

THE TRADE IMPLICATIONS OF SPORTS SPONSORSHIP AND LICENSING UNDER CHINA'S WTO OBLIGATIONS: A CASE STUDY OF THE BEIJING WINTER OLYMPICS

AS IMPLICAÇÕES COMERCIAIS DO PATROCÍNIO E LICENCIAMENTO DESPORTIVO AO ABRIGO DAS OBRIGAÇÕES DA CHINA NO ÂMBITO DA OMC: UM ESTUDO DE CASO DOS JOGOS OLÍMPICOS DE INVERNO DE PEQUIM

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Abstract

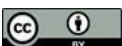
China's hosting of the 2022 Winter Olympics became a case which involves both international trade obligations and domestic control over sponsorship and licensing in sports. The following study will therefore seek to assess whether China meets WTO requirements about the GATS and TRIPS agreements. Using documentation analysis, the findings from the case studies and official documents, academic and grey journals, stakeholder reports, it is possible to point out how Chinese law works and note the gap between legal regulation on paper and its enforcement. The result reveals that foreign sponsors faced restricted market access, complicated regulations, and prejudice that seemed to favour domestic companies. While China's laws are compatible with WTO norms, in practice, it violates these principles through non-tariff measures, transparency, and equal treatment. The Major limitation of the study is that it only used secondary data. Future studies should also yield man-on-the-street interviews augmented by comparisons with other host nations of the Olympics.

Keywords: WTO Obligations. Sports Sponsorship. Licensing Regulation. Beijing Winter Olympics. Trade Compliance.

Resumo

A realização dos Jogos Olímpicos de Inverno de 2022 pela China tornou-se um caso que envolve tanto obrigações comerciais internacionais quanto o controle doméstico sobre patrocínios e licenciamentos no esporte. O estudo a seguir buscará, portanto, avaliar se a China cumpre os requisitos da OMC relativos aos acordos GATS e TRIPS. Usando análise de documentação, as conclusões dos estudos de caso e documentos oficiais, revistas acadêmicas e cinzentas, relatórios de partes interessadas, é possível apontar como a lei chinesa funciona e observar a lacuna entre a regulamentação legal no papel e sua aplicação. O resultado revela que os patrocinadores estrangeiros enfrentaram acesso restrito ao mercado, regulamentações complicadas e preconceitos que pareciam favorecer as empresas nacionais. Embora as leis da China sejam compatíveis com as normas da OMC, na prática, ela viola esses princípios por meio de medidas não tarifárias, transparência e tratamento igualitário. A principal limitação do estudo é que ele utilizou apenas dados secundários. Estudos futuros também devem incluir entrevistas com pessoas comuns, complementadas por comparações com outros países anfitriões das Olimpíadas.

Palavras-chave: Obrigações da OMC. Patrocínio esportivo. Regulamentação de



licenciamento. Olimpíadas de Inverno de Pequim. Conformidade comercial.

1 INTRODUCTION

In recent decades, the global sports industry has become increasingly intertwined with international trade, intellectual property (IP) regulation, and commercial law. Mega sporting events such as the Olympic Games are no longer merely cultural or political spectacles; they have evolved into high-stakes business platforms, heavily reliant on corporate sponsorships, licensing arrangements, and merchandise sales (Cornelissen, 2010). As international commercial interests in sports grow, so do the legal and regulatory complexities surrounding these events, particularly for host nations obligated to align their domestic policies with global trade rules.

Against this global backdrop, China's accession to the World Trade Organisation (WTO) in 2001 marked a critical milestone in its economic globalisation. In its accession commitments to the WTO, China accepted to implement extensive reforms so that it could be more transparent, offer less discrimination in trade relations and more intellectual property rights enforcement (Das, 2001). Such commitments apply especially to the WTO General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which regulate the subjects of services liberalisation as well as the ones of protection of IP. The frameworks do not only apply in conventional industries such as the finance sector or telecommunications sector, but also service industries like advertising, marketing departments and event licensing that are important aspects of the commercialisation of sports.

Within this context, sports sponsorship and licensing occupy a central role in both the funding and global branding of the Olympic Games. These activities are governed through a dual framework: international regulations set by the International Olympic Committee (IOC) and domestic legal provisions enacted by the host country. In China's case, the Law on the Protection of Olympic Symbols (2009), along with national trademark and advertising laws, establishes the legal basis for regulating the use of Olympic branding and related commercial activities (Xue, 2022).

