

# Evaluate the impact of china's accession to the wto on the world economy

[Economics](#)



## Introduction

### **Background**

In 1978, when a series of reforms aimed at economic development and opening to world trade were made, China used these to become one of the largest economies in the world by the time of their accession to the WTO in 2001. Just prior to these major reforms, China was the world's thirty-second ranked exporter country. By 1989 it was the world's thirteenth largest trading nation.[1] During this time China had joined the International Monetary Fund and the World Bank.

Prior to this, in the period 1949-1978, China was fully committed to Communist economic policies and pursued a Socialist heavy industry development strategy. Consumption was not at an optimal level, much of the economy was under state control and spare resources were used for the building of new factories. There were numerous trade barriers, with tariffs on most goods, tight import controls and import quotas. China therefore had a very closed economy, until the Chinese leadership decided to take a more pragmatic approach by introducing elements of capitalism to promote economic growth.

The 1978 reforms led to an enormous increase in China's total value of trade, with average annual percentage growth rates in the mid-teens, leading to huge inflows of foreign direct and portfolio investment. The significant export-led strategy was a key factor in the impressive rates of growth and lifted millions of people above the poverty line. The nature of China's trade preferences also changed dramatically, with a (fast-track)

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industrialisation not too dissimilar to the one seen by the developed world in the 18th and 19th Century. In 1978 over half of China's exports were primary commodities—a figure that later fell to 5 per cent. Exports of manufactured goods, just 46 per cent of the total in 1978, more than doubled to 95 per cent, with over 30 per cent of that being new and high-tech products.[2]

### **Why did China join the WTO**

China formally became a member of the WTO on December 11, 2001. Its accession is particularly note-worthy because although China was a part of the General Agreement on Tariffs (GATT) its readmission to the multi-lateral trading system took 15 years from its submission in 1986 to its accession in 2001. Of course, this had much to do with the legacy of the Communist revolution in China in 1949.

A significant motive for China joining the WTO was the negative effects were it not to join. Whilst the economy may have benefited from protection in the short run, it would have been a hindrance in the long run because of the trade and structural advantages that the economy would be closed off from. Also, with the UK and the United States having such a powerful influence in the WTO and other world organisations, China could see itself suffering sanctions because of political issues (eg human rights) if they refused to join.

Furthermore, if China excluded itself from world trade and stayed in its Communist 'bubble' it would not be possible for it to influence a world centred mainly on Capitalism. So, in order to have a major influence in policy-making, China needed to join the key organisations. This would help

protect its interests and prevent economic policies being forced upon it without it having any input, such as agricultural trade issues.

Thirdly, prominent Chinese leaders believed that without an external disciplinary organisation, the economic progress that China had seen for the past few decades may start to plateau because of vested interests and corruption. The WTO would provide pressure to implement new reforms and maintain economic advancement. Then, if the economy subsequently deteriorated, the Chinese government would be able to blame outside influences, such as the WTO.

The WTO would also lead to significant economic benefits, specifically through world trade. WTO entry would allow China to gain greater market access for its exports to Europe, Japan and the United States, especially in the clothing and textile industries. Also, as the economy was experiencing a slowdown in the late 1990s, joining the WTO would provide a positive injection, with some economists forecasting additional growth of 2% pa, creating 10 to 15 million jobs. During the period prior to WTO membership, foreign direct investment (FDI) decreased year-on-year, which helps explain China's eagerness to join the WTO. There was a need for new investment from Europe and the US that China could direct into improving its service sector to supplement manufacturing exports into Asian markets.

Finally, China may also have had an ulterior motive in joining the WTO in order to strengthen its economic and political ties with Taiwan. WTO membership for both countries would increase trade and could have potentially initiated new talks about political integration. In any event, if

relations between the two countries deteriorated, the WTO could act as a mediator.

### **China's initiatives prior and since joining the WTO – commitments it has given to the WTO**

Once China opened its economy to world trade in 1979, it has centrally managed its trade policies, starting with complex import and export controls and trade barriers in the 1980s, and subsequently relaxing these with significant tariff reductions on the majority of goods to facilitate joining the WTO. This, along with domestic price liberalisation, ensured that domestic prices of most traded good were consistent with world prices by the mid-1990s. Provided China implements its WTO commitments in accordance with the agreed timetable, China will become ever more integrated into the world economy and the resultant growth in global trade will benefit other WTO countries as well.

