Chapter VI

CONCLUSION

China joined the WTO with the clear objective of consolidating and deepening its integration with the world economy. It was fully convinced that integration with the world economy was a viable strategy to progress further. It formally applied to the GATT in 1986 to fulfil that quest. Earlier, the success of Open Door Policy of 1978 had vindicated the fact that interaction with the outside world was a key factor in China’s gradual and continuous economic growth. As a result, external dependence came to be recognized as an important instrument in the rise of its economy.

As the world was moving towards a global village, interdependence had become a rallying point for the world community. Since the Deng era, China has gone through remarkable changes that have intertwined its economy with the rest of the world. Interdependence based on this perception found increasing acceptance among policy makers, government departments, and trade and industry experts in China. China’s adherence to interdependence helped China to consider multilateralism as a more meaningful platform for resolving differences than pursuing bilateral arrangement.

Thus China had adopted an interdependent approach to economic prosperity since 1979, much before it initiated its process of accession to the WTO. For instance, its close economic and trade relationship with Hong Kong is a good example of this strategy. Hong Kong has been a gateway for China and both shared close alliance to foster entrepreneurship and business to maximize their individual gains and benefit from the world economic system. The notion that theory of interdependence helps to promote better understanding and relationship in international relations by reducing tensions and promoting economic growth is an established fact. At the same time, it also develops an asymmetrical relationship between two countries. That asymmetrical relationship gives rise to social tensions, strategic imbalances, and unequal trade benefits. In case of China such dimensions were noticed and were resolved through mutual understanding, cooperation, and looking at future prospects.
It is commonly perceived that a single country cannot be globally competitive in all products but can specialize in certain products to register global competitiveness. China adopted sectoral strategy to reap such gains from globalization. As part of the strategy, some sectors were given the much needed support by the Central and provincial governments in terms of liberalizing policies such as easy access to foreign capital, favourable taxation policies, creating a conducive legal regime and favourable labour laws etc. to develop globally competitive industries.

Textiles and telecommunications are the two key sectors in which this approach was adopted. China adopted the sectoral approach to integrate itself with the world economy. Significance of sectoral approach gained currency in the eighties in China. It is the strength and the global competitiveness of a particular industry that became the driving force behind adopting the sectoral approach in China. The key inputs for an industry based sectoral approach are the price, technology, capital, complementary trade policies, and global demand and supply. China could factor these inputs to make individual sectors like textiles and telecommunications globally competitive and boost its exports.

The accession process that began in the late 1980s had greatly accelerated China’s domestic reforms and external alignment with the global trading regime. Successive reforms and structural and institutional changes that followed thereafter facilitated the necessary conditions for entry into the WTO.

China’s accession to the WTO was a product of the most intense negotiations between China and other major powers which dragged on for fifteen long years. During the process of negotiations, China had to concede to most of the demands of other countries and make significant trade concessions to get an entry as it did not want to slow down its process of economic modernization by remaining outside the ambit of global trading regime for long. As explained in the thesis, these included the granting of trading rights to foreign companies; ensuring that China’s economic decision conforms to the most fundamental principle of non-discrimination; and avoidance of unfair trade practices such as export subsidization or dumping. It had to undergo a number of structural as well as institutional changes at the domestic level to match international standards as per the requirements of the WTO.
There has been a gradual yet steady progress towards the establishment of a ‘rule of law’ to provide a clear-cut signal to foreign investors that a free and fair dispute settlement mechanism exists. To curb any trade violation, China has also introduced laws on trademarks, copyrights, patents, technology transfer, and unfair competition. Many new departments and institutions have been created at the government level to ensure that the WTO related laws and regulations are uniformly implemented in the entire country. China being a member of the WTO has to adhere to universally accepted norms of free and fair trade and ensure unhindered flow of goods and services across the countries. The WTO accession negotiations have been tougher and more cumbersome than those in the GATT.

However, China’s accession to the WTO was not completely based on economic considerations. Political relations had also equally determined the course of negotiations. Bilateral relations between China and the US during the period of negotiations witnessed tumultuous ups and downs. After the collapse of the Soviet Union, the notion of a unipolar world had gathered momentum signifying the dominance of the US in world politics. It was clear by then that the anti-Soviet rationale for the US-China ties had disappeared. Both the countries were trying to define the new foundation and intrinsic value of their long-term relationship in the post-Cold War era. Although human rights, trade, and nuclear weapons proliferation issues were major obstacles to the improvement of bilateral relations, constant interactions and dialogues had eased their level of irritation and shown that by making mutual concessions and showing good will, China and the US could avert confrontation and build a constructive relationship.