The Beijing 2022 Winter Olympics presents a valuable case study to investigate how China, as a WTO member, reconciles its international trade obligations with domestic political and economic priorities. Specifically, it offers a lens to examine whether China's regulatory environment surrounding sponsorship and licensing is in line with WTO expectations for fair market access, non-discrimination, and effective IP enforcement. The event also provides insight into how China manages commercial partnerships, including the participation of foreign sponsors, within a tightly controlled political and regulatory landscape.

1.1 Problem statement

Although China is committed to fair competition, assignments and commitments to transparency and enhancement of intellectual property rights within the WTO, in promoting the Beijing Winter Olympics, there is very limited understanding of these contractual practices. This paper addresses issues of domestic regulation that intersect with the requirements of the international trade system, such as access to foreign markets, the rule of law, and commercial necessity. This research will therefore seek to establish the extent to which China has complied with WTO principles of trade on services and trade in licensing and Olympic sponsorship.

1.2 Aim and research objectives

This study seeks to investigate the trade implications of China's sponsorship and licensing industries concerning the Beijing Winter Olympics in the light of China's commitment to the WTO. The research design entailed in this study is a qualitative one, which relies completely on secondary sources (gender laws, scholarly articles, policy briefs, and government publications). The ambition is to realise how the global trade norms are interpreted and implemented, or adhered to cautiously by a major non-Western WTO member when it is hosting a globally politically sensitive and financially high-profile global event. This research investigates the implications of China's sports sponsorship and licensing of the Beijing Winter Olympics within the spirit and letter of China's WTO obligations.

1.2.1 Research objectives

- To analyse how China's domestic sponsorship and licensing regulations for the Beijing Winter Olympics align with its WTO obligations under GATS and TRIPS.
- To examine the perceptions and experiences of key stakeholders (e.g., sponsors, officials, legal experts) regarding the implementation and trade impacts of these practices.

1.3 Significance of the study

This research is aimed at enriching the existing body of knowledge of global trade law expanded to the aspect of sports governance, with the focus on China as the key participant in the process. Overall, it offers important recommendations for policymakers, trade lawyers, and the international sponsors as to the legal and regulatory experiences encountered in the host member countries of mega-events. The results also apply to the issues of market access and non-tariff barriers, regulation and openness of domestic markets, and fair competition between WTO members. This study of the Beijing Winter Olympics examines the issues of how to strengthen international trade commitments with a hint of political influence and commercial interest.

2 LITERATURE REVIEW

2.1 Alignment of China's sponsorship and licensing regulations with WTO obligations

To consider the aspects of plurality of regulatory measures for sponsorship and licensing of sports activities, it is essential to analyse the Chinese legislation as a WTO member and its commitments made within the GATS and TRIPS agreements. Two out of these four agreements require non-discrimination concerning measures adopted concerning foreign service suppliers and adequate protection of intellectual property rights, both of which are critical criteria in assessing the fairness of the regulatory

approaches that China established in the course of holding the Beijing Winter Olympics. GATS entails that member states must provide transparency, access and national treatment in sectors in services sectors that they undertake to open up in the Doha Round (Marchetti & Mavroidis, 2011). China promised to open the areas of advertising, legal services, and distribution as part when its accession to the WTO in 2001 in the WTO Accession Protocol (Das, 2001). However, issues of how much and how effectively such commitments are being achieved are still met with much discussion. As Jain (2016) observed, even though Chinese laws seem to be free from violations, especially for foreign businesses, most actual decrees side with domestic firms and during major politically sensitive events such as the Olympics.

In particular, under GATS Article XVI (Market Access) and Article XVII (National Treatment), WTO members must not impose quantitative restrictions on suppliers of services, as well as must not provide foreign and domestic services with less favourable treatment. This can be applied in Olympic sponsorship terms, where it can be translated as equal opportunities to be granted on advertisement, licensing, and promotional activities. In addition to this, the TRIPS Article 16 requires its members to ensure that only the trademark owners can enjoy the exclusive rights to their trademarks to guard against unauthorised use and implementable protection measures. The actual practice of these provisions in China has been controversial, whereby the literature points out a disparity between *de jure* compliance of the provisions and the *de facto* regulatory practice (WTO, 2001; Yu, 2010; Du, 2014). Such WTO provisions, therefore, constitute the measures against which the performance of Chinese regulators during the Beijing Olympics will have to be measured.

