Meeting Report

A Decade in the WTO:

Implication for China and Global Trade Governance

Geneva, June 29th, 2011
This Report is an edited summary of the principal speeches made in the course of the Dialogue prepared and has not been reviewed by all the speakers. The views expressed in this publication do not necessarily reflect those of the ICTSD or the funding institutions.
1. Introduction

1.1 Background
2011 marks the 10\textsuperscript{th} year of China’s WTO membership and that of the Doha Round Negotiations. International Centre for Trade and Sustainable Development (ICTSD) organized a roundtable discussion in Geneva on “A Decade in the WTO: Implication for China and Global Trade Governance” on June 29th, 2010, convening government officials, academic faculties, business leaders, and etc. to review China’s role in WTO in the past decade, examine its impacts on global trade and WTO as a backbone institute of global trade governance, discuss its trade relations with other countries, and look ahead China’s future position in world trade and economy landscape especially in face of more severe emerging issues as climate change, international development and global economic governance.

The Dialogue is organized by the International Centre for Trade and Sustainable Development (ICTSD) in partnership with China Society for WTO Studies (CWTO), and the Friedrich-Ebert-Stiftung (FES) Geneva office

1.2 Objective
The objective of the dialogue is to generate a better understanding of China’s rise and implications for international trade and world trading system at a moment when both China’s membership and WTO Doha Round enter into their 10\textsuperscript{th} year. It also seeks to identify areas for further research and dialogue in respect to the role of China and other emerging countries in setting future trade agenda and sustainable development.

1.3 Opening remarks
Mr. Ricardo Melendez-Ortiz, ICTSD Chief Executive opened the meeting by introducing ICTSD’s commitment to facilitate dialogue and research on China’s sustainable development to leverage its role in the global economic governance. He said ICTSD has focused on two networks which are impact-oriented: Bridges China Network with Chinese institutions and Knowledge Community of China and Global Economic Governance with international institutions. In partnership with Chinese and international institutions, ICTSD has organized dialogues and conducted research on four key topics: China related Systemic issues, China’s participation in the multilateral policymaking process, China in addressing trade and climate change issues, and Aid policy and international development.

Former ambassador Zhenyu Sun, Chairman of CWTO, then highlighted the importance of the year 2011 since it is the 90 year anniversary of the founding of Chinese Communist Party, 100
year anniversary of the 1911 revolution, and 10 year anniversary of China’s membership in WTO.

Ambassador Sun also introduced China Society for World Trade Organization Studies (CWTO), one of the authoritative institutions in the country carrying out research, consulting, training, compilation, publication, and international exchange and cooperation activities in connection with WTO.

2 Session I WTO Membership: Impact on China and Global Trade

This session focused on China’s general participation in the WTO in the past decade. Panelists and discussants try to examine how China has influenced global trade landscape and international trading system, draw lessons and view the past decade from different perspectives.

2.1 “A Decade in the WTO, A Decade for Shared Development”

Xiaozhun Yi, Ambassador of Chinese Mission to the WTO gave a presentation on China’s decade for shared development in WTO. To start with, Ambassador Yi presented a series of study results showing that during the past 10 years, “Chinese economy was growing fast and has injected strong impetus to the global economy”. For instance, China’s GDP growth rate averaged 10.5% annually; household income increased from about 800 to 3300USD; China has also grown from the sixth to the second largest trading country in the world. Furthermore, through abolishing, revising and promulgating over 300 laws and regulations and the central government level and 190,000 laws at the local government level, China showed its commitment to integrate in the world economy and embrace WTO’s principles of non-discrimination, transparency and rule of law. Looking forward, ambassador shared main Chinese national economy strategies with dialogue participants. There is no doubt that China will deepen the economy reform and opening up, shift economy to consumption-driven patter, encourage more Chinese enterprises to go global and contribute to developing countries’ economic development.

