

Trade Policy Review of China (First Session on 17 July 2024)

Statement by Hong Kong, China

- Thank you, Chair. Greetings to colleagues.
- I would like to start by warmly welcoming the delegation of China led by **Vice Minister LI Fei** from the Ministry of Commerce.
- Insights shared by **Ambassador Dandy ISWARA** of Indonesia as the discussant are very much appreciated.
- As always, we feel indebted to the Secretariat for their thorough research and comprehensive report, not to mention the efforts required to study an economy of this scale.

Bilateral relations

- Hong Kong, China (**HKC**) has a very close economic and trade relationship with Mainland China.
- Mainland China has been our largest trading partner for decades. With our strategic geographical location, well-developed infrastructure and international network, we have long been an important entrepot for trade between China and the rest of the world. We are also each other's important source of external direct investment.

China and WTO

- As colleagues in the WTO, we appreciate China's active and constructive engagement with Members at different stages of development, and above all, its readiness to listen to different opinions with a view to finding common grounds necessary for WTO to make progress on various topics. These range from topics under active negotiation on the multilateral front to plurilateral initiatives, and to exploratory talks on the more forward-looking trade agenda.

Trade Policy of China

- With respect to the trade policy of China, we have the following observations.

- We value the steadfast commitments of China to stay open and press ahead with its policy on deepening modernisation. These are underlined by the long list of market liberalisation measures it has unilaterally adopted since its last Trade Policy Review. As Vice Minister Li's own opening remarks has briefly run through many of them, I do not intend to repeat them here. Instead, I would just focus on a few initiatives which we think are worthy of special mention.
- First, on **trade facilitation**, we appreciate China's experience sharing at the meetings of the Committee on Trade Facilitation on its various trade facilitation initiatives, in particular its Smart Customs governance in recent years. These have provided useful inputs to the promotion of simplification of Customs procedures through digitalization. Noting that China has been requesting local governments to rectify measures that might have impeded market access, we welcome China's efforts to continue reviewing its customs procedures and related facilities for further enhancement of its trade facilitation regime.
- Second, on **tariffs**, we appreciate that China has bound 100% of its tariff lines, with most (99.6%) of them carrying ad valorem tariffs. We are also pleased to note that, since the last Trade Policy Review, China has seen an increase in its duty-free tariff lines (from 12.6% to 16.2%), as well as a decline in lines with international tariff peaks (from 4.5% to 4.3%) and nuisance applied rates (from 4.3% to 2.5%).
- However, there is always room for improvement. HKC has systemic interest in the general reduction of trade barriers around the world. In this connection, we note that the agricultural sector of China is still relatively more protected in terms of tariffs, as the average applied MFN tariff on agricultural products was 12.6% in 2024 compared to non-agricultural products at 6.1. We look forward to the continual tariff liberalisation of China to foster trade.
- Third, like HKC, **services** continue to be an important driving force for China's economy, accounting for around 55% of its GDP in 2023. We take note of China's efforts in opening up its financial services sectors to greater foreign participation by allowing foreign-invested companies to engage in credit rating services, asset management, pension fund management and brokerage, as well as the removal of foreign ownership limits on securities, futures and fund management companies. As an advocate for liberalisation in services trade, we encourage China to continue its efforts in this direction.

- As fellow supporters of the multilateral trading system with the WTO at its core, we look forward to closer collaboration with China and other like-minded WTO Members to take forward meaningful initiatives to modernise the WTO to ensure its continued relevance.
- Last but not least, we thank China for their timely response to our written questions, and we wish China a successful trade policy review.

Hong Kong Economic and Trade Office in Geneva
July 2024