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The Elephant in the "Green Room": China and the Doha Round

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INTRODUCTION

The puzzle about the Doha Round of multilateral trade negotiations in the World Trade Organization (WTO) is not why it is on life support now but how it has survived as a viable multilateral initiative for so long. From the very beginning, it was clear that the Round suffered from a lack of private-sector interest, the engine that had driven previous rounds of successful trade negotiations. At most, Doha promised to deliver some security of access for unilateral liberalization previously undertaken by countries and some modest incremental market opening (Martin and Mattoo 2009; Hufbauer, Schott, and Wong 2010). That the Round had much to be modest about was reflected in the failure of even antiglobalization protesters to show up for the more recent meetings of the Doha Round.

Today, though, the dynamic of the Doha Round has changed for one key reason: China. Whereas earlier lack of enthusiasm from the private sector debilitated Doha, today fear of competition from a dominant China inhibits progress. This policy brief elaborates on this key, new development.

Progress in the Doha Round now hinges critically on greater market opening not in services or agriculture but in manufacturing (nonagricultural market access or NAMA in WTO-speak). Services negotiations have been given insufficient attention and are now widely regarded as too complicated to deliver significant market opening in this Round. In agriculture, with food prices high and expected to remain so, import protectionism has become less salient. Rather, it is the threat of agricultural export restrictions that is more serious, but addressing it is not on the Doha agenda anyway despite the efforts of some WTO members. So, Doha today is mostly about the negotiations on market access in manufacturing.

CHINA'S TRADE DOMINANCE

In manufacturing trade, China is a large supplier to all the major markets, and its presence has grown significantly over the course of the Doha Round negotiations. We identify the world's ten largest traders and for each of them also identify the largest sources of supply in the manufacturing sector.[1] Figure 1 presents the results. China's share in the major import markets has doubled between 2001 and 2009, and in some of the most important world markets, China now accounts for more than a fifth of total manufacturing imports. China's share of manufacturing imports in Japan is 35 percent, in the European Union about 30 percent, and in the United States 26 percent.

Furthermore, and more germane to the Doha negotiations, China looms especially large in the markets of major trading partners in sectors where protection is greatest. To illustrate this, we identify for each of the top ten trading partners, the ten most protected sectors (defined at the Harmonized Schedule (HS) 2-digit level of aggregation in 2009). Figure 2

The "green room" is the office next to that of the director-general of the WTO in Geneva where key negotiations take place between senior trade officials.

1. Throughout our analysis, we exclude two resource-intensive manufacturing categories: minerals, fuels, and oils (HS 27) and pearls, stones, and precious metals (HS 71).

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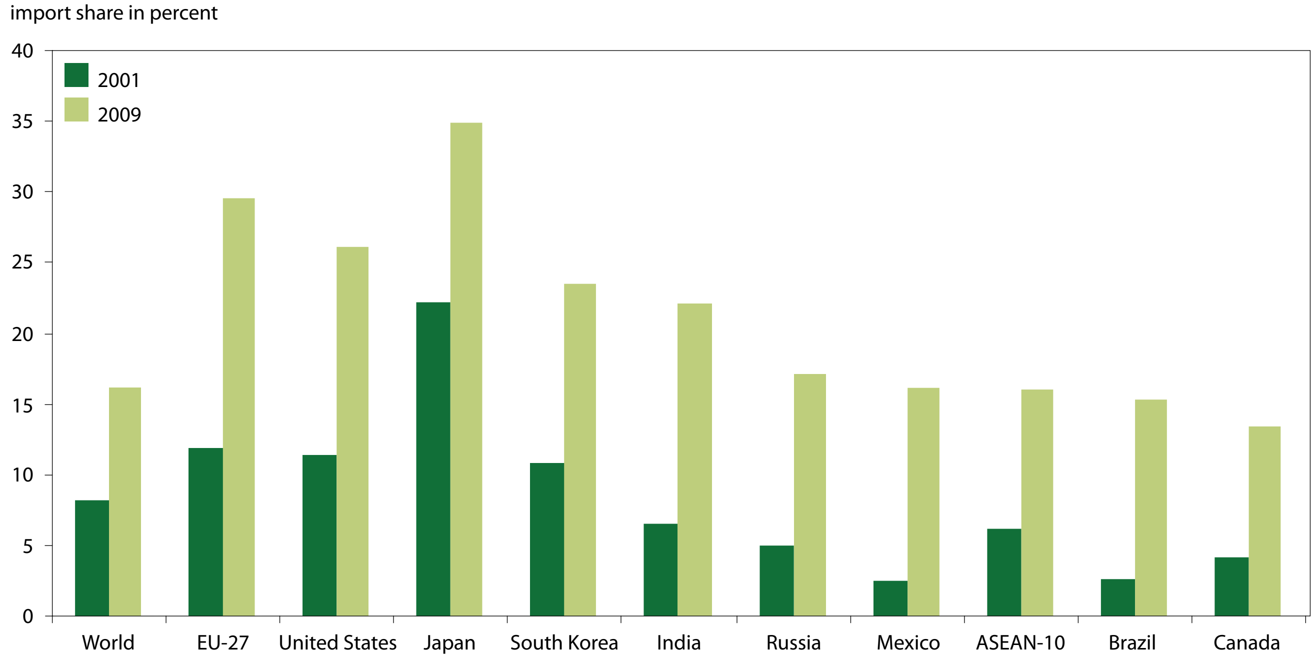
Figure 1 China's share in industrial imports of 10 largest importers, 2001 and 2009



ASEAN = Association of Southeast Asian Nations

Source: UN COMTRADE database.

depicts China's share in these sectors in the largest ten traders for 2001 and 2009.

