



College of Europe
Collège d'Europe



Natolin

European Economic Studies

Academic Year 2020-2021

Professor: Gerhard STAHL

Assistant: Sisi ZHANG

Seminar

Economic Transition of China and Its Impact on the EU

Scope

1. The socialist market economy of China

A short overview will be given of the transition of China from a planned economy to the socialist market economy, after the opening up of China in 1979. The entry of China into the WTO in 2001 will be explained and the discussions concerning the market economy status of China. The role of state own companies (SOEs) in China's economy will be addressed and the political support and institutional framework to develop "private" innovative companies and start ups.

2. The change of the Chinese economic model

China's society and economy is changing quickly: an agricultural society has become an urban society, the export-oriented factory of the world becomes an innovation driven economy, an economy based on the industrial sector develops towards a service economy.

From the destination of foreign direct investments (FDIs) to a going out strategy.

Chinese FDIs: first in Asia and Africa, than in the developed western economies.

The Belt and Road Initiative (BRI): a geopolitical and economic strategy.

3. US - China rivalry and the future of the international economy

The “ America first “ policy of the Trump administration and China's strategic programme “ Made in China 2025” can be perceived as threats to an open international economy. The following questions will be addressed:

- Will the era of globalisation and increased economic interdependence come to an end?
- Will geopolitical rivalry lead to new barriers for trade, investment, technological cooperation and a decoupling of economies?

4. The consequences of China's transition for Europe

The EU is China's biggest trading partner. For some leading European companies China is the biggest market. Chinese companies are present on the European market. Some Chinese companies like Huawei have become market and innovation leaders. The close economic EU-China relationship creates benefits but also conflicts and tensions, such as equal treatment for companies and reciprocity concerning market access, state subsidies, and public procurement. The following questions will be addressed:

- What policies are needed to cooperate and compete with Chinas socialist market economy?
- Can problems be solved by a comprehensive EU-China investment agreement or do we need a change of European policies like competition policy, trade policy, industrial policy and research and innovation?
- How can European companies stand the competition with Chinese companies?
- What business concepts are needed to be successful in the big Chinese market?

Target group

ECO, EPPA, EEIB, and ELEA students at the CoE.

Methodology

The basic facts will be provided in a PPT presentation. Questions will be distributed to the students. Based on group work answers to the questions will be developed and presented during the seminar. This will make the course interactive and practical.

Schedule

1. Thursday 1st October 2020 : 14:30-18:30
2. Friday 2nd October 2020 : 08:30-12:30

Suggested academic readings

Gerhard Stahl, (2020), "China-EU Cooperation in a Period of Fundamental International Changes" in Mario Telo, Yuan Feng (ed.) China and the EU in the Era of regional and interregional Cooperation, Peter Lang Publishing, Bern, Oxford.

Alistair Dieppe et al., (2018), "The transition of China to sustainable growth – implications for the global economy and the euro area", ECB Occasional papers, No 206, January.

Gerhard Stahl, (2018), "Forty Years of China's opening: Changing the Post World War II International Order" in EU-China Observer, College of Europe, issue 2.18.

Barry Naughton, (2018), "The Chinese Economy, Transition and Growth", MIT Press, Cambridge, second edition.

Huang, Y (2017) "What the West Gets Wrong About China's Economy." Foreign Affairs, September:

<https://www.foreignaffairs.com/articles/china/2017-09-14/what-west-gets-wrong-about-chinas-economy> .

Pejsova, Bund (ed.), (2017), "Chinese Futures: Horizon 2025", EU Institute for Security Studies, report No 35, July.

Eswar Prasad (ed.), (2004), "China's Growth and Integration into the World Economy, Prospects and Challenges ", IMF, Washington.