2.2 “WTO Membership: Impact on China and Global Trade”

Mr. Harsha V. Singh, the Deputy Director General of the WTO provided insightful perspectives on WTO membership’s impact on China and Global Trade. He mentioned three epoch-changing
turning points relating to China in the past 30-year global history, which are the economic reform and opening up in 1978, China’s accession to the WTO in 2001, and “the emergence of a new global significance of China after the financial and economic crisis in 2009”. Mr. Singh praised Chinese government leaders’ persistent and relentless efforts to promote the tough and onerous accession negotiation.

Besides presenting general data about China’s economy soaring after joining WTO, Mr. Singh also pointed out that China’s trade relations became diversified due to more integrated into global economy. Compared to 2001, China’s share of both its merchandise exports and imports in 2010 to/from the US, EU (27) and Japan had declined by about 10%. With the transformation of world economic power landscape, China has been evolved from a reticent player to a more active one by being the most frequent third party in WTO disputes.

For the rest of the world and international trade, China’s growth after being a WTO member is one of the main reasons for “the centre of gravity of economic activity to start shifting towards Asia” and “emergence of new standards for products and technologies” to better suit emerging markets.

According to Mr. Singh, the world economy landscape and power structure have changed dramatically in the past decade, and more external factors like employment, environment, food prices and fairness in international trade regime are arising and drawing public attention, an effective multilateral negotiation and decision making mechanism is in urgent need to take consideration of all stakeholders’ concerns, especially interests of developing countries. Under this background, China should and is able to take the responsibility of strengthening multilateral institutions and contributing to world peace and common prosperity while building a modern China.

3 Session II: How has China influenced the WTO as an institution?

Session 2 mainly focused on discussion about how China influenced the WTO as an institution, especially its role in the ongoing Doha Round. Panellists and discussants tried to review China’s performance as a player in different multilateral trade scenarios and bring up with suggestions and expectation for China to take more responsibility in the future. The session was moderated by Ricardo Melendez-Ortiz, Chief Executive of ICTSD.
3.1 “Role in the Doha Round Negotiations”

Paul Blustein, an author and non-resident fellow at Brookings Institution reviewed China’s involvement in Doha round, examined China’s trade relations with its main trade partners as US, Brazil and etc., and concluded that it was not China that blocked Doha negotiation reaching a consensus in the summer of 2008 however China could take more initiative in future global trade activities.

Mr. Blustein talked about the 9 day meeting in the summer of 2008 in Geneva in details. He pointed out that US government had always been criticizing China to have walked away from the negotiation, while in reality it was Unites States that had a backlash, refused all initial proposals and package and made no compromises after fierce lobbying from US private sector. There is no reason that China should be blamed and US has no standpoint to accuse China’s role and effect in the Doha Negotiation.

Mr. Blustein also provided his own perspectives on China’s trade relations with other emerging countries. He disagreed on the opinion that emerging markets are reluctant to lower down the tariff for Chinese manufactured products because of China's undervalued currency, instead he argued that fear of Chinese competition was the single most important reason for these tariff barriers. Actually, most of developing countries should realize as an emerging economic power in WTO, China has bailed out western powers by offering major subsidies to developing countries.

In conclusion, Mr. Blustein emphasized that it was not China’s fault that particular meetings of Doha Negotiation fell apart, but China should offer more in the latter stage of the negotiation. He advocated all members in Doha negotiation taking more responsibility since WTO will lose its authority as a dispute-settling body if Doha round fails and for China, it should take greater initiative and realize that much of its future prosperity depends on it.

3.2 “China’s Participation in the WTO besides Doha”

Former Ambassador Zhenyu Sun, chairman of China Society for WTO Studies gave a speech on China’s participation in the WTO besides Doha. He first talked about China’s enormous efforts to join WTO as the acceptance of Transition Review Mechanism which no member ever will accept. Also, Chinese government attaches great importance to the afterwards implementation of commitment and obligation.

