

Tomorrow's Silk Road: Assessing an EU-China Free Trade Agreement

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Tomorrow's Silk Road

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This book aims to provide an independent and in-depth contribution on the status of bilateral economic exchanges and persistent trade barriers between the European Union and China. A second objective is to encourage a frank and open dialogue, based on a scientific evaluation and without prejudice, of the possibility of a preferential trade agreement between the two sides.

The study was carried out by CEPS, in cooperation with the World Trade Institute at the University of Bern.

Tomorrow's Silk Road

Assessing an EU-China Free Trade Agreement

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TABLE OF CONTENTS

[List of Figures](#)

[List of Tables](#)

[List of Abbreviations](#)

[Preface](#)

[Executive Summary](#)

[Introduction](#)

[Part I. The Global and Bilateral Context](#)

[1. Why an EU-China free trade area?](#)

[1.1 The context for a free trade area study](#)

[1.2 Is there a case for an EU-China FTA?](#)

[2. China and the EU in a rapidly changing world economy](#)

[2.1 Chinese weight as an EU trade partner: Anticipate 2030](#)

[2.2 Competitiveness and reforms in the EU and China](#)

[2.3 Comparing China and the EU's trade strategies: Multilateral, plurilateral and bilateral](#)

[3. Bilateral economic relations: Trade and investments](#)

[4. Global value chains: Significance for the EU and China](#)

[Part II. Design and Substance of an EU-China FTA](#)

[5. What would an EU-China FTA look like?](#)

[6. Market access in industrial goods: An analysis of tariffs](#)

[6.1 Analysing bilateral trade and its sectoral composition](#)

[6.2 Industrial tariff profiles of the EU and China](#)

[6.3 Where China and the EU differ: Tariff peaks](#)

[7. Market access in goods: Trade defence remedies](#)

[7.1 Relevance of trade defence for an FTA](#)

[7.2 Recent bilateral application of trade defence](#)

[7.3 The 2017 revision of EU trade defence measures and the status of China](#)

[8. Market access in agriculture: Tariffs and tariff-rate quotas](#)

[8.1 Bilateral agro-food trade and its composition](#)

[8.2 Tariff and TRQ barriers in bilateral agro-food trade](#)

[8.3 Tariffs peaks in agro-food](#)

[8.4 Tough barriers: Tariff rate quotas](#)

[9. Technical barriers to trade](#)

[9.1 Mapping bilateral TBTs and their scope](#)

[9.2 TBTs between China and the EU: Empirical evidence at sector and product levels](#)

[9.3 Transforming China's technical regulation, standards and conformity assessment](#)

[9.4 Some inferences about lowering TBTs in an EU-China FTA](#)

[10. Reducing SPS barriers in an EU-China FTA](#)

[10.1 Market access barriers of the Chinese SPS regime](#)

[10.2 Concerns from China and WTO partners about EU SPS barriers](#)

[10.3 Lowering SPS barriers in an EU-China FTA](#)

[11. Market access in services: China and the EU](#)

[11.1 Introduction](#)

[11.2 Measuring the extent of market access in services: China and the EU](#)

[11.3 Sectoral services market access: China and the EU](#)

[11.4 Potential value added of an EU-China FTA, based on prior experiences](#)

[12. Public procurement](#)

[12.1 China's offers to accede to the WTO GPA](#)

[12.2 Barriers to EU public procurement as seen by Chinese investors in Europe](#)

[12.3 Possible directions for EU-China negotiations on public procurement](#)

[13. Intellectual property rights and geographical indications](#)

[13.1 Introduction](#)

[13.2 EU-China IP Dialogue](#)

[13.3 China's IPR legislation and enforcement](#)

[13.4 IPR protection and enforcement measures in China's FTAs](#)

[13.5 IPR protection and enforcement measures in EU FTAs](#)

[13.6 Geographical Indications](#)

[14. State-owned enterprises \(SOEs\) and competition policy](#)

[14.1 The SOE problem in China and early reforms](#)

[14.2 Reformed SOEs and barriers to market access](#)

[14.3 Can the EU and China reach an agreement on SOEs?](#)

[14.4 Competition policy](#)

[15. Investment and the Comprehensive Agreement on Investment](#)

[15.1 Why a CAI?](#)

[15.2 Why are the existing BITs insufficient?](#)

[15.3 Investment issues an EU-China CAI should address](#)

[15.4 EU approach to CAI](#)

[15.5 China's approach to CAI](#)

[15.6 What's next?](#)

[15.7 Policy options for an EU-China CAI: A review](#)

[15.8 Integrate CAI in FTA](#)

[Part III. Potential Economic Impact: A CGE-based simulation of effects of the FTA](#)

[16. Introduction](#)

[17. Trade and production linkages](#)

[17.1 Value added and trade linkages between China and EU](#)

[17.2 Trade in mass consumer goods](#)

[18. Removing tariffs and reducing NTM costs in a China-EU FTA](#)

[19. Modelling the FTA between China and the EU](#)

[19.1 A non-technical introduction of the model simulations](#)

[19.3 Simulating economic impacts of ambitious and modest FTAs](#)

[19.3 Results of the FTA simulation: Changes in GDP \(in % and \\$\)](#)

[19.4 Results of the FTA simulation: Changes in real wages for three skill groups](#)

[19.5 Results of the FTA simulation: Effects on trade](#)

[19.6 Strategies for adjustment to a China/EU FTA](#)

[Part IV. Conclusions and Policy Implications](#)

[20. Policy implications of an EU-China free trade agreement](#)

[References](#)

[Annex I. European TRQs](#)

[Annex II. Public Procurement in China and the EU](#)

[Annex III. Estimated Impacts of an FTA](#)

[Annex IV. Total AVEs for NTBs for Goods and Services](#)

[Annex V. Technical Overview for CGE Modelling](#)

LIST OF FIGURES

Figure ES1. Total trade EU28-China in goods (\$ billion), 1995-2016

Figure ES2. Imports from and exports to China of services and EU trade balance, 2012-16 (€ billion)

Figure ES3. EU 2014 imports of mass consumer goods from China, 2010-14

Figure ES4. EU FDI stocks towards China (€ billion), 2015

Figure ES5. Number of EU jobs supported by member states' exports to China, 2011

Figure ES6. Top 10 European exports to the world (shares in total exports and shares directed to China, 2014)

Figure ES7. FDI restrictiveness index, 2016

Figure ES8. Share of SOEs among the top 10 firms in 16 selected countries (%)

Figure ES9. FTA effects on EU output, exports and imports (changes by sectors, ambitious scenario)

Figure 2.1 The global economy in 2012

Figure 2.2 The global economy in 2030: Trends and strategies for Europe

Figure 3.1 Total EU-28 trade in goods with China (\$ billion)

Figure 3.2 Total trade for sectors, EU-China (\$ billion)

Figure 3.3 EU-28 goods exports to China, by sector (\$ billion)

Figure 3.4 EU-28 goods imports from China, by sector (\$ billion)

Figure 3.5 EU and China: Bilateral trade dependence in goods exports

Figure 3.6 EU and China: Bilateral trade dependence in goods imports

Figure 3.7 Imports from and exports to China of services and the EU trade balance (€ bn)

Figure 3.8 EU exports to China of services, by sector (%)

Figure 3.9 EU FDI stocks towards China (€ billion), 2015

Figure 3.10 Chinese inward and outward FDI stocks from/to the EU (\$ million)

Figure 4.1 EU China trade balance (gross flows and value added)

Figure 4.2 EU value added in the exports of each member state to China (€ billion), 2011

Figure 4.3 Number of EU jobs supported by member states' exports to China, 2011

Figure 6.1 EU trade balance with China in industry (€ billion)

Figure 6.2 Gruber-Lloyd index for the most traded products in industry, 2014

Figure 6.3 RCA index for China in 2010 and 2014

Figure 6.4 Top-ten Chinese exports to the world (shares in total exports and shares directed to the EU), 2014

Figure 6.5 Top-ten European exports to the world (shares in total exports and shares directed to China), 2014

Figure 6.6 EU and China, simple MFN applied averages in industry, 2014

Figure 6.7 Chinese peaks (MFN applied duty > 15%, 8-digit lines) in industry classified at the HS 2-digit level, 2014

Figure 6.8 European peaks (MFN applied duty > 15%, 8-digit lines) in industry classified at HS 2-digit level, 2014

