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**The Quiet Dragon:
China's Modest Challenge to Global Economic Governance**

by

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I. Introduction

On the eve of China's accession to the World Trade Organization (WTO) in late 2001, some commentators were extremely worried that China would not live up to its commitments, weakening the international system as well as hurting the global economy. Analysis Richard Cooper predicted, "By 2007, China will be in massive noncompliance with WTO rules. Beijing will be in the middle, between foreign complaints and Chinese provincial and local malfaisants."¹ Since then, there have been voices pointing to Chinese violations of its commitments and the rise of a "new economic nationalism," whereby China has been quietly implementing a multi-pronged mercantilist industrial policy to escape its obligations. Specific components of the strategy include aggressive use of antidumping measures, manipulation of its exchange rate, provision of subsidies to state-owned industry, condoning violation of intellectual property rights, and adoption of unique technical standards.² Underlying these observations about China's economic strategies at home and abroad is the more fundamental worry that China is an anti-status quo power who threatens not only the position of the world's leading countries but also the liberal international order upon which global prosperity is based.³

Although there is some difference of opinion about how to interpret China's recent economic policies at home, there seems to be a preliminary consensus on China's behavior in international economic organizations. For example, if we look at the WTO, contrary to the fears of many, China has by and large behaved as a conventional member.⁴ It has not flooded the dispute settlement process with dozens of cases, either as a complainant or a respondent.⁵ China has not taken a radical revisionist position on any aspect of the Doha Round of negotiations, and in fact, has somewhat distanced itself from the most sweeping aims of the developing-country groups, the G20 and G33, led by India and Brazil. Nor has China ignored the organization's rules

and procedures. It submits documents in a timely manner, and it is active in committee and ministerial meetings. China has been critical of the Transitional Review Mechanism (TRM) used by members to query China about its compliance, but the PRC has willingly participated in the more standard Trade Policy Review (TPR) process which all members regularly undergo.⁶ The shock is that there has been no shock.

Observers have used various perspectives, some times together, to explain this outcome. To realists, China's leadership must have determined that at least short-term compliance is in China's national interest because it provides the greatest opportunity to increase China's national power. From a liberal perspective, China's economy has become so interdependent with the global economy that constructive participation is necessary. And others draw on constructivist or ideational insights to assert that Chinese officials have been gradually socialized to reorient their identity and interests to be in concert with the dominant international regimes.⁷

As helpful as these findings are, such studies share several assumptions which limit their utility to fully appreciate China's evolving role in the international economic system. First, they are primarily motivated by measuring to what extent China fulfills its obligations, which reflects the interests of the world's leading countries and those of the extant system itself. Hence, China is portrayed as a junior member who is learning, literally, how to behave properly. Once it is determined whether or not China is following the rules, the analysis stops. The focus on compliance, common in the literature on China and the WTO (Lardy 2002; Cass, Williams, and Barker 2003; Panitchpakdi and Clifford 2002), does not directly consider the fact that Chinese do not simply want to obey rules, they want to pursue their interests. Hence, like all countries, China sees itself not as a disinterested pupil of the international system but as an equal-standing

member. China's learning is not an exercise undertaken to be a good global citizen. Rather, it wants to learn the "rules of the game" in order to utilize this knowledge to its advantage, and when that is not possible, to seek to change the very rules themselves (Levy 1994). That means these studies neglect to analyze how effective China is operating in the international system. Being a good citizen is not equivalent to being an effective advocate for oneself.

Second, observers tend to equate China's greater integration into the system with greater liberalization. In reality, although generally liberal, global trading rules contain myriad exceptions that permit protection for a country's economy under certain circumstances (for example, following the WTO Agreement on Safeguards, to raise tariffs when a domestic industry is threatened by a surge in imports). Many of these rules were intentionally created to ease the shock of liberalization to interests that would otherwise squarely oppose openness, what Ruggie (1991) calls "embedded liberalism." Even elements such as the WTO's rules on protection of intellectual property rights (IPR) reflect the interests of powerful sectors whose business models are rooted in creating strong property claims to their creative knowledge (Sell 2003). In addition, the system's leading "stakeholders" do not uniformly embrace multilateralism, non-discrimination, and transparency. In this light, to the extent China does not behave according to liberal norms, they may well be learning new principles and tools of protection for which they previously had little understanding.