Concerning the TRIPS, the Chinese government has also sought to ensure its intellectual property policies and standards dovetail with the WTO. This legislation is the Law on the Protection of Olympic Symbols (2009), which affords protection against infringement of Olympic marks for commercial use, and it is conformant with the provisions of TRIPS Article 16 on trademarks. However, enforcement has been uneven. Yu (2010) identifies a remaining concern that is manifested in two problems – administrative enforcement and legal remedies; here, foreign sponsors are worse off than domestic players when it comes to enforcing their entitlements. In addition, the matter of state ownership and control of the Olympics' marketing system adds to the confusion in

this area. The Beijing Organising Committee of the Olympic Games (BOCOG), acting on the state authority, had the main responsibility for awarding sponsorships and IP rights. This state-centred approach also prompts some concerns over the impartiality and autonomy of decision-making procedures in contravention of WTO tenets of openness and equality (Du, 2014).

Owing to the IOC's "TOP" sponsorship program, brands get an equitable platform for their sponsorship; Nonetheless, the concept's utilisation in China has been raised more often for criticism, as it allegedly provides benefits to politically influenced domestic players only (Huo, 2023). For example, it has been said that several international sponsors encountered more attention and procedures than Chinese bidders when regulatory and legal clearances and IP rights for licensing were required before the 2022 Games. In conclusion, both the legal structure of anti-discrimination and regulations established by the Chinese government are aligned with WTO rules and commitments; however, the real environment for FDI regulation is still unfriendly to foreign players. Such barriers raise valid questions on China's compliance with its GATS and TRIPS commitments in the middle of Olympic sponsorship and licensing.

2.2 Stakeholder perspectives on trade impacts of sponsorship and licensing practices

An analysis of China's sponsorship and licensing practices in the Beijing Winter Olympics and their relation to trade also needs to take into account the industrial players and others' perception of the system, sponsors, legal advisors and policy makers, and the effectiveness, fairness and compliance of the system with the international trade provisions. Numerous case studies and industry analysts note that foreign sponsors have had both positive and negative experiences in China. From Respondents and other information sources, such as the European Union Chamber of Commerce in China (2021), Foreign organisations engaged in the Olympics faced some of the following challenges: unequal bidding processes, equality, and protection of intellectual property rights and legal redress were challenging whenever their rights were infringed. This is supported by the survey conducted by Zhang *et al.* (2024), whereby executives from the international firms reported that they are in a disadvantaged position as compared to domestic rivals due to the void, which is created by regulatory uncertainty and consequent measures.

Experts in the field of law have also raised an opinion on the implications of such activities on international business. For instance, Abbott (2018) notes that the indeterminacy and state intervention in the undertaking of commercial regulation do not enhance market performance outcomes, yet violate the competitive neutrality principle that forms the pillars of WTO legal systems. This has been said and done since the state, as a regulator, is a market player; this provision makes it hard to be fair to all players. On the other hand, Chinese officials and legal professionals justify the system by arguing that it is developing rapidly and is attempting to address global standards. As Wu *et al.* (2023) also highlighted that China has stepped up its IP enforcement activities over the years by setting up specialised IP courts and raising infringement penalties. Nevertheless, these changes are not uniformly applied across jurisdictions and remain highly variable to this day, particularly in major events that either entail or pertain to the political process.

Other stakeholders also argue about the conflict created between trying to promote a favourable image of the nation and opening up the markets. Just like the Olympics are as much political games as they are an economic event, the Chinese government has keenly ensured that it controls the political message and the brand image. This has led to more scrutiny of the messages that foreign brands disseminate and stringent approval of marketing campaigns, which stakeholders regard as unfair and uncompetitive when measured against **WTO principles of non-discrimination, transparency, and competitive neutrality** (Chu, 2020). Hence, there is more of an indication based on stakeholder opinions of the fact that, on the one hand, foreign investors navigate through a legal system that seems to provide equality of opportunity, but on the other, there exist informal practices that are inflated towards domestic companies. This duality has important implications for the balance of international trade relations, especially in determining whether China's licensing and sponsorship policies regarding the Olympics correspond to its WTO obligations and quotas.

