

EU-CHINA ECONOMIC RELATIONS

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INTRODUCTION

China is one step closer to WTO membership after an agreement was signed with the EU in May this year. Most attention however is focused on the economic benefits for governments and multinationals, and as a result the costs to human development seems to have been downplayed.

According to the authoritative 1999-2000 Annual Report on Europe written by Chinese specialists in European studies, there are four features to EU-China relations. First, the EU has adopted a step-by-step, or piecemeal, approach to relations. Here the Report's authors note that during the 1940s to 60s, Western Europe closely followed US policy on China. By the 1970s and 80s, Europe had made more economic and diplomatic ties. There was an abrupt change in 1989 during the democratic movement, but by 1992 most European governments had normalised their relations with China. Second, there appears to be what the authors refer to as a dual-track approach where individual European states prefer to pass on the thornier issues to the EU while developing bilateral agreements for their own benefit. Third, the authors note the relative stability of the relationship. They believe that EU-Chinese relations are more stable than US-China or Japan-China relations due to the greater number of geo-political conflicts that impair the latter relationships. Finally the authors note that in its foreign relations, China adopts a two-sided approach. On the one hand is the more confrontational and tense relationship with the US which seems plagued by issues such as human rights and trade. On the other hand is the more stable relationship with the EU where the latter seeks via financial assistance and development projects to elevate its image for its own purposes.

From our perspective, there is much space for further study on the EU-China relationship, especially by NGOs and researchers more interested in human rights, environmental concerns, and labour standards. Your comments and suggestions are highly appreciated.

This commissioned report was written to gain a better understanding of the EU-China economic relations under the ASEM (Asia-Europe Meeting) process. Hopefully, it can be a useful reference for the coming ASEM 2000 People's Forum to be held in Seoul in October 2000.

We would like to thank the support and contributions from TNI (Transnational Institute), Dr. Henry Mok of the Hong Kong Baptist University, Mr. Herve Breton, Economic and Development Cooperation, EU Delegation of the European Commission in Beijing, and several Chinese researchers who prefer to remain anonymous.

The report is mainly written by Donna Situ, with additional research by Vivien Liu, Apo Leong, and edited by Ed Shepherd and Stephen Frost.

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Many believe that the effects of trade, investment, and Overseas Development Assistance (ODA) – factors which often contribute to economic growth – will trickle down to raise living and working standards at the grassroots level. Conceivably, increasing foreign trade, investment, and aid will lead to the creation of new job opportunities, technology transfer, capital investment, and business co-operation. The European Union's policy towards the People Republic of China has, since the Tiananmen Square incident in 1989, been steadily moving in the direction of further political and economic "constructive engagement".

At the same time, numerous structural problems have arisen from China's rapid growth in the last two decades. In its 1995 policy paper, the European Commission acknowledges a few entrenched dilemmas:

However, economic reform and booming trade has been concentrated in only a few Chinese provinces. With some exceptions, traditional regional imbalances in China between the rich and dynamic Southeast coastal areas (from Shanghai down to Canton) and the most backward North and West inland areas have been compounded since the beginning of reform. The establishment of five Special Economic Zones (Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan) followed by the "opening" of foreign investment of 14 coastal cities and the creation of Free Trade Zones and 5 Open Economic Zones accentuated the gap between the "two Chinas". The whole coast from North to South has progressively become an open zone that included 11 provinces (292 cities and districts) which represent less than 5% of Chinese territory and around 17% of population, but which produce one third of China's GNP.

Other structural problems like infrastructure bottlenecks and environmental degradation risk undermining sustainable long term economic growth in China. The problems of acute energy shortages, a transport system which is clearly inefficient and unable to meet demand, and primitive telecommunications, are bound to get worse as economic growth gathers speed and investment in these key sectors lags far behind. Environmental deterioration is already serious and, despite the government's awareness of the dangers of long-term damage, China's economic development strategy has focused on rapid wealth creation, leaving the consequence to be dealt with in the future.¹

Indeed, rapid development brings with it numerous social and environmental problems. Other issues include failing state owned enterprises, millions of recently laid off workers from inefficient industries, gradual retraction of the social safety net, and worsening environmental conditions resulting from industrialisation. The European Community has demonstrated an awareness of a number of such social concerns. Yet in the broad context of its economic interests in engaging China in co-operative ventures, the EU has devoted a proportionately small amount of resources and energy to assisting the containment of these internal problems.

¹ European Commission. *A Long Term Policy for China-Europe Relations*. Brussels, 5 July 1995, COM(95) 279 final, p. 22.

The Commission's policy papers "Towards a New Asia Strategy" and "A Long Term Policy for China-Europe Relations", respectively adopted in 1994 and 1995, concentrate on measures to open further the Chinese market for European interests, to integrate China into the international community, and to promote a stable legal and social infrastructure for European businesses. The EU's ODA, or "co-operation," programmes in the past have focused primarily on agricultural production and technology transfer projects. They are now directed mainly at human resource development, social reforms, private sector links, environmental initiatives, and technological co-operation. By nature of design, many of these proposed projects benefit business, legal, and technical professionals; a majority do not directly impact the lives of people most hard hit by transitional changes -- those at the lower rungs of China's social hierarchy.

In November 1998, an EC delegation including former President Jacques Santer, Vice President Sir Leon Brittan, and Commissioner Yves-Thibault de Silguy travelled to Beijing, Shanghai, and Hong Kong. They discussed with senior Chinese leaders a new "broadened strategy" for EU-China relations, endorsed by the EU's 15 Foreign Ministers and entitled "Building a comprehensive partnership with China". In broad terms, the EU's strategic objective was to integrate China economically and politically into the international community: "The EU supports the process of economic and social reform under way in China. It backs China's transition towards an open society based upon the rule of law and respect for human rights and believes this will benefit China's development and lead to greater global stability. The EU wants China to be more integrated into the world economy by playing a full part in the world trading system."²

Despite these efforts to promote EU-China business co-operation, relatively limited measures were introduced to monitor and develop standards of business practice in China. For instance, EU dialogue with China has always upheld broad "fundamental freedoms" of human rights,³ but does not tackle specific matters of concern. Using vague and general language, the EU is careful to avoid committing to concrete programmes in this area.

