

THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG

Position Paper

China's Accession to the World Trade Organization

The Issue

China's acceptance of World Trade Organization (WTO) standards is of immense importance to the United States. However, negotiations on China's accession have dragged on for 13 years. Recently the U.S. and Chinese negotiators have made substantial progress toward completing terms for entry into the WTO.

Position

AmCham Hong Kong strongly supports China's accession to the World Trade Organization under commercially viable terms as defined in our companion position paper. To facilitate this process, Congress should pass legislation that will enable the United States to extend permanent NTR status once China negotiates a commercially acceptable accession protocol.

Rationale

China's accession to the WTO would benefit US economic and strategic interests by further opening China's market to US products, services and direct investment; enhancing China's orderly participation in world commodity and financial markets; promoting China's continued transition from a centrally planned to a market economy; and allowing the US to resolve trade disputes with China more effectively through the WTO dispute settlement mechanism.

The agreement on China's accession will lay the foundation for US-China trade relations well into the 21st century. It should, therefore, require that China abide by most WTO standards shortly after accession. Fundamentally, US goods and services should receive at least the same treatment as similar Chinese domestic goods and services. This principle of "national treatment" underlies many of the other aspects of WTO membership.

The principle of "non-discrimination" is another WTO cornerstone. It requires that members grant one another non-discriminatory tariff treatment – normal trade relations treatment under US law. This is one of the primary incentives for countries to join the WTO. The US cannot expect that China will agree to the WTO's many stringent requirements without a guarantee of lasting non-discriminatory treatment from one of its largest trading partners.

Jackson-Vanik's requirement that China's NTR status be renewed every year violates the non-discrimination principle. If Jackson-Vanik continues in force after China's accession, the US would have to opt out of any China accession agreement, undercutting America's status as the world free trade leader. The annual NTR extension exercise has become futile and largely counterproductive. It is time to use the lever of permanent NTR status to achieve an important national objective: China's successful integration into the world trading system.