2.3 Theoretical framework

This paper seeks to employ the Regulatory State Theory to assess how China has regulated sponsorship and licensing in WTO compliance. Initially used to explain the transition from state-controlled to market-oriented systems, Regulatory State Theory has later been applied for analysis of the synthesis of state and market forces where the state remains in control either in an authoritarian or transitional economy (Majone, 1997; Levi-Faur, 2005). Given the Chinese scenario, the theory tries to explain the phenomenon of a twin process of regulatory reform and state domination. Even as China has followed WTO laws on trademark, advertising or service liberalisation, none of these rules have been effectively implemented without going through political and institutional curtailment. Through the theory of developmental regulatory state, Peerenboom asserts that, unlike the traditional regulatory states where the major role of regulation was to fill the gap of market failures, the Chinese state uses regulation as a tool to shape the developmental goals and direction of the country's economy. According to the insights offered by this framework, the study gauges the extent to which China's regulatory behaviour of the Beijing Winter Olympics aligns with WTO principles or is it strategic compliance, whereby WTO obligations are selectively upheld to suit domestic greed and political power.

2.4 Literature gap

Although there is a large body of literature detailing China's WTO compliance in sectors like IP and the service sectors, there is a lack of research that looks at how these commitments are applied in the context of sports mega-events, particularly the Olympics. Most of the works explain China's general foreign policy or its legal changes, or they do not link these ideas to specific cases, temporal contexts, such as the Beijing Winter Olympics (Jain, 2016; Yu, 2010). Additionally, when covering the sponsorship and licensing of sports, it is more likely to be discussed under the marketing or cultural policy pull, not under trade activity. This has led to an under-theorised way of understanding WTO rules concerning the commercialisation of global sporting events in authoritarian countries. Relatedly, the views of foreign sponsors, lawyers, and trade officials are barely

captured in the analysis, thereby diminishing the scope of understanding of the implementation as well as the perception of these obligations. This proposal aims to make up for the lack of empirical, theoretical studies on sponsorship and licensing during the Beijing Winter Olympics. Thus, it provides a contribution to the trade law as well as sports governance in the field of WTO regulations by considering the specific case of their application in a politically contentious and economically vital area.

The present study filled this gap by providing a sharp case study that will bridge the gap between the WTO legal framework, specifically GATS and TRIPS, and the environment of Olympic sponsorship and licensing in the context of China. Combining Regulatory State Theory and document-based approaches to the study of legal texts, policy reports and stakeholder perceptions, the paper will contribute to the knowledge of selective enforcement of WTO regulations by the Chinese in politically charged areas of commerce. Not only that it contribute to the under-theorised space between sports governance and trade law, but also imparts practical observations on foreign sponsor experiences in the 2022 Beijing Winter Olympics, which such past literature has neglected.

3 RESEARCH METHODOLOGY

3.1 Research method and design

To address the research questions, this study employs a qualitative research design based exclusively on secondary data sources. This approach is well-suited for exploring the relationship between international trade norms and domestic regulation, particularly in the context of a global event like the Beijing 2022 Winter Olympics. Qualitative research is preferred in legal and policy studies because it offers depth, context, and interpretative richness, which are essential for examining regulatory behaviour, stakeholder perspectives, and compliance with international obligations (JW, 2019). The document analysis method allows the researcher to focus on a real-world phenomenon within its natural setting, without artificial manipulation (Yin, 2017). As a bounded and well-documented case, the Beijing Olympics provides a concrete context to examine how China balances WTO obligations with domestic policy priorities. The study relies on

official documents, academic literature, and institutional reports to generate insights and conclusions based on existing knowledge.

3.2 Data collection

To get the data, this study only relies on secondary data sources for documentation analysis. These are several sources of data used in this study, including the WTO, IOC, BOCOG, and the Chinese state authorities like SAMR and MOFCOM. The texts below set out the regulatory, legal and policy requirements for sponsorship and licensing in the context of the Beijing 2022 Winter Olympics. Besides official documents, articles that examine China's trade conduct, intellectual property rights, and mega events (Yu, 2010) in academic journals are also used in this study (Du, 2014). In addition to official legal and academic sources, global reports from international organisations and business chambers, such as the European Union Chamber of Commerce in China (2021), have also been used to incorporate diverse perspectives on trade, regulation, and stakeholder experience. They are less likely to introduce fresh evidence into the research process, but make it possible to study various experts' opinions and official attitudes toward the subject, which makes the methodology more extensive and solid. Only peer-reviewed publications, reports from reputable institutions, and data from official government or international bodies have been included to ensure the credibility and reliability of the analysis.