Figure 6.9 Distribution of Chinese peaks by products and duty ranges, industry, 2014

Figure 7.1 EU Trade defence investigations by major industrial sector, 2005–10

Figure 8.1 EU trade balance with China in agro-food (€ billion)

Figure 8.2 EU and China simple applied tariff averages in agro-food, 2014

Figure 8.3 Chinese peaks (MFN applied duty > 15%, 8-digit lines) in agro-food classified at the HS 2-digit level, 2014

Figure 8.4 European peaks (MFN applied duty > 15%, 8-digit lines) in agro-food classified at the HS 2-digit level, 2014

Figure 8.5 Distribution of Chinese peaks (6-digit level) by product and duty range, agro-food, 2014

Figure 8.6 Distribution of European peaks (6-digit level) by product and duty range, agro-food, 2014

Figure 8.7 Distribution of 8-digit lines subjected to TRQs

Figure 11.1 OECD STRI index for the EU-17 and for China, 2015

Figure 11.2 World Bank STRI index for the EU-17 and China

Figure 14.1 SOEs' shares among countries' top 10 firms (%)

Figure 14.2 China's outstanding loan growth

Figure 15.1 FDI Regulatory Restrictiveness Index in 2016

Figure 15.2 China FDI Regulatory Restrictiveness Index since 1997

Figure 17.1 EU 2014 imports of mass consumer goods from China (\$ million)

Figure 17.2 EU 2014 exports of mass consumer goods to China (\$ million)

Figure 19.2 FTA effects on EU output, export and import. Change by sectors, ambitious scenario

Figure 19.3 Labour displacement (percent based on weighted standard deviation), ambitious scenario

LIST OF TABLES

Table 2.1 Major potential FTA partners, TTIP versus the BRICs

Table 2.2 China's FTA activism: Concluded and negotiated FTAs

Table 4.1 Decomposition of total output by direct input (%)

Table 6.1 Most traded products in industry, 2014

Table 7.1 Ongoing EU investigations against China by product group (mid-2015)

Table 7.2 Procedures initiated by China by product and by country (in force as of 31 December 2015)

Table 8.1 Weighted MFN applied tariff rate at the HS 2-digit level (%)

Table 8.2 Most traded products in agro-food, 2014

Table 8.3 EU TRQs in CETA negotiations

Table 8.4 China and the EU's peaks (>15%) at the HS 6-digit level, 2014

Table 8.5 Distribution of peaks (6-digit level) among duty ranges in agro-food (%), 2014

Table 8.6 Chinese TRQs

Table 9.1 TBTs as identified by European business in China

Table 10.1 Specific EU SPS concerns about market access to China

Table 11.1 Sectoral access to and national treatment in China's services markets – A survey

Table 11.2 Third-country (China's) access to EU services markets – A sketch

Table 11.3 Services modes in recent FTAs relevant for an EU-China FTA

Table 14.1 Top 10 companies listed in Shanghai / Shenzhen Stock Exchange that received public support in 2014

Table 14.2 SOEs in China's economy, 2009-14

Table 15.1 Assessing Five Options for an EU-China FTA

Table 17.1 EU China trade by member state, 2011 (\$ million)

Table 17.2 EU and China trade linkages in 32 sectors

Table 18.1 Applied tariffs between the EU and China

Table 18.2 Estimated actionable NTBs, expressed as AVEs (ad valorem equivalents)

Table 19.1 Impact of FTA: Changes in GDP (%)

Table 19.2 Impact of FTA: National income change (\$ million, 2030 benchmark)

Table 19.3 Estimated percent changes in real wages, low-skilled workers

Table 19.4 Estimated percent changes in real wages, medium-skilled workers

Table 19.5 Estimated percent changes in real wages, high-skilled workers

Table 19.6 Modest and ambitious FTA: Changes in bilateral trade (in %)

Table 19.7 FTA impact: Output and trade effect per sector in China

Table A1. European TRQs

Table A2. FTA impacts: Output and trade effects per sector in the EU

Table A3. FTA impact: Labour displacement, % (based on weighted standard deviation)

Table A4. Total AVEs for NTBs for goods and services

Table A5. Definition of the Basic CGE Framework

Table A6. Table of key variables

Table A7. Poisson quasi-maximum likelihood gravity estimates

LIST OF ABBREVIATIONS

ACP Africa, the Caribbean and the Pacific

AD Anti-Dumping

AML Anti-Monopoly Law

APEC Asia-Pacific Economic Cooperation

AQSIQ General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China

ASA Air Services Agreement

ASEAN Association of Southeast Asian Nations

ASEM Asia-Europe Meeting (of Prime Ministers and Presidents)

AVE Ad Valorem Equivalent

BIT Bilateral Investment Treaty

BRICS Brazil, Russia, India, China and South Africa

BSE Bovine Spongiform Encephalopathy (mad cow disease)

CAI Comprehensive Agreement on Investment

CCC China Compulsory Certification

CEN European Committee for Standardization

CENELEC European Committee for Electrotechnical Standardisation

CES Constant Elasticity of Substitution

CETA Comprehensive Economic and Trade Agreement

CGE Computable General Equilibrium

CIRC China Insurance Regulatory Commission

CLP Classification, Labelling and Packaging classification of chemicals

CNAS China National Accreditation Service for Conformity Assessment

CNCA China National Certification and Accreditation Commission

CSP Corporate Social Responsibility

EDI Electronic Data Interchange

EEA European Economic Area

EFTA European Free Trade Association

EPO European Patent Office

ETS Emissions Trading System

ETSI European Telecommunications Standards Institute

FATS Foreign Affiliates' Trade in Services

FDA Food and Drug Administration (US)

FDI Foreign Direct Investment

FIE Foreign Invested Enterprise (in China)

FIPA Foreign Investment Promotion and Protection Agreement

FTZ Free Trade Zone

GATS General Agreement on Trade in Services

GATT General Agreement on Tariffs and Trade

GHS Global Harmonised System

GI Geographical Indication

GLP Good Laboratory Practice

GMO Genetically Modified Organisms

GOS Technical standards/regulations in the USSR

GPA Government Procurement Agreement

GTAP Global Trade Analysis Project

GVC Global Value Chain

HS Harmonized System (of classification of tariff lines for goods)

ICT Information and Communications Technology

IEC International Electrotechnical Commission

IECEE-CB System of Conformity Assessment Schemes for Electrotechnical Equipment and Components

IIASA International Institute for Applied Systems Analysis

IMF International Monetary Fund

IPPC International Plant Protection Convention

IPR Intellectual Property Rights

ISDS Investor-State Dispute Settlement

ISO International Organization for Standardization

ITA-2 Information Technology Agreement – 2

ITU International Telecommunication Union

JV Joint Venture

KORUS United States-Korea Free Trade Agreement

M&A Merger and Acquisition

MES Market Economy Status

MFN Most Favoured Nation

MOFCOM Ministry of Commerce of the People's Republic of China

MOH Ministry of Health of China

MoU Memorandum of Understanding

MPLS Multi-Level Protection Scheme (China)

MRA Mutual Recognition Agreement

MVNO Mobile Virtual Network Operator

NAFTA North American Free Trade Agreement

NAL Network Access Licence

NDRC National Development and Reform Commission

NRA National Regulatory Authority

NTM Non-Tariff Measure

OECD Organization for Economic Cooperation and Development

OHS Occupational (Workplace) Health and Safety

OIE World Organisation for Animal Health

OSCCA Office of the State Commercial Cryptography Administration of China

PAPs Processed Agricultural Products

PCA Partnership & Cooperation Agreement

PDO Protected Designation of Origin

PGI Protected Geographical Indication

PPP Public-Private-Partnership

PRC People's Republic of China

QUAD US, EU, Canada and Japan (in the GATT)

RAPEX Rapid Alert System (of non-food dangerous goods in the EU)

RASFF Rapid Alert System for Food and Feed (in the EU)

RCA Relative Comparative Advantage

RCEP Regional Comprehensive Economic Partnership

REACH European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals

RMB Renminbi

ROHS Restriction of Hazardous Substances Directive

SAC Standard Administration of China

SAIC State Administration for Industry and Commerce

SASAC State-owned Assets Supervision and Administration Commission (for SOEs)

SDFA State Food and Drug Administration

SDoC Supplier's Declaration of Conformity

SDR Special Drawing Rights

SELO Special Equipment Licensing Office for boiler pressure (China)