And third, the vast majority of research stresses *official* Chinese participation in international regimes. Strict realists talk of China as a unitary actor, but most observers recognize that there are bureaucratic conflicts within the national government as well as central-local tensions that constrain national leaders. (Pearson 2006) But it is also important to look beyond

the state, to consider preferences and behavior of industry. Neglecting the role of business may be because the focus of research has been on organizations where the participants are only government officials, such as the World Bank and International Monetary Fund (Kent 2007). Increasingly, though, there are global regimes in which industry and other non-state actors play a dominant role in governance. (Kahler and Lake 2003) A solitary focus on official regimes may also be the product of a general discounting by scholars of the role that Chinese industry plays in economic policymaking at any level (Lieberthal and Oksenberg 1988; Shirk 1993; Fewsmith and Rosen 2001). My own research (Kennedy 2005a and 2007) has found that Chinese and foreign industry lobbies China's national government on a daily basis and on a wide range of economic policies, sometimes via business associations but more often via direct, individual consultation. Although in some issue areas policy coalitions neatly divide along ownership (state-owned versus private) or nationality (Chinese versus foreign) lines, just as often state-owned and private firms or Chinese and foreign firms find themselves on the same side of issues competing against just as motley a coalition in the other camp.⁸ Hence, it is important to examine the behavior of China's business because they are increasingly relevant to governance at home and abroad.

This paper departs from the standard assumptions. Instead of simply measuring China's compliance vis-a-vis international rules and procedures, it is equally concerned with discerning whether Chinese seem to be effective at promoting their interests. And we are interested in the behavior of Chinese officials and businesses because they are both involved in global governance. The WTO is a state-based organization, but industry is deeply involved in their operations, for example, by providing evidence in WTO cases; and there are other organizations where business plays a direct governance role, such as in standards-setting bodies. The next step

is to then consider which factors are relevant to explaining the quality and implications of their participation. These may include both domestic variables (e.g., the views of China's political elite, inter-bureaucratic relationships, patterns of government-business relations, and economic conditions) and international ones (e.g., the regime's intended target, its primary participants, its operating rules, the mechanisms by which its norms and rules are transferred to Chinese, the behavior of other participants, and China's location in the global economy).

Using this perspective as guidance, this paper reaches two primary conclusions. First, greater Chinese involvement may represent a challenge to the incumbent powers and perhaps other individual countries, but not to the regimes themselves. Some Chinese criticize some of the existing rules, but many find the rules favorable to their interests or at least believe that they can advance their goals by fighting within the existing architecture rather than challenging it from without. At the same time, however, China still does not have the influence in global regimes equivalent to its economic weight. In temporal terms, the capacity of Chinese officials and industry has expanded. They have moved from being observer to active participants in many international fora. Yet the Chinese are still far from seasoned participants who deeply understand the formal rules as well as informal strategies for achieving their goals.

To some extent, this is in part a conscious decision by China's leaders to not invest too much energy into multilateral organizations (and instead focus on bilateral and regional relationships where they have more leverage), to not act precipitously without being more familiar with these institutions, and not want alarm other members by appearing to be overly aggressive. But it also appears to be an unintended outcome, which is the product of relative inexperience and other constraints on Chinese behavior, including weak capacity among China's

economic diplomatic corps and inadequately institutionalized channels of consultation on international economic policy between government and business. To paraphrase Peter Evans, in the context of international economic regimes, Chinese officials tend to be inadequately embedded, and they are not especially skilled economic diplomats.⁹

This conclusion will be demonstrated by examining Chinese participation in the WTO and two standards-setting organizations, the International Telecommunications Union (ITU) and the International Organization for Standardization (ISO). The Chinese may be doing relatively well, but they could be more successful. This finding is reinforced by comparisons between China and two other large developing countries, Brazil and India. They appear to be more successful than China in forwarding their interests in Geneva. In addition to analyzing primary documents from China, other governments, and international organizations, the key data for this paper were obtained from interviews in Beijing, Geneva, and elsewhere in 2006 and 2007 with government officials from several countries, business executives, lawyers, and representatives from the WTO, ITU, ISO, and other international organizations. Questions were geared to obtain judgements about Chinese behavior in general as well as trace their statements and actions in several recent policy debates in these bodies.¹⁰

II. Punching Below Its Weight

Whereas the late Gerald Segal argued that China was more influential internationally than it deserved given (in his estimation) China's weak economy and military, it appears the converse may be accurate with regard to questions of global governance.¹¹ The Middle Kingdom has not been particularly influential in multilateral economic organizations in Geneva despite its global economic weight.¹² This conclusion applies whether you examine China's involvement in

negotiations over the fundamental rules of the system, discussions concerning interpretations of existing rules, efforts to adopt specific new codes, or involvement in individual trade disputes. China's participation has been noteworthy by its relative insignificance.

