



EC-CHINA TRADE MECHANISM – A NEW ROLE FOR A NEW GOAL

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ABSTRACT: In the course of recent years, Washington has come to grasp an approach of key challenge with China. The Trump organization's National Defense Strategy and National Security Strategy clarify that the United States considers China to be an incredible power rival militarily as well as in a challenge for financial and mechanical amazingness.

Accordingly, a successful alliance to deal with China's ascent can never again focus on Asian security organizations alone yet should now incorporate the world's foremost groupings of monetary power, mechanical advancement, and liberal popularity based qualities. Among these are a large number of the United States' accomplices in the Indo-Pacific, for example, Australia, India, and Japan. In any case, the European Union and its real part states are additionally winding up progressively basic U.S. partners in managing China.

As EU-China summit approaches, Europe has started to on a very basic level reevaluate its China strategies. The move is so generous than even prepared Asia hands have depicted it as a "transformation." Despite contrasts among the EU part expresses, the general push of the change is in combination with the new U.S. approach.

KEY WORDS: Transformation, General push, Belt and Road Initiative, systemic competition, export controls, Transatlantic mistrust

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Over the past 2 years, Washington has come back to embrace a policy of strategic competition with China. The Trump administration's National Defense Strategy and National Security Strategy shed light on that the us sees China as an excellent power rival not solely militarily however additionally in an exceedingly contest for economic and technological ascendance.

As a result, an efficient coalition to manage China's rise will now not center on Asian security partnerships alone however should currently embody the world's principal concentrations of economic power, technological progress, and liberal democratic values. Among these are several of the United

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States' partners within the Indo-Pacific, like Australia, India, and Japan. However the EU Union and its major member states are changing into progressively essential U.S. counterparts in handling China.

As EU-China summit approaches, Europe has begun to basically rethink its China policies. The shift is thus substantial than even seasoned Asia hands have delineated it as a "revolution." Despite variations among the EU member states, the general thrust of the amendment is in convergence with the new U.S. approach. As recently as 3 years ago, member states resisted even modest changes to strengthen EU trade defense instruments, despite the flood of Chinese steel imports. The notion of associate degree EU-level mechanism to scrutinize Chinese investments was still anathema to most European leaders. If the us in early 2016 had recommended nearer coordination in proscribing Chinese access to Western technologies, a typical public front on China's non-market practices, or cooperation on infrastructure finance as a counterbalance to China's Belt and Road Initiative (BRI), European allies would have responded with a bemused rebuff.

The same logic that has driven the U.S. policy shift, however, has LED Europe to alter its stance. In March, European heads of state debated a brand new European Commission strategy paper that describes China as associate degree "economic competition within the pursuit of technological leadership, and a general rival promoting various models of governance." The proposals within the paper would amendment policies in areas starting from procural to information, fair rules to telecommunications, industrial strategy to AI.

As next week's EU-China summit approaches, Europe has begun to basically rethink its China policies. The shift is thus substantial than even seasoned Asia hands have delineated it as a "revolution."

To be sure, no European politician is probably going to require as publically hawkish a stance on China as U.S. vice chairman microphone Pence did in his 2018 speech at the Hudson Institute, wherever his all-fronts critique of China's behavior raised the prospect of a brand new conflict. However the continent's leaders progressively agree on bound underlying principles: particularly, that competition with China currently needs a comprehensive overhaul of policy instruments, which the amount of uneven openness to China is over. French President Emmanuel diacritical mark, before the recent European summit, characterized the instant joined of "European waking."

WHY NOW?

What accounts for the shift in European thinking? little doubt political and security developments have compete a role—from China's deepening totalitarianism beneath President Xi Jinping to its efforts to increase political influence in Europe. The strongest drivers of the amendment, however, are economic. Europe has lost hope that China can reform its economy or permit bigger access to its markets, and at the identical time, China's state-backed and state-subsidized actors have advanced in sectors that Europe considers essential to its economic future. The implementation of created in China 2025 (a ten-year decide to speed the event of advanced industries), a spate of sensitive Chinese takeovers in Europe, and also the BRI's export of China's domestic economic practices to 3rd countries recommend a threat that's coalescing with real immediacy.

