, establishment application procedures, organization and administration, education and teaching, change, termination, etc. of Chinese-foreign cooperatively-run schools. This means that China has fulfilled the WTO commitments in educational services in the form of administrative regulations. As of 2015, 93 Chinese-foreign cooperatively-run schools

① <http://www.caict.ac.cn/>

and projects had been reviewed and approved by the Ministry of Education of China; 1,049 Chinese-foreign cooperatively-run schools and projects had been reviewed and approved by the provincial people's governments and educational administrative departments and filed with the Ministry of Education of China; and the total number of Chinese-foreign cooperatively-run schools and projects had been 1,979.^①

(7) Medical Service

Based on China's commitments to the WTO, the Provisional Administrative Measures for Chinese-foreign Joint Venture Medical Institutions jointly formulated by the Ministry of Health and the Ministry of Foreign Trade and Economic Cooperation in 2000, stipulate that, in terms of joint ventures, the share or interest of the Chinese side in Chinese-foreign joint venture, cooperative medical institutions shall not be less than 30%, that is, the share of foreign capitals may be up to 70%, but only Chinese-foreign joint ventures are allowed in China. In November 2010, the Opinion on Further Encouraging and Guiding Social Capitals to Establish Medical Institutions, they pointed out that "the opening of medical institutions to the outside world will be further expanded; the restriction on the proportion of shares for foreign capital will be gradually abolished; the establishment of wholly-owned medical institutions in China by qualified foreign capitals will be piloted and gradually opened." On December 24, 2011, the National Development and Reform Commission and the Ministry of Commerce jointly published the Catalogue for the Guidance of Foreign Investment Industries (revised in 2011), explicitly adjusting the

foreign-funded medical institutions from the restricted category to the permitted category. According to the 2015 China Health and Family Planning Statistics Yearbook, by the end of 2014, more than 200 medical and health institutions had been established with capitals from outside China; among them, clinics /outpatient departments accounted for the majority, about 55%, general hospitals, about 30% and specialized hospitals about 15%.^②

(8) Architecture

According to Annex 9 to the Protocol, China committed itself to allowing foreign enterprises to establish joint ventures in China, and to allowing foreign enterprises to establish wholly foreign-owned enterprises within five years after its accession to the WTO. In the 15 years after China's entry into the WTO, China's architecture industry gradually opened up to foreign businesses, and foreign construction enterprises developed vigorously in China. At the time of China's accession to the WTO in 2001, there were only 16 wholly foreign-owned construction enterprises in China. By 2015, the number of wholly foreign-owned construction enterprises in China had reached 80, increasing by 400%, with an average annual increase of 26.67%. In 2001, the assets of China's wholly foreign-owned construction industry were only 352 million yuan, and by 2015 it had exceeded the 50 billion yuan; and the assets of foreign-funded construction enterprises reached 79.242 billion yuan.^③

2. Continuous Reduction of Restrictions

① The Supervision Work Information Platform, Chinese-Foreign Cooperation in Running Schools, <http://www.crs.jsj.edu.cn/>

② https://www.sohu.com/a/205765718_632016

③ Data from the website of the National Bureau of Statistics, <http://data.stats.gov.cn/easyquery.htm?cn=C01>

For 17 years since China's entry into the WTO, China's service industry has been opening up to the outside world, in addition to conscientiously fulfilling its commitments in the schedule of concessions for trade in services, China also dedicates itself to surpassing the WTO's commitments to realize its own opening to the outside world, actively introducing the international advanced negative list management system and continuing to reduce restrictions on foreign investment. The Special Administrative Measures for Access to Foreign Investment (Negative List) (2018), issued on June 28, 2018, have significantly reduced the restrictions imposed on foreign investors, of which the restrictions on the service sector were limited to 22 sub-sectors, have set forth the transitional period of canceling or relaxing access restrictions for some sectors, and such restrictions will be cancelled or relaxed on time after the end of transition period. According to the Proclamation, the sectors out of the Negative List for Access to Foreign Investment will be subject to be administered in accordance with the principle of the same treatment for domestic and foreign investment.^①

(iv) Fulfillment of Commitments for Protection of Intellectual Property Rights

1. Improve the Legal Protection System of Intellectual Property Rights

Prior to China's entry into the WTO, China had initially established a system of intellectual property right protection based on the Trademark Law, Patent Law and Copyright Law. After China's entry into the WTO, in order to fully fulfill its WTO commitments and keep the domestic intellectual property right laws in line with

the WTO rules, China has successively amended the three intellectual property right laws mentioned above many times, and has promulgated the Regulations for the Protection of Layout-design of Integrated Circuits and amended the Regulations for the Protection of Computer Software. The main elements of these legal adjustments are as follows:

(1) Trademark Law

The Trademark Law of the People's Republic of China was adopted at the 24th Session of the Standing Committee of the Fifth National people's Congress on August 23, 1982, was amended on February 22, 1993 for the first time, amended on October 27, 2001 for the second time, and on August 30, 2013 for the third time. According to China's WTO commitments, the contents revised of Trademark Law mainly include: the nationals of other WTO members applying for trademark registration in China shall be given national treatment according to the Agreement on Trade Related Aspects of Intellectual Property Rights; the scope of trademark protection has been expanded, the provisions on collective and certification trademarks have been added, the provisions on the protection of 3D trademarks and sound trademarks, the provisions on natural persons as the subjects of trademark registration have been added, the provisions on applications for registration of common trademarks have been added, the provisions on the protection of geographical indications have been added; the protection of well-known trademarks have been added and specific provisions for the recognition of well-known trademarks have been made; the priority of international registration of trademarks has been provided

^① <http://www.mofcom.gov.cn/article/b/f/201806/20180602760432.shtml>

for; the judicial review procedures for the confirmation of trademark rights have been added; the intensity of compensation for trademark infringement has been enhanced.

(2) Patent Law

The Patent Law of the People's Republic of China was adopted at the Fourth Session of the Standing Committee of the Sixth National People's Congress on March 12, 1984. It was amended for the first time on September 4, 1992, for the second amendment on August 25, 2000, and for the third time on December 27, 2008. According to China's WTO commitments, the main contents revised of the Patent Law mainly includes: according to the the Agreement on Trade-Related Aspects of Intellectual Property Rights and the Paris Convention, exceptions to the national treatment in the field of patent agency have been set forth; "offering sale" as a form of patent infringement has been prohibited; the compulsory licensing of dependent patents has been added; and the provisions on judicial review have been added.

(3) Copyright Law

The Copyright Law of the People's Republic of China was adopted at the 15th Session of the Standing Committee of the Seventh National People's Congress on September 7, 1990, amended on October 27, 2001 for the first time, and amended on February 26, 2010 for the second time. According to China's WTO commitments, the main contents revised of the Copyright Law mainly includes: The "stateless person" has been added as one of the subjects of protection; the provisions on copyright protection, such as neighboring rights (the right of performers and producers of sound recordings, the right of broadcasters, etc.), have been added; and the reasonable use of the works of others has been strictly restricted; the provisions of "statutory

permission" have been added; the provisions of pre-litigation evidence preservation have been added; the amount of tort compensation has been added; and the measures to prevent further infringement have been added.

(4) Regulations for the Protection of Layout-design of Integrated Circuits

Integrated circuit layout design is one of the seven kinds of intellectual property rights stipulated in the Agreement on Trade Related Aspects of Intellectual Property Rights. In order to fulfill China's WTO commitments, the Regulations for the Protection of Layout-design of Integrated Circuits was adopted by the 36th Executive Meeting of the State Council on March 28, 2001, and came into effect from October 1, 2001. The Regulations stipulate the definition of integrated circuit layout design, the connotation of layout design exclusive right, the effective registration procedures, the protection period, the exercise of layout design exclusive right and involuntary permission, the legal liability of infringement, etc..

2. Enhance Law Enforcement

The Agreement on Trade-Related Aspects of Intellectual Property Rights not only requires WTO members to conform to the WTO standards on intellectual property right protection, but also concentrates on the enforcement of intellectual property right protection by all WTO members. In the Report of the Working Group, China promises to provide civil, administrative and criminal remedies for intellectual property right holders.

