

CHINA AND THE EU IN THE WTO TRADE DISPUTE

DONG Yinguo, Shan Zhanyao and SHEN Yihao

East China University of Science and Technology, China. E-mail: 1257223611@qq.com

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Abstract: China and the European Union (EU) are not only each other's most important trading partners, but also the starting and ending points of the "Belt and Road" initiative respectively. As a result, both sides rely heavily on the healthy development of China-EU economic and trade relations. By comparing the cases of trade disputes between China and the EU under the WTO dispute settlement mechanism over the past years since China's accession to the WTO, the paper provides an in-depth analysis of the characteristics of trade frictions between China and the EU, the main points of contention and causes. It comes to the conclusion that China participates in conflict resolution as a responder in a significant percentage of cases, although the success rate is low. The steel industry is the most common source of trade conflict between China and the EU. Meanwhile, anti-dumping and raw material export restrictions issues are the most important trade disputes. Furthermore, the paper discovered that the underlying causes of trade friction between China and the EU revolve mainly around three aspects: China's continued trade surplus with the EU, the narrowing gap between the economic strengths of China and the EU, and the shortcomings of WTO rules and dispute settlement mechanisms. To push bilateral relations to a new high point, China and the EU should look to the future and appropriately resolve existing bilateral disputes on the basis of mutual benefit.

Keywords: China-EU trade; Trade Dispute; WTO dispute settlement mechanism

1. INTRODUCTION

Since China's accession to the World Trade Organization (WTO) on December 11, 2001, by the end of 2022, its total economic output has grown nearly tenfold, surpassing Italy, France, the United Kingdom, Germany, and Japan to become the world's second-largest economy in 2010, and in 2020 it became the world's only positive-growth country. During the same period, China's trade in goods

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increased eightfold, making it the world's largest exporter and second largest importer (Yi, 2021).

During these years, China's economic and trade relations with the European Union have also taken a qualitative leap, becoming each other's most important trading partner. According to China Customs statistics, the EU has been China's largest trading partner since 2004, and in 2020 bilateral trade between China and the EU amounted to 586 billion euros (about 649.5 billion dollars), with the EU's imports of China totaling 383.5 billion euros and exports of China totaling 202.5 billion euros, making China the EU's largest trading partner for the first time.

However, a closer trade relationship is more prone to friction. As early as the beginning of 2002, the European Union asserted that China's part of the product failed to meet the EU inspection and quarantine standards, resulting in a total ban on imports of Chinese food of animal origin¹. Since then, the EU continued to level up the tea pesticide residue limits, food pollutant content and other aspects of sanitary and phytosanitary measures, and as a result many Chinese agricultural and livestock products could not enter the European market. With China's accession to the WTO, labor-intensive and capital-intensive commodities have flooded into the European market, and bilateral trade frictions have escalated.

As WTO members, both China and the EU have sought to resolve trade disputes through the WTO dispute settlement mechanism (DSB). Thus, the paper will revolve around what areas of "conflict" have occurred between China and the EU, the focus of the disputes and the reasons behind? This article intends to analyze the trade friction cases between China and the EU under the WTO dispute settlement mechanism, sort out the main points of contention in the economic and trade relations between China and the EU, analyze the reasons behind them, and provide references for the healthy development of the economic and trade relations between China and the EU in the future.

2. CHARACTERISTICS OF THE TRADE DISPUTE BETWEEN CHINA AND EUROPE

During the period 2002-2022, there are 16 trade disputes between China and the EU, of which 11 are EU v. China and the other 5 are China v. EU. By combing the 16 disputes between China and the EU, this paper finds the following characteristics: Later, after continuous negotiation between the two

sides, the EU lifted the ban on China's rabbit meat, honey, poultry meat and other products in batches.

