

**Speech by H. E. Ambassador YI Xiaozhun at the Conference on
Russia's Accession to the WTO**

Moscow, 11 Oct. 2012

Thank you, Mr. Chairman.
(H.E. Mr. Arkady Dvorkovic,)
Dear Mr. Medvedkov, Dear Ricardo, Dear Chiedu,
Ladies and Gentlemen,
Good morning.

Please allow me to start by thanking ICTSD and HSE for inviting me here. It's my great pleasure to attend today's conference on Russia's accession to the WTO. It's quite timely and important to have today's discussion and I am sure that it will achieve fruitful results.

I would like to take this opportunity to again congratulate Russian Federation on its accession to the WTO. As I said at the final Working Party meeting in Geneva on November 10th, 2011, Russia's accession to the WTO is a historic event for itself, for the WTO and for the international economic community. It is not only a milestone for Russia to advance its economic and social development, but also provide significant win-win opportunities to its trading partners. With Russia's accession, the WTO has taken a major step towards becoming a truly world trade organization. It obviously brings new vigor and vitality into the multilateral trading system. Therefore, Russian people, especially the negotiating team led by Mr. Medvedkov, have good reason to be proud of their great achievement.

China has experienced a similarly lengthy and difficult accession process. Therefore we fully understand the feelings of our Russian friends during the process and share their joy of success as well. That's also one of the reasons why we always tried our best to support Russia's accession. China is among the first members to conclude bilateral negotiations with Russia. We also made great efforts to show our support on all occasions, including in G20 and APEC. That's of course a partial reflection of long-lasting partnership between our two countries and the friendship between the two people.

Ladies and Gentlemen,

Last December China celebrated its 10th anniversary of accession to the WTO. If I may, I would like to take this opportunity to share with our Russian friends our experiences during these 10 years, which might be of some use to them. Such experiences have provided answers to the following questions frequently asked by relevant stakeholders:

The First question is: has China truly benefited from its accession to the WTO? Our

answer is “YES”.

As you have witnessed, the past thirty-odd years has registered an unprecedented transformation of China’s economy and society. We have embarked on a development path to drive our reform and promote our development with a consistent policy centered on opening-up. Joining the WTO has constituted a milestone in this process. In 2001, despite many difficulties and challenges domestic and abroad, China made an emphatic choice to accept the multilateral trading rules. Ever since then, our reform and opening-up process has entered into a new phase with much faster economic development.

From 2001 to 2011, our GDP per capita quadrupled, lifting over 200 million people out of poverty. China has risen from No. 6 to No.2 merchandise trader in the world. During the same period, accumulated FDI into China totaled over one trillion US dollars, the highest among developing countries. China’s direct investment overseas has also reached US\$69 billion in 2010, the fifth largest in the world. Our industries have successfully weathered the fierce international competition brought by WTO accession, including agriculture and automobile, two sectors deemed most vulnerable at the time of accession.

Together with these numbers, two specific changes have incurred in China which we believe are of most importance and benefits to us. One is that WTO accession has resulted in much more predictable business environment for the cooperation between Chinese and foreign enterprises. Take China-US trade relations for example, before 2001, each year our bilateral trade relations were seriously handicapped by the political debate over MFN status for China in the U.S. Congress, posing great risks for enterprises of both countries in the next year. After China’s accession to the WTO, the PNTR status for China was secured, providing great certainty and stability for our bilateral relations. Similarly, I believe that Russia’s WTO membership can also help to remove such obstacles between Russia and the U.S arising from the outdated Jackson-Vanik amendment should the US also wants to gain from Russia’s accession.

Another positive change is that the accession and the resulting certainty in the past 10 years have helped China to become one of the centers of regional and global production network. 480 out of the Top 500 multinational companies has invested in or operated business with China and over 1400 foreign enterprises have set up R&D centers in China. China is now among the few developing countries that successfully participate in the Global Value Chain.

The second question is: has China faithfully fulfilled its commitments? Our answer is “YES”.

