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## CHINA – TRADE AND HUMAN RIGHTS

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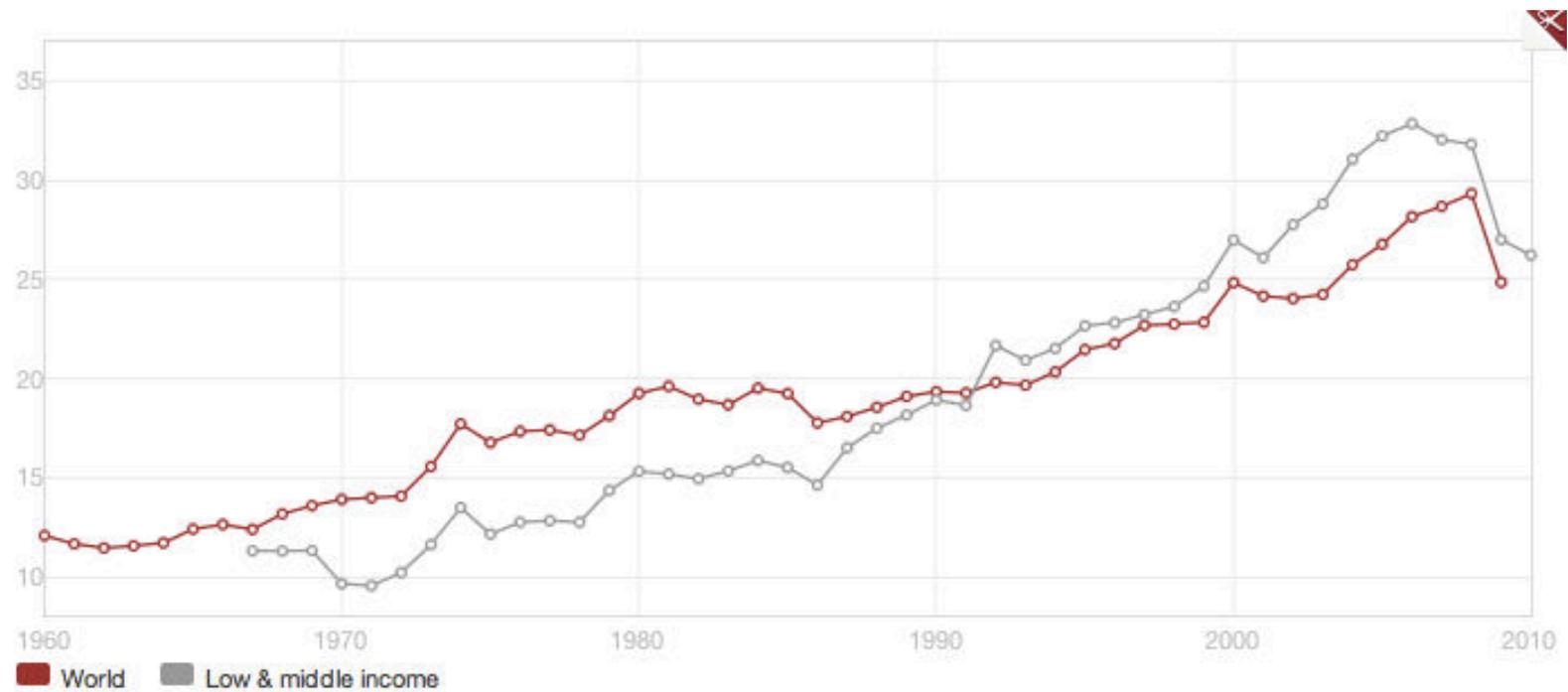
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## » Increasing interdependent world economy

Trade as share of GDP  
World Trade / World GDP;  
Developing economies Trade / GDP

World Bank 2011



## » China and human rights

### Progress on human rights?

- » Socio-economic tensions
  - Number of 'mass incidents' doubled in 5 years – 180,000
  - Wages, food prices, workers' rights (not only labour issues in foreign-invested firms)
- » Civil liberties
  - One child policy, religious freedoms, penal codes
  - Local government seizures of land for development
  - Improvements on freedom of movement; political accountability – not yet rule of law
- » Political reforms?
  - But increasingly plural and diversity of opinions
    - 457 million internet users, 235 million use social media
    - 300 million bloggers (61% critical of the government) – a safety vent