SIE State Invested Enterprises (China)

SIPO State Intellectual Property Office of China

SME Small and Medium Enterprise

SOE State-Owned Enterprise

SPS Sanitary and Phytosanitary Measures

STRI Service Trade Restrictions Index

TBT Technical Barriers to Trade

TDIs Trade Defence Instruments

TFEU Treaty on the Functioning of the European Union

TIC Testing, Inspection and Certification

TiSA Trade in Services Agreement

TPR Trade Policy Review (WTO)

TRIMs Trade-Related Investment Measures

TRIPS Agreement on Trade-Related Aspects of Intellectual Property Rights

TRQ Tariff Rate Quota

TTIP Transatlantic Trade and Investment Partnership

TTP Trans-Pacific Partnership

UNCTAD United Nations Conference on Trade and Development

USD United States dollar

USTR United States Trade Representative

VAT Value-Added Tax

WIPO World Intellectual Property Organization

WITS World Integrated Trade Solution (World Bank)

WTO World Trade Organization

PREFACE

The ancient Silk Road consisted of a network of paths, mountain passes and 'branches' used by daring traders to connect China and Europe via several intermediaries. There was no real

infrastructure, just a near-endless chain of local and regional byways. Indeed, the Silk Road was not so much a 'road' but an expression of a fierce determination to connect markets and to seek the value-added of goods exchanged between different cultures and levels of development.

Tomorrow's Silk Road can add great value to what already is an intense economic intercourse between China and the EU. It is all about a similar determination as motivated the ancient traders. The present study shows that much could be achieved with 'Tomorrow's Silk Road', in the form of a Free Trade Area Agreement between the EU and China, especially if it is a 'deep and comprehensive' one. Good for China and good for the EU.

The authors would like to express their gratitude to many who have helped us with interviews, discussions, documents and otherwise. We wish to emphasise that the authors have been able to work in full independence at all stages of the work through to the very end when the results were available. In this respect, the Foreign Trade Association, having commissioned CEPS to carry out the original study, with the critical contribution of the World Trade Institute in Bern as well, has fully respected the independence of CEPS.

The authors are also grateful to the Chinese Mission to the EU, which has been very effective in supporting our visit to Beijing in December 2015, which proved most valuable. The same goes for the European Commission, which responded to our requests for specialised advice or comments on a number of occasions. Readers should be aware that neither the Chinese Mission nor the European Commission intervened at any moment while the authors were drafting this report. The study was first published by CEPS in 2016 as a CEPS paperback with a small print run. The present version has been partially revised and updated. Relatively minor adaptations of text and selected graphs were introduced in the first six chapters, and chapters 7 and 8 were revised in light of new trade defence rules in the EU. Other chapters with more substantial revisions include chapters 9, 10 and 11. Considerable changes and some additions have been made in chapters 12, 13, 14 and 15. Part III has not been altered.

We hope that readers will find this book valuable.

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April 2018

EXECUTIVE SUMMARY

In developing its international trade strategy since 2006, the EU has placed strong emphasis on concluding Free Trade Agreements (FTAs) with dynamic East Asian economies. Until very recently, however, no explicit mention has been made of China – the region's largest and most dynamic economy – as a possible candidate for an FTA with the EU. This oversight becomes even more glaring if one considers the magnitude of the economic intercourse that already exists today between these two trading partners. China is the logical sequel in the Union's trade strategy for East Asia. This study attempts to provide a solid analytical basis for negotiations on an EU-China Free Trade Agreement (formally, Free Trade Area treaty). The first official suggestion for such an FTA, made by Chinese President Xi Jin Ping in the spring of 2014, has recently been considered, cautiously and under various conditions, by the EU as well. This study deals with three principal aspects: 1) the '*why*' of the FTA, 2) the '*how*' to incorporate a broad spectrum of trade policy areas usually reserved found in 'deep and comprehensive' FTAs and 3) the stylised '*economic impact*', based on a cutting-edge application of CGE modelling together with the newest GTAP database for

such a demanding exercise. The rationale for an EU-China FTA

The rationale behind an FTA between China and the EU – the *'why'* – can be based on five arguments. More than one argument or all five of them might be valid for policy-makers at the same time. The keywords characterising these five arguments are: greater economic potential, comparative market access, mega-regionals, the link between Chinese reforms and exposure to foreign competition, and strategic and geo-political advantages

EU-China: Economic and trade indicators, 2016

- GDP (current prices): \$16,268 billion for the EU and \$11,328 billion for China
- GDP per capita (current prices): \$31,873 for the EU and \$8,110 for China
- Total bilateral trade in goods and services: €580 billion
- FDI-EU position with China (2015): Outward €167 billion, Inward €35 billion
- Average applied tariffs in industry: 3.8% for the EU and 8% for China
- Average applied tariffs in agro-food: 7.2% for the EU and 13.9% for China

Economic potential of an FTA

The economic potential of EU-China trade The economic and trade and investment relations is far greater than what has proven possible until now (due to restrictions and bans), despite impressive growth of bilateral trade and investment in the recent past. The simulations in Part III of the study support the notion of much greater economic potential, insofar as such modelling can estimate such effects. The extensive qualitative evidence and business information in Part II of the study not only confirm this prognosis, but go far beyond what a quantitative simulation can calculate. For both the EU and China, tapping such economic potential is the principal mission of trade (and investment) policy; hence, this rationale is a powerful one.

Comparable market access

Another reason for the FTA may consist in the assurance of market access that is at least as good as is available with other relevant trading partners; otherwise, the competitive positions of EU and Chinese companies vis-à-vis companies from other trading partners may be damaged temporarily or permanently. This rationale is known as the *'domino'* theory (or, alternatively, the *'me-too'* rationale) for the incessant tendency to negotiate new FTAs. The EU and China each find that they are negotiating with trade partners having or planning to have an improved form of market access. This generates understandable pressures to improve market access also directly between themselves.

Not losing out on megaregionals

A third argument for a EU-China FTA is the emergence of *'megaregionals'*, including the Trans-Pacific Partnership (TPP) (without China), the Transatlantic Trade and Investment Partnership (TTIP) (under negotiation between the EU and the US), the Regional Comprehensive Economic Partnership (RCEP) (under negotiation, with China and the ASEAN countries as the main

architects, but less ambitious) and, to a lesser degree, the EU-Japan FTA (agreed late in 2017) and the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada (under ratification, with provisional application in most areas). These pacts have increased the incentives for China to turn to its largest trade and major FDI partner – the European Union – to improve market access, deepen investment relations and intensify economic and technical cooperation.

Domestic reforms in China facilitate an FTA

A fourth case can be found in the strong link between profound domestic reforms in China, as the next stage in its transition to becoming a well-functioning, developed market economy and escaping the 'middle-income trap', and the exposure to foreign goods and services competition as well as more widespread FDI in all sectors. For China, it is the 'new logic'. The fundamental connection is the drive to stimulate productivity growth over a long period, after the current model of mass production based on low-skilled assembly and extreme export-led growth in such products has begun to run out of steam. Higher productivity growth trends also require better, more and higher-quality services, both domestically and as crucial elements in global value chains. Opening up the Chinese economy is therefore in the mutual interest of both the EU and China, and a deep partnership in the form of an ambitious FTA seems the most expeditious way to achieve that aim (compared to WTO pluri-laterals and still more technical cooperation, as alternatives).

Geo-political motivations

An EU-China FTA can also be considered for strategic and 'geo-political reasons', although it would seem ill-advised to engage in an FTA solely for such reasons. China might be disappointed in Asia-Pacific Economic Cooperation (APEC), as the group is now split for the time being between a TPP club of 11 and the other APEC members, most of which are in RCEP. China's cooperation with the BRICs is also not doing too well lately, and the Belt & Road Initiative and the Asian Infrastructure Investment Bank (AIIB) are in the early stages. China might eventually join TPP-11, but this is not certain at this time, as China has proposed an all-APEC FTA to APEC (which has not yet been taken up by other APEC countries). A China-US FTA seems hard to imagine politically (at least in the US). One might thus argue that the EU is an ideal geo-political partner for China, as the EU is a 'civil' Union and serves as its largest trading partner and leading investor (with an upcoming EU-China Comprehensive Agreement on Investment or CAI), without being a Pacific power in any other than a distant diplomatic fashion.

