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A Case Study of China's Membership of the World Trade Organization: Implications on Sovereignty

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Since becoming a member of the World Trade Organization, China embarked on several commitments to become a key player on the international economic stage. This paper is a case study of China's membership of the World Trade Organization (WTO) and the implications on Chinese sovereignty. Theorizing China's historical evolution amid concerns of sovereignty, the paper looks at China's Regime Commitment and Compliance in the WTO, major Compliance and Commitment Concerns with China in the Organization. China may have complied with some of its commitments particularly in the service area. The paper distinctively concludes that China's membership of the organization has forced it to share power with other actor whilst protecting the interest of its citizens on the global stage.

Keywords: Sovereignty, Regime Commitment, Compliance, Trade, Interest, Economic Development, Globalization

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Introduction

Widely called mainland China, The Peoples Republic of China is the oldest civilization, and the largest country in the world in terms of population.¹ Since 1980, China has become the fastest growing major power, and home to the World's largest One-Party-State –run by the Chinese Communist Party (CCP).² Prior to becoming a member of the World Trade Organization (WTO), China's attitude has been centered on parameters of need to use basis – a policy largely attributed to the quest of strengthening national sovereignty, and enhancement of economic prosperity.

Following the death of Mao Zedong in 1976, his successor Deng Xiaoping announced the commencement of an "Open-Door" policy, endorsing China's economic engagement of the world, thus becoming the anchor of the Asian nation's economic strategy. This paper argues that China's commitments and compliance under obligations of the WTO is based on an "Open-Door Policy," aimed at economic growth, whilst strengthening the Chinese Communist Party (CCP) and not compromising national sovereignty.

The paper proceeds in Part I with a Conceptual Background Information of China's neo-liberal market policies and globalization. In Part II, the paper looks at China's Regime Commitment and Compliance in The World Trade Organization. Part III discusses Major Compliance and Commitment Concerns with China in The World Trade Organization. In Part IV, I analyze the theoretical and empirical implications of Chinese WTO membership on Sovereignty. And I conclude in Part V.

Part I: Conceptual Background Information

The relevant literature theorizing China's relation with the World Trade Organization (WTO) is not conflicting at all. China's relation with the WTO has long been a strategic policy underpinning for reasons of protecting national sovereignty and the interest of the people. From its traditionally premises, the literature on China's relationship with the WTO evolved around similar paradigmatic shifts – notably an early 1970 doctrine of market liberalizations around the empowerment of the state machinery. Scholars such as Alex E. Fernandez, Gilberto, and Barbara Hogenboom (2007) argued that "the economic miracle of market socialism has been the result of the structural transformations that started in 1978 under Deng Xiaoping at a time when China was economically devastated by the cultural revolution of Mao

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1. United States, Dept. of State, Bureau of East Asian and Pacific Affairs, *Country Report*. August 5, 2010 Washington DC.
 2. Ibid, see Country Report, United States Dept. of State

Zedong (1966-76).³ These structural transformations of market socialism were the beginning of China's pathway to economic reforms.

The emergence of market oriented economic policies were the hallmark of China's economic reform across various trajectories of its systematic integration into the global economy. Throughout the process, evolutions in technological innovations, and the progressive engagements of Transnational and Multinational Corporations epitomized economic growth and prosperity. Whilst policy formulation evolved around those parameters, China was cognizant of not compromising sovereignty and the interest of its citizens. This is evidently the backbone for the proliferation of market oriented economies across Mainland China. China realizes that to be a global competitive force, it has to be a part of the growing global trend. Along those parallels, it embarked on a strategic and tactical economic reform epitomizing its integration into the global neo-liberal economy.