In particular, there is no mention of labour standards in any of the Commission's policy documents or Asia-Europe Meeting (ASEM) discussions. In 1997, the Chinese manufacturing sector consumed 62% of total used foreign direct investment (FDI),⁴ while about 87% of China's total export value was derived from manufactured goods.⁵ In terms of the structure of traded goods with Europe, 20% of EU imports from China during the first half of the early 1990s consisted of clothing and textile commodities. Electrical and mechanical machinery amounted to another 20% of the total.⁶ Toys, games, and sports requisites comprised over 12%; footwear and

² "European Commission Delegation in China", <http://www.ecd.org.cn/ecd-china/01.htm>

³ According to the EU's *A Long Term Policy for China-Europe Relations*, the EU intends to pursue human rights issues in China at three levels: "First it will support potential efforts in China to open up and liberalise all areas of Chinese life, in different sections of society as well as different parts of the economy. These trends inevitably reinforce moves towards the development of a civil society based on the rule of law. Second, it will systematically and regularly continue to raise human rights issues in bilateral dialogue with China. Third, it will engage the international community in the dialogue through multilateral fora such as the United Nations." p. 5.

⁴ P.R.C. State Statistical Bureau. *China Statistical Yearbook 1998*. Beijing, 1998, Table 17-20, p. 646.

⁵ P.R.C. State Statistical Bureau. *China Statistical Yearbook 1998*. Beijing, 1998, Table 17-4, p. 621.

⁶ Approximately 60% of EU exports to China consisted of mechanical/electrical machinery, transport equipment, and nuclear reactors.

leather goods, including handbags and travel gear, accounted for roughly 10%; nuclear reactors, boilers, machinery, and mechanical appliances composed just under 5% of the total.⁷ Labour is a key component in most of these industries.

For most foreign companies, cheap labour and land are the foremost attractions of operating in the Chinese economy. With the acquisition of land for export processing zones, farmers are directly affected. Although the EU has funded several projects on sustainable development in the agrarian sector, little attention has been given to labour issues. Workers are frequently from the countryside. Leaving their farmlands behind, they form the labour force which fuels manufacturing industries and general production. From a certain perspective, their standards of living improve in urban areas. But poor working conditions and violations of labour law remain common in production plants. This is an area of concern which the European Commission has yet to address.

The remainder of this paper details the rising trend of EU trade, investment, and ODA in China, the relevance of labour to these programmes, and the existing labour relations issues associated with European interests. Finally, it will discuss possible means of addressing these concerns at the international level.

⁷ *EUROSTAT Yearbook 1996*. Also see Appendices 1 and 2.

TRADE AND INVESTMENT

Upon initial examination of aggregate trade and investment flows between EU and China, bilateral EU-China economic relations seem insignificant next to U.S., Japanese, and ASEAN involvement in China. From 1993 to 1997, China captured only 4-5% (over 2% in manufacturing) of total EU imports, 2-3% of EU exports, and a minor portion of the EU's outward foreign direct investment (FDI), which comprised a mere 4-5% of total FDI into China.⁸

For the Chinese economy, the EU appears to play a more critical role: capturing 13.2% of total trade (import plus exports) in 1997, the EU is now China's fourth largest trading partner, after Japan (18.7%), Hong Kong (15.6%), and the United States (15.1%). The EU further attracted 2% of China's outward direct investment, with Central and Eastern European countries accounting for another 3%; together, these funds amounted to a negligible proportion of total FDI into Europe.

At the same time, Hong Kong as an entrepot masks a substantial volume of trade, which is re-exported through Hong Kong from China to the EU.⁹ Both Eurostat and GATT statistics subgroups have explained discrepancies between EU and Chinese statistics as the result of differences over how to include Hong Kong re-export figures in records. Adjusted figures show that Europe has considerable interests in collaboration with China.

a) Trade

Along with China's booming economy, bilateral trade flows between the EU and China have surged in the last two decades. Total bilateral trade in 1978 was only 2.4 billion ECU (EC-9), but by 1996 this figure had risen to 44.5 billion ECU (EC-14).¹⁰ EU-China trade has increased almost eighteen-fold since the beginning of reform in China. Between 1983 and 1987, the European Community enjoyed a positive trade balance, reaching a peak in 1985 with a 3.2 billion ECU trade surplus vis-à-vis China. Since 1988, however, China's bilateral trade surplus with the EU, with few exceptions, increased consistently through the years, exceeding 15.3 billion ECU by 1996.¹¹ Between 1990 and 1996, EU exports in China had risen by 16.7% annually.¹²

Over the course of the 1980s, the Community lost market share in the Chinese import market. The EC(9) had a 12% share of Chinese imports in 1980, and the EC (10) reached a 13% share in 1985. But the EC (12) fell to 11% in 1990. However, this slight reduction compares favourably

⁸ The EU's three main trading partners are the US, Japan, and Switzerland - which respectively provided about 19%, 10%, and 8% of total imports from 1993-1997; EU exports to these countries were 19% US, 9% Japan, and 5.5% Switzerland in the same period.

EUROSTAT 1997. <http://www.ecd.org.cn/trad/>

⁹ See Strange, Slater, and Wang. *Trade and Investment in China*. Routledge, London, 1998, Appendix A: Table A2.

¹⁰ *EUROSTAT Yearbook 1996 & A Long Term Policy for China-Europe Relations*. Commission of the European Communities, Brussels, 5 July 1995, p. 24, Annex 2.

¹¹ *Ibid.*

¹² *EU-China News*. August 1997. <http://www.ecd.org.cn/new/n10/>

with the collapse of US (from 19% in 1980 to 8% in 1990) and Japanese (from 26% in 1980 to 10% in 1990) shares in the total of China's imports in the same period. Therefore, the US, the EU and Japan all lost market share in China during the 1980's, but the EU managed to retain its relative position much more successfully than its competitors. Recent figures suggest a growth in market share for the EU (around 15%), less dramatic than that of Japan, but more impressive than a stagnant US position.¹³ It is also worth noting that, in contrast to the US, the EU share of the Chinese market is higher than those enjoyed in other Asian markets such as the NICs, ASEAN or Japan.

The European Community's General System of Preferences (GSP) is another ingredient contributing to China's significant trade surplus with the EU. The biggest beneficiary of the EU GSP system in recent years, China saw its GSP benefits jump from 2.1 billion to 6.6 billion ECU between 1988 and 1992. The Chinese share in total benefits of this system increased from 13.7% to 22.2%, three times as much as the second beneficiary.¹⁴

Meanwhile, China remains subject to a number of trade barriers. The conclusion of the Uruguay Round brought an end to national quota regimes. Within the EU, seven imports from China face quota restrictions under the new regime: footwear, toys, gloves, glassware, radio broadcast receivers, and tableware and kitchenware. These items constitute about 12% of non-textile Chinese exports into the EU. The trading partners have also negotiated a separate import regime for silk products from China. The EU however remains concerned about the "unique nature of the Chinese economy and its consequent potential to disrupt the EU market in some sectors".¹⁵ While quota levels have been substantially raised since 1995, all Chinese products are under constant EU surveillance.