Part of the reason can be explained by strategic choices made by China's leaders. They could believe that beyond doing what is necessary to comply with its obligations, China can gain little by being assertive. (Interviews #G24, #G25) It may feel that its interests are largely consistent with the WTO's existing rules, and hence, its main posture is defensive. In addition, it appears that China's leaders believe they can achieve much more by engaging other countries in bilateral and regional fora. In contrast to China's relative inactivity in Geneva, during the last few years China has pro-actively developed bilateral economic relations with trading partners across Asia, the Pacific islands, the Middle East, Africa, and Latin America, not to mention with Western Europe and Russia. Chinese President Hu Jintao and Premier Wen Jiabao have made multiple tours to countries in each of these regions to promote their relationships. China has finished negotiating four bilateral free-trade agreements, and it is reportedly negotiating eleven others. In addition, since April 2004, China has attempted to persuade trading partners individually to recognize China as a market economy. In China's WTO accession protocol, the country is explicitly deemed a "non-market economy" for the first 15 years of membership, which allows trading partners to use third-country price data when trying to prove Chinese goods have been dumped in their markets. As of December 2007, China has been recognized as a market economy by over 70 other countries.¹³ In sum, the point is that Chinese leadership may have determined that China is more easily able to use the attraction of its large market and resources to achieve its economic interests through bilateral diplomacy than in multilateral

organizations where it is only one of 150 members.¹⁴

At the same time, it appears that Chinese have not accomplished a great deal in Geneva not just for lack of trying but because of deficient capacity. The first problem is that China does not have a strong and deep economic diplomatic corps. It is not that they lack numbers: the Ministry of Commerce's (MOFCOM) WTO Division has 55 full-time staff, and the PRC has one of the largest missions in Geneva, with a staff of 25. In addition, the head of the mission, Ambassador Sun Zhenyu, is widely praised for his intellect and skills. When WTO Director-General Pascal Lamy returns to Geneva from extended trips, he reportedly regularly calls on Ambassador Sun to be appraised of events during his absence.¹⁵ That said, the great majority of PRC officials in the WTO Division and in Geneva are not elite diplomats. The delegation is composed of a mix of officials from different ministries and agencies. Those from other ministries are on loan to the Mission, and when their tour is over, they typically return to their original posts in China. As a result, most are not seasoned diplomats. Although they are familiar with China's obligations and the formal rules of the WTO, they lack extended experience and do not have time to develop a deep rapport with the WTO Secretariat staff or diplomats from other missions. In addition, China's bureaucracy is famous for its lack of horizontal communication and cooperation. Officials are often focused on protecting their bureaucracy's interests as much as forwarding China's national interests. These type of tensions can manifest themselves in international fora.¹⁶

By contrast, interview sources repeatedly had strong praise for diplomats from India and Brazil. They have a great deal of experience in multilateral fora, and know both the formal rules and informal norms. They are very good at working with other countries. (Interviews #G7, #G25,

#G27)

The other source of problems comes from the complex nature of government-business relations in China. Government and industry do not have a history of working together on public policy issues. In the last decade, Chinese companies have begun to lobby the national government on economic policies close to their interests, but the institutions that could enhance government-business ties are relatively weak. Most of China's industry associations have been initiated by the government and try to act as agents of the state as much as voices of their members. As a result, many associations lack vitality. This is especially true in sectors dominated by state-owned industry. These associations and their company members tend to not have a firm grasp of international law (few have their own legal professionals) and unfamiliar with how the WTO and other organizations operate on a day-to-day basis. Some industries dominated by smaller private companies and in high technology have stronger industry associations, but they still have very limited experience in international trade matters.¹⁷ The coastal city of Wenzhou is renowned for its small-scale private sector and vibrant associational life, for example in cigarette lighters. They have been the target of antidumping measures in the EU. They have organized to defend themselves on the bilateral front, but these local industry groups do not have close ties with China's national government.

A consequence of weak ties is that China's trade negotiators have difficulty obtaining solid information from industry about the barriers they face, and when industry does approach the government, the information may be incorrect or not properly couched in the language of the WTO and international trade law. Hence, an official lamented, "A good wife cannot cook without rice." In the same vein, a trade lawyer with extensive experience in WTO cases reported

that those countries with the strongest ties between government and business tended to be the most active and successful in WTO negotiations and trade disputes. (Interview #27)

The final source of difficulty between government and industry in China is that as a result of China's liberalization over the past two decades, a significant portion of Chinese companies have become integrated into global production networks. Their business interests, thus, are with their suppliers, production partners, and customers, many of whom are not Chinese. Not surprisingly, Chinese economic interests have become divided, and different Chinese companies favor different trade and investment policies. Even when industry does make it to the government's doorstep, the government is often faced with having to weigh demands from competing coalitions of companies. This has made it difficult for China to implement mercantilist trade strategies at home – its antidumping measures are routinely opposed by downstream sectors dependent on foreign imports.¹⁸ Although this provides a foundation for defending liberal policies in the WTO and elsewhere, placing China in favor of existing trade norms, the divisions within Chinese industry may make it harder for the Chinese government to maintain a consistent trade policy over a wide range of issues for an extended period.

China's limited activism in Geneva may be a strategic choice, but it also appears they are hampered by the country's domestic political institutions and patterns of government-business relations. The remainder of this paper demonstrates these insights over specific areas of China's multilateral economic diplomacy.