According to Roya Akhavan – Majid, economic reform in China began shortly after the death of Mao Zedong and the rise of Deng Xiaoping to China's presidency in 1978. This was a time China was on the verge of famine, and faced not only a severe economic crisis, but also high levels of social and political instability in the aftermath of the Chinese Cultural Revolution.⁴ During such critical times, reforms aimed at economic reconstruction were argued to be the fundamental tenet of restoring faith in socialism and the Chinese Communist Party. Gordon was justified when he argued that:

'Deng's rise to power led to the development of a new basis of legitimacy: Socialism was redefined to mean raised living standards, with regime overtly appealing to the individualist desire to get rich quick.' (Gordon, 1997: 30)⁵

China has since then witnessed series of reforms. Reforms such as production from group lines to family lines, the election of village commissions, engagements in business activities in cooperation with township and village authorities and the growth of Township and Village authorities were the hallmarks of China's economic evolution.⁶ These reforms were responsible for the irreversible adoption of China's market oriented policies.

Deng's rise to Chinese presidency marked the abandoning of Communist ideological orthodoxy and the beginning of a pragmatic approach to economic development, with the global technological revolution as driving mechanism to growth.⁷ Arguably, with the ravages of poverty, China did not have a lot of choice when the growth model followed by industrialized countries and largely based on industrialization did not allow for sustainable growth particularly when market oriented economic models were adopted by emerging or developing countries.⁸ Amidst the well founded theory about the success of digital communications networks, it realized that such pragmatic approaches facilitate the quest to help people meet their basic needs at all economic levels.

3. Alex E Fernandez, Jilberto and Barbara Hogenboom, " Developing Regions Facing China in a Neoliberal zed World," *Journal of Developing Societies* 2007 23: 305
4. Majid. R (2004) " Mass Media Reform in China: Toward a New Analytical Framework" *Gazette* 2004(66); 553
5. Gordon. K. (1997) "Government Allows a New Public Sphere to evolve in China: Convenience or Contradiction?" *Media Development* 4: 30-4
6. Ibid
7. Ibid
8. Information Society Forum (1996) 'Networks for People and Their communities: Making the Most of the Information society in the European Union', First Annual Report to the European Commission, June. Luxembourg: Office for official Publications of the European Committees.



Against that background, China's openness to technological advancements, such as Satellite dishes, and the Internet enhanced by its global accessibility, channel capacity, interactivity and decentralized structure, played an important role in China's economic growth (Chen and Chan, 1998; Lee, 2000).⁹ More than ever before – with exception of Hong Kong – the Chinese have alternative information sources and websites, with the internet posing difficulties for absolute control, thus making the media freer from Party-state monopoly.¹⁰

Today, while some scholars view the Chinese Communist Party (CCP) as having been successful in keeping the media (Internet) within its orbit (Zhao, 2000:3-25; see also Gordon, 1997: 32), others emphasized that the tug of war between the Chinese Communist Party (CCP) and the liberating forces of the market economy are causing the Chinese state a loss of control over the media and other economic institutions.¹¹ These economic reforms in China evidently led to the emergence of the rich theoretical literature that characterizes media censorship in the former communist strong hold.

In comparison to other nations (Abott, 2001; Fan, 2005; Srikantaiah & Dong, 1998; Xue, 2005), the intervention and domination by the Chinese government has been the major distinctive feature of China's Internet Development.¹² The Chinese Internet boom was therefore made possible largely as a result of a "State Centric Strategy for comprehensive informationization".¹³ Thus, it has become recognizable that the internet has also strengthened the ideals of the Chinese Communist Party.

With economic growth as a developmental priority policy of the Chinese Communist Party (CCP), its leaders are safer with the Internet than without it. And their "three- part strategy for maintaining authority in a networked society – by providing economic growth and some personal freedoms, managing the Internet's risks, and harnessing its potentials - will be effective for some time."¹⁴ The power shifts wrought by the Internet will surface clearly only during an economic and political crisis in a future China where the Internet is far more pervasive.¹⁵ When that time lands across global horizons, "the Internet could very likely fuel discontent, becoming the linchpin to a successful challenge to party rule."¹⁶ This is evident with China's on-line population increasing at unprecedented paces. A report by China's Internet Networks Information Center showed that four out of 10 Chinese use the Internet, with the country's online population hitting 538 million by the end of June, 2012¹⁷ additionally, the Chinese Ministry of Information and Information Technology (MIIT) also unveiled an Internet Development Plan 2011 – 2015, to provide online access to 800 million users by 2015¹⁸ The progressive economic growth propelled the capital Shanghai to emerge as the most dynamic urban center, "with an annual GDP growth 1.92 trillion Yuan in 2011, an