In bilateral trade discussions, the EU has expressed concern over the Chinese market's barriers to foreign imports and unpredictable business climate. Some of the EU concerns include: trade monopolies, foreign currency controls, high customs tariffs, licensing quotas, tendering restrictions, export subsidies, and absence of "transparency, certainty, and uniformity" in the local social and legal infrastructure.¹⁶ Some sectors impacted by these problems are non-ferrous metals, silk products, alcoholic beverages, financial services, shipping, and chemicals. The EU also complains about inadequate measures for guaranteeing technical, veterinary, and phytosanitary standards for certain food products and machinery from China. Intellectual property rights are, of course, another area of debate. The EU has been working actively to secure the same protection measures which China has granted to the US on this matter.

The Trade Facilitation Action Plan (TFAP), adopted during ASEM discussions, aims to produce non-tariff barriers and expand trade opportunities. The plan places an emphasis on areas such as intellectual property rights, customs procedures, standards and certification, quarantine and veterinary procedures, public procurement, business mobility, market access, and other trade matters. Seminars will be held to further conceptualise the implementation of the TFAP.

¹³ In 1996, EU deficit with China amounted to 15,326 million ECU, while the US trade deficit reached 34,750 million ECU. *EU-China News*, December 1997.

¹⁴ European Commission. *A Long Term Policy for China-Europe Relations*. 5 July 1995, p. 24.

¹⁵ *Ibid*, p. 36.

¹⁶ *Ibid*, p. 34.

Currently not enough information is yet available to determine the effectiveness of the programme and the impact it has had at the grassroots level in China.

b) Foreign Direct Investment

Foreign direct investments (FDI) constitute 90% of total foreign capital in China and have increased considerably in recent years. Yet they remain limited in comparison to investments made by key competitors such as the United States and Japan. Overseas Chinese funds, particularly those of Hong Kong and Taiwan, still dominate in this area. As preferential treatment is given to overseas investments, much of these funds are in fact Chinese capital channelled through Hong Kong to take advantage of the Government's FDI policy.

Representing roughly two-thirds of projects and contracts and three-quarters of used foreign capital, Hong Kong and Macao companies are the biggest investors in China. Taiwan comes second, increasing the overseas Chinese share of FDI to about three quarters of the total.

Table I: DIRECT INVESTMENT OF EU COUNTRIES IN CHINA

Unit: USD100 million

Projects Year Country	Projects		Contract value		Used value	
	1998 (Jan. – Oct.)	1999 (Jan. – Oct.)	1998 (Jan. – Oct.)	1999 (Jan. – Oct.)	1998 (Jan. – Oct.)	1999 (Jan. – Oct.)
Germany	168	140	20.7982	6.4325	6.5823	8.8013
France	159	87	3.6703	4.0429	5.1019	6.2907
Italy	109	76	1.2719	1.4279	2.1569	2.8139
Holland	73	61	3.8544	5.8055	6.3766	3.6343
Belgium	15	24	0.1902	2.5053	0.2518	0.4145
Luxembo urg	6	6	0.1466	0.0497	0.0912	0.0151
United Kingdom	182	182	15.5855	8.1860	11.5369	8.1014
Ireland	5	1	0.0836	0.0155	0	0.0305
Denmark	10	12	0.2522	0.9725	0.5260	0.8171
Finland	7	19	1.6783	0.3482	0.2676	0.5757
Sweden	28	27	1.0697	1.4558	1.2036	1.4932
Austria	14	20	0.2229	0.2402	0.1967	0.1168
Greece	2	6	0.0050	0.3304	0.0030	3
Spain	28	29	1.3816	0.5580	0.4650	0.1717
Portugal	5	5	0.0327	0.1887	0.0844	0.0121
Total	811	695	50.2431	32.5591	34.8439	33.2886

Source: "Annual Report 1999-2000 – Europe " by CAES, IESCASS and CESCASS; table 21, p. 240, China Ministry of Foreign Trade & Economic Cooperation); January 2000.

In the 1979-1994 period, FDI funded over 221,000 joint ventures and pledged US\$301 billion in China, US\$95 billion of which was actually used. Joint ventures employed over 12 million Chinese workers and represented around 40% of China's total foreign trade. Within this context, EU investments in terms of joint ventures and capital still lagged behind those of main competitors. However, EU investments in China experienced a sharp jump in 1992 and have continued to rise.

Table II: AMOUNT OF UTILISATION OF FOREIGN CAPITAL AND FOREIGN INVESTMENT

Unit: US\$10,000

Item	1997			1998		
	Number of Projects	Contract Value	Used Value	Number of Projects	Contract Value	Used value
Total	21138	6105798	6440834	19850	6320054	5855749
Foreign Loans	137	587200	1202100	51	838500	1100000
Government Loans	137	75400	362200	51	5000	290000
Loans from International Financial Organisations		373200	163100		285600	300000
Export Loans		108500	129200		190000	184000
Commercial Loans		30100	306900		257900	226000
External Bonds			240700		100000	100000
Foreign Direct Investments	21001	5100353	4525704	19799	5210205	4546275
Joint Ventures Enterprises	9001	2072634	1949540	8107	1728631	1834840
Co-operative Operation Enterprises	2373	1206610	892996	2003	1165570	971904
Foreign Investment Enterprises	9602	1765817	1618753	9673	2175270	1646963
Foreign Investment Share Enterprises	6	15049	28820	9	132984	70682
Co-operative Development	19	40243	35595	7	7750	17886
Others						4000
Other Foreign Investment		418245	713030		271349	209474
Sale Share		207400	565700		62493	62229
International Lease		28864	31282		49556	37337
Compensation Trade		12383	8997		10033	6480
Processing and Assembly		169598	107051		149267	103428

Source: "China Statistical Yearbook 1999", tables 17-14, p. 595; compiled by National Bureau of Statistics, PRC September 1999.

To foster further linkages between leading businesspeople, the ASEM Business Forum has already held three sessions. One of the outcomes has been the Investment Promotion Action Plan (IPAP) incorporated in the ASEM summit in London; it pushes for more extensive investment flows between Europe and Asia and outlines a series of additional regulations for investments.