3.3 Data analysis method

The data is then analysed using thematic analysis, which is a method of identifying, analysing, and reporting themes in data (Braun & Clarke, 2006). This method is suitable for policy and legal research since, by using search terms such as 'regulatory fit' or 'market entry,' the researcher can observe how these themes play out in various documents. Following the data collection and analysis, the researcher further analyses the content and assigns codes to it to determine the emerging patterns, inconsistencies, and connections. The present analysis is based on the two research objectives that have been formulated for the study to enhance thematic coherence.

3.3.1 Themes

To operationalise the thematic analysis, the study identifies two core themes per data source, as summarised in the table below in Table 1 below:

Table 1

Themes

Research Objective	Theme 1	Theme 2
To analyse how China's domestic sponsorship and licensing regulations for the Beijing Winter Olympics align with its WTO obligations under GATS and TRIPS	Regulatory Formalism vs. Implementation Discrepancy	Protection of IP Rights under Domestic and International Law
To examine the perceptions and experiences of key stakeholders regarding the implementation and trade impacts of these practices	Foreign Sponsor Access and Market Barriers	Perceived Fairness and Transparency in Sponsorship Processes

This thematic structure enables analysis of documents and supports a clear linkage between empirical observations and theoretical insights.

3.4 Ethical consideration

Since this study solely uses secondary data then the amount of direct ethical risk that is involved in the study is negligible. Yet, there is still some concern left about ethical issues, especially where the use of data is concerned. All authorised citations are made, and only information from the public domain or officially published books and documents is used, which are permissible under the laws of academic integrity (Creswell & Poth, 2016). The research also does not comment on the politically sensitive content and does not seem to have any bias. Efforts have been made to ensure that both the Chinese and the international approaches to the matters under discussion are provided. It is paramount to approach the academic work ethically with special regard to the topic concerning the regulatory behaviour of nations. All referenced material used in this study is derived from publicly accessible secondary sources, including verified institutional and academic publications. Proper citation practices have been followed to ensure academic integrity and avoid misrepresentation or fabrication of findings. No primary interviews were conducted by the researcher, and no personal data was collected, thus minimising ethical

risk. The study respects both domestic and international perspectives without engaging in politically sensitive commentary.

4 DATA ANALYSIS

4.1 Alignment of China's regulatory practices with WTO obligations

Through its WTO accession in 2001, China undertook several commitments under the General Agreement on Trade in Services (GATS), including transparency, national treatment, and market access in service sectors, along with obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) to protect and enforce intellectual property rights. The Beijing Winter Olympics proved to be a relevant reference point to determine whether China fulfilled those obligations in practice as regards the regulation of sports sponsorship and licensing. To assess the existence of China's legal and institutional compliance with WTO provisions, this section develops two themes.

4.1.1 Legal alignment vs. practical enforcement gaps

Based on the data, it could be concluded that China has legal institutional compliance with the WTO rules and regulations; however, the real practice differs due to political considerations and discretionary powers. This has therefore raised a lot of confusion among the international parties between the regulation and its implementation. Although the Chinese Law on the Protection of Olympic Symbols was amended before the Beijing Winter Olympics in 2009, the current provision complies with the TRIPS Article 16, concerning trademark protection. However, Jain (2016) mentioned that the enforcement is partial and based on political factors, especially when the companies under scrutiny are from different countries. The State Administration for Market Regulation (SAMR) has already released several enforcement notices before the 2022 Games; however, studies showed disparities in the implementation of the rules (Van Gompel, 2024; Lei, 2023). The WTO Working Party Report on China's Accession (2001) emphasised transparency and rule of law as key components of China's accession

obligations, which remain central to assessing its compliance. However, even by 2022, authors found that in sponsorship licensing, there was an opaqueness, and approvals were selectively granted to domestic firms (Zhang *et al.* 2024). These findings align with WTO provisions under GATS Article XVII and TRIPS Article 16, which require equal treatment and effective protection for foreign entities, standards that appear unmet in this context (Chu, 2020; IOC, 2022).

Research also establishes the concept of discretion implementation in the study of administration. In a paper that can be found in our course, Hillman (2023) gives an insight into how China's "selective compliance" enables it to formally abide by WTO laws without necessarily protecting national interests using formal regulation. Martin and Pajouh (2019) also assert that it increases legal risk for foreign actors and discourages them from participating in events hosted in China. Furthermore, the Beijing 2022 Marketing Report (IOC, 2022) showed a record number of domestic sponsors, so the foreign companies had perhaps met some implicit entry barriers. Lawyers believe that this is an approach that China has been using as it seeks to use mega-events to promote its industries both locally and internationally (Cheng, 2019). Consequently, China has enacted legislation conforming to WTO auspices, but rather elasticity of enforcement procedures implies discouragement of GATS and TRIPS pliability.