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When it involves China, business and philosophical considerations are typically tangled. The deepening reach of the Chinese party into the personal sector, the export of China's police work and net norms through its technology corporations, the utilization of economic coercion against European states and firms, and also the impact of Chinese finance on the political and economic scenario of EU accession countries are among several samples of such a blurring of lines. European politicians ordinarily talk over with China as a "systemic competition," a term coined not by human rights advocates or grand strategists however by the Federation of German Industries. The recent story was that European business interests precluded taking a harder stance on China. Nowadays, the ever-changing calculus of economic and business advantages is exactly what has hardened Europe's position.

The idea that Europe has become a lot of hawkish on China could seem counterintuitive: on balance, European nation has simply become the primary G-7 member to register to Belt and Road. and also the European Economic Community definitely has its divisions on the problem. Member states disagree on the relative weight that ought to be accorded to detentions in state, the South China ocean, the risks hooked up to Chinese investment, the presence of Chinese corporations in European telecommunications networks, and alternative China-related problems. Spoilers, like Magyarorszag and Balkan country, are known in bound cases to dam what would otherwise have been agreement positions.

But Europe has additionally shown unity on China in crucial areas. In recent years, Belgian capital has strong its powers to act against subsidies and worth marketing, permitting it to impose higher tariffs on overly low cost Chinese imports. Europe has additionally refused to grant China its in demand market-economy standing at the world organization, founded a brand new method to coordinate the screening of investments for national security threats, and designed a property initiative to vie with the BRI. In a number of these cases, Europe adopted its position within the teeth of intense Chinese pressure. To the extent that a number of the large member states have privileged bilateral relationships with China that will undercut larger European efforts, leaders are finally beginning to remedy the matter. Diacritical mark invited EU Commission President Jean-Claude Juncker and German Chancellor Angela Merkel to affix his conferences with Xi throughout last week's bilateral visit. The EU-China summit that Federal Republic of Germany hosts next year also will be the primary to incorporate heads of presidency from all EU member states, a amendment meant to deal with the considerations from smaller countries regarding their lack of face time with senior Chinese leaders. (This concern was one among the most factors behind the institution of the factious sixteen+ 1 summit methods between China and 16 central and Japanese European states.)

Some European politicians can still dabble sporadically with overtly friendly policies toward Beijing, whether or not for the sake of jabbing Belgian capital within the eye or in the hope of eliciting a pair of extra investments. However once the experiment proves expensive, politicians have evidenced able to discard it. The UK looks to own concluded its "golden era" of relations with China in light-weight of security considerations. Central European states became enlightened with the shortage of economic advantages on provide and currently coordinate the 16+1 much more closely with the eu Union. Even Italy, once language a political agreement on the BRI, at the same time created moves that may modify

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Rome to exclude Huawei from its 5G networks. China's political reach and influence in Europe are doubtless growing; however the roots of those relationships are shallow.

For Europe the stakes aren't any longer confined to the normal realm of policy, or China policy in and of itself. For this reason, coalitions are rising that don't map showing neatness onto a scale of relative friendliness to Beijing. The battle lines on problems like industrial policy, export controls, and information pooling for AI analysis, say, cross one another as typically as they align. Magyarország initially raised objections to the mechanism that may scrutinize Chinese investments—but then engulfed its disagreement upon determining the instrument helpful in handling Russia. European countries agree that Chinese behavior needs vital changes to Europe's approach however the ensuing debates mirror deeper questions on the long run of the EU model and also the single market, not simply relations with Beijing.