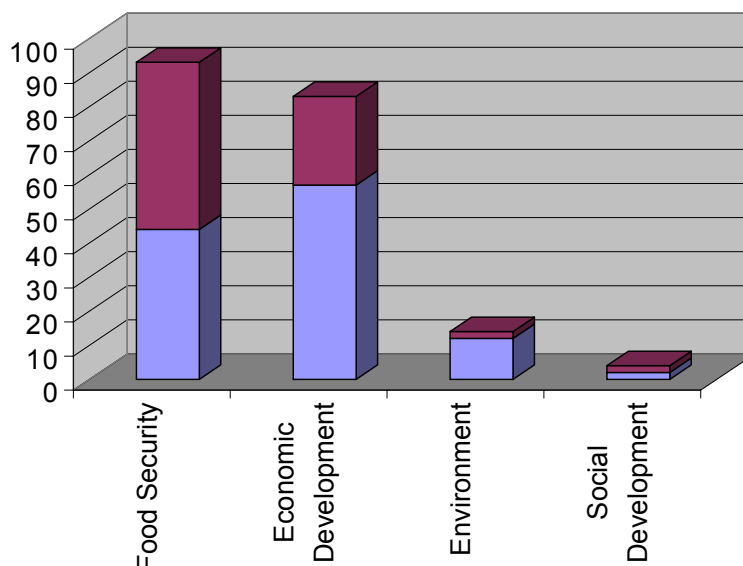
In addition to liberalisation of the Chinese market, the creation of the Euro in January 1999 further reinforced EU interest in expanding its role in China. Recent ASEM talks and delegation visits to China have indirectly promoted the Euro as a currency for international trade, finance, debt restructuring, and official reserves. Since the U.S. dollar commands such a strong foothold in China, the Euro is expected to be a competitive alternative to the dollar. The EU argues that it can act as a stabilising influence on the capital market – whether as a denomination for assets in investors' stocks, a currency for diversification of debt structures, or a reserve currency for the government. Overall, it is believed to be a balancing force which can render the Chinese market less vulnerable to fluctuations in the U.S. dollar exchange rate. Overall, the EU regards the Euro as a way of establishing closer economic and monetary ties between Asian central banks and the European Central Bank.

OVERSEAS DEVELOPMENT ASSISTANCE

Overseas Development Assistance (ODA) should be the best indicator of EU priorities in shaping the social and economic evolution of China. As with the rise of trade and investments, EU ODA has also increased over the last decade. Initiated in 1982, the European Community's "Co-operation Programme" with China first extended aid in the form of food provisions. In 1984, the programme also incorporated a number of agricultural production and technology transfer projects. Throughout the late 1980s, technical and financial co-operation received only about 6 million ECU per year; by the first half of the 1990s, the Community allotted about 12 million ECU per year for aid to China. The new EU-China long-term policy, approved by the Council in December 1995, raised funding for the co-operation Programme to approximately 60 million ECU per year. Considerably more efforts have been put on human resource development, institutional reform, and economic and industrial co-operation.¹⁷ Yet numerous problems remain for many of these programmes.

¹⁷ European Commission. *Alleviating Poverty: Twenty Years of European Community Support in Asia*. DGIB/C, 1997.

Chart I. Percentage of EU Sector Focus for Financial and Technical Co-operation



Black: Major Focus

Grey: Minor Focus

Source: European Commission, Alleviating Poverty

From 1984 to October 1996, the EU financed a total of 28 Chinese development projects, entitled “Technical and Financial Assistance”. The projects tended to centre on the rural sector and involved programmes for soil and water conservation, irrigation, dairy and livestock development, land reclamation, water supply, flood forecasting, and integrated rural development. Geographically, they have covered most Chinese provinces from Xinjiang in the northwest to Hainan in the south.

More than half of the above projects are now completed or near completion. However, the Commission publishes no comprehensive assessment of the impact of the projects and discloses relatively little in interviews.¹⁸ This lack of information is in part a result of the turnover of people in charge of projects. As many of the current projects are ongoing, almost no information is yet available about the implementation process and initial results.

Increasingly, many of the latest ODA programmes from the EU into China have targeted trade

¹⁸ Interviews with EU representative Herve Breton were conducted via phone and in person in EU’s Beijing office, 6 and 11 May 1999.

and investment interests and the perceived needs of urban society and economy.¹⁹ As one academic observes: “a well established mechanism for enacting policies in the EU is first to formulate general aims and principles and then to give these more ephemeral ideas a concrete shape by relating them to specific programmes with their own budget earmarked for the respective aims.”²⁰ Yet either because of a lack of social infrastructure support or insufficient funding, these programmes are faced with numerous limitations.

In the area of human resource development, the EU has identified the China-Europe International Business School (CEIBS) in Shanghai to be an essential part of its “strategy to help business in China.” This programme is currently the best funded human resource development plan addressed at China, with 14.85 million ECU from 1994 to 1999.²¹ Commission publications have heralded the CEIBS as a model for business schools in Asia. It has benefited approximately 3,000 Chinese managers by the end of 1998.²² In addition to the CEIBS, the “Junior Managers Programme,” funded by the EU with about 10 million ECU from 1997 to 2001, provides Chinese language and business training to young European managers. The participants number about 45 per year, so about 225 persons in total.

A similar amount of funding was spent from 1996 to 1999 on the “EU-China Higher Education Programme.” This four-year programme established links between Chinese scholars links with EU academics, joint research programmes, fellowships and studentships in Europe, and workshops and training on European languages. In comparison to the amount spent on business students in the previous two programmes mentioned, this financing for higher education seems disproportionately deficient. Implementation is also behind schedule; the programme should have been fully operational in 1996. Even as late as April 1997, the programme merely offered information about the plan itself but took no effective action in accordance with the details as determined by the Commission.

In the second area of training and technical assistance for “modernisation” and “market-oriented” policies, the “EU-China village governance co-operation” project is the “first initiative targeted towards social reform in China” and is “designed to strengthen democratic electoral practices and self-government at the village level in China.” The duration of the plan lasts five years from 1997 to 2001, requiring another 10 million ECU. Management is entrusted to a Chinese project office with a European director. However, while the programme targets the village level, it in fact provides training and technical assistance to the Chinese Ministry of Civil Affairs at central, provincial, and local levels. Various inconsistencies in the design and planning of this project expose numerous obstacles and problems with effective implementation.

The “EU-China local authority links” programme has similar targets. It is to have two components: links between groups of EU local authorities and a single Chinese local authority. With a total budget of 750,000 ECU, this project appears to be underfunded, given the breadth of its reach and the millions of potential participants. Currently, not enough information is available

¹⁹ See “China Co-operation Preliminary Commitments Schedule” on EC site.
<http://www.ecd.org.cn/co/index.htm>.

²⁰ Ambrosi, Gerhard Michael. “The European Union and China: Principal and Current Issues” in *East-West Dialogue*. Volume II, No. 2, November 1997

²¹ Thus more than half of the total estimated cost of about 25.5 million ECU.

²² Ambrosi, Gerhard Michael. “The European Union and China: Principal and Current Issues.”

on the status of this programme's operation.

A major programme under EU "Support for Economic and Social Reforms" is the "EU-China intellectual property rights co-operation" plan, which runs for three years and foresees a total EU contribution of under 5 million ECU. Previously a two-year pilot project offering assistance to the Chinese Patent Office, this programme extends its services to the following three fields: a) support for institutions dealing with intellectual property rights (IPR);²³ b) assistance to IPR enforcement organs in the administrative and judicial sectors; and c) professional training for IPR agents and attorneys, with similar issues addressed in university teaching and general public awareness programmes. Particular emphasis is placed on analysis of changes required for China to implement regulations concerning TRIPS in GATT/WTO agreements.