Two points are worth highlighting. First, in the most protected sectors, China's share of imports in 2009 is substantially greater than for overall imports (shown in figure 2) and dwarfs that of any other supplier in each of these markets.[2] For example, China's share in these sectors in Japan is over 70 percent, in Korea over 60 percent, in Brazil about 55 percent, in the United States, Canada, and the European Union about 50 percent each. Second, even in these protected sectors, China's share has increased dramatically over the course of the Doha Round. In many of the importing countries (e.g., Brazil, the European Union, and the United States), China's share has more than doubled. Also striking is how much market share China has gained even in countries such as Canada, Mexico, and Turkey that have free trade agreements with close and large neighbors. Thus, liberalization under the Doha agenda today, especially in the politically charged, high-tariff sectors, is increasingly about other countries opening their markets to Chinese exports.

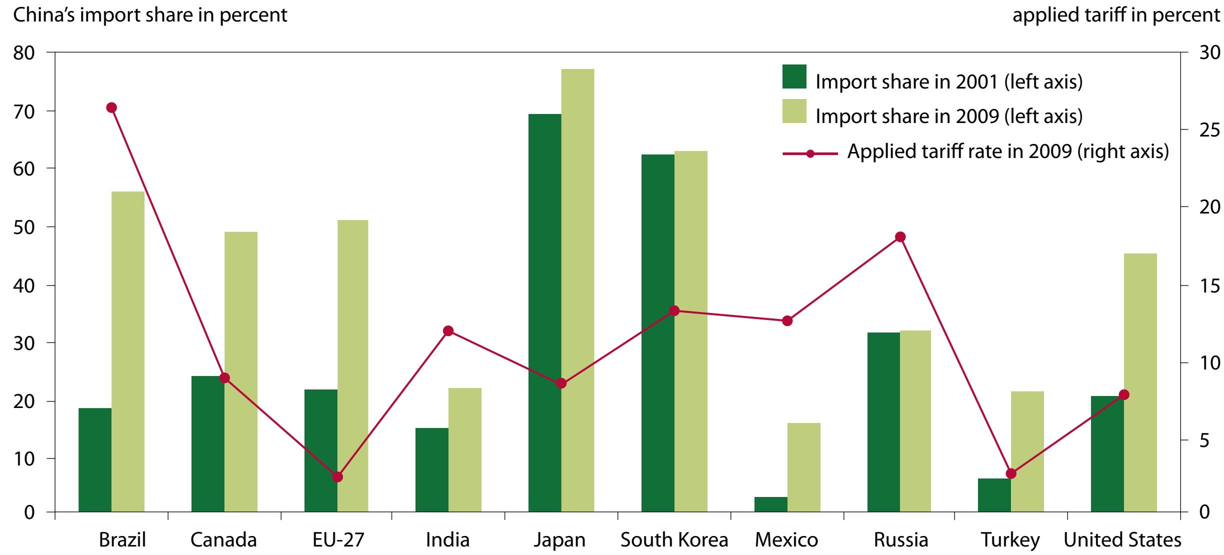
But Chinese dominance per se should not have precluded mutually beneficial bargains. The Chinese market, despite China's far-reaching WTO accession commitments, remains protected in a number of areas (for example, fertilizers and certain manufacturing items, as shown in table A.2). Moreover, as Laborde, Martin, and van der Mennsbrugghe (2011) have shown, other countries would also see increased exports from the proposed Doha liberalization by WTO members. The proposals of the United States and others to move further toward free trade in selected sectors could translate into greater export gains.

What then is stymieing the reciprocity mechanism that has delivered negotiating success in the WTO in the past? China's trade dominance has been achieved in large part by China's successful growth strategy, which has included an embrace of markets and an unusually high degree of trade openness (Subramanian 2011). The problem, however, is the strong political perception that China's export success has been achieved, and continues to be sustained, in part by an undervalued exchange rate.

It seems unlikely and politically unrealistic to expect China's trading partners to open further their markets to China when China is perceived as de facto (via the under-

2. The overwhelming presence of China in the most protected sectors in each of the major importing countries can be seen even more dramatically in table A.1. Scanning down, across countries and sectors, China features consistently as the most important supplier and often by a substantial amount. For example, in the United States, China has by far the highest share of imports in eight out of the ten most protected sectors, ranging from 22 percent in man-made fibers (HS 55) to 76 percent in footwear (HS 64).