9. Chen, H. and J.M. Chan (1998) 'Bird-caged Press Freedom in China', pp. 691–7 in J.Y. S. Chang (ed.) *China on the Post-Deng Era*. Hong Kong: The Chinese University Press.

10. Ibid, See Chen.H, and J.M. Chan

11. Huang, Y. and X. Yu (1997) "Toward Media Democratization: The Chinese Experience and a Critique of the Neo Authoritarian Model", *China Report* 33: 313-33

12. Srikantaiah, T.K., & Dong, X. (1998). The Internet and its impact on developing countries: Examples from China and India. *Asian Libraries*. 7, 199-209

13. Hartford, K. (2000). Cyberspace with Chinese characteristics. *Current History*. 99, 255-262

14. Hachigan. N (2001), "China's Cyber Strategy," *Council on Foreign Relations* (80)2

15. Ibid

16. Choy, D & Cullen.R " China's Media; The Impact of the Internet" *HeinOnline*, Sandiego Int'L.J 2004-2005 (323

17. Xinxua, " China's Internet Users to Hit 800 million by 2015," *China Daily*, May 5th, 2012, http://www.chinadaily.com.cn/business/2012-05/05/content_15217515.htm

18. Ibid, See , "China's Internet Users to Hit 800million by 2015," *China Daily*, May 5th, 2012



increase of 8.2 percent over the figure for 2010, and considering the city's official population of registered residents, per capita GDP for the year came to 82,560 Yuan, equivalent to \$12,784.¹⁹ With the "Internet Development Plan 2011 -2015 projected to provide 2.3 million jobs by 2015," it is evident that developments of the Telecommunications and Internet sector in Shanghai epitomize the rapid economic progress characterizing the Asian nation.

In view of the rapid global impact, the fast development of the Internet in China created a significant dilemma for the Chinese government. Nina Hachigan was justified to argue that Beijing's, involvement in the Internet resembles a "love- hate" relationship. On the one hand, due to practical necessity, the Chinese government understands very well that powerful communication possibilities of the Internet are crucial in helping China: a) to communicate internally with other parts of the world; b) to enhance economic growth; c) to strengthen its government administration.²⁰ On the other hand China is concern about the potential political backlash to the Communist administration.

Against that backdrop the Chinese government has established a complicated regulatory framework controlling the Internet Industry. Although numerous government and quasi-government bodies are included in this regulatory framework, the Chinese government has since 1966 promulgated a series of regulations governing all the persons involved in China's Internet (including Internet users, Internet Service Providers, Internet Content Providers, and entities providing international network connections.²¹ It is therefore eminent that the growth of Internet in China is caught up in a tug-of-war between the forces of economic prosperity and political controls.

With the Internet's potential radical transformation of the Chinese economic and political landscape, the Chinese Communist Party is working very hard to maintain its traditional attitude towards new technologies- that is strengthening sovereignty and enhancing economic prosperity, whilst minimizing a negative political impact. Economic growth in China is evidence of how well the strategy worked. What is certain is that contemporary developmental theory suggests that mass communication can make a substantial contribution to a nation's economic and social goal when used adequately and well (Schramm, 1964).²²

Others opined that such developmental efforts bring about social and material advancement and enables people to gain more control over their environment.²³ It also leads to and triggers self-sustaining growth, modernization, technical advancement, political participation, and a change in the modernization process.²⁴ Such developments further suggest the prevalence of an interrelation between economic and political growth. Traditionally, Chinese media censorship policy was crafted in expectation of an optimum economic growth from the expansion of the internet without the tolerance of a significant information flow geared towards the protection of national Sovereignty.