Since President Trump has been in power, the US has given up any leadership in world trade, if not undermining the WTO in its refusal to act for the appointment of a judge in the Appellate Body. The case for joint EU-China leadership is strong given that they are the only two trade giants left, and given their strong positioning, e.g. in 2017 on deepening responsible globalisation. A FTA between the two can be construed as a powerful act of credibility in further opening up, which can be applied to trading partners as well. The economic and trade policy context

For a proper appreciation of a possible FTA between the EU and China, one has to understand the economic, trade and reform context in which such an initiative would be negotiated. Since the study focuses quite extensively on the wide scope and the 'how' of the FTA, the contextual analysis is necessarily a bit sketchy. The following aspects are briefly discussed: the overall trade and investment significance of the bilateral relationship today and in the near future, the link between the domestic reforms in China and the FTA initiative, the nature of recent FTA and investment treaties that China has concluded, some indicators of the bilateral trade and FDI relationship, and

the importance of global value chains for trade with China and the EU jobs connected with it.

The significance of the bilateral trade and FDI relationship can hardly be underestimated. An FTA between the EU and China would be one between two trade giants. And the expectation is that China would assume the largest trade share in the world economy by 2030, distinctly ahead of the US and on par or slightly ahead of the EU. No other BRIC will have reached anywhere near such trade shares, rendering an FTA even more crucial for both the EU and China.

Chinese reforms to foster trade and facilitate FDI

Since 2013, and indeed on a few subsequent occasions such as the 19th National Congress of the Communist Party of China, which took place in October 2017, the Chinese authorities have regularly announced the intensification of the country's reform process. The materialisation of these pledges, however, seems to be delayed and diluted in strength by half. If one would take these pronouncements literally, the difficult transition further away from the old planned economy to a market-driven one, with the state solely in a role as legislator, supervisor and enforcer, would signal decisive progress for China itself, but also for the EU and other trade partners. The new reforms aim to move away from mass production of scale-based and low-skilled labour-intensive goods (e.g. assembly) and to place greater emphasis on services to consumers (facilitating high-quality services to production processes in value chains) and less extreme emphasis on export-led growth at all costs and more domestic consumption by a rising middle class, supported – among other things – by more welfare state benefits, also for domestic migrant workers. These reforms are of course first of all good for China, but they also accord well with the opening up in services (now often restricted or banned for foreign providers) and investment, key offensive interests of the EU. In actual practice, reforms are always difficult to implement and China is no exception to this rule. Indeed, the resistance is likely to be deep, given the privileged status of SOEs (state-owned enterprises) and the overall protection of many services sectors. Also, China is more protectionist in FDI, despite the significant inflows and rising stocks, than any other relevant country, including other BRICS. Conscious of this all, top Chinese officials and ministers often suggest that external pressure would be helpful in accelerating domestic reforms. In an FTA, with the EU as a partner, it is possible that this may be realised in an acceptable fashion for both sides.

Chinese trade policy and FTAs

China's trade policies have been active on the bilateral front, much less with respect to WTO pluri-laterals and very little in the Doha Round. Its FTAs have typically been shallow (that is, focused mostly on tariffs, less or not at all on regulatory barriers). In terms of investment treaties, most of them are on narrow investment protection and not, or hardly, on effective market access (especially for services). But there are new signals, e.g. in its FTAs with Australia and Korea, which – in a staged approach – pretend to go into services and some regulatory issues in a WTO-plus fashion. As for investment, a treaty with Canada (Foreign Investment Promotion and Protection Agreement or FIPA) seems to show a new preparedness to become more ambitious, specifically with regard to the movement of natural persons, linked to business, such as allowing senior management positions no longer to be restricted by nationality (basically, like CETA and TPP). This is hopefully preparing the ground for the greater ambition required when the EU would negotiate an FTA with China, following the current investment (CAI) negotiations, or if a CAI would eventually be integrated into an ambitious FTA (as was done in CETA and in the EU-Vietnam FTA).

Bilateral trade and FDI

Bilateral trade and investment trends between China and the EU are indeed remarkable. The US dollar value of total bilateral goods trade since 1995 has increased by a factor of ten, reaching some €580 billion in 2016! Services trade (mode 1 of the General Agreement for Trade in Services or GATS) is strongly rising (to over €61.4 billion in 2016) over the past decade or so, despite restrictions in some sectors and the adverse effects of the crisis. The balance in goods trade leans heavily in China's favour, if only because barriers on the EU side are lower than the relevant ones in China for goods that EU companies specialise in. The trade balance in goods hovers around a \$200-plus billion (€175-plus billion) deficit for the EU since the crisis began but moving up recently (some €200-plus billion in 2016); in services, the EU has a surplus, which recently climbed rapidly to some €10.5 billion in 2016.

Figure ES1. Total trade EU28-China in goods (\$ billion), 1995-2016

Source: Authors' own calculations based on UNCTAD (2018).

Figure ES2. Imports from and exports to China of services and EU trade balance, 2012-16 (€ billion)

Source: Authors' own calculations based on DG Trade (2018).

The EU's main imports from China consist of mass consumption goods (with sharp prices, helping EU consumers), but China has gradually accomplished a more balanced sectoral position. The EU exports, particularly machinery and transport equipment (no less than \$126 billion in 2014) and chemicals, but increasingly (albeit from a low base) also agro-food products.

Figure ES3. EU 2014 imports of mass consumer goods from China, 2010-14

Source: Authors' own calculations based on World Integrated Trade Solution (WITS) (UNCTAD) trade data, mapped to ISIC3 categories.

The EU's 2015 FDI stock in China is around €167 billion, with China's FDI stock in the EU steadily growing to some €35 billion. Altogether, trade and investment interdependence between China and the EU has become of major importance.

Figure ES4. EU FDI stocks towards China (€ billion), 2015

Source: Authors' own elaboration using DG Trade (2018).

Dependence on bilateral trade

The 'relative trade dependence' of the partners has been rising, but it is a little asymmetric. The Chinese goods market as a share of all EU (external) exports of goods rose from a little over 2% in 1995 to more than 8% in 2016, a strong growth but from a low base. China relies relatively more on goods exports to the EU starting with a share of 13% in 1995, moving up to 15% for over a decade, and falling to 12.5% in 2016. On the import side, EU imports from China have become relatively much more important, rising from 3.5% of all EU imports in 1995 to no less than 20% in 2016. For China, imports from the EU have, relatively, been on the decline from no less than 16% in 1995 to 12.5% in 2016, presumably due to the strong rise of intermediate input imports of China in the East Asia region.

China and global value chains

Understanding the functioning of global value chains, a specialised subject in its own right, is critical to appreciate future trade trends between the two economies and the possible role of European business in China-EU trade and FDI. Suffice it to note that EU companies have many links with China via the now traditional export processing zones (where many value chains 'end') but also more and more with establishments in China itself, both as a supplier of intermediate goods (both inside multinationals and between otherwise independent enterprises) and indeed as a producer of final goods for China and abroad, including Europe itself. However, one should not exaggerate the extent to which trade with China arises from global value chains. Importers, retailers and wholesalers alike, for example, rely on China for sourcing, leading to major trade flows irrespective of diversified value chains. The study presents trade statistics in value-added terms in which imported inputs (into China) are deducted from China's exports, with the result that what remains is genuine value-added in China [made 'by' China]. The upshot is that the EU's trade deficit with China is lower, by removing the double-counting.

Jobs and the Chinese connection

Value-added statistics also facilitate the linking of EU jobs directly with the value-added of exports to China, and even the jobs linked to imports from China. The study shows that five EU countries have prominent job figures connected with EU-China trade (in goods), with Germany having as many jobs linked to its exports to China [1.122 million] as the four EU countries next on the list [France, Italy, the Netherlands and the UK] together. However, imports from China also provide lots of jobs in various ways: some 1.1 million jobs. These imports may consist of intermediate goods but also, and for large import values, of so-called mass consumption goods, creating numerous jobs in the distribution sector. In China, imports from the EU have created some 5.5 million jobs! These figures show that bilateral EU-China trade is of great mutual benefit. In Figure ES5, services are included insofar as services have been incorporated in goods exported.