Figure 2 China's share in imports of 10 most protected sectors in 10 largest importers, 2001 and 2009



Source: UN COMTRADE database (trade data) and UNCTAD TRAINS database (tariff data).

valued exchange rate) imposing an import tariff and export subsidy not just in selected manufacturing sectors but across the board. The evidence on the existence and extent of undervaluation continues to be debated. On the one hand, in a survey of studies on renminbi misalignment conducted by Cline and Williamson (2008), 17 of the 18 studies concluded that the renminbi is undervalued; the average estimate of the undervaluation was 19 percent for the 2000–07 period as a whole and considerably higher for the 2004–07 period. On the other hand, Dunaway, Leigh, and Li (2006) argue that all estimates of renminbi undervaluation are very sensitive to underlying assumptions about models and parameters and therefore not reliable. Nevertheless, the fear persists that China will gain even greater market share as a result of any trade liberalization in the Doha Round—not just in countries' own markets but also in third markets, in each of which the effects of the exchange rate are likely to be felt.

Liberalization under the Doha agenda today, especially in the politically charged, high-tariff sectors, is increasingly about other countries opening their markets to Chinese exports.

One sign of this fear is that industrial and especially developing countries are increasingly resorting to contingent protection against imports from China (Bown 2010). For example, the share of developing-country antidumping actions against China (as a share of their total actions) increased from 19 percent in 2002 to 34 percent in 2009. The corresponding figures for industrial countries were 11 and 27 percent, respectively. But recourse to this instrument will become more difficult when China attains market economy status in 2016. Moreover, the product-specific transitional safeguards that were negotiated at the time of China's WTO accession are due to expire in 2013. This leaves countries even more anxious about competition from China.

Consider most starkly Brazil's predicament. Its currency has appreciated sharply (40 percent) over the last few years, while those of competitors in Asia, especially China, have not. Brazil has been trying desperately and repeatedly to use capital controls to stem these pressures on the currency. Its imports from China have surged, especially in the most protected sectors. The political economy would have to be very odd if Brazil, under the current circumstances, would lower trade barriers in these very sectors. And Brazil's tariffs in these sectors are among the highest in the world, at about 25 percent on average (figure 2). It is therefore not surprising that Brazilian Finance Minister Guido Mantega said in January 2011[3] that

3. Jonathan Wheatley and Joe Leahy, "Trade war looming, warns Brazil," *Financial Times*, January 9 2011, www.ft.com (accessed on May 13, 2011).

in relation to exchange rate policies, "China and the United States are the worst offenders. This is a currency war that is turning into a trade war."[4]

The politically charged problem of trade imbalances with respect to China, especially in manufacturing, is not restricted to Brazil alone. All of China's major trading partners, with the exception of South Korea, have witnessed a substantial widening of the wedge between exports to and imports from China. For example, both the United States and the European Union have seen the manufacturing trade deficit increase over three times to US$200 billion and US$250 billion, respectively (figure 3A). But other large emerging-market countries have also seen sharp increases in their trade deficit with China (figure 3B). India's Commerce Minister Anand Sharma said recently that the "trade imbalance with China has been a matter of concern. It has been discussed at the highest level when the prime minister met Chinese president in Hanoi in October (2010)."[5] The Brazilian finance minister has also said, "We want to export our manufactured goods [to China] and export less in terms of commodities."[6]

What China gives by way of trade concessions, it is seen as undoing through its exchange rate policy.

From an economic perspective, it is the multilateral trade balance of countries that is important, which could be influenced by the exchange rate. But given China's large global trade surplus, the bilateral trade imbalance relative to China, which has been attributed in part to China's currency policy, has become a political problem for many countries.

In effect, the whole basis for exchanging trade policy concessions is being undermined because a de facto trade policy instrument—the exchange rate—is seen as nullifying these concessions while remaining beyond the scope of multilateral negotiations and discipline. A major trader is therefore believed to have unrestricted ability to negate a previously struck bargain. Trade economists often invoke the image of Ulysses' tying himself to the mast to illustrate the value of binding commitments to openness in the WTO. Now, the more appropriate illustration might be of Ulysses' wife Penelope, who unraveled by night the shroud for Laertes she wove by day to keep her suitors at bay. What China gives by way of trade concessions, it is seen as undoing through its exchange rate policy. This connection between the exchange rate and reciprocal trade liberalization has not received adequate attention and may be key to understanding the predicament today.

CONCLUSION

So, the irony—or the double irony—of the Doha Round is this: It was launched as a development round nearly 10 years ago, an initiative to give a boost to developing countries, but the remarkable performance of developing countries since then and the debilitating prospects of the industrial countries in the aftermath of the global financial crisis highlight how quaint the original motivation for the Doha Round has become. The developed rather than the developing countries now seem to need a development boost.

The second irony is that a round that targeted development, and that was framed as an initiative by rich countries for developing countries, has ended up with a developing country—China—becoming the main source of competitiveness concern not just to industrial countries but also to other large developing countries.

A corollary of our analysis is that unless Chinese currency policy changes significantly, and unless there can be credible checks on the use of such policies in the future, the perception we outlined above will remain. There are some signs that China has slowly but surely embarked on a process of internationalizing its currency that will over time eliminate the undervaluation of the renminbi. The horizon for renminbi internationalization is as yet unclear but it is unlikely to happen over the next year or two.