Following the in-depth conceptual and background information, one major question comes to mind: Have China's obligations under commitment and compliance of the World Trade Organization compromised Chinese sovereignty? Amidst contemporary challenges across the

19. ZHU, Na, "Shanghai, Beijing and Tianjin Lead Country in per Capita GDP," *The Economic Observer*, February 3, 2012

20. *Ibid*, See Hachigan, 2004 - 2005

21. Choy. D & Cullen.R " China's Media; The Impact of the Internet" *HeinOnline*, *Sandiego Int'L.J* 2004-2005 (323

22. Schramm, W (1964) *Mass Media and National Development*, CA: Stanford University Press

23. Rogers, E.M (1976) " Communication and Development: The Passing of a Paradigm," *Communication Research* 3(2): 213-40



global economic landscape, this fundamental question has become the most contentious debates for scholars of modern international political economy. Responding to this question requires an in-depth analysis of China's regime commitment and compliance under obligations of the World Trade Organization.

Part II: China and the World Trade Organization – Regime Commitment and Compliance

China's membership of the World Trade Organization is one of the most interesting paradigm shifts in the study of contemporary economic philosophy. Its membership of the World Trade Organization (WTO) dates back to 2001, after 15 years of prolonged hard negotiations, and a complex ambitious commitment made over the years.²⁵ These commitments were obtained largely in part, due to its growing prominent role in the global economic stage. The membership indeed poses several challenges and opportunities in reshaping its domestic economy and remodeling national commercial institutions with those of the international community.

Whilst challenges such as tariff reductions, non tariff barriers and tariff exemptions constitute major hurdles for WTO membership efforts, China's commitment to trade related services was the vanguard for the opening of key service sectors propelling foreign participation in telecommunications, financial services and insurance that was non-existence.²⁶ All these changes were seen under the lenses of a compromise to Chinese Sovereignty. Arguably, such economic developments were attained largely as a result of China's membership of the World Trade Organization (WTO).

For example, trade policies over the years complemented the promotion of indigenous technologies through a sectoral reform of the information technology infrastructure. With these reforms, the Chinese Communist Party shifted from the previous system of monopoly with a duopoly between China Telecom and China Unicom. These reforms became the vanguard to Chinese government strategy easing restrictions on Foreign Direct Investment (FDI) and the importation of foreign products in the Information and Communications Technology industry, for the transfer of technology from foreign firms to Chinese firms.²⁷ Such policy moves further increased competition as more carriers entered the market.

Nonetheless, by the dawn of the millennium, China began to increase and deepen its engagement with other nations, as the Chinese government gained a deeper understanding of the impact of globalization to be a framework of the progressive impact on its economy. The Chinese Communist Party (CCP) now concedes that economic globalization and interdependence is an irreversible historical trend that will continue to bring more nations to be involved in the global economic system.²⁸

In hindsight, China's "Open -Door Policy, adopted following the failure of the Cultural Revolution was not only aimed at economic growth and strengthening the Chinese Communist

24. Lerner. D (1958) "The Passing of Traditional Society," New York: Free Press

25. T.P. Bhat, Assessing China's Compliance with WTO Commitments, *India Quarterly: A Journal of International Affairs* 2009 65: 215, pp 218

26. Ibid, See T.P. Bhat, pp216

27. Dai. X (2002c) "The Digital Revolution and Governance. Aldershot: Ashgate

28. Bin Liang and Pat Lauderdale, China and Globalization: Economic and Legal Changes in the World System, *Journal of Developing Societies* 2006 22: 197 pp200



Party (CCP), but was also geared towards bolstering national Sovereignty. This is evident with China's membership of the World Trade Organization in 2001, and its "ambitious efforts in national economic development along with the expansion of the World Economy."²⁹ Amidst several challenges to her national economic policies, China constitutes a prominent player of the global trading institution.