2.1. "Normal Distribution" of Cases by Stage

By dividing every five years since China's accession to the WTO, it can be found that the number of trade disputes between China and the EU shows an approximate "normal distribution" trend, i.e., "high in the middle and low at both ends" (Figure 1). During the period of 2002-2006, there was only one dispute case between China and the EU. This is mainly because China has just joined the WTO and is still in the "corrective period"; at the same time, in the first quarter of 2003, the EU became China's second largest trading partner, and the bilateral trade volume increased by 40.3% compared with the same period of 2002, and so the relationship between China and the EU is good. During the period of 2007-2016, a total of 12 trade disputes between China and the EU, accounting for 75% of the total number of disputes (Figure 1). The EU's economic growth has been sluggish since the onset of the financial crisis, and its lead over China has gradually narrowed. Domestic trade protectionism has risen, leading to a slowdown in the growth of bilateral trade between China and the EU, and trade friction has intensified (Chen and Cheng, 2019). The EU recovered from the crisis after 2017, and positive signals have been released in China-EU trade and economy. Such as the end of 2020, China-EU comprehensive investment agreement negotiations successfully, which undoubtedly become China-EU economic and trade relations to a higher quality development "booster". In addition, the WTO Appellate Body will be "suspended" for the first time at the end of 2019, and there is a certain degree of uncertainty about the subsequent cases that have not yet been tried and are still being tried (Peng, 2020). Therefore, there is only one trade dispute between China and Europe in 2017-2021. From 2022 onwards, with the end of the global pandemic and economic recovery, trade disputes between China and Europe show signs of increasing again.

2.2. China Mostly Responds to Lawsuits and Has a Low Success Rate

In the Sino-EU trade dispute cases, China encountered the EU prosecution cases accounted for 68.75% of all cases, which is basically consistent with the proportion of China's response in the world (68.06%)²; while the EU responded to China's cases accounted for only 31.25%, much lower than the proportion of the EU's response in the world (45.81%)³.

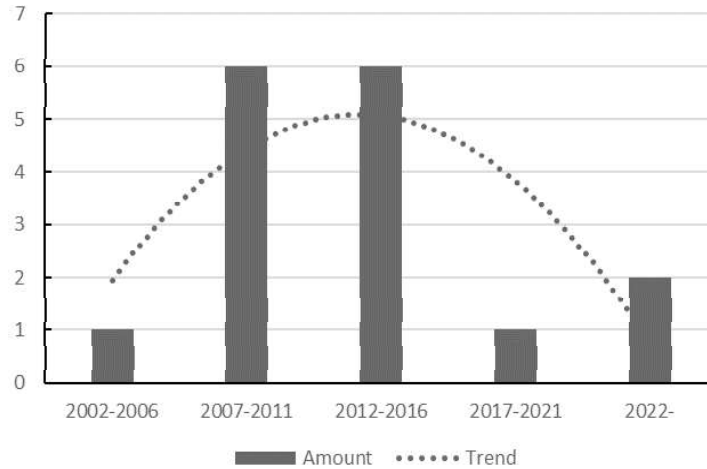


Figure 1: Sino-European Trade Disputes—Inter-annual Variation in Frequency of Disputes, 2002-2022

Source: WTO Official Website.

Similarly, China is on the defensive and the EU is on the offensive, and the interaction between the two sides in the WTO is characterized by an obvious asymmetry. According to Figure 2, four out of six trade disputes between China

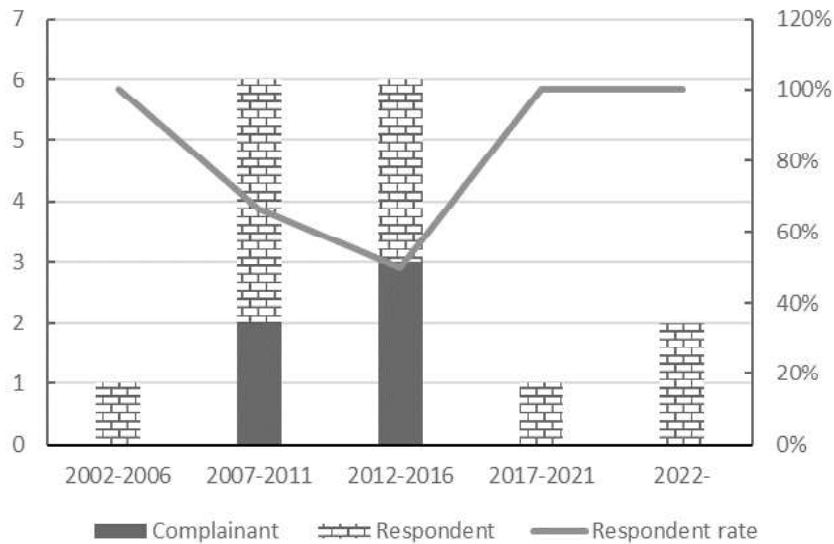


Figure 2: Trade Disputes between China and the EU—Year-on-year Change in Dispute Settlement, 2002-2022.