A POWERFUL PARTNER

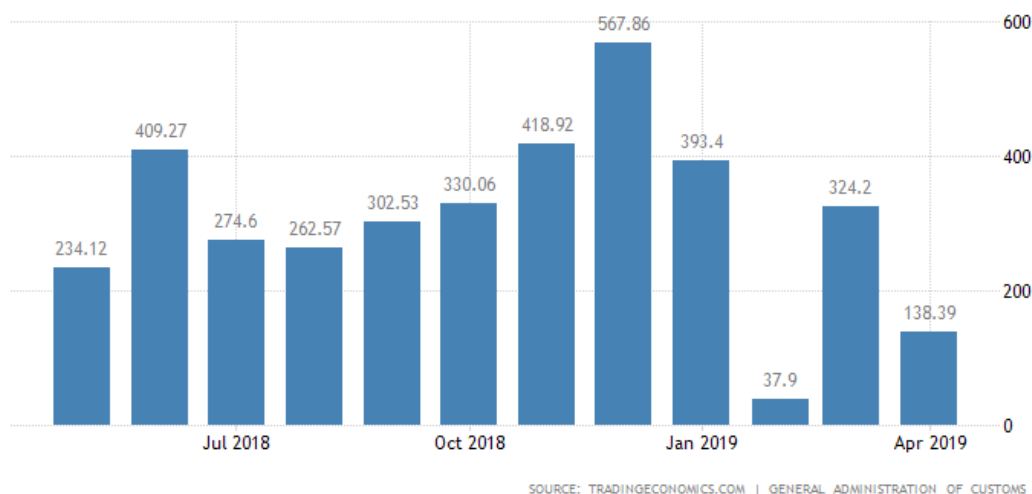
In principle, Europe's new posture toward China ought to build it a partner of so much bigger price to the US. however whether or not Europe will manage to totally rebalance its approach over the approaching year, building a more practical transatlantic coalition on toughie are difficult.

For over a decade, the US and Europe have tried to coordinate a lot of closely on China. The necessity for such coordination became significantly clear in 2005, once the EU Union created a stillborn effort to raise its arms embargo on China, despite U.S. opposition. Since then, Washington, Brussels, and bound European capitals, significantly Berlin, Paris, and London, have often consulted each other on China. However though some U.S. officers tried to make these channels into associate degree expansive framework for cooperation, for the foremost half, U.S. policymakers perceived the EU Union as a second-tier actor once it came to Beijing. China seldom appeared on the agendas of transatlantic summit- or cabinet-level conferences associate degreeed was perennially an "important however not urgent" issue.

But because the US rebalances its own approach to China, it should bring Europe into cheat focus than it's over the past decade. On problems with trade, technology, investment, finance, and development aid, Europe is commonly the one most powerful U.S. counterpart. The US will deal much more effectively with Chinese industrial overcapacity and subsidies, as an example, if it will thus in conjunction with the world's largest commerce axis. To finance a counterweight to the BRI also will be abundant easier with the world's largest supply of development aid and foreign direct investment on board.

Working with Europe not solely will increase U.S. leverage however helps make sure that U.S. policy won't be undermined by lack of agreement among allies. The us will, for example, unilaterally limit the access that Chinese investors, companies, and researchers need to U.S. advanced technologies—through the 2018 Foreign Investment Risk Review Modernization Act, say, revised export controls, or alternative new rules. However the live would have diminished result if China might still access similar technologies from Federal Republic of Germany or the UK. Meanwhile, any role that Europe decides to grant Chinese corporations in 5G networks and alternative essential infrastructure like ports can directly

have an effect on transatlantic intelligence and security cooperation, from info transfers to NATO's mobilization capability.



