

Analysis on Characteristics of Technical Barriers to Trade Countries along the “Belt and Road” Had against China and Strategies in Response

Lei Yao^{1a} Ran Wei

¹Beijing Institute of Fashion Technology, Beijing, 100029, China

^aemail address: sxyyl@bift.edu.cn

Key words: “Belt and Road”, technical barriers to trade (TBT), and export trade

Abstract: With the implementation of China’s “Belt and Road” policy, China’s economic and trade relations with the countries along the “Belt and Road” have become increasingly closer. In the meantime, these countries have placed multitudes of trade barriers, especially technical barriers to trade (TBT), in a bid to protect their own trade interests. Based on the analysis on the import and export trade between these countries and China, this article analyzed the TBT of these countries against China, summarized its characteristics and causes, and put forward solutions.

1. Preface

The moment the “Silk Road Economic Belt” and the “21st Century Maritime Silk Road” were introduced by the Chinese president Xi Jinping during his visit to the Central Asian state Kazakhstan and the Southeast Asian state Indonesia respectively in September and October 2013, the “Belt and Road” grabbed the attention of people from all walks of life both at home and abroad as one of the hot topics today. Ever since China’s implementation of the “Belt and Road” strategy, China’s economic and trade ties with the countries along the “Belt and Road” (hereinafter referred to as the B&R countries) have become increasingly closer. Economic cooperation and trade has not only offered broader markets and institutions, but also touched upon more problems of open market and protection in host countries. TBT has thus become the preferred choice for some countries when it comes to industrial protection. Statistics show that over 40% of export companies met with the TBT problem in 2016.

Smooth trade is the most dynamic area with the greatest potential in the “Belt and Road”, and promoting trade facilitation and reducing trade barriers is key to smooth trade. To reduce the impact of TBT on the imports and exports of China and the B&R countries and promote China’s industrial transformation and upgrading via trade, China needs to adopt all sorts of measures by integrating internal and external cooperation while ensuring that the measures taken are effective and targeted. In other words, China needs to give play to the combined role of the government, the business community and external cooperation to deliver effective implementation. An analysis on the characteristics of the TBT that the B&R countries had against China would pave the way for us to achieve the foregoing trade targets.

2. Characteristics of the TBT that the B&R countries had against China

The analysis was conducted based on the 71 B&R countries listed in the “Countries Overview” section on its official website (www.yidaiyilu.gov.cn) in March 2018.

According to the statistics of the TBT notifications (on technical regulations and conformity assessment procedures) to 71 B&R countries from 2012 to 2017 based on countries and the type of notifications on the website of the WTO/TBT-SPS Notification and Enquiry of China (<http://www.tbt-sps.gov.cn/page/cwtoz/Indexquery.action>), 20 countries submitted TBT notifications, i.e. South Korea, Singapore, Malaysia, Indonesia, Thailand, Vietnam, the Philippines, Turkey, Saudi Arabia, the United Arab Emirates, Kuwait, Egypt, India, Ukraine, Georgia, Lithuania, the Czech Republic, New Zealand, Bhutan, and Belarus.

According to the data of various notifications from 2012 to 2017, the top five categories are: food (204 articles), electrical devices (115), industrial products (79), housewares (62), and vehicles & roads (48).

2.1 Categories of notifications have become less based on the analysis of TBT notification categories.

Statistics show that there are 17 notification categories from 2012 to 2017, i.e. chemical supplies, housewares, industrial products, building supplies, electronic devices, food, medical supplies, clothing, electrical devices, vehicles & roads, specialized instruments, energy, cable products, safety equipment, packaging, trade labels, and laws & regulations. There are 16, 14, 16, 14, 11, and 12 notification categories in 2012-2017 respectively. The TBT notifications of trade labels and laws & regulations categories haven't been submitted since 2015, and the ones of safety equipment, electrical devices, and packaging haven't been submitted since 2016.

2.2 Number of submissions is on the decline each year based on the analysis of the total amount of TBT.

According to news reports, 70 WTO members submitted 1,333 TBT notifications in the first half of 2017 (1st January to 30th June) that include 849 new notifications of technical regulations and conformity assessment procedures, 12 revised ones, 441 supplemented and 31 corrected ones. Of the 64 B&R countries, 29 countries submitted 282 notifications in the first half of 2017, a year-on-year increase of 41.9%.

It can be obviously seen from the statistics that the number of the TBT notifications in 2013 when the "Belt and Road" policy was first introduced is the largest (189) from 2012 to 2017, though the number is 139 in 2012 and it has continued to decrease by 25 each year.

2.3 TBT is determined by trade characteristics of a country based on the analysis of the countries that submitted TBT notifications.