Source: WTO Official Website.

and the EU in 2007-2011 were brought by the EU (66.67%). However, with China's growing national strength, China and the EU have gradually moved in the direction of reciprocity in the dispute settlement mechanism in recent years. During 2012-2016, six trade disputes between China and the EU took place as well, of which three cases were consultations initiated by China to the EU, and the ratio of respondents dropped to 50%. Although the Chinese side is still predominantly defensive, the overall tendency is toward benign interaction (Liu, 2013). In terms of the overall win rate, of the 16 cases disputed between China and the EU, China won fewer and lost more, with a win rate of only 12.5%.

2.3. Steel Manufacturing as Major Area of Disputes between China and Europe

Table 1: Industries and Products Involved in China-Eu Trade Disputes

<i>Industry division</i>	<i>Specific industry</i>	<i>Specific product</i>	<i>Case number</i>
Primary industry	Breeding industry	Poultry	DS492
Secondary industry	Mining industry	More than ten kinds of raw materials such as rare earth and tungsten	DS395, DS432, DS509
	Manufacturing industry (Heavy industry)	Steel, Cars, Equipment, Energy	DS339, DS397, DS407, DS425, DS452, D460
	Manufacturing industry (Light industry)	Footwear	DS405
Tertiary industry	Service trade	Financial information service	DS372, DS610
	Intellectual property	Technology transfer	DS5490DS611

Note: The measure on price comparison methodology (DS516) does not address specific industries and is therefore not included in Table 1.

Source: WTO Official Website.

Among the 16 China-EU trade dispute cases, there are 10 cases involving the secondary industry, accounting for 62.5% of all dispute cases (Table 1). In the secondary industry, the manufacturing industry is the focus of conflicts between China and Europe, of which the number of cases in the iron and steel industry accounts for 42.86% of the total number of trade frictions between China and Europe in the manufacturing industry. In fact, the iron and steel

industry has been the hardest hit one in the China-EU trade friction. From 2014 to early 2016 alone, 8 out of 15 trade remedy investigations against China were related to steel products, accounting for more than 50%. In just 6 months in 2017, the EU successively imposed high anti-dumping duties on Chinese rebar, cold-rolled steel plates and medium-thickness plate products. In 2021, the EU repeated its old trick of imposing anti-dumping duties on imports of aluminum profiles and steel fasteners from China.

The following are the main reasons for the frequent trade disputes between China and Europe in the field of manufacturing: (1) Manufacturing industry is in an important position in both the Chinese and European economies (Huang and Yang, 2022). (2) China, at the beginning of this century, centered on the development of the secondary industry. China's demographic dividend led to the booming development of the manufacturing industry, and a large number of cheap manufacturing goods to seize the EU market is very easy to cause trade friction (Cai, 2021). (3) the EU usually restricts or prohibits China's manufacturing goods from entering the European Union market through technical barriers. Chinese enterprises that are not up to the standards are difficult to counteract, and usually will not choose to appeal to the WTO dispute settlement mechanism (Wang, 2021). (4) the EU handles agricultural products trade frictions in a more moderate way (Cai, 2008), with less dispute cases appealed to the WTO dispute settlement mechanism. In addition, the EU has greater advantages in the tertiary industry. Since the relevant interests are less affected, the frequency of friction between the two sides becomes correspondingly lower.

2.4. GATT 1994 Becomes the Most Frequently Invoked Agreement

The 16 trade dispute cases between China and Europe mainly involve seven agreements or accords such as the General Agreement on Tariffs and Trade 1994 (GATT 1994), the Anti-Dumping Agreement (AD), the Subsidies and Countervailing Measures (SCM), the Trade-Related Investment Measures (TRIM), the Intellectual Property Rights Agreement (TRIPS), the Protocol on the Accession of China to the WTO (PA), and the General Agreement on Trade in Services (GATS) (Table 2).