Since its membership of the organization, it has come under increasing pressure to address key issues such as the value of her currency, unfair tariffs and trading policies, argued largely to boost China as a leading exporter of the developing world. "Critics say China's rise as a trade juggernaut has been aided by unfair policies that boost sales of Chinese goods abroad while limiting the amount of foreign products entering its own market."³⁰ When China committed itself to WTO membership, it did so around a policy of openness to the world economy with the ultimate goal of enhancing economic growth – it compromised national economic policies to be a member of the international economic community of nations.

In view of WTO membership, China's commitments span eight areas that range from reforms of trade regimes in accordance with the WTO's principles and rules, to specific market access commitments for goods and services.³¹ Table I of the paper shows China's eight areas of regime commitments under obligations of the World Trade Organization (WTO).

Since becoming a member of the WTO, China adopted an instrumental role in the global organization. This is evident with its manifested leadership in contentious decision making processes on delicate trading policy matters. In the midst of the growing agony, several accusations and counter accusations have since then been brought against China for twisting rules of the World Trade Organization to its own national interest.

With China's exports soaring, even as other economies struggle to recover from the recession, evidence is mounting that Beijing is skillfully using inconsistencies in international trade rules to spur its own economy at the expense of others, including the United States.³² This goes far in bringing to light China's commitment to her traditional national policy of liberalization alongside the protection of national sovereignty. The proliferation of Chinese investments in developing nations of Africa and Latin America, the opening of doors for Foreign Development Investment, the aggressive pursuit of mineral resources coupled with media censorship is a living testament to that validity. Retrospectively, China's compliance and commitment concern in the WTO explains the Asian "flying goose" quest to protect its national sovereignty.

Part III: Major China Compliance and Commitment Concerns in the World Trade Organization

China's commitment and compliance concerns under obligations of the WTO emerged to be one of the most contentious issues of contemporary global economic philosophy. With an understanding of the Asian nation's pursuit of agendas under the organization to be evolving around a "need to use basis" on a fundamental parameter of not compromising national sovereignty, prominent members of the organization raise the alarm on the need for China

29. Ibid

30. The Associated Press, W.T.O to Review U.S. Tariff on Chinese Tires, New York Times, January 12, 2010

31. Ibid

32. Keith Brasher, China Uses Rules on Global Trade to Its Advantage, The New York Times, March 14, 2010



to meet is obligation. Notably among those countries includes the United States of America (USA), the European Union (EU), Canada and Mexico

Some of the commitment and compliance concerns brought before the World Trade Organization over the years includes, intellectual property rights, industrial policies, trading and distribution, agriculture and services, transparency and currency evaluation, and concerns of industry and export subsidies. Nonetheless China continues to provide several technicalities in defending its policies. Analytically, it could be argued that China's WTO policies goes far back to the late 1970's economic reform policy defined by a "need to use bases," adopted shortly after the devastating effects of the Cultural Revolution.

Whilst many theorized such policies as an explanation of China's rise to the forefront of the Global economic stage, several others argued that the policies are calculated strategic technical policies designed to be progressively integrate into the global economy and sustainably coop with the neo liberal market forces of the single global capitalist economic system, whilst protecting national interest and sovereignty.

Today China is one of the world's largest economies, second to the United States of America (US). Its sovereign influence in the World Trade Organization has become no hidden agenda over the years. It persistently continues to pursue its global interest around traditional principles of protecting national sovereignty in a rapidly globalizing an interdependent world. This was evident in the 2009 G20 summits when China's global economic influence was felt around international horizons. In an April, 7th 2009 New York Times OPED, Michael Wines and Edward WO put it this way:

"China arrives at the meeting with a sense of momentum, riding a wave of nationalism and boasting an economy that, more than any other, is surfing the trough of a crippling recession. While other major economies shrink this year, China's is expected by some economists to pass Japan's as the world's second largest, if it has not already."³³

The New York Times editors were justified as China has indeed passed Japan to become the second largest global economy. Today, in the contemporary literature of modern international relations it is characterized by doctrines such as the "flying goose", the "Asian Tiger" and the global "emerging economic lion". Along those parallels, China's emergence as an economic power brought to light those compelling realities of the global economic architecture. The pursuit of legal mechanisms in confronting China's compliance and commitment concerns under obligations of the World Trade Organization is therefore no historical accident.

