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## Speech

# WTO Trade Policy Review of China: UK Statement

The UK's Ambassador to the WTO and UN in Geneva, Simon Manley, delivered this statement at the WTO Trade Policy Review of China on 20 October 2021.

From:

[Foreign, Commonwealth & Development Office \(/government/organisations/foreign-commonwealth-development-office\)](/government/organisations/foreign-commonwealth-development-office/), [Department for International Trade \(/government/organisations/department-for-international-trade\)](/government/organisations/department-for-international-trade/), and [Simon Manley CMG \(/government/people/simon-manley--2\)](/government/people/simon-manley--2/)

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Thank you, Chair.

The United Kingdom's Trade Secretary, Anne Marie Trevelyan, has asked me to relay her thanks to the Chair, as well as our discussant Ambassador Mlumbi-Peter, for facilitating this Trade Policy Review. I would like to convey my thanks to the WTO Secretariat for their hard work in producing the report. I would also like to extend a very warm welcome to the Chinese delegation - led by Minister Wang Wentao and Vice-Minister Wang Shouwen - and of course to the team here in Geneva.

As others have said, it is now twenty years since China joined the WTO and the global trading landscape has been transformed during that period. And as others have noted, China's share of global trade has jumped from approximately 8.5% to almost 11% in the decade to 2019 and is expected to increase yet further to 12% by 2030. That increase in trade has of course been a major contributor to China's growth and has helped lift millions out of poverty. I would like to congratulate China on behalf of the United Kingdom for that significant achievement.

All of this is possible because we have an open, rules-based, transparent, and non-discriminatory global trading system. We look - like others - to China to play a full and responsible role upholding this arrangement, including by agreeing to take up commitments which are commensurate with its level of development and economic capability. So in the context of the fisheries subsidies negotiations - which others have referred to - we have heard China say that it does not intend to take up wide-ranging Special and Differential Treatment. We very much welcome that direction of travel and we look forward to seeing how that commitment is made concrete through the negotiations and indeed wider discussions here at the WTO.

We recognise the recent progress China has made to open its markets to international trade and investment. We welcome China's engagement with plurilateral initiatives such as the JSI on investment facilitation, E-Commerce and domestic regulation, as well as the Trade and Health Initiative, the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics - all good initiatives. The changes made by China to reform and liberalise will - in our view - benefit both the WTO membership and Chinese citizens alike. And they also support China's own economic development.

The success of that economic development means China has reached a point where the pace, scale and implementation of its market opening needs to accelerate. This will give more meaning to China's own calls for an open, rules-based, transparent, and non-discriminatory trading system.

Madam Chair - if I may - I would now like to highlight several areas which we believe require China's attention and action.

First, Chinese firms continue to enjoy much higher levels of access in overseas markets than their foreign counterparts enjoy within China. This lack of reciprocity is accompanied by a growing perception of unfairness amongst many WTO members which should be a concern to China too.

The challenge is not merely one of formal market access. Despite improvements in detection and seizure of infringing goods, counterfeits - for example - continue to be produced and exported at high levels. Foreign businesses continue to report significant concerns relating to equal treatment with local companies, inconsistent application of regulations, subjective licensing regimes, opaque phytosanitary requirements, hidden subsidies, and restricted public procurement.

As the Secretariat's report makes clear to us, the size of China's economy and government support programmes to industrial sectors can and do significantly distort the market in China's favour and to the detriment of foreign firms and free and fair international trade.

Secondly, like others, we are also concerned about the centrality of state-owned enterprises to China's industrial strategies, and the opacity of their operations. These SOEs number at around 326,000 and account for over 20 of China's 25 largest businesses. That market dominance and the way such SOEs operate, disadvantages both domestic private firms and foreign investors. We recall, in this context that China has committed through its Accession Protocol (and since repeated in the Chinese government's report to the WTO ahead of this review) not to interfere with the operation and management of state-owned enterprises.

For us, the onus is on China to be much more transparent in demonstrating that such enterprises do operate as normal market actors.

Indeed, increased transparency is key to raising confidence in China's policy intentions. With that in mind, we call on the Chinese Government to commit to publishing all materials related to its three-year reform plan for its state-owned enterprises, so that it is clear what is and what is not being directed by government.

Staying on the same topic of transparency, we also share the concerns raised by other Members about China's continued lack of compliance with transparency obligations under the Agreement on Subsidies and Countervailing Measures.

We would like to highlight, Madam Chair, that we closely monitor reports of China's trade actions being deliberately targeted against goods of some countries for political reasons - as others have cited here today. Market participants will draw their own conclusions. But in the long term, such actions undermine market confidence that China does indeed want the open, rules-based, transparent, and non-discriminatory system, to which I referred to earlier. This is another area where China could act - we believe - with greater transparency.

Finally, forced labour, wherever and whenever it occurs, is unacceptable. So we call on China to ratify and effectively implement the ILO Forced Labour Convention including the 2014 Protocol and the Abolition of Forced Labour Convention. We will continue to monitor Chinese actions through the WTO - but also through the ILO.

To conclude, Chair: China's transformation in the last 20 years has been remarkable, and China should take great credit for that. But as a trading superpower, China now has a special responsibility to ensure it practices free and fair trade. The UK, for its part, looks forward to continuing working with China with a sense of shared responsibility to safeguard and strengthen the multilateral trading system, of which we are both such proud members.

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