Introduction

China's 20-Year Engagement with the WTO: Opportunities, Challenges, and Responses

HENRY GAO, DAMIAN RAESS, AND KA ZENG

The year 2021 marked the 20th anniversary of China's accession to the World Trade Organization (2001), an event that has stimulated the unprecedented integration of the world's largest transitional economy into the rules-based multilateral trading system. Since its entry, China has benefited significantly from enhanced trade flows made possible by its WTO membership, becoming the largest trader in goods and the second largest trader in services in the global economy today. Beijing's efforts to implement its WTO accession commitments have generated profound changes in its domestic regulatory framework in the areas of trade and beyond. At the same time, China's involvement in various WTO activities such as trade negotiations and dispute settlement has also changed the power dynamics within the WTO and presented unparalleled challenges to the functioning of the organization due to both the size of its economy and its unique economic model.

Outside of formal international economic institutions, China has actively negotiated bilateral investment treaties (BITs) and preferential trade agreements (PTAs) to secure expanded market access for Chinese goods, services, and capital. At the same time, Beijing's ambitious Belt and Road Initiative is increasingly subsuming much of China's economic (and political) involvement abroad (Ferdinand, 2016; Shaffer and Gao, 2020). While these developments have accelerated China's economic rise, transforming the country into the manufacturing center of the world and unleashing a global buying spree by Chinese firms, they have also provoked a strong backlash against Chinese influence (Colantone and Stanig, 2018; Raess, 2021). The ongoing trade war between the United States (US) and China, which, at the time of this writing in July 2022, has completed its fourth full year and still has no end in sight under the US administration of President Joe Biden, further speaks to the potential for

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the long-term strategic rivalry between the world's two largest economies in the years to come.

Looking back, the 20 years since China's accession to the WTO provide excellent opportunities to take stock of the implications of China's economic rise (for an assessment of China's first decade in the WTO, see Zeng and Liang, 2013). In particular, they raise important questions about the impact of WTO membership on China's domestic development, China's influence on the evolving global economic governance structures, and government responses in countries that are engaging China economically, responses that in turn shape global trade governance (for a broader evaluation of the country's trajectory in the international political economy, see Breslin, 2007; Zeng, 2019).

On the first question, contributing authors suggest that China's WTO accession has had a profound effect on the Chinese economy and society. Notably, WTO membership has stimulated China's phenomenal trade and economic growth. It has additionally prompted substantial domestic policy changes in China as the Chinese leadership sought domestic reforms to comply with multilateral trade disciplines and adverse WTO rulings in areas such as agricultural trade and intellectual property rights (IPR) protection. In the latter case, for example, the WTO's Agreement on the Trade-related Aspects of Intellectual Property Rights (TRIPS) has generated many benefits and incentivized the Chinese leadership to improve its IPR regime in an effort to encourage indigenous innovation. In the sensitive area of legal reform, efforts to implement its WTO obligations and commitments have introduced changes to the Chinese legal system. Even though barriers deeply entrenched in Chinese culture and society have impeded Beijing's ability to fully comply with its WTO obligations, China's growing integration into the rules-based WTO system has increasingly subjected it to WTO discipline in ways that have had transformative effects on Chinese society.

The domestic changes brought about by WTO membership have in turn increased China's economic clout and its weight in the global trading system, generating growing frictions between Beijing and its trading partners. Consequently, this volume additionally examines how China's rise has altered the power dynamics within the WTO. Contributing chapters suggest that China's status as both the second largest economy in the world and the largest developing country has heightened the tensions between its preference for special and differential treatment (SDT), on the one hand, and the organization's key underlying principle of reciprocity, on the other hand, precipitating heightened competition between the US

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and China that have threatened to derail major multilateral trade initiatives. This clash was further exacerbated by the growing divergence in the economic interests of China and developing and emerging economies. This latter set of conflicts has undermined the hope for solidarity among the Global South and introduced a new competitive dimension that further complicated the North-South divide which has impeded multilateral trade negotiations in the past. Overall, these developments highlight the challenges that China's emergence as a key player has posed to the WTO and their implications for the stability and viability of the multilateral trading system.