Ambassador Sun then used two specific cases of textile and public health issues to illustrate China’s basic principle and standpoint in WTO. The extension on textile import quota showed China’s caring for interests of other developing countries, and the support for Article 31 of WTO
TRIPs agreement presented China’s humanitarian stand position on public health issues in developing countries.

For multilateral cooperation, ambassador Sun reiterated that China has always been a strong supporter of multilateral activities. Though China has signed several FTA/RTAs with other countries, it should be pointed out that the rapid spread of FTA and RTAs could undermine multilateralism in the long run and efforts should be refocused in the context of the Doha Round.

As to other controversial issues and heated discussions, ambassador Sun criticized US and EU on their significant agriculture subsidies which exert harmful impacts on developing countries economy, showed great sympathy for other developing countries on tough competition with China on manufactured goods but emphasized that China’s manufactured products are mainly at lower end of supply chain, and advocated that for Special Safeguard Mechanism (SSM) issues, the trigger should not be too high and the remedy should not be too limited or restrictive.

3.3 “Involvement in the Dispute Settlement Mechanism”

Professor Henry Gao from Singapore Management University talked specifically about China’s role in the WTO dispute settlement system in the past decade and explained how and why China has turned from a passive rule-taker to a active rule-maker.

According to professor Gao, evolution of China’s role in WTO can be divided into three phases. To start with, from Dec, 2001 to March, 2006, the world witnessed China’s significant improvement on capacity to solve trade dispute. For instance, in March 2004, China spent about 4 months on solving VAT dispute in IC industry and 2 months on Coke dispute with EU, but it only took China one working day to settle down the Kraft Linerboard case in January 2006, which showed China’s steep learning curve and better understanding of DSS after accessing into WTO. Secondly, China’s performance in WTO from March 06 to Sep 08 can be called a rule shaker. It played third party in dispute cases frequently, shook existing rules and helped to “boost confidence and fairness in the DSS”. The auto parts case in March 2006 was a best example on showing how China put on a good fight after grasping essential rules in WTO. Since Sep 08, China started to position itself as a rule maker.

The transition from rule taker to rule maker is mainly due to more expertise and more confidence, better understanding of DSS, and a more balanced trade profile. We can expect that in the future China would still be active and even more. Its defensive interests are expected to lie in the arena of industry policy, and offensive interests in trade barriers in foreign market.
3.4 “China’s Preferential Trade Agreements”

Professor Razeen Sally, Director of ECIPE and faculty of the London School of Economics, gave an overview of China as the driving force of FTAs throughout Asia. China had 11 FTAs and another 11 under negotiations. It has agreed on ASEAN FTA 2010, made Economic Cooperation Framework Agreement (ECFA) with Taiwan, and has FTA with other emerging countries, including Brazil and India.

China’s FTAs are very ‘light’, as they rarely go beyond tariffs and hardly touch on barriers to investments. China is, Professor Sally argued, interested in foreign policy and asserting its power, not necessarily motivated by commercial considerations. Thus though there are plenty of initiatives at ASEAN level, no major increase of economic integration in East Asian.

Geopolitical tensions and lack of cooperation is hindering integration between China and ASEAN countries. Focusing on improved surveillance and transparency, and best practice measures is probably more likely to yield rapid results and better cooperation in the region.

3.5 Comment 1:

Ambassador Michael Punke, Mission of the United States to the WTO, talked about the rise of China as a major trading power and its implication on trade negotiations.

Ambassador Punke pointed out that the quad of main negotiators has significantly changed with rise of China and other emerging players during the Doha Round. While the four economies with similar levels of development (US, EU, Japan and Canada) used to dominate the negotiation, emerging players with different levels of development have increasingly involved in the negotiations, especially Brazil, India and China. It raised the issues of how responsibilities are to be balanced between WTO members.

Ambassador Punke gave two examples to illustrate the point. One is sector agreements. As China is becoming a leading producer in sectors such as chemicals, industrial machinery and electronics, China should play a major role in negotiating a liberalization of rules in those sectors. But the US acknowledged that some parts of these sectors could not be completely opened up. So the US suggested that only a few parts would open, taking into account China's sensitivities.

