

## RESEARCH

# *European Trade Policy towards China and India*

### OBJECTIVES

Over the past three decades, the impact of emerging economies on world trade has increased tremendously. As recently as 1970, developing countries' share in developed countries' imports of manufactures was barely 10 per cent; today their share is over 45 per cent. Developing countries are not only producers and exporters; they are also consumers and importers. Indeed, the same emerging economies which currently rank among the world's top ten exporters are also among the top ten importers.

Much of this phenomenal rise comes from China and India. As far as the EU is concerned, these two countries are now respectively its second and first partner for both exports and imports. The goal of the project is to examine the role of interest groups in shaping EU trade policies towards China and India and evaluate the impact of such policies on European economies.

### RESEARCH TEAM

ECORE's team of researchers in International Trade consists of Paola Conconi, André Sapir, Jacques Thisse, and Hylke Vandenbussche.

### RESEARCH AREAS

**The political economy of EU trade policy.** The ECORE team will examine the role of interest groups (e.g. import-competing producers, distributors, consumer and environmental groups) in the determination of EU trade policies vis-à-vis China and India. For example, the difficulties encountered by import-competing producers are crucial in explaining the recent adoption of protectionist measures in the textile and shoes sectors.

**The impact of EU trade policy.** The following questions will be addressed:

- Do protective trade policies such as import quotas on textiles result in EU firms restructuring and becoming more productive?
- To what extent does trade protection reduce imports and raise prices of the protected goods in the EU market?
- What is the effect of trade protection on the markups of European firms?
- Is there evidence of trade diversion?
- How does EU trade policy affect the location of European firms?

### CONTACTS

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