

# **China Provides An Opportunity**

**By Peter Mandelson in the China Daily ©**

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China has arrived. After two centuries at the periphery of world affairs, China has returned to the centre.

In the last two decades China has used its access to open global markets to drive spectacular economic growth. It has lifted more people out of poverty more quickly than ever in human history. This growth is both a challenge and an opportunity for Europe.

The number that preoccupies Europe these days is 15 million euros. Because that is how fast the EU-China trade deficit is growing every single hour. Fast enough to catch up with the US-China trade deficit in the next year or so.

China is Europe's biggest source of manufactured imports. For many in Europe, China has become the symbol of the changes and challenges that globalization brings.

China has become such an issue in our politics in Europe that it is important to stop and recall the basic fact that openness to China's growing economy is in general a good thing for us - it is a brake on inflation, a competitiveness check and a huge market for our goods and services.

A change on the scale of China's impact on the world economy can never be easy to accommodate. But it is in our interests as much as China's to have China at the table, inside the WTO system, playing by the rules as a major global economic power.

We have a joint interest in a China policy that recognizes the long-term economic and systemic interests that we share.

Even some of the main points of contention between Europe and China are actually rooted in shared interests. We want an end to a managed currency in China.

Even if revaluation would not, in itself, solve our trade deficit, it would help cool an overheating heavy industry sector that is swollen with overcapacity and artificially cheap capital.

Boost domestic demand and create a better social safety net in China and you reduce the huge levels of precautionary saving that are padding the Chinese banking sector and holding up reform.

Europe needs to see more protection of our intellectual property rights in China. But China's push to become a high-tech producer will only succeed if the fight against counterfeiting can be won.

China is not just the workshop of the world. It is a trade power, right at the center of the global economy and responsible for the effective running of the global trading system.

The corollary of the acceptance of China's new global status must be acceptance by China that we are going to deal with her as we would any other major trading power.

We want China to fulfill its remaining WTO obligations. We need China to reciprocate the market access on which its growth is built. We have a joint interest in seeing the protection of intellectual property rights dramatically improved. These are the key issues that will be on the table in Beijing.

China has been perhaps the single greatest beneficiary of a rules-based open trading system in the last decade.

As General Secretary of Communist Party (CPC) of China Central Committee Hu Jintao said at the National Congress of the CPC this year, to stop or reverse reform and opening up would only lead down a blind alley.

Premier Wen Jiabao confirmed at a speech in Singapore last week that China favored free trade and opposed protectionism.

Trade is one of the motors of a Chinese economy that still aims to lift millions of people out of poverty while striving for sustainable development. China needs to live by the rules of international trade and defend them when others break them.

This is the only way that we will be able to sustain the political support we need in Europe to meet the challenges and changes that an open economic relationship with China imposes on us. It is certainly the best way to ensure that we share an open and prosperous global economy.