The Doha Development Agenda

The Chinese delegation has been relatively passive in the current round of negotiations, which are centered around development issues. China is a member of the G20, and it has

supported the call for developed countries to reduce their agricultural subsidies and barriers to imports, such as quotas. It hosted a mini-ministerial meeting in July 2005 in Dalian, and it was a central organizer of the Hong Kong ministerial in December 2005. China also claims credit for persuading India and Brazil to accept the “Swiss Formula” for determining how much tariffs should be dropped on non-agricultural products.¹⁹

But China has played a far less role in the Doha Round than Brazil or India. Since China joined the WTO in December 2001, there have been 19 mini-ministerials, otherwise known as green room meetings.²⁰ (see Table 1) Although many NGOs and smaller-country members criticize these events as undemocratic and non-transparent, they typically bring together 20-40 members to facilitate efficient negotiation between the WTO’s most important members. China has only attended 10 of the 19 meetings, whereas India and Brazil have attended almost every session and been the key players all the way through. In fact, they are part of the G6, along with the US, EU, Australia, and Japan, which has met on a few occasions when the negotiations have been deadlocked.

[Table 1, appended at the end]

It is possible that China’s passivity is simply a coherent strategy because it has little to gain from the Round, but one can also expect that China would have a very difficult time acting as a genuine leader of the developing countries given its interests and the worries many developing countries have about the challenge that Chinese manufacturing poses to their own economies. China has not always done as much as it could to allay concerns by other developing countries. In negotiations over providing increased technical assistance on textiles for developing countries, for example, holding a training seminar, China was adamant that the

agreement not specify the textiles industry because that is a critical Chinese industry. Even though it would cost China little, they did not see the benefits such a gesture would bring. (Interview #G7). The Chinese claim that they have acted as a bridge between the G20 and the developed countries, but there is not much evidence they have achieved much.²¹

WTO Dispute Resolution

One source reports that there is close relationship between a country's global trade importance and the frequency with which it is involved in WTO cases as a complainant or respondent. (Interview #G27) Far from flooding the WTO with disputes, China has been essentially inactive, substantially below what one would expect given its foreign trade and investment levels. (see Table 2)

[Table 2, appended at end]

China has launched just two cases. The first (Case DS252) came in March 2002 in reaction to the US imposition of safeguard measures against a wide range of steel products. The Chinese government was spurred on to act by China's largest steel producers, who contacted the Chinese government via the China Iron & Steel Association soon after the US measures were put in place. At the same time, a critical factor in the Ministry of Commerce's decision was the fact that the US safeguards were also being challenged by the European Union, Japan, and others. China rode their coattails to victory. Revealing more boldness, in September 2007 China requested formal consultations with the United States over the latter's imposition of preliminary antidumping duties against Chinese coated paper (Case DS368). Rather than fight the charge, in November the US International Trade Commission reversed itself and withdrew the penalties, finding that although China had dumped the coated paper, it had not caused material injury to

American industry.²² China's limited activism is not the product of an inherent fear of litigation; Chinese industry has made ample use of China's own antidumping statutes.²³ It is possible that this initial victory, though it did not go through the entire dispute resolution process, will give them confidence to initiate other claims.

China has been a respondent in six cases, and so far the results have all been against China. In the semiconductor VAT rebate case, the Chinese side withdrew the offending rebate. Although the government had adopted it to spur a domestic semiconductor industry, the primary beneficiaries of the rebate were foreign-invested firms. When the local industry association reported that it did not support the rebate, the government was free to back down.²⁴ When China faced the prospect of a US case against Chinese antidumping measures against kraft liner board, China repealed the measures before the US even formally requested bilateral consultations.²⁵ In September 2006, the US, EU, and Canada launched a case against China for having higher tariff rates for auto parts that may end up being assembled together as a final vehicle, which they charged unfairly inhibited foreign exports of auto parts to China. Whereas China had backed down in the other cases before a formal verdict was reached, they defended themselves all the way to a formal judgement. The WTO's interim decision, reported in February 2008, found against China.²⁶ Although one could argue that the Chinese stuck it out because they believe they were on solid ground with respect to the facts, it also appears that they were unwilling to back down because the policy on which the case is based falls within the regulatory ambit of the National Development and Reform Commission (NDRC), China's equivalent to Japan's MITI (now METI). The NDRC has limited experience dealing with international trade disputes, and it did not want to repeal actions central to achieving its industrial policies. (Interviews #G17, #G22,

#G25) The point is that China's willingness to make concessions or stand firm are not the product of a unitary actor's rational calculations, but rather are subject to the preferences of industry and bureaucratic forces.