In view of the developments outlined above, how have governments and the public in major trading partners been responding to China's economic ascent? This volume engages this question and addresses reactions to the rise of China at both the government and individual levels. At the government level, frustrations with the difficulties of engaging China within the WTO have resulted in the revival of unilateral trade policies, as reflected in the recent trade war that Washington has launched against China. They have also led foreign governments to embrace the use of targeted, unilateral discriminatory measures to address trade concerns with China. Despite ongoing discussions of WTO reform, the substantial differences in the preferences and negotiation positions of the major players have continued to dim the prospect of multilateral trade cooperation. At the public level, China's economic rise has raised important questions about the degree to which attitudes toward China may be conditional on factors such as the presence of compensatory welfare and labor market policies or bilateral political relations.

Overall, this volume addresses the changes and continuities in China's role in the WTO by examining the following interrelated issues: (1) the political and economic implications of WTO membership for China and for the global economy; (2) China and global economic governance, including its role in WTO coalition building, dispute settlement, and discussions of WTO reform; (3) responses of WTO members to the economic rise of China; and (4) investment and technology issues related to China's WTO membership.

We adopt an interdisciplinary approach to tackling the above questions. In addition to approaching our main analytical tasks from the perspectives of multiple disciplines such as law, economics, political science, and international relations, the volume also draws on the contributions of senior policymakers from both China and the United States. Combining both theory and practice, it presents in-depth analyses and identifies the

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drivers and consequences of China's growing global economic integration. The research findings paint a rich picture of the processes, dynamics, and consequences of China's complex interactions with the WTO. They illuminate not only the opportunities and challenges presented by China's growing integration into the multilateral trading system but also ongoing debates about the implications of the rise of China for global economic governance.

I Main Themes of the Volume

We approach China's interactions with the WTO in the 20 years since its initial entry through the lens of "two-way" socialization which involves not only a process of "inducing actors into the norms and rules of a given society" (Checkel, 2005: 804; Johnston, 2001), but also efforts by agents to proactively influence the content and outcome of the socialization process (Sandstrom et al., 2013). In the context of China's relationship with the WTO, the theory predicts that China should not only be on the receiving end of international normative pressure but should also be able to exert its own influence on the evolution of global trade norms.

Indeed, China's growing participation in the WTO and other international economic institutions reflects the logic of such "two-way" socialization. On the one hand, China has been bound by WTO rules and has more frequently been brought to the WTO dispute settlement system than any other WTO members in the last two decades. Beijing's efforts to implement its accession commitments and WTO rules and rulings have led to domestic regulatory changes in the areas of trade, investment, and beyond.

On the other hand, however, China's WTO membership has also presented unparalleled challenges to the multilateral trade institution due to the sheer size of its economy, its status as a developing country, and its model of state capitalism (Mavroidis and Sapir, 2021; Wu, 2016). For example, China has sought to bring changes to the organization from within both by submitting its own proposals at the WTO and through coalition-building within the Doha Round negotiations (Gao, 2011; Tu, 2013). The economic ascent of China has additionally led to power shifts within the WTO, which some (e.g., Hopewell, 2020) argue have contributed to the crisis and relative decline of the organization. Such two-way interactions raise important questions about not only the impact of WTO membership on China but also China's influence on global economic governance.

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Parts I–III of the volume directly speak to the above questions. Part I discusses China's perspective on the WTO, an issue that is rarely addressed in the mainstream literature in the West. Part II assesses the impact of the WTO on China in areas such as economic growth, the development of the rule of law, intellectual property rights protection, and agricultural trade, and seeks to identify both the incentives that the WTO membership has provided for trade and economic growth and the constraining effects of WTO rules on Chinese behavior. Part III in turn examines China's behavior within the WTO, focusing in particular on China's changing relationships with both the United States and the Global South as well as its role in WTO negotiations and its dispute settlement system.