### China as a trading economy – hard mercantilist and realist power

- » 30% of world growth in the coming 10 years
- » Increasingly decoupling from foreign influence
  - Culturally, technologically, economically
  - Low value-added in Chinese exports; 50% of GDP comes from investments
  - Reorientation towards China's inner, services
- » For the first time in centuries, unified and uncontested
  - Increasingly using Economic powers in its first perimeter of defence
    - Korea, Taiwan, Vietnam – rare earth

## » The EU-China discourse: an overburdened agenda

### Dominated by trade issues, no progress

- » Gradualism replaced 'big bang' of reforms since China's accession to the WTO
  - Market access restrictions in China
  - Intellectual property, indigenous innovations, public procurement
- » Opposing interests between EU and China towards third countries
  - Iran, Syria, Myanmar

### The EU: A soft mercantilist and romantic power

- » Principles – against 'win-win' deals?
- » EU share of world GDP will be cut by half by 2030, further divided by three by 2050
- » Reciprocity
  - Public procurement: 7 trillion RMB stimulus package, China outspending EU 2-to-1
  - Investments: Chinese investments so far extremely limited

### Symbolic issues — market economy status; arms sale ban

### China's view: 'the irrational behaviour of the EU'

- » Euro-crisis; triangulation with the US
- » Human rights, an irritant or secondary issue

### Little efforts to advance human rights in China

## » Advocating human rights

### The concept of universal human rights

- » Universal Declaration of Human Rights
  - Human Rights Council (HRC) — by large a talking shop
- » Few incentives to ratify International Labour Organization (ILO) conventions

### Sticks and carrots

- » Free trade agreements (FTAs) and preferential tariffs
  - New type of FTAs with labour and sustainability clauses — direct link to human rights
    - But no FTA with China in foreseeable future
  - Developing economies receive tariff cuts under Generalised System of Preferences (GSP)
- » Sanctions
  - 16 UN sanctions in force, additional 12 unilaterally
    - The sanctions paradox — largely ineffective against non-friendly countries; ‘rally around the flag’
    - Sanctions policy failure in themselves, without a threat of military intervention
    - Arms embargo largely symbolic issue — China today technologically independent
- » Trade disputes in the World Trade Organization (WTO)
  - A system that Chinese understand, respects – and uses for its own advantage
  - Audiovisuals (2009)
  - Internet censorship?

## » Emergence of European economic statecraft?

### Economic statecraft

- » The US put economic growth as a central foreign policy objective
  - Market competition between countries rather than companies
- » Power: Ability to influence others into change their policy

### Why do the EU fail to project its economic power into political influence or human rights?

- » Fundamental and common interest to keep China a responsible global actor, adhering to international rules instead of unilateralism
  - But little interest for European values in Asia overall
- » The EU not recognised as a strategic actor
  - Ridiculed even by the smallest Asian countries
- » The EU: Still for a foreseeable time an economic union, advancing economic interests – with economic policy
  - Preferential access to the Single Market is the only base of power
- » Market demand: a weak source of power
  - The EU as export market rapidly losing value
  - Failure to transform business alliances into political partnerships — common problem for China and EU

## » Trade and human rights

### Transformative power of trade & investment

- » Development theory
  - Hypothetic experiment: could Arab Spring have happened if EU telecom and services firms had divested in the 90s?
- » Long-term development trajectories
  - China's development in three phases over 100 years – national unity (Mao), economic freedom (Deng), political reform (?)
  - But short-term EU domestic interests, incl. populism and protectionism

### Even economic dependency on the EU does not ensue success of using trade for human rights

- » The price of disengaging is significantly higher – both in short and long term
  - No effects on domestic opinion
  - Criteria-setting limits only our own policy space
  - Reforms are against what autarchs perceive as fundamental for survival of the system
- » Decoupling and resorting to protectionism by the EU achieves what mercantilists in China wants

### Making improvements is genuinely difficult

- » EU debate — tendency to create a fictive conflict between human rights and commercial freedoms