

PACIFIC ECONOMIC PAPERS

No. 274, DECEMBER 1997

The WTO and APEC: What Role for China?

Stuart Harris

AUSTRALIA-JAPAN RESEARCH CENTRE

PACIFIC ECONOMIC PAPER NO. 274

DECEMBER 1997

The WTO and APEC: What Role for China?

Stuart Harris
Research School of Pacific & Asian Studies
Australian National University

A U S T R A L I A - J A P A N R E S E A R C H C E N T R E

© Australia–Japan Research Centre 1997

This work is copyright. Apart from those uses which may be permitted under the *Copyright Act 1968* as amended, no part may be reproduced by any process without written permission.

Pacific Economic Papers are published under the direction of the Research Committee of the Australia–Japan Research Centre. Current members are:

| | | |
|--|--|---|
| Prof. Stuart Harris (Chair) The Australian National University | Assoc. Prof. Christopher Findlay The University of Adelaide | Prof. John Nevile The University of New South Wales |
| Prof. Sandra Buckley Griffith University | Prof. Ross Garnaut The Australian National University | Prof. Merle Ricklefs The Australian National University |
| Prof. Ken Davis The University of Melbourne | Prof. Keith Hancock Australian Industrial Relations Commission | Prof. Alan Rix The University of Queensland |
| Prof. Peter Drysdale The Australian National University | Prof. Jocelyn Horne Macquarie University | Mr Ben Smith The Australian National University |
| Prof. Ron Duncan The Australian National University | Prof. Warwick McKibbin The Australian National University | |

Papers submitted for publication are subject to double-blind external review by two referees.

The Australia–Japan Research Centre is part of the Economics Division of the Research School of Pacific and Asian Studies, The Australian National University, Canberra.

ISSN 0 728 8409
ISBN 0 86413 218 2

Australia–Japan Research Centre
Research School of Pacific and Asian Studies
The Australian National University
Canberra ACT 0200

Telephone: (61 6) 249 3780
Facsimile: (61 6) 249 0767
Email: ajrcgen@ajrc.anu.edu.au

Edited by Rebecca Crannaford

CONTENTS

| | |
|--|----|
| Background | 1 |
| Perspective of China | 2 |
| Commitments and Obligations | 6 |
| Perspective of Other Trading Nations | 11 |
| Perspective of Cooperative Organisations | 13 |
| WTO Accession Process | 14 |
| Discussion | 17 |
| <i>Notes</i> | 21 |
| <i>References</i> | 22 |

THE WTO AND APEC: WHAT ROLE FOR CHINA?*

China applied to rejoin the General Agreement on Tariffs and Trade (GATT) over a decade ago and negotiations for China's entry into GATT's successor, the World Trade Organisation (WTO), are still proceeding.¹ China has participated in regional economic cooperation processes for about the same period. Our interest in China's approach to the WTO and to the Asia Pacific Economic Cooperation forum (APEC) lies, in part, in China's motivation for, and approach to, its interactions with those organisations. We are also interested in how China's participation does or might impinge on the existing members of those organisations and the global trading system that those organisations represent. The institutions themselves also have interests that are affected.

In assessing what role China might play in these institutions, we need to examine some broader questions about China's approach to international cooperation in general, and about the extent to which, in its acceptance of the benefits of international cooperation and economic interdependence, it is willing to meet the obligations and commitments implied in membership of such organisations, including constraints on domestic policy autonomy. Of particular interest is, therefore, the extent to which there has been a learning process (cognitive or adaptive) on the part of Chinese individuals, organisations and systems of government following China's involvement with these organisations, not only with respect to participation in the international system but also in terms of domestic social and political development.

Background

China, while under the Nationalist Government, was one of the 23 original signatories of GATT. The Nationalists withdrew from GATT in 1950 following their exodus to Taiwan. When, in 1980, the then People's Republic of China (PRC) resumed its seat on the United Nations (UN) Interim Commission for the International Trade Organisation, which appointed the Director-General of GATT, this was taken to be an indication of Chinese interest in GATT (Jacobsen and Oksenberg 1990, p. 84). In 1981, China started to observe GATT meetings dealing with the renewal of the Multifibre Arrangement (MFA). China became a member of the MFA in January 1984. In November 1982, China had started to observe ministerial level GATT meetings, and in December 1984 it became a permanent observer at meetings of the GATT council and its subordinate bodies.

In July 1986, China formally applied to resume its status as a contracting party to the GATT. A working party was set up in 1987 to consider the terms of China's entry. Negotiations have been proceeding since then on the conditions of China's admission to what is now the

WTO. China would also be pressed, as part of the negotiations, to join the linked plurilateral agreements, such as the codes on subsidies, antidumping, standards and, especially, government procurement.

China is already a member of APEC but, in looking at China's participation in that body, we need to consider its participation in Pacific economic cooperation as a whole, starting with the Pacific Economic Cooperation Council (PECC), which was the forerunner, in many respects, of APEC. Discussions about PECC membership took place with China on and off over the years following PECC's establishment in 1980. Despite delays involved in working out the appropriate nomenclatures of Taiwanese participation, China accepted an invitation to join PECC in September 1986, and joined APEC in 1991.

Perspective of China

From the perspective of any country there is usually a mix of reasons for joining an international organisation, based on the presumed benefits of membership. The benefits can be political — such as international status and credibility and national legitimacy, or benefits to particular interest groups — or non-political — such as participation in decision-making processes, the receipt of specific economic benefits, information exchanges, or assimilation of technical knowledge and expertise. There are also costs, however, related to the commitments and obligations that have to be undertaken, often involving some sacrifice of autonomy over the policy areas central to the organisation's existence.

In China's case, the balance between the various motivations and perceptions has changed over time. While Cold War politics kept China out of many international institutions from 1949 to 1971, for much of the postwar period the PRC's perspective of the Bretton Woods institutions was that they were instruments of capitalist exploitation. Since 1971, when China resumed its seat in the UN, it has sought to resume its position in other parts of the international system, and is now a member of most UN and related organisations. It has been argued that China has largely entered these organisations as a way of countering Taiwan's efforts to extend its diplomatic status internationally (Cooper 1989, p. 311). Although this may have been one of several causal factors with respect to the UN and related political organisations, a different pattern has emerged relation to China's involvement with economic institutions, wherein membership competition with Taiwan was not initially a motivation.