It goes without saying that China has paid for an expensive ticket to get into the door of the WTO. In the past 10 years, we have also experienced “growing pains”. Now China is regarded as “a mature partner” for other WTO members and “a major player” in the system. Without faithfully honoring our commitments, this would not have come true.

Over the decade, we have done as we have said by gradually lowering tariffs, abolishing import quotas, licenses and other non-tariff measures, liberalizing access to foreign trade operation, and substantially reducing the threshold for foreign investment. Just to take a few examples: China's overall bound tariff has been cut from 15.3% to 9.8%, far lower than the average of other developing countries. One hundred service trade sectors have been opened, a level close to developed countries. Meanwhile, we have also strived to enhance stability, transparency and predictability of our trade policy by bringing it into conformity with WTO rules. In the past ten years, at the central level we have sorted out more than 2,300 laws, decrees and departmental regulations while at the local level almost 200 thousand ones.

In one word, as the WTO expert Professor John Jackson has said, no one has made such huge efforts to join the WTO and fulfill its commitments as China has done.

During this process, China has paid particular attention to nurture its pool of human resources for WTO participation. We had a compact negotiating team well trained by the accession negotiations, which has played a key role in both the implementation of our commitments and participation in various WTO activities. Meanwhile, we organized large scale training courses for officials at all levels of government, including ministers and provincial governors. We have also initiated mass campaigns through media and publicity to help people from all walks of life better understand the WTO, our commitments, our challenges as well as opportunities. For quite a few years after our accession, WTO was one of top 10 most-used words in China. Relevant WTO principles and concepts such as "non-discrimination" and "transparency" are frequently used by common people. From my personal point of view, to forge consensus and coherence among people is the greatest guarantee to overcome difficulties and respond to the challenges arising out of WTO accession, particularly considering that we have had to make significant reforms within a relatively short time.

The third question is: has China's WTO accession also benefited other countries? Once again, the answer is "YES".

Many figures and facts help prove that:

1. In the past several years, China has contributed more than 20% to world economic growth. Its contribution has even reached 50% in 2009 and 2010.
2. During the past decade, China imported US\$750 billion worth of goods each year on average and created more than 14 million jobs for its trading partners. China is now the second largest importer in the world and the largest export destination for many countries in all continents including Japan, Australia, Brazil and South Africa.
3. For Russia, our bilateral trade has also increased seven-fold since 2001. Russian export to China reached 40.6 billion US dollars in 2011 , rising by 55.6% year on year and making China the second largest export destination for Russia.

4. During the past decade, foreign enterprises in China remitted a total of US\$ 262 billion in profits, representing an annual growth of 30%.
5. Chinese enterprises invested abroad have employed nearly 800 thousand people locally and paid over US\$ 10 billion in taxes every year.

Ladies and Gentlemen,

China and Russia have joined the WTO with one common objective: to benefit from our integration into the multilateral trading system. Therefore, for both of us, the importance of a healthy and stable WTO cannot be over-emphasized, especially against the backdrop of current economic crisis. Such a system is the guarantee of a more open, predictable and transparent trading environment and thus in the interest of all members, in particular for developing and emerging economies. However, due to the impasse of Doha Round, the multilateral trading system is now facing its hardest time ever, or, as the recent WTO public forum has put it, “the Multilateralism is in crisis”.

As a consistent and firm supporter of the WTO, China believes that it’s crucial to re-energize the multilateral trading system and to reaffirm its legitimacy by concluding the DDA negotiations as soon as possible, based on its mandate and current achievements. We do hope that, Russia’s accession, together with its dynamic economy and growing influence, will provide new impetus to the WTO and the Doha Round.

Of course, Russia’s accession will also provide a wider platform for us to further deepen China-Russia comprehensive strategic partnership and step up our strategic cooperation on international affairs. As emerging economies and members of BRICS, China and Russia do share a lot of common objectives and interests in the WTO. My colleagues and I look forward to working closely with Russian colleagues in Geneva.

Thank you very much for your attention.