The Agreement on Technical Barriers to Trade

If there is one area that the Chinese are particularly interested in, it is the encouragement of innovation by Chinese industry. Although China is a world leader in manufacturing and assembly, most of the value-added in Chinese exports comes from foreign sources. Because they own little of the intellectual property in the goods they produce, Chinese companies are often required to pay significant royalties to the foreign intellectual property owners. In light of this predicament, there is a great push to encourage Chinese firms to develop their own indigenous technology standards, which if commercialized, can be used to require royalty payments to flow in the other direction.²⁷

But escaping this predicament is easier said than done. One obstacle is that once a technical standard is widely used in a product category, it is difficult to displace, even with a better technology, because of network effects (the more widely used a technology, the more valuable it is to each individual user). Existing standards, therefore, can be a barrier to innovation by those who do not control the existing dominant standards. When royalty payments are added in to equation, it leaves the dominant firms in an enviable position from which they are hard to displace. The WTO's Agreement on Technical Barriers to Trade (TBT) does not address this issue in any way. Indicating bias in the other direction, the TBT encourages countries to adopt existing international standards in the belief that regionally unique standards may constitute an unfair barrier to trade.

In light of China's own efforts to develop standards (see below), the Chinese delegation submitted a proposal in June 2005 to the TBT Committee suggesting that the question of the control of intellectual property rights and their relationship to standards be put on the agenda for the TBT Agreement's 4th Tri-annual review.²⁸ Except for receiving some light support from Brazil, the proposal was widely criticized, by developed and developing countries alike.²⁹ The most common reaction was puzzlement at why the issue was appropriate for the TBT Committee. Others thought this should be discussed in the context of the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) or perhaps in the World Intellectual Property Rights Organization (WIPO). Others argued that since the nub of the Chinese proposal concerned competition policy, this is not an area in which the WTO has yet to claim authority. Competition policy is a "Singapore issue," but the Singapore issues were left off the Doha Round agenda. And finally, many believed that the text of the Chinese statement and their oral remarks were somewhat vague and academic and were not tightly linked to the issues of industry or the WTO TBT Agreement itself.

Even if there was merit in the Chinese proposal, the delegation did not adequately prepared itself or other members in the preparation of this initiative. The actual officials who developed the proposal did so primarily based on their own reading about the role of standards in industry and in discussions with other officials and researchers. There was almost no direct contact between this official and Chinese industry to gauge their sense of the problem and what might be the best solution. And when the submission was put forward, the Chinese delegation engaged in little informal diplomacy with other members to explain the rationale behind the proposal to seek their support. (Interviews #B2, #G20, #G21)

In the end, the Chinese proposal was left off the agenda of the tri-annual review. The only “positive” China could claim is that it persuaded the TBT Committee to record in its report that the topic had been discussed; however, reference to the proposal would only be made in a footnote to the annex of the report. This does not constitute much of a victory for one of the world’s most powerful economies.³⁰

Standards Development at the ITU and ISO

Faced with high royalty payments and hoping to move up the value-added chain in industry, the Chinese government and industry have been engaged in numerous efforts to develop technical standards in China and then have them adopted as international standards by international standards development organizations such as the ITU and ISO. Despite expending a great deal of resources, to date China has had very few successful efforts to have their national standards adopted internationally.³¹

One of their chief targets has been the International Telecommunications Union. In 1998, China submitted its own standard for third-generation cellular technology, TD-SCDMA. Their proposal was officially accepted in 2000. But beyond that, China has had made little headway at the ITU. This is despite the fact that a senior ITU official, Houlin Zhao, is from China and has encouraged the Chinese to be active. China is by far the most active developing country ever to participate in ITU activities.

The Chinese now account for the largest number of participants at many ITU meetings. They are particularly active in groups related to IPTV (Internet Protocol television, essentially video programming streamed over broadband to a computer or similar device) and the next generation Internet. In a 2006 meeting concerning IPTV in South Korea, the majority of

proposals were from China. Despite a large volume of activity, the quality of Chinese participation has been quite low. The actual proposals themselves have been, by one observer's estimation, "extremely weak." In addition, the Chinese participants are not skilled in the art of negotiating with their counterparts from elsewhere. This is partly due to language difficulties (the ITU operates in English), but it also is a result of very limited experience in multilateral settings.

