

## **Trade as an Engine for Recovery of World Economy**

**By Yi Xiaozhun, Vice Minister of the Ministry of Commerce of the People's  
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Distinguished Mr. Bo Xilai,  
Distinguished Madam PATRICIA FRANCIS,  
Ladies and Gentleman,

It is my pleasure to come to the beautiful mountain city of Chongqing to attend this World Export Development Forum. First of all, on behalf of the Ministry of Commerce of the People's Republic of China, I would like to extend hearty congratulations to this forum and warmly welcome all the distinguished guests here.

Chongqing is the youngest municipality directly under the Central Government in China. Over the past ten years, its imports and exports have increased by 18% in average each year, which is almost 3 times the average growth rate of world trade. It is therefore meaningful to hold this export-related forum in this western China city where the foreign trade is increasing rapidly. I would like to take this opportunity to express my view on the contributions of international trade towards the development of the world economy and the situation of China's foreign trade.

In recent years, the international community has worked together to overcome hardships of the international financial crisis and accomplished preliminary achievements. The rapid growth momentum of the international trade promoted the recovery of the world economy. This fully demonstrated that international trade is an important impetus for the development of the world economy. Over the past half-century, the annual average growth rate of world export is about 10% which is apparently higher than the growth rate of the world economy and the rate of increase in world population during the same period. In particular, in today's deeply globalised economy, a population of over 6 billion has constituted a huge market which provides a strong support for the growth of world economy. Paying special attention to overseas markets and actively participating in the international division of labour and information exchange will help each country to optimise their allocation of resources and promote domestic employment to achieve sustainable and stable development of economy. Many countries in the world, including today's China, have achieved rapid growth of the economy through international

trade development.

As we all know, over the past decades, international institutions like WTO and UNCTAD have contributed greatly to the rapid development of international trade. In 2009, the global trade dropped 12% due to the global financial crisis. However, we have not seen the emergence of “tariff surge” which was quite popular in 1930’s “Great Recession”. The solid multilateral trade system has demonstrated its importance once again.

In order to go a step further to get rid of impact of the global financial crisis and achieve stable recovery and growth of world economy, it is necessary for all countries to work together to maintain an open, just and fair multilateral trade system and conclude the Doha Round earlier. According to the estimation from World Bank, the completion of Doha Round negotiations will bring 160 billion US Dollars benefits to the world. We have reasons to believe that as the multilateral trade system further improves, the international trade growth will be more secure and the foundation of the world economy development will be even more solid.

However, it is a pity that we have noticed the rise of trade protectionism. This is an important trend which we must be on guard. In 2009, the Non-Tariff Measures as notified by members of WTO increased 17% from 1,272 items in 2008 to 1,489. Apart from the traditional trade protectionism, some countries attempted to adopt the unilateral measures like “Carbon Tariff” which in fact is green protectionism under the banner of combating the climate change.

In 2009, China’s export only accounted for about 9.6% in the global exports. However, China was subject to about 40% of total anti-dumping measures, 75% of total countervailing duties measures, and 43% of total trade investigation cases in the world in the same period. China has unfortunately become the main target of the trade protectionism.

Here once again, I would like to call all relevant countries to implement the consensus reached by G20 leaders and avoid imposing any new trade restriction measures and strongly oppose all protectionism in various manifestations.

Ladies and Gentlemen:

Over the thirty two years of China’s reform, China’s foreign trade has witnessed rapid and sustainable growth with annual growth at 16%, much higher than the economic growth of the same period. Its export jumped from 34th to No.1 in the world, import jumped from 29th to the second. Currently China has become the second largest trading nation in the world. In the process of promoting

its own economic growth, China's import and export also made contributions to world trade and economy.

China's export has brought stability and prosperity to the economy and market of the importing countries and raised the welfare of the people there. Chinese products are of high quality and inexpensive. On one hand, it can stabilize the price level in the importing country, reduce the risk of inflation and help to maintain the stability of economy. On the other hand, it can satisfy the consumer demand of the importing countries, especially the middle and low-income earners, and increase their purchasing power and standard of living.

China is consistently adhering to an open trade policy and achieving balance in international payment. China never deliberately pursues trade surplus. While we maintain a rapid export growth, we also insist on actively expanding our import. In 2010, China's import tariff reduced to 9.8%, which is lower than most of the developing countries and even a few developed countries. In recent years, we even issued a series of special policies and measures for increasing import, which includes enhancing the import convenience, cancellation of automatic import licenses management for parts of mechanical and electrical products. Starting from July 1 this year, we provide zero-tariff policies to the most underdeveloped countries. We organise and coordinate several trade promotion groups to visit countries all over the world for trade promotion activities and the like.

Now, China is accelerating the transformation of its mode of economic development and structural adjustment. China actively increases domestic demands and creates more export opportunities for all countries. China has made its own contributions to the world economic recovery. According to statistics from WTO, calculating at the fixed price in 2005 and in the background that the global trade dropped significantly in 2009, the imports of US and EU dropped by 16.5% and 14.5% respectively whereas China's imports increased by 2.8%. China was the only country among the major economic entities which showed positive growth in imports. For the first 7 months this year, China's imports increased by 47.2%, 11.6% higher than its export growth and its trade surplus reduced by 21%.

Ladies and Gentlemen,

Although China's foreign trade has grown relatively fast over the past 30 years and has accomplished some achievements in economic growth, China is still a developing country. According

to the UN standard of one US dollar per day, China still has a population of around 150 million living under the poverty line. So China's first priority is to ensure that the domestic issues are properly handled and achieve a stable and relatively fast economic growth. We firmly continue with our open trade policy and share the benefits of economic globalisation with all other countries.

In closing, I would like to express my gratitude to the ITC. For a long period, ITC is dedicated to working with developing countries, helping them formulate effective trade promotion plans, expanding exports and improving imports for developing countries and providing lots of manpower, materials and technical support for sustainable development.

So I would like to propose we express congratulations and thanks to the International Trade Centre for their work and their accomplishments with warm applause! My thanks also go to Chongqing municipality for their efforts and preparation for this forum.

Finally I wish this forum a complete success.

Thank you!