The above table of average tariff rates since 1997 demonstrates how China has opened up to trade from worldwide markets. In all sectors, apart from a couple of agricultural-based ones - feed grains and plant fibres - average tariff rates have fallen, with the greatest rates of decline occurring since China's WTO accession in 2001. For example, the sugar tariff fell by just 2%, to 40%, until 2001, but has subsequently halved from 40% to 20% in 2007-2010. Beverages and tobacco have also seen a huge reduction in their protection, which can only be positive for net exporting developing economies worldwide. China's willingness to lower its trade barriers and open its markets will result in higher inward direct investment capital flows.

The extent of China's protectionism mostly extends to tariffs now. This is because as part of preparing for WTO accession, its leaders agreed to eradicate the use of import quotas, licences, designated trading practices and other non-tariff barriers.

Unlike the continual tariff reductions on traded goods over a number of years, China's service sector, which has previously experienced virtually no foreign competition, will see a large increase in transparency with the rest of the world. Liberalisation of licensing in these sectors will, in the long run, ensure full access to foreign businesses, such as in the telecommunications industry which is currently run by state-owned enterprises.

Other than market-access commitments, the WTO conditions for accession included the national treatment and nondiscrimination principles, which are included in the Trade-Related Investment Measures and (TRIMs) and Trade-Related Aspects of Intellectual Property Rights (TRIPs). While most trade commitments mainly affect foreign trade, compliance with these commitments are more likely to impact on the domestic market with greater foreign investment through the removal of inter-border barriers and a more stable business environment, including clearly defined intellectual property rights.

China's implementation of its WTO commitments has caused very little contention within the WTO since its accession. The Transitional Review Mechanism (TRM) was set up to review China's compliance with its commitments. Although issues have been raised by China's trading partners in certain areas, no official complaint has been made against China and any

problems that have arisen have been the result of teething problems rather than outright non-compliance.

### **Affect of China's membership on the WTO as an institution**

When China joined the WTO, it was assumed that it would not be content with being a normal member because of its growing size and that China would act accordingly by taking an aggressive stance in policy-making. Furthermore, at the time of accession, the Doha Round of trade negotiations were about to take place and China was expected to have a substantial influence on the outcome of these talks. In reality, although China and other developing countries have had issues with developed nations, the failure of the Doha Round can be attributed to a number of issues, most notably contention between the US and the EU over the use of export subsidies in agriculture.

In general terms, most trading partners within the WTO have looked favourably on the impact of China, with one Japanese spokesman saying that China's accession to the WTO was the most important trade event of the century.[4] Despite this, Japan, along with the EU and the US, had concerns over trade regimes in the automotive industry and the lack of transparency of rules and regulations in the Chinese domestic market. However, after five years of membership, most WTO members seemed to accept that China was still committed to implementing its WTO commitments and that China was no more a 'special' member than anyone else. This was shown by the Trade Policy Review (TPR) in April 2006, where China was recognised as a member that had benefited greatly from the accession and was fully committed to the stalling Doha Round Trade Negotiations.

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A major trading power such as China, with a huge export capacity and domestic market is bound to find some frictions within the WTO. When disputes have arisen, China has made a substantial effort to resolve them before a formal complaint has needed to be made. Also, China has not instigated many disputes against other members, which can only help to build positive relationships within the WTO. Where China has acted disappointingly is in the Doha Round, where it was anticipated that it would have taken a more significant role but, instead, it initially left Brazil and India to take a leading role in representing developing countries.

Finally, in July 2008, during the WTO mini-ministerial in Geneva, China stood up and joined a core group of 6 countries that was attempting to remove restrictions on trade in agriculture and industrial goods. Its first success, together with India, was to retain an important "special safeguard mechanism" that protects both countries from agricultural imports and resisted efforts for them to lower their cotton tariffs on imports from the US.

China has therefore finally come to the table to play a major role in the Doha Round, but its approach has been more defensive, particularly for service industries, rather than pragmatic.[5] In view of its dominant position in world trade, it is important that China now steps up and joins with the other two large developing economies, Brazil and India, and the US and EU, to make key decisions regarding market access rights and to tighten the rules of the WTO.