Chinese have been equally active in the ISO. China hosts the secretariat for several of the ISO's technical committees, and it is an active member in many of the groups, despite the cost of attending meetings all over the world. Two cases involving telecommunications standards exhibit the strengths and weaknesses of Chinese involvement. In 2003, China announced it would require all computer manufacturers to desist from using Wi-Fi local area network technology and instead use an alternative Chinese standard, WAPI. China argued that WAPI was more secure than Wi-Fi. Multinational semiconductor and computer companies vigorously protested the Chinese regulation and their Chinese partners quietly complained as well. As a result, in 2004 China announced it would not make WAPI mandatory and instead would seek to have it adopted as an international standard by the ISO. Before long, though, the Chinese promoters of WAPI, led by a small technology company based in Xi'an, was thoroughly outmaneuvered by supporters of Wi-Fi, led by Intel. With its extensive experience and vast networks in the standards-setting world, Intel successfully lobbied in 2006 to have Wi-Fi formally accepted as an ISO standard while at the same time thwarting WAPI's approval. The WAPI advocates, who had few commercial allies at home, let alone internationally, claimed dirty tricks by Intel, but their complaints fell on deaf ears, and WAPI has disappeared as a commercial option. If its promoters had been more savvy, they might have been able to persuade Wi-Fi's supporters to adopt some

elements of WAPI into Wi-Fi, but they instead chose a frontal assault that was doomed to failure given the relative disparity in commercial partners.³²

The Chinese appear to have consciously learned from the mistakes of WAPI in more recent efforts to have ISO approve standards for home networking systems, which facilitate interaction between computers, communications technologies, and consumer appliances (think of using your cell phone to turn on your dishwasher while you are driving home). Two standards emerged in 2004 from China's domestic standards process: ITopHome, developed primarily by Haier, and IGRS, created by Lenovo. In contrast to WAPI's creator, Haier and Lenovo assembled a coalition of Chinese and foreign companies in different product segments to support their standards. They then sought ISO approval of their standards. Like in the earlier case, ISO has also been considering other standards in the same area put forward by major American, European, and Japanese technology giants, including Intel, Sony, and Siemens. Due to clever politicking, Siemens was able to thwart ITopHome soon after it was put on the committee's agenda. (ITopHome's technology directly threatened Siemens' own solution, prompting the latter's actions.) By contrast, Lenovo and its partners have managed to shepherd IGRS through the review and approval process despite opposition from Intel, Sony, and others. Lenovo hired overseas Chinese who spoke perfect English and could interact smoothly with standards committee members from the United States and elsewhere. Overcoming cultural barriers and the IGRS coalitions transnational business ties have been helpful to the standard's progress through the process. This does represent a modest step forward in Chinese efforts in the global standards community, yet a close observer of these events still characterizes the Chinese participants as "babes in the woods" compared to their counterparts in the US, Europe and Japan.³³

Conclusion

This paper has attempted to demonstrate that Chinese although Chinese generally “playing by the rules” of global economic regimes, they are not exceptionally good players. This situation may resolve itself as Chinese gain more experience and move up the “learning curve.” And they may move more quickly if senior leaders determine that the WTO and other multilateral fora are critical organizations that deserves maximum resources. On the other hand, the paper suggests that there are other obstacles besides time and elite commitment. China’s political institutions and government-business relations constitute substantial barriers to improved performance. It is possible that the emergence of business lobbying on domestic economic issues will eventually transfer to the international economic sphere, but that is not inevitable.

There are several elements of the story that have been left out and that when included could require an alteration of these findings. As noted earlier, the discussion here focused on China’s participation in multilateral fora. If the Chinese have had more success in bilateral and regional endeavors, they would deserve more credit than is granted here. Conversely, this paper has only considered a narrow dimension of China’s involvement in global governance. An examination of regimes beyond those discussed here could yield a different picture. One can consider regimes in terms of whether they are created to support producers or consumers. Technical standards are geared toward the interests of producers, as is the antidumping regime. By contrast, health and safety standards regimes were created with consumers in mind. One could expect that given the privileged place of producers in China’s political economy, the Chinese would place less emphasis on consumer-oriented regimes. If so, Chinese involvement in

technical standards may represent the high mark of their capabilities. In addition, all of the regimes discussed here are state-based organizations. Even though industry contributes to their deliberations, official country representatives make the final decisions and place the votes. Missing then is consideration of Chinese involvement in non-state organizations that assume a governance role. These would include transnational hi-tech industry consortia that play an enormous role in setting technical standards for information technologies as well as credit rating agencies whose credit ratings have a quasi-regulatory function in defining investment risks. Given that civil society is relatively weak in China and NGOs in China often have an “official” color, Chinese involvement in much more autonomous non-state groups internationally could be somewhat disorienting to Chinese industry; on the other hand, they may find such groups liberating. In either event, they will be a relatively new experience for most companies.

This paper is part of a larger project that compares Chinese involvement across multiple types of regimes, producer and consumer, official and private, to gauge the varying abilities and effectiveness of Chinese officialdom and industry. Future work will help shed light on where the cases discussed here fit in the broader picture of Chinese participation in global governance.

