China begins to take great power role in world trade negotiations

By Shawn Donnan in London

China begins to take great power role in world trade negotiations

Ever since China joined the World Trade Organisation in 2001, the criticism from the US and other major powers has been remarkably uniform: China is doing too little to advance the cause of global trade liberalisation and when the tough negotiating starts Beijing hides behind other developing economies.

The critics were at it again last week in Geneva as China, which last year became the world’s biggest trader of goods, submitted itself to the biennial ritual of its WTO “trade policy review”.

“We now need to see China’s active leadership,” the US declared in its response.

But the tropes may be starting to wear thin. Divining what China is up to – or thinking – is never easy. However, there are mounting signs that, in the world of trade at least, China is coming out of its shell and starting to take a more proactive role. And, equally significantly, that it is starting to put distance between itself and the other big emerging economies.

Events this week should provide further evidence.

On Tuesday, China will join the US and EU as they launch negotiations in Geneva for a new pact on liberalising the trade in environmental goods. That China is taking part from the beginning is significant.

It joined the January announcement of the initiative in Davos at the very last minute. But, to do so, it had to agree to forgo the “special and differential” treatment normally accorded to developing nations in WTO negotiations.

Taking part has meant peeling off from the usual developing world club in the WTO and joining the very sort of US-led “plurilateral” negotiation among a select group of members that China and other Brics members are used to loudly protesting about.

In Beijing for most of this week, US and Chinese officials will also be trying to come up with a way to end the deadlock over a badly needed update of the 1996 agreement that governs the global trade in IT products. It is one of the few potential “deliverables” expected out of the two countries’ annual Strategic and Economic Dialogue.

Last week in Geneva, while India was threatening not to ratify an agreement to remove red tape at borders that it had backed in Bali last December, the Chinese were taking a diametrically opposite stand. Even as India complained that not enough was being done to address the concerns that it and a select group of African countries had about the Bali deal, China was reaffirming its support for the agreement.

The idea that emerging economies all have unified interests in global trade negotiations has always been an artificial construct. But it looks even more so today. And a lot of that has to do with China adopting a more pragmatic attitude to the world of trade negotiations.

There is, of course, a very good reason for this. Increasingly trade is about geopolitics and China is learning to play the game more effectively.

The US has for several years now been engaged in an effort to revamp the global trade architecture by negotiating big regional and sectoral agreements in the Atlantic, Pacific and for the trade in services. Moreover, Washington is unashamedly strategic in its intentions and in articulating that the economic rise of China is one of its key concerns.

“American leadership, exercised through trade, can bolster the foundation of our power,” Mike Froman, the US trade representative, told the Council on Foreign Relations last month.
The US is not alone in seeing trade deals in geopolitical terms. As the EU has been bolstering trade ties with its eastern neighbours, Russian president Vladimir Putin has been assembling his own Eurasian Customs Union. China itself has been negotiating new trade agreements with its neighbours and trying to assemble regional rivals to the US-led Trans-Pacific Partnership.

The crucial question is just how effective China can be at the negotiating table and plenty of people harbour suspicions about its intentions there. But the world of trade is changing and China is clearly changing with it.

Robert Looney  | Change your pseudonym

1. Mr Shawn Donnan writes of China:
"It joined the January announcement of the initiative in Davos at the very last minute. But, to do so, it had to agree to forgo the “special and differential” treatment normally accorded to developing nations in WTO negotiations."

2. “special and differential” treatment in its application in WTO agreements means very little in practice. It means the possibility of a more relaxed time line in coming into compliance, but the application tends to be rather limited. Little regard is paid to this principle in dispute settlement for example.

3. Politically, China’s self-identification as a developing country continues for now, and I do not foresee a change in that anytime soon.

4. Mr Donnan is on to something worthwhile though in thinking of trade negotiations in geopolitical terms, and one would encourage him to work on that aspect. A comparison of US and China’s behaviour in Asia-Pacific in this respect would be illuminating and worthwhile.

Economy

Yes, by all means compete in the arena of global trade and economics. That may be the only real hope for many of the world’s poor in developing world as the economic superpowers seek to gain their countries’ favour...provided, of course, that such countries get leaders who fight their people’s corner and are reasonably astute to play one superpower off against another. I like these sites:

http://www.storecolor.net
http://www.shoeskonn.com
http://www.spmeno.com

Kandaswami Subramanian

If the Chinese intention is inscrutable, it is too much to read its role deviating from emerging countries. Bali was a half boiled deal and India wanted it for its own domestic reasons. At the end, it was a pyrrhic victory which will not serve Indian interests. China never had any problem with TF issues and knows how to safeguard its interests. Thus it is not appropriate to see ts stand in Geneva as divisive. In fact, it can be said that India had isolated other emerging countries in its eagerness to get some agreement in Bali and has now to rue the consequences.

Wild Cat

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Old School Canuck

An excellent commentary--follow-up would be helpful, though.

Beijing Rose

China will bully everybody- that is always been policy one.

newslover

@Beijing Rose

I know that logic of your world. China is a bully because she could no longer be bullied by the colonialists: the opium seller and the slave master.