3. MAIN POINTS OF CONTENTION IN THE CHINA-EU TRADE DISPUTE

According to the nature of trade disputes between China and the EU and the invocation of agreements, this paper categorizes the types of disputes into

Table 2: Main Agreements and Clauses Involved in Sino-European Trade Disputes

<i>Citing agreements/agreements</i>	<i>Number of cases</i>	<i>Number of clauses involved</i>	<i>Specific clause</i>
General Agreement on Tariffs and Trade 1994	14	11	Articles 1, 2, 3, 6, 7, 8, 10, 11, 13, 16, 28, mainly 1, 6, 10
Anti-dumping Agreement	6	13	Articles 1, 2, 3, 4, 5, 6, 7, 9, 11, 12, 17, 18, mainly articles 2, 3 and 6
Subsidies and Countervailing Measures	2	2	Articles 1 and 3
Trade-Related Investment Measures	3	1	Article 2
Agreement on Intellectual Property Rights	2	4	Articles 3, 28, 33 and 39
Protocol on China's Accession to WTO	9	5	Part I, paragraphs 1.2, 5.1, 5.2, 7.2, 7.3, 11.3, Part II, paragraph 2 (A) 2 and appendix 6
Protocol on China's Accession to WTO	2	3	Articles 16, 17 and 18

Source: WTO Official Website.

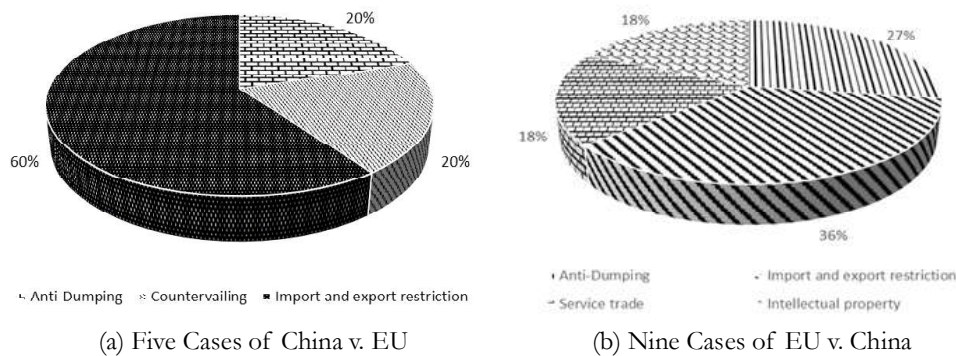


Figure 3: Distribution of Types of Trade Disputes between China and Europe

Source: WTO Official Website.

anti-dumping and countervailing, import and export restrictions, trade in services and intellectual property disputes. It can be found from Figure 3 that the trade dispute cases of EU v. China have a wider field, but whether it is China v. EU

or EU v. China, anti-dumping cases accounted for 60% and 45% respectively, which count most.

3.1. Anti-dumping and Countervailing Disputes

Anti-dumping and countervailing issues are the most important points of contention in Sino-European trade. From the motivation point of view, the two countries are mainly due to the high anti-dumping duties levied on their respective products and appealed to the WTO Dispute Settlement Mechanism; from the subject point of view, most disputes are centered around capital-intensive products such as iron and steel, equipment, etc., and individual disputes are related to labor-intensive products such as footwear; from the result point of view, the two sides of the two sides of China have their own winners and losers, and it's more balanced.

Table 3: Cases of Anti-dumping and Countervailing Disputes in China and Europe

<i>Case number</i>	<i>Year</i>	<i>Respondent</i>	<i>Measures to initiate disputes</i>	<i>Invocation of agreements/ agreements</i>
DS397	2009	EU	Definitive anti-dumping measures on steel fasteners	AD, PA, GATT1994
DS405	2010	EU	Anti-dumping measures against Chinese footwear	AD, PA, GATT1994
DS407	2010	China	Provisional anti-dumping duty measures on steel fasteners	AD, GATT1994
DS425	2011	China	Final anti-dumping duty measures on X-ray security screening equipment	AD, GATT1994
DS452	2012	EU	Measures affecting the renewable energy generation sector	GATT1994, SCM, TRIM
DS460	2013	China	Anti-Dumping Duty Measures on Seamless Stainless-Steel Tubes and Pipes	AD, GATT1994
DS516	2016	EU	Measures on price comparison methods	AD, GATT1994