While China was striving for integration with world economy, it realized the significance of regional trade agreements (RTAs). It believed that under the current state of Doha negotiations where hardly any movement was noticed, formation of RTAs is a viable medium to integrate with different regions. The ASEAN-China Free Trade Agreements (ACFTA) is a crucial component of the East Asian regional economic integration. It covers a market of 1.90 billion consumers and a combined gross domestic product of almost US $ 2.5 trillion. Trade has immensely increased between the two reaching about US $ 100 billion in 2004 and further increased to US $ 130.3 billion in 2005. China’s rise as a hub for entire business activity of the
Southeast Asian region is being argued that China is proving to be commanding dominance in the region. It is held that such a strategic move could be geared to undermine continuous influence of the US in the region. China’s coming closer to this region is analyzed as an attempt to curtail the hegemony and preeminent status of the US. It could be that China is doing this to reshape the regional politics to serve its interests. Such a strategy for China is meant to gain more political and economic influence in the region to rise further.

Since its entry into the WTO in December 2001, China has developed a proactive strategy to participate in the world economy. The past eight years witnessed China’s phenomenal growth and integration into the world economy. By the end of 2007, China was ranked as the second biggest exporter and third largest trader in the world after its exports grew at over 20 percent per year for the sixth year in a row. The increasing competitiveness of China has been driving the efficiency of production, innovation, and growth of global exports to new heights. China has emerged as a centre of business activity in the East and South East Asia. Regional production networks in East Asia grew substantially in the past few years and were largely centered on China. From China’s perspective, accession to the WTO meant more than the secure and non-discriminatory market access to the world economy and gains in export. The accession provides China the platform and incentives to make more decisive strides in its already progressive reform. It lays a multilateral platform for the country to develop trade relationships with its partners where openness can be explored further. It also puts the country at an international level to fulfil its legal and regulatory commitments, among others, in a transparent and rule-based global trading system.

With this goal in mind China had engaged itself with the policies of further opening up to the external world and laid down policies that are conducive for its exports and economic modernization. China’s successful economic development has rested on expanding external trade. After nearly 30 years of economic reform, China’s external trade grew rapidly and accelerated following its accession to the WTO in 2001. By 2008, China’s annual merchandise exports and imports had reached US $ 1429 billion and US $ 1133 billion respectively, making China the second largest exporter and the third largest importer in the world. China’s total trade volume in 2008 is sixty-seven
times that of 1980 and the trade surplus amounted to US $ 295.5 billion in 2008. The liberalization brought about by the WTO accession was substantial. The average tariff rate dropped from 40.6 percent in 1992 to around 9.6 percent in 2008. Trade openness, as measured by the ratio of goods trade to GDP, is nearly 60 percent. China also made unprecedented commitments in service trade liberalization in the WTO’s General Agreement on Trade in Services (GATS).

The study, while highlighting the political economy angle of China’s entry into the WTO through the framework of interdependence, focused in detail on two important sectors of manufacturing and services, namely textiles and telecommunications. In the course of analysis, it also significantly reflects this trend of interdependence in the growth of the Chinese economy and trade in the post-entry phase.

Textiles being an important sector in terms of contribution to trade and employment generation has played a key role in China’s economy over the years. It is considered as a pillar industry employing more than 20 million people and representing 22 percent of total employment in the manufacturing industry. Besides, another 80 million workers are estimated to be indirectly dependent on this sector. China’s adoption of industrial cluster approach during initial years of reform contributed to the growth of textiles sector. The SEZs in textiles became a growth engine for the domestic economy as well as for its exports in the world.

China began to experience a rising market share around the time it completed its accession to the WTO. During this period it increased its market share in the EU, Canada, and the US, but the surge that many countries had expected did not take place. This was evident because higher tariffs as well as quota restrictions were still restraining China’s trade with them. Beginning January 1 2002, China felt the pressure of reducing the tariffs imposed by developed countries. It started bearing the liabilities of cutting tariffs for joining the WTO. According to the commitment, the average duty of textiles and clothing (T&C) was gradually reduced from 17.8 percent in 2002 to 9.8 percent in 2008. That is why sometimes it is argued that the terms of agreement proved too costly for China vis-à-vis other countries to enter into the WTO.
China's entry into the WTO had demanded certain fundamental changes in the functioning of the Government relating to the textiles sector. Structural changes and the abolition of Ministry of Textile Industry diluted the power of the government. Reduction of control over the industry since the 1990s led to reduction in number of employees working in the ministry. Planning, production as well as policy-making for the national textile industry was decentralized. The Government was mainly responsible for setting guidelines for the industry’s development, exercising macro control and making structural adjustments in the industry. Presently, the State Development and Reform Commission (SDRC) is responsible for monitoring and adjusting the economic operations of the industry as well as establishing industry development plans. As a result, state-owned economic component has a diminished role in China's textile industry. In 2002, state-owned enterprises in the whole textile industry were 2,723 in total, accounting for 11.5 percent, whereas non-state-owned enterprises are numbered at 20,877, occupying 88.5 percent.