### **Affect of WTO Membership on China's Internal Reform Programme**

China's mixed record in the WTO should be seen, above all, in the context of market reforms at home post-WTO accession. The overriding advantage of WTO accession to China is that it has sustained the earlier sweeping unilateral reforms, made China's trade-and-investment regulations more transparent and predictable, and given China a long-term stake in multilateral rules[6]. But with its home in Geneva, the WTO cannot direct the reforms in Beijing. In recent years, the national reform engine has decreased and industrial-policy interventions have increased because of this. At the same time, China has increasingly used Preferential Trade Agreements (PTAs) to its advantage, especially with other countries in East Asia.

### **Affect on Exports and Imports**

#### Global Impact

There has been a remarkable shift in China's share of global trade since WTO accession. On imports, the US still has the highest share, but this is declining and stood at 14. 2% in 2007. Conversely, China's share rose from 3. 6% in 2000 to 6. 7% in 2007, and they are projected to take second place from Germany. This trend is expected to continue while China continues to globalize, as more than half of imports to China are raw materials used to produce goods for domestic consumption and exports. On exports, the situation is even more dramatic, as China moved into top position by the end of 2009 (see following chart[7]) having lagged considerably behind the major developed nations in 2001.

The chart below illustrates how far China's contribution to world trade has advanced compared with other "second division" countries from 1985 to 2009, measured by each country's share of total global imports and exports.

[8]

Asia

China's accession to the WTO will have a considerable affect on the economies of Asia and will present both challenges and opportunities for them. Over the coming years, China will continue to improve its business environment and lower tariffs, which will lead to increased access to China's domestic markets, both for foreign trade and direct investment. This should lower transaction and input costs, while the increase in exports from China should lower the price of imports for the rest of Asia, particularly its trading partners.

The table above shows the restrictive effect that China's tariff policy had on its global imports following the opening of trade in 1979 until its WTO accession in 2001 and then the subsequent increases in the immediate period thereafter. Post-2001, Asian countries had the largest share of their exports going to China and the highest growth rate of exports to China since 1980. This is especially true of South Korea, whose exports to China grew from 0% in 1990 to 16.2% in 2003.

Going forward, China's reduction in protection measures will lower its input costs and result in lower export prices that will increase its competitiveness as an efficient supplier of goods. The benefits of this for Asian countries will

be increased output and welfare because they can source cheaper Chinese imports and use them for intermediate inputs in their own secondary and tertiary industries.

There have, however, been some negative effects on the trade position of countries in South Asia associated with China's accession to the WTO. This is because developing countries such as Thailand are in direct competition with China for exports of certain goods, especially the clothing and textile industry. China's higher comparative advantage in these labour intensive industries (due to lower wages and other input costs) will mean that products from other Asian countries will become less attractive to developed nations such as the EU and the United States. Therefore, whilst China can expect to see its export growth continue, other developing countries in Asia and elsewhere are likely to see a reduction in their exports as a result of China's improved competitiveness.

### **The EU and the United States**

The main effects that China's accession will have on the EU and the United States are in their agricultural export industries. At the time of accession, the US had a 27% market share, while the EU only accounted for 4% of China's agri-food imports. However this is a massively growing industry for the EU and this figure has been rising ever since as a result of the sharp tariff reductions, making EU food more competitive. Another reason for China's growth in demand for imports is that, as a result of sustained economic growth, the Chinese public have more disposable income to spend on exotic foreign foods. It is the growing Chinese domestic market that provides ample opportunity for the US to increase its exports however. Many of these goods

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may be made in China, because distance and lead times mean companies cannot serve every customer in China from a US base but these product and service sales require design or service support, or component supply, from US facilities, which will strengthen US companies' core operations and employment.

However, China will generally choose to source imports on the basis of price. This means that the US and the EU need to keep their respective exports cheap in order to stay competitive otherwise they won't see the benefits of China's accession. The US also has the problem of high transportation costs. Because of the need to keep prices as low as possible, the strength of the dollar, the Euro and the Pound will also become increasingly important to stay competitive. This is because of foreign competitors such as Canada, Australia and the rest of Asia, as well as competition amongst themselves.

The opportunity for the EU and the United States to benefit from rising trade with China and the subsequent fall in trade barriers meant that both were very receptive to China's membership of the WTO. China's motivation to join the WTO also meant that the EU and the United States, as powerful members, could ensure that the terms for China's accession were made favourable to their imports and exports. This was shown by the EU-China Trade Agreement in 2000 and the US-China Trade Agreement in 1999.