In the case of GATT, competition between the PRC and Taiwan ultimately became important following the 1990 Taiwanese bid for membership, even though Taiwan made its bid as an autonomous customs territory. This it did in the expectation that its application would not be controversial, especially as Hong Kong had been admitted to the GATT on the same basis in 1986 without objection from China. China did not oppose Taiwanese membership as such but argued that Taiwan should not become a participant ahead of China. The issue is at present largely quiescent. The United States and Europe still seem to be behind a compromise that would let China and Taiwan enter together but the US Congress may also want to push the issue as a further political aspect of the decision (see US Federal News Service 1994). This is also likely to be a point of pressure by Taiwan, as it seems to be moving rather faster than China in furthering its negotiations.

When China first applied to rejoin the GATT, it was still at an early stage in the opening up of its economy after a long period of autarchy. The technical learning process was seen as important. Because of the strategic situation, relations with the United States were good; Tiananmen Square had not happened; and the Taiwan Strait situation was more stable. At the same time, the technical aspects of the GATT were less well known to Chinese leaders and officials, but the WTO had not then come into being. Nevertheless, China's decision could be seen as a logical extension of its growing involvement in the world economic system (Feeney 1994, p. 242).

The incident that occurred in Tiananmen Square in 1989 provided a major setback to China's negotiations for entry and shaped the external attitudes towards China that impinged on those negotiations. To a degree, the reassertion of China's interest in the GATT in 1992–93 was a response to recovery from 1989 and to the movement towards establishing the WTO (eventually established in January 1995), which China hoped, unavailingly as it happened, to join as a founding member.

However dominant the economic motivations, political motives may have been a factor of China's participation from the start. Political factors have grown in importance and taken on a different complexion in recent years because of the politicisation of the approach to China's entry, notably by a number of US politicians. China's international status is an important motivating factor for China's leaders and has probably become more so since the establishment of the WTO, especially since the United States–China relationship has soured. This has brought back China's national sentiment of having been unjustly denied its rightful place in the international system for too long by those more powerful, and its deep sense of historic grievance and ideological vulnerability.

Samuel Kim notes that the UN is a means by which China ‘dramatises its national role for domestic and international audiences’ (Kim 1994). The WTO lends itself less easily to this purpose because, fundamentally, it is administering the GATT, a technical treaty involving specific obligations as well as benefits, and the other agreements emerging from the Uruguay Round. To a degree, given the largely technical nature of those agreements, the exercise of economic interdependence without the overriding concern of political obligations should make it easier for China to participate, and to use it to establish its economic reputation and status. Nevertheless, there is little doubt that China has come to see prospective membership of the GATT, and more recently the WTO, as consistent with the full acceptance of its part in the international economy and as consistent with what it regards as its new found international standing.

In addition to such political benefits from WTO membership, there are material benefits that countries gain from membership in exchange for accepting certain obligations. Some time ago, Chinese officials set out nine such benefits that they calculated they would receive from resuming entry to the then GATT (Li 1990, p. 265–71). In summary, these were:

- to contain international protectionism;
- to expand Chinese markets;
- to gain nondiscriminatory access to markets, including unconditional most favoured nation (MFN) treatment;
- to gain the treatment that developing countries get, such as preferential trade arrangements;
- to improve China’s negotiating capability by gaining access to multilateral dispute settlement procedures;
- to encourage Chinese industry to become more competitive internationally;
- to increase the transparency of China’s economy;
- to increase confidence among China’s trade, investment and technology providing partners; and
- to safeguard China’s position in prospective negotiations on new areas such as trade in services, investment and intellectual property rights.

Three overriding reasons can be discerned from this list.²

Firstly, among the specific national benefits that accrue to WTO members in general is the assurance of non-discriminatory tariff treatment in each other’s countries. Since close to 90 per cent of China’s trade is with WTO countries, as a member of the WTO, China would be less dependent upon the well over 100 bilateral trade treaties it has to manage with trading

partners. It would hope to be assured that MFN status would be unconditionally applied to it by all WTO members and, in particular, that WTO membership would overcome the annual review by the US administration of China's MFN treatment, which not only creates great uncertainty but is damaging to China's pride. This has become increasingly important in some respects since the MFN issue has gone up the US political agenda, and more difficult to achieve in the light of the constraints placed on the US administration's freedom by the Jackson-Vanik amendment to the US 1974 Trade Act.

Secondly, China would have hoped that GATT membership would strengthen its case for access to the preferential arrangements that developing countries attract. In particular, it initially hoped to gain from the United States the Generalised System of Preferences (GSP) treatment that it gets from many other countries by way of its developing country status. GSP status does not itself flow from WTO membership and, in any case, this aspect has undoubtedly declined significantly in China's concerns for several reasons, including the diminished benefits from preferential entry arising from the tariff reduction results of the Uruguay Round.

Thirdly, China would hope to avoid general protectionist measures that might be used to limit its exports. Membership of WTO would enable China to participate in international discussions affecting trade, including its own trade relationships. More generally, it would belong to a formal organisation that coordinates the international economic policies and activities of member states and provides rules, procedures and protection against unfair trade practices and discrimination as well as procedures for resolution of other trade disputes. China's experience in the MFA led to its general position being that, despite China's substantial bilateral bargaining strength, China prefers the relative predictability of multilateral processes to the somewhat greater uncertainty of bilateral procedures (Jacobsen and Oksenberg 1990, p. 127).

Reformers in China have also seen membership of the WTO as being important to furthering the process of domestic economic reform. WTO membership would, it was judged, strengthen the position of reformers in China, legitimise and promote economic reform and assist in China's management of the reform process and of deregulation.

In the context of regional economic cooperation, during China's membership of the PECC, the forerunner and complement of APEC, China's non-ideological attitude to the organisation was important. Unlike the Soviet states, China had not voiced a strong anti-PECC position prior to 1986, although the Chinese leadership had viewed the PECC process as primarily a Japan-inspired effort to promote Japanese economic prosperity, national

security and political influence. Concern was also expressed about possible Japanese and US domination of the evolving institutional structures.

Nevertheless, in the early 1980s — particularly after the visit to China of Australian Prime Minister Bob Hawke and Premier Zhao's endorsement of Pacific economic cooperation in 1984 — attitudes shifted such that Chinese officials expected, eventually, to participate in the PECC process (Chiba 1989, p. 49; Wilson 1985, p. 1–12). China no longer appeared apprehensive about joining a group composed of representatives from industrialised and developed countries, accepting that 'economic benefits could flow to developing countries in the form of investment, technology, training and market access' (Woods 1993, p. 131). It observed the need, as with other countries, to 'seek cooperation to remedy its weakness in order to win respect in the global economy' (Reuters 1995). More recently, it has also seen APEC as a means of pursuing its WTO accession objectives, especially in order to put pressure on the US with respect to MFN non-discrimination. However, this has not been China's only objective in APEC, and China has not pushed these aspects so strongly as to be disruptive of APEC consensus seeking

A further benefit of regional economic cooperation perceived by many Chinese analysts is that it will enhance prospects for multilateral security cooperation, since, with good economic relations, 'multilateral relations will develop naturally and there will be no conflicts or war' (Garrett and Glaser 1994, p. 22).