The performance of textile enterprises varied geographically and across sub-sectors. Profits earned in western and central China were much lower than those earned in the eastern China. Non-state-owned enterprises began to perform better than state-owned enterprises. Another significant finding is that employment has declined in the Chinese textiles sector following restructuring of the sector, while it had managed to level off in clothing sector in spite of high export growth. It is indicative that employment in the T&C sector is expected to grow by about 12 and 30 percent respectively over and above what it otherwise would from 2005 to 2018 as a result of quota phase-out. It was found that till 2007 employment in the T&C sector after joining the WTO has expanded by 50 percent.

As world trade in the T&C remained under a restrictive regime for considerable period of time, dominance of the EU and the US were well noticed. However, during this period the study highlights that China performed significantly better compared to other developing countries. The abundant supply of cheap labour with regular infusion of technology allowed it to register high export growth in the world market in the 1990s. After joining the WTO it continued to increase its share until the transitional safeguards were imposed in 2005 by the US and EU. This provision was targeted at China specifically to curtail its prospects in textiles trade as developed
countries were convinced about the comparative advantage China has in the sector. Only during 2005 and the beginning of 2006, China's exports received a temporary jolt but soon they picked up. It continued to accelerate its exports and increase its share in global market during 2007 until the global market in the textiles experienced the slump caused by the global financial crisis in the third quarter of 2008.

With the onset of global financial crisis, the textiles sector had been hit. China's textiles firms' profit declined for the first time due to decline in overseas demand. The growth rate of China's overall textile exports in 2009 shows the trend of sliding down as the economy had also begun to get affected by rising labour costs, the appreciation of the Renminbi, and reduced global demand in major export markets. To minimize the immediate impact, the Government is engaged in serious planning and implementation process. Some of the measures such as stimulus package, widening of domestic demand base, creation of own brands, locating new markets, and automation of the textiles industry are the immediate priorities for revival of the industry.

Similarly, telecommunications sector also noticed high export growth. As a strategic sector, this sector occupies a significant place in China's economy. It plays a dual role of not only directly contributing to the economy as an important and growing sector like financial, insurance, IT, etc. but also plays a supporting role in the conduct of other economic and business activities of the country by virtue of being a communicative medium. Telecommunications sector is visualized as a key infrastructure sector in China. The Government, therefore, is constantly making endeavour along with the private players to keep the sector technologically progressive, innovative and economically viable.

China's telecommunications sector has undergone a sea-change ever since accession process began. The negotiations at the WTO brought about fundamental changes in its structural as well as functional areas. From strictly functioning as a wing of the Government, it went on to introduce market reforms thus institutionalizing the distinct identity and functioning of regulators and service providers. The sector has remained a strategic sector as it contributed both to the manufacturing as well as service segments of the economy. With the joining of the WTO, its strategic importance has increased because of the global connectivity and issue of national security and sovereignty.
The Telecommunications sector till the mid-1990s remained a monopoly of the government. Since 1994, China Telecom, the sole service provider until then with the gradual introduction of reforms had to face competition from China Unicorn, another state sponsored organization supported by the Ministry of Electronics Industry, the Ministry of Railways, the Ministry of Electric Power and a few more state run enterprises who had shown interest in entering China’s telecom services market. Competition set in the market with the fresh entry of China Unicorn that had resulted in intra departmental conflict. Policies adopted to create free and fair competition had in fact, followed some asymmetrical policies. As a result, the earlier incumbent was favoured and not the new entrants. The nature and pace of the liberalization process of telecommunications and the objective of market contestability were influenced by political, social, and cultural considerations. This system met with uneasiness and difficulties in terms of laying down the rules and regulations for free competition. A major restructuring came into force with the establishment of MII. Under the new administrative system, the MII is the sole regulator responsible for price setting, licensing, and other regulatory matters.

