

## Highlights of the EU-China Agreement on WTO

### **Telecommunications**

The timetable for market opening in mobile telephony has been accelerated by 2 years. Foreign investment will be allowed at 25% on accession, 35% after 1 year and 49% after 3 years. For mobile and fixed services, traffic between cities as well as within them will be open.

China will open up its leasing market in 3 years, allowing foreign firms to rent capacity from Chinese operators and resell it domestically and internationally (private leased circuits & closed user groups).

### **Insurance**

Effective management control has been negotiated for foreign participants in life insurance joint ventures, through choice of partner, and a legal guarantee of freedom from any regulatory interference in private contracts on a 50-50 equity basis.

China will immediately give 7 new licences to European insurers, in both the life and non-life sectors. And 2 EU firms will be permitted to establish in 2 new cities.

Scope of insurance business will be expanded for foreign companies two years faster than foreseen in the Sino-US Agreement.

Foreign brokers will be able to operate in China as of accession, on a 50-50 basis, and free of any joint-venture requirement 5 years after accession. Cross border brokerage business will also be allowed.

### **Monopoly state import/export restrictions**

China's state monopoly on importing crude and processed oil, and NPK fertiliser, will be gradually opened to private traders, starting on accession.

The state monopoly on exporting silk - where China accounts for 70% of world production - will be completely removed by 2005.

### **Tariffs**

China has reduced import tariffs on over 150 leading European exports - such as machinery, ceramics and glass, textiles, clothing, footwear and leather goods, cosmetics and spirits. Agreed levels are generally around 8-10%.

### **Motor vehicles**

European carmakers are well established in China, and will have greater flexibility to choose which types of vehicles they build. Approval thresholds of provincial authorities will be raised from \$30m to \$150m.

China has agreed to eliminate the joint-venture restriction for engine production, upon accession.

### **Distribution**

China has agreed to lift the specific joint venture restriction on large department stores (over 20,000m<sup>2</sup>) and for virtually all chain stores.

**Agriculture**

Market access will improve for key EU products, such as rape-seed oil, dairy products, pasta, wine and olives.

An EU-China sanitary and phytosanitary agreement will ensure China's application of the WTO SPS Agreement, and resolve a number of bilateral issues.

**Horizontal measures**

China will cease to apply a number of measures that distort trade and have macroeconomic effects, including export performance and local content requirements, and industrial export subsidies.

China's government procurement system will be transparent, and will not discriminate between foreign bidders.

China will abolish preferences to domestic producers in the fields of pharmaceuticals, chemicals, after-sales services, cigarettes and spirits.

**Other**

Improved market access in the fields of banking, legal services, accountancy, architecture, tourism, construction, dredging and market research.