It is the culmination of the divergent market economic forces with the changing realities of the global economic infrastructure that has propelled an economic friction along those parables. Structural imbalances as a result of the shifting dynamics of global trade along with technological innovations, the devaluation of the US Dollar as the major global reserve currency, restrictions on foreign companies to access Information services of the Chinese Financial sector, and major trading tariff issues posed daunting challenges to the economies of the developed world. This was evident at the November, 2010 meeting of G20 Finance Ministers characterized by global economic issues such as currency values and the global structural imbalance offset by trading deficits.

33. Michael Wines and Edward WO, OP-ED, The New York Times, April 7th, 2009

Amidst intense diplomatic debates and tussling, the group finally agreed to restructure the International Monetary Fund (IMF) to give more voice to the developing world of Brazil, Russia, India, and China. Seeking to find common grounds on currency valuation, and trading issues, the most important official agreements includes, "moving towards a more market – determined exchange rate systems reflecting underlying economic fundamentals," and a framework for curbing excessive trading imbalances in the future.³⁴ "China will become the fund's third-largest shareholder, behind the United States and Japan but ahead of Germany, France and Britain. Europe has also agreed to surrender two seats on the 24-member executive board."³⁵ These are indeed important developments in the global economic landscape.

Nonetheless, China's compliance and commitments obligations under the World Trade Organization remain to be in the limelight. Even though it has demonstrated willingness to do so through the fulfillment of some of its commitments, it remains to be seen when the world's second largest economy will make a complete paradigmatic shift of policy from traditional national ones to the contemporary defined standards codified under the world Trade Organization (WTO). Analytically, China's policy towards the WTO revolves around the 1978 economic reform policies geared towards enhancing economic prosperity whilst protecting national sovereignty - a deeply rooted historical embodiment of Chinese domestic and foreign policy.

The theory around global economic evolutions could be analyzed from two main perspectives. Firstly, national interest is the major driving mechanism around policy formulations for both developing and developed nations. This is evident with the tense diplomatic juggling over key economic issues such as currency, transparency, agriculture, trading tariff and foreign development investment (FDI). Secondly, questions of sovereignty further brought to light compelling realities of the global governance landscape.

In a world characterized by globalization and interdependency, there is a growing literature that states are not only losing power, but they are also sharing with non-state actors such as NGOs and Multinational Corporations (MNC). Along those reasoning, governments are finding it difficult to meet major commitments under international organizations, largely as a result of the concerns of national sovereignty. The case of China and the World Trade Organization provides explanations along those parables.

Given China's sustained economic growth and the ongoing 'go global' policy, it is evident that China's economy will continue to expand in the years ahead.³⁶ Chinese initiatives in communications and information are best apprehended neither as a developing country's attempt to redress global imbalances in the global communications system, nor as a current threat to the global dominance of the United States. China is rather seen here as contributing to the ongoing structural reconfiguration in the political economy of transnational capitalism.³⁷ Table II provides an analysis of the major commitment and compliance concerns of China as a member of the World Trade Organization.

34. Chan Swell, "G-20 Vows to Avoid a Currency War" *The New York Times*, October, 20, 2010

35. Ibid, See Chan Swell, "G20 Vows to Avoid Currency War"

36. Ku. S (2008) "China's Changing Political Economy with Malaysia and Southeast Asia: A Comparative Perspective," *Journal of Asian and African Studies* 43; 155

37. Schiller.D (2005) "Poles of Market Growth: Open Questions about China, Information and the World Economy," *Global Media Communication* 1(79)



Part IV: Theoretical and Empirical Implications

This paper attempted to discuss China's membership of the World Trade Organization, its regime commitments and compliance, and concerns raised by other member states about failure to meet some of its obligations under the organization. Using the literature of contemporary International Affairs, the paper provided historical background information of China's economic policy and how it has evolved overtime to be the world's second largest economy next to the United States.

