

Trade Policy Review of China
(First Session on 20 October 2021)

Statement of Hong Kong, China

- Thank you, Chair.
- I would start by extending a warm welcome to the Chinese delegation led by Minister WANG Wentao, Minister of Commerce of China. I would also like to thank Ambassador Xolelwa MLUMBI-PETER of South Africa for sharing with us her insights as the Discussant, and the Secretariat for preparing the comprehensive reports for this review.
- Hong Kong, China maintains a very close economic and trade relationship with the Mainland of China, which has been our largest trading partner for decades. In 2020, we were the fourth largest trading partner of the Mainland of China and the largest source of its realised foreign direct investment, accounting for more than half of the total.
- As China is one of the largest economies in the world, its trade policy has significant impact on international trade and the global economy. We appreciate the progress of trade liberalisation and facilitation efforts that have been undertaken by China in recent years.
- We also appreciate China's firm commitment to supporting and strengthening the rules-based multilateral trading system. At a time when the WTO is facing unprecedented challenges and global trade is striving to recover from the pandemic, this is the commitment and engagement that are most needed from every Member of the WTO.
- We thank China for being the coordinator of the Friends of Investment Facilitation for Development (FIFD). We look forward to working closely with China and other like-minded Members to further develop the framework for investment facilitation, with a view to working towards a concrete outcome at MC12.
- We have the following observations on China's trade policies.
- On **trade facilitation**, China ratified the WTO Agreement on Trade Facilitation (TFA) in September 2015 and notified the majority of its commitments in Category A, with the rest in Category B. China fully implemented the TFA ahead of its original schedule in February 2020 and has also duly submitted all TFA transparency notifications. In the Committee on

Trade Facilitation, China has shared its experience on implementation of the TFA in May 2018, AEO programme in October 2018, single window in October 2019 and accelerated implementation of the TFA in June 2021. We appreciate China's contribution to promoting trade facilitation.

- We are pleased to note that China has introduced further trade facilitation measures during the review period, such as implementation of paperless application for import and export licenses and customs clearance, reduction of number of documents required for customs process, a new “two-step declaration” system to improve efficiency of customs clearance and accelerate cargo release, and reduction of tariff lines subject to import supervision inspection requirements.
- Meanwhile, China continues to maintain its Authorised Economic Operator Programme and signed Mutual Recognition Arrangements with 43 trading partners. China has also enhanced its National Single Window by providing extra service functions and increasing the number of connected ministries and commissions from 11 in 2018 to 25 in 2020. The National Single Window, fully operational since 2019, is now processing 100% of China's customs declaration services.
- According to the time release study conducted in 2021, the overall clearance time for imports and exports in China has been reduced by 61.9% and 86.4% respectively as compared with 2017. Hong Kong, China commends China's continued efforts in facilitating trade.
- Turning to **tariff**. It is commendable that China has bound all of its tariff lines, with 87.4% of its tariffs being ad valorem duties and an average bound rate of 9.6%. There is also a decrease in simple average applied MFN rate from 9.3% in 2017 to 7.1% in 2021, together with a substantial reduction in international tariff peak from 13.9% in 2017 to 4.5% in 2021. China's determination in its tariff liberalisation is noteworthy and we look forward to its continuous efforts.
- While we are pleased to note the decrease in China's average applied MFN tariff on agricultural products from 14.8% in 2017 to 12.7% in 2021, we also note that it is still higher than that on non-agricultural products (at 6.2%). So far as tariffs are concerned, the agriculture sector continues to be relatively protected, compared with the non-agricultural sectors. During the review period, China continued to maintain tariff rate quotas on 44 tariff lines of agricultural products including wheat, corn, rice, sugar, wool and cotton. We would encourage China to further liberalise trade in its agricultural sector.

- Hong Kong, China appreciates China's efforts in harmonising its **technical regulations** with international standards with a view to facilitating free flow of trade with its trading partner. We note that the proportion of mandatory standards in China which are adoptions or adaptations of international standards has increased from 74.3% at end-2017 to 92.4% at end-2020.
- Hong Kong, China also appreciates that China is revising its **government procurement** laws to enhance the transparency, quality and efficiency of its government procurement. We welcome the fact that China has taken into consideration green procurement, e-procurement and SME participation in amending its administrative measures on government procurement.
- We are also pleased to note China's continuous effort in its negotiation on accession to the Government Procurement Agreement (GPA), with the circulation of its sixth revised market access offer. We look forward to further constructive communications between China and GPA Parties to resolve the remaining issues in the accession process.
- The **service sectors** now make up 55% of China's GDP, up from 51% in 2015. The fastest-growing service sectors during the review period include information transmission, software and information technology; and leasing and business services. China also seeks to widen market access for foreign investment by, among other things, loosening foreign investment restrictions in various sectors such as manufacturing and finance. We appreciate China's efforts in liberalising its service sectors and look forward to its continued liberalisation with a view to achieving its vision of expanding international trade.
- Hong Kong, China always treasures the Mainland of China as a valuable trading partner. We look forward to further fostering our bilateral trade and economic relations and will work closely with China and other Members to pursue further global trade liberalisation under the WTO framework. We thank China for the written replies to our questions and wish China a very successful trade policy review.
- Thank you very much.

Hong Kong Economic and Trade Office in Geneva
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