

29 October 2003

EU-CHINA**UNICE CALLS FOR:**

- EFFECTIVE IMPLEMENTATION OF CHINA'S WTO COMMITMENTS**
- MORE FLEXIBILITY IN THE YUAN/DOLLAR EXCHANGE RATE**

Ahead of the forthcoming EU-China Summit to take place in Beijing on 30 October and taking into account the EU's and China's proposals to provide further impetus to the EU-China relationship, UNICE, the voice of business in Europe, underlines the great importance of China for European business as a key partner at international and bilateral levels. For European companies, the EU-China relationship is still far from being fully exploited. Despite progress, they remain very concerned by the many trade and investment barriers which continue to flourish in China and the slow progress in implementation of China's WTO accession commitments. UNICE calls on the EU and China to further strengthen their cooperation so as to find appropriate and rapid solutions to these problems and to prevent, as much as possible, new ones from arising.

China has become a key and influential economic partner. It is the main recipient of foreign direct investment in the world. Its share of world exports has grown dramatically, more than five times over the last twenty years. With 6.9% of world exports it is just ahead of Canada (5.7%), and behind Japan (8.3%), the United States (15.7%) and the EU (19.5%). Against this background, the lack of flexibility in the yuan/dollar exchange rate provides China with an additional advantage and distorts competition. The EU's bilateral trade deficit with China, estimated at € 47 billion, is increasing.

UNICE draws two conclusions from this situation. First, it calls on the EU to encourage China to explore proposals that will help the yuan (renmimbi) adjust to market forces.

Second, implementation of China's WTO commitments should be accelerated. *"Almost two years have passed since China's entry into the WTO and much remains to be done"* declared Philippe de Buck, UNICE's Secretary General. He added: *"Particular attention should be paid to transparency, the elimination of burdensome regulations in some sectors and the dismantling of non-tariff obstacles to trade in goods and services, which seriously limit the benefits of Chinese market access opening"*.

European business is also particularly worried about the lack of effective enforcement of intellectual property rights. The constant increase in circulation of counterfeit industrial products coming from China has a considerable negative impact on European competitiveness. Regarding China's request for full "Market Economy Status" under the EC's anti-dumping instrument, UNICE considers that the conditions are far from being met.

These issues should be tackled urgently within the existing bilateral dialogue mechanisms and new ones to be set up. With this in view, UNICE welcomes the recent launch of an EU-China bilateral dialogue on industrial policy. Efforts should also be reinforced at all Chinese administrative levels, to ensure proper and uniform implementation by provincial and municipal authorities.

Finally, following the Cancún Ministerial failure, UNICE calls on EU and Chinese authorities to strengthen their cooperation on multilateral trade issues to move the stalled Doha Development Agenda negotiations forward, as rapidly as possible, so as to pursue the liberalisation process in the interests of the economic development of all WTO Members.

Note to the editor:

UNICE AISBL is the official voice of more than 16 million small, medium and large companies active in Europe, employing over 106 million people. Active in European affairs since 1958, UNICE's members are 35 central industrial and employers federations from 28 countries, working together to achieve growth and competitiveness in Europe.

For further information, please contact:

Maria Fernanda Fau:

+32(0)2 237.65.62

Website :

www.unice.org