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## **CHINA: TRADE POLICY REVIEW 2008 – PRIORITIES**

On 21 and 23 May, the WTO will conduct the bi-annual Trade Policy Review with China. This important exercise is conducted every two years with China, consequently the 2<sup>nd</sup> time since its accession. In this process, every WTO member has the possibility to raise questions about a member's national trade policy and compliance with WTO rules. With regard to this year's China Trade Policy Review, BUSINESSEUROPE has identified the following priorities:

### **Government intervention in the market:**

- protection of strategic sectors
- foreign investment restrictions in both industrial and services sectors; current laws also hamper the financing of foreign companies in China
- strong government intervention in the banking sector
- China's 11th 5-Year Program (2006-2010) for Utilizing Foreign Investment urges large multinationals to move their high-tech and high-value-added processing facilities and R&D capacities to China
- control measures and governmental incentives/disincentives target the direction to be taken in the development of industrial value chains
- forced technology transfer, especially for cooperation with Chinese partners and public tenders, taking forms of request for a deep technological cooperation and documentation with Chinese design companies; compulsory inspections for certificates for foreign products

### **Inadequate protection of intellectual property rights.**

- regulations which plan to oblige exclusive Chinese registration of innovations developed in China would heavily constrain business activities of companies world wide and thus also hinder China to benefit of innovation "made in China"
- China is still main origin of violation of copyrights
- need to step up efforts in the implementation and enforcement of existing laws

### **Non-respect of WTO accession commitments and adoption of international standards:**

- adoption of international standards as Chinese norms often vary from international ones
- need to adopt UNECE technical regulations
- application, transparency and high costs of Chinese Compulsory Certification (CCC) scheme
- need to join the WTO Government Procurement Agreement and open large-scale infrastructure projects to investment and trade
- Chinese anti-dumping practices, including the obligation of mandatory lawyers in anti-dumping processes

- regulatory requirements on clinical trials and registration of pharmaceutical products
- imposition by Chinese authorities of multi-sampling and testing procedure per batch on imports to verify specifications only for not locally manufactured products

**Subsidies:**

- Chinese companies, also in very advanced, hi-tech sectors like telecoms infrastructure, can benefit from export credits
- dual pricing of energy & raw materials
- undervalued currency

**Raw materials:**

- significant rise of barriers to trade, for example licences and taxes for coke, phosphor and copper exports
- dual pricing of raw material imports to China
- export restrictions and other measures to control raw materials pricing

**Visa policy:**

- Need for a transparent and reliable Visa policy for business visits

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