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United States General Accounting Office
Washington, DC 20548

June 13, 2003

The Honorable Charles E. Grassley
Chairman
The Honorable Max Baucus
Ranking Minority Member
Committee on Finance
United States Senate

The Honorable William M. Thomas
Chairman
The Honorable Charles B. Rangel
Ranking Minority Member
Committee on Ways and Means
House of Representatives

Subject: *GAO's Electronic Database of China's World Trade Organization Commitments*

China's December 2001 accession to the World Trade Organization (WTO) signified that the world's seventh largest economy and the United State's fourth largest trading partner would be subject to the multilateral organization's trade liberalizing requirements. China's accession agreement is a set of legal documents totaling more than 800 pages. In order to fulfill its WTO commitments, China will have to undertake numerous actions over the next 10 years, ranging from reducing or eliminating tariffs to improving the transparency of trade-related rules and regulations.

An understanding of the terms of China's WTO accession is essential to judging whether China is adhering to these commitments. On October 3, 2002, we issued a report to you entitled *World Trade Organization: Analysis of China's Commitments to Other Members*, GAO-03-4. That report analyzed the agreement between China and WTO members, including the United States, that allowed China to accede to the WTO. The agreement sets forth China's commitments—or legally binding pledges—to other WTO members and describes how China will adhere to the organization's underlying agreements, principles, rules, and specific procedures. Because of the length and complexity of the accession agreement, we created an electronic database of the major components of the agreement in order to conduct our analysis. We are releasing this database publicly today to assist members of Congress and their staffs, U.S. executive branch agencies, and other interested parties in analyzing, monitoring, and enforcing China's WTO commitments.

Users can search the database to identify China's WTO commitments and to access some of the key results of our analysis as described in our October 2002 report. In our analysis, we identified nearly 700 individual commitments concerning how China is expected to reform its trade regime, as well as commitments that liberalize market access for more than 7,000 goods and nine broad services sectors. The database allows users to search the more than 800 pages of the agreement based on broad subject areas (such as intellectual property rights or import regulation) or on specific key words, sectors, and products (such as transparency, agriculture, or automobiles). It combines information on commitments China made relating to tariffs and nontariff measures (such as quotas) into one source so that users can quickly identify all the different types of barriers that foreign products face. The database also allows users to search China's commitments relating to services based on a specific sector, mode of delivery, or the types of limitations that China specified (such as limitations that require foreign service providers to partner with a Chinese company). In summary, the flexibility and comprehensiveness of the database can enable users to quickly and more efficiently analyze China's commitments.

Background

In recognizing the scope and importance of China's commitments, Congress has provided significant resources to executive branch agencies to enhance the government's ability to monitor and enforce China's compliance with its accession agreement. Monitoring and enforcing China's compliance has proved to be a complex and challenging task, as demonstrated by our recent report, *World Trade Organization: First-Year U.S. Efforts to Monitor China's Compliance*, GAO-03-461. Those who monitor China's compliance with its accession agreement can benefit from having access to useful tools to identify and study particular obligations. Our database is one such tool that may be of use in your own efforts, as well as those of the executive branch, other WTO members, and the U.S. business community.

Enclosure I provides a brief description of our database and how to download it. Enclosure II provides a brief summary of our analysis and some minor modifications we made to the classification of certain commitments.

We provided a draft of this database to U.S. Trade Representative, Commerce, State, Agriculture, and other agency officials for their technical comments, which we have incorporated into the database as appropriate.

We are sending copies of this correspondence and database to interested congressional committees and executive branch agencies. Copies of this correspondence and access to the database will be made available at no charge on the GAO Web site at <http://www.gao.gov>.

If you have questions regarding this correspondence, please contact me on (202) 512-4128 or Adam Cowles, Assistant Director, on (202) 512-9637. Other major contributors to this correspondence and to the development of the database include Matthew Helm and Timothy Wedding.

A handwritten signature in cursive script that reads "Susan S. Westin".

