

**Intervention at Regional Meeting
on Aid for Trade for Asia and the Pacific
Siem Reap, Cambodia, May 28-29, 2009**

Dr. ZHANG Xiangchen
Deputy Permanent Representative & Minister
Permanent Mission of China to the WTO

Honorable Ministers,
Distinguished Guests,
Ladies and Gentlemen,

Good morning. It is my great pleasure to participate in this very important event and I would like to thank the ADB and the WTO for organizing this meeting. The meeting, as H.E. Minister Cham Prasidh and DG Lamy rightly pointed out yesterday, is extremely timely since the global economy is now encountering the most difficult time during the past decades and developing countries, especially LDCs, who suffered the most in the current recession, need special attention and adequate assistance. Aid for Trade is a part of solution in this process. I will take this opportunity to share with you China's experiences in the Asia-Pacific region.

As the biggest developing country in the world, China fully understands the difficulties experienced by other developing countries in their economic development. Despite its own need for foreign aid, China has provided aid to many developing countries, especially LDCs under the framework of South-South cooperation. The aid provided by China is based on its respect of the recipient countries' will, adhering to the principle of equality and mutual

benefit and tailored for the recipient countries' needs. Furthermore, all the projects are designed and implemented through friendly bilateral consultations.

In the Asia-Pacific region, China has taken several measures to promote capacity building and development through various means of aid. By the end of 2008, we have completed more than 900 projects in the region, in which approximately 600 were trade-related infrastructure and production projects; We implemented more than 70 projects in seven ASEAN countries since 2000 with an aim to promote trade environment; In addition to those projects, China has trained 17,708 professionals in the region since 2000; We have exempted all mature debts at the end of 2005 for the heavily indebted poor countries and LDCs in the region and are also committed to canceling the mature debts at the end of 2008; Under the framework of China-ASEAN Free Trade Agreement as well as Asia-Pacific Trade Agreement, China provided duty-free treatment to major products from LDCs that have diplomatic relations with China in order to expand their export; We also provide preferential loans including preferential buyer's credit to ASEAN countries. From 2006-2008, Chinese government made commitment to providing US\$ 8.3 billion preferential loans , which included US\$ 7 billion preferential buyer's credit and US\$ 1.3 billion government loan in favorable terms. Those loans would be all utilized in the trade-related projects, such as railway, road and bridge construction, communication and transportation facility etc.

The aid provided by China had played an important role in improving the condition of social and economic development, enhancing production and supplying capacity, increasing employment opportunities and income, alleviating poverty and

brought substantial benefits for the people in the recipient countries. Let me named a few examples, Cambodia Section and Myanmar Section of Greater Mekong Sub-regional Information Highway, Mekong River Bridge as part of Kunming-Bangkok Highway, Rehabilitation Road Project from Ondon Xay to Nateuy in Laos Republic. These projects, which sponsored and constructed by China, greatly improved the transportation and communication capacity for trade and economic development.

Mr. Chairman,

WTO Aid for Trade initiative is aimed at helping developing countries, especially LDCs, fully engage in and benefit from the globalization and trade liberalization. Since the regional and global Aid for Trade reviews in 2007, many WTO Members including China have been increasing aid for Asia-Pacific through various channels. However, the effect of those efforts has been dampened by the outbreak of current world-wide financial and economic crisis which is placing a severe challenge to Asia-Pacific. For instance, ASEAN countries, mainly relying on exports, have been experiencing difficulties in severe contraction of export and constant decline of FDI, which greatly constrained their economic development. Under this circumstance, Aid for Trade is particularly important, so China will continue to support WTO AFT initiative as always. On top of the first donation to Aid for Trade last year, we are now actively considering making further contribution. For the Asia-Pacific region, Chinese government has announced to take the following steps:

Firstly, to boost China-ASEAN infrastructure and network

project. Prime Minister Wen Jiabao announced to set up China-ASEAN Fund on Investment Cooperation at Bo'ao Forum last month. This 10 billion US Dollar fund will be devoted to the mutual cooperation in the field of infrastructure, energy resources and communication.

Secondly, to enhance ASEAN's integration and regional cooperation. In the next three to five years, China will provide 15 billion US Dollar loans to ASEAN countries, in which 1.5 billion will be in the form of preferential buyer's credit, 200 million will be in the form of government preferential loan; China has donated US\$ 900 thousand and US\$ 100 thousand to the 10+3 Cooperation Fund and ASEAN Fund respectively, and will increase our donation by US\$ 5 million to the China-ASEAN Cooperation Fund; We will also provide special assistance amounted RMB 270 million to Cambodia, Laos Republic and Myanmar this year.

Thirdly, to intensify capacity building and training. China will provide additional 2000 Chinese government scholarships and 200 scholarships for master degree on public management to developing countries in East Asia in the next five years.

We firmly believe that the above-mentioned measures will help address the concerns of inadequate trade capacity and weak infrastructure and result in competitiveness upgrading.

Mr. Chairman,

Aid for Trade and DDA negotiations are complementary to each other. The success of the DDA will cut tariff, eliminate export subsidy, significantly reduce trade-distorting domestic support and greatly advance trade facilitation, so as to create an even opener and

fairer multilateral trading system and substantially increase market access for Asia-Pacific countries. This is of great significance to the region in fighting back the current financial and economic crisis. China would like to work hand in hand with Asia-Pacific countries, to push for an early and successful conclusion of the DDA negotiations.

Thank you for your attention.