Sino-US fiscal 2018-19 trading analysis graph

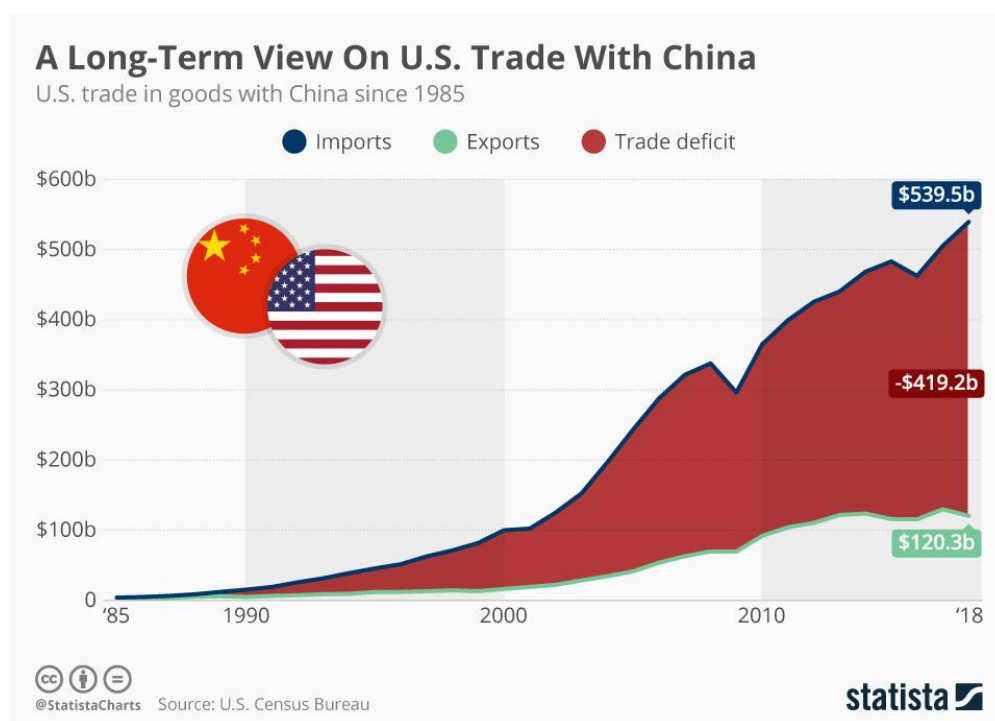
OVERCOMING MISTRUST

European leaders, from diacritical mark to Juncker, have queued up to inform the U.S. president that the eu Union and also the us ought to mount a typical front against the economic threat from China. A letter in Gregorian calendar month 2018, co-signed by each EU ambassador in Washington, named Chinese market distortions joined of the principal areas on that the 2 sides ought to join forces. The Trump administration responded with restricted enthusiasm, however. U.S. Trade Representative Henry M. Robert Lighthizer has worked together with his European and Japanese counterparts to coordinate approaches on China's non-market practices, however those efforts have for the most part been overshadowed by the us imposing 232 tariffs on steel and atomic number 13, threatening to impose motor vehicle tariffs, and breaking with its allies over world organization reform.

Distrust of this U.S. administration has any strangled European cooperation on China. European states have ample grounds already to exclude Huawei from its future 5G networks in favor of native suppliers. However some European officers concern that if they take a tough public stance on the problem, Trump can find yourself cutting a accommodate Beijing and leave them exposed to Chinese getting even. As long because the U.S. president is unwilling to tell apart between partners and competitors—his response to Macron's pitch for a joint approach on Chinese economic problems was that the EU "is worse than China"—the scope of cooperation can inevitably be restricted within the short term. For now, the thrust of European efforts is to boost the EU's own capability to vie with Beijing, to not build a joint approach with the US.

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Even so, in some areas, cooperation has advanced any than it did beneath previous U.S. administrations. The US and Europe for the most part share the identical considerations regarding China, and every aspect progressively desires the opposite so as to pursue an efficient policy. Moreover, European leaders perceive the shift in U.S. China policy to be two-party in nature, and expect it to continue; in order that they are parturition the groundwork for deeper cooperation any down the road. The US and Europe along opposed the extension of economy standing to China at the world organization, wherever they need additionally lodged parallel complaints on Chinese forced technology transfers. The 2 sides are quietly cooperating to confirm nearer alignment between their various investment screening mechanisms and on political influence problems, with China the first target, and that they are exploring linking the economic strand of the U.S. free and open Indo-Pacific strategy to the EU Union’s Asia property strategy, so as to mobilize many billions of bucks in energy, digital, and infrastructure investments as another to the BRI.



A NEW TRANSATLANTIC RELATIONSHIP

China has long been associate degree afterthought for almost a few of U.S. Atlanticists, associate degreeed Europe has long been an afterthought for many U.S. China specialists. Predictably, this gap has created a corresponding gap in analysis, still as a reactive approach to several essential policy choices, with U.S. interventions typically returning unhelpfully late in European debates and with mixed success.

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Nowhere is that would like for, and also the problem of, coordination clearer than within the recent transatlantic exchanges over the 5G issue. The US is troubled to formulate its own policy on a matter that cuts across security, technology, and economics; however it should additionally mount a coherent campaign to influence political selections in Europe. Alternative problems regarding China and also the transatlantic relationship have an effect on multiple spheres in an exceedingly similar approach, and Washington has not forever evidenced deft at navigating the domestic European political debates and overlapping establishments that these problems have an effect on.