Source: WTO Official Website

China and the EU have frequently filed lawsuits on anti-dumping issues with the WTO dispute settlement mechanism, and the conflicts have centered on the different views on the calculation of the normal value of exported

products. For example, in the DS407 case, the EU questioned the cost of steel fasteners calculated by the Chinese side and the profit margins used, and pointed out that the steel fasteners chosen by the Chinese side in calculating the EU export price were not representative. There is only one countervailing-related case (DS452) in the WTO dispute settlement mechanism. The deeper reason why China and the EU could not reach a consensus in the anti-dumping and countervailing cases is that China's market economy status is still not fully recognized by the EU. The EU usually selects countries with production costs and economic incomes much higher than China as substitute countries (Urdinez and Masiero, 2015), resulting in huge dumping margins for Chinese products, which can often be profited by filing anti-dumping lawsuits against China.

3.2. Disputes over Import and Export Restrictions

Among the five import and export restriction cases, 90% of them were filed by the EU (Table 4), playing an absolutely dominant role. From the point of view of the subject matter of the dispute, it mainly centers around more than ten kinds of raw materials such as rare earths, dock, antimony, chromium, cobalt and so on. From the point of view of the measures triggering the dispute, it mainly involves export tariffs, export quotas and their management measures and export licenses. From the results of the dispute, in addition to the DS492 case, the Chinese and European sides reached a settlement and the DS509 case is still in the trial stage. The rest of the cases ended up in failure in the Chinese side.

Table 4: Cases of Import and Export Restriction Disputes in China and Europe

<i>Case number</i>	<i>Year</i>	<i>Respondent</i>	<i>Measures to initiate disputes</i>	<i>Invocation of agreements/ agreements</i>
DS339	2006	China	Measures affecting imports of automotive parts and components	GATT1994, PA, TRIM, SCM
DS395	2009	China	Measures to restrict the export of raw materials	GATT1994, PA
DS432	2012	China	Measures to restrict exports of rare earths, tungsten and molybdenum	GATT1994, PA
DS492	2015	EU	Measures on the management of tariff quotas for poultry products	GATT1994
DS509	2016	China	Export tariff restrictions on raw materials	PA, GATT1994

Source: WTO Official Website.

Many countries have expressed strong dissatisfaction with China's export control measures, as China is the world's leading exporter of raw materials such as rare earths due to its large and diverse holdings. The EU believes that the export control measures are seriously inconsistent with the relevant commitments made by China when it joined the WTO. In cases such as DS395, the EU believes that China's imposition of export tariffs on products not listed in Appendix 6 of the WTO Accession Commitments violates the WTO accession agreement. At the same time, it is also inconsistent with the application of Article 8 of GATT 1994, "Whether or not to Authorize China to Raise Export Duties". In DS395, the Panel ruled that the statement in China's accession undertaking did not entitle it to invoke the rule in Article 20 of GATT 1994. In addition, in case DS432, the Panel ruled that China's export quotas were set more for the realization of its own industrial policy than for the protection of natural resources, and that such "conservation" could not be used as a measure to control the international market for natural resources.

3.3. Disputes over Trade in Services

The dispute between China and the EU involving trade in services dates back to 2008. On March 3, 2008, the U.S. first filed consultations with China on measures affecting financial information services and foreign suppliers of financial information pursuant to Article 4.4 of the DSU (DS373). The U.S. has also filed consultations with China on measures affecting financial information services and foreign suppliers of financial information. On March 14 of the same year, the EU proposed to join the consultations (DS372). The U.S. and European sides argued that China had imposed a series of restrictions on foreign information service providers in terms of market access, information

Table 5: Cases of Trade Disputes in Services between China and Europe

<i>Case number</i>	<i>Year</i>	<i>Respondent</i>	<i>Measures to initiate disputes</i>	<i>Invocation of agreements/agreements</i>
DS372	2008	China	Measures affecting financial information services and foreign financial information providers	GATS, TRIPS
DS610	2022	China	Trade in services between the European Union and China	GATT1994, PA, GATS

Source: WTO Official Website.

disclosure, and the nature of the business (Huang, 2008), resulting in them receiving less favorable treatment than their domestic counterparts in China. In the 2022 dispute (DS610), the EU renewed its request for consultations on trade in services measures imposed by China on imported and exported goods.

