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### **Five suggestions for a more vibrant EU China trade and investment relationship in the future**

What the numbers tell us is that both the EU and China are elephants in world trade. Their bilateral trade, measured in value of exports and imports, surged four-fold from € 125 Bn to € 450 Bn in the last ten years. This is largely due to China's opening and reform when it joined the WTO, and to the EU's open trade regime.

But the EU and China both need to go further in the future: whatever the "new normal" is for China's economy, exports will remain a major engine of growth; whatever the EU does, as it should, to improve its relatively low growth potential, exports will remain the most dynamic component of demand in the ten years to come.

I see possible improvements in five directions:

- First, both China and EU should be more proactive in fostering multilateral trade opening. China should increase its openness further than its WTO accession commitments of 15 years ago with a priority on services sectors. Opening up the economy would unlock China's growth potential by mobilizing human and financial capital to the most needed sectors. The EU should table bolder proposals to unlock the unfinished Doha Agenda and bring the US and others back to the negotiation table. The multilateral trading system remains the optimal forum to address many unresolved trade issues that bilateral or regional trade agreements are unable to tackle.
- Secondly, the EU and China should work together to address new obstacles to trade. Both being major players in regional and global value chains, they should focus on what matters most for oiling these chains, i.e. precautionary measures. The purpose of these measures is not to protect producers, as in the past, but to address growing consumer concerns in areas like health, safety,

sustainability. Updated rules on the use of non-tariff measures will help to smooth EU-China bilateral trade. In this area, the EU should not put all its eggs in the Transatlantic Trade and Investment Partnership, important though it may be. China, on its side, should get ready to raise quality standards substantially.

- Thirdly, the conclusion of EU – China investment negotiations should be hastened in order to open rapidly new opportunities on both sides, now that investment flows from China to EU are and will continue to be larger than the other way round. Investors need to be assured that their investments overseas will be fairly treated and effectively protected.
- Fourthly, EU and China have a joint interest in partnering in support of global development efforts, notably in infrastructures. China is doing this along the “silk road” in order to increase the capacity and security of its trade routes as a contribution to its responsibility in ensuring Asia’s geopolitical stability. The EU should launch a similar project for Africa for the same geopolitical reasons.
- Finally, both – the EU and China - should start considering and devising a comprehensive bilateral trade and investment legal regime that would also enhance technology cooperation and mitigation of climate change, thus providing economic agents on both sides with a stable, predictable and transparent roadmap capable of improving trust and confidence in the future.

What these suggestions have in common is that they have to be based on a global, long term vision, built on mutual interest and on a common belief that trade and investment opening still have great potential to improve welfare. Provided, of course, that larger business relationships bringing more efficiencies are balanced with domestic policy measures that ensure that they result in the well-being of our populations, be they workers, consumers or citizens.