Through the Doha Round, several narratives of recrimination have been at play, some more important than others depending on timing and context. There is the intransigent India narrative that holds India's refusal to make serious liberalization commitments as the stumbling block to a successful Doha Round. There is the resentful China narrative that has related China's low appetite for reform in Doha because of the significant concessions that were extracted from it at the time of China's accession to the WTO in 2001.[7] And then there is

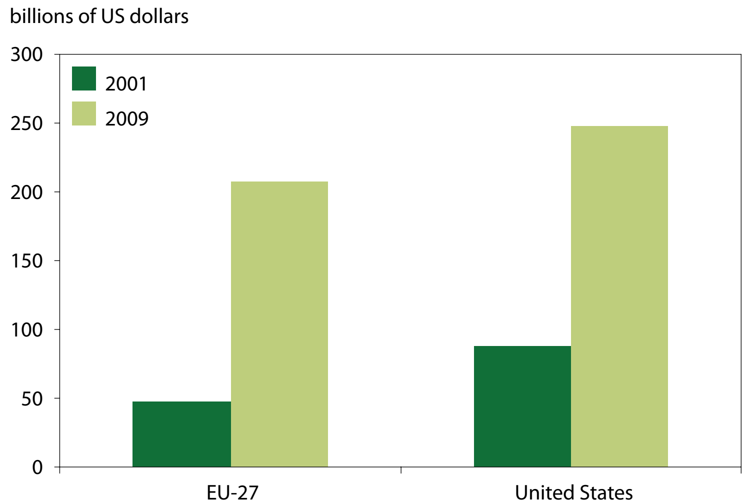
4. It is unclear whether the Brazilian minister's equating quantitative easing by the US Federal Reserve with China's exchange rate policy is based on a kind of BRICs-solidarity or on a genuine belief in their symmetric effects.

5. Ajay Kaul "India concerned, as trade deficit with China balloons," Rediff Business, April 12, 2011, www.rediff.com (accessed on May 13, 2011).

6. Matthew Cowley and Bob Davis, "Brazil's Mantega: 'Currency War Is Still On'," WSJ Blogs, *Wall Street Journal*, April 14, 2011, http://blogs.wsj.com/dispatch (accessed on May 13, 2011).

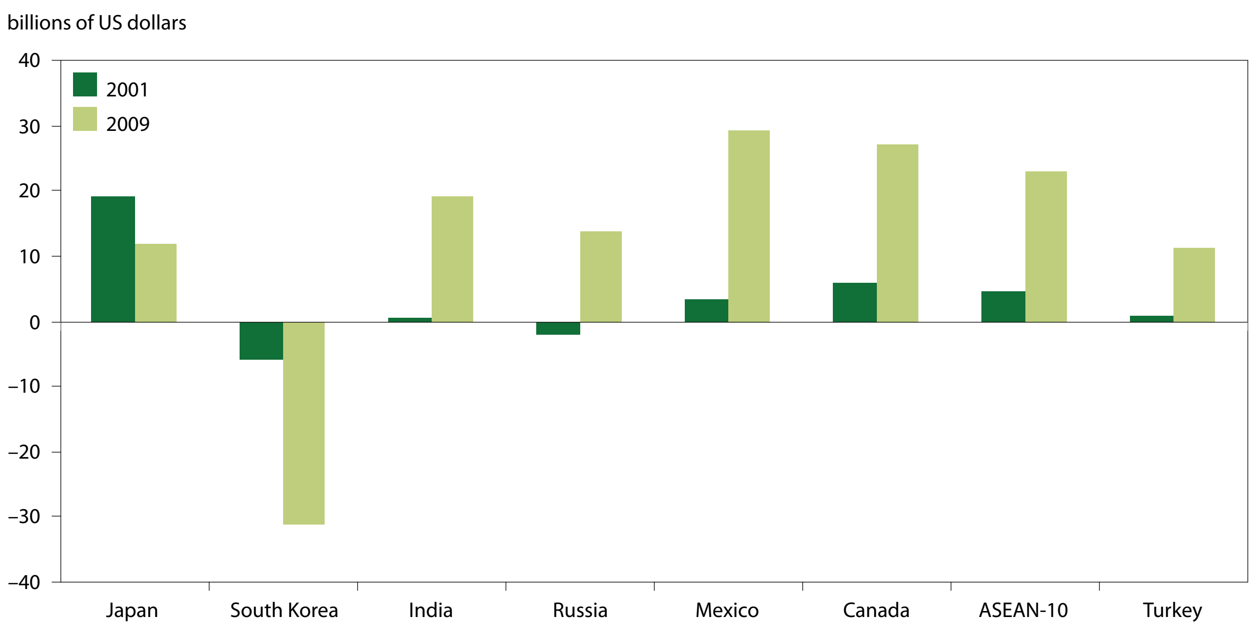
7. Paul Blustein (2009) writes that: "…the Chinese have nursed grudges ever since the 1999 talks concerning their entry into the WTO; [they] feel that the United States bullied them into accepting excessively stringent terms…." Of course, it is widely believed that the Chinese leadership at the time of WTO accession wanted to use the WTO as a way of furthering domestic reform but that has not prevented a sense of lingering resentment among some in China.