The other example is cotton. Third party reported that China today is the largest subsidizer of cotton in the world, but China so far has failed to disclose it. Ambassador Punke raised the issues on China in terms of transparency and accountability. Further negotiations over Cotton must include China.
3.6 Comment 2:

Ambassador Jayant Dasgupta, Mission of India to the WTO, gave a perspective on the impacts of China’s accession to WTO on other members and membership issues.

According to ambassador Dasgupta, China has been a game changer. It had accepted very restraining restrictions in its accession to WTO, but it also raised the bar for the conditions of accession. LDCs have been left out, demanding the accession process to be more transparent and open.

China’s WTO membership has two big implications. Firstly, China provided new market opportunities, particularly to LDCs, through the removal of barriers. Secondly, China’s accession brought diversified issues to the negotiation table. As China remains a developing country and still faces many of the problems of the developing world, from income disparity to underemployment in agriculture, it has brought a fresh perspective to the debate. The issues shared by China, India and the LDCs are now increasingly getting attentions through the channel of China.

3.7 Comment 3:

Professor Scott Kennedy, Director of Center for Chinese Politics & Business at Indiana University, contradicted two different views on China. The outside world believes Chinese economy is very successful and got a great deal out of its WTO accession. But the Chinese thought they gave too much to join WTO. They saw economic and political issues more: the difficulty of moving up the value-added chain, the most value-added exports coming from foreign funded companies, and etc. Different perspectives create different expectations about how China now should participate in WTO.

But Professor Kennedy argued the real concern was China’s industrial policy. Given 33 years of a record of economic success, the Chinese government does not want to sidestep. Yet the Chinese industrial policy will certainly create trade disputes and increasing.

3.8 Comment 4:

Chinese Ambassador Xiaozhun Yi responded to several issues raised in the morning. The first is about sector negotiations. Ambassador noted that the many US products in chemical, machinery and electronics had already enjoyed zero tariffs. Developing countries including China have the legitimacy to protect their investment and employment. The second is cotton. Ambassador contended that the US subsidy is main course of distorted cotton prices, while the Chinese subsidy came to economically disadvantaged farmers. The third is currency.
Ambassador insisted that a progressive reform on Chinese currency is most sustainable, according to the past experience.

**4 Session III: Trade relations with other WTO Members**

Session 3 was about China’s trade relations with other WTO members with concentration and focus on how to deal with emerging challenges and make full use of current opportunities, and under the complex and changing background, what future agenda in the WTO would be. The session was moderated by Ambassador Sergio Marchi, Senior Fellow of ICTSD and former Ambassador of Canada to the WTO.

**4.1 “Trade Disputes between China and United States”**

Mr. Gary Hufbauer, Reginald Jones Senior Fellow from Peterson Institute for International Economics talked about trade disputes between China and United States. Widening imbalance, deepening dependence and dispute intensity are mainstreams of Sino-US trade relations.

“In 2009, the United States imported $4.50 of merchandise from China for every $1.00 of merchandise exported to China”; Currently, China is the top US import source and the United States is China’s second largest export destination (EU is largest); furthermore, The United States lodged more complaints against China than against any other WTO member and half of its complaints target at China, while US is also one of China’s only two complain targets in WTO in the past decade. US complaints are primarily over behind-the-border measures including countervailing duties and anti-dumping duties against China aiming to protect declining industries while PRC complaints are offensive border measures more evenly distributed among countries trying to promote nascent industries through legislative support.