There are also some objective reasons for the occurrence of China-EU services trade disputes. Firstly, the EU has a strong comparative advantage in the early development and large volume of trade in services. Since the Treaty of Rome came into force in the 1950s to the Maastricht Treaty in the early 1990s, the EU's trade in services policies and laws and regulations have been gradually supplemented and improved, strengthening its position in the world service trade negotiations. Meanwhile, the EU has been maintaining a surplus in trade in services with China. Secondly, since China's openness to trade in services is relatively small at present, there is still a large open space, in the context of the EU's mature development of the service industry, the market is relatively saturated, China's restrictions on trade in services for the EU to enter the Chinese market is a major "roadblock". Finally, the EU questioned China's commitments in the WTO accession agreement. China's slow realization of its WTO accession commitments and the lagging behind of international standards in the repair of domestic laws and regulations have become the reasons for the EU and other developed countries to propose trade consultations with China (Huang and Wu, 2017).

3.4. Disputes over Intellectual Property

The EU Consultation on China's Restrictive Measures Concerning Technology Transfer (DS516) is the first case brought by the EU against China concerning intellectual property rights. The EU argued that China (1) discriminates against

Table 6: Cases of Intellectual Property Disputes between China and Europe

<i>Case number</i>	<i>Year</i>	<i>Respondent</i>	<i>Measures to initiate disputes</i>	<i>Invocation of agreements/ agreements</i>
DS516	2018	China	Restrictions on the transfer of foreign technology into China	GATT 1994, TRIPS, PA
DS611	2022	China	Measures that affect the protection and enforcement of intellectual property rights	TRIPS, PA

Source: WTO Official Website.

foreign IPR holders in the area of technology transfer; and (2) restricts the ability of foreign IPR holders in China to protect specific IPRs. In Case DS611, the EU further requested consultations with China on measures adversely affecting the protection and enforcement of IPRs.

Although China and the EU are dealing with IPR disputes through the WTO dispute settlement mechanism for the first time in 2018, the two sides have been “in the dark” in the field of IPR as early as in the early 21st century. During 2003-2009, Chinese goods have always been the first infringing goods seized by the EU Customs. In 2013, two-thirds of the goods seized by the EU at the border were suspected of IPR infringement originating from mainland China. In the 2015 Report on the Protection and Enforcement of Intellectual Property Rights in Third Countries published by the European Commission, it was noted that China has the most serious IPR problems among important countries. Therefore, China needs to further improve the IPR protection system and improve the IPR legal system, among other aspects, to promote the comprehensive competitiveness of China’s IPR, and to enhance China’s discourse and influence in international affairs on IPR.

4. FURTHER ANALYSIS

China-EU trade surface of the dark tide, frequent friction, in the economic and rules level there must be a deeper reason, this paper will further analyze the common reasons behind the trade friction.

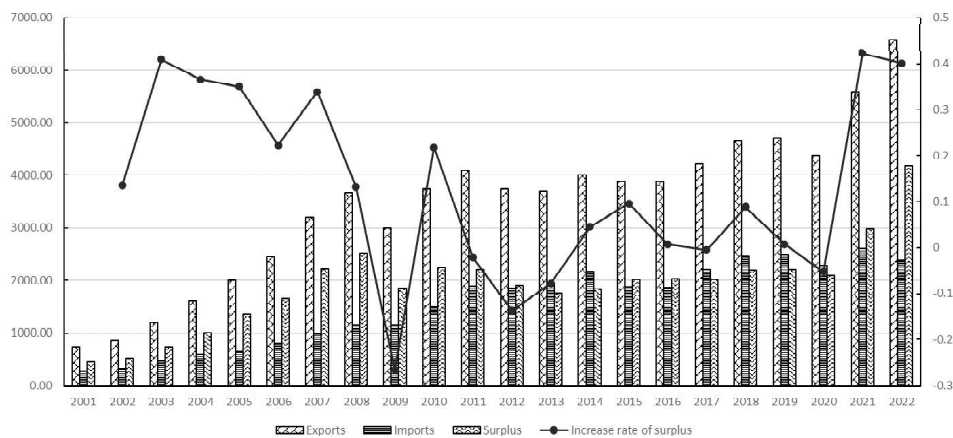


Figure 4: China’s Trade in Goods with the EU, 2001-2022 (\$ billion)

Source: UN Comtrade.

4.1. China-EU Bilateral Trade Imbalance

Since China's accession to the WTO in 2001, China-EU trade has been growing rapidly, and China has been maintaining a trade surplus with the EU. During 2002-2007, China's trade surplus in goods with the EU surged from 52.186 billion U.S. dollars to 223.311 billion U.S. dollars, with an average annual growth rate of 26.81% (Figure 4). The imbalance between the interests of China and the EU has directly led to the escalation of trade friction.

The fundamental reason for the increase in the trade surplus between China and Europe lies in the imbalance of trade structure. At the beginning of the 21st century, China entered the EU market by virtue of its comparative advantage in labor-intensive products. The EU, for the protection of high technology, exports few technology-intensive products, which greatly contributed to the growth of the trade gap between China and the EU. In addition, the EU's foreign direct investment (FDI) in China has contributed to the aggravation of the trade imbalance between China and the EU (Ye and Yu, 2008).

4.2. Economic Depression within EU and Increasing Competitiveness of China

China-EU trade friction is also affected by changes in the economic environment at home and abroad. Due to the international financial crisis in 2008 and European debt crisis in 2009, the EU's economy continues to slump, with the unemployment rate rising steeply. The real GDP growth rate of the EU fell from 0.6% in 2008 to -4.3%, and although it rebounded to 2.2% in 2010, it fell to -0.7% in 2012. Unemployment in the EU has climbed rapidly since 2008, reaching a high of 11.40% in 2013. In the post-crisis era, although the real GDP growth rate of the EU started to grow modestly and the unemployment rate declined year by year, the outbreak of the global epidemic in 2020 saw the EU's economic growth rate dip rapidly to -6.1% and the unemployment rate rebound.

On the other hand, China's economy has been experiencing a rapid development after its accession to the WTO, and thus its international position has become increasingly solid. China's average annual contribution to global economic growth is nearly 30%, and it has been the "engine" of world economic growth for more than ten years (Yi, 2021). After joining the WTO, China's economy has been developing at a high speed, with an economic growth rate of 14.2% in 2007. Despite the impact of the international financial crisis on

China's economic development, the real GDP growth rate remained at a high level of 10%. As China's economy began to shift from the stage of high-speed growth to the stage of high-quality development, the economic growth rate was basically maintained at 6.0%-7.0%. 2020 was affected by the impact of the COVID19. The first quarter witnessed an actual contraction of 6.8% in the economic growth, but the second quarter of the economic growth rate turned from negative to positive, realizing a growth rate of 3.2%. The economy further recovered to 4.9% and 6.5% in the third and fourth quarters, respectively. 2.3% real growth was achieved in 2020, making China the only country in the world with positive economic growth. China's unemployment rate has also remained relatively stable at a low 4.0%, and in recent years has been around 5.0%.

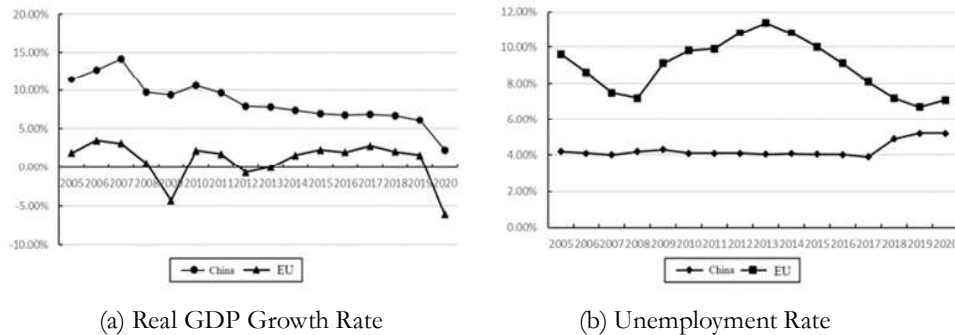


Figure 5. Basic Economic Growth and Employment in China and EU, 2005-2020

Sources: Real GDP growth rate and EU unemployment rate from Eurostat; China unemployment rate from the National Bureau of Statistics.

4.3. Deficiencies in the WTO System

The WTO legal documents represented by the GATT 1994 and the Anti-Dumping Agreement are part of the multilateral trading system. However, none of the legal documents mention the term “market economy”, and there is no clear definition of the concept of “market economy”. Therefore, in trade disputes, the EU tends to judge whether China has a market economy status according to its domestic law, so China is often in a disadvantageous position.

In addition, there are also some problems in the dispute settlement mechanism that indirectly lead to China-EU trade friction. On the one hand, the efficiency of the dispute settlement process is low. For example, China's lawsuit against the European Union's tariff quota management measures on poultry meat (DS492) took four years, and the two sides reached a consensus only after many rounds of negotiations. On the other hand, the dispute settlement mechanism has sometimes

become a tool for the EU to pursue its interests. For example, the EU has repeatedly sued China for export control of raw materials, which seems to be to safeguard the WTO multilateral trading system, but in fact it hopes to continue the strategic reserve of rare earth resources.

5. CONCLUSIONS AND IMPLICATIONS

This paper analyzes the 16 cases appealed to the WTO dispute settlement mechanism by China and the EU, and finds that the EU accuses the most of the existence of serious dumping or subsidies of Chinese goods. The complex trade disputes between China and the EU mainly result from the existence of China's market economy status certification, import and export control of natural resources, incomplete opening policy of service trade market, intellectual property rights protection and other issues. Moreover, the deep-rooted causes include China's trade surplus with the EU, the narrowing of the gap between China and the EU in terms of economic strength, and the deficiencies in the WTO rules and dispute settlement mechanism. Based on the contradictory points of dispute between China and the EU, this paper puts forward the following policy implications for China:

- (1) China should continuously improve the status of market economy. Chinese government intervention in state-owned enterprises should be gradually reduced to better promote the market-oriented operation of state-owned enterprises (Lai, 2021). At the same time, mixed ownership reform should be deepened. It is necessary to adjust the equity arrangement of state-owned enterprises, construct an equity structure with property rights as the binding mechanism, and stimulate the market vitality of state-owned enterprises with innovative incentive mechanisms as supporting measures.
- (2) China should strengthen the regulation and supervision of the domestic natural resources market. First, establish a strategic reserve mechanism for natural resources and do a good job of balancing the import and export of rare earths and other resources (Feng, 2011). Second, the technology of resource extraction and smelting should be upgraded to minimize environmental problems in the production process. Finally, small and micro-enterprises achieve a higher degree of industrial concentration through corporate mergers and other means, so as to fight for our country's voice and competitiveness in the international market.

- (3) China should accelerate the opening and innovation of the domestic service trade market. First, the government should introduce policy measures to support the high-quality development of the specialty service export base. Second, it is necessary to focus on the coordination and linkage of service industry industrial policy, opening policy and service trade policy. Finally, it is necessary to innovate the assessment and evaluation methods of trade in services, and may consider adopting per capita and structural indicators such as service industry, cross-border service trade, and investment in service industry for comprehensive evaluation.
- (4) China should accelerate the construction of intellectual property protection system. First, strengthen the legal awareness of innovation subjects on intellectual property protection. Second, solve the worries of enterprises in the process of defending intellectual property rights. Finally, China needs to establish a sound mechanism for cultivating intellectual property talents.

Notes

1. Later, after continuous negotiation between the two sides, the EU lifted the ban on China's rabbit meat, honey, poultry meat and other products in batches.
2. As of 2022, China has been involved in 72 trade disputes with other countries or regions, of which 49 have joined trade consultations as respondents.
3. As of 2022, EU has been involved in 203 trade disputes with other countries or regions, of which 93 have joined trade consultations as respondents.

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