In the third category of "fostering business co-operation," the EU attaches great importance to formulating its business strategy in China. The "Asia Invest Programme", implemented in mid-1997 with a time span of four years, is the most expensive programme, incurring 45 million ECU. Only a part of this sum will benefit China, however, as the programme is targeted at South and Southeast Asia as well.

In the fourth area of the environment, a broad "Environmental Management" programme aims to increase China's capacity to address environmental issues. In accordance with the EU's eco-audit regulation and also its environmental action programmes, a pilot project targets three regions in Yunnan Province under the heading of "Environmental Protection and Poverty Alleviation". Agricultural production is the main subject of study; the objective is to promote better management and conservation of natural resources. The "EU-China Liaoning Integrated Environmental Programme" is directed at the environmental implications of industrial production in urban areas. Because these projects were all implemented recently, not enough information is available to assess their competency.

Another form of EU funding in the field of environmental protection is support for the China Council for International Co-operation on Environment and Development (CCICED). A high-level consultative forum initiated in 1992 for senior Chinese officials and experts and international environment specialists, the council has created a medium for debate but has mobilised little concrete effort at application of ideas.

Apart from "human resources development," the main activity of another area of action, "rural and urban development," is the financing of the "China-Europe Centre for Agricultural Technology" (CECAT). The project received seven million ECU and spanned from 1991 to August 1997; it was established under the Ministry of Agriculture. A new programme, entitled China-EU Co-operation in Agriculture (CECA), was introduced in the latter part of 1997. It operates as a fully autonomous entity and will concentrate on three main components: strengthening of farmers' associations, studies and strategies, and business co-operation. Its general aim is to help increase agricultural production and rural incomes through the introduction of agricultural technologies in China. At the same time, the intention is also to allow European

²³ For instance, these include the Chinese Patent Office, the Chinese Trademark Office, the National Copyright Administration of China.

agriculture to benefit from relevant Chinese resources and technology.²⁴

Overall, many of the difficulties and inefficiencies encountered during the implementation process of numerous EU co-operation programmes in China are rooted in the operational gap between institutional interlocutors for the EU and local authorities. EU programmes are always promulgated through the ministries in Beijing but do not actively involve provincial and local governments. Provincial authorities enjoy vast powers across a wide range of policy areas. EU policy has not yet sufficiently acknowledged the importance of the provinces and the need to foster dialogue on some economic and co-operation issues at the provincial level.²⁵

EU FINANCIAL INSTITUTIONS

Since liberalisation of the Chinese economy, joint ventures and international licensing agreements have multiplied at phenomenal rates in various sectors, especially in the industrial domain. In comparison to other foreign counterparts such as the US and Japan, however, European banks and financial institutions have not etched out a significant role in the local market:

Yet the experience of European banks shows a complete absence of licensing agreements and only one joint venture despite the potential contribution that local banks might make because of their knowledge of current business practice, the local economy, politics and culture. Why? As regards the first observation, the answer is simple. Financial services involve sophisticated skills, and are poor candidates for franchising. Regarding joint ventures, the potential contribution of local partners is insignificant in comparison to the additional contractual risks involved ... European banks currently operating in China are “client-followers,” whose objective is to serve corporate customers from their home countries who have invested, or who intend to invest, in China. To such customers, the local financial institutions in China are too inexperienced and cannot guarantee the standard of service required. In contrast, the European investors feel that European banks are more knowledgeable about their needs, particularly if they have already enjoyed previous positive experience of their services, and this would confirm their loyalty to these banks even in an unfamiliar environment.²⁶

Since the financial crisis in Asia, the European Commission has established a European Financial Expertise Net (EFEX) to assist Asian countries seeking to restructure their financial sector. This framework sets up information centres supplying experts from the EFEX network to respond to requests for technical assistance on areas such as bank restructuring, prudential supervision, and risk management. Requests either come directly from Asian countries or through international financial institutions such as the World Bank and Asian Development Bank.

²⁴ Ambrosi, Gerhard Michael. “The European Union and China: Principal and Current Issues.”

²⁵ Some Chinese provinces have larger populations than the largest EU Member States. In addition, the recent proliferation of special economic zones and devolution of economic power have shifted responsibility for economic and trade policy-making and implementation to provincial governments.

²⁶ Fu, Peter Chi-Ming. “The choice of market-servicing mode for European banks in China” in *Trade and Investment in China*. p. 222.

In addition, the World Bank created the ASEM Trust Fund in June 1998. EU contribution to the Fund amounts to approximately 41 million ECU. It is designed to provide Asian ASEM partners with money for technical assistance, advice on restructuring financial sectors, assistance with finding solutions to growing social problems caused by the crisis.

Because of China's internal monetary controls and regulated financial system, the impact of the financial crisis has been comparatively light in comparison to its neighbours. Therefore, the EFEX system is less relevant to Chinese financial institutions than to those of other Asian economies. At such an early stage, it is difficult to evaluate any impact that the EFEX and ASEM Trust Fund might have on China

LABOUR RELATIONS AND CASE STUDIES

The EU has a variety of economic instruments for advocating certain political and economic policies in China. For example, sanctions were applied in response to the Tiananmen incident, and the EU ban on the sale of weapons-related technology is still in force. Often, European ODA to developing countries is contingent upon recipients improving their observance of human rights.

Through confrontation at senior ministerial levels as well as subgovernmental levels, the EU can make efforts to influence governance of civic and legal culture in China. For instance, exchanges and training exercises have been held to promote education on the law, due process, and the handling of prisoners. UN meetings and other international fora also exert pressure against Chinese violations of human rights.²⁷

Yet while the EU relies heavily on labour-intensive industries in China, it is keen to strengthen economic partnerships further, and champions human rights in official policy documents – it has not placed emphasis on maintaining labour rights and work place standards in its recent ASEM meetings and policy papers. Within the scope of co-operation agreements, it uses instruments such as financial and technical assistance to promote education and training; however, most of these programmes impact a select few (mostly highly skilled professionals) and accomplish relatively little in raising general labour standards for the Chinese working poor.

The manufacturing sector in China employs about 14% of the labour force, second only to the agricultural sector with close to 48%.²⁸ China's garment industry has developed rapidly over the past decade, and it is now the world's largest garment producer and exporter. For example, according to Chinese Trading Export Statistics 1995-96, the value of exported garments increased from US\$7.7 billion in 1992 to US\$11 billion in 1993. By 1996, the value of exported garments reached US\$24 billion.²⁹

²⁷ Maull, Segal, & Wanandi. *Europe and the Asia Pacific*. Routledge, London, 1998.

