



# EU-China Trade Project supports bilateral trade

**Editor's Note: In an interview with China Daily correspondent Danna Wang, EUCTP's Chinese Director Yin Weijing from MOF-COM WTO Affairs Department, Team Leader Philip Bartley, WTO Lead Expert Li Zhongzhou and Services Expert Huang Danhan describe why the EUCTP has made measurable impacts on EU-China trade relations**

Team Leader Bartley explained that the EUCTP activities were organized in six key component areas, which included trade in services, customs reform, agriculture, quality infrastructure, legal reforms and policy development.

"When a Chinese ministry meets a challenge on the road to implementing its WTO commitments," said Bartley, "it can send a request for expert support to the EUCTP team. These requests are typically generated following discussions at the annual or bi-annual EU-China trade dia-

logues which have been set up in most trade areas. Activities designed by the EUCTP team in support of these requests will take the form of conferences, seminars, and training workshops, studies or internship programs or study visits to Europe."

WTO Lead Expert Li added: "The Chinese government and provincial authorities got the bulk of the training, however industry groups and the Chinese and European chambers of commerce were strong collaborators throughout the project's six-year life."

**"During the last six decades, European economic growth has been underpinned by an unprecedented integration and harmonization process in areas such as monetary and currency policy, trade rules and regulations, and industry standards. This process provides a unique reference for Chinese policy makers, who today face similar challenges in integrating China's diverse regional economies through a continual reform process. The EUCTP is the primary tool through which such experiences can be shared."**

SERGE ABOU  
EU Ambassador to China

**"China and the EU both stand to gain from further multilateral liberalization and a stronger WTO which operates to guarantee fair trade, open markets and greater prosperity for all."**

ZHANG XIANGCHEN  
Minister and deputy permanent representative of China to the WTO



Catherine Ashton, EU Trade Commissioner, on a recent trip to China emphasizes on the importance for EU-China relationship going forward and building confidence between the two sides.

## EUCTP born out of China's WTO entry

China's accession to the WTO on December 11, 2001 was a milestone in the country's transition from a centrally planned to a socialist market economy. As part of its WTO accession commitments, China agreed to implement a series of reforms in almost all sectors of its economy. Against this background the European Union and the Chinese government jointly committed 20.6 million euros to the EU-China Trade Project (EUCTP).

In operation since 2004, the EUCTP, recognized as one of the EU's most important trade-related technical assistance projects world-wide, has supported China's continued in-

tegration into the world trading system. The EUCTP has provided technical expertise in support of China's policy, legislative and regulatory reform process as required by China's WTO membership commitments.

At the bilateral level the EUCTP has also delivered technical support under EU-China cooperation agreements, and the many trade dialogues and working groups which exist between the EU and the Chinese government.

With an in-house team of trade experts and project managers, and with the support of a strong pool of European and Chinese experts covering all major areas of

trade, the project has successfully implemented over 300 technical assistance activities designed primarily to support China-EU win-win objectives in meeting China's WTO commitments. The EUCTP has been in operation during a crucial period of EU-China relations. The most notable landmark was in 2005 when Europe became China's number one trading partner and China became Europe's second-largest trading partner.

EUCTP work has covered a whole range of trade issues. For example, it has supported China's efforts, as required by its WTO entry, to achieve a greater degree of openness

and predictability in how it makes and implements laws, regulations and other measures related to trade.

EUCTP expertise has supported efforts in building new mechanisms and channels for public information, public comment and public involvement in rule making.

This work included the drafting of general guidelines at the national level regarding the mechanisms of public comment systems. The current phase of the EU-China Trade Project ends in December 2009 after six years and its success, has laid the groundwork for a new five-year EU-China trade project, due to start in 2010.

## European experts recognize China's trade reform progress

"Reforming an economy as large as China's can't be done overnight and China still has some way to go in its trade reform agenda," said Team Leader Bartley, stressing that: "There are notable examples of progress, pointing to China's Anti-Monopoly Law (AML). Establishing a fair competition regime in China was a key requirement of China's WTO membership and was necessary to govern China's growing market economy."

The Anti-Monopoly Law, which entered into force on August 1, 2008 is China's first unified legislation regulating competition and is a milestone in the development of China's legal system.

"As competition policy is already well established in the EU," said Bartley, "so then it was possible for China to tap into the EU's experience. The EUCTP therefore played a significant role by supporting both

China's National People's Congress and the State Council during the crucial drafting phase of this competition legislation, resulting in contributions from European law in structure, terminology and concepts.

Expertise has been provided to China's anti-monopoly enforcement authorities, MOF-COM, National Development and Reform Commission (NDRC) and State Administration for Industry & Commerce (SAIC), to support the implementation and enforcement of the AML.

In addition, the EUCTP has also supported the Supreme People's Court in their efforts to draft the judicial interpretation of the AML by organizing a study visit to Europe for Chinese judges.

EU-China cooperation is on a firm footing now as Chinese officials have completed a series of internships in Europe's Competition authority and as



EUCTP Team Leader Philip Bartley

China and the EU have already organized two EU-China AML Weeks since the AML entered into force."

Expert Li Zhongzhou added that: "China's WTO commitments required the simplification and standardization of customs practices allowing for an easier flow of goods and lower import tariffs and this

has helped to reduce trade barriers. Again it is clear that having strong experience in customs reform from the EU Customs Union and initiatives such as the EU Customs Blueprints, the EU has been well placed to provide expertise in customs reform in China, with notable contributions from the EUCTP."



