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### **Abstract**

## **Economic Openness, Monetary Integration and Trade Specialization: Evidence from the EA-China Trade**

Dimitrios Karkanis

*Postdoctoral Researcher, Department of Planning and Regional Development,  
University of Thessaly, Pedion Areos - Volos, Greece*

Myrsini Fotopoulou

*PhD Student, Department of Planning and Regional Development, University of  
Thessaly, Pedion Areos - Volos, Greece*

The European Union and China have become major trade partners in recent decades. China's accession to the World Trade Organization and the Euro Area enlargement have radically changed the framework of bilateral cooperation. This paper applies a gravity model in order to examine the impact of economic inequalities and the adoption of the euro on bilateral trade between China and the Euro Area. The results suggest an enhancing effect of mitigating inequalities and the common currency on trade. It also appears that apparent competition patterns between EA members regarding some of the major exported products to China are in fact synergistic, due to decentralization of production processes from the EA core to its periphery.

Keywords: China, economic inequalities, Euro Area, international trade, trade openness

*Editorial Office: Estey Journal of International Law and Trade Policy, College of Law,  
University of Saskatchewan, 15 Campus Dr., Saskatoon, SK, S7N 5A6, Canada  
Phone (306) 966-6879; email: estey.j.editor@usask.ca*