Is the emergence of China onto the global stage a threat to the US economy's dominance? Yes, but only far into the future. The US economy is over twice the size of China's and, on a per capita basis, nearly twelve times bigger.

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From mid-2007, the European Commission has adopted a more confrontational tone in EU-China trade discussions. A major source of tension is the EU's widening trade deficit with China, which Commissioner Mandelson referred to as a "policy time bomb". It rose from roughly EUR 50 billion in 2001 to around EUR 170 billion in 2006, a more than threefold increase. [10] Thus, the gap between the EU and US's trade deficits with China (USD 256 billion in 2007) is narrowing. However, there is an important difference between the US and EU current-account deficits: the EU's deficit is not a concern in terms of GDP (around 0.5 per cent of EU-27 GDP), whereas the US deficit is much higher at 5-6 per cent of GDP. However, the focus on the EU-China trade deficit is perhaps overstated, as Germany's trade surplus, for example, is higher than China's.

Furthermore, while the EU-China trade deficit has been increasing, the EU's trade deficit with the rest of the world has decreased- from EUR 93 billion in 2000 to EUR 66 billion in 2006.[11] Many imports into the EU now come via China, rather than directly from their home countries. This is particularly the case for nine large trading partners with the EU: the USA, Japan, South Korea, Hong Kong, Indonesia, Malaysia, Singapore, Taiwan and Thailand[12]. Since 1999, Europe has increased its imports from China, but taken relatively less from the USA and the rest of Asia. So, the major difference between today and the 1990s is that the EU global trade deficit is concentrated mostly on China rather than being spread over the whole of Asia. The EU-China trade deficit is a manifestation of the development of trade flows and production locations, with China becoming a base where primary inputs from other countries are manufactured and re-exported. That includes the intra-

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firm trade and global supply chains of EU-based companies. China has gained a comparative advantage in low-tech, labour-intensive industries such as clothing and toys. But its final-assembly exports of products made during the assembly of primary inputs have been growing even faster (Athukorala and Hill, 2008).

Conventional trade theory suggests the EU-China trade deficit is essentially nothing to worry about. China is simply utilising its comparative advantage in unskilled, labour-intensive manufacturing.

### **Impact on the BRICS**

China's progress within the global economy can be measured in comparison with the other countries in the BRICS. Although China ranked only 83rd in the World Bank's Ease of Doing Business Index for 2007, this represented a significant improvement over the previous few years and clearly ahead of Russia, India, Brazil and Indonesia. For "trading across borders" it is way ahead of South Africa, Russia and India[13]. China also occupies 48th position in the World Economic Forum's new Enabling Trade Index (which uses commercial infrastructure, market access and the business environment to measure a country's encouragement of trade), higher than South Africa (59th), India (71st), Brazil (80th) and Russia (103rd). China increased its position in the world rankings for trade and foreign direct investment (FDI) very quickly, moving above Japan, to become the world's third largest trading nation, with 7% of world trade by 2006 (7.7% of goods trade and 3.5% of services trade). China's trade-to-GDP ratio had reached 70%, considerably above Brazil and India, and for such a populous country to have this kind of ratio is extremely rare. China has a 2.4% share of global

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inward FDI, which is again higher than the other BRIICS and has been the second largest recipient of FDI in the world since 2000, with China's outward FDI also growing at an increasing rate.[14]

Thus, China has moved ahead of most developing countries and the other BRICs in generating economic growth, and perhaps more importantly, large amounts of employment, poverty reduction and improvements in human welfare, especially in urban areas. High investment and saving rates have been the cause of this, but trade and FDI have also been very important during the expansion of labour-intensive manufactured exports. Having said that, China still has high regulatory barriers that waste resources, restrict internal trade and generally stifle domestic sources of growth. The onus is now on China to reduce these barriers in order to maintain their high economic performance levels.

### **Affect on Comparative Advantage**

China, like other South Asian countries, gained a comparative advantage in many consumption goods by having an abundant supply of labour which drove down wage prices. This led developed countries to become concerned with their own comparative advantages disappearing when exporting, as Paul Samuelson wrote: Growth in the rest of the world can hurt you if it takes place in sectors that compete with your exports[15]. So, to protect against this, the United States in particular has imposed import quotas in order to limit the amount of Chinese imports coming into the US. However, there seems to be substantial evidence to the contrary for the past 25 years, with advanced countries slightly increasing their annual % change in terms of trade and developing countries' falling.