Future disputes could be triggered by recent and pending legislation, and in especial, the United States currency legislation would “spill into the political dimension of Sino-US relations, and pose a critical challenge for WTO law”. Also, intellectual property protection has been a controversial issue in Sino-US trade relations, and with the implementation of China’s *National Indigenous Innovation Products Accreditation Program*, and China’s approach to IPR violations, no one knows whether another high-profile trade dispute is in store for the world. With regards to currency issue, it is expected that there will be major appreciation of RMB/$ exchange rate. And whether United States and China will center their commercial relations in the WTO or in their own regional pacts remain a question for the world.
4.2 “Trade Relations between EU and China”

Mr. Guus Houttuin, Deputy Permanent Representative of EU Mission to the WTO, argued that China had benefited from WTO agreements and also had interests in the development of the system.

China has of course evolved since 2001, and now emerges as one of the world’s largest economies, fully grasping the importance of market access. EU sees China as taking a positive role in the development debate at the WTO. Examples include in aid for trade, China has 95% coverage in duty-free-quota-free. China is also finalizing its domestic support notification 2005-2008 on the agriculture front. China supports achieving an outcome of more substantive market access in services by December.

But with rights come obligations, China is also subject to the 2-year rules, TPR transparency mechanism, and etc. The process can involve discomfort even confrontation, but with the purpose of making the system work better.

Only with China the DDA negotiations can be concluded. China as well as other major economies needs to get out of their comfort zones and ultimately help to secure a deal.

4.3 “Trade Relations between China and Africa”

Ambassador Faizel Ismail, Mission of South Africa to the WTO made an observation of the increase in trade between China and Africa, and its implications. Africa’s trade with China went ten folded in the 2000s, making China Africa’s top trading partner. Africa’s share of world trade rose at the expense of Western countries. The value and quantity of African exports have risen dramatically, but structural problems remain in the composition. Africa exports commodities and imports low-value-added manufactured goods from China.

There has been increased sharing of knowledge and experience between Africa and its trading partners, largely thanks to China, which has followed very different paths to the ones proposed by traditional donors. Sino-Africa trade also increased Africa’s leverage on global governance, as China’s participation in the global system has added to negotiating power of developing countries.

The challenge remains that China now needs to rebalance its trade patterns with African countries, to support these countries to develop their high value-added goods. Otherwise the China-Africa trade pattern will fall to the same as between Europe and Africa.
4.4 “China’s Trade Relations with LDCs in the Post-WTO Accession Period”

Mr. Debapiya Bhattacharya, the Distinguished Fellow from the Centre for Policy Dialogue (CPD) and Former Ambassador of Bangladesh to WTO and UN offices in Geneva gave his perspectives on China’s trade relations with other LDCs in the post-WTO accession period.

Mr. Bhattacharya started his presentation by introducing WTO’s five basic policy reforms associated with accession to the WTO which are non-discrimination, market opening, transparency and predictability, undistorted trade and preferential treatment for developing countries including the Least Developed Countries (LDCs). He showed World Bank’s research on the four channels that China is expected to impinge on other countries with accession to WTO, encompassing expansion of exports markets in China, increase in the Chinese exports to other markets, competition between China and others in third markets, and expansion of outward foreign investment from China to third markets.

Implications of China’s accession to WTO for other developing countries lie in two areas. In the goods and service markets, there will be increased competition from Chinese exporters in the world market as well as increased export opportunities in China. In the international capital market, competition for FDI is likely to intensify as the Chinese market becomes more open to foreign investment and further divert investment away from other developing countries. In general, industrial countries and the more advanced developing countries in Asia gain from China’s accession to the WTO, while the less advanced developing countries tend to lose, although most only marginally (Walmsley et al, 2001 and Martin 2001).

With regards to trends in Chinese exports to the LDCs, there is no doubt that China’s share in the world export increased dramatically after joining WTO. Specifically, export to LDCs increased more than its export to the world, and the export growth was more inclined towards the LDCs African countries compared to the Asian countries. Mr. Bhattacgarta showed that by 2010, export to LDC Asia increased by 5.82% compared to a 10.97% increased in export to LDC Africa countries. On the other side, Chinese import from LDCs increased faster compared to China’s total import from the world, with more inclination on LDC African countries.