Commitments and Obligations

When China applied for GATT membership, it had to face requirements to liberalise its trade policies by reducing tariffs and non-tariff barriers, decentralise trade decisions, phase out import licensing and limit import substitution. China needed to end its own trade discriminating practices by eliminating export subsidies and dumping, and expanding market access by eliminating restrictive and non-competitive processes. It would have to stop treating important parts of its trading system as secret and begin to make fully transparent its trade policies, rules and regulations; its production and trade target levels; its pricing practices; its state foreign trade organisations' practices and operating rules; its foreign trade plan and priorities; and a broad variety of trade data and statistics. It would also have to restructure its two-tiered renminbi exchange rate (which subsidises exports), loosen accessibility to

foreign exchange and revise the Special Economic Zones (SEZs) to ensure a unified national trade regime.

In its bid for WTO membership, China has been adjusting its domestic trading system to meet WTO requirements, starting with the 1985 revision of its customs tariffs and regulations. China has since then been progressively lowering its tariffs to meet a variety of international pressures, notably those of the WTO, as well as for its own benefit. Its trade law changes in May 1994 reflected a marked step forward in ensuring trade transparency and uniformity in a market based trade policy. China's 1994 financial reforms associated with the unification of the two-tiered exchange rate led in 1996 to the convertibility for trade transactions required by the WTO. After taking various smaller liberalising steps in the interim period, in 1997 China announced, ahead of the Vancouver APEC meeting, that it would cut import tariffs substantially (from October 1 of that year), to bring average tariff levels down to 17 per cent from the previous 23 per cent. At the November APEC meeting, China promised further reductions to an average of 15 per cent. It has also reduced the extent of non-tariff barriers — import licences, quotas and certification requirements — on a range of import classifications.

Bilateral pressures, not only from the United States, have been important in these changes. Responses to such bilateral pressures, such as the US market access agreement, were often directly or implicitly foreshadowing the requirements for forthcoming WTO negotiations. Regional influence has similarly been important, notably through PECC and APEC.

Various Chinese specialists have acknowledged problems with the existing Chinese trade system and, in particular, its lack of transparency (Wang 1989, p. 334). At least until the Asian financial crisis, many Chinese administrators saw benefit in the international pressure placed on China to liberalise its foreign exchange regime to eventually achieve full convertibility (this pressure arose more from the United States than from WTO or the International Monetary Fund (IMF), since the WTO requires not full convertibility but only convertibility for trade activities). The reforms already undertaken have put pressure on China to liberalise in other areas important in terms of WTO accession — especially the service sector (including transport and banking) and state enterprise reform — and this is proceeding, if slowly, despite the problems it requires China to face and the costs China must thereby incur. Accession to the WTO, rather than to the GATT, has added to the requirements China has to meet, including in relation to agriculture (notably questions of market access, domestic support and export subsidies), other services and intellectual property. In particular,

the 1997 Information and Technology Agreement (ITA) makes China's meeting WTO requirements in the services sector, already its most difficult task, even more difficult. Yet China has committed itself to signing the ITA in the near future (Zhang and Guo 1998, p. 15).

The question of what constitute 'costs' is, of course, ambiguous. In the economic field what are costs to some Chinese will be benefits to others or to the economy as a whole. For example, under the pressure of the WTO negotiation processes, the SEZs have been losing some of their competitive benefits. For the SEZs, this is a cost; for the economy as a whole, while acknowledging the short term learning gained from the SEZs, it is probably a significant benefit. Nevertheless, the commitments and obligations China must accept involve substantial political and short-term economic costs, in terms of necessary domestic adjustments and overcoming domestic opposition. In this sense, accession to the WTO is different to China's participation in other international organisations.

China has sought to emphasise its developing country status as a means of enabling it to avoid many of the more onerous aspects of membership (for example, through sustained infant industry protection, balance of payments motivated import restrictions and government development subsidies). This is a contentious issue to outside observers: on the one hand, China is now among the top ten trading nations; yet, on the other, it is the only one that is a developing country (if Hong Kong is excluded) (Reuters 1995). China's size and economic importance do make it unique but, in any case, such issues are normally tackled on an issue-by-issue basis on their specific merits.³ Whatever concessions might be negotiated to reflect its developing country status, China's overall control and flexibility in managing its economy and foreign trade regime would still be diminished, and there would be significant costs for certain sectors of the economy.

The benefits for China from the processes associated with involvement in regional economic cooperation and accession to the WTO have already been significant. It has achieved greater competitiveness in many of its industries, as its export performance shows. Its financial and trade reforms have encouraged lenders — public and private — and investors, and have increased investor and lender confidence. They have also encouraged among Chinese elites a deeper understanding of the market processes that have been largely responsible for the rapid growth rates of the Chinese economy. In that process, China has been able to draw upon valuable foreign professional economic expertise to analyse the strengths and weaknesses of the Chinese economy, draft economic blueprints and train substantial numbers of Chinese officials.

Not everyone in China has viewed regional economic cooperation favourably. Many in China still oppose the reforms for ideological reasons; others foresee major costs in the implied dependence on a hostile international community; and others are concerned at the massive social costs involved in dismantling the welfare support from state enterprises and increasing their economic efficiency. For many Chinese officials, particularly those in the engineering and electronics industries, increases in foreign competition and the liberalisation of the economy that has already taken place are worrying. "They view Chinese entry to GATT as a "disaster (that) will soon befall them" (Shirk 1994, p. 70). Even among those accepting the need to open up the economy there have been concerns. Before the Asian crisis, some Chinese interests saw the pressure to free the exchange rate and other financial reforms as moving too fast and therefore being a costly move, as did some external commentators (The Economist 1996). Subsequent developments have reinforced that view.

To overcome the political opposition that these various objections generate, it will be increasingly important to relate the benefits from the continuing liberalisation of the economy to the more reliable access to the global market that would be delivered through WTO accession (Drsydale and Song 1994). That argument will become stronger in the future as the reform pressures facing China, particularly concerning state enterprise reform, become even more complex and more politically contentious. Nevertheless, there is no apparent evidence of China's moving back from its objective of WTO membership.

