Impact of the International Economic Law on the Foreign Trade of New Energy Vehicles Under the Background of the “Belt and Road Initiative”

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Abstract. In recent years, the scale of foreign trade of new energy vehicles industry has expanded rapidly, which has raised concerns about the industry’s ability to effectively manage international legal risks. Through the methods of text analysis and case analysis on the existing foundation of the “Belt and Road Initiative” under the background of the international economic law on foreign trade of our new energy vehicles has been analyzed. The aim of this article is to clarify the role and application of international economic law in foreign trade of new energy vehicles under the background of the “Belt and Road Initiative”. Thus providing legal references for foreign trade cooperation between the new energy automobile industry and countries along the routes “Belt and Road Initiative”.

Keywords: Belt and Road Initiative · International Economic Law · Foreign Trade of New Energy Vehicles

1 Introduction

The “Belt and Road Initiative” proposed in 2013 has brought opportunities for the development of Chinese automobile enterprises [1]. According to relevant departments’ statistics, Since 2015, the production and sales volume of new energy vehicles in China has ranked first in the world. Meanwhile, the ownership of new energy vehicles is also ahead of other countries along “Belt and Road Initiative”. There are many studies on the “Belt and Road Initiative” and international economic law both domestically and abroad, while the research on the combination of new energy vehicle foreign trade is relatively rare. At the same time, with the continuous expansion of the scale of new energy vehicle foreign trade, some issues have gradually emerged in the foreign trade process, among which legal issues are the most important.

This paper aims to analyze the application of international economic law in the field of automobile foreign trade in the context of the the Belt and Road Initiative and its role, so as to serve China’s new energy automobile industry, and provide legal reference for the foreign trade carried out by countries along the the Belt and Road Initiative.
2 Definition and Analysis of Relevant Concepts

2.1 The Belt and Road Initiative

The Belt and Road is a strategic concept put forward in 2013, which has attracted worldwide attention and broad participation of people from all countries. At that time, the world was undergoing complex changes, with the international economic crisis continuing to affect the global economy. The international investment and trade situation, along with multilateral investment and trade systems, were also facing various adjustments. The economic development problems faced by countries were still very severe [2]. The development of economic globalization was also at a crossroads in history. Therefore, the BRI emerged in 2013.

2.2 International Economic Law

After World War II, the signing of agreements related to the Bretton Woods system, along with the establishment of the International Monetary Fund and the World Bank, brought about significant changes to the international economic order. The contemporary International Economic Law is a concept proposed by Western scholars who had boldly innovated on the basis of the new international economic order. When the subject was initially proposed, it went through several academic debates subsequently before finally forming the overall research framework and scope of the discipline, namely International Economic Law [3]. It is an important component of Public International Law, which focuses on the economic relations between nations.

2.3 Current Status of the Foreign Trade of New Energy Vehicle in China

The continuously rising sales of new energy vehicles in 2022 indicate that a comprehensive electric transformation is the trend in China’s automobile industry in recent years. Domestically, according to data from the China Association of Automobile Manufacturers, the export volume of China’s new energy vehicle in the first three quarters of 2022 has exceeded the total sales volume in 2021, reaching about 389,000 units. Internationally, China has surpassed Germany and become the world’s second-largest automobile exporter, right after Japan. The recently held Central Economic Work Conference also mentioned that China should focus on developing new energy vehicles, indicating that the development prospects of new energy vehicle foreign trade are promising.

3 The Application of the International Economic Law in the Foreign Trade of New Energy Vehicles Under the “Belt and Road Initiative”

The application of the International Economic Law in the foreign trade of new energy vehicles mainly includes three aspects: technology, goods, and services, with International Technical Trade Law, International Trade Law of Goods, and International Service Trade Law as the three branches of International Economic Law. Under the context of
the “Belt and Road Initiative”, the new energy vehicle industry must be familiar with these three scenarios so as to engage in trade activities flexibly with countries along the route.

3.1 Embodiment in the International Technical Trade Law

International technology trade refers to the paid transfer of technology between parties from different countries, with developed countries taking the lead. It is more complex than general goods trade and is closely linked to intellectual property protection and capital trade [4]. For the new energy vehicle industry, the role of International Technical Trade Law is mainly to regulate the technology transfer relationship of new energy vehicle enterprises in international trade, while developed countries have a natural advantage in international technology trade.

For example, the member countries of the “Belt and Road Initiative” have different levels of economic development, and the level of technology for producing new energy vehicles also varies. Assuming that Country A has a low level of new energy vehicle industry and is labor-intensive, Country B has a lower level in this field with a high-tech intensive industry, and Country C has a relatively moderate level on that, including both technology-intensive and labor-intensive industries in the domestic new energy vehicle industry. When there is a transfer of technology or intellectual property in this respect between Country C and Country B, it is often the situation that Country C uses the patents and knowledge of the more advanced new energy vehicle industry in Country B, and needs to pay for the patent and intellectual property protection fees. When there is a transfer of technology or intellectual property in the new energy vehicle industry between Country C and Country A, it is often the situation that Country A uses the professional knowledge of Country C’s new energy vehicle industry, and at this time, Country A needs to bear the patent and intellectual property protection fees of Country C.

In the foreign trade of the new energy vehicle industry, if there is a transfer of technology or intellectual property involved, the International Technical Trade Law can ensure that countries are in a relatively fair position as much as possible.