4.1.2 Protection of IP rights under domestic and international law

Copyright continues to be one of the fundamental principles protected under the WTO framework, particularly through the TRIPS Agreement. As for the foreign sponsors of the Beijing Winter Olympics, the efficiency of IP protection directly determined the market value for their products as well as the security for their brands. China has developed a good legal structure in the field of IP laws. Before the Olympics, changes were made to the Trademark Law and the Law on the Protection of Olympic Symbols to meet the requirements of TRIPS (Wang, 2020). The Special IP Courts, set up in 2019 in cities such as Beijing as well as Shanghai, were initially viewed as a positive measure to enhance the opportunity to seek justice by foreign players (Jia, 2021). Peculiarities, however, remain in the regularity, openness, and efficiency of their application. Yu (2012) and Wu *et al.* (2023) confirm that although legal protection has been enhanced,

foreign firms find it challenging to take legal action for infringement, especially in time-sensitive events such as the Olympics. Citaristi (2022) reiterated this worry, as it can take considerable time and is difficult to obtain interim injunctions, essential in branded content during broadcasts. Also, it is ascertained that international case law demonstrates unequal protection of IP in different jurisdictions in China. For example, an EUIPO report analysed that in the second-tier cities, there was a lower success rate of foreign complainants as compared to that in Beijing or Shanghai. This complexity erodes the fundamental principle of National Treatment under the TRIPS agreement, which resulted in a fragmented enforcement of IP rights.

While the 2022 BOCOG Official Guidelines guided the proper use of Olympic symbols by sponsors, several firms noted that they encountered some challenges in understanding the guidelines and the ways to apply them. Cheng (2019) contends that the vagueness results in regulatory discretion through the ability to determine rules based on arbitrary favouring of domestic stakeholders. However, according to Zhang *et al.* (2024), the findings from the stakeholder feedback in this study revealed the absence of pre-emptive protection measures that could be taken. Foreign sponsors claimed that they had to sue the infringing goods after the Olympics, which is expensive and, at times, futile within the one-month Olympic span. On the other hand, domestic sponsors had more regulatory endorsement and quicker handling. Yet, compared to the expectations set by TRIPS, China's IP protection to date lacks legal drafting and international cooperation advancements. A similar situation affects investment and distorts the principle of non-discrimination in accessing the market.

4.2 Stakeholder perspectives on trade impacts and implementation

This section is a critical analysis of the views from stakeholders on sponsorship and licensing of sports in China during the Beijing Winter Olympics, as well as the impact on trade. Focusing on the policies, academic literature, and releases, two major themes are discussed below: access barriers in the foreign market and the perceived fairness of the regulatory framework.

4.2.1 Limited market access and barriers for foreign sponsors

While there are no legal restrictions on market access per the WTO trade standard for China's Olympic sponsorship market, most of the foreign sponsors claimed to have been locked out. These barriers include a lack of clarity about who is eligible for a bid, ill-defined bidding policies, and unpredictable regulatory decisions and clearances. In its China Business Report and Pulse Survey 2022 and the International Trade Centre Business Pulse 2021, it was noted that foreign firms had a harder time dealing with regulations as they competed against domestic firms. For instance, the high-profile multinational sponsors raised concerns over how BOCOG made some of its decisions and how it erratically applied some of the advertisement restraints. Some scholars believe that China's so-called "dual track" system of political control and market liberalisation in service sectors would erode the non-discrimination principle of GATS (Chen *et al.*, 2019; Pearson *et al.*, 2021). This is well illustrated in the Olympics, where more emphasis is placed on the interests of nation branding as opposed to liberalisation objectives. According to Chang (2020), the promotion inside and outside the country favoured the domestic companies, thus raising speculations of indirect protectionism. Furthermore, the amendment of the Chinese advertising law in 2018 placed tighter restrictions on the portrayal of messages that foreign brands may convey. This resulted in what Zhang *et al.* (2012) termed as 'an increased sensitivity towards slogans, imagery and sponsor communications' of the international firms, thus restricting their ability to fully leverage their sponsorship investments.