Statistics show that not all B&R countries had TBT. Of the surveyed 71 countries, 20 submitted TBT notifications of various categories, which is correlated with their respective foreign trade. For example, Turkey has a large trade in edible products, resulting in significant TBT limits in food, and industrial products rank among the top in Thailand's imports and exports, making up a large TBT proportion.

2.4 Large trade volume doesn't necessarily mean large number of TBT based on the analysis of the countries that submitted TBT notifications.

According to the TBT data, South Korea submitted almost no TBT, but its trade volume has always ranked among the top in the B&R countries. For example, South Korea is one of the top ten trading partners among the B&R countries in terms of the foreign trade with China. The same is true of many other countries, such as Russia.

As these countries have usually had relatively friendly relations with China, our response to their TBT can be relatively simple. But at the same time, these friendly relations need to be maintained.

3. Policies and measures taken in response to TBT of the B&R countries

3.1 Strengthening innovation and competitiveness

With the rapid development of science and technology around the world, China's exports to the B&R countries will face higher and more complex technical standards. Just like the trend of TBT notifications shown in the statistics, China's foreign trade was influenced by cumulative TBT each year. Hence, it's imperative to enable companies to achieve technological advances, create more innovations, and raise corporate profiles. Chinese companies should enhance protection of environment and consumers' rights and interests in their day-to-day operations and management, and integrate the concepts into technical innovations of their products in a bid to raise their competitiveness, in accordance with their market positions and the national policies of the B&R

countries.

3.2 Collecting more information and seizing opportunities

Confronted with the TBT of the B&R countries, we should collect more information about the technical standards of the B&R countries, and get more understanding of their technical standards and management measures. In terms of the latest developments in barriers, research should be conducted in the possible impact that the technical standards and technical trade rules of these countries would have on Chinese exports and in the need of companies to build a dynamic tracking system and an analyzing one for national technical standards, in an attempt to adjust and improve the exports, make products more technically advanced, and adopt targeted measures to meet the requirements of the TBT measures taken by the B&R countries.

3.3 Making markets diversified and balanced

For the export-oriented B&R countries, the export markets have been unbalanced, as evidenced by too many exports in some markets but less in others. Going forward, Chinese companies ought to seize all sorts of business opportunities, build sales alliances, attend expos of various kinds, and take over foreign brands, etc. On a structural basis, we must seize the opportunity of entering an emerging “Belt and Road” market to expand trade channels and reduce the concentration of the export markets of the B&R countries, and at the same time guide our companies to develop markets dedicated to the emergence of the “Belt and Road” in an effort to allow less TBT concentration caused by greatly concentrated market protections.

3.4 Setting up early warning systems and conducting in-depth research on notifications

Chinese governments at all levels need to build TBT early warning systems and technical standard advisory agencies. The research should be focused on the TBT-SPS notifications of the B&R countries, and the latest developments in the TBT of the B&R countries be published on a regular basis. The notified technical standard information should cover all walks of life, including early warning to Chinese exporters and publicity to companies. They should encourage and help companies to take precautions, control the circulation of products exported to the B&R countries, effectively reduce TBT disputes, so as to ensure exports to the B&R countries can be maintained in an orderly manner.

3.5 Building negotiation mechanisms and developing talents

The Chinese government should step up efforts to build negotiation mechanisms of trade rules and regimes of the B&R countries and establish systems for closer communication. With a view to promoting economic cooperation and trade with the B&R countries, the Chinese governments at all levels should organize more training to develop interdisciplinary talents, as their training and introduction would help companies deal with the problems related to trade with the B&R countries, increase corporate confidence in attending TBT negotiations and investigating certain matters, reduce various trade obstacles, and facilitate the implementation of the “Belt and Road” strategy.

Acknowledgement

Beijing Excellent Talents Cultivating Funding Projects “Research on the optimization path of Beijing garment industry structure under the coordinated development of Beijing Tianjin Hebei” (Fund code: TSJH201510012002)

References

- [1] Chhetri, Prem; Nkhoma, Mathews; Peszynski, Konrad; Chhetri, Anjali; Lee, Paul Tae-Woo, Global logistics city concept: a cluster-led strategy under the belt and road initiative[J], *Maritime Policy & Management*, 2018, 45(3):319-335.
- [2] Hai Yue Liu, Ying Kai Tang, Xiao Lan Chen, and Joanna Poznanska, The Determinants of

Chinese Outward FDI in Countries Along “One Belt One Road” [J], *Emerging Markets Finance & Trade*, 2017, 53:1374-1387

- [3] Qian Jiangmei, *Research on the Impact of Technical Barriers to Trade on China's Textile Export Trade* (D) Shanghai: Donghua University, 2017
- [4] Liu Weiyan, *competition and complementarity between China and the main countries of the "one belt and one way" trade* (D) Yanji: Yanbian University 2017
- [5] Li Fu, *the effect of the "one belt and one way" national technology trade barrier evaluation* [J]. 2018, 1:97-101