Moreover, significant reduction in Chinese tariff rate is a highlight point in China’s accession in WTO. By 2010, the Non-weighted Average tariff rate became almost half of it has been back in 200, and China promised to extend such treatment to 95% of total tariff lines within three years.

In concluding remarks, Mr. Debapiya Bhattacharya advocates fuller implementation of DFQF to LDCs by China, and talked about the necessity to change the structure of exports from the LDCs
to China in favor of more manufactured products which could be promoted by oriented new Chinese investment.

4.5 “A Decade in the WTO: Implications for China and Global Trade Governance”

Ambassador Roberto Carvalho de Azevedo, Permanent Representative of Brazil to the WTO gave an overview of trade between Brazil and China. Bilateral trade flows have expanded considerably over the past ten years. The trade pattern is marked by Brazilian exports of commodities and imports of industrial goods, especially machinery, equipment and electronics.

The trade pattern reflects the structure of both economies: a) Brazil’s competitiveness in commodities’ trade coupled with China’s increasing need for commodities as its economy grows; b) under the competition of China’s industrial sector, the Brazilian industry is suffering from the appreciation of currency, shortcomings in infrastructure, and slower expansion than the economy as a whole.

The trade pattern has raised concerns from the Brazilian side, particularly the undermining of Brazilian industrial competitiveness. Transition towards more balanced trade will certainly be bumpy and will require smooth negotiations. Both countries so far relied on bilateral negotiation rather than multilateral trading organizations.

5 Session IV: What comes next?

After comprehensive discussion on China’s global trade activities in the past decade, this session drew participants’ eyes on future blueprint, visioning what role China can and should take in global economic governance, in particular addressing new challenges such as beyond Doha agenda, climate change, development and international financial stability so that the common goal of a more prosperous and harmonious world can be achieved. The Session was moderated by Dr Matthes Buhbe, FES Geneva Office Director.

5.1 “WTO Accession: A Historical Opportunity for China’s Reform and Opening-up”

Mr. Xinkui Wang, President of Shanghai WTO Affairs Consultation Center, introduced the process of China’s WTO accession and its implications. It took China 15 years (1985 to 2000) and a series of adjustments and reforms to join WTO, but the result is accelerated growth in both China and the world, at least until the 2007 crisis.

In the aftermath of crisis, the new round of structuring and relocating by transnational companies is about to make an impact on global production patterns. Successful national
adjustment, Mr. Wang argues, has to be made on the basis of international cooperation. But multilateral trading systems represented by WTO currently lack the mechanism to help member nations to make the transition, which raised challenges for such organizations.

5.2 “How can China settle down and move on in the WTO?”

The presentation of Professor Rongjiu Xue, Vice Chairman of China Society for WTO Studies, reviewed the history of China as a WTO member in the last ten years and urged the country to adopt several strategies in working with the WTO.

China will continue to leverage from the membership of the WTO to serve its ends of economic development. But in the process, Professor Xue expected China’s greater compliance to the WTO rules, and larger scale of the country’s efforts in the participation of rule-making.

5.3 “The Next Decade: The Imperative of a Harmonious World”

Professor Jean-Pierre Lehmann, Director of Evian Group at International Management Development predicted that a dysfunctional multilateral system of world trade was likely to emerge in short- and medium-term future, if the trust issues of trade negations could not be solved.

In the last two decades, a global market has emerged as developing economies were increasingly participating in trade, represented by China. Yet a global trade governing system failed to be organized, largely due to the varied levels of economic development, different cultural legacies, and a lack of trust among the trading partners.

To prevent current negotiations from being stalled, Professor Lehmann argued, China should use its soft power to bring other developing countries back to the global negotiation sphere.

