

EUROPEAN UNION AND CHINA*

EU relations with China were established in 1975 and are governed by the 1985 EU-China Trade and Cooperation Agreement. In 2007, to reflect the depth and breadth of today's strategic partnership, negotiations began to upgrade this to a Partnership and Cooperation Agreement. Today, the EU is China's second largest trade partner, with China being the EU's largest partner. Apart from regular political, trade and economic dialogue meetings, there are over 24 sectoral dialogues and agreements ranging from environmental protection to industrial policy to education and culture.

The main objectives of EU policy towards China are to:

- Broaden and deepen dialogue with China, both bilaterally and on the world stage (e.g. working together on global challenges such as climate change,
- Support China's transition to an open society based upon the rule of law and respect for human rights,
- Encourage the ongoing integration of China into the world economy and trading system, and support the process of economic and social reforms,
- Raise the EU's profile in China, to aid mutual understanding.

These objectives are reflected in EU assistance to China.

REGULAR POLITICAL, TRADE AND ECONOMIC DIALOGUE MEETINGS

On the political side, these range from Prime Ministerial level (e.g. the Annual EU-China Summits), Foreign Minister level, meetings between Political Directors and Geographic Directors, meetings at expert level. They cover subjects from foreign policy to illegal migration to human rights. On human rights, there is also a Human Rights Dialogue and Seminar.

On the economic side, there are Ministerial meetings, meetings between senior officials, an annual Joint Committee at Ministerial level and an Economic and Trade Working Group. At the 2007 EU-China Summit, a High Level Economic and Trade Dialogue was established, as well as High Level Dialogues on exchange rate issues and on macroeconomic issues.

There are also, at present, ongoing negotiations for a Partnership and Cooperation Agreement. These were launched by Commissioner Ferrero-Waldner in January 2007 and should, when completed, result in an upgrade of the original 1985

* Összeállításunk a www.europa.eu oldal anyagából készült (2008. november 10.)

Trade and Cooperation Agreement, covering a wider range of issues, in line with our deeper and more comprehensive twenty-first century relationship.

Apart from political and economic dialogues, there are also 24 sectoral dialogues or agreements.

OVERVIEW OF THE SECTORAL DIALOGUES BETWEEN CHINA AND THE EU

What are Sectoral Dialogues and what drives them?

Relations between the European Union and China have intensified tremendously in recent years. To some extent this is the natural consequence of China's impressive economic growth and her increasing importance on the world stage as a major political partner. But substantial impetus for the rapid development of the relationship also stems from the shared interests that exist between the EU and China.

Evidence of this complementarity of interests can clearly be seen in the political arena, in areas such as multilateralism and global sustainable development. Considerable further evidence is to be found in the less visible, but flourishing area of exchanges on sectoral policies and technical issues or, as they are known, 'sectoral dialogues' between China and Europe. These dialogues have grown considerably in recent years and now cover a wide range of areas: from science and technology to enterprise regulation, and from environmental issues to education and the information society.

In many of these areas China and the EU face similar problems and favour similar approaches to them. Some examples:

In the area of competition policy: China is trying to establish a competition regime that should apply to companies that operate in the Chinese market. The fact that the EU has, over the years, developed a wide ranging competition policy has not gone unnoticed in China. As a consequence, during the last few years exchanges of experiences have taken place between Chinese and European policy makers and specialists on this subject. China is currently drafting comprehensive competition law and the draft law bears many similarities to the EU model.

On Internal Market issues: like the EU, China is committed to eradicating market fragmentation in order to reap the full benefits of a large internal market. The free movement of people and goods, the provision of services without frontiers, and public procurement all continue to present regulatory challenges to both sides.

Regional policies and other income re-distribution mechanisms: China's political leaders have expressed concern over income disparities that are emerging in China. Achieving "balanced development" is an explicit goal under China's economic policy. The EU, for its part, has a wealth of experience in regional and rural development policies which squarely addresses the issues related to disparities in regional growth. Chinese and EU specialists have started exchanging experiences on these issues with the intention of intensifying co-operation in the years to come.

China and the EU are both major players in international trade and very close interaction at all levels on trade issues is in place. Both Chinese and EU policy makers are fully aware of the benefits of free and open markets, but social and regional considerations also play an important role in decision making. Both sides tend to seek consensus-oriented solutions in order to avoid conflict – a path which implies lengthy co-ordination before decisions can be taken.