The preparation to join the WTO needed certain urgent reforms. The structural changes on home front gave a signal to the outside world that its market was well regulated, stable and provides enormous opportunities. By the early 2000 and 2001, China’s commitment to the WTO has thrown the administration of telecommunication services into a market mode. Sources of investment changed, resource-planning management had undergone radical changes as the industry had restructured and tariff making policies were shifted away from transfer pricing and brought closer to cost-based pricing.

China’s GATS commitments further led to telecommunications liberalization. Within a period of five to six years from the date of accession, i.e., by the end of 2007, it promised to lift all forms of restrictions as far as market access to its territory is concerned. Till 2009 China has honoured most of its commitments and gradually opened up its telecom market by regions, proportion and categories of services. Currently, the geographical limitation for value-added and paging services has been eliminated with the cap of foreign investment in these services reaching 50 percent. Mobile voice and data service market has been opened up to cover 17 cities including
Chengdu, Chongqing, and Dalian as well as the intercity communication with the capital of foreign investment at 49 percent.

Basic telecom (namely the fixed communication) service has been opened to the foreign investment in Shanghai, Guangzhou and Beijing as well as between the cities, with a foreign investment of no more than 25 percent. This is an encouraging sign for the trading partners who were genuinely interested in establishing a continuous trading relationship with China. Based on the Closer Economic Partnership Arrangement (CEPA) with Hong Kong and Macao SAR governments, China has opened nation-wide markets to service providers of Hong Kong and Macao to provide value added services. Foreign service providers are scouting for local partners to enter into joint venture to deliver services.

China witnessed a virtual explosion in the sector as both fixed and mobile users shot up significantly in its post-accession period. By 2002, China's telecommunications exchange capacity had reached 201 million lines and mobile switching capacity amounted to 235 million lines. The total number of telephone subscribers had gone up to 388 million with 188 million fixed users and 162 million mobile users making China's telecommunications network the largest in the world in terms of size and subscribers.

China was not only regarded as a market for service providers but also as a manufacturing base for telecommunications equipment. Increase in subscribers had resulted in the expansion of domestic manufacturing industry. Demand for value added services by consumers led to constant upgradation in industry which had forced China to look for state-of-the-art technology. Such expansion in telecommunications industry called for huge foreign investment. Foreign companies were permitted to sell telecom equipments in the domestic market and were allowed to set up joint ventures with local manufactures for production of equipment in China.

The size of China's market was a major attraction for industry expansion. It was not only the foreign companies who succeeded in enticing the consumers and expanding their businesses but it was also the domestic enterprises who also could succeed in developing and expanding their businesses. Domestic enterprises like Huawei, ZTE,
Julong, and Datang had become competitive enough to compete in China. This group of local manufactures dominated the equipment market significantly in the 1990s.

The importance of R&D expansion has been regarded as a major policy decision in China’s upgradation of technology. National and global expansion of R&D has therefore been recognized as one of the effective and competitive strategies by many large Chinese firms. Huawei is a pioneer in such ventures. These R&D centres are adequately connected to local centres to take full advantage of the big market. They provide access to local talent, information and connection to local markets. At the international level, Huawei has R&D centres in India and has an access to the strength of Indian software engineers. Huawei also had opened up R&D centres at various locations including the Silicon Valley in USA to have access to cutting edge technology and talent. China’s industrial policy in telecommunications sector experienced success and demonstrates the catching up strategies of China’s indigenous manufacturers. The policies adopted by the Central Government and strategies evolved under the normal pressure of market openness have created a situation where time and market space for indigenous players existed for them to grow and compete.

The growth of mobile subscribers in China is noticing an upward swing. In 2000, before its accession to the WTO, China registered about 85 million mobile users and in 2005 it went up to 393 million mobile users. The growth has been enormous and between 2000–2005 the Compound Annual Growth Rate (CAGR) has been almost 36 percent and about 30 subscribers per 100 inhabitants in 2005. The total numbers of mobile subscribers were 52.9 percent of total telephone subscribers in 2005, which was less than Hong Kong and also India in the same year. From the available data, it is understood that the telecommunication services sector after its accession to the WTO has performed gradually better.