Among the issues raised in the WTO Trade Policy Review of China (2021), the continued concerns on fair treatment in access to services, including advertisement and event organisation services, affect the partnership in Olympic sponsorship. Other interviews conducted by Zhang and his team in 2024 supported their expectations that some foreign sponsors decided to decrease their financial contributions because of regulatory issues and low exposure. Thus, foreign firms are not barred, but equal participation is, in practice, restricted due to several factors ranging from the administrative discretion of local bureaucrats to political oversight.

4.2.2 Perceptions of fairness and transparency in licensing and sponsorship

One of the key requirements for maintaining a fair and inclusive sponsorship system is the establishment of transparent mechanisms to regulate sponsorship allocation and operations. In the Beijing Winter Olympics, the concerns were more evident, where foreign sponsors and independent legal observers raised issues related to a lack of transparency, inconsistent regulatory practices, and the absence of clear mechanisms for resolving disputes. In its assessment of Chinese institutional transparency on Olympic commercial activities, Costa *et al.* (2025) indicated that they could not find clear information on the criteria used in selecting sponsors. This lack of transparency was a challenge since it made foreign firms feel alienated because they could not understand why some of their applications were approved while others were rejected (TI, 2022). Ma (2020) also identified the lack of stakeholder participation in the bidding process and argued that this was due to the extensive decision-making autonomy of BOCOG, which may have been particularly problematic for foreign entities that could not easily navigate internal processes. Lastly, the sponsors said they did not have sufficient means to appeal when they received unfavourable licenses (Lazarev, 2014).

One of the emerging concerns brought out in the OECD Investment Policy Review (2021) was China's tendency not to grant third-party rights or independent, self-help remedies to private businesses in cross-border commercial relationships such as those connected with Olympic sponsorship. This is a rather surprising state of affairs, seen from the perspective of WTO principles that aim at the settlement of disputes over trade in services. For instance, Chen (2022) postulated that foreign firms faced what he referred to as the "informal regulatory barriers", whereby decisions were made based on the firm's affiliation to the political system rather than business viability. Additionally, Lee (2010) also established that domestic sponsors are more frequently advertised in the media affiliated with the government, thus increasing their prominence. Furthermore, the documents from IOCS also show that even though all international sponsors of the "TOP" program were expected to be treated equally, they were at times limited in offering co-branding campaigns locally due to regulatory and content control issues (IOC, 2022). Overall, these observations indicate that while China formally complied with the WTO procedure for sponsorship during the 2022 Olympics, the foreign stakeholders perceived

the regime as opaque, biased and unaccountable, and therefore inapplicable to the principles of fair play and non-discrimination.

5 FINDINGS AND DISCUSSION

The findings on China's sponsorship and licensing practices concerning WTO principles reveal a significant gap between the formal adoption of legal frameworks and their actual implementation. Although China has aligned domestic laws such as the Law on the Protection of Olympic Symbols (2009) and amended trademark regulations to comply with GATS and TRIPS provisions, the Beijing Winter Olympics demonstrated a persistent lack of transparency, inconsistent enforcement, and preferential treatment toward domestic sponsors. For example, as observed in the European Union Chamber of Commerce in China (2021) report, foreign sponsors faced procedural uncertainty and limited legal recourse in resolving disputes—concerns that echo earlier critiques by Yu (2010) and Du (2014). Instead of “population bias,” a more accurate description is regulatory favouritism toward domestic firms, manifested through discretionary enforcement and regional disparities in law application. This gap between legal texts and practical outcomes supports the concept of strategic compliance, where legal reforms serve more as symbolic alignment with international obligations than as substantive regulatory transformation (Jain, 2016; Abbott, 2018). Thus, while China appears compliant on paper, the actual practice often undermines the core WTO values of fairness, national treatment, and competitive neutrality. This implementation gap raises the general problem of the state's practice of strategic compliance, where legal reforms serve more as formal acknowledgements of WTO obligations rather than instruments of market liberalisation. In this model, as discussed by Peerenboom (2011) and Zhang & Pan (2020), regulatory mechanisms are used selectively to preserve state control over key sectors, even in the face of international commitments. Thus, despite fully meeting China's legal obligations for sponsorship and compliance with WTO principles, such practice may be questionable concerning the principles' substantive compliance.

Regarding the analysis that explained the perception of the specific stakeholders and their implementation and the trade implications of China's sponsorship licensing practices, there was a gap between the policy and experience of the license sponsors and

legal consultants. Yet many considered this environment as highly rigged due to the inherent unclear decision-making process, regulatory/rules instability and 'China bias'. This can be attributed to restricted business venturing, perhaps more so to scrutiny of branding and publicity materials, or in resolving commercial disputes. The testimonies, studies, and surveys of international chambers of commerce, academics, and media uncovered a sense that foreign sponsors did not enjoy commensurate opportunities to capitalise on their Olympic associations as their domestic competitors did. This perception of inequity impacts China's ability to foster confidence in its regulation and strays from the competitive neutrality on which WTO membership is founded. Moreover, the overwhelming presence of domestic brands in officially sanctioned messages and advertisements, coupled with foreign 'TOP' sponsors, solidified stakeholder worries of market access restrictions and vendor exclusion. These stakeholder perceptions align with existing literature that critiques China's dual-track governance model in politically sensitive markets. For instance, Gao and Wang (2023) documented that multinational sponsors consistently reported challenges in navigating ambiguous rules and limited opportunities for co-branding. Similarly, Cheng and Zhou (2021) emphasised that China's state-driven narrative control during mega-events like the Olympics limits international branding flexibility—an issue that contradicts WTO expectations under GATS Article XVII on national treatment. These findings not only reinforce stakeholder concerns identified in this study but also highlight how domestic regulatory preferences can undermine China's credibility in international trade regimes. In short, both empirical evidence and scholarly work support the conclusion that WTO-aligned laws alone are insufficient without consistent, fair, and transparent implementation.

6 CONCLUSION AND RECOMMENDATION

This research aimed at yielding findings on the trade effects of sponsoring and licensing of the 2022 Beijing Winter Olympics concerning the compliance of China with the WTO. In descending a step from the research questions, a qualitative methodology was adopted and the data analysis method used was secondary data analysis, synthesis of key findings of prior research, journal articles and scientific papers that was done to critically assess the extent to which China's current domestic regulations conform to the

international trade law and the perception of the major actors in the sponsorship process. The study reveals that even though China has embraced WTO regulations through the passing of laws and policies concerning GATS and TRIPS, it fails to enforce them fully. By citing the Law on the Protection of Olympic Symbols and amendments to trademark legislation, there is evidence of attempts being made to conform. Yet, the enforcement mechanisms are highly centralised, discretionary, and their proceeding are not transparent to the public. They give birth to a protectionist type of regime in which domestic enterprises have all the advantages, although this leads to questionable transparency, access to markets, and fairness of competition.

Concerning the sponsorship process in the case of the Olympics, the wished-for transparency, open access and availability of clear paths for legal remedies for all foreign sponsors was scarce. Although more foreign firms engaged in international programs such as the IOC's "TOP" sponsor system, they had to follow stringent branding policies, go through complex procedures, and were less visible than their domestic counterparts. These challenges are, in fact, part of a selective regulatory enforcement whereby the country complies with WTO rules and regulations while, at the same time, furthering its domestic agenda through other but informal, sneaky methods. From the above analysis of the Beijing Winter Olympics, we can see how trade law works in cooperation with state-led approaches common in authoritarian jurisdictions. On the legal and institutional level, progressive reforms can be observed in China; however, at the core and substance levels, gaps in implementation and stakeholder equity persist.

6.1 Recommendations

To meet WTO regulations and to prevent a negative impact on international sponsors, China should increase sponsorship and licensing transparency and independence. These are: announcement of selection criteria, arrangements for local independence, and the availability of timely and accessible legal redress where necessary. Furthermore, regulatory regimes should reduce the level of politicisation in the commercial realm and ensure harmonisation of rules across states. The IOC can also act proactively by insisting that compliance affiliates from the host countries submit to more

extensive checks to meet international trade and IP norms during bids for hosting the Olympics.

6.2 Limitations and future work

This study only analyses secondary data, and thus, it cannot address an array of experiences of stakeholders or the most recent reforms in the healthcare sector. Interviewing sponsors, Chinese and international regulatory bodies, and legal practitioners would provide more in-depth findings on Olympic sponsorship in China. Future research should also look at cross-sectional studies to know how the other member nations of the WTO approach the issue of sponsorship during mega-events. Other longitudinal research work carried out after the Olympics to compare trade-related governance in China would have been even more useful in enriching the understanding of China's changing dynamics with international trade law.

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Authors' Contribution

All authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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