From 1998 to 2016, the State Intellectual Property Office published the White Paper on China's Intellectual Property Right Protection every year. According to the White Paper on China's Intellectual Property Right Protection

2016^①, in 2016, the administrative law enforcement agencies throughout China investigated and dealt with 189,000 cases of various types of infringements and counterfeits, more than 17,000 cases were detected by public security authorities and 3,863 cases and 7,059 persons involving infringement of intellectual property rights were prosecuted by procuratorial authorities; the judicial authorities concluded nearly 172,000 cases of various intellectual property rights. Specifically, intellectual property right protection is divided into administrative law enforcement and judicial protection:

(1) Administrative Law Enforcement

In 2016, the State Intellectual Property Office stepped up patent enforcement efforts and strengthened patent protection in key areas and places such as e-commerce and exhibitions. In the year, the total number of patent administrative enforcement cases exceeded 40,000, reaching 48,916, with a YOY growth rate of 36.5%. Among them, patent dispute cases exceeded 20,000, reaching 20,859, with a YOY growth rate of 42.8%, and counterfeit patent cases reached 28,057, with a YOY growth rate of 32.1%. The number of patent enforcement cases in the field of electronic commerce reached 13,123, with a YOY growth rate of 71.7%, while the number of exhibition patent enforcement cases reached 2,860, with a YOY growth rate of 4.3%.

In 2016, the State Administration for Industry and Commerce maintained a high pressure on copyright infringement and counterfeiting and effectively strengthened the protection of trademark exclusive rights. Under "2016 Special Action on the Supervision of the Network Market", China checked websites

and online shops for 1,918,000 times, ordered websites to rectify for 19,500 times, and investigated and dealt with 13,400 cases of network violations. The administrations for industry and commerce and market regulatory authorities around China filed and dealt with 49,000 cases of infringement and counterfeiting, and handled 45,000 cases involving a total amount of 560 million yuan throughout the year. Of these, more than 28,000 cases involving trademark infringement and counterfeiting were filed and handled, with a total amount of more than 350 million yuan; and 203 suspected criminal cases were transferred to the judicial authorities. In 2016, a total of 5,710 unfair competition cases involving counterfeiting, trade secret infringement and other intellectual property right violations were investigated and dealt with by administrations for industry and commerce and market regulatory authorities at all levels around China, with a value of 110 million yuan and a fine of 58.27 million yuan.

In 2016, the National Copyright Administration, in conjunction with the State Internet Information Office, the Ministry of Industry and Information Technology, and the Ministry of Public Security, launched a special action to crack down on Internet infringement and piracy called "Sword Net 2016", to specially rectify the copyright infringement and piracy in online literature, mobile phone software application, e-commerce platform, Internet advertising alliance, private cinema and other fields, investigated and dealt with 514 administrative cases, fined 4.67 million yuan, and transferred 33 cases to the judicial authorities for criminal handling, involving a sum of 200 million yuan. The National Copyright

① <http://www.sipo.gov.cn/gk/zscqbps/>

Administration carried out a special campaign to deal with printing and distribution, investigated and dealt with 1662 illegal copying and printing shops, banned 499 print shops without license, and confiscated more than 310,000 pirated and infringing publications. The National Copyright Administration organized and carried out the special action called "Autumn Wind 2016", collected more than 4.6 million pirated and infringing publications, investigated and handled 1,500 cases of infringement and piracy. The National Copyright Administration further promoted the work of software legalization, strengthened the supervision and inspection of software legalization, and actively carried out domestic software application pilot projects. In 2016, the National Copyright Administration organized 10 inspection teams to randomly select 1,316 computers belonging to 32 central and national authorities, 60 provincial authorities in 10 provinces (autonomous regions and municipalities), 20 state-owned enterprises and 20 financial institutions, realizing the full coverage of the inspection over the software legalization of the central and national authorities.

(2) Judicial Protection

In 2016, the local people's courts throughout China received 136,534 new civil cases of first instance in respect of intellectual property rights, and concluded 131,813 cases, with a YOY growth rate of 24.82% and 30.09% respectively and the settlement rate of the first instance being 83.18%. In 2016, the local people's courts throughout China received 7,186 new administrative cases of first instance in respect of intellectual property rights, and concluded 6,250 cases, with a YOY growth rate of -26.96% and -42.80% respectively and the settlement rate of the first instance being 53.16%. In 2016,

the local people's courts throughout China received 8,352 new criminal cases of first instance in respect of intellectual property rights, and concluded 8,601 cases, with a YOY growth rate of -23.9% and -20.43% respectively and the settlement rate of the first instance being 89.06%. The number of people sentenced in effect was 10,431, of whom 10,334 were given criminal penalties. The procuratorial authorities throughout China approved the arrest of 3,797 persons involved in 2,251 cases in respect of intellectual property infringement and prosecuted of 7,059 persons involved in 3,863 cases.