5.4 “A Decade in the WTO: Environmental Implications for China and Global Trading”

The presentation of Dr. Tao Hu, Chief Expert of Trade and Environment Expert Group from Ministry of Environmental Protection of China gave an overview of the huge environmental costs embodied in China’s foreign trade and provided a framework of environmental measurement of balance of trade accounting to estimate such costs. According to Dr. Hu’s calculation, China had trade surplus in terms of monetary value in the past decade, but trade deficit in terms of environmental assets measured by virtual pollutant. When goods exported to other countries, the pollutions remain in China, which became an environmental subsidy to production of trade goods.
The possible reasons for the environmental trade deficits were structure of trade, efficiency of traded goods, and larger scales of trade. A country of 20 – 30% annual growth in foreign trade, China exported much more goods than service, and particularly concentrated in resource- and pollution-intensive products.

Unless WTO allows China to take even more stringent strategy of green trade, Dr. Hu argued, the current trend of pollution is not likely to reverse.

6 Synthesis

Dr. Shuahua Cheng, Programme Officer for Strategic Analysis and China at ICTSD gave a brief synthesis after all-day sharing, discussion and debate. He summed up different perspectives into a “SWIFT” framework. S stands for 'Strategic value' of China's WTO membership to China as ‘agent of reform’, to developing countries and to the WTO. W means 'Win-Win outcomes' through China's expanded imports, its contribution to global value chains through processing trading, China's inward and out investment, and increasingly growing development aid. I refers to 'interactive integration' as shown in China's implementation of its accession commitment, its participation in the dispute settlement from rule taker to a potential rule maker. Traditional powers and emerging economies need to shorten their learning curve to accommodate each other by honest interaction and to craft a common architecture of governance. F means 'forward looking' approach. It is interesting to hear proposed ‘solutions’, ‘next steps’, such as an early harvest for Doha Round, full functioning committees to tackle issues beyond Doha, experience sharing among developing countries, etc. T represents 'tensions' at domestic level (environmental problems affiliated with trade growth, social unrest and bubbles in finance), bilateral level (accusation of currency manipulation, fear of de-industrialization, unemployment) and the global level (tragedy of the commons such as on climate issues, poverty, diseases, etc.)

7 Closing Remarks

Mr. Ricardo Melendez-Ortiz, the Chief Executive of ICTSD closed the dialogue by presenting his own insights on China and global trade, reiterating objective of the dialogue and advocating closer cooperation in international community.

Mr. Melendez-Ortiz said China’s 10 years in WTO has happened against a backdrop of utmost dynamic change in the world economy. Indeed, China’s participation in the WTO and the
implications of its membership have both been a key factor of that change. China’s today essential to the WTO as much as the WTO’s to China.

He said that difficulties in closing Doha have to do with challenges of managing the tension brought about by change – including transiting to a world regime on trade that fully involves China, other emerging economies and the underlying shifts in growth centres and new forms of organization of production.

Mr. Melendez-Ortiz suggested moving onward at the WTO require effective fine-tuning and resolution of the adjustment turbulence currently affecting the economic and social fabric in the US and Europe. It will also require nimble but enabling responses from the international community to China’s jugglery to rebalance development between regions and sectors, rural and urban and the consolidation of social policies and institutions.

The implementation of the 12th five year plan may be a game-changer – once the economic and developmental/environmental objectives set in the plan are indeed achieved by 2016, the World may be in for yet more change in the global economy and China’s participation therein, Mr Melendez-Ortiz added.

The current economic governance system, with its trade policy tools, was conceived in times when the problem to be solved was of “poverty in the midst of potential plenty” to quote James Meade (Meade, J.E. 1937. Economic Analysis and Policy). Beyond that short term, looking at demographics and trends in consumption and demand, the world will be entering into unchartered waters.

Mr. Melendez-Ortiz concluded the dialogue by saying the hope is that the international community acts collectively, through cooperation, guided by a “command of conscience seasoned by a rational examination of consequences,” paraphrasing Professor Wilson at Harvard. A sustainable future will require robust and effective governance regimes. China’s participation in crafting the evolution of the trade regime in the next ten years will be as critical, as the past ten years have been.

(This meeting report is prepared by Rong Chen and Shuahhua Cheng. Comments go to scheng@ictsd.ch)