Using several theoretical analysis and the realities in the changing nature of the global economic landscape, the paper made two very important findings on China's compliance and commitments under the WTO, and the subsequent reason for its slow fulfillment of obligations under the organization. Firstly the paper found the protection of sovereignty as a fundamental tenet to China's slow progress in meeting obligations under the WTO. Conceptually, it came to light that the evolution of Chinese domestic and foreign policy around a "need to use bases," largely explains why the Asian nation's progress in meeting commitment and compliance obligations has followed an inconsistent pattern since becoming a member of the WTO. Secondly, it came to light that China's fulfillment of commitments and obligations under the World Trade Organization evolves around the premises of national interest. This was evident with China's usage of three of its provinces as a litmus test to the forces of neoliberal market economy, in a modern era epitomized by globalization and inter-dependency. The paper found that China's understanding of the progressive impacts of globalization caused by technological innovation is largely a driving mechanism for its technical and tactical integration of traditional Chinese economy into the modern single global economic system.

Apart from national interest and sovereignty, the paper found reforms and deregulations in China to be imbued with national traits that are difficult to compromise. For example China ensured that all reforms in terms of policy regulations, deregulations, trading tariffs and services are in touch with the realities of the local and national market structure. Although some of its policy initiatives were not consistent with obligations under the WTO, arguably it did so in the quest of safeguarding the interest of the people. Its failure to lift all the impending restrictions along those parables provides one with an understanding of the Asian economic giant's quest of revolutionizing the global economic landscape.

Citing key areas of concerns on China's WTO membership, the paper noted that although China has made some positive strides integrating into the international economic system, it has not fulfilled all its obligations as a member of the Organization. Its integration process is characterized as a strategic defensive posture adopted in protecting the interest of the people. As Bates Gill and Michael Schiffer wrote:

"And although there is no denying that China has made great strides in joining the international economic order since the late-1970s, full commitment to free market principles would require a proactive, rather than defensive, leadership posture within the World Trade Organization that leverages the WTO for further liberalization of both international and domestic markets."³⁸

This is evident with the restrictions on services, trading tariffs, transparency, agricultural subsidies, and foreign development investment. It has also failed to introduce legislation that

38. Bates Gill and Michael Schiffer, A Rising China's Rising Responsibilities, The Stanley Foundation, Working Paper, Power and Principles : International Leadership in a Shrinking World, November 2008, pp. 7



will criminalize violations of Intellectual Property Rights. Thus China is technically and strategically employing a “need to use bases” as a result of its growing influence in the global economy.

Another interesting variable brought to light is the contentious concerns of the value of the Chinese Currency. The paper provided some well founded arguments that China’s failure to evaluate its currency in accordance with international standards is attributed to growth rates attained over the past few years. China realized that the low value of its currency will be a booster to the trading in Chinese goods and services. Today global trade is epitomized by a strengthening South-South relation posing major obstacles to economies of the North. This is evident with the proliferation of China’s large trading partners in Brazil, Africa, India and Asia. In both Latin America and Africa, China has invested multimillion dollar investment projects in its pursuit of a progressive global trade and vast mineral resources driven by the forces of neo-liberalism.

Additionally, “while neo-liberal market forces challenges orthodoxy of the Communist Party by initiating a redistribution of power and interests, the western model of market economy is hardly a possibility. Rather, there appears to be a convulsion of the Party line.”³⁹ The bottom line is that the Chinese economic system is moving from totalitarianism to market authoritarianism. In practical terms, China’s internet censorship, economic restrictions open door policy, and gradual integration into the global economy under regulations of the World Trade Organization, is a deliberate state policy, designed and controlled to enhance economic prosperity and protect national sovereignty.⁴⁰ This is evident with China’s technical and strategic evolution as a fully fledged member of the World Trade Organization.