In illuminating the two-way socialization mentioned above, we highlight the influence of both domestic and international politics on China's role in global economic governance (see in particular Part III). For example, while Hopewell (Chapter 8) emphasizes how China's development model and its self-identification as a developing country have posed serious challenges to US demands regarding special and preferential treatment, the chapters by Weinhardt and by Liang and Zeng (Chapters 9 and 10, respectively) in turn focus on how the increasingly divergent interests and preferences between China and other developing countries have complicated the existing divide among the major powers in WTO negotiations, further exacerbating the difficulties of effective multilateral trade governance. In addition, Hoekman, Tu, and Wolfe (Chapter 12) discuss how China's application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, by providing the necessary external pressure to break through domestic obstacles in sensitive areas such as non-trade issues, reform of state-owned enterprises, and data regulation, could potentially contribute to real WTO reform.

China's growing influence in the WTO has also provoked strong responses from its trading partners, which in turn have ramifications for global trade governance. This volume therefore additionally focuses on the responses and policy adjustments of countries that are engaging China economically (Part IV). Contributing authors consider not only individual responses to the rise of China's economic power but also the reactions of the U.S. government toward China's WTO accession as well as the policy measures adopted by foreign countries against Chinese exports since the Global Financial Crisis. For example, Raess (Chapter 13) shows that support for preferential trade liberalization with China among globalization losers is strongly conditioned by compensatory welfare policies (or belief in it). This evidence confirms the observed rise of protectionism and backlash against

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China (e.g., trade wars) in countries with weak social safety nets or few labor protections. Hillman (Chapter 17) suggests that the perceived ineffectiveness of the WTO in engaging China has precipitated a turn by Washington toward the use of unilateral trade policy approaches in dealing with China's unfair trade practices in recent years. Such growing trends have contributed to the crippling of the WTO. Taken together, the chapters collectively illuminate the diverse responses at both the individual and government levels to China's rising economic clout since its WTO accession.

Finally, there exists a close relationship between trade and investment issues. Roughly one-third of global trade today is intra-firm trade among multinational corporation subsidiaries. Given the strong linkages between trade and investment issues, investment has been formally incorporated into the WTO framework through the Agreement on Trade-Related Investment Measures. Other WTO agreements such as the General Agreement on Trade in Services and TRIPS further include provisions relating to investment as they pertain to services and intellectual property rights, with the current ongoing negotiations on investment facilitation led by China more specifically targeting the issue. Investment issues have also increasingly been incorporated into free trade agreements, with NAFTA being the leading example. Furthermore, despite the relative decline of the WTO, foreign investment has continued to rise in recent years, with total global inward foreign investment increasing from $345 billion to $1,437 billion between 1995 and 2018 and global outward foreign investment rising from $361 billion in 1995 to $1,604 billion in 2017, before experiencing declines as a result of the pandemic after 2019 (UNCTAD statistics). China's growing prominence in the global investment landscape therefore calls for a better understanding of how the country's WTO membership has stimulated its investment growth.

Part V of this volume addresses this question. In Chapter 18, Erie and Zhang examine the evolution of China's domestic regulatory frameworks for governing inward and outward foreign direct investment (FDI), while Berger (Chapter 19) and Chi (Chapter 20) analyze China's international investment policy and its experience with investor-state dispute settlement and evaluate the degree to which it is a rule-taker, rule-breaker, or rule-maker within the system. Finally, non-reciprocal market access for investors and the issue of (forced) transfer of technology have been major sources of the US-China trade war and by extension of the WTO crisis (Chapter 22 by Cottier). The trade war has in turn served as a major push factor for Chinese firms' growing involvement in global production networks (Chapter 21 by Kim).

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Overall, the volume highlights the changes that China's WTO membership has produced both at home and for the global trading community. On the one hand, the chapters in the volume provide excellent analyses of the multifaceted impacts of WTO accession on China's own development, not only in terms of economic growth but also in terms of the development of its rule of law, both broadly and more specifically in areas such as protection of intellectual property rights. On the other hand, the chapters also address the implications at the international level, which can be further broken into two strands: First, through its growing integration into the global trading system, China has taken on increasingly important roles in global trade governance, and the experiences it has gained in the trade arena have also found expression into other areas such as investment. At the same time, and second, China's growing role also generated concerns and sometimes backlashes in other countries. Initially, these concerns focused mainly on the economic impact of imports from China. Gradually, however, they shifted toward rules-related issues, especially when China started to take positions that some countries regarded as detrimental to their own interests or even threatening the core values behind the global trading system. In particular, in countries such as the US, the backlash has become so strong that it has led some to question whether it was a mistake to let China into the WTO in the first place (see the chapters by Aldonas and Hillman in this volume). Collectively, the chapters show that even though China can hardly be considered a rule-breaker within the WTO regime, its distinctive pattern of domestic development and divergent negotiation positions and preferences have resulted in growing friction with trading partners and threatened the viability of multilateral trade cooperation. Contributing authors additionally assess the effectiveness of the policies adopted by foreign governments to address the China challenge and explore the potential for strengthening cooperation to reduce conflict and increase the effectiveness of multilateral trade governance.

II Structure and Content

The book consists of five parts:

The first part (two chapters) sets the stage for the discussions by introducing Chinese perspectives on China's accession to the WTO. In Chapter 1, China's former WTO Ambassador Yi and his coauthor Li present China's official views on Beijing's record in implementing its WTO commitments and its involvement in WTO negotiations. Chapter 2 by

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Gao provides the first-ever synthesis of China's changing perspectives on the WTO for the past 20 years and explores the reasons behind it. Putting China's interactions with the WTO into the larger geopolitical context, this chapter argues that Beijing's stance has evolved from aspiration, and assimilation, to alienation. These perspectives provide valuable insights for current discussions about how the global trade policy community can best adjust negotiation tactics to effectively influence Chinese behavior. Collectively, these two chapters provide invaluable accounts of Chinese perspectives, which tend to view Beijing as being exemplary in implementing WTO commitments and playing a constructive role in WTO negotiations. The two chapters also explain why China's perspective has evolved over time, especially in response to developments in the trading system that are regarded as unfair by China.

The second part (five chapters) proceeds to consider the political and economic implications of WTO membership for both China and the global trading system. In addition to examining the role of the WTO membership in fostering economic growth, promoting the rule of law, advancing intellectual property rights governance, and regulating export restrictions in China, contributing authors also consider its impact on global agricultural trade. By taking a "second image reversed" perspective that emphasizes the international sources of domestic changes (Gourevitch, 1978), this part helps to shed light on both the accomplishments and challenges that WTO membership has brought about to China and its trading partners.

In Chapter 3, Li, Liu, and Zhou utilize the synthetic control approach to assess the impact of WTO membership on China's economic growth. Specifically, the authors construct two control groups, including both donor pool A which consists of 9 economies that acceded to the WTO at least 5 years later than China, and donor pool B which includes 12 economies with similar WTO accession dates as China. This identification strategy enables the authors to address the counterfactual of what would have been the growth trajectory of China's economy in the absence of WTO membership and to assess the degree to which China's post-WTO growth is exceptional. The findings suggest that WTO membership has had a positive effect on China's economic growth, an effect that has become especially pronounced within ten years of accession.

The next three chapters in the second part further illuminate the "two-way socialization" between China and the WTO. Yu (Chapter 4) focuses on the interactions between the WTO and China's IPR regime. He details early efforts adopted by the Chinese government to bring its IPR

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regulations in line with the requirements of the WTO's TRIPS agreement. He further suggests that although Beijing's more recent IPR reforms were mainly motivated by a desire to promote indigenous innovation rather than responses to external pressure, it is not clear whether these improvements would have been possible within a short span of a decade in the absence of the positive incentives generated by the TRIPS agreement. This chapter additionally identifies areas in which progress in China's IPR protection has in turn positively affected developments within the global IPR regime, thus shedding light on the mutually reinforcing effects between China's domestic IPR landscape and global IPR norms.

China's WTO membership has also raised questions about the compatibility between its domestic legal system and the rules-based WTO system. Aldonas tackles this question in Chapter 5, documenting both the progress of and impediments to the development of the rule of law in China since its initial accession and their implications for the country's WTO compliance. The chapter further assesses the potential for using claims of non-violation nullification and impairment to address trade concerns with China to not only induce Chinese compliance with "the letter of law," but also ensure that Beijing meets the expectations of WTO members regarding the benefits of its membership. Similar to the Yu chapter, this chapter provides a good illustration of the "two-way socialization" involving the role of WTO jurisprudence in affecting legal changes in China, on the one hand, and the effect of domestic reforms in China on its WTO compliance, on the other.

In Chapter 6, Glauber turns to an examination of the impact of China's WTO accession on global agricultural trade. In addition to providing an overview of the evolution of China's agricultural trade in the two decades since its accession, this chapter highlights the tensions between Chinese government policies designed to support the agriculture sector such as domestic support and export restrictions on the one hand and WTO disciplines on the other, noting in particular the challenges that recent WTO disputes involving agricultural and food products have presented to China's compliance with WTO trade rules. The chapter concludes by documenting the disruptions that the US-China trade war has generated for trade patterns and discussing the outlook of China's agricultural trade and trade policy.

Bogdanova and Wang analyze in Chapter 7 China's use of export restrictions in the period from 2001 to 2021. They suggest that, during this period, China's approach has shifted from the elimination of export restrictions before and immediately after joining the WTO, to the

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selective use of export restrictions for domestic policy reasons until 2016, and finally to the strategic use of export restrictions as an instrument of geopolitical competition in more recent years. The chapter discusses the economic and political reasons for the shift and the consistency of the measures under WTO law and concludes with thoughts on the broader implications of such measures for the future of the multilateral trading system.

Part III of this volume shifts from discussions of the impact of the WTO on China to the country's role in the WTO. The first three chapters in this part highlight the tensions that China's self-identification as a developing country has generated for not only the WTO's key principles but also for China's relations with the Global South. For example, Hopewell (Chapter 8) argues that China's rise has accentuated the incompatibilities between the WTO's core principles of reciprocity and universality, on the one hand, and preferential treatment for developing countries, on the other. By emphasizing how the U.S. demand for the former and China's insistence on the latter have impaired core WTO negotiation functions, including the Doha Round negotiations and efforts to revitalize global rules, this chapter illustrates how the "China paradox" has fueled the U.S.-China power competition and created serious challenges to global trade governance.

The next two chapters (Chapter 9 by Weinhardt and Chapter 10 by Liang and Zeng) turn attention to the interactions between China and other developing and emerging economies within the WTO. A common theme that runs through these two chapters is that despite its self-proclaimed developing country status, the concrete differences in the negotiation preferences and approaches between the two have undermined their ability to act as a cohesive group. This has increased the fragmentation of the power structure within the WTO, further complicating the processes of multilateral trade negotiations. Specifically, Weinhardt assesses China's role in negotiations related to development issues through a detailed analysis of China's negotiation behavior in the WTO's Trade Negotiation Committee and Member perceptions of China's role. Her findings suggest that despite China's attempts to position itself as a developing country member, it has increasingly been perceived as both a partner and competitor of developing countries on issues such as agricultural subsidies and SDT. This new conflict line reinforced the old North-South divide and, along with the growing heterogeneity of developing country interests in the WTO, has magnified existing tensions within the WTO regime.

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The Liang and Zeng chapter echoes the above argument. By tracing the involvement of China and the rest of the BRICS countries in two ongoing WTO negotiations, specifically, those relating to e-commerce and fisheries subsidies, the authors show that the divide between developed and developing countries that has frequently led to negotiation impasses in the past has given way to a more complex pattern of power configurations featuring competitions among developed countries, emerging economies less China, China as an outlier, and least developed countries. In the e-commerce negotiations, China's strong preferences for maintaining domestic regulatory sovereignty distinguished its position from those of Brazil and India. Along with the refusal by India and South Africa to join the talks, these divergent preferences have limited the group's ability to act as a coherent bloc. In the fisheries subsidies negotiations, China's insistence to be treated as a developing country and enjoy SDT despite its status as the largest subsidizer has impeded progress toward an agreement. Its negotiation position has been rejected by both developed countries openly and BIS (Brazil, India, and South Africa) subtly. The growing fragmentation of power within the WTO has therefore exacerbated the difficulties of multilateral trade negotiations.

The fourth chapter (Chapter 11 by Zhou) focuses on the important issue of China's involvement in the WTO dispute settlement mechanism. It argues that in spite of concerns about the incompatibilities between China's model of state capitalism and the rules-based WTO system, China has managed to maintain a generally good record of compliance with adverse WTO rulings and demonstrated a growing understanding of how to deal with them. While there remain areas of continued concerns with China's compliance record, these challenges are rooted more deeply in broader issues inherent in the WTO dispute settlement system. According to Zhou, these findings reinforce the importance of developing a well-functioning WTO dispute settlement system as a useful tool for managing the growing trade frictions between China and its trading partners.

The last contribution (Chapter 12 by Hoekman, Tu, and Wolfe) explores the potential for WTO reform which is vital to effective global trade governance through an examination of the positions of three leading players, that is, the United States, the European Union, and China on this issue. Based on analyses of an original survey of trade policy experts, this chapter reveals both the points of convergence and divergence among the three on issues such as transparency, plurilateral negotiations, SDT, subsidies, WTO operations, and dispute settlement. By shedding light on the perspectives and positions of the three largest economies, this chapter

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contributes to a better understanding of the alignment (or the lack of it) across the three which is indispensable to efforts designed to foster compromise and cooperation and facilitate the effective resolution of the problems of the WTO.

Overall, we can see that since its accession, China has been learning the culture of the WTO and, as it gradually mastered the rules of the game, it has started to better formulate its own positions, build coalitions, and exploit the loopholes in the dispute settlement system. While such an enhanced level of sophistication could occasionally make it more difficult for WTO members to reach deals, China has largely played a constructive role, and a negotiating approach that tries to work with China could still produce meaningful results, as the latest outcomes on fisheries subsidies and waiver on IP rights on the vaccine at the 12th Ministerial Conference have shown.

China's WTO accession has also had major impacts on its trading partners. Part IV (five chapters) addresses this issue by probing the responses of China's trading partners, including both governments and private citizens, to its economic rise. In addition to examining individual attitudes toward trade with China, including both trade cooperation generally and PTAs specifically, contributing authors also highlight trading partner actions targeting Chinese exports since its WTO accession as well as U.S. trade policy toward China going all the way back to the Clinton administration and up to the Trump and Biden administrations.

In Chapter 13, using original survey data, Raess investigates the power of economic and political models in explaining Swiss citizens' attitudes toward specific cases of preferential trade liberalization, contrasting individual determinants in the North-South and North-North PTA contexts (the China–Switzerland PTA and EU-Switzerland bilateral agreements, respectively). As North-South trade, particularly preferential liberalization with China, has stronger distributional effects and raises concerns about social standards, he expects and finds standard trade and partisan models to be more effective in explaining attitudes toward North-South than North-North PTAs. Specifically, the level of support for the Sino-Swiss PTA is significantly lower than that for the EU-Switzerland agreement among the losers of international trade. At the same time, compensatory welfare and labor market policies (or belief in it) strongly increase support for the Sino-Swiss PTA among losers. Finally, support for the China–Switzerland PTA is lower among left-leaning compared to right-leaning individuals, reflecting a rift between left and non-left parties over the desirability of the agreement.

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The second study on individual attitudes, by Schweinberger and Sattler (Chapter 14), employs a survey experimental design to examine how the publics in the US, Germany, and Australia assess trade cooperation with different trading partner countries. China is increasingly viewed as a political adversary of the US and the West. The authors probe whether being an ally/adversary influences individuals' level of support for cooperative trade policy initiatives. The findings are that while reciprocity plays an important role in shaping individual attitudes toward trade irrespective of the identity of the trading partner, its impact is significantly reduced when the trading partner is an adversary such as China and Russia instead of an ally of the home country. The chapters by Raess and by Schweinberger and Sattler suggest that both domestic policies that compensate the losers of trade and the nature of political relations among trading partners are critical to revive or sustain bilateral trade cooperation with China.

Evenett (Chapter 15) draws on the Global Trade Alert Database to examine unilateral measures adopted by foreign trade partners targeting Chinese manufacturing exports since the Global Financial Crisis. While the chapter's main contribution is to document foreign governments' policy responses, the insightful interpretations of the findings yield highly instructive policy implications for the disciplining effect (or the lack thereof) of WTO rules and for the ability of the WTO to protect members' trade benefits. Given the rapid growth of China's exports since its WTO accession, the sheer size of those exports, and the disruptions to local labor markets in countries exposed to Chinese exports, or the so-called "China shock" (Autor et al., 2013), the author contends that reactions by trading partners were to be expected. The key question is whether the share of Chinese goods exports exposed to foreign trade distortions has been greater than for other countries. The analysis shows that this has indeed been the case, suggesting that China has been prevented from reaping the full benefits of its WTO membership. This might in turn temper China's willingness to take on more multilateral trade obligations in the future.

The last two chapters in this part (Part IV) turn to US government responses to China's growing economic challenges. While Lester and Zhu (Chapter 16) focus on the Biden administration's trade policy toward China, Hillman (Chapter 17) evaluates the argument that bringing China into the WTO reflects a failure of US policy. Specifically, Lester and Zhu assess the degree to which the Biden administration's trade policy toward China differs from that of the Trump administration and identify a set of factors, such as the debate between decoupling and recoupling, the role of the state in the Chinese economy, and the policy conflicts within

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the Democratic party, that may influence the former's approach as well as the future trajectory of US-China relations. Hillman in turn explains the discrepancy between many politicians' expectations of what China's WTO membership can deliver and what can realistically be achieved given China's WTO obligations. Viewing the rise of unilateral trade policy approaches in the United States as Washington's reactions to the rise of China and the perceived failures of the WTO, this chapter underscores the importance of embracing multiple approaches, including efforts to revitalize multilateral rules and to encourage bilateral and plurilateral dialogues, for addressing the competitive challenges China poses to US security and economic interests. These two chapters provide a nice contrast to the earlier chapters by Gao, and Li and Yi. On the one hand, they juxtaposed the changing perspectives of the US versus those of China: while for China, it only needs to follow the letter of its commitments; for the US, China also needs to follow the spirit of the WTO rules. On the other hand, these two sets of contributions reveal that neither the American nor the Chinese perspectives remain static. Instead, both have been evolving, not only in response to domestic politics but also more importantly, to the changing trade policies adopted by the other side. Any discussion of the evolution of a country's trade policies would not be complete without understanding this feedback loop.

While the above parts focus mainly on traditional trade-related issues, the last part (Part V) expands the scope of analysis further to investment governance, which often goes in tandem with trade and has become a hot issue in the WTO in recent years. Trade agreements nowadays increasingly include investment chapters and policymakers often use trade and investment policies interchangeably, as can be seen in China's Belt and Road Initiative to boost its foreign trade and investment despite restrictions employed by the US to deal with what they perceive as unfair trade practices by China. Moreover, investment also provides a good example of how China has been transplanting the negotiation skills it has acquired in the trade forum to other fora. In addition to examining the evolution of the regimes governing both China's inward and outward foreign direct investment and shifts in Chinese firms' investment patterns, contributing authors also analyze China's approach to BITs, its involvement in investor-state arbitration cases, and its position on investor-state dispute settlement. The review of China's role in the global investment regime suggests that it has generally been supportive of existing rules governing investment facilitation and that such preferences are frequently driven by a desire to promote China's foreign economic policy

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agenda. This part additionally evaluates the role of existing WTO law in regulating investment-related technology transfer and diffusion among China, the West, and other developing countries, highlighting how the similarities and differences in geopolitical, commercial, and ideological interests among the three shape the prospect of international negotiations on this issue.