In short, China and Europe have considerably more in common than might appear at first sight. This creates a strong mutual interest to promote the exchange of experience and know-how.

China today is experiencing challenges which Europe started to tackle a number of years ago in areas such as the environment, the internal market, and competition. The EU is demonstrating its willingness to share this experience with China. And China has shown an interest in using the best practices of the “EU model” in these policy areas.

In other areas too, both Europe and China are simultaneously confronted with new challenges, such as rapid advances in science and technology and problems with health protection. This is a two-way street. In some areas Europe could usefully benefit from Chinese know-how and experience. Peaceful nuclear research is an example of such an area, where Europe will soon have to close down its ageing experimental nuclear reactors, whereas China is currently building state-of-the-art facilities. As a consequence of the conclusion of a new Euratom agreement - concluded at the December 2004 EU-China Summit – China is prepared to share the technology behind her new facilities with European researchers.

Common interests and complementarity – together with political receptiveness on both sides - thus help to explain why the Sino-European relationship has grown so quickly on many fronts.

Who participates and how do they work in practice?

The purpose of this document is to provide an overview of the European Commission’s sectoral activities which now cover 24 different areas. It does not deal with exchanges that take place in the areas of human rights and migration, which are of a somewhat different nature and more directly related to the EU-China political dialogue. The new Tourism Agreement (also known as the Approved Destination Status Agreement – ADS) is also not covered here, although it will serve to bring Chinese and Europeans closer together through the facilitation of travel for Chinese citizens to EU destinations.

Exchanges take place under different denominations depending on the specific context of the sector. They are referred to as ‘dialogues’, ‘regular exchanges’, or simply as ‘co-operation’, and they take place at various hierarchical levels, from working level to ministerial level. A variety of participants may be involved, including officials, politicians, business organisations, and private companies. Proceedings are organised in a flexible way and take the form of working groups, conferences, annual formal meetings or simply informal exchanges. Specialists from nineteen Directorates General in the European Commission are involved in regular exchanges with their respective counterparts in China.

What purpose do they serve?

Sectoral dialogues have helped to develop a solid foundation for the EU-China relationship which is now characterised by increasingly close policy co-ordination in many important areas. The European Commission strongly encourages these dialogues, which are an important area of support to the overall relationship.

The dialogues constitute an effective tool for further widening and deepening EU relations with China, for exploring new areas of common interest, for exchanging know-how, and, especially in the area of economic reform, ‘EU models and practices’.

A new support facility for dialogues and exchanges has been prepared with Commission financing of €5 million, and will shortly become operational to support activities.

Sectoral dialogues tend to pave the way for business and other operators by eliminating potential regulatory obstacles, and through raising awareness and facilitating contacts. Regular exchanges between specialists, officials and the business community serve to boost mutual understanding, and provide the substance for further developing the EU-China 'strategic partnership'. This is a stabilising element for the relationship which helps to counterbalance other more sensitive issues such as human rights, migration, and trade negotiations.

What does the future hold?

Most of the dialogues have been established over the past two to three years, and they reflect the massive growth in activity that characterises the relationship. Sectoral dialogues & agreements are expected to play an increasingly important role in building a privileged EU-China relationship with important benefits for both sides.

EU–China sectoral dialogues: What are the areas?

Agricultural dialogue

On 15 July, 2005, a Joint Declaration was signed between the Chinese Ministry of Agriculture and the Directorate General for Agriculture and Rural Development of the European Commission, establishing a dialogue on agriculture between the two sides. The objective of the dialogue is to promote bilateral cooperation and to facilitate the communication on issues that may arise and work on an efficient solution. The working methods include regular meetings during which new legislation and regulations, new technologies, quality policies (including geographical indications and organic production) and any other topic of mutual interest, relating to agriculture, will be discussed. In October 2006, a two-day session took place in Brussels between experts on both sides. Of particular use was the fact that the meeting enabled Commission experts of three Directorates General - Agriculture, Trade, Health Matters and Consumer Protection – to speak jointly with their Chinese counterparts.