(v) Transparency

Transparency is a basic principle of the WTO. China's obligation to fulfill transparency is mainly stipulated in Article 2 (c) of the Protocol and Sections 331 through 336 of the Report. Transparency obligations include the following aspects: (1) China undertakes to enforce only published trade laws, regulations and measures that are available to other WTO members. (2) China shall, upon request, make such measures available to other WTO members prior to the implementation of relevant laws, regulations and other measures, and shall provide a reasonable period before such measures are implemented for the WTO members to submit their comments to the competent authorities concerned. (3) China shall designate an official publication for the publication of trade-related laws, regulations and measures. (4) China shall establish an advisory point to provide all information relating to relevant measures to other WTO members upon request.

After China's accession to the WTO, it has completed the following tasks in fulfilling its transparency obligations:

1. Enhance Transparency in the Legislative

Process

After China's accession to the WTO, in order to regulate the legislative acts of legislative authorities at all levels and ensure the consistency between legislative acts and relevant international obligations, China has formulated, promulgated and implemented the Legislation Law of the People's Republic of China, the Regulations for the Formulation Procedures of Administrative Regulations and the Regulations for the Formulation Procedures of Regulations. These laws and regulations related to the implementation of WTO obligations are mainly the provisions on transparency and uniform implementation of laws and regulations.

(1) Legislation Law of the People's Republic of China

On March 15, 2000, the 9th National People's Congress adopted the Legislation Law of the People's Republic of China, which came into effect on July 1, 2000. On March 15, 2015, the 12th National People's Congress adopted the amendment to this law.

In order to fulfill the transparency principle of the WTO, Article 5 of the Legislation Law of the People's Republic of China stipulates that, legislation shall represent the will of the people, carry forward socialist democracy, and in adherence to openness in legislation, ensure the people's participation in legislative activities through various channels. Article 36 stipulates that, For a bill on the agenda of a session of the Standing Committee, the Law Committee, the relevant specialized committee, and the operating divisions of the Standing Committee shall hear the opinions of all the parties concerned in various forms such as forums, discussion meetings, and hearings. Article 37 stipulates that, for a bill on the agenda of a session of the Standing Committee, the draft law and an

explanation of the drafting and amendment thereof, among others, shall, after the end of the session of the Standing Committee, be released to the public to solicit opinions, unless a decision not to release the same is made at the Chairmen's Meeting. The period during which public opinions are solicited on the same shall not be less than 30 days. Information on the solicitation of opinions shall be released to the public. Article 58 stipulates that, after the signing and promulgation of a law, it shall be published in the gazette of the Standing Committee of the National People's Congress, on the website of the National People's Congress and in newspapers issued nationwide in a timely manner.

(2) Regulations for the Formulation Procedures of Administrative Regulations

The Regulations for the Formulation Procedures of Administrative Regulations were promulgated by Decree No. 321 of the State Council on November 16, 2001, and amended on December 22, 2017 in accordance with the Decision of the State Council on Amending "Regulations for the Formulation Procedures of Administrative Regulations".

In order to fulfill the transparency principle of the WTO, the Regulations for the Formulation Procedures of Administrative Regulations stipulate that, in terms of drafting administrative regulations, the drafting department shall publish the draft administrative regulations and their explanations to the public for comments, except where the State Council has decided not to publish the same. The time limit for public comments shall be generally not less than 30 days. The legal institution under the State Council may submit administrative regulations for examination or revision and their explanations to the public for

comments. The time limit for public comments shall be generally not less than 30 days. After the signing and promulgation of the administrative regulations, they shall be published in the gazette of the State Council, www.chinalaw.gov.cn and the other newspapers issued nationwide. Administrative regulations shall come into force 30 days after the date of promulgation; however, where the determination of the policies involving national security, exchange rate and currency and the failure to implement immediately after promulgation will hinder the implementation of administrative regulations, they may come into effect from the date of promulgation.

(3) Regulations for the Formulation Procedures of Regulations

The Regulations for the Formulation Procedures of Regulations were promulgated by Decree No. 322 of the State Council on November 16, 2001, and amended on December 22, 2017 in accordance with the Decision of the State Council on Amending "Regulations for the Formulation Procedures of Regulations".