3.2 Embodiment in the International Trade Law of Goods

Currently, there are 64 countries along the surrounding countries of “Belt and Road Initiative”, among which Belgium, Bangladesh, India and other countries have relatively high trade volume with China’s new energy vehicle industry. In the foreign trade in these countries, the main laws and regulations applied are the Convention on Uniform Law for Formation of Contracts for International Sale of Goods (ULF) and the Convention on Uniform Law for International Sale of Goods (ULIS). These two legal frameworks mainly restrict and protect the responsibilities and rights of different countries’ new energy vehicle industry entities. Such restrictions and protections are based on legal standards.

For example, Company A in Country A exported a batch of new energy vehicles to Company B in Country B. Before the export, both companies had already inspected the quality of the cars according to the negotiated contract, and this batch of consignment met all the acceptance criteria and were insured by an insurance company in Country
A. However, after the batch of goods were transported to Country B and delivered, the technical inspectors from Company B found quality issues with the vehicles. Through communication with Company A, it was discovered that the vehicles were immersed in seawater during the sea transport. The insurance company in Country A did not want to compensate for the loss because the accident occurred after the products of Company A had cleared customs. According to the relevant provisions of International Trade Law of Goods, it can be found that Company A in Country A is responsible for the quality of the new energy vehicles, the expenses required in transportation, and the insurance. However, Company A does not need to be responsible for the event of the vehicles being immersed in seawater during transport. Therefore, the judgement is that Company B in Country B needs to bear the loss, and the insurance company in Country A does not need to compensate Company B. From this, it can be seen that the International Trade Law of Goods plays an important role in safeguard the legitimate rights and interests of foreign trade entities.

3.3 Embodiment in the International Service Trade Law

The rapid development of trade in services requires corresponding legal regulations for adjustment, which directly led to the birth of the General Agreement on Trade in Services (GATS) within the framework of the World Trade Organization [5]. Compared with the International Technical Trade Law and the International Trade Law of Goods, the International Service Trade Law has many differences.

The International Service Trade Law for services is mainly based on domestic legal regulations. The development of the new energy vehicle varies among countries of “Belt and Road Initiative” and each country’s government has different attitudes and policies towards their own development. Therefore, the adjustment of international trade in services needs to refer to the legislation of each country. For example, if the new energy vehicle industry is a pillar industry in Country A and the government supports it strongly, then the market access restrictions in Country A will be relatively decrease. On the other hand, if the new energy vehicle industry is underdeveloped in Country B and the government does not prioritize it for development, then there will be greater restrictions on market access in the new energy vehicle sector in Country B. At this point, the International Economic Law cannot constrain or manage the market access policies of Country A and Country B. If both countries intend to engage in the trade of new energy vehicles, they need to negotiate and jointly discuss the methods to address these issues.

Currently, the international legal system for service trade in the new energy vehicle industry is adjusted based on the WTO General Agreement on Trade in Services (GATS). However, international activities such as transportation and finance in the new energy vehicle industry among countries of “Belt and Road Initiative” are generally regulated by branches of international laws such as the International Trade Law of Goods and the International Financial Law. The international legal system for the International Service Trade Law will continue to undergo continuous improvement in the foreseeable future.
4 The Role of the International Economic Law in Foreign Trade of New Energy Vehicles Under the Background of the “Belt and Road Initiative”

4.1 Protecting Intellectual Property Rights in the New Energy Vehicle Industry

The role of the International Economic Law in international trade is irreplaceable as it can prevent unnecessary losses.

In the current international trade, transactions involving intellectual property rights account for a considerable proportion [6]. Intellectual property rights have caused some difficulties for international trade entities, such as additional costs, distorted competition within the industry, etc. Taking the BYD brand as an example in the “Belt and Road Initiative”, BYD is a world leader in the development of lithium iron phosphate batteries [7]. The existence of the International Economic Law can ensure that the lithium iron phosphate batteries developed by BYD are not illegally used by other countries of the “Belt and Road Initiative”. On the other hand, it serves as a warning to Chinese companies that they must obtain the intellectual property rights of others through formal channels if they wish to use them. With these two functions, the intellectual property rights of China’s new energy vehicle industry can be well protected, which can enable China’s new energy vehicle industry to carry out technological innovation fairly and justly, and also help improve the international competitiveness in this area.

4.2 Dealing with Dumping and Anti-dumping

The issue of dumping and anti-dumping is an inevitable problem in various economic and trade activities, and it exists universally in the economic exchanges among countries. Dumping refers to an unfair competition method, and anti-dumping is a governance measure taken by countries against such behavior. However, due to the different actual situations of each country, there are also some differences in the definition of dumping and anti-dumping. For example, if Country A believes that a batch of foreign goods just arrived at the port are priced lower than their original price, then these goods will be labeled as dumping goods, and the government of Country A will take anti-dumping measures against them. However, all goods may fluctuate in price to some extent. Here, we can see that the approach taken by the government of Country A is an unreasonable anti-dumping measure. If the exporting country expresses dissatisfaction with Country A’s measures, then the exporting country can file a complaint against Country A’s behavior based on the relevant provisions in the International Economic Law. Therefore, the International Economic Law can protect the legitimate rights and interests of China’s new energy vehicle industry in trade with various countries of “Belt and Road Initiative” so as to obtain a fair and equitable market position.

5 Conclusion

The “Belt and Road Initiative” has brought many opportunities and challenges for the development of China’s new energy vehicle industry. In order to embrace the opportunities brought by the initiative, it is necessary to have a proficient understanding and
application of the International Economic Law to deal with possible disputes. When trade disputes arise between China’s new energy vehicle companies and some countries of “Belt and Road Initiative”, it is necessary to fully utilize the International Economic Law to stick up for the legitimate rights and interests of domestic businesses. The Chinese government should also strictly comply with the requirements of the International Economic Law, and avoid infringing on the legitimate rights and interests of countries of “Belt and Road Initiative” as much as possible.

References


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