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The diagram above shows the effect of what would happen if China flooded the international markets with goods that they have a comparative advantage in. The world supply curve would shift outwards from  $S$  to  $S'$  giving a higher quantity ( $Q'$ ) and a lower price ( $P'$ ). This would have a positive effect on the countries importing these types of goods but would negatively affect the comparative advantage of export-competing countries in Asia.

The assumption that China would shift huge amounts of resources into this export industry as a result of trade liberalisation would depend on how long the gestation period of investment lasts. As is usually the case, product development, retraining and improved market position take time, so in the short run the other developing countries should not be markedly adversely affected.

Furthermore, it is generally assumed in the literature that the clothing and textile sectors produce homogeneous products that give China an immediate advantage in world trade. This is not strictly the case because there can be variants in different types of clothing for both men and women. This would suggest that countries could specialise in one type, which would mean that China does not need to have the same effect on other countries that it might if all the products were homogeneous.

### **Impact of China's Foreign Currency Reserves**

The differences in growth and consumption between the countries that borrowed and consumed too much during the years before the latest financial crisis (the US, UK and most countries in southern and central



Europe) and those that generated excess savings and output (including China, Germany, Japan and the oil exporters) have created global imbalances and present major challenges.

China powered its economy by increasing exports to US consumers, whilst manipulating the global currency markets to limit market forces that would normally have restricted its export growth. The Chinese government forced companies to sell their dollar and euro export earnings into Yuan at artificially low exchange rates. So, the central bank accumulated a large part of the country's export earnings rather than allowing them to be recycled and spent on foreign consumer goods and investments. China's foreign reserves have grown from \$500 billion in 2000 to more than \$4 trillion now. This money has been used to buy US treasuries, issued to fund US budget deficits which financed further consumption on Chinese exports.

There were hopes that a by-product of the 2007-9 financial crisis would be a gradual reduction in these global imbalances. The credit crunch should clearly lead to lower consumption in the high-debt economies but for the global imbalances to be re-balance in a lasting way, it will be necessary for producing countries to make equal changes to their output. To date, the evidence is that consumption has weakened but the export dependent economies, especially Germany and China, are not taking action to lower their trade surpluses through lower exports or to significantly increase their own consumption leading to higher import levels. Chinese officials are talking of the need to rebalance the economy in favour of domestic growth, particularly of household consumption, but all that appears to mean

currently is that China will not seek to increase its trade surplus any further from the level of \$300-\$400 billion in 2008-9, compared with only \$70 billion 4 years earlier.

Other countries appear to have accepted that China's policy of maximising exports and accumulating foreign reserves is a fact of life. The IMF is forecasting that China's trade surplus will narrow only marginally from 10% of GDP to 9.4% in 2014. Given that the Chinese economy is almost certain to grow during this period; this implies that the trade surplus will continue to expand. If the indebted countries do decide to curb consumption and reduce their national debt levels, the trade surpluses will have to shrink. The immediate post-crisis consensus was that the US would return to its role as the world's largest consumer and borrower, but politically the US government and public are likely to prevent this. Instead, government policies and business strategies are likely to be redirected towards promoting export-led growth. A good example is GE, which became the world's largest non-bank financial institution, but is now reinventing itself as a global producer of high-value investment goods. The result should be that growth in the US and UK will be stronger than expected and they will start to capture market share from export-dependent economies, assisted by a depreciating currencies. However, tensions will then emerge as China and Germany will do their utmost to maintain their trade surpluses which will then put pressure on other trading nations, especially developing countries that naturally compete with China and the weaker members of the Eurozone, to protect their export share.

So, either way, the world economy faces problems due to China's success in growing its share of global trade, which accelerated following China's WTO membership. If the imbalances widen, concerns will intensify about the international debt of debtor nations and trade protectionist measures that would weaken global trade growth will become increasingly likely. Or, in the more realistic scenario of lower deficits in these countries, China will be forced to accept lower trade surpluses or take market share from smaller economies.