In order to fulfill the transparency principle of the WTO, the Regulations for the Formulation Procedures of Regulations stipulate that, in terms of drafting regulations, the drafting department shall publish the draft regulations and their explanations to the public for comments, except where the confidentiality is required according to law. The time limit for public comments shall be generally not less than 30 days. Where the regulations drafted involve the adjustment of major interests, have major differences of opinion, have a major impact on the rights and obligations of citizens, legal persons or other organizations, or are of general concern to the masses and thus require a hearing, the drafting department

shall hold a hearing for comments. After the signing and promulgation of the departmental regulations, they shall be published in the gazette of the State Council or the department, www.chinalaw.gov.cn and the other newspapers issued nationwide. Regulations shall come into force 30 days after the date of promulgation; however, where the determination of the policies involving national security, exchange rate and currency and the failure to implement immediately after promulgation will hinder the implementation of regulations, they may come into effect from the date of promulgation.

2. Designate Publications of Laws and Regulations.

The official publications China uses to promulgate trade-related laws, regulations and related measures include the Gazette of the Standing Committee of the National People's Congress of the People's Republic of China, the Gazette of the State Council of the People's Republic of China, the Collection of Laws of the People's Republic of China, the Collection of Laws and Regulations of the People's Republic of China, the Foreign Economic and Trade Gazette of the People's Republic of China, the Proclamation of the People's Bank of China of the People's Republic of China and the Proclamation of the Ministry of Finance of the People's Republic of China.

3. Designate Advisory Points

After China's entry into the WTO, the Chinese Government has established "WTO Advisory Point" (<http://chinawto.mofcom.gov.cn/>) within the WTO Department under the Ministry of Commerce (the former Ministry of Foreign Trade and Economic Cooperation) to answer the public questions related to the WTO in time. In addition, the

Chinese Government has established “WTO/TBT-SPS Advisory Point” (www.tbt-sps.gov.cn) under the General Administration of Quality Supervision, Inspection and Quarantine to publish the TBT and SPS measures of China and answer the public questions related to TBT and SPS measures.

Timely notification of trade-related laws, regulations and related measures to the relevant WTO agencies is an important aspect of compliance with the transparency obligation. After China's entry into the WTO, China has conscientiously fulfilled its obligation of notification. As of June 2018, it had notified the WTO 2,892 times, as detailed in Table 4.

4. Fulfill the Obligation of Notification

Table 10 List of China's Notifications to the WTO 2001-2018

Content of notification	Number of notifications
Agriculture	30
Anti-dumping	78
Countervailing	47
Customs valuation	8
Import licensing	21
Quantitative restriction	4
Regional agreement	13
Place of origin	8
Safeguard	11
SPS measures	1222
Trade in services	73
State trading	4
Subsidy	7
Tariff	1
TBT measures	1313
Textile	15
Trade facilitation	4
Investment measures	1
TRIPS	27
Trade preference	5
Total	2892

Source: <https://docs.wto.org>

Conclusion

Since its entry into the WTO in 2001, China has made active adjustments in terms of legal adjustment, trade in goods, trade in services, intellectual property rights, transparency, and so on, fulfilling its WTO commitments. In addition, China has been evaluating its WTO commitments through independent compliance review, review and supervision of trade policy review mechanism, supervision of dispute settlement mechanism and "error correction" assessment. Obviously due to China's own level of economic development, such areas as technology transfer, industrial policies, intellectual property, governmental procurement, state-owned enterprises and market economy status have become difficult points for China after its entry into the WTO.

Although the positions of China and the United States on the fulfillment of China's WTO commitments are far from each other, the WTO and other members have highly appraised China's fulfillment of its WTO commitments. After China's entry into the WTO, three WTO directors, Mike Moore, Supachai Panitchpakdi and Pascal Lamy all fully affirmed China's great efforts and achievements. Mr. Lamy once commented on the significance of China's entry into the WTO, regarding China's entry into the WTO as an important event in history and a typical example of a win-win situation brought by openness, competition and economic integration.

China's benefited from the WTO in its past achievements. After China's entry into the WTO, China has been actively fulfilling its commitments and adjusting itself to the WTO from legal aspects. China will continue to overcome difficulties, fulfill its WTO commitments in depth, and safeguard the WTO rules.

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人大重阳
RDCY

中国人民大学重阳金融研究院

Chongyang Institute for Financial Studies, Renmin University of China (RDCY)

网址：<http://www.rdcy.org>

电话：010-62516305

公众微信号：rdcy2013

新浪微博：@人大重阳

地址：北京市海淀区中关村大街59号文化大厦6层

Add: 6th Floor, Wenhua Building, No.59 Zhongguancun Street,
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