The us has begun to deal with the matter. Washington recently sent broad interagency delegations to Europe to speak China, recognizing that the 2 sides should accommodate economic, financial, development, defense, and security problems in an integrated fashion instead of in separate lanes. Cabinet-level officers currently raise China a lot of directly and often throughout conferences with European counterparts, together with countries wherever previous exchanges on the topic were borderline or nonexistent. Transatlantic establishments have begun to place China on their agendas: global organization, as an example, is poised to assess the safety implications of Chinese investments in Europe's digital and physical infrastructure.

Yet the \$64000 check are whether or not Europe and also the us are ready to rethink the transatlantic relationship itself in light-weight of China's rise. Bilateral problems that when had very little to try with China are currently heavily full of it. A lot of formidable China-driven agenda would comprehend trade design, data flows, the defense industrial base, the upkeep of leadership in key technologies, the sharing of security burdens, and also the specific challenges that Chinese economic and technological power cause for democracy and human rights worldwide. In short, it'd examine wherever the advanced industrial democracies must integrate a lot of closely, however open their systems ought to be, and the way they ought to improve their to provide within the developing world, sadly, the conditions are aloof from ripe for this broader reappraisal. Transatlantic mistrust runs too high. However the necessity for an efficient coalition to retort to Beijing isn't effort. Over the last decade, the US has enjoyed one among its greatest successes in drawing new partners—most notably, India—into a shared framework that takes China as its essential reference, abundant depends on whether or not Washington will currently do the identical with Europe.

Import surplus

Import Surplus - The Grey in the Trade Virtue

The world has become a trading giant whose wheels work on the fuel of the extraction and provision of commodities from surplus to deficit. In the recent years china cornered the markets by launching the international import expo annual event. It is one of its import promotion strategies by offering great deals to the foreign markets to increase its imports. Unlike the usual notion increase in imports although is not considered to be a healthy sign in the current account of the balance of trade yet can be an unexplored element for the benefit of the economy as well as it progress. China is devoting its resources to promote the imports as a distinct step to scrutinize its capabilities as import surplus.

The line of thinking

China chose to promote its imports and concentrate onto its domestic market, in order to has unleashed the trading virtues yet unexplored. ***How will china bare the trade deficit? The country being a labour abundant state and the holder of 85 % of the labour resources across the world has combined its***

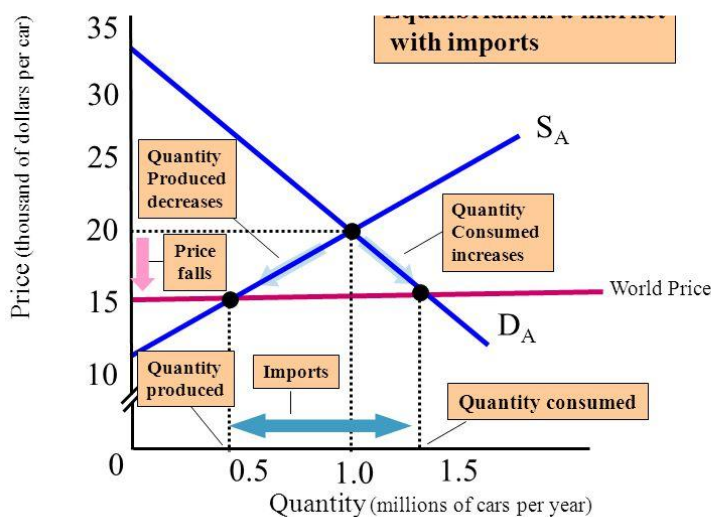
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strength and its innovation to capture the markets. It hammered the cliché form of export more and import less theory and rather chose to consider its domestic markets to concentrate over and impose its strength to gain a firm stand in the world trademarket. Interpreting the method to collect the resources at economical rates from the foreign sellers and employing its labour and other useful resources to transform the input into valuable output and sell it at a higher price, to facilitate the gains, is the strategy behind the monopolistic scheme.

