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THE STRUCTURAL ECONOMIC REFORMS ANDTRANSFORMATION OF CHINA'S TRADE POLICY

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The structural economic reforms are considered as a strategic response to address the emerging trading rules and disciplines, focusing on regulatory coherence, which are intensively negotiated in some mega-regional trade pacts, such as the Trans Pacific Partnership (TPP) and Transatlantic Trade and Investment. China's authorities consider that the economy has entered a "New Normal" situation that will imply more stable, albeit lower, GDP growth rates of around 6.5%–7% a year. The authorities are intent on continuing the process of structural economic reform during the 13th Five-Year Plan (2016–2020), which includes the promotion of private sector participation in the economy, as well as the reform of State-Owned Enterprises (SOEs), while keeping the preponderance of public ownership [3]. Other measures mentioned in the Plan include the promotion of competition, fiscal reform, financial sector reform to increase private capital participation in banking and expand the provision of financial services, and making the exchange rate and interest rate more market-oriented.

China remains one of the largest recipients of foreign direct investment (FDI) in the world. China has continued to seek to attract further FDI by facilitating procedures, through a number of incentive schemes and through liberalization in the four existing Pilot Free Trade Zones. Hong Kong, China continued to be the main source of FDI, accounting for 73% of the total in 2015. It was followed by Singapore, Chinese Taipei, the Republic of Korea, Japan, and the United States.

China's applied MFN tariff in 2015 consisted mainly of ad valorem rates (99.5% of the total number of lines). The non-ad valorem rates comprised specific and alternate rates, and formula duties. China's average applied MFN rate in 2015 was 9.5%, almost unchanged since the last Review. This average continues to be higher for agricultural products (WTO definition), at 14.8%, than for non-agricultural ones, at 8.6%. China makes use of tariff-rate quotas (TRQs); in 2015, they applied to 47 tariff lines including products such as wheat, maize, rice, some cereal flours, cane and beet sugar, some mineral and chemical fertilizers, wool, and cotton. China charges export taxes on certain products, and applies quotas or bans on others. MOFCOM, in collaboration with other relevant departments, issues a Catalogue of Goods Restricted or Forbidden for Export. Export licenses may be required for goods subject to export restrictions. The list of goods subject to statutory and interim export taxes is issued every year. Exports paying interim taxes may also be subject to special export duties, which are applied seasonally and may be substantially higher than interim duty rates. China is the leading world exporter of certain products, some of which are subject to export taxes. During the period under review, there were two important changes regarding the imposition of export duties. First, in May 2015, interim export duties were removed on items included in 91 tariff lines at the HS 8-digit level, such as chemical elements, certain iron and steel articles, tungsten, and molybdenum; however, statutory export rates remained in place for all these items. Second, the special export duty rate of 75%, which applied mainly to fertilizers, was eliminated. In 2015, interim duties were levied on 314 tariff lines at the HS 8-digit level, compared to 320 in 2013, ranging from 0% to 35%. Export taxes (including both statutory and interim duties) were applied to some 4.1% of all tariff lines at the HS 8-digit level in 2015. Exporters are entitled to VAT rebates on all exported goods. The rebate rates vary according to the product, and are usually lower than the VAT paid, ranging from 0% to 17%.

China has continued to implement measures aimed at improving its intellectual property rights (IPRs) protection regime, including amendments to laws, regulations and rules. Measures were introduced in the area of patent protection in 2014 and 2015, which included: the granting of design patents for graphical user interface products, the improvement of the protection of biological materials through patents; measures to improve the patent agency system; and procedures to standardize patent protection enforcement across China. Changes were also introduced in the area of trademark protection related to: the protection of sound marks and well-known trademarks, the adoption of multiple-class registration, the protection of exclusive trademark rights, the increase of penalties for trademark infringement, and the responsibility for trademark infringement of the operator of an Internet trading platform. China has continued to strengthen its IPR enforcement system, both at the administrative and judicial levels. However, despite the efforts undertaken by the authorities to combat infringement, enforcement of IPRs continues to be a major challenge. Public security authorities above the prefecture and city levels in China currently have units to crack down on infringement and counterfeiting activities. China has also continued to reinforce the judicial infrastructure needed for court enforcement of IPRs, including through the creation in 2014 of specialized IPR courts in Beijing, Shanghai and Guangzhou. Cases concerning appeals by right holders, against the rulings or decisions made by the departments of the State Council with respect to the authorization or confirmation of IPRs, and administrative cases relating to the licensing of IPRs, are now exclusively dealt with by the Beijing IPR Court.

China aims to attain a "New Normal" which is to be characterized by a somewhat lower, and increasingly more service and technology-oriented, economic growth. Given China's role as a major player in global trade, this will have implications for the rest of the world due to the possible effect on trade patterns. The shift to a production pattern based on greater innovative capacity will need to be supported by a more skilled labor force, and access to the latest technology. This will require further adjustment efforts and an increasingly more market-oriented approach to investment, with the market playing the main role in the allocation of resources. The authorities are aware that some risks to future growth and development persist, including increasing aggregate debt levels, rising production costs, insufficient financing for small and micro businesses, oversupply in some industries and shortages in others, and structural bottlenecks. They have identified a roadmap to deal with risks and achieve stable medium-term growth through a number of measures to strengthen the role of the market, such as: tax reform, an improvement of local government debt financing mechanisms, the reduction of overcapacity, the promotion of market-based pricing and more market determined interest and exchange rates. Other proposed measures, on the other hand, such as increasing financial support to the real economy, especially credit support to key and weak areas, and supporting the development of strategic emerging industries, would seem to point in a different direction.

China's Trade Policy Dominance without the Will to Lead In less than thirty years China has risen from a marginal player in world trade to become the largest trading nation in absolute numbers. Especially accession to the World Trade Organization at the beginning of the twenty-first century gave a huge boost to China's integration into the global economy. Even as the existing domestic and external economic growth curves level off, it is foreseeable that China will come to dominate international trade in the way the United States did until into the 1970s. China's rise as a leading trading nation has immediate repercussions on the production and income of its trading partners and indirect consequences for multilateral trade policy. China stands at the centre of numerous trade conflicts and plays an ever more important role in shaping international trade relations and structures, but without as yet possessing the ability or will to lead [1]. This poses the pressing question of the implications for international trade policy, especially given that there is no other area of international politics where China is yet so dominant and influential.

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