In the absence of action by China, the major deficit countries will have to seriously consider deliberate currency depreciation or tariff protection to reduce their trade deficit. Protectionist measures by the US could result in a ruinous international trade war or even in threats by the Chinese government to sell some of its massive holdings of US treasury bonds, which would risk destabilising financial market. To avoid this, there would need to be a coordinated approach by many governments to change macroeconomic policies. It wouldn't be necessary that all trade deficits are eliminated but western governments would need to accept that market forces by themselves are insufficient and that trade and currency management policies are acceptable tools to redress the situation. China, Japan and the other planned economies, for their part, would have to accept a bigger role for market forces in economic management. This has started changing already - the broader G20 group of nations has emerged as a more credible forum for international negotiations than the G7 group of industrialised countries, and the IMF is looking into how inconsistencies in national economic policies and trade objectives should be tackled.

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### **Impact of China's Exchange Rate**

Unlike most large manufacturing-based economies, China, instead of making use of a floating exchange rate system, has historically either pegged its currency, the Yuan, to the US dollar or at least managed it to generally mirror movements in the US dollar. This had led to accusations that the Yuan is consistently undervalued on the world market, as the normal market reaction to China's enormous trade balance would be for its currency to appreciate.

The undervalued Yuan has had a significant positive effect on China's manufacturing exports because foreign companies have been able to obtain products which benefit not only from lower labour costs but also the undervalued currency; both of which create more employment opportunities. This has allowed China to build up a trade surplus and a substantial amount of international reserves. Having been through the 1997 Asian Crisis, China like other Asian economies welcomes the security of a trade surplus rather than a trade deficit. Also, the exchange rate encourages large foreign direct investment inflows into the Chinese economy, which further stimulates economic growth.

The implications this has for the WTO is that while Chinese exports become cheaper, this may result in anti-dumping claims from other countries. In addition, as imports into China become more expensive, this could act as a form of import control, limiting imports; which would somewhat offset the effects of China's tariff commitments to the WTO. This is an accusation that has been levelled at China by the US and EU in the past few years. The

presence of this "import control" would curtail the effectiveness of the EU  
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and US expanding export trade policy that I mentioned earlier, that should be the natural consequence of China's WTO accession.

On the other hand, there are some positives for the rest of the world as a result of a lower value of the Yuan, especially cheap manufactured goods to the US and EU. This is because, if the Yuan rose in value, more money as a proportion of income would have to be spent on manufactured goods, leaving less available for other goods and services. The most likely effect is that the US and EU economies would contract by more than the rise in their manufacturing output due to improved comparative advantage. So the overall welfare, at least in the manufacturing sector, is likely to be higher with a managed lower valued Yuan than a higher valued floating Yuan.

### **Commentary on Recent Developments**

In December 2010, the WTO ruled that the 35% duties imposed by the US on Chinese tyre imports in 2009 were justified. This is a rare example of a formal WTO ruling involving China.

It was evident at the third annual BRICS leaders meeting held in China in April 2011 that it is fast becoming a China-denominated forum, with the potential for China to drive its global agenda outside of interference from the US. China is the BRICS natural leader, as each country has c12% of its trade with China but only c3% with the other BRICS members.[16] China championed the inclusion of South Africa as the newest member, even though it lags other emerging economies, as a representative of the African continent, with which China now has a large and rapidly expanding interest.

Although China experienced a surprise trade deficit of US\$1bn in the first quarter of 2011, it recovered with a strong monthly surplus of US\$111.4bn in April, with Chinese exports increasing by 35% compared with April 2010 and imports up 12%.[17] This demonstrates that China is still benefiting from a weak exchange rate and could tolerate a stronger currency, and international pressure to allow this is sure to intensify. Chinese officials have regularly stated a greater willingness for this to happen, which will help tackle rising inflation levels.

### **Concluding Remarks**

The accession to the WTO of a country such as China, which is set to become the world's largest economy, can only be seen as a positive move for global trade developments in the long run. The main distracting issues, such as trade deflection with other, smaller developing countries, should decline over time. This is because China seems to be making a conscious effort to conform to the rules and institutions of the WTO, which is in the interests of both itself and all the other members within the WTO. Also, the current global imbalances, thought by many alarmist economists to be a threat to global financial stability, are not actually a major cause of the current financial crisis and could correct themselves as a result of inter-temporal preferences. Therefore, provided China continues to make concessions on its import barriers and restrictions on access to its internal market, the positive effects should be far reaching, especially within the EU and the United States.

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