Table 1
Mini-Ministerials Since China Joined the WTO
 (November 2002 - January 2007)

Date	Location	Attendance			
		Total Members	China	India	Brazil
Nov. 2002	Sydney	25	✓	✓	✓
Mar. 2003	Tokyo	22	×	✓	✓
June 2003	Sharm El-Cheikh, Egypt	30	✓	✓	✓
July 2003	Montreal	25	✓	✓	✓
Jan. 2004	Davos	19	×?	✓?	✓?
Apr. 2004	London	5	×	×	✓
May 2004	Paris	30	✓	✓?	✓?
Jan. 2005	Davos	26	✓	✓	✓
Feb. 2005	Geneva	13	×?	✓	✓
Mar. 2005	Mombasa, Kenya	33	✓	✓	✓
May 2005	Paris	30	×?	✓	✓
July 2005	Dalian, China	30	✓	✓	✓
Sept. 2005	Paris	4	×	✓	✓
Oct. 2005	Zurich	14	✓	✓	✓
Jan. 2006	Davos	20+	×?	✓	✓
Mar. 2006	London	6	×	✓	✓
June 2006	Geneva	40+	✓	✓	✓
July 2006	Geneva	6	×	✓	✓
Jan. 2007	Davos	30+	✓	✓	✓
Total			10	18	19

Sources: News media reports, using Factiva database, accessed February 24, 2007.

Note: ‘?’ indicates inability to confirm attendance through media reports.

Table 2
Involvement in WTO Dispute Resolution Cases, Selected Members
 (January 1995 - March 2008)

Member	Complainant	Respondent	Third Party
Brazil	23	14	49
China	2	8	62
European Union	77	59	80
Hong Kong	0	0	0
India	17	19	51
Japan	12	15	88
South Korea	13	13	42
South Africa	0	2	0
Chinese-Taipei	2	0	37
United States	88	99	72

Source: WTO website (www.wto.org)

Note: Cases are based on the number of countries that lodge a complaint. If three members bring a case on a single product, the WTO counts it as three cases.

Notes:

1. Richard Cooper, lecture at Harvard University, approvingly quoted in Ross Terrill, *The New Chinese Empire: And What It Means for the United States* (New York: Basic Books, 2003), p. 330.
2. Such concerns are most regularly made by the U.S. Trade Representative, but the European Union has recently sounded the alarm as well. Neil C. Hughes, "A Trade War with China?" *Foreign Affairs*, vol. 84, no. 4 (July/August 2005), pp. 94-106; Ariana Eunjung Cha, "China Gets Cold Feet for Foreign Investment," *Washington Post*, February 2, 2007; "Competition and Partnership: A Policy for EU-China Trade and Investment," European Commission Brussels, October 24, 2006; and "Study on the Future Opportunities and Challenges in EU-China Trade and Investment Relations 2006-2010," European Commission, February 15, 2007.
3. The most sensitive effort to consider this question is Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security*, vol. 27, no. 4 (Spring 2003), pp. 5-56. Also see James Kynge, *China Shakes the World: A Titan's Rise and Troubled Future – and the Challenge for America* (New York: Houghton Mifflin, 2006).
4. The lone exception to this trend has been China's treatment of Taiwan, a fellow WTO member over which China claims sovereignty. Hui-Won Cho, "China-Taiwan Tug of War in the WTO," *Asian Survey*, vol. 45, no. 5 (September/October 2005), pp. 736-755. My own view, based on interviews of officials from both sides and international observers, is that the record is more mixed, with China and Taiwan having extensive informal interactions to address practical bilateral trade issues despite the continued outward appearance by China of an unwillingness to interact with a supposed renegade province.
5. The total number of cases brought against China before the WTO are few (6), but 4 of them have been lodged since early 2007.
6. Margaret M. Pearson, "China in Geneva: Lessons from China's Early Years in the World Trade Organization," in Alastair Iain Johnston and Robert S. Ross, eds, *New Directions in the Study of China's Foreign Policy* (Stanford: Stanford University Press, 2006), pp. 242-275; Karen M. Sutter, "China's 'Win-Win' Trade Policy," *China Business Review*, September-October 2006, pp. 70-74; Robert Z. Lawrence, "China and the Multilateral Trade System," Faculty Research Working Paper Series (RWP06-045), John F. Kennedy School of Government, Harvard University, October 2006; and Sun Liang and Zhang Xiangchen, "Redefining Development, Reimagining Globalization: The WTO and China's New Economic Vision," *Journal of World Trade*, vol. 41, no. 6 (November 2007), pp. 1275-1295.
7. Ann Kent, "China's International Socialization: The Role of International Organizations," *Global Governance*, vol. 8 (2002), pp. 343-364; Justin S. Hempson-Jones, "The Evolution of China's Engagement with International Governmental Organizations," *Asian Survey*, vol. 45, no. 5 (September/October 2005), pp. 702-721.