China's membership of APEC is consistent with its opening up to participation in the international economy. China uses APEC to show its willingness to reform its economy and to integrate with the international economy, regional and global (Zhang and Guo 1998). It is also consistent with China's aspirations for a greater regional role. Again, APEC requirements strengthen the position of economic reformers within China who argue that there is a price China has to pay both for participation and for its gains from the reforms undertaken by other countries. Although China is towards the more conservative end of the spectrum of member economies, wanting to move slowly, voluntarily and flexibly, it has supported APEC moves on trade and investment liberalisation.

China has come increasingly to link its participation in APEC with its WTO accession request, both because it participated in the Uruguay Round negotiations and, albeit without a binding commitment, signed on to the Uruguay Round outcome, and because of the pressures for trade reform now coming from APEC. This has become a matter for some comment by Chinese officials. For example, a senior Chinese official said after the Osaka

meeting that whether a WTO member or not China would 'continue to take a constructive attitude towards participation in economic cooperation in the region' but, in the absence of WTO membership, would do so at China's own pace and within its own timetable (Mei 1996). At this stage, these two are not greatly divergent, but they could become so in the future. Yet China has continued to contribute liberalising action plans in APEC forums and APEC is not seen as an alternative to WTO.

PECC/APEC commitments have been less specific than for the WTO but they have generally required constructive and cooperative participation in those institutions' activities, which has been reflected in the Chinese approach. For example, China was part of the 1994 Bogor consensus committing APEC members to the goal of free and open trade in the Asia-Pacific region by the year 2010 or, for developing economies, 2020.

In response to the requirements of the APEC commitments, with APEC itself representing a moving process of liberalisation to which China has to respond while maintaining its bargaining position in the WTO negotiations, the Chinese have been careful to act constructively, as their actions at the Bogor, Osaka, Manila and Vancouver meetings from 1994 to 1997 indicate. Although China was among a number of economies that wanted to exclude agriculture from the commitment, it showed itself willing to work towards the APEC compromise. China supported the Osaka Action Agenda, in spite of its concerns over the principles of comprehensiveness, comparability and non-discrimination (essentially regarding the US MFN issue). Its downpayment was one of the more impressive tabled at Osaka and, although that represented a downpayment of part of the WTO tariff cut accession offer, if the program is implemented the tariff cuts will be substantial. It also reflected other reforms in areas including financial, foreign investment and trading regulations.

China has increasingly stressed in APEC its developing country status, as in the timing of its commitment under the Bogor consensus and in its stress on flexibility. In part this is to bolster its objective to accede to the WTO with developing country concessions, or at least to improve its bargaining position when the final accession arrangements are agreed upon (Mastel 1995).

Perspective of Other Trading Nations

Among the other members of both the global and the regional organisations, there is a strong interest in principle in China's participation. This was founded in the belief that participation would subject China — already a large, and rapidly growing, player in global markets, deeply integrated in the global economy — to the rules of the WTO, with the associated benefits of lower tariffs, fewer non-tariff barriers, increased transparency and greater predictability of China's regulatory regimes on state trading, standards, customs valuation and government procurement. Moreover, it is in the interests of the trading world not only that China become locked into the commitment it has made to reform, but that it do so having access to the benefits of a system that provides it with a more confident basis in its dealings with other nations and, therefore, underpins its reform process. China's reforms have already made a substantial contribution to world trade growth. Chinese imports almost quadrupled in the ten years to 1997, as a result of the reform process. Estimates suggest that imports would grow more rapidly with WTO accession (Drysdale and Song 1994).

Japan has been more sensitive than most to not excluding China from the international community and has shown a particular interest in China's membership of the WTO both for this reason and because of its large and growing investment stake in China's economy. Hence Japan has shown special interest in investment related trade issues arising in the accession negotiations. At the same time, it is cautious in its approach to the negotiated outcome. While, in its response to China's seeking Japanese assistance in the negotiations, Japan has sought to be helpful, it is still careful to ensure that the balance finally reached is compatible both with the international system and more specifically with direct Japanese interests.

General support for China's accession is not unqualified, since China's accession offers potential problems for the major trading nations. By the United States, and less so by the Europeans, China is viewed as both a non-market economy and an East Asian producer of low cost competitive products. Concern about the continued central planning of parts of the Chinese economy poses problems for some countries. At the same time, some countries, notably the United States, know that they will be unable to exert the same degree of unilateral economic pressure on China as they currently can once China accedes to the WTO (Feinerman 1992, p. 24). Some developing countries, including India, also expressed concern in the initial years following China's application about China's prospective competitiveness as a member of the WTO, but this concern seems to have diminished.

Nevertheless, given the importance of both China's future trade prospects and the credibility of the liberal international trading system, the need for China to comply effectively with WTO disciplines is a matter of urgency if the WTO is to continue to provide an orderly basis for international trade. To achieve this, however, China has to be given appropriate WTO entitlements. Some trading nations are reluctant to see that happen. A balance also needs to be struck between what is expected of China consistent with undertakings made by other WTO members of similar trade importance and level of development, and what targets might be set for the future consistent with China's aims in developing its economy on market principles and its administrative capacity to achieve those targets. Just where that balance might be found is hard to determine, and precedents elsewhere, such as for Eastern European countries, are little help given China's present and potential size.

Judgements of this kind are more difficult to make now that WTO has become a major political issue for the United States in relation to two matters: the periodic trade policy conflicts between the United States and China, and the broader policy conflict between the US Congress and China. In respect of the first, US negotiator Mickey Kantor (US Senior Trade Representative) considered China's WTO accession as a bargaining tool in enforcing US trade policy. At one stage, he described WTO accession as a 'tool' at his disposal (Kim 1996, p. 94). This attitude has perhaps lessened since the 1997 Jiang/Clinton summit, given the two leaders' expressed agreement to intensify negotiations, and President Clinton's intimation to his officials of his desire to give this high priority. The second debate is unlikely to be helped by the US Congress' interpretation of events concerning Taiwan. A particularistic approach to China seems also to be illustrated by the desire to have China involved in bodies like the WTO, while 'rejecting demands for special concessions' — which would of course make China almost unique among countries in or acceding to the GATT or WTO over the years (Rachman 1996, p. 137).

Regionally, there was a clear desire expressed among most PECC members to have China, a significant regional economic actor, become a member of PECC, to engage China in regional economic diplomacy; and to note that, although Indonesia blocked entry for a while on other grounds (its continuing antipathy towards China), PECC was not just for market economies. There was also an interest in subjecting China, through the PECC/APEC process, more directly to the views of other regional members on trade and investment (and more general economic) questions. Moreover, PECC/APEC processes now represent the only area where China, Taiwan and Hong Kong participate together and this will become increasingly important in the years ahead.