²⁸ *China Labour Statistical Yearbook 1998*. China Statistical Publishing House, Beijing, 1-9, p. 10.

²⁹ New China News Agency Report, 1997.

China has been the world's fastest growing garment exporting country in the last decade. In 1996, China had about 44,000 garment factories with an annual output of 8.5 billion pieces and employed over four million workers. From 1985 to 1994, the industry underwent rapid output expansion of about 20.6% per annum. Guangdong province was the top producer. Most of its garment factories were relocated from Hong Kong.³⁰ Due to the tight labour supply, and escalating land prices and rents in Hong Kong, most Hong Kong manufacturers have shifted their labour-intensive processing, production of lower-end products, and products not subject to quantitative restraint to China and other low-cost Asian countries.

The garment industry is one such labour-intensive industry. Much of the garment production that previously took place in Hong Kong is now located in southern China. Growth in this sector is expected to continue and is projected to rise at a rate of about 9-10% annually between 1995 and 2000. Profits are also rising for manufacturers. However, low wages and long working hours are still a part of workers' lives.

The Asia Monitor Resource Center (AMRC) conducted a study of the garment industry for German imports.³¹ One of the main countries importing China's garment products, Germany, imported over US\$500 million worth of clothing from China in 1995. Conducted between July and September 1996, the investigation examines eight garment factories located in the Pearl River Delta. These eight factories were pre-selected from a directory of garment firms in Guangdong province for producing goods for the European, and specifically German, market. The study was initiated after discussions with the Sudwind Institute of Economics & Ecumenism, a German NGO, regarding workplace conditions in garment factories manufacturing clothes for the German market.³²

AMRC's investigation confirmed findings from earlier research (*PRD Labour Rights Report*, AMRC 1996). Poor working conditions, low wages, over-extended working hours, and lax safety and sanitation standards characterised the situation for local workers at these factories. The factories in the study regularly violated Article 36 of the P.R.C. Labour Law. While Article 36 stipulated that "labourers shall work for no more than eight hours a day and no more than 44 hours a week on average," the normal working week entailed 69 hours, more than 125% above the standard.³³ Moreover, in spite of Article 38's guarantee of at least one rest day per week, the factories required that employees work seven days a week and gave them only two rest days each month. Factories also employed child labour, allowing young teenagers to join work teams with fake identity cards.

With so many instances of violation of local labour standards – why has the EU not exerted more pressure on European firms to monitor and promote observance of labour regulations?

³⁰ In 1994, Hong Kong re-exported clothing made in China reached US\$11.6 billion.

³¹ Conditions of Workers in the Garment Industry in China, Sudwind Institute of Economics and Ecumenism and Asia Monitor Resource Center, 1999

³² The factories were: 1) Heo-shing Garment Co. Ltd.; 2) Wiebledon Services Co. Ltd.; 3) Fashion Garment Factory; 4) Li An Garment Co.; 5) Powerset Garment Factory Ltd.; 6) Tung Tat Factory; 7) Shenzhen Fulide Industry Co. Ltd.; 8) Kam Tai Garment Factory

– See "Conditions of Workers in the Garment Industry in China." AMRC, March 1997.

³³ Refer to Appendix 6.

For the most part, the EU still considers the World Trade Organisation (WTO) to be the main vehicle for advocating social harmonisation in the international arena. The EU, along with the United States, supports a multilateral solution through the WTO on the labour standards issue; however, the West has not taken concrete steps to ensure the enforcement of standards.

The EU's General System of Preferences (GSP) scheme is a unilateral instrument for the Union to incorporate two types of punitive measures relating to human rights and labour standards. The first concerns the possibility of withdrawing preferences to countries which allow slavery and forced labour.³⁴ The second includes "special incentive schemes" which aim to help countries adopt social and environmental policies towards sustainable development.

In the area of labour standards – additional preferences may be granted to countries which comply with International Labour Organisation Conventions 87, 98, and 138 (respectively on freedom of association, the right to collective bargaining, and child labour).³⁵ China has for many years been by far the major beneficiary of the GSP scheme. In 1995, China's share of total EU GSP benefits amounted to over 26%.³⁶ Ironically, China continues to face numerous problems with issues of freedom of association. In addition, while the Government has made efforts to promote "collective consultation," collective bargaining with equal representation between employees and employers remains tenuous. Enforcement against child labour, as demonstrated in case studies, still requires improvement. At core, the GSP scheme is an economic instrument with very limited impact on social dilemmas.

Bilateral actions between the EU and developing countries sometimes cover areas of economic and social co-operation in specific social development objectives. For example, co-operation agreements between the EU and Pakistan and Bangladesh, respectively, make specific references to safeguarding workers' basic rights. These include stipulations against forced and child labour and clauses upholding rights to association, collective bargaining, and the principle of non-discrimination. Bilateral agreements seem more direct in impact for the signing country. However, there has been no real mention of such agreements between the EU and China.

Some argue that trade and investment are not the root of the problem of differential labour standards between countries; therefore, no solution involving trade policies are the best solution. Whether or not this belief is true, the EU needs a more concerted effort towards promoting, monitoring, and implementing international labour standards in China. These measures can only be achieved through commitment on the part of the private investment community as well as those who determine regulations and shape policies. Currently, the Union has yet to show sufficient concern over labour relations in China to balance its great demand for labour supply and its need to fuel manufacturing and other labour-intensive industries.

³⁴ EC 1997, p. 8

³⁵ EC, 1997, p. 9

³⁶ Source: EUROSTAT, *External Trade: System of Generalised Tariff Preferences (GSP). Imports* Volume 2.