Part V: Conclusion

While China’s attitude towards the World Trade Organization has been one of a “need to use basis,” its strategy for economic development has proven to be a unique experience of modern times. At the very least it provides an analytical framework of China’s open door policy embedded around national control mechanisms, with a principal goal of safeguarding the interest of the people.

Taking a backdrop to the question; Have China’s obligations under commitment and compliance of the World Trade Organization eroded Chinese sovereignty, it is important to understand that China adopted a technical and strategic policy in its global economic integration process.

Paradoxically, China’s regime commitments and compliance under WTO obligations evolves around trade policies promoting indigenous technologies and services, competition both at the local and national level, and controlled Foreign Direct Investment (FDI), around the parameters of an Open-Door Policy,” aimed at economic growth, whilst strengthening the Chinese Communist Party (CCP) and not compromising national sovereignty.

39. Peng. Z. and Winfield. B (2005), “Market or Party Controls?: Chinese Media in Transition” The Gazette 2005 (67) 255

40. Castells. M. (1996), The Rise of the Network Society, (Oxford: Blackwell).



Despite being a fast growing economy, China is vigorously reviving towards a capitalist economy whilst continuing a communist political system.⁴¹ Thus, it is faced with a dilemma of maintaining economic prosperity without compromising sovereignty. The evidences provided are real, suggestive and comprehensive. It also provides an analytical framework of China's compliance, commitments, and obligations under the World Trade Organization, and challenges to Chinese national sovereignty.

41. Ibid, See Peng. Z. and Winfield. B (2005)



Table 1: Type and Number of China's Trade Regime Commitments, by Area - showing China's respective regime commitments as a member of the World Trade Organization

Area	In Area	Definitional	Reporting
Trade Framework	82	4	10
Import Regulation	227	16	37
Export Regulation	9	0	3
Trading Rights and Industrial Policies	117	6	22
Agriculture	101	9	22
Services	45	9	6
Intellectual Property Rights	34	9	2
Safe Guards and Trade Remedies	70	3	8
Total	685	56	99

Table Source: United States Government Accountability Office, 2002



Table II: China's Compliance and Commitment Concerns at The World Trade Organization

Intellectual Property Rights (IPR)	China's enforcement of IPR laws remained grossly inadequate, with some industry observers indicating that IPR infringement may have worsened in 2005 and 2006- Demonstrated an unwillingness to reform its criminal code to provide for enhanced protection of IPR ¹
Industrial Policies	China maintained industrial policies that erect market access barriers to foreign industry while adopting policies that provide considerable assistance to domestic Industry. Some of the policies include regulations on auto part tariffs, national policies deterring foreign technology transfer, policy ion state management of steel industry, export restrictions on raw materials, continued regulatory interventions in commercial negotiations, and unwarranted subsidization of an extensive array of Chinese domestic industries. ²
Trading and distribution	Violation of trading rights through its restricted market access on several kinds of products, including foreign publications such as books, periodicals and audio and video product ³
Agriculture	Selective intervention in the market by China's regulatory authorities which caused delays and stoppages of shipments; SPS standards with dubious scientific rationales; and lack of transparency and predictability in its regulatory regime. ⁴
Services	China failed to implement its commitments to enhance market access and lift restrictions affecting a variety of services sectors, including, financial services, telecommunications, construction, express delivery and financial information system. ⁵
Transparency	Concerns including the participation of government bodies in the national journal; and the continued lack of a mandatory notice-and-comment practice; continue to question China's transparency commitments.
Currency Evaluation	China has also failed to evaluate its currency in accordance with standards codified under the World Trade Organization

1. Ammons, A, A, Stewart, T, Stewart, Natalie McDonough, "China's Compliance with WTO Commitments and Obligations: 2005-2007 Update, Trade Lawyers Advisory Group, September, 2007
2. Ibid, See Ammons, A, A, Stewart, T, Stewart, Natalie McDonough
3. Ibid, See Ammons, A, A, Stewart, T, Stewart, Natalie McDonough
4. Ibid, See Ammons, A, A, Stewart, T, Stewart, Natalie McDonough
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