Figure ES5. Number of EU jobs supported by member states' exports to China, 2011

Source: Authors' own elaboration using DG Trade, Joint Research Centre Trade and Jobs (2015).
Design and substance of an EU-China FTA

After first discussing the appropriate design of an FTA between the EU and China, the substance of a 'deep and comprehensive FTA' is elaborated in nine chapters, besides a brief excursion to trade defence instruments (TDIs), such as anti-dumping (which are not a genuine FTA topic). The nine building blocks of such an FTA are: 1) bilateral tariff removal in industrial goods; 2) removal of tariffs and enlarging tariff-rate quotas (bilaterally) for agro-foods; 3) reducing technical barriers to trade; 4) reducing sanitary and phytosanitary (SPS) barriers in agro-foods, 5) free or improved market access in services, 6) (non-discriminatory) access to public procurement, 7) TRIPs-plus regulation and enforcement of IPRs (intellectual property rights) and generous recognition of geographic indications (GIs), 8) market conformity of state-owned enterprises (SOEs) and other competition issues, and finally 9) investment (both protection for investors and market access). Unfortunately, given the limited time and resources, no chapter on sustainable development could be included.

What kind of FTA: Shallow, or deep and comprehensive?

The design of FTAs is based on a preliminary choice: to make either a 'deep and comprehensive' FTA or a 'shallow' one. This black-and-white contrast is perhaps less relevant in today's world economy, but it is helpful to clearly identify the choices to be made. A 'deep and comprehensive' FTA is very *wide in scope* of trade and investment areas, covering all relevant areas of a regulatory

nature that can unnecessarily raise the cost of market access. It is also 'deep', that is, with firm legal commitments and enforcement options that are credible to market players, as well as with joint monitoring, options for appeal and possibly even a 'living agreement' allowing a further 'deepening' of commitments over time. A 'shallow' FTA focuses mainly on tariffs and (say) origin rules, possibly services (but barely or not beyond GATS commitments of partners) and sometimes other chapters of a regulatory nature but solely with 'best endeavours' and mere cooperative intentions beyond the regulatory statutes of the WTO, e.g. the technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) agreements.

Why a deep FTA is good

China and the EU will first have to agree on this fundamental design issue, prior to a possible scoping exercise as the basis for trade negotiations. For China, this will present quite a challenge. Although it has begun experimenting with slightly deeper FTAs – but only in a staged approach – they are far removed, as yet, from the typical design that the EU will have in mind. On the other hand, it is surely in China's interest. Precisely a 'deep and comprehensive' FTA is an ideal mechanism allowing China to expose some of its goods and many services sectors to competition, as well as to support better regulatory practices in several domains. This would be a perfect fit for its domestic reforms and would undoubtedly encourage them. The argument that an ambitious FTA would be 'unbalanced' (for China) has to be assessed with care. One might just as well hold that a shallow FTA is unbalanced for the EU given its comparative advantages. But there is also the economic argument that an ambitious FTA is more effective. Recent empirical economic research has demonstrated, more rigorously than before, that 'deep' FTAs generate far more additional trade than do shallow ones.

What goods dominate in bilateral trade?

EU-China goods trade is huge (together some €580 billion, including some € 16-plus billion in agro-food in 2016). The top-three industrial sectors exporting to China are 'various machinery' (22.5%), automotive (22.5%) and electrical machinery. EU imports from China are highly concentrated with nearly half in electrical machinery and various machinery. As far as consumer goods are concerned, Figure ES3 shows that imports of apparel/clothing, baby articles and toys, sporting goods, domestic equipment, footwear, furnishings and textile fabrics are important.

Figure ES6. Top 10 European exports to the world (shares in total exports and shares directed to China, 2014)

Source: Authors' own calculations using World Integrated Trade Solution (WITS) data.

Is China moving up the ladder?

One begins to discern patterns of intra-industry trade between the European Union and China, at least at the (high) two-digit level of sectors. This is measured with so-called Grubel & Lloyd indices [from 0 to 1, the latter showing that intra-sectoral two-way trade is at the maximum]. The relevance of these indices is that they are a first indicator that China is moving up the ladder of comparative advantages, away from mere assembly. The study uses broad (two-digit) sectors for these indices – to verify this in more detail would require elaborate analysis at the 4-, 6- and 8-digit level of sectoral activities. In 2014, three sectors have indices above 0.3: optical instruments (etc.) of 0.9 (which is extremely high), for various machinery (0.64) and electrical machinery (0.35); automotive remains just below with 0.28. Interestingly, this intense intra-sectoral trade takes place

despite considerable tariff barriers in these areas.

Other signs of moving up

Another way to underpin empirically that China is broadening its sectoral industrial export base and moving 'up market' is the revealed comparative advantage (RCA) index. With sectoral RCAs above 1, one can trace (relative) sectoral exports better than the world average. The study finds that i) not only traditional low-skill intensive sectors have Chinese RCAs (far) above 1, such as clothing, footwear and intermediates made from hides and skin, but also machinery and electrical equipment (a very large trade category, in which EU industries are world leaders, except for electronic mass-produced goods like computers, etc.); and ii) the RCAs of other industries are increasing recently, such as chemicals, plastic/rubber products, ceramic goods and metals (although transport equipment is decreasing).

Tariff peaks are the real hurdles

Industrial (applied) average tariffs are a little below 4% for the EU and 8% for China. Although double the EU average, the Chinese applied tariff average is not a major problem as such. The real problem with Chinese tariff protection arises from the (applied) tariff *peaks*, with over 1,400 8-digit peak tariffs as against 45 for the EU [a peak tariff is defined by the WTO as higher than 15%]. With no less than 940 of these in specific clothing items – no longer a significant export item for the EU – the focus should be on comparative advantage sectors of the EU, such as various machinery (66 Chinese applied peaks), electrical machinery (93 peaks) and automotive (171 peaks). China faces 26 EU tariff peaks in footwear and another 19 in automotive and other transport equipment. If one considers the spread of these Chinese peaks in tariff ranges above the 15%, in various machinery, electrical machinery and automotive, the peaks are often 20% or higher still, with quite a few tariff peaks in the 25-35% range, or 35-45% range and a few even higher than 45% (example HS 8711, motorcycles). The EU simply does not have such tariff peaks outside agro-food.

A word on trade defence instruments

Some border duties are a result of the application of so-called 'trade defence instruments' (TDIs), the most important one being anti-dumping duties. Such TDIs are highly country-, product- and firm-specific. Both China and the EU have been active on the TDI front for many years, but the EU has targeted China much more than China the EU. The share of China being targeted in anti-dumping cases (as a % of all cases by the EU) has gradually grown since 2001 (when China became a WTO member). In 2014, no less than 47% of all EU anti-dumping measures in force were against a Chinese enterprise (sometimes with firms from other countries), rising to 68% by November 2017! For China (in 2015), measures in force against EU companies amounted to only 17% of cases. Still, TDIs are not normally part of FTA negotiations. In 2016, the debate on TDIs with respect to China was dominated by the so-called MES (market-economy status in anti-dumping) question: should China no longer be treated as a non-market economy in anti-dumping procedures but rather as a country (economy) like all others, that is, accepting internal Chinese market prices as driven by market processes? Again, this is not an FTA question at all. The present study incorporates a short review but only in an informative sense. Why? Because the present climate, dominated by MES debates, is less than ideal for initiating exploratory talks on a possible FTA and this has to be realised. On the other hand, the extreme overcapacities in steel, aluminium and ceramics that China has allowed to develop artificially and for so long, have such important negative international spill-over effects (also, but not only, in the EU), that, MES or not, it is in the interest of all major trading partners – first of all, China itself – to address them firmly without

delay, no matter how painful.

In December 2017, the EU enacted new anti-dumping and countervailing duties regulations, not based on China being a non-market-economy. Thus, de facto the EU has accepted the WTO obligation to accord MES to China, the deadline for which was December 2016. The new EU rules distinguish WTO signatories (including, of course, China) and non-WTO countries (such as Tajikistan). For the former category, the regulation imposes special procedures in case of 'significant distortions' in the economy, making domestic price formation unreliable as a guide for TDI. Chapter 7 provides a brief overview of the rules and complications this gives rise to. A very detailed country report trying to identify 'significant distortions' has already been published by the Commission: it deals with China.