APPENDIX 1

50 PRINCIPAL CHINESE IMPORT COMMODITIES, JAN – DEC 1997 (in US\$ '000)

Commodity	Unit	Quantity	Value	% Change in Quantity (same period last year)	% Change in Value (over same period last year)
Mechanical & electrical products (including those listed in this catalog of the kind)	-	-	59,331,804	-	-3.2
Plastics in primary shape	10, 000 tons	890	7,894,908	13.2	16.6
Steel	10, 000 tons	1,323	6,520,169	-17.2	-8.2
Crude oil	10, 000 tons	3,547	5,456,211	56.8	60.1
Refined oil	10, 000 tons	2,379	3,682,055	50.3	54.4
Integrated circuit & micro electronic components	10, 000	959,995	3,482,209	38.9	33.6
Fertilizer	10, 000 tons	1,649	2,994,911	-11.2	-15.9
Paper & paper board (uncut)	10, 000 tons	552	2,852,198	22.9	21.3
Components for auto data processing equipment	Ton	75,927	2,729,044	29.4	42.7
Plane	Jet	73	2,576,045	-5.1	21
Woven products of long filament synthetic fabrics	10,000 meters	250,253	2,489,491	4.9	-1.5
Textile machinery	-	-	1,837,280	-	-30.5
Apparatus for switching or protecting electrical circuits	-	-	1,803,572	-	26
Parts of TV, radio, and telecommunication equipment	Ton	76,757	1,776,729	-30.7	28.8
Self-control measuring, testing, & analytic instruments	-	-	1,768,288	-	-6.5
Copper	Ton	695,503	1,707,472	-2.6	2
Ox hide and horse skin	Ton	464,589	1,704,203	4.7	8.3
Cotton fabrics	10,000 meters	158,580	1,665,238	-4.8	-1.1
Iron ore	10, 000 tons	5,511	1,614,840	25.6	22.2
Metal processing machine tools	Unit	104,684	1,584,587	-16.3	37.1
Edible vegetable oil	10, 000 tons	275	1,504,572	4.2	0.7
Synthetic fabric yarn	Ton	764,118	1,471,989	10.2	10.3
Synthetic fabrics of textile	10, 000 tons	104	1,411,434	6.5	0.8
Equipment & parts for mechanical loading & lifting	-	-	1,386,531	-	-19.7
Raw cotton	10, 000 tons	75	1,329,718	15.1	11.1
Machinery for processing rubber & plastics	-	-	1,301,559	-	-32.5
Knitted & croched fabrics	Ton	425,052	1,199,461	16.1	7.2
Aluminum	Ton	600,990	1,154,763	-5.2	9.6
Auto data processing equipment	Unit	16,466,307	1,134,521	85.3	17.8

(Continued)

Commodity	Unit	Quantity	Value	% Change in Quantity (over same period last year)	% Change in Value (over same period last year)
Diodes, transistors & the like	10,000	3,580,176	1,095,739	55.4	59.4
Parts & accessories for wire telephone & cable equipment	Ton	32,726	1,006,205	6	-1.8
Automobile parts	-	-	932,486	-	-13.4
Cereal & cereal flours	10,000 tons	417	916,189	-61.5	-64.4
Wire and cable	Ton	231,912	905,024	11.7	16.7
Fabrics with plastic coating	Ton	363,067	897,027	-1	-3.9
Parts of clocks & watches	-	-	847,651	-	-6
Wool	Ton	207,203	789,450	-8.4	-7.2
Plastics products	Ton	330,633	782,195	1.4	6.6
Pulp	10,000 tons	154	747,918	5	-3.4
Automobiles and chassises	Unit	48,467	711,736	-35.6	-14.6
Log	10,000 cubic meters	447	677,788	40.3	48
Machinery for construction & mining	-	-	672,707	-	5.3
Fish meal for feed	Ton	985,234	628,188	11.6	10.5
Models & modeling boxes for metal casting	Ton	19,308	618,657	-35	-31.7
Parts of rotating power equipment	Ton	55,361	587,476	27	49.5
Parts of air crafts	Ton	2,495	563,849	-5.1	13.2
Electronic motors & generators	10,000 units	70,511	559,291	23.6	5.5
Printing & binding machinery	-	-	518,775	-	-37.1

Source: MOFTEC, through General Administration of Customs

APPENDIX 2

50 PRINCIPAL CHINESE EXPORT COMMODITIES, JAN – DEC 1997 (in US\$ '000)

Commodity	Unit	Quantity	Value	% Change in Quantity (over same period last year)	% Change in Value (over same period last year)
Mechanical & electrical products (including those listed in this catalogue)	-	-	59,317,194	-	23
Clothing & accessories	-	-	31,753,677	-	27.1
Textile yarn, fabrics, & their products	-	-	13,823,492	-	14
Shoes	-	-	8,535,710	-	20.1
Toys	-	-	5,040,769	-	28.4
Plastic products	Ton	2,330,670	3,489,479	25.2	29.8
Travelling products & suitcases	-	-	3,297,414	-	21.5
Crude Oil	10, 000 tons	1,983	2,734,132	-2.8	-1.9
Recorders & acoustic combinations	10,000 units	18,078	2,713,051	23.2	17.6
Steel	10,000 tons	462	1,935,048	9.5	10.1
Aquatic products	10,000 tons	72	1,881,096	11.8	8.5
Furniture	-	-	1,818,063	-	40.3
Ship	Unit	18,668	1,618,484	8.4	41.6
Medicine	Ton	137,366	1,540,563	0.8	1.6
Vegetables	10,000 tons	167	1,474,883	-0.4	-3.8
Lamps, lighting, and the like	-	-	1,318,040	-	14
Cereal & cereal flour	10,000 tons	833	1,316,808	572.9	258.3
Electric motors and generators	10,000 units	184,782	1,224,733	25.4	27.7
Refined oils	10, 000 tons	559	1,201,361	33.8	38.3
Parts & components of TVs, radios, wireesses	Ton	101,571	1,155,898	15.8	17.1
Coal	10, 000 tons	3,072	1,132,534	5.9	2.1
Ornaments made with rare materials	-	-	1,121,451	-	41.1
Apparatus for connecting, breaking, & protecting electric circuits	-	-	1,074,470	-	22.2
Containers	Unit	329,521	1,028,064	-6.6	-3.2
Wristwatches	10, 000	83,199	989,905	14	2.5
Wire telephone	10,000	10,011	947,958	16.8	9.6
Static converters	10,000	26,358	937,822	48.3	48.9
Cameras	10,000	6,599	925,329	6.1	32.9
Hand & machinery tools	Ton	377,015	883,417	17.4	17.4

(Continued)

Commodity	Unit	Quantity	Value	% Change in Quantity (over same period last year)	% Change in Value (over same period last year)
Wire & cable	Ton	303,428	869,769	32.1	24
Steel ingots & forging	10,000 tons	363	845,354	34.5	32.8
Pig iron & speigel	10,000 tons	554	813,647	55.8	58.8
Coke	10,000 tons	1,058	790,964	37.6	29.4
Household chinaware	Ton	707,186	733,276	13	34
Electric fans	10,000	13,163	716,667	7.3	-11.3
Cushions, bedroom apparatus & the like	-	-	662,622	-	11.9
Televisions	10,000	905	654,311	-12.2	-17.6
Crude zinc & zinc alloy	Ton	557,008	651,772	145.6	198.6
Porcelain ornaments	Ton	343,172	622,088	17.1	33.3
Loudspeakers	10,000	88,162	590,806	20.4	34
Aluminium	Ton	348,790	589,041	106.1	104.3
Frozen chicken	Ton	295,577	554,721	-0.9	-12.1
Edible vegetable oil	Ton	822,878	548,128	73.8	22
Synthetic organic dyes	Ton	127,284	527,589	33.5	31.6
Motorcycle/bike parts	-	-	523,006	-	-
Bicycles	10,000	1,439	512,624	18.3	10.6
Copper	Ton	183,705	508,867	37.3	29.2
Tyres	10,000	7,497	500,693	30.5	7.1
Artificial flowers	Ton	142,841	489,847	15	18.5
Umbrellas	10,000	43,933	478,363	17.5	15.4

