

FROM THE PROSPECTIVE OF ECONOMIC GLOBALIZATION TO REVIEW THE EXPERIENCE ON CHINA'S WTO ACCESSION

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December 11, 2012 is the 11th anniversary for China's accession to WTO. Last 11 years is a historical course for China to integrate into the economic globalization. With the progress going on, we could make a periodic summary and analyze the relationship between developing countries and the multilateral trading system.

I China's practice

1. China has been the beneficiary of the economic globalization

During the past 11 years,

- China's market economy has been well developed, by introducing the WTO principal of non-discrimination, transparency, fair competition as well as other regulations into the domestic reform

process.

- Through reducing tariff significantly, abolishing non-tariff measures and opening hundreds of service trade sectors, China has actively introduced competitive mechanism to enhance marketization, and upgrade the enterprises' capabilities of survival, adaption and development.
- China has become the world's largest merchandise exporter, its GNP has grown more than twice, and over two hundred million civilians have been lift out of poverty. Those years saw the fastest development in China's economy and sociality, which benefited the people.

All of those accomplishments were not entirely brought by the accession to WTO, but the entry definitely played a huge promoting and catalyzing role in China's development.

2. China has made its contribution to the world

During the 11 years,

- China's import has experienced a five-fold increase, with an annual import accounting one fifth of the world's total number.
- 700 billion dollars of foreign domestic investment have been absorbed in cumulative terms.
- China has took an active part in the trade promotion and aid

activities, including giving 41 least developed countries zero-tariff treatment, enlarging the foreign aid scale, and building the independent development capabilities of the recipient countries.

3. China is now facing new challenges

At present, China is the country with the second largest GDP ,while its Per Capital GDP still ranking around 100. We are still facing the difficult task of speeding up urbanization and industrialization, and at the same time be confronted with the global challenges such as energy resources shortage and climate change.

After 11 years, the marginal effect of China's accession to WTO is decreasing:

- The traditional exporting model which depends on expansion is restricted not only by the international market, but also by the domestic circumstance and the raised price of production factors.
- The reform of economic system is deepened, but the vested interests pattern is hard to be broken.
- China is asked to burden greater responsibility in the international economic management, for instance, Doha round.
- China is pressured by the acceleration of regional trade liberalization , for example, the challenge of TPP.

II The enlightenment of Chinese experience

From China's practice of its accession to WTO, we could see that opening up is the only way towards prosperity. If closes the door when encounters risks and challenges, one will be marginalized in the wave of globalization and miss the opportunity of economic development and technological innovation. Only by combining opening up and domestic economic system reform, can the country be benefited from globalization.

Regarding the relationship between developing countries and the multilateral trading system, there are some preliminary conclusions:

1. Economic globalization is an objective process, which has both advantages and disadvantages, both circuitous and climax. It will neither be halted, nor be easily chosen between acceptance versus rejection.

The definition of economic globalization is that, the increasingly integration of various countries forms the entire global economy. The deepening of economic globalization has mainly been caused by the development of technology, especially the information technology. In addition, during the past 30 years, multinational companies have exerted an enhanced influence on the world economy, and the international investment and trading activities have been increased, and the

liberalization process of both trade and investment have been promoted by developed countries through multinational trading system, all of which further accelerate the speed of globalization.

Although the rethinking about globalization aroused in the West during the 2008 financial crisis, the progress never stop. Although the liberalization process hindered when Doha round suffered a setback temporarily, the impact of multinational trading system has not disappeared. It is quite objective to say that, WTO has played a critical role in curbing protectionism in recent years.

2. Discrepancies and interests conflicts exist between developing countries and developed countries, but their relation is not definitive opposite, which requires both sides to seek new thinking and intersections of their interests.

Undoubtedly, it was the developed countries that initiated and actively advocated the trade and investment liberalization, and they have been playing a leading role in the WTO until now. However, at least some of developing countries have enjoyed benefit from the trade liberalization. Besides, since the launch of Doha round, the power structure of WTO has been changed gradually, and collective bargaining right for developing countries has been enhanced. Because of different location in the global value chain, developing countries are not all

against the goal of trade and investment liberalization, but they hold a diverse opinion on the speed, extent, and dynamics of the liberalization compared to developed countries.

The failure of Doha round was caused by the conflict between developed countries and developing countries, especially emerging economies, but the overlap of interests have not been found does not mean it does not exist. Now, each side is trying to seek its future. On the premise of equilibrium of rights and obligations, we support such kind of explorations.

3. In the process of economic globalization, to some extent, developing countries have been pushed forward, but whether or not they are completely passive depends on what trade and industrial policies and development strategies they adopt.

An increasing number of developing countries have realized that, in the background of economic globalization, instead of developing and implementing their own strategies independently and spaciouly, they can only find and locate their position in the global value chain. There are two choices in front of them: one is engaging into the formulation of the world's trading rules; the other is being excluded by the main trend of international economic development. It has been found that most of developing countries have chosen the former, which is the reason why

WTO has expanded to such a large scale with 158 member states.

Being pushed forward does not mean developing countries are completely passive in the process of globalization. They could establish and give full play to their advantages by taking positive actions in some promising aspects, such as adjustment of economic structure and implement of international practices. Furthermore, behaviors of states have showed us that, the result of various policies differed widely.

To make a conclusion, developing countries should search the internal relations between foreign trade policies and economic development when participating the economic globalization, rather than try to establish a simple causal relation between the accession to WTO and the economic development.