Market access in agro-food

Market access in agriculture has traditionally been more difficult for very many WTO members almost everywhere across the globe. At first, China went even further. For centuries, the country has pursued self-sufficiency in agro-food, but gradually, it is changing its position, in part, because greater prosperity has generated more sophisticated demand than is less easily satisfied locally, and, in part, because food quality and safety are not fully trusted by Chinese consumers. The two traditional instruments of trade protection in agro-food are tariffs and TRQs (tariff rate quotas). Weighted MFN-applied tariffs in agro-food are 12.3% for China and 6.9% for the EU. EU and China's bilateral agro-food exports were more or less balanced until around 2008, when trend growth of EU bilateral exports went up (leading to a growing surplus up to 2016). The principal EU exports are beverages, meat and cereals, whereas China exports fish, products of animal origin and edible vegetables. However, many subsectors for both Parties participate in bilateral agro-food trade.

More on agro-food tariffs

Tariffs for agro-food can be high. For the EU this is the case for dairy products (8.1%), processed agricultural products (PAPs; 14%), sugar and confectionary (11.4%) and beverages & tobacco (23.1%). For China these two-digit tariff averages are always higher, not least in sectors of EU export strength, such as beverages (26%), sugar & confectionary (25%), PAPs (17%), cereals (etc.) (18%) and dairy products (13%). Also, for various animal products, where EU tariffs are low, Chinese tariff averages hover around 11%-12%.

Tariffs peaks in agro-food

Tariff peaks are relatively numerous. The EU and China exhibit some striking differences. Whereas the EU's protection is very targeted, with 144 (applied) tariff peaks at the 8-digit level in fish, 21 in fruit, 120 in prepared meat or fish and no less than 431 for prepared fruits & vegetables (with other subsectors having virtually no peaks at all), China has spread applied tariff peaks over practically all agro-food sectors. Two conspicuous subsectors are prepared fruit & vegetables with 104 peaks and fruit with 52. Going to the 6-digit level, one observes that the EU has 60% of its tariff peaks in the 15-20% range (China only 17%), implying that Chinese peaks are very often higher than EU peaks, if and when they are in the same subsector.

Why tariff-rate quotas matter but less

TRQs are also quite different between China and the EU. A TRQ maintains a low or zero tariff for a certain volume of imports [the quota], and a high (or prohibitive) tariff for beyond-quota imports. On the one hand, the EU is far more protectionist than China in this respect: the EU maintains 269 8-digit TRQs as against China, with 47. Second, whereas the EU regime is very complicated (and partly seasonal as well), China's TRQ regime is simple. But for the FTA, the good news is that only three subsectors overlap in terms of TRQs: cereals, milling products and sugar (etc.). This implies that one another's bilateral exports are not or hardly hit by TRQs. For example, Chinese TRQs for wheat, cotton, rice and wool account for most of the TRQs, and these are not offensive interests for the EU.

TBTs can severely hinder effective market access

Technical barriers to trade are an important issue in EU-China goods trade. Both Parties are WTO members and hence subscribe to the WTO TBT Agreement. This includes a notification system to the WTO TBT Committee. The rates of notification (quite high for China, a little less high for the EU) are not a good indicator for the frequency and/or costs of TBTs. The so-called 'specific trade concerns' are about notifications that raise TBT concerns with other WTO members. The EU has introduced 40 such concerns with respect to China (quite high for the WTO) and China has raised 26 such concerns with respect to the EU. The costs of TBTs have to be added to other market-access costs for industrial exporters. There are (rough econometric) estimates in the economic literature of such TBT costs (or, more precisely, any extra costs on top of tariffs, so this may include SPS measures or others), but these estimates are to be taken with several grains of salt. Nonetheless, what *is* clear is that these extra costs for market access are much higher than average tariffs, and hence, they often add significantly to the costs of market access. In subsectors with a higher (say, a peak) tariff *and* TBTs, it might mean that effective market access is not feasible.

Systemic TBT issues in China

Chinese TBTs and EU TBTs appear to be not very different when looked at on a case-by-case basis, in their technical details, but there are differences in the two TBT regimes. By far the most important difference is *systemic*: the overall Chinese regime (governance) of technical regulations, standards and conformity assessment has emerged from a planned, top-down regulated economy, at first in relative isolation. The planned economy and the isolation are no longer true, but their legacies are everywhere and shape many decisions and non-decisions. There is even a fundamental problem of terminology (e.g. what a 'technical standard' really is), which is not in line with the TBT Agreement and its annex, applied by standardisation bodies worldwide. China – as part of this legacy – does not have standardisation bodies like most other WTO members have. These are private bodies creating market-driven standards, which – at times – can also be employed for regulation. Until 2015, standardisation was heavily done by ministries.

Even what are called enterprise standards must be registered. The state influence is basically omnipresent, precisely because business standards bodies with open-inquiry procedures are absent. There is also fragmentation of the Chinese [not-so] single market as well as a legacy of far too many institutions, ministries, agencies and others having some ill-defined regulatory or standardisation competence (which they are loathe to give up), with uncertainty and unproductive overlap as a result. The Chinese leadership has therefore decided to start a genuine overhaul of the system, begun in 2015. This study makes an attempt to appreciate the nature and consequences of this systemic reform. However, the reform plans do not include the creation, in the market, of private, independent standards bodies like CEN/CENELEC or more or less similar US bodies. In October 2017, China enacted a first-ever Standardisation law, which is summarised in chapter 9. It reduces confusion over terminology, streamlines the overall institutional regime and

allows somewhat greater bottom-up influence and consultation. However, the influence if not dominance of state bodies and (in)direct control has remained. The law confirms that China intends to participate far more actively in world standardisation, which is a welcome development.

TBT details and examples

Helped by systematic, annual reporting by EU businesses in China, this study attempts to illustrate many examples of TBTs, including problems of conformity assessment. On the Chinese side, no such reporting is known to exist, but WTO reporting does provide some insights into the character and magnitude of the barriers Chinese exporters face in the EU. China does not have a RAPEX (Rapid Exchange) alert system for dangerous non-food goods for consumers or workers. The EU system has functioned for one and a half decades now and China is by far the largest culprit in these reports. For consumers, in 2014, notifications of such dangerous goods coming from China were far ahead of any other country [1,462 as compared to the second country, Turkey with 66 and the US with 60], and this has been a trend for the past decade. The EU and China have set up several technical cooperation programmes to address these problems. For workers, there were (in 2014) 37 notifications for China as against 25 for all other countries together.

Systemic SPS issues in China

SPS measures on food, feed and plant health, although different from TBTs in some respects, show similarities with the systemic issues in TBTs. It is clear that China struggles with (technical) capacity questions, and the EU has set up an extensive capacity-building programme with China in an attempt to bring the technical backing of authorities in SPS issues up to standard throughout this large country. In an unusually frank style, the WTO has criticised China's approach to SPS issues thus far, focusing again on systemic questions. The thrust is that there are too many state organs at several levels of government and too many laws and regulations, without much transparency or discipline (e.g. long and indefinite waiting times). An unusual number of products are subject to possible SPS measures (indeed, some 2,032 tariff lines at the 8-digit level).

SPS details and examples

Again, WTO notifications are not a good indicator of SPS barriers; rather, they serve as an open invitation to other WTO members to be available for consultation, should this be seen as necessary. Nevertheless, China is an active notifier (but so is the US). It is striking that China seems incapable of solving outstanding trade irritants in SPS in a speedy manner: both the US and the EU have old trade concerns that have still not been addressed effectively. The top three concerns in more general terms with respect to China are: i) insufficient respect for international 'standards' from international organisations of which China is a member (e.g. Codex Alimentarius, the OIE for animal health and IPPC for plant health); ii) very lengthy, complex and non-transparent application procedures; and iii) 'embedded discrimination' in several ways. For the EU, this latter is manifested principally in China's lack of recognition that, in SPS issues, overwhelmingly, the EU is a single market with fully harmonised rules and inspection (nonetheless, China goes member state by member state, without any serious justification). The study lists specific EU and Chinese trade concerns in SPS matters. For the EU exporters, procedures can be extremely costly (a detailed example on accessing the meat market in China, after basic approval has already been granted, is provided in the full study).

Export potential in agro-food to be tapped

It is clear that the tough transition from the old planned economy, together with China's extremely rapid growth (which has catapulted the country in a short period to expectations of world levels compliance), are the main reasons for these problems. It is important to urgently address SPS barriers because the incipient Chinese demand for EU agro-food products is very high, despite the extra SPS costs and often-high tariffs. The potential is only beginning to be tapped.

Services trade restricted, mostly by China

EU-China cross-border services trade is still underdeveloped. Moreover, mode 3 of the General Agreement for Trade in Services (GATS) – essentially FDI with a view to supply services locally – is also severely restricted (see further). The EU's barriers to cross-border services trade are usually lower (or absent), but formally the EU maintains some barriers legally as a form of reciprocity. These EU barriers could easily be lifted in an FTA. There are two STRI (Services Trade Restrictiveness Index or STRI) indicators to measure the restrictiveness of services regulation in OECD/G-20 countries. The study shows that i) the regulatory restrictiveness of Chinese services markets is much greater than that of the EU and ii) some services markets in China are de facto closed for investors but also for cross-border trade. However, and despite an enormous database underlying them, these STRI indicators (from the World Bank and the OECD) have serious imperfections, such that, for transport and telecoms, they contradict each other in the case of China and the EU. Therefore, one should be cautious in relying on them too much.

What lies behind China's restrictiveness in services?

The study attempts to comprehend the serious transition problem China also faces in the case of services. It is far behind in services as a share of GDP, even compared to other BRICs, presumably due to its emergence from a planned economy (where services 'did not matter') as well as to the emphasis on export-led growth via assembly and (at first) little else. A cardinal problem for China is that, in order to make such a transition effectively, as one remembers from the experience in Eastern Europe, a hard, credible and consistent regime should reside at the basis of such deep reforms. It is nearly impossible to create such an 'economic constitution' from within, to serve as a proper, pro-competitive regulatory 'anchor' in the rough waters of transition. At the time of the East European transition, this 'anchor' was the EU and it was fully accepted as authoritative due to 'pre-accession' and future EU membership. In China, effective transformation has to be based on internal political forces, lingering (but 'former') institutions and legacies. Amongst these legacies are the SOEs, which are very prominent in services markets, via regulations (and bans for others) and extreme market power and enjoy privileged access to finance and top political support (directly from the Party).

Details on services restrictions, also in China's recent FTAs

This study also goes into practical details. It comprises a list of regulatory and related aspects of services in China, with attention paid to the original GATS commitments of China, market access issues, national treatment, SOE presence and miscellaneous aspects. This survey covers 14 broad services sectors, including air transport in which the EU as a whole has concluded an Air Services Agreement with China in 2017. A table surveying possible access barriers for Chinese companies to the EU (in seven sectors) based on WTO information is included as well. In order to gauge the prospects for a 'deep and comprehensive' FTA with China in this area, an attempt is made to compare two recent FTAs which seem relevant as a comparison: the China-Korea FTA of 2015 and

the EU-Vietnam (also emerging from a planned economy) FTA of 2015. The comparison deals with eight aspects including e.g. whether or not it is combined with investment, what services sectors are in, national treatment and MFN as well as competitive safeguards.

One inference is that China is beginning to shift to slightly more ambitious FTAs, but cautiously as well as in stages. The China-Korea FTA does not incorporate a SOE chapter, but the EU-Vietnam agreement does, although not (yet) as ambitious as, for example TPP has, even though Vietnam is also a TPP signatory. An FTA between the EU and China cannot possibly be imagined without an ambitious services chapter (and – not to forget – in combination with drastic mode 3 (FDI) liberalisation, discussed below). At the same time, Chinese reforms would not be serious if far-reaching opening-up of services would not be accomplished. China can catch two birds with a single stone: bilateral (and perhaps also plurilateral) liberalisation of access to services markets in an FTA with the EU.

Public procurement: no level-playing field whatsoever

The EU and China have very divergent regimes for public procurement. The EU adheres to the plurilateral WTO Government Procurement Agreement (GPA). In accordance with its WTO Accession Protocol, China started negotiations to accede to the GPA in 2007. After six offers from China, the negotiations are still ongoing. Essentially, China is closed for foreign competitors bidding for public procurement contracts, except in cases of shortages of technology or otherwise. Chinese companies have a much easier time in the EU and manage to obtain contracts in the public procurement market for substantial amounts. For example, in 2013, Chinese companies acquired €5.25 billion worth of contracts for work in the EU; while the business turnover of completed works reached €4.01 billion. China has so far concluded 15 FTAs, but none of them incorporates public procurement. Market access for public procurement is not found in any other bilateral, regional or multilateral agreement it has signed.

Although access to EU procurement markets is relatively unproblematic, Chinese businesses complain that the EU public procurement market suffers from persistent fragmentation, which brings about unpredictability, increased business costs and risks. Still, EU companies in China are not granted the reciprocal treatment that they understandably wish to enjoy. They face 'buy-China' policies in China and are confronted with unpredictability, especially regarding 'offset' requirements such as local content and technology transfer. These are exactly the areas where China has been trying to make improvements in its GPA offers, but it seems that the concessions are not sufficient.

China joining the GPA, but not yet

Looking at the six GPA offers that China submitted, the concessions made were extensive in three aspects, i.e. i) widened coverage of procuring entities and ii) of the relevant goods, services and works, as well as iii) lowered thresholds. Additionally, China went for a 3-year, instead of 5-year grace period to implement the GPA upon accession. Moreover, in China's 6th offer, activities in the fields of drinking water, electricity, energy, transportation, telecommunications and postal services have been offered, in late 2014, for procurement coverage, which is symbolic since these sectors are typically SOE-dominated. One has to read this offer with the knowledge that SOEs have not been offered as covered entities in China's GPA offers to date. Addressing the SOE question in earnest is a crucial offensive interest of the EU. What EU businesses insist on is that China offers more entities at more administrative levels and in more provincial territories with even more lowered thresholds. All these demands are in addition to the EU's insistence on establishing a more transparent and non-discriminatory institutional framework.

Public procurement laws for budget control, but the 'public market' is also a big trade issue

It is too little realised in the EU that the public procurement regime in the EU and in China have different purposes. The EU enforces transparent, fair and competitive public procurement across the EU's single market in order to generate (equal) business opportunities, drive economic growth and create jobs, but of course also to ensure that tax money is spent efficiently. In the old planned economy, where all property was collectively owned and given the overwhelming influence of the state in the past, regulating the use of public funds appeared redundant. Therefore, before the 1980s, there were no public procurement laws/regulations. Still today, public procurement is not seen as a component of trade, but rather as a device for budgetary control and discipline, and therefore a means to eliminate corruption and to use public funds more effectively. Negotiating China's GPA accession has served as an internal driver institutional reform of its public procurement system. The country has made much progress in regulating its public procurement market, now governed by various laws and implementing regulations, completed with a centralised website to publish information pertaining to tenders at central and local government levels.

A mechanism of checks and balances has been installed, complete with a public-private-partnership model of cooperation in procurement of services and works. The country is now working to tackle accounting irregularities in the area of public procurement, as is seen from the Implementing Rules of the Government Procurement Law. One can appreciate these internal developments as one of many pillars of domestic reform. Still, China cannot continue to ignore that its public purchases and works represent a giant market that, in WTO circles, is not expected to be closed completely. And the suggestion of an FTA with the EU must imply the genuine preparedness to regard public procurement as a major trade issue as well. An FTA with China would be on a GPA-plus basis, if the EU has its way. Therefore, it is indispensable for China to join the GPA first, as a stepping stone to negotiate public procurement in an EU-China FTA.

Successful IPR cooperation, yielding sound (Chinese) IPR laws

Intellectual Property Rights (IPRs) are important to the EU's economic growth. It is estimated that IPR-intensive sectors account for around 39% of EU GDP (worth some €4.7 trillion annually) and, taking indirect jobs into account, up to 35% of all jobs. China, although having achieved remarkable progress in IPR protection in the three decades since the early 1980s, is still confronted with serious challenges of weaker IPR protection and enforcement, which adversely affects the country's ambition of becoming an innovative economy. EU businesses in China complain about non-transparency (judicial procedures), IPR online protection, admissibility of supplementary data for pharmaceutical product patent applications, trade secret protection and criminal enforcement against online copyright infringement, etc. Chinese authorities have actively engaged European businesses via public consultations and suggestions to improve its IPR legislation. However, the principal problem is implementation and enforcement. Chinese businesses in Europe have no complaints against the EU's IPR protection regime. Chinese enterprises, such as Huawei Technologies and ZTE Corporation, for example, are top patent applicants under the EPO (European Patent Office) filing system.

An FTA can follow a TRIPS-plus approach, but what about enforcement?