Source: MOFTEC, through General Administration of Custom

APPENDIX 3

MAJOR FOREIGN INVESTORS IN CHINA, JAN - OCT 1998

	PROJECTS (Unit)	CONTRACTS (US\$ billion)m	USED (US\$ billion)
EU (15)	811	5.02	3.48
United States	1811	5.02	3.05
Singapore	454	2.28	2.76
Japan	946	2.21	2.05
Others	13,146	24.87	24.11
TOTAL	16,168	39.40	*35.90

* Figures ambiguous

Source: MOFTEC, Foreign Investment Department

APPENDIX 4

Situation of Import from Different Countries and Regions (in China)

Country/ Region	Jan. – Dec. 1997		Jan. – Dec. 1998		Jan. – Sept. 1999	
	Import (%)	Percentage	Import(%)	Percentage	Import	Percentage
Total	1423.61 (2.5)	100.0	1401.66 (-1.5)	100.0	1176.09	19.3
Asia	883.97 (5.9)	62.1	870.55 (-1.5)	62.1	712.94	14.3
Hong Kong	69.90 (-10.6)	4.9	66.58 (-4.7)	4.8	50.04	4.1
Japan	289.93 (-0.6)	20.4	282.07 (-2.7)	20.1	235.45	19.3
ASEAN	123.32 (15.2)	8.7	125.61 (1.2)	9.0	104.64	18
Korea	149.29 (19.6)	10.5	149.95 (0.4)	10.7	120.67	11.6
Taiwan	164.42 (1.6)	11.5	166.30 (1.1)	11.9	138.85	15.6
Africa	24.64 (68.2)	1.7	14.77 (-40.1)	1.1	17.43	49.0
South Africa	7.90 (18.9)	0.6	6.9-12.51 (12.5)	0.5	6.51	30.9
Europe	257.49 (-6.8)	18.1	*263.02.16 (2.1)	18.8	237.57	34.6
EU	191.92 (-3.4)	13.5	207.15 (7.9)	14.8	184.45	35.5
Russia	40.86 (-20.6)	2.9	36.41 (-10.9)	2.6	31.66	16.5
Latin America	37.69 (4.4)	2.6	29.89 (-20.7)	2.1	21.53	6.1
Brazil	14.89 (0.3)	1.0	11.33 (-23.9)	0.8	7.07	-8.9
North America	183.06 (-2.2)	12.9	191.98 (4.9)	13.7	157.61	19.4
U.S.A.	162.98 (0.3)	11.4	169.61 (4.0)	12.1	141.55	21.3
Oceania	36.74 (-6.6)	2.6	31.40 (-14.5)	2.2	29.01	33.9
Australia	32.48 (-5.4)	2.3	26.88 (-17.2)	1.9	24.99	34.4

**Figures ambiguous*

Source: China Ministry of Foreign Trade & Economic Cooperation

APPENDIX 5

Situation of Export from Different Countries and Regions (in China)

Unit: US\$100 Million

Country/ Region	Jan. – Dec. 1997		Jan. – Dec. 1998		Jan. – Sept. 1999	
	Export(%)	Percentage	Export(%)	Percentage	Export	Percentage
Total	1826.97 (20.9)	100.0	1837.65 (0.5)	100.0	1369.96	2.1
Asia	1089.21 (19.3)	59.6	981.80 (-9.9)	*5304	716.57	-0.9
Hong Kong	437.81 (33.0)	24.0	387.53 (-11.5)	21.1	260.05	-13.5
Japan	318.20 (3.0)	17.4	296.92 (-6.7)	16.2	224.56	6.7
ASEAN	120.31 (24.0)	6.6	109.21 (-13.6)	5.9	85.17	9.7
Korea	91.16 (21.5)	5.0	62.69 (-31.3)	3.4	53.43	19.5
Taiwan	33.96 (21.2)	1.9	38.70 (13.9)	2.1	27.93	1.4
Africa	32.07 (24.9)	1.8	40.59 (26.5)	2.2	29.19	-2.2
South Africa	7.84 (14.8)	0.4	8.67 (10.5)	0.5	5.75	-12.6
Europe	289.65 (21.3)	15.9	334.29 (15.3)	18.2	247.82	2.4
EU	238.11 (20.1)	13.0	281.48 (18.1)	15.3	212.90	5.2
Russia	20.33 (20.0)	1.1	18.40 (-9.7)	1.0	8.80	-37.1
Latin America	46.06 (47.7)	2.5	53.23 (15.5)	2.9	36.76	-8.5
Brazil	10.44 (36.8)	0.6	10.86 (3.9)	0.6	6.24	-21.0
North America	346.01 (22.2)	18.9	401.12 (15.9)	21.8	317.71	10.8
U.S.A.	326.95 (22.5)	17.9	379.84 (16.1)	20.7	300.38	10.7
Oceania	23.97 (22.1)	1.3	26.61 (11.0)	1.4	21.91	15.1
Australia	20.55 (22.8)	1.1	23.42 (13.9)	1.3	19.00	13.7

*Figures ambiguous

Source: China Ministry of Foreign Trade & Economic Cooperation

APPENDIX 6

Working Hours in the Eight Garment Factories

Company Name	Daily Working Hours	Overtime Work Hours	Rest Days
Fashion Garment	7:30 - 11:30 a.m. 1:00 - 5:30 p.m.	6:30 – 9:30/10:00 p.m. every night	2 Sundays per month
Li An Garment	7:30 - 11:30 a.m. 1:00 - 5:30 p.m.	6:30 – 9:30 or 10:00 p.m.	2 Sundays per month
Wiebledon Services	7:30 - 11:30 a.m. 1:00 - 5:00 p.m.	6:30 – 9:30 p.m.	Every Sunday except peak seasons
Heo-Shing Garment	7:30 a.m.-noon 1:00 - 6:30 p.m.	7:00 p.m. – midnight/overnight	N/A
Powerset Garment	8:00 a.m.-noon 1:30 – 7:30 p.m.	8:00 p.m. – 10:00 p.m. to midnight	N/A
Tung Tat	7:30 - 11:30 a.m. 1:30 - 5:30 p.m.	6:30 p.m. – 11:00 p.m. to overnight	N/A
Shenzhen Fulide	8:00 a.m.-noon 1:30 - 5:30 p.m.	6:30 p.m. – 9:00 p.m.	Every Sunday except peak seasons
Kam Tai Garment	8:00 a.m.-noon 1:30 - 5:30 p.m.	6:30 – 12:20 a.m. to 2:30 a.m.	N/A