Figure 3A China's trade balance in industrial goods with the United States and European Union, 2001 and 2009



Source: UN COMTRADE database.

Figure 3B China's trade balance in industrial goods with major trading partners, 2001 and 2009



Source: UN COMTRADE database.

the indifferent US narrative that highlights the low priority attached by President Barack Obama to trade issues.[8]

All these narratives have had some truth to them. But underlying them have been two substantive and changing economic explanations that have made success elusive for Doha. First, there was lack of enthusiasm from the private sector, especially in the United States and the European Union, because there was not enough "beef" on offer. This had led to the situation where no one really pushed for Doha but no one wanted to be blamed for scuppering it either. Now, however, this "doesn't matter either way" spirit has given way to a more active concern in many countries, both industrial and emerging-market, about the increased competition from China that liberalization under Doha might unleash, a competition that countries seem politically unwilling to countenance coming as it would from a Chinese export juggernaut believed to be aided in part by China's exchange rate policy.

The reality and basis of Chinese trade dominance needs to be confronted as the world seeks to revive Doha or look beyond it.

In short, China is the elephant in the "green room" in Geneva. There is no getting around that. Blaming one or another country for the current impasse serves little purpose. Instead, the reality and basis of Chinese trade dominance needs to be confronted as the world seeks to revive Doha or look beyond it.

8. The European Union seems to be recrimination-proof because its stance on the Doha Round has lacked the clarity or sharpness to be turned into a narrative.

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Table A.1 Major suppliers and import shares in 10 most protected sectors, 2009

Importer	HS 2-digit code	Product	Applied rate (percent)	Tariff range (percent)	Major suppliers					Import share (percent)				
Brazil	57	Carpets and other textile floor coverings	32.9	0-35	United States	India	China	EU-27	Argentina	24	23	16	16	5
	62	Articles of apparel and clothing accessories, not knitted/crocheted	31.8	0-35	China	EU-27	India	Bangladesh	Indonesia	66	7	7	4	2
	61	Articles of apparel and clothing accessories, knitted or crocheted	31.5	0-35	China	Bangladesh	Peru	Argentina	Indonesia	48	11	5	5	4
	63	Other made up textile articles; sets; worn clothing	31.5	0-35	China	United States	India	Pakistan	Paraguay	51	10	9	5	5
	64	Footwear, gaiters, and the like; parts of such articles	29.3	0-35	China	Vietnam	Indonesia	EU-27	Paraguay	60	21	8	4	3
	60	Knitted or crocheted fabrics	24.3	0-26	China	Korea	EU-27	Taiwan	Hong Kong	87	8	2	1	1
	58	Special woven fabrics; tufted textile fabrics; lace; tapestries	24.2	0-26	China	Argentina	EU-27	United States	Tunisia	33	27	11	4	4
	52	Cotton	20.6	0-26	India	China	United States	Pakistan	Chile	34	32	8	5	3
	50	Silk	19.4	0-26	China	India	EU-27	Korea	Paraguay	56	16	12	8	6
	91	Clocks and watches and parts thereof	18.8	0-20	Hong Kong	China	Switzerland	Japan	EU-27	31	27	25	9	3
		Average/total	26.4											
Canada	61	Articles of apparel and clothing accessories, knitted or crocheted	14.7	0-18	China	Bangladesh	United States	Cambodia	India	51	9	6	5	5
	62	Articles of apparel and clothing accessories, not knitted/crocheted	14.0	0-18	China	Bangladesh	EU-27	United States	Mexico	53	9	6	5	4
	63	Other made up textile articles; sets; worn clothing	13.1	0-18	China	United States	India	Bangladesh	Pakistan	44	24	7	6	6
	64	Footwear, gaiters, and the like; parts of such articles	11.4	0-20	China	EU-27	Vietnam	United States	Brazil	70	10	8	2	2
	57	Carpets and other textile floor coverings	7.8	0-14	United States	India	EU-27	China	Mexico	76	6	5	4	2
	89	Ships, boats and, floating structures	6.9	0-25	United States	EU-27	China	Chile	Turkey	59	17	8	6	3
	60	Knitted or crocheted fabrics	5.9	0-14	United States	China	Korea	Taiwan	EU-27	37	18	15	14	7
	42	Articles of leather; saddlery/harness; travel goods	5.6	0-15.5	China	EU-27	United States	India	Vietnam	72	9	7	3	2
	43	Furskins and artificial fur; manufactures thereof	5.3	0-15.5	EU-27	United States	China	Argentina	Russia	41	41	11	2	1
	52	Cotton	5.1	0-14	United States	China	EU-27	Pakistan	Korea	40	12	11	8	7
		Average/total	9.0											

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Table A.1 Major suppliers and import shares in 10 most protected sectors, 2009 *(continued)*