EUCTP WTO Lead Expert Li Zhongzhou

"It's not all plain sailing, however," said Bartley. "When trade disputes arise between the EU and China it is EUCTP experts who can play a useful role in examining the problems and studying the options. Challenges in levelling the playing field still exist. The European Union Chamber of Commerce in China, while consistently

recognizing the progress in trade reform that China has made, points out that some sectors remain off limits to European companies and further and faster reforms are required. Market access and procurement rules are two important areas and priorities requiring further attention from the Chinese government."

## Highlights of six years of EUCTP

EUCTP Director Yin Weijing highlighted three achievements that stand out.

First, assisting China's highest authorities, the National People's Congress and the State Council, in legislative and legal drafting of laws such as the Anti-Monopoly Law, Lawyer's Law and Trademark Law.

Second, the project's work has been important not only in supporting existing EU-China trade dialogues, such as those for customs reform, regulatory and industrial policies, agriculture, IPR and government procurement, but also in helping to build the confidence to launch new dialogues such as the sustainable trade task force, among others.

The third achievement, which builds on the first two, has been its contribution to strengthening EU-China government relations and to a better understanding of the differences in the regions and challenges and opportunities for trade partnerships.

Director Yin added: "Since 2004 the EUCTP has supported close to 50 Chinese government officials from both the central and provincial levels to attend internships either in European Commission units or EU member state government bodies in areas such as competition policy, IPR protection, quality infrastructure, agriculture and food safety.

"Around 250 officials have participated in study visits to Europe to better understand Europe's institutions, practices and counterparts in the EU and the European member states. More than 1,000 officials have been trained either in Europe or internationally. Therefore the EUCTP has been in a unique position to facilitate these trust and relationship building initiatives at the government and institutional level."

Team Leader Bartley summed up: "Many of the challenges that China faces today, the EU had already faced in recent years. Europe's laws for the protection of consumers, for food safety and for voluntary testing of product quality are all examples of this. The fact that the EU experience provides a good reference point for China is especially true when considering that Europe has to harmonize trade laws and regulations for 27 EU member states and the Chinese government needs to do the same for its provinces."



Neelie Kroes meets Vice Minister of Commerce Ma Xihong.

**"From the early stages of the drafting process onwards, we established a structured dialogue on competition policy issues with the Chinese authorities, and this has influenced the content of the law. Now, in the crucial implementation phase, we intend to continue working closely with our Chinese counterparts where they would find this helpful."**

NEELIE KROES  
EU Competition Commissioner

## Services sector reform a top EUCTP priority

EUCTP expert Huang Danhan pointed to the services sector where the greatest untapped opportunities exist.

Under its WTO GATS commitment, China agreed to substantially open a broad range of service sectors to foreign competition and eliminate market access barriers.

The EUCTP's job was to target priority tasks to accelerate the liberalization of the service sectors in China, ref-

erencing the EU's experience in services liberalization and regulation.

"Financial services in particular have been a priority both for the EUCTP and other dedicated EU projects. Support for regulatory reform in China's banking, insurance and securities sectors have supported legislative revisions, for example, the Chinese Insurance Law," said Services Expert Huang. "Training was

also given to hundreds of regulators from the banking, insurance and securities authorities in China, in fields such as corporate governance, financial innovation, treasury management and many others. These trainings have contributed to a better understanding among Chinese regulators of European and international practices".

Service related trade contributes to 70 percent of the

EU's GDP, yet only 40 percent of China's GDP. As services make up a significant and growing share of the world economy, there is great potential for China to further develop its services sector.

Yin Weijing added that: "Other EUCTP work in the services arena has supported China's reform efforts in sectors such as civil aviation, telecommunications, postal, construction, distribution and

urban planning, all having addressed challenges faced during the Chinese regulatory reform process."

"The bottom line," Li Zhongzhou explained, "is that services liberalization is good for China's own domestic market and ability to compete in international markets. Further services liberalization will also create opportunities for European services operators."

## EU pledges support Doha Agenda

"As the world's largest donor in the field of technical assistance support to developing countries, the EU is a strong supporter of the 'Aid for Trade' strategy and the Doha agenda for development," said Johan Cauwenbergh, head of EU Operations, Minister Counsellor.

Cauwenbergh added: "This strategy recognizes the

role of trade in generating growth, employment and income, reducing poverty and contributing to the Millennium Development Goals. The EUCTP is just one of the 13 currently on-going EU-China cooperation projects, financed through Europe Aid, with an overall budget of around €206 million."

Expert Li Zhongzhou added that there were benefits too for Europe in working closely with China on its ambitious economic and trade reform.

"By building trade partnerships with China, striving for a level trade playing field, Europe would be able to do more business with China," Li said.

More information about the European Union in China: [www.eu-in-china.com](http://www.eu-in-china.com)  
More information about the EU-China Trade Project: [www.euchinawto.org](http://www.euchinawto.org)

## EUCTP fact file

- Dealt with 25 major technical themes under WTO
- Worked with over 20 Chinese ministries and administrations and their European counterparts
- Supported 14 EU-China dialogues and many working groups
- Implemented over 300 activities in six years
- Trained more than 1,000 Chinese officials
- 248 Chinese officials visited Europe on EUCTP organized study tours
- 47 interns sent to Europe
- 15 provinces covered by project activities