Susan S. Westin
Managing Director
International Affairs and Trade

Enclosure I

Description of the Database

Our electronic database of China's World Trade Organization (WTO) commitments is a single Microsoft (MS) Access file and requires users to have MS Access 2000 to open the file. It includes instructions and tips for using the database along with definitions of the source data. The database has three main searchable tables: (1) the text of the agreement, (2) China's tariff and nontariff measures on foreign goods, and (3) China's schedule of services commitments. In addition, the database includes our identification and classification of individual commitments from the texts, as well as our classification of particular types of limitations described in China's services schedule.¹ However, the database does not include the list of subsidies China notified the WTO of (Annex 5) or certain WTO members' reservations to the agreement (Annex 7).²

In the process of preparing the database for public distribution, we added other categories to our analysis of China's commitments that were not included in the October 2002 report. These additional categories did not change the total number of commitments we identified but did modify slightly the groupings that we reported. Enclosure II to this correspondence briefly describes our analysis and the updated categories.

How To Download the Database

The database can be accessed on GAO's Web site at the following URL: <http://www.gao.gov/special.pubs/gaochnawtodb.zip>. This file is a self-extracting zip file that includes the MS Access database (GAO's China-WTO Database.mdb), text files of the underlying data tables, China's original WTO accession agreement, and a summary file (readme.txt) that explains the various files included. Users should download the zip file to their computers' hard drive and then double-click on the file to extract the individual files to a location on their hard drive. In order to use the full database, users need to have MS Access 2000 installed on their computers. However, the text files of the underlying data tables can be imported into any database or spreadsheet program for users without MS Access 2000.

Please note that some users may have trouble downloading a zip file depending on whether their agency's or company's fire wall permits it. If you are unable to download this file, we may be able to send you a copy by another means. Please refer to the contact information at the end of the letter portion of this product.

¹ For a description of the scope and methodology for this analysis, see U.S. General Accounting Office, *World Trade Organization: Analysis of China's Commitments to Other Members*, GAO-03-4 (Washington, D.C.: Oct. 3, 2002).

² The subsidies notification is a description of Chinese subsidy programs and is not easily converted into a useful format for a database. The reservations annex lists restrictions that seven WTO members (other than the United States) intend to maintain on certain imports from China following accession. Both annexes can be downloaded from the WTO Web site.

Enclosure II

Description of Our Analysis and Updated Categories

As part of the analysis in our report *World Trade Organization: Analysis of China's Commitments to Other Members*, GAO-03-4 (Washington, D.C.: Oct. 3, 2002), we identified seven types of commitments included in the Protocol and Working Party report of China's accession agreement. In table 3 (p. 12) of the report we listed the number of commitments of each type by the area of the agreement. In the process of preparing the database for public distribution, we made some minor adjustments to that analysis. These changes did not affect the overall number of commitments we identified nor the number in each trade area. The changes affected the classification of only a few types of commitments within particular areas. In addition, we are reporting an eighth type of commitment, which we identify in the database as "practices." Commitments of this type require China to create, modify, or repeal an existing practice (that is not specified as a law or regulation) in order to comply with a WTO requirement. Table 1 presents our updated analysis of the number of China's commitments by area and type.

Table 1: Type and Number of China WTO Trade Regime Commitments, by Area

Area	Number of commitments in area	Definitional	Reporting requirement	Transparency	Laws and regulations	Practices	Guidance	Adhere to WTO	Nondiscrimination	Other
General	20	3	4	0	0	0	0	3	0	10
Trade framework	82	4	10	19	19	3	31	12	24	7
Import regulation	227	16	37	31	15	33	111	38	24	13
Export regulation	9	0	3	1	1	3	2	3	0	1
Trading rights and industrial policies	117	6	22	7	2	29	31	22	10	21
Agriculture	101	8	11	13	3	11	64	11	5	4
Services	45	9	6	5	1	4	23	3	2	4
Intellectual property rights	34	9	2	1	15	5	9	21	2	1
Safeguards and trade remedies	70	3	8	0	1	2	10	12	0	45
Total	705	58	103	77	57	90	281	125	67	106

Source: GAO analysis of China's WTO accession agreement.

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