

**China, the European Union and the Restructuring of Global
Governance**

6 and 7 May 2010, Brussels

**Session 1: A Multi-polar World in Crisis:
A Chinese Perspective**

Intervention by Xiaobing Tang

1. Has the World Changed?

- The answer is **Yes**.
- Today, we live in a world that has become more and more interconnected and interdependent.
- In other words, we have been more and more globalized.

1. Has the World Changed?

- **Globalization means that today a PC/laptop, a mobile phone or a car "Made in China" or "Made in India" are no longer merely made in China or India but rather made by the world as it may include inputs, services and technology coming from all over the world.**

1. Has the World Changed?

- **Why?**

A. The increasing power and strength of information and communications technologies (ICT) and ICT-enabled industries and services

- As our Director-General, Mr. Pascal Lamy once said that: "Information technologies are changing our societies in the XXI century, as steam engines did in the XIX century and automobiles in the XX century."

1. Has the World Changed?

- "Information technologies are powerful tools and instruments. They have the potential to increase productivity, generate economic growth, create jobs and employment, and improve the quality of life for all. They can reduce many traditional obstacles on doing business, especially those of time and distance."

1. Has the World Changed?

- **“They have facilitated the process of globalization by speeding the flow of information and rendering communication, products and materials cheaper than ever before. At the same time, the process of globalization has intensified competition and innovation, and expanded world trade in both goods and services.”**

1. Has the World Changed?

- Under the WTO ITA Agreement, "The elimination of tariffs for ITA products makes it possible to use the potential of these technologies for the benefit of millions of people in all corners of the world."

1. Has the World Changed?

B. As a result of the Uruguay Round multilateral trade negotiations, leading to the establishment of the WTO in 1994, and the subsequent accession to the WTO of key economies, such as China, Chinese Taipei, Saudi Arab and Vietnam, government policies and measures are becoming more liberal and open, which have dramatically increased the levels of economic integration and interdependencies among our nations;

1. Has the World Changed?

C. At the same time, there has been an increase in South/South cooperation, trade and investment, and regional integration, in particular, between developed and developing countries (NAFTA, US/Singapore, US/Chile);

1. Has the World Changed?

D. The increased FDI and presence of translational corporations in developing countries as a result of the enforcement of TRIPs protection, and liberalization of trade in both goods and services under the WTO Agreements;

1. Has the World Changed?

- **In 1990, developing countries accounted for 39% of world GDP.**
- **Today, developing countries account for 49% of world GDP.**
- **BRIC countries account for more 20% of world GDP.**
- **BRIC countries account for 42% world population.**

1. Has the World Changed?

- **BRIC's complementary trading, similar political stands and opening-up policy led to high expectations.**
- **In almost 10 years, trading among BRIC countries increased more quickly than global trading.**

1. Has the World Changed?

- China became the first trading partner of both Brazil and India, and the third partner of Russia.**
- Today, technology transfer is no longer just North/South, but also south/south, or even South/North**

2. Why We Need a Multipolar World?

- **China's experience in the area of trade**
- **As a victim of unilateralism, a multipolar world has a special importance for China.**

2. Why We Need a Multipolar World?

- **24 years ago, China's decision to re-integrate itself in the multilateral trading system constituted a fundamental element of its "Open Door" policy aimed at achieving a greater degree of re-integration in the world economy, which also underlined the strategic shift of China's economic development thinking towards a more outward-looking approach.**

2. Why We Need a Multipolar World?

- The main objective of China's WTO membership were to remove the discriminatory treatment against imports from China under the domestic law of some of China's major trading partners; and to achieve normal trade relations with one of China's major trading partners through the permanent and unconditional MFN treatment.**

2. Why We Need a Multipolar World?

- China felt that its WTO Membership would be meaningful only if it served to terminate these provisions by its major trading partners.**

2. Why We Need a Multipolar World?

- It had always been the view of the Chinese authorities that China's WTO Membership should not be based on provisions which would effectively nullify the ability of China to benefit from the WTO Agreements, nor would serve to nullify its rights as a Member of the WTO, including those which could impede its access to the WTO dispute settlement system.**

2. Why We Need a Multipolar World?

- **For domestic reasons, its participation in the multilateral trading system – WTO membership, had enabled China to consolidate its economic reform programme; and make its “Open Door” policy irreversible.**

2. Why We Need a Multipolar World?

- **At the regional level, China's WTO Membership promoted regional peace and created a more relaxed environment for its pursuit of national unification.**
- **With both China and Chinese Taipei joining the WTO at the same time, they were able to have direct trade links, which led to further increases in trade and investment between the two sides of the Taiwan Strait.**
- **Stronger economic ties have reduced political tensions between them as we can see from the most recent developments.**

2. Why We Need a Multipolar World?

- **The WTO membership enabled China to trade with other countries based upon multilaterally agreed rules and disciplines rather than rules unilaterally defined and imposed which provided Chinese exports and enterprises in the long run with more security and predictability in their access to the world market.**
- **In the multilateral trade negotiations, China has an equal right to make requests for market-access concessions from other WTO Members and claim its legitimate right in the spirit of “give and take”.**

2. Why We Need a Multipolar World?

- Furthermore, the WTO membership ensured China's equal participation in the rule-making process which is shaping the future multilateral trading system and the world economic governance.**
- Over the past decades, dramatic changes have taken place in the multilateral trading system.**

2. Why We Need a Multipolar World?

- **These changes reflected rapid changes in the world economy as a result of globalization and represented the interests of different countries and economies.**
- **In other words, WTO membership enabled China to seek its trade interests be reflected in future rule-making for international trade.**

3. A Multipolar World is better than Unipolar world?

- **BRIC's Common Vision and Global Governance**
 - **“We underline our support for a multipolar, equitable and democratic world order, based on international law, equality, mutual respect, cooperation, coordinated action and collective decision-making of all States.”**

4. What a multipolar world requires?

- **Cooperation**

- a new power sharing arrangement is needed to manage the increasing multipolar world economy

- **Coordination**

- Coherence in global economic policy-making

5. China and EU have a lot in Common

- **Today, the EU is China's largest trade partner and China is the EU's second largest trade partner.**
- **China is the second largest trading partner of the US; and, overtakes the US as Japan's largest trading partner.**
- **As major players in world trade, both China and EU have vital interests in maintaining an open and secure access to world-wide markets.**

6. Strengthening Possible Areas of Cooperation between China and EU

- **Working jointly on climate change**
- **Promoting great coherence in global economic policy-making**
- **Strengthening the multilateral trading system**
- **Promoting China-EU-Africa trilateral relations**

6. Strengthening the Possible Areas of Cooperation between China and EU

- **Conclusion of the Doha round of multilateral trade negotiations**
 - **in the areas of NTMs**
 - **trade facilitation**
 - **etc.**

7. Is China a responsible actor?

- **During both 1997 Asian economic crisis and the current world financial crisis, China has demonstrated as a responsible actor**
- **To restructure or rationalize its financial and monetary system is an important task and part of China's continuous economic reform programme.**
- **A gradual and progressive approach towards the RMB reform is perhaps the right and most responsible approach.**

8. What China and EU need to overcome?

- **China/EU need to overcome their ideological differences**
 - More mutual respect and less blame

Thank you