Importer	HS 2-digit code	Product	Applied rate (percent)	Tariff range (percent)	Major suppliers					Import share (percent)				
India	87	Vehicles other than railway/tramway roll-stock, parts and accessories	23.7	0-100	EU-27	Korea	Japan	China	Thailand	28	23	22	15	3
	35	Albuminoidal substances; modified starches; glues; enzymes	13.6	0-20	EU-27	United States	China	Korea	Japan	34	18	18	6	5
	33	Essential oils and resinoids; perfumes, cosmetic/toiletry	11.6	0-20	EU-27	China	United States	Switzerland	Singapore	29	16	11	7	6
	50	Silk	11.3	0-30	China	Vietnam	Brazil	Korea	Unspecified	97	1	0	0	0
	40	Rubber and articles thereof	10.3	0-70	EU-27	Korea	China	Thailand	Japan	21	11	11	10	9
	36	Explosives; pyrotechnic products; matches; pyrophoric alloys	10.0	10-10	South Africa	United States	EU-27	China	Australia	40	37	9	7	5
	45	Cork and articles of cork	10.0	10-10	EU-27	Philippines	China	Algeria	Tunisia	67	12	5	4	3
	46	Manufactures of straw, esparto/other plaiting materials	10.0	10-10	China	Philippines	Vietnam	Indonesia	Taiwan	80	3	3	2	2
	61	Articles of apparel and clothing accessories, knitted or crocheted	10.0	10-10	EU-27	China	Bangladesh	Sri Lanka	Hong Kong	29	27	8	7	7
	54	Man-made filaments	10.0	7.5-10	China	Japan	Taiwan	EU-27	Korea	42	9	9	8	7
		Average/Total	12.0											
Japan	64	Footwear, gaiters, and the like; parts of such articles	15.8	0-30	China	EU-27	Vietnam	Indonesia	Cambodia	74	9	5	2	2
	43	Furskins and artificial fur; manufactures thereof	14.0	0-20	China	EU-27	Hong Kong	Turkey	Russia	66	24	4	2	1
	41	Raw hides and skins (other than furskins) and leather	10.5	0-30	United States	EU-27	China	Korea	Bangladesh	19	18	16	7	7
	42	Articles of leather; saddlery/harness; travel goods	8.9	0-40	China	EU-27	Vietnam	United States	Thailand	60	33	2	1	1
	61	Articles of apparel and clothing accessories, knitted or crocheted	7.7	0-16.8	China	EU-27	Vietnam	Thailand	Korea	88	3	3	2	1
	62	Articles of apparel and clothing accessories, not knitted/crocheted	7.7	0-16	China	EU-27	Vietnam	India	Myanmar	81	6	6	1	1
	60	Knitted or crocheted fabrics	6.3	0-9.8	China	EU-27	Korea	Taiwan	United States	30	28	24	6	6
	55	Man-made staple fibres	5.0	0-10	Indonesia	China	EU-27	United States	Korea	33	25	10	9	8
	58	Special woven fabrics; tufted textile fabrics; lace; tapestries	4.9	0-14.2	China	EU-27	Philippines	Korea	Taiwan	45	17	7	7	5
	54	Man-made filaments	4.9	0-10	Taiwan	China	EU-27	Korea	Indonesia	20	20	16	14	8
		Average/total	8.6											

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Table A.1 Major suppliers and import shares in 10 most protected sectors, 2009 *(continued)*

Importer	HS 2-digit code	Product	Applied rate (percent)	Tariff range (percent)	Major suppliers					Import share (percent)				
Korea	35	Albuminoidal substances; modified starches; glues; enzymes	32.5	0-385.7	Japan	EU-27	United States	China	Thailand	30	27	14	10	5
	61	Articles of apparel and clothing accessories, knitted or crocheted	12.3	0-13	China	EU-27	Vietnam	Indonesia	United States	69	8	6	3	2
	66	Umbrellas, walking sticks, seat-sticks, whips, etc.	12.2	8-13	China	EU-27	Taiwan	Hong Kong	Japan	95	3	1	1	0
	62	Articles of apparel and clothing accessories, not knitted/crocheted	11.9	0-13	China	EU-27	Vietnam	Myanmar	United States	70	10	7	2	2
	50	Silk	11.8	0-51.7	China	Vietnam	EU-27	Brazil	Japan	88	6	2	1	1
	64	Footwear, gaiters, and the like; parts of such articles	11.6	0-13	China	Vietnam	EU-27	Indonesia	United States	66	13	11	5	1
	63	Other made up textile articles; sets; worn clothing	11.2	0-13	China	Vietnam	Japan	Taiwan	EU-27	63	17	5	3	3
	58	Special woven fabrics; tufted textile fabrics; lace; tapestries	10.3	0-13	China	Japan	EU-27	Vietnam	United States	44	22	8	4	3
	60	Knitted or crocheted fabrics	10.0	5-10	China	EU-27	Japan	United States	Indonesia	39	20	17	12	3
	57	Carpets and other textile floor coverings	9.9	0-10	China	EU-27	United States	India	Thailand	36	26	13	7	3
		Average/total	13.4											
Mexico	61	Articles of apparel and clothing accessories, knitted or crocheted	17.1	0-30	United States	EU-27	Bangladesh	Honduras	India	24	10	6	5	5
	62	Articles of apparel and clothing accessories, not knitted/crocheted	16.5	0-30	United States	EU-27	Vietnam	China	India	17	15	7	7	7
	46	Manufactures of straw, esparto/other plaiting materials	14.0	0-20	China	Vietnam	Indonesia	Philippines	EU-27	73	9	5	3	3
	42	Articles of leather; saddlery/harness; travel goods	14.0	0-30	China	United States	EU-27	Costa Rica	Brazil	52	19	16	4	2
	63	Other made up textile articles; sets; worn clothing	13.4	0-30	United States	China	EU-27	Dominican Republic	India	44	26	7	4	4
	64	Footwear, gaiters, and the like; parts of such articles	11.9	0-30	Vietnam	China	EU-27	Indonesia	United States	39	15	14	11	6
	67	Preparations from feathers and down; artificial flowers; articles from human hair	10.9	0-20	China	United States	Indonesia	Canada	Thailand	77	7	6	3	2
	43	Furskins and artificial fur; manufactures thereof	10.4	0-30	United States	EU-27	Uruguay	China	India	27	27	21	17	2
	57	Carpets and other textile floor coverings	9.7	0-20	United States	EU-27	India	China	Turkey	72	11	7	3	1
	65	Headgear and parts thereof	9.0	0-20	China	United States	EU-27	Vietnam	Taiwan	61	15	7	5	3
		Average/total	12.7											

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Table A.1 Major suppliers and import shares in 10 most protected sectors, 2009 *(continued)*

Importer	HS 2-digit code	Product	Applied rate (percent)	Tariff range (percent)	Major suppliers					Import share (percent)				
Russia	66	Umbrellas, walking sticks, seat-sticks, whips, etc.	19.5	0-20	China	EU-27	Japan	Ukraine	Taiwan	83	11	2	1	1
	58	Special woven fabrics; tufted textile fabrics; lace; tapestries	19.2	0-20	China	Turkey	EU-27	India	Syria	40	29	22	2	2
	65	Headgear and parts thereof	19.1	0-20	China	EU-27	Taiwan	Japan	Vietnam	55	30	3	2	2
	36	Explosives; pyrotechnic products; matches; pyrophoric alloys	19.1	0-20	China	EU-27	Ukraine	United States	Switzerland	59	35	3	1	0
	67	Preparations from feathers and down; artificial flowers; articles from human hair	18.9	0-20	China	EU-27	Hong Kong	Sri Lanka	Uzbekistan	90	6	1	0	0
	96	Miscellaneous manufactured articles	17.7	0-20	China	EU-27	Japan	Korea	Taiwan	45	37	3	2	2
	91	Clocks and watches and parts thereof	17.4	0-20	Switzerland	China	EU-27	Korea	Japan	67	16	7	3	3
	69	Ceramic products.	16.8	0-20	EU-27	China	Ukraine	Turkey	United States	56	28	11	1	1
	83	Miscellaneous articles of base metal	16.7	0-20	EU-27	China	Ukraine	Turkey	United States	55	25	7	4	2
	46	Manufactures of straw, esparto/other plaiting materials	16.7	0-20	China	Vietnam	Indonesia	Ukraine	EU-27	54	22	9	7	4
		Average/total	18.1											
Turkey	61	Articles of apparel and clothing accessories, knitted or crocheted	3.9	0-12	Bangladesh	China	EU-27	India	Indonesia	31	25	16	5	2
	62	Articles of apparel and clothing accessories, not knitted/crocheted	3.8	0-12	China	Bangladesh	EU-27	India	Sri Lanka	31	16	16	7	4
	64	Footwear, gaiters, and the like; parts of such articles	3.4	0-17	China	EU-27	Vietnam	Indonesia	India	54	14	13	10	3
	63	Other made up textile articles; sets; worn clothing	3.3	0-12	China	EU-27	India	Free Zones	Pakistan	32	27	10	8	4
	52	Cotton	2.4	0-8	EU-27	China	Free Zones	Argentina	Uruguay	50	27	6	4	3
	60	Knitted or crocheted fabrics	2.3	0-8	China	EU-27	Korea	Free Zones	Egypt	33	32	23	3	2
	54	Man-made filaments	2.3	0-8	China	EU-27	Indonesia	Korea	Vietnam	22	19	11	10	8
	58	Special woven fabrics; tufted textile fabrics; lace; tapestries	2.2	0-8	EU-27	China	India	Free Zones	Hong Kong	46	28	9	3	2
	35	Albuminoidal substances; modified starches; glues; enzymes	2.2	0-15.6	EU-27	China	Brazil	United States	Switzerland	72	5	5	3	3
	57	Carpets and other textile floor coverings	2.1	0-8	India	China	EU-27	Pakistan	United States	28	25	19	15	3
		Average/total	2.8											

(continued on next page)

Table A.1 Major suppliers and import shares in 10 most protected sectors, 2009 *(continued)*