In a sector like telecommunications which is capital and technology intensive, the pattern of employment has focused on having skilled workers. Both the equipment industry and the services sector require skilled workers to operate the system. Before the accession total number of employment in the telecommunications and other transmission services was around 1.3 million which came down to 1.1 million in 2001 just after the accession. In 2003, the number further slid to about 0.8 million. This
shows that there has been a decline in employment in the post-accession period. This decline is attributed to the factor of market competition which became inevitable as China prepared to join the WTO. All the SOEs underwent restructuring to remain financially competitive and this led to laying off excessive and unproductive workforce in the system. Again by 2004, due to opening up and competition, many private players came into the market, consumers' demands grew and this led to increase in productivity. Finally, the sector expanded and resulted in the rise in employment. The sector noticed marginal rise in 2004 but by the end of 2007 there was a substantial increase in employment from 0.8 million to 0.98 million.

The pressure of the domestic telecom lobby exerted immense pressure on the Government not to liberalize the telecom policy and allow the foreign players to come in. Though consumers complained about poor service and high tariffs, the Government during this period hardly addressed such concerns. The Government benefited from such policies as it obtained hefty revenue directly from the telecom sector. These groups are domestic telecom operators like China Mobile, China Telecom, and China Unicom, who never wanted the opening up of the sector soon. Following the WTO provision, yet the Government took five to six years to phase out most of the restrictions for foreign players to enter the Chinese market. A critical interpretation of this restrictive policy is that reform measures taken by the Chinese Government were designed to protect domestic firms by speedily boosting their growth in order to meet foreign competition. This kind of market restriction, which remained after the accession till 2007, was supported by the Government as it provided the lead time to the Government to gauge the impact of telecom liberalization in the country.

The role of FDI has also been extremely crucial for China’s telecom growth. FDI from different regions and countries like Hong Kong, Macao, Finland, and the US helped to make the telecom equipment industry as one that is globalized, productive, innovative, advanced, and consumer friendly. China’s labour competitive advantage coupled with capital, technology and skills produced a resurgent telecom sector. The interest of the foreign service providers are also multiplying as they visualize China to be a growing market with huge opportunities. It looks apparent that absence of any
pressure to join the WTO would have resulted in less inflow of FDIs into this sector and telecommunications would have remained a partially closed sector.

Given the potential of growth, the current financial meltdown will not adversely affect the sector. As a strategic sector, the telecommunications sector in China is set to prosper as more and more businesses are expected to employ more sophisticated telecom services. According to the Eleventh Five-Year Programme on information industry, total revenue of the industry will reach RMB 886 billion by 2010, i.e., at an average annual growth of 7.6 percent. In the long run, China’s telecom industry will develop into an information service industry. It will constantly make endeavour to improve its quality, which can compete with service providers in developed countries. As most of the restrictions have been withdrawn, international players are allowed to operate in China. This would infuse a sense of competition among the Chinese service providers. Such competition will lead to form an industrial chain for the coordinated development of all market players. This will help promote economic growth in China.

It can also be observed from the study that though the two key constituents of the Chinese economy i.e., the textiles and telecommunications played a remarkable role in China’s growth, both the sectors nonetheless followed slightly different approach of opening up and trade liberalization. The textiles sector was pursued aggressively while telecommunications was slowly and gradually opened up. China’s T&C sector integrated with the world textiles trade faster than the telecommunications sector. This is because the issue of national security and sovereignty remained critical factors which hindered the progressive liberalization of the telecommunication sector. Though China’s GATS commitments are very strong on paper, in practice China remains more protective in services sector than it is in goods trade.

The ambition of China’s trade liberalization programme manifests in its resilience and adaptability to global trading regime. The pro-active approach demonstrated recently by the Chinese leaders in response to global financial crisis to shift its focus from export-led growth to widening of the domestic consumption model is a sufficient indicator of the extent to which China is ready to face the future challenges. China’s export-growth model has produced positive results but such policies have also exposed China to high risks. It is observed that the Chinese leaders are currently contemplating the process of adopting domestic demand model, in addition to export
growth model, to be a more viable alternative for China’s sustainable growth. China is exploring ways and means to diversify its domestic economic base.

Clearly, external trade has contributed to China’s economic development by enhancing the efficiency of resource allocation, expanding the supply of some natural resources needed for production, transferring technological know-how via imports of capital goods, and factoring in its competitive advantage to promote exports. As a result, China was able to maintain a record-high average GDP growth rate of 9.5 percent during 1980–2006 and continued to register around 7.5 to 8 percent in 2007 and 2008. The growth in trade has contributed strongly to the creation of non-farm jobs and rural economic development. China’s experience amply demonstrates the importance of trade liberalization in facilitating the change in economic structure towards more competitive sectors. It also validates the significance of trade for the overall growth and development of the economy. Behind this growth and performance, political leadership has also played a key role. It is the combination of political will matched with gradual and sequential economic reforms that catapulted China’s position in the world economy. In essence, political economy has been a key driver of China’s sustained growth in general and textiles and telecommunications in particular.