Civil aviation

The need to develop a new framework for China-EU civil aviation relations was highlighted by a judgment of the European Court of Justice, in 2002. The Court ruled that the bilateral air services agreements between European Member States and third countries such as China run counter to European law if they discriminate against carriers from other Member States. This is the case under practically all existing bilateral air services agreements between EU Member States and third countries, including China. China has agreed to restore legal conformity through negotiating a single over-arching agreement that would bring bilateral agreements in line with Community law. Negotiations on this agreement started in 2005 and are expected to be concluded by 2006.

The Chinese side has furthermore shown strong interest in enhancing technical cooperation and assistance in a broad range of areas including aviation safety, security and air traffic management. A successful co-operation project in this area financed by the Commission and European and Chinese industry was in 2005 extended until 2006. A successful EU-China Aviation Summit took place in 2005 in Beijing.

Competition policy

Competition policy is a crucial issue in the context of China's efforts to restructure its economy. China's large economy needs a sound competition regime. The fragmented domestic Chinese market needs improved regulation to create a level playing field for market operators and to accompany the reform of large inefficient state-owned enterprises. In the medium-term improved regulation should also alleviate the current risks of trade dumping and economic instability emanating from China. With this in mind, in May 2004 China and the EU agreed upon a permanent mechanism for consultation in this area. The dialogue will enhance the EU's technical and capacity building assistance to China in the area of competition policy with the aim of developing a proper Chinese competition regime which is shaped in the right way to fit the Chinese reality. The process is facilitated by the fact that the emerging Chinese competition system follows the "European model".

Consumer product safety

China is one of the EU's most important trading partners when it comes to consumer goods, and this relationship can only be expected to grow in the coming years. By developing a common understanding between Europe and China on product safety issues, a culture of mutual understanding and trust can be developed. The recent Memorandum of Understanding between the European Commission's DG for Health and Consumer Protection (SANCO) and the Chinese governmental agency for Quality Supervision, Inspection and Quarantine (AQSIQ) aims at enhancing the co-operation on these issues and to establish better communication and collaboration between the responsible authorities on product safety. A Working Group has been established between DG SANCO and AQSIQ to implement the different actions under the agreement.

Customs cooperation

Close co-operation between customs authorities is vital to facilitate trade and to help combat illegal activities such as fraud and counterfeiting. An agreement for EU-China customs co-operation was signed in December 2004; among other things it opens the way for inspection missions in both directions in order to ensure the effective enforcement of customs regulations.

Education and culture

The European Commission's new Erasmus Mundus programme came into force in 2004. It provides financing for students from third-countries to pursue post-graduate studies in Europe. Special 'windows' for China and other Asian countries have been set up to attract significant numbers of students from this region to study in Europe. Further ways of enhancing dialogue and co-operation in the field of education and culture are currently being explored.

Employment and social affairs

On 5 September 2005, at the EU-China Summit in Beijing, Commissioner Vladimir Špidla signed with the Chinese Minister of Labour and Social Security, Tian Chengping, a Memorandum of Understanding (MoU) on EU-China cooperation on Labour, Employment and Social Affairs. This MoU provides the framework for EU-China dialogue on areas such as social protection, social cohesion, labour legisla-

tion, employment, labour relations and social dialogue. Each side will visit the other at least once a year in Brussels and Beijing alternately. The first China-EU event under the MoU, a seminar on „Employment Promotion and Vocational Training”, took place the day after the signing of the MoU. The next event will take place in Brussels in November 2006 and the theme will be „Labour Mobility in the EU and China”. In addition, the EU will assist China in the modernisation of its social protection systems through a five-year EU-China Social Security Reform Cooperation Project that has started on 1 April 2006.

Energy – including nuclear energy

China’s increasing appetite for energy has significant repercussions on global markets and on the environment. The energy dialogue has been in existence since 1994 and is one of the earliest sectoral dialogues. It takes the form of annual working group meetings and a bi-annual Conference on EU-China Energy Co-operation. Current subjects of discussion include energy policy and development strategy, the evolution of energy markets, and security of supply and sustainable development. At the recent EU-China summit a Memorandum of Understanding on transport and energy strategies was concluded. Concrete actions are envisaged in areas such as energy regulation, renewable energy (including alternative transport fuels), energy efficiency, natural gas, clean coal technology (near zero emissions) and other new technologies in the energy sector. The new EURATOM agreement with China focuses on research into the peaceful use of nