

WTO DISPUTES' INFLUENCE ON CHINA'S CENTRAL-LOCAL DYNAMICS

*Chenxi Wang**

ABSTRACT

This study departs from conventional studies regarding World Trade Organization (hereinafter "WTO") disputes' legal impact on China's domestic governance through China's implementation of WTO Dispute Settlement Body rulings. Instead, it explores, from the perspective of political economy, how WTO disputes exert influence on China's central-local dynamics in the process of China's voluntary reform in reaction to international pressures. This study finds that China's central-local dynamics experienced ad hoc changes which follow certain patterns under the impact of WTO disputes. It chooses the WTO China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum (hereinafter "Rare Earths") case and a series of WTO subsidy cases as examples, demonstrating that the Chinese central government has reinforced interactions with local governments through political tools, including top-down enforcement campaigns and bottom-up bargaining. The case studies disclose how the central government tries to balance international pressures and the domestic regulatory conundrum existing between multi-layered governments, and uncover how WTO disputes exert spillover influence on China through penetrating China's hierarchical governance regime. By extending the research scope from the WTO plane that hovers above

* Associate Professor, School of Intellectual Property, Nanjing University of Science & Technology, China; Ph. D., UNSW Sydney. Email: pureair_wang@msn.com. This research is supported by the NJUST Fundamental Research Funds for the Central Universities (No. 30918013124), as well as the Research Start-up Fund of NJUST. The author is grateful for the insightful comments of an anonymous reviewer. Any errors or omissions are the author's own.

the national government to China's internal state structure from a fresh angle, I traverse the uncharted territory of WTO disputes' far-reaching influence on China's central-local dynamics.

KEYWORDS: *WTO disputes, China, central-local dynamics, top-down campaigns, bottom-up bargaining, rare earths, subsidy*