Importer	HS 2-digit code	Product	Applied rate (percent)	Tariff range (percent)	Major suppliers					Import share (percent)				
United States	61	Articles of apparel and clothing accessories, knitted or crocheted	10.3	0-32	China	Vietnam	Indonesia	Honduras	Cambodia	34	9	6	5	4
	55	Man-made staple fibres	8.9	0-25	China	EU-27	Korea	Indonesia	Japan	22	21	10	8	8
	54	Man-made filaments	8.8	0-25	Canada	EU-27	China	Mexico	Korea	23	18	13	11	8
	64	Footwear, gaiters, and the like; parts of such articles	8.7	0-48	China	Vietnam	EU-27	Indonesia	Brazil	76	7	6	3	2
	60	Knitted or crocheted fabrics	8.4	0-18.5	China	Korea	EU-27	Israel	Taiwan	27	23	12	9	7
	62	Articles of apparel and clothing accessories, not knitted/crocheted	8.0	0-28.6	China	Bangladesh	Mexico	Vietnam	Indonesia	42	8	7	7	6
	51	Wool, fine/coarse animal hair, horsehair yarn and filaments	7.3	0-25	EU-27	Italy	Canada	Mexico	China	42	24	11	10	8
	52	Cotton	7.0	0-16.5	China	EU-27	Korea	Pakistan	Japan	22	15	14	12	7
	58	Special woven fabrics; tufted textile fabrics; lace; tapestries	6.3	0-20.2	China	Taiwan	EU-27	Mexico	Canada	42	15	14	6	6
	63	Other made up textile articles; sets; worn clothing	5.6	0-20.9	China	Pakistan	India	Mexico	EU-27	50	13	13	6	3
		Average/total	7.9											
EU-27	62	Articles of apparel and clothing accessories, not knitted/crocheted	3.7	0-12	China	Turkey	India	Bangladesh	Tunisia	48	9	8	6	5
	61	Articles of apparel and clothing accessories, knitted or crocheted	3.6	0-12	China	Turkey	Bangladesh	India	Sri Lanka	41	15	12	7	2
	63	Other made up textile articles; sets; worn clothing	3.4	0-12	China	Turkey	Pakistan	India	Bangladesh	41	14	13	12	4
	64	Footwear, gaiters, and the like; parts of such articles	3.4	0-17	China	Vietnam	Indonesia	India	Brazil	47	17	7	7	3
	58	Special woven fabrics; tufted textile fabrics; lace; tapestries	2.2	0-8	China	Turkey	India	Switzerland	United States	37	19	11	9	4
	57	Carpets and other textile floor coverings	2.1	0-8	India	China	Turkey	Egypt	Iran	34	17	14	8	6
	50	Silk	2.0	0-7.5	China	India	Switzerland	Brazil	Thailand	66	23	2	2	2
	60	Knitted or crocheted fabrics	1.8	0-8	Turkey	China	Korea	Switzerland	Taiwan	37	31	13	3	3
	52	Cotton	1.7	0-8	Turkey	Pakistan	China	India	Switzerland	23	17	15	14	6
	59	Impregnated, coated, cover/laminated textile fabrics	1.7	0-8	China	United States	Switzerland	Turkey	Korea	26	17	13	12	9
		Average/total	2.6											

Notes: Industrial goods include Harmonized Schedule (HS) codes 25 to 97, excluding 27 (fuels) and 71 (natural stones and precious metals). EU-27 trade is treated as a single country, excluding intra-EU trade. "Korea" refers to South Korea.

Sources: UN COMTRADE database (trade data) and UNCTAD TRAINS database (tariff data).

Table A.2 China's most protected sectors and share of imports from major suppliers, 2009

Importer	HS 2-digit code	Product	Applied rate (percent)	Tariff range (percent)	Major suppliers					China's import share (percent)				
China	31	Fertilizers	18.8	0-50	Russia	Belarus	EU-27	Canada	Norway	36	17	13	8	7
	67	Preparations from feathers and down; artificial flowers; articles from human hair	18.4	0-25	India	Japan	South Korea	United States	Hong Kong	58	16	9	4	2
	96	Miscellaneous manufactured articles	16.6	0-25	Japan	EU-27	South Korea	Taiwan	Hong Kong	40	12	10	9	7
	43	Furskins and artificial fur; manufactures thereof	16.4	0-23	EU-27	Canada	United States	New Zealand	Hong Kong	64	11	4	3	1
	92	Musical instruments; parts and accessories of such articles	16.4	0-30	Japan	EU-27	South Korea	Taiwan	Indonesia	43	14	8	7	7
	64	Footwear, gaiters, and the like; parts of such articles	15.2	0-24	EU-27	Vietnam	South Korea	United States	Indonesia	24	16	8	8	7
	65	Headgear and parts thereof	15.0	0-24	EU-27	South Korea	Taiwan	Japan	Canada	17	17	9	7	4
	62	Articles of apparel and clothing accessories, not knitted/crocheted	13.8	0-20	EU-27	North Korea	Hong Kong	Japan	South Korea	33	9	7	7	6
	91	Clocks and watches and parts thereof	13.8	0-23	Switzerland	Japan	Thailand	Hong Kong	Singapore	56	17	3	3	2
	63	Other made up textile articles; sets; worn clothing	13.2	0-17.5	EU-27	United States	Japan	Turkey	South Korea	11	10	9	8	8
		Average/total	15.7											

Notes: Industrial goods include Harmonized Schedule (HS) codes 25 to 97, excluding 27 (fuels) and 71 (natural stones and precious metals). EU-27 trade is treated as a single country, excluding intra-EU trade.

Sources: UN COMTRADE database (trade data) and UNCTAD TRAINS database (tariff data).