Similarly, the original members, with Indonesia again initially the coolest, sought China's participation in APEC for much the same reasons as applied for the WTO, with the addition of specific regional benefits. For example, in the case of APEC, China's entry provided a forum for high level Sino-US dialogue (Funabashi 1995, p. 76). A positive political aspect is the Leaders' meetings that bring together regional heads of government once a year. This has considerable potential in several respects. In particular, it has brought the Chinese leader into more regular contact with other regional leaders, including the US President. The inclusion of China, however, does have its critics, such as, characteristically, the Asian Wall Street Journal (Reuter 1990).

Perspective of Cooperative Organisations

It is evident that the GATT Secretariat was keen to see China enter GATT. Several missions, including two visits by Director-General Dunkel, went from Geneva in the 1980s to explain the benefits of GATT membership to the Chinese leadership. Subsequent Director-Generals of GATT/WTO, Sutherland and Ruggiero, followed this practice in the 1990s. One reason for wanting China's membership of WTO, in its most expansive form, is that China's participation would legitimise the WTO's claim to be managing a truly global economic order, with Russia being the only major outsider. For an organisation looking to maintain and advance a liberal trading system and to ensure the widest possible coverage of the rules and procedures of the WTO, participation by China would be a great step forward.

China's application also improved the credibility of the GATT in the eyes of other developing countries. In particular, it further undermined the New International Economic Order (NIEO), and virtually put paid to any remaining hopes of the UN Conference on Trade and Development being an alternative forum to the GATT for negotiations on international trade matters (Jacobson and Oksenberg 1989, p. 131).

For APEC, and for PECC, there is no comparable institutional structure to support their function as regional cooperation institutions. For those interests involved in those bodies in an organising role, however, China's participation was critical to their ability to effectively expand regional cooperation. Considerable effort was therefore made to involve China and to resolve the nomenclature problems relating to Taiwan.

WTO Accession Process

There are three phases of the accession process that China has to pass through:

- examination of China's foreign trade regime;
- drafting of a protocol outlining China's rights and obligations within the WTO; and
- negotiations over China's specific tariff concessions and adherence to WTO agreements and principles.

Considerable progress had been made on the first under the GATT Working Party, and a start had been made on the drafting of the protocol by the time of Tiananmen Square. It was, however, some little time before the hiatus resulting from Tiananmen Square was surmounted. Considerable progress was subsequently made, but it was only in 1993 that the hard bargaining began. Core bargaining issues have included: a unitary national trade policy in which imports receive the same treatment at every entry point; full transparency for all regulations, requirements and quotas; elimination of non-tariff barriers; a commitment to move to a full market economy; temporary safeguards against Chinese export surges (Feeney 1994, p. 244); and, more recently, broader WTO issues such as agriculture, services and intellectual property.

On many of the major issues that fall within the realm of the accession process proper — leaving aside, for example, the US pressures outside that process for complete freedom of the Chinese exchange rate system — progress has been substantial and hard bargaining is proceeding. The issues are gradually being narrowed down and agreement is being reached on the large number of technical issues that are involved, many of which cover new ground now that the WTO is in place.

There is frequent criticism of the US approach to China's WTO accession outside the negotiations themselves. That the United States is the predominant negotiator on China's accession is, in many ways, 'unfortunate because US/China trade relations have peculiar systemic problems of their own'. This was stated in 1989, and to this there now needs to be added the 'peculiar systemic' political problems of the relationship (McDonnell 1987, p. 256). The US approach within the enormously complex negotiations, however, is generally accepted by those involved as basically professional and, while less weight is given to the public good aspect of China's membership than many would think appropriate, the belief exists that the issues can be negotiated successfully. The Chinese are similarly judged to be approaching the issues on a workmanlike basis, but the strength of domestic bureaucratic constraints, and the

difficulty, at least until recently, of getting a whole of government approach and of obtaining high level decision making attention to the issues has limited China's negotiating capability.

The implicit issues, however, are likely to be even harder to resolve than the explicit ones. These include: a United States–China trade imbalance; the problem of US MFN and the Jackson-Vanik amendment; the question of transitional arrangements, and the safeguards regime to be adopted.

The US rhetoric on its trade imbalance with China could become even more important given the recent Asian financial crisis. What is commonly overlooked is that the imbalance over the 'three Chinas' (PRC, Hong Kong and Taiwan) has changed substantially; while China's surplus grew from US\$3.4 billion in 1987 to US\$32 billion in 1994, the surplus of the three Chinas over the same period rose substantially less, from US\$25.1 billion to US\$39.7 billion. While China's trade surplus was growing, Hong Kong's large surplus with the United States shifted to a substantial deficit, with much of its export activity moving to China. Taiwan has similarly moved significant levels of export production to the mainland. Nevertheless, the question of quantitative growth in China's imports is likely to be a major discussion point, and not without precedent in other GATT arrangements with non-market countries.

The basis of the WTO is non-discrimination, and this has been a major objective consistently pursued by China in seeking WTO membership. The United States is the one major trading country not unconditionally applying MFN treatment to China and its capacity to do so is limited by the Jackson-Vanik amendment, which requires that the President extend MFN treatment annually to communist countries, with the decision to extend being subject to being overturned by the Congress. Thus, under existing legislation, the United States cannot extend MFN treatment to China unconditionally. There has been talk of the US applying Article XXXV of the GATT (now Article XIII of the WTO) to China. Such a step was applied by a number of countries to Japan when it joined the GATT in 1955, but it would now be seen as a retrograde step in the light of where the trading world, including China, has moved to. Given the importance of this issue to China, it would also mean that much of the benefit that China hoped to gain from membership would be negated.

It would also mean that the United States would need to develop a bilateral arrangement for US–China trade relations outside of the WTO, reflecting much of the WTO arrangement but accepting the continuation of Jackson-Vanik. One of the consequences is that, because in current circumstances the United States cannot offer permanent MFN treatment to China,

'the United States may be shut out of key WTO closing negotiations' (Mastel 1995, p. 36). While this is not a good time to seek Congressional changes in legislation affecting China, the annual review of China's trade status is 'a relic of a past era and is counterproductive generally and in particular to US interests in the modern environment' (Mastel 1995, p. 37). Such measures can only reduce the competitiveness of US business efforts in China.

Although China continues to argue its developing country status — which, in large degree, is self evident in much of China's social, political and economic infrastructure — China's size makes the normal developing country treatment more problematic. There is general agreement that membership issues of this kind should be dealt with on an issue-by-issue basis.

Different emphases have emerged in the negotiation process. The European nations have been concerned about protecting themselves from increased imports of Chinese goods while the United States has sought to gain greater access to China's markets (Holliday 1997, pp. 451–69). The question of safeguards is a complex one but there will no doubt be some form of selective safeguards arrangement introduced, under particular pressure from the Europeans, to deal with potential surges of Chinese exports. Although accepting this in principle, the Chinese have justifiably argued that this is contrary to the nondiscriminatory principle of the WTO. China has taken a similar view on being pressured to join all the plurilateral codes, including those on civil aviation and government procurement, which other members have not been required to do.

There have also been suggestions for commitments by China to annual growth in imports in total and from the United States. Although earlier GATT accession arrangements with other non-market economies provide only a limited guide to what might be suitable for China, such commitments were a (not always successful) part of the deals made with several Eastern European countries when they joined the GATT in the late 1950s and early 1960s. Although China is still a substantial way from being a full market economy, there may be a need for such arrangements in areas under central administrative control. An easy ride for China, in this as in other areas, would be in no-one's interest, quite apart from its potential impact on the implementation of the Uruguay Round commitments by existing WTO members or with respect to, among others', Russia's application for membership. There is also a need, however, for reasonably objective guidelines to be set for the removal of such commitments as market systems come into place, not least to ensure that such issues do not again become political playthings.

Many potential WTO benefits are already in place because of the changes China has already made. The WTO outcomes, however, will provide firm commitments along with specific transitional arrangements. Despite the noise coming from US trade negotiators about China's non-compliance with bilateral agreements, there is less concern among those familiar with the negotiations about China's intention to adhere to any commitments it accepts than about its administrative ability to do so. This is where the developing country nature of China's economy has an effect, but the difficulty is accentuated by the process of economic decentralisation that has been undertaken in response to, among other things, the advice of experts from the international economic organisations.

Discussion

The question that remains is how China might fit as a member of the WTO. We cannot know what China's approach will be when it becomes a member of the WTO, if it does. We can draw some conclusions, however, by examining the following three questions.

- What approach has China taken in regional economic cooperation institutions and in the other international economic organisations to which it belongs?
- Has China undergone learning or value changes (cognitive learning) with changed conceptions of its national interest, or is it simply adapting to the new international circumstances while its objectives remain the same?
- How does WTO membership contribute to interdependence and the understandings commonly associated with that?

China's participation in PECC and APEC has been basically cooperative and constructive. Its interests have tended to be closer to those of the developing countries, which share interests in human resource development and, more particularly, science and technology. China has played an organising role in the task forces in these areas and no particular problem have emerged. Within the agreed guidelines for the basis of Taiwan's membership, it has cooperated effectively with Taiwanese participants, even at APEC Leaders' meetings, despite continuing pressure from Taiwan to widen the guidelines. 'Since the entrance into APEC, China and Taiwan have sometimes clashed on protocol and procedural issues but rarely on substance.' (Funabashi 1995, p. 75)

As far as other organisations are concerned, we noted earlier that China accepted conditionality on part of its 1981 drawings from the IMF and, in so doing, not only tacitly supported conditionality but accepted international organisational constraints on its domestic decision making (Cooper 1989, pp. 311–16). A study of international economic organisations showed that China's involvement in the World Bank and the IMF, rather than supporting various fears that China would bring its own agenda and ideas to its membership and try to impose them, was basically to accept and work within the existing framework (Jacobsen and Oksenberg 1989, p. 127). It concluded that 'the Chinese posture has been to facilitate the work of the World Bank and the International Monetary Fund by espousing and adhering to their norms (Jacobsen and Oksenberg 1989, p. 136).

While we have looked at China's role from the perspectives of China, of other trading nations and of the organisations themselves, a further perspective, that of the developing countries, has been identified as important (Chen 1989, p. 334). Certainly, China from time to time proclaims itself as the leader and protector of developing country interests. From that perspective, China's presence could have various impacts: positive impacts, such as advancing developing country interests; or negative impacts, in the case of the international financial institutions (IFIs), such as competition over the institutions' resources. The developing country interest could be important in the WTO. The experience in the IFIs is that China has argued for changes affecting developing countries that have been adopted as appropriate by those organisations. China has also at times been constructive in reducing North–South tensions within those organisations (Jacobsen and Oksenberg 1989, p. 135).

For the WTO, this has not been an issue so far. In other organisations, China has generally supported the position of the developing countries on such issues as world debt relief, easing up on conditionality and giving developing countries more weight in decision making in international organisations. But China has joined no developing country groupings, and it follows the norms and expectations of the international institutions, including arguing in response to the Asian financial crisis that the countries affected have to accept the IMF medicine. Like other countries, it seeks generally to maximise the benefits it can receive from these institutions, but in doing so it generally adopts a pragmatic rather than strident or ideological stance.

With respect to our second question, China had been a member of a number of economic institutions well before it sought GATT or WTO membership. In some cases these may not have been of major significance; in other cases the compromise on principle — although not necessarily of basic beliefs — was great. This can be illustrated by China's willingness not only

to borrow money from a western institution but to accept the conditions that were imposed by the IMF, and by the learning process involved, which seemingly was internalised by Chinese decision-makers. Nevertheless, perhaps more than anything else, the changes required of China in order to accede to the WTO membership involve a major commitment to the capitalist trade and economic order.

The initial interest of China in GATT membership had a substantial technical component: it reflected China's change in policy in opening up to the world. China joined the MFA, after observing its operations, for the rational economic reason that it could expect to gain in terms of increased textile exports. China's establishment of research and training institutions to analyse and assess GATT processes and mechanisms indicated an interest at the time in developing the necessary technical expertise to support its membership. Jacobsen and Oksenberg concluded that China's participation in international economic organisations had led to changes in policy, policy processes and institutions in China (Jacobsen and Oksenberg 1989, pp. 139–52).

The process of learning is complex and there are different views and concepts in the literature on the subject, mostly related to the Soviet Union (see, particularly, Tetlock 1991, pp. 20–61). It does seem clear, however, that China did undergo a major learning process over this period at each of the three levels specified earlier. The idea of global interdependence, which was starting to enter into the discourse of China's leaders at the time of China's application to rejoin the GATT, and has since been espoused often by Chinese leaders and scholars, is contrary to what has been Chinese political culture for many centuries and the world view which that culture reflected. The changes that occurred did not simply come from an adaptive decision from the top: there was an extensive internal economic debate in China which moved towards a new world view.

Chinese policy thinkers and leaders abandoned many deeply rooted assumptions about the nature of the international economic environment. They came to view the old and new world orders as historical categories in a relative sense, and the GATT based international trade order as 'in conformity with the objective needs of the development of modern productive forces' (Wang 1994, p. 121). Acknowledging this higher stage of economic development that needed more than national markets, Chinese officials came to accept and internalise the reality of one world market with capitalism as the prevalent force, and with a need for economic cooperation globally and in the Asia-Pacific region, including the need for socialist regimes to cooperate with capitalist ones. It also involved an acceptance, following intensive study of Ricardo (a major source of Marx's economic ideas including, notably, the labour

theory of value, although not his ideas on international trade), that trade, rather than being exploitative, could be mutually beneficial (Ma 1986, pp. 291–305; Jacobsen and Oksenberg 1989, p. 143).

Not all of this change in understanding necessarily stems from fundamental beliefs in global interdependence, although Samuel Kim accepts that international organisations can be said to have played a variety of global socialisation roles in Chinese foreign policy learning processes (Kim 1994, pp. 433–4). China's shift to be part of the international order through its membership of international organisations has, however, been rapid. Moreover, China does seem willing to accept the costs of global interdependence as well as the benefits, even if, like the other countries, it sometimes argues about the costs.

The decision to apply to re-enter the GATT was undoubtedly a political one but only in the sense in which that is true of membership of major institutions for any country. Whether it originally had major 'foreign policy' aspects, as has been suggested (Shirk 1994), is less clear than that after 1989 the issue moved squarely into the foreign policy field in both China and the United States. It was not only the global response to Tiananmen Square but also the changed US policy towards China that pushed China's involvement with the WTO up the political agenda. Certainly, China now sees the issue of WTO membership as a major issue in its bilateral relationship with the United States, since that country was able, and perhaps willing, to withhold potential benefits from economic interdependence.

China's view of the United States–China relationship is relevant because of its implications for China's overall motivation. It is possible to see China's national security concerns as being less of a military kind than 'resting on its economic and technological edge' (You 1995), and that threats to that security might well come from the pressure that could be put on China in economic terms. Consequently, 'China is more concerned with the role that the United States plays in the course of its modernisation, whereas the United States is more interested in China's strategic position in the Western Pacific region and the role it may play with respect to US security interests there' (Zi 1989, p. 18).

The conclusion that cognitive learning has taken place in the economic field is important in that it supports 'liberal' rather than 'realist' views of the world, including the possibility of cooperative international behaviour not only among 'liberal' societies but also between liberal and non-liberal (in the western sense) societies. Several questions emerge from this conclusion. The first relates to arguments that in some other areas, such as arms control, learning of a cognitive nature has not occurred (Johnston 1996, pp. 27–61), although subsequent developments in China's approach to arms control and the non-proliferation of

weapons of mass destruction raise doubts about such arguments. On the other hand, in China's association with the International Labour Organisation, learning does seem to have taken place; and it has been argued that cognitive learning in the economic field has occurred among all the economies participating in the regional economic cooperation process (Kent 1995, pp. 381–95). Secondly, China, like many other Asian countries, has been able to pursue economic interdependence without necessarily being involved in social and political change of a western liberal kind. This is less critical for those who accept, with Kant, that the process of evolution of an international society does not require the homogenisation of domestic political forms (eg. democracy) (MacMillan 1995, pp. 549–62), than it is for those, such as Fukuyama, who believe it does (Fukuyama 1992, pp. 276–84).

Thirdly, it raises the questions, not addressed here, of what precisely leads to cognitive learning and where the lessons come from. While the West would want China, and Asia, to learn the lessons of western liberalism, what is privileged in western liberalism is possessive individualism. It has been argued that in China, and other Asian states, group conformity, collective welfare and deference to authority are more valued (Chen 1995, p. 58), and that it is nation building, in which the value of the individual is assessed 'in terms of their compatibility with the task of achieving freedom for the state as an actor in international society' that is privileged (Hughes 1995, pp. 425–45). The Chinese learning on this issue comes more from the Japans and Singapores of this world than from Europe or North America. It does not of course tell us what specific form China's participation in global society would take, although the evidence suggests that China is looking for equality and respect above all. If learning is possible, however, presumably so is relearning. If the Chinese assumption that trade is mutually beneficial were found wanting — through undue US or other politicising of WTO membership, or in other ways — China's cooperative behaviour in the international economic field might well change.

Notes

- * This is an updated version of a chapter in David Goodman and Gerald Segal (eds), *China Rising: Nationalism and Interdependence*, London: Routledge, 1997. Thanks for information and comments on an earlier draft are due to Peter Drysdale, Graeme Thomson, Heather Smith, John Ravenhill, John Stroop, Ron Wicks and Philip Sparkes.

- 1 The GATT was a contractual agreement rather than an organisation: participants were contracting parties, not members. We use the terms 'organisation' and 'members' here however for simplicity, and because they are more appropriate for WTO.
- 2 I have used WTO throughout this paper except when historically GATT is more appropriate. In many cases, WTO needs to be read as 'WTO and the GATT before it'.
- 3 Accession conditions are normally negotiated on an issue-by-issue basis according to the level of development, their ability to meet specific requirements and the time needed for this, and the commitments negotiated with comparable countries.

References

- Breslauer, George and Philip Tetlock (eds) (1991) *Learning in US and Soviet Foreign Policy*, Boulder: Westview.
- Chan, Steve (1995) 'Regime Transition in the Asia/Pacific Region: Democratization as a Double-Edged Sword', *Journal of Strategic Studies*, 18(3), p. 58.
- Chen, Nai-Ruenn (1989) 'Comment' in Richard Holton and Wang Xi (eds), *US-China Economic Relations: Present and Future*, Institute of East Asian Studies, University of California, Berkeley, p. 334.
- Chiba, Akira (1989) 'Pacific Cooperation and China', *The Pacific Review*, 2(1), p. 49.
- Cooper, Richard (1989) 'The PRC and International Economic Organisations' in Richard Holton and Wang Xi (eds), *US-China Economic Relations: Present and Future*, Institute of East Asian Studies, University of California, Berkeley, pp. 311–16.
- Dinyong, Wang (1994) 'On Tariffs and the General Agreement on Tariffs and Trade (GATT)', *Social Science in China*, XV (1), p. 121.
- Drysdale, Peter and Song Ligang, (1994) 'China's Trade Policy Agenda in the 1990s', paper to Australia–Japan Research Centre Conference on China and East Asia Trade Policy, Australian National University, September.
- Economist, The (1996) 'The trouble with a convertible', March 2.
- Feeney, William (1994) 'China and the Multilateral Economic Institutions', in Samuel Kim (ed), *China and the World: Chinese Foreign Relations in the Post-Cold War Era*, Boulder: Westview Press, p. 242.
- Feinerman, James (1992) 'The Quest for GATT Membership: Will Taiwan be allowed to enter before China?', *The China Business Review*, May–June p. 24.
- Fukuyama, Francis (1992) *The End of History and the Last Man*, London: Penguin, pp. 276–84.
- Funibashi, Yoichi (1995) *Asia Pacific Fusion: Japan's Role in APEC*, Washington: Institute for International Economics, October p. 76.
- Garrett, Banning and Bonnie Glaser (1994) 'Beijing's views on Multilateral Security in the Asia-Pacific region', *Contemporary Southeast Asia*, 16(1), p. 22.
- Harris, Stuart (1994) 'Policy Networks and Economic Cooperation: Policy Coordination in the Asia-Pacific Region', *The Pacific Review*, 7(4), pp. 381–95.

- Holliday, George (1997) 'China and the World Trade Organisation', Joint Economic Committee, Congress of the United States (ed), *China's Economic Future: Challenges to US Policy*, Washington, pp.451–469.
- Holton, Richard and Wang Xi (1989), *US–China Economic Relations: Present and Future*, Institute of East Asian Studies, University of California, Berkeley, pp. 311–16.
- Hughes, Christopher (1995) 'China and Liberalism Globalised', *Millennium*, 24(3), pp. 425–45.
- Jacobsen, Harold and Michel Oksenberg, (1990) *China's Participation in the IMF, the World Bank and GATT: Towards a Global Economic Order*, Ann Arbor: University of Michigan Press, p. 84.
- Johnston, Alastair (1996) 'Learning versus Adaptation: Explaining Change in Chinese Arms Control Policy in the 1980s and 1990s', *The Chinese Journal*, 35, pp. 27–61.
- Kent, Ann (1995) 'China, International Organisations and Interdependence: the ILO as a Case Study', Department of International Relations, ANU, Seminar paper
- Kim Changsoo (1996) 'Terms of Endearment: The United States' China Policy and China's Accession to the World Trade Organisation', *Journal of East Asian Affairs*, X (1), p. 94.
- Kim, Samuel (1994a), *China and the World: Chinese Foreign Relations in the Post-Cold War Era*, Boulder: Westview Press, p. 242.
- Kim, Samuel (1994b) 'China's International Organisational Behaviour' in Thomas Robinson and David Shambaugh (eds), *Chinese Foreign Policy: Theory and Practice*, Oxford: Clarendon Press.
- Li Zhongzhou, (1990) 'China's Foreign Trade Policy Problems', in H. Edward English (ed), *Pacific Initiatives in Global Trade*, Vancouver: Institute for Research on Public Policy for PECC, pp. 265–71.
- Ma Shu-yun, (1986) 'Recent Changes in China's Pure Trade Theory', *China Quarterly*, 106, pp. 291–305.
- MacMillan, John (1995) 'A Kantian Protest Against the Peculiar Discourse of Inter-Liberal State Peace', *Millennium*, 24(3), pp. 549–62.
- Mastel, Greg (1995) *Trading With the Middle Kingdom*, Washington: Economic Strategy Institute, September.
- McDonnell, John (1987) 'China's Entry into the GATT', in H. Edward English (ed), p. 256.
- Mei, Kuang (1996) 'APEC vs China's Reforms and Opening Up', in Ipeei Yamazawa and Akira Hirata (eds), *Papers and Proceedings of a Symposium*, September 1995, Tokyo: Institute for Developing Economies.
- Rachman, Gideon (1996) 'Containing China', *The Washington Quarterly*, 19(1), p. 137.
- Reuters (1990a) 'Communist China hopes to muscle in cheap on the respect earned by Hong Kong and Taiwan' *Reuter Textline*, August 1.
- Reuters (1990b) Reuters Textline (South China Morning Post), 27 November.
- Reuters (1995) citing Li Enheng, Reuters Textline (Kyodo News Service) October 6.
- Robinson, Thomas and David Shambaugh (eds), (1994) *Chinese Foreign Policy: Theory and Practice*, Oxford: Clarendon Press.
- Shirk, Susan (1994) *How China Opened Its Door: The Political Success of the PRC's Foreign Trade and Investment Reforms*, Washington: Brookings, p. 70, citing Pi Zi from FBIS, February 4, 1993, p. 28.

- Tetlock, Philip (1991) 'Learning in US and Soviet Foreign Policy: In search of an Elusive Concept', in George Breslauer and Philip Tetlock (eds), *Learning in US and Soviet Foreign Policy*, Boulder: Westview, 1991, pp. 20–61.
- US Federal News Service (1994) Exchange between Senator Robb and Assistant Secretary of State Winston Lord, Hearings of the East Asian and Pacific Affairs Subcommittee of the Senate Foreign Relations Committee on US Policy Toward Taiwan, 27 September.
- Wang Lingshen, (1989) 'Comment' in Holton and Wang, p. 334.
- Wilson, Dick (1985) 'The Pacific Basin is Coming Together', *Asia-Pacific Community*, 30, pp. 1–12.
- Woods, Lawrence (1993) *Asia-Pacific Diplomacy: Nongovernmental Organisations and International Relations*, Vancouver: UBC Press, p. 131.
- Yamazawa, Ipppei and Akira Hirata (1996) *Papers and Proceedings of a Symposium, September 1995*, Tokyo: Institute for Developing Economies.
- You Ji, (1995) 'Interdependence and China's Economic Security', paper to Workshop on Economic-Security Interactions in the Asia-Pacific, Australian National University, December.
- Zhang Yunlin and Guo Weilong (1998) 'Liberalisation of the Chinese Economy: the Role of APEC and WTO', paper to an Australia–Japan Research Centre conference: APEC and its Impact on the Chinese Economy, ANU, Canberra, February, p.15.
- Zi Zhongyun, (1989) 'A Multidimensional Approach to Sino–US Relations', in Holton and Wang, p. 18.

Previous *Pacific Economic Papers*

- 273 The APEC air transport schedule
Christopher Findlay, November 1997
- 272 Japanese foreign direct investment in real estate 1985–1994
Roger Farrell, October 1997
- 271 China and East Asia trade policy volume 4: Trade reform and liberalisation in China
Yang Shengming, Zhong Chuanshui, Yongzheng Yang, Feng Lei, Yiping Huang, and Pei Changhong, September 1997

Annual subscription rate for twelve issues

Individuals A\$60.00
Institutions A\$100.00

Cost for single issues

A\$15.00
A\$10.00 (Students)

Available from:

Publications Department
Australia–Japan Research Centre
The Australian National University
Canberra ACT 0200, Australia
Facsimile: (61 2) 6249 0767
Telephone: (61 2) 6249 3780
Email: ajrcgen@ajrc.anu.edu.au