Chapter 18 by Erie and Zhang compares the legal and regulatory regimes for governing foreign direct investment into and overseas direct investment (ODI) out of China. Drawing from an analysis of hundreds of Chinese normative documents, they find that, at a general level, China's FDI regime has transitioned from restrictive to lenient, whereas the ODI regime has evolved from lenient to restrictive. The authors note in particular that such discrepancies could generate detrimental environmental impacts on the overseas projects of Chinese firms.

In Chapter 19, Berger investigates whether China assumes the role of a rule-taker, a rule-maker, or even a rule-breaker in the international investment regime. After reviewing the evolution of China's international investment policy in four distinct phases, he argues that it has acted as a rule-taker by broadly accepting the templates of its treaty partners while sticking to a number of defensive lines. He concludes that the trend has continued in the current phase, despite new developments such as the signing of the China-EU Comprehensive Agreement on Investment and Beijing's active role in the WTO agreement on investment facilitation.

Berger's "rule-taker" thesis seems to be confirmed by Chi's analysis in Chapter 20, which provides a comprehensive study of China and the investor-state dispute settlement (ISDS) mechanism. Chi starts by reviewing ISDS cases involving China and the main legal issues and then proceeds to examine China's position on the ongoing ISDS reform, based on its position paper submitted to the United Nations Commission for International Trade Law (UNCITRAL) Working Group III. The chapter concludes that, despite the rising number of ISDS cases against China, China still supports ISDS and its further judicialization, including the addition of an appellate mechanism.

In Chapter 21, Kim analyzes the impact of the US-China trade war on the investments of Chinese firms. Through an examination of the investment patterns of Chinese firms between 2010 and 2020, this chapter notes that Chinese firms have shifted their investments away from the US to other countries and regions since the onset of the trade war. However, there have been less noticeable changes in the sectoral patterns and types of activities of Chinese investments. While the chapter focuses mainly on

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investment activities, its findings could also help inform the analysis of firms' trading activities in the future.

One frequent complaint against China's investment policies is the alleged forced transfer of technology, which is explored by Cottier in Chapter 22. After first noting that existing WTO law offers a broad and sound basis for regulating technology in domestic law, the chapter proceeds to discuss the emerging doctrine and principle of the common concerns of humankind and identify the following as potential areas of continued and enhanced bilateral and multilateral cooperation on technology and knowledge transfer: climate change mitigation and adaption, biodiversity, and combating global pandemics. The chapter concludes by calling the WTO to develop a proactive trade and investment-related agenda for negotiations enabling and supporting recognized common concerns of humankind.

Twenty years have elapsed since China's entry into the WTO. Compared to China's first decade in the WTO, the second decade has seen both changes and continuities in China's interactions with the organization. Noticeably, the second decade has witnessed rising tensions between China and its trading partners both inside and outside of the trade regime. Within the WTO, China's distinctive model of state capitalism and its self-identification as a developing country have increasingly put it on a collision course with major powers such as the United States. The growing divergences between its interests and those of developing and emerging economies have further undermined the solidarity among the global South, further exacerbating the challenges of effective multilateral trade governance. The mounting China challenge has additionally contributed to the crisis of the WTO and, outside of the organization, the rise of unilateral approaches that heightened the conflict between China and partner countries.

Despite growing tensions, however, there are also signs that the WTO has positively affected China's domestic development, albeit with ongoing challenges. Furthermore, as some contributors have pointed out, far from being a rule-breaker, Beijing has continued to operate within the parameters of existing global rules in areas such as WTO dispute settlement, the negotiation of bilateral investment treaties, or investor-state dispute settlement. In other words, there remain areas of cooperation between Beijing and the global trade community at a time when China and its major trading partners in the democratic world are entering into a period of sustained competition, rivalry, and conflict. Such a mixture of conflictual and cooperative dynamics is likely to persist in the coming

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years, accentuating the importance for the international community to find opportunities to sustain cooperation in a way that accommodates Beijing's development aspirations.

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