# China Steps Back on WTO Special Treatment

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China signals itself as leader of the Global South amid an unpredictable world order.

China's recent announcement that it will no longer seek new Special and Differential Treatment (SDT) in ongoing World Trade Organization (WTO) negotiations has been celebrated as "major news key to WTO reform" by WTO Director General Dr Ngozi Okonjo-Iweala (Okonjo-Iweala, 2025). The decision marks the first time that China has voluntarily limited its use of a core WTO entitlement, giving the move considerable political significance despite its limited immediate economic impact.

These SDT provisions were originally designed to facilitate the integration of developing countries into the multilateral trading system by granting certain flexibilities unavailable to other members. These include extended timelines for implementing agreements, technical and infrastructural support to participate effectively in WTO processes, and measures to enhance and protect the trade interests of these lower income countries (World Trade Organization, n.d.). Such provisions aim to mitigate the uneven and sometimes harsh effects of trade liberalisation on developing states, which often include industrial decline and adjustment costs (White, 2025). However, these exemptions have long been a source of contention, as economically advanced countries such as China continue to claim the same benefits as all other low-income economies. Given the state's current status as the world's second-largest economy, this practice has now drawn criticism from actors including the United States and European Union (White, 2025).

As mentioned, SDT was integrated into WTO frameworks to mitigate the uneven impacts of trade liberalisation on developing economies. However, the system relies on a self-declaration mechanism, whereby states classify themselves as 'developing' without meeting objective economic thresholds, which has generated significant controversy. Economically advanced countries such as China, India and Brazil continue to claim these benefits despite their deep integration into global markets. China, for example, has long maintained its entitlement to SDT based on its pre-WTO accession income, even though it is now the world's second-largest economy (White, 2025). Critics argue that this offers advantages that aren't available to other economics of similar, if not smaller, sizes who do not claim SDT. This undermines WTO legitimacy, an organisation underpinned by the aim of making trade as fair as possible. Practically, China's continued reliance on SDT has become a point of contention in WTO negotiations, contributing to the broader gridlock on reform and the stalling of the Doha Round (Ukpe & Weinhardt, 2025). Developed members such as the US argue that it is unreasonable for the world's second-largest economy to retain exemptions that save it from obligations they must follow. As a result, they have resisted new commitments on issues such as subsidies or digital trade, unwilling to accept rules that would bind them but not China. Even if reforms are agreed, the credibility of these commitments is weakened if major players retain exemptions, since this creates the perception that rules do not apply equally across member states. In this sense, SDT has served as both a shield for emerging powers and a stumbling block for reform, with China's withdrawal from future claims designed to avoid the "deadlock[s] [that leave] the already lingering WTO's Doha Development Round negotiations in limbo [and make] subsequent negotiations of development issues unduly costly" (Ukpe & Weinhardt, 2025).

Last week, Li Yihong, charge d'affaires of China's Permanent Mission to the WTO, emphasised that the decision to forgo SDT "demonstrates the

commitment of a major developing country" while stressing that China's developing-country status remains unchanged, as "China ... will always be a part of the developing world" (Xia, 2025). The announcement therefore appears to be a carefully calibrated manoeuvre a gesture toward advancing long-sought WTO reform, signalling China's willingness to contribute to a more equitable and functional multilateral trading system, and asserting multilateral responsibility and leadership on the global stage, while preserving the strategic advantages inherent in China's formal developing-country status and flexibilities linked to prior commitments.

Technically, Beijing announced it will not seek new SDT provisions in current and future WTO negotiations while explicitly reserving its existing SDT entitlements and its self-declared 'developing' status. That caveat matters; the measure does not legally relinquish past privileges on already established agreements, but it does remove one recurring political obstacle to reform by a prominent WTO member. The direct material costs to China are minimal. Since the decision applies only to future negotiations, it does not require Beijing to roll back existing subsidies or other benefits already secured. It seems the principal value of the move therefore lies not in economic sacrifice but in diplomatic signalling and negotiation leverage.

China made its announcement against the backdrop of intensified diplomatic activity and explicit calls for closer engagement with the United States (Xia, 2025), signalling a desire to appease the country in order to stabilise their major bilateral relationship. Beijing may also be incentivised to reduce the risk of further tariff or trade retaliation from the US.

Additionally, Beijing frames the decision as evidence of responsible multilateral leadership and a desire to shape the WTO agenda from a position of constructive influence. As official Chinese commentary put it, "the country is not only a beneficiary of globalization but also a defender and builder of the multilateral trading system, participating in and helping shape the formulation of new rules with a more equal and constructive approach" (Tong, et al., 2025). Li Chenggang has also stressed that "China remains the largest developing country in the world ... China has always been a part of the 'Global South' and will always stand with developing countries" (Xia, 2025). * This rhetoric seems to reinforce China's image as a 'success story' of the Global South, presenting itself as both an advocate and role model for other developing countries, and positioning itself as an alternative leader to the West in shaping global economic governance.

The move therefore seems more symbolic and political than economic; it allows China to quieten criticism from developed countries without taking on significant costs, while reinforcing its self-image as the alternative leader of multilateralism. Against the backdrop of a world order led by an increasingly unpredictable and less reliable United States, Beijing is seeking to fill a potential leadership vacuum and portray itself as a stable guardian of the global trading order – without fundamentally altering its own economic privileges.

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