Eu, ready to take China-US trade agreement to THE WTO

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The European Union (EU) will appeal to the World Trade Organization (WTO) if it is harmed by the China-US agreement, sources in the bloc warned Friday, which aims to sign its own agreement with Beijing this year.

The China-U.S. truce signed Wednesday in Washington specifies that the Asian giant is committed to buying an additional $200 billion in U.S. products over two years, relative to 2017 purchases.

This provision worries Brussels, which fears that European companies will be penalised in the Chinese market against their US competitors.

"The quantitative [Chinese procurement targets stipulated in the agreement] are not WTO-consistent if they lead to trade distortions," stressed EU Ambassador to China Nicolas Chapuis.

"If this is the case, we will turn to the WTO to solve the problem," Chapuis warned, at a press conference in Beijing.

However, the current inactivity of the WTO could mitigate the scope of the threat.

For years, Washington has blocked the appointments of judges in charge of resolving disputes in the organization, where procedures are slow.

Chapuis said Thursday in China that he had received "formal assurances that European companies will under no circumstances be affected by the Chinese-American agreement." "We'll monitor their implementation," he warned.

- Airbus vs Boeing -

The representative of Brussels also said that he had also received assurance that Beijing's promises to the United States on respect for intellectual property or opening up the financial services sector would be extended to all partners in China.

"However, we'll be watching (...) to see if there is a preference for Americans over Europeans," he warned.

The Chinese Foreign Ministry said the Washington agreement was "in accordance with WTO rules and principles."

Of the $200 billion in Chinese purchases to the United States, nearly $80 billion goes to manufacturing goods, mainly to the aerospace industry, a provision that may alarm Airbus to its U.S. competitor Boeing.

"I wouldn't be surprised to see orders from Boeing in the near future," said Chapuis, who stressed that the European builder had taken advantage over the American in recent years in the Chinese market.

The ambassador stressed that under the China-U.S. trade agreement, "Chinese purchasing decisions will not be administrative but market-based." "In this too, we will verify that it is," he promised.

- Crucial phase -

While Washington and Beijing signed their preliminary agreement after nearly two years of trade war, Europeans are trying to close an investment agreement with China after nearly seven years of negotiations.

The agreement includes some common requests to those of the United States: respect for intellectual property and the end of technology transfers imposed on foreign enterprises and subsidies to Chinese public enterprises.

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"The discussions came into a crucial phase," Chapuis said, recalling that Beijing and Brussels intended to conclude them before the end of the year.

"Progress has been made month after month," he said, stating that Beijing had submitted an offer for market access in December.

The draft agreement should feature prominently in the discussions during the China-EU summit in Beijing at the end of March.

"Content is more important than the deadline. We will not conclude the agreement if the result does not correspond to what we expect," Chapuis warned.

The ambassador said he expected "significant progress"WTO reform during the international organization's ministerial meeting in Kazakhstan in June.

In the face of protectionism from Donald Trump's administration, Europeans hope to convince the Chinese to help strengthen the multilateral framework embodied by the WTO.

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