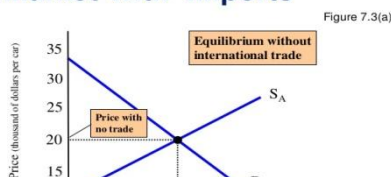
BUY AT LESS SELL AT MORE

The approach behind such a target can be used in a sense where one imports resources required at lower rate negotiable and convert them into valuable commodities for the future markets. This increases the imports volume yet produces surplus in the economy. The proposition is to invest lesser money and to procure more. The indirect approach not only facilitates the domestic and capital intensive market but also yields gain in exports as well. *Fields in which it proved to be helpful.* Technology and Human resource seems to have benefited from the idea of import surplus as in order to *fill the gap between needs yet boundaries.* It affects the exports furthermore and in return is rewarding the import export trade and exchange rates.

MarA Market with Imports



A Market With Imports

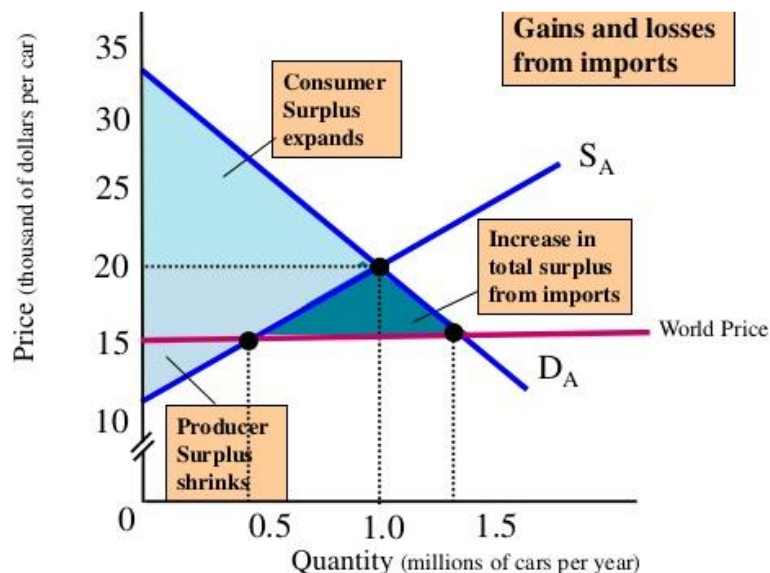


A Market without Imports

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The two graphs above reflect the change in the economies with the presence and absence of imports and how surplus in imports can prove to be beneficial to an economy if put to appropriate use.

Gains and Losses due to Imports



Effects of imports on the various economies of the world

The imports affect the monopoly of economies differently as various states and territories hold different capacities to trade and import and thus create surplus and deficit. For some territories it may be beneficial if resources are put to judicious use and thus create import surplus. In the process of trade, removal of import barriers and government interventions can ensure a smooth flow of goods in the domestic market fulfilling the needs of the domestic market and creating a producer's surplus from exporters and consumer surplus from importers point of view. It also depends upon the demand for the imports because until there is a demand there is no requirement to be met through supply and the chain ceases to perform. Pioneering of new products cutback in manufacturing costs acquiring high quality products

Imports were never seen to be a multitasker for the economy; it can bring deficit as well as surplus in the core business. It can be a boon as well as a bane to the economy in terms of its application. The buy at less and sell at more theory (by adding more value) can be an effective method to spring up the exchange rates through these imports.

IIP(Index of Industrial Production)

The parameter acts as an indicator whose magnitude represents the change in the status of production of the industrial commodities. The index incorporate figures of (volumes) products such as electricity, steel, refinery products, coal, cement, crude oil, natural gas etc. the report is prepared by the Central Statistical Organisation (CSO), Ministry of Statistics and Programme Implementation, at a monthly interval covering approx. 682 items according to the survey in 2004-05.

An aid to the economy

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The thrift to control and serve a balanced economy to the consumers it is required to keep a track record of its functioning's, surplus and deficits in regard to the participative industrial commodities and products vital for the day to day valuable use . Industrial sector covers 27% of the total commodity affecting the economy which means ¼ th share and thus holds a massive share, strong enough to affect the economy.

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