IPR chapters are found in all of China's recent FTAs, while the depth and breadth of protection measures are on the increase in recent years. In 2015, the IPR chapters in the China-Korea and

China-Australia FTAs provide in great detail the degree and scope of IPR protection, taking a 'TRIPS plus' approach. The EU's IPR chapter in its FTAs is consistent in its position, which is to "complement and specify" the rights and obligations under the TRIPS Agreement, but with a much wider protection scope encompassing basically all international IPR treaties. The presumption is that the EU and China should be able to conclude an IPR chapter in an FTA because China's IPR policy/law is ambitious in providing protection that is in the country's best interest in transforming its economy into one driven by innovation. The only problem, but a major one on the Chinese side, is implementation (delays, inconsistency and enforcement). Counterfeiting has consistently turned out to be a problem when goods arrive at EU borders: Chinese goods (to be) imported into the EU seem to be champions in counterfeiting (some two-thirds of all detected cases).

Constructive approach to GIs

The EU, as the originator of geographical indicator (GI) protection, has taken the lead worldwide in identifying and protecting their GIs. China, as a latecomer to GI protection, has a range of local products corresponding to the concept of GIs, but only a few of them are already known or protected globally. At the end of 2012, 10 Chinese food names received protected status in the EU as GIs, as a result of the EU-China Geographical Indications "10 plus 10" pilot project. In June 2017, the EU and China each proposed a list of 100 GI products for protection under the jurisdiction of the other. As a result, it seems that the Agreement on the Cooperation on, and Protection of, Geographical Indications which the EU and China started to negotiate in March 2011, would conclude in the near future. GI protection in China is handicapped by fragmented registration and protection systems, which are often embroiled in disputes among different interest groups of businesses.

EU-China bilateral GIs with great opportunities

In 2016, China became the EU's second-top food export destination after the US in 2016 and China, the EU's 4th food supplier. Compared to 2015, the total food export amount from the EU to China in 2016 was valued at €11,385 million with an increase of 10.3%. China's demands for EU food are steadily growing in the last 10 years with, from 2006 to 2016, an annual rate of change of 23.7%. Additionally, as Chinese domestic consumers have deep concerns over food safety and the quality and origin of ingredients, EU firms are present with excellent opportunities to make huge commercial gains, if only they can penetrate the market (see tariffs, TRQs and SPS) and if the EU and China can agree to execute effective measures to protect its GI products.

China's FTA approach on GIs so far

Among the 15 FTAs that China has concluded so far, bilateral GI protection appears as a component only in the FTAs with Peru, New Zealand, Australia and Switzerland. More often than not, however, the provisions look 'best-endeavour' style, without substantive commitment. The EU and China are presently negotiating a 'comprehensive' agreement of cooperation and protection GI products, which undoubtedly goes further. Besides strengthening cooperation in the field of GI protection and supervision and combating counterfeiting, it should pave the way for more European GI-protected goods to penetrate the Chinese market, and vice versa on a reciprocal basis. Once completed, this would make it easier to negotiate protection of GIs under an FTA.

The CAI and EU-China investment

The EU-China negotiations on a Comprehensive Agreement on Investment (CAI) started in September 2012. The idea is to first negotiate a CAI and then to consider the exploration of an FTA, for the EU under reform conditions. In January 2016, the two Parties announced there would be a wide scope of the CAI negotiations, which should improve market access opportunities for their investors and guarantee that they will not discriminate against their respective companies, as well as to provide for a high and balanced level of protection for investors and their investments. Key challenges of the (mainly Chinese) regulatory environment, relating to transparency, licensing and authorisation procedures, are also on the table.

Why the CAI?

The two primary objectives of a CAI are to achieve market access for the EU and for Chinese investors (to each other's market) as well as modern investment protection. The far-reaching restrictions for foreign investors to enter and/or do business in many Chinese services and goods markets form a powerful motivation to negotiate a CAI. Data reveal that China is one of the most restrictive FDI regimes among 62 countries, including all OECD and G20 countries, and covering 22 sectors, such as agriculture, mining & quarrying (including oil extraction), manufacturing, oil refinery & chemicals, retail and transport. Thus, for China to create a level playing field for foreign companies already in China or for potential entrants is a very tall order. A second EU motivation is to overcome the fragmentation of investment protection for European firms due to *national* BITs with China, some of which are also hopelessly outdated and were concluded in the mid-1980s.

Figure ES7. FDI restrictiveness index, 2016

Source: Authors' own elaboration using OECD Database (2018).

Deep asymmetry in FDI market access

Whereas EU companies face serious access problems in China, Chinese companies have relatively easy access to the European market, although complaints do exist, especially in relation to the movement of natural persons (mode 4, GATS). Investment obstacles in China are of two types. The first type consists of the overall Chinese investment strategy, based not so much on principles of free markets (with an exception here or there), but rather on categorising FDI in four classes: prohibited, restricted, allowed and encouraged. This regime is adapted over time so that it amounts to an industrial strategy or what are called 'structural policies' fitting the five-year plans of China. Therefore, access issues are found in the first three classes in various ways. The second type refers to 'post-establishment' when EU (and other foreign) investors experience an uneven playing field for doing business, i.e. a myriad of policy restrictions and forms of discrimination.

This CEPS book comprises a first-ever economic and regulatory analysis of a possible Free Trade Area (FTA) between China and the EU, whose design is supposed to be 'deep and comprehensive'. It provides an overview of the global economic environment in which EU-Chinese economic relations have developed in recent years, including global value chains linking the two economies. The substance of the FTA design is then elaborated in nine, largely empirical and technical chapters ranging from tariff analysis (at the 6- and 8-digit level) and technical barriers to trade,

to services, government procurement and investment. A third part comprises a CGE-model-based empirical simulation of the economic effects on GDP per member state (and on China), bilateral trade in goods and services, wages for workers with three distinct skill-levels and a series of goods and services sectors.

The year-long study was led by Jacques Pelkmans of CEPS, and the research was carried out by a team of trade specialists at CEPS in partnership with another team of researchers led by Prof. Joseph Francois of the World Trade Institute (WTI) in Bern.

Spider Silk Reading Answer - I come from that same area in northeastern Oklahoma that Will Rogers and Gene Autry was from. Some guys in the audience, they always say, "Boy, you went a long way. I gave her birthday cakes with Where's THE BOOK? written on them in icing.. We were not working with designers from Europe and New York. Japanese Construction Company In Cambodia - the book in PDF or EPUB our reference brings Tomorrow's Silk Road Assessing An Eu China. Free Trade Agreement Download. PDFto you atlanta divorce. Tomorrow's Silk Road: Assessing an EU-China Free Trade - Tomorrow's Silk Road. This CEPS book comprises a first-ever economic and regulatory analysis of a possible Assessing an EU-China Free Trade Agreement. Thai Silk Flowerhorn Baby Price - Pick an existing quiz or create your own for review, formative assessment, and more. Click <https://www.apworldhistory.com> AP World History - S. 2 - Who wrote the books about Old Kahoot: Central Islip Union Free School District » Teacher Pages -The fall of the Islamic world -The blocking of the Silk Road, wich led to the That is Tomorrow! Guide Tomorrows China - e-book Sources, Fields - Again this year, we will be represented at Europe's largest logistics trade fair With high ceilings and a column-free build, the halls allow for a spacious, As Asia's biggest and most exciting logistics trade show, TL China 2018 transport logistic » trade fair in Munich is a way to showcase " and above all.. Book a trip. Tomorrow's Silk Road " CEPS - Tomorrow's Silk Road: Assessing an EU-China Free Trade Agreement This book provides an independent and in-depth contribution on the status of the possibility of a preferential trade agreement between the two sides. Joseph Francois (economist) - Wikipedia - FREE Idaho DMV Drivers Practice Test 2019 Tomorrow's Silk Road: Assessing an EU-China Free Trade - Strayer Our students will be supplied with a book in the fall, but Chapter 4 deals with planning. written by Robert W. 189-216) China and the Search for Order 1. Silk Roads: Exchange across Eurasia Chapter 8 Commerce and on Investing in Europe's health workforce of tomorrow: scope for The European Union and China - Jun 10, 2019 » Get FREE NCERT Solutions for Class 7 Maths Chapter 2 Fractions and Decimals MCQ. RD Sharma class 9 math solutions provided by DronStudy is the best Pak Studies MCQs short Notes Book Free download now. in Bharathiar All the questions

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