In future the role of China in the WTO will be significant. Because, it promises to play a proactive role in the WTO negotiations till the time its developmental concerns are fulfilled. It will assert its viewpoint on benefiting from trade gains which were promised to her at the time of entry. Based on those gains it had convinced its people that why joining the WTO is better than remaining outside the multilateral system. It will play a leadership role in G-20 and G-33 as important issues like providing food security, livelihood and rural employment will be the central concerns of these groupings. It will try to influence the policy decisions of major powers like the US and the EU to accommodate interests of the developing countries who form two-third majority in the WTO. Its influence in the WTO will be more because China is no longer marginal rather a dominant player in the world economy.

In terms of T&C, this sector is equipped to perform better because its advantage in labour cost and economy of scale will continue to have an edge over other developing countries. World demand for the Chinese textiles and clothing are still large. Chinese
cotton sector will feed adequately to the rising demand of raw material. Supply chain management facilities are well developed and are constantly monitored to provide advantage to the enterprises. Big retail chain like Walmart and others will continue to source bulk of their demand from China.

China will continue to witness fast growth in the telecommunications sector. Constant innovation and upgradation of technology will help domestic manufacturing companies to produce new products at a cheaper price. FDI will come into the sector as China is visualized to be the global hub for telecom equipment industry. Incentives from the Government will continue to attract more investment to keep the sector globally competitive. China will have to open up the telecom sector to allow foreign service providers to come in. It cannot restrict them for long as it has made commitments in the WTO. National security and sovereignty will remain major concerns. How China will handle this sensitive issue in future will remain a major challenge for the Government.

Economic common interests and economic frictions are like a double edged sword. On the one hand, common gains can promote win-win cooperation. On the other hand, increased economic interaction does lead to more friction. On the whole it is reasonable to argue that economic interdependence has become a dynamic driving force for multilateral cooperation and global integration.

China faces a daunting task in moving through the transition from plan to market and seeks to catch up with the developed countries while the global economy grapples with the rise of the knowledge economy.

China's aspiration to play an increasingly important role in the world economy was visible from the time it applied for joining the GATT in 1986. Its continuous higher economic growth in the 1990s raised its expectations to benefit from an expanding world economy. It no longer wanted to remain on the margins of a system where opportunities were largely available to others. In addition, a transparent, rule-based, free and fair multilateral trading regime, having an extraordinary provision of a dispute settlement mechanism, convinced the Chinese leadership that joining the WTO would be in the interest of China. It was also convinced that economic engagement with the world economy would also help in accomplishing its political
and strategic objectives vis-à-vis world community thus paving the way for its rise as a major power. Thus China joined the WTO to fulfill such expectations.

Once in the WTO China has been proactive in various negotiations pertaining to agriculture, industry and service sectors. As a key member of the G-20, it has played an important role by advocating the Doha development agenda. It has brought the issue of developmental concerns of the developing countries into the centre stage of the WTO negotiations in different WTO ministerial meetings like Cancun, Hong Kong, and Geneva. It continued to defend the aspirations of the developing countries in the recently concluded G-20 meeting at Seoul during 11-12 November 2010. It also emphasized on creating a transparent world financial architecture to safeguard the interests of weaker developing countries and avoid such global economic imbalances.

China has gained substantially in garnering a larger share of world trade by joining the WTO. Sectors like textiles and telecommunications have experienced better export growth and domestic expansion. Having a traditional strength in textiles sector, China after joining the WTO has made inroads into world trade in T&C. Advantage of low labour cost, favourable FDI policies and cutting-edge technology have helped the sector to register a significant export share in world trade. With the advantages of labour, capital and technology China could expand its domestic consumer base keeping competitive price as a key factor. Similarly, telecommunications manufacturing industry witnessed a significant growth. Its exports of telecom equipment saw a dramatic rise after its entry into the WTO. Foreign telecom manufacturing companies found China a big market with huge opportunities. In telecommunications services, China is also witnessing a revolution as foreign services providers are slowly entering China.

Given its track record so far, China is likely to abide by its commitments to the WTO in the immediate future. Whether or not it will continue on this path is an issue that one will have to wait and see in the long term.