8. On China's evolving economic policy process, see Scott Kennedy, *The Business of Lobbying in China* (Cambridge: Harvard University Press, 2005). The contradiction between domestic and foreign was recognized in Andrew J. Nathan and Robert S. Ross, *The Great Wall and the Empty Fortress: China's Search for Security* (New York: Norton, 1997). An important departure that recognizes the influence of economic interests of Chinese foreign economic policies is Ka Zeng, ed., *China's Foreign Trade Policy: The New Constituencies* (New York: Routledge: 2007).
9. Peter Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton: Princeton University Press, 1995).
10. In order to protect the anonymity of my sources, they are referred to in internal notes using interview codes.
11. Gerald Segal, "Does China Matter?" *Foreign Affairs*, vol. 78, no. 5 (September/October 1999), pp. 24-36.
12. Dan Ciuriak, "The Laws of Geoeconomic Activity Fulfilled? China's Move toward Centre Stage," *Asian Affairs: An American Review*, vol. 31, no. 1 (Spring 2004), pp. 3-29.
13. Interview #B6, and own calculations based on reports from the US and Chinese media.
14. Lawrence, "China and the Multilateral Trading System"; David Shambaugh, ed., *Power Shift: China and Asia's New Dynamics* (Berkeley: University of California Press, 2005); Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World* (New Haven: Yale University Press, 2007); and Kurt Campbell, Joshua Eisenman, Eric Heginbothom, and Derek Mitchell, *China and the Developing World: Beijing's Strategy for the Twenty-First Century* (Armonk, NY: M.E. Sharpe, 2007).
15. Interview #B6. Sun has served in Geneva since China assumed its membership in the WTO. I personally witnessed him give a deft speech at a conference on the question of China and sustainable development in Geneva in October 2007. He tried to reassure the audience that China is genuinely committed to addressing environmental problems both within China and internationally as it develops. He listened carefully to others' comments and respectfully responded to questions raised by those from both developed and least developed countries.
16. Pearson, "China in Geneva."
17. Kennedy, *The Business of Lobbying in China*.
18. Scott Kennedy, "China's Porous Protectionism: The Changing Political Economy of Trade Policy," *Political Science Quarterly*, Vol. 120, No. 3 (Fall 2005), pp. 407-432.
19. The formula essentially requires greater tariff cuts from developing nations than developed countries, a concession developing countries were willing to make in exchange for developed countries' concessions on agriculture barriers. "Japan, China Agree to Back Swiss Formula for

Tariff Cuts,” Jiji Press English News Service, December 15, 2005; G. Ganapathy Subramaniam and Amiti Sen, “Tough Times Await India After WTO Setback,” *Economic Times*, July 30, 2006; Sun and Zhang, “Redefining Development, Reimagining Globalization”; Interview #B6.

20. The term “green room” comes from the informal name of WTO director-general’s conference room.

21. Sun and Zhang, “Redefining Development, Reimagining Globalization.”

22. The American printing industry, which purchases Chinese paper, spoke up against the antidumping charges. The effect of such tariffs on their business is not supposed to be considered by US officials in making their decision (US antidumping law has no “public interest” provision), but it appears China’s American allies were helpful. Jiang Wei and Diao Ying, “Glossy Paper Ruling Hailed,” *China Daily*, November 23, 2007.

23. Kennedy, “China’s Porous Protectionism.”

24. Wei Liang, “Regime Constraint and China’s WTO Commitment Compliance: A Case Study of the U.S.-China Semiconductor Trade Dispute,” in Zeng, *China’s Economic Foreign Policy*, pp. 20-39.

25. “US Files WTO Case Against Chinese Industrial Subsidies,” *Bridges Weekly Trade News Digest*, February 7, 2007.

26. Dan Neumann, “U.S. Wins WTO Interim Panel Decision in Auto Parts Dispute with China,” *Inside US-China Trade*, vo. 8, no. 8 (February 20, 2008).

27. Richard P. Suttmeier, Xiangkui Yao, and Alex Zixiang Tan, Standards of Power? Technology, Institutions, and Politics in the Development of China’s National Standards Strategy,” *NBR Special Reports*, no. 10, National Bureau of Asian Research, June 2006.

28. WTO text, “Communication from the People’s Republic of China,” June 8, 2005, G/TBT/W/252.

29. WTO text, “Minutes of the Meeting of November 2, 2005,” Committee on Technical Barriers to Trade, December 22, 2005 (G/TBT/M/37).

30. Following this setback, Chinese have begun to engage in more informal diplomacy. For example, in April 2007 the Ministry of Commerce hosted a conference in Beijing on the question of intellectual property rights and standards and invited representatives from India and Brazil to participate.

31. Scott Kennedy, “The Political Economy of Standards Coalitions: Explaining China’s Involvement in High-Tech Standards Wars,” *Asia Policy*, no. 2 (July 2006), pp. 41-62.

32. Ibid, pp. 48-56.

33. The discussion of IGRS's recent developments are based on reports from participants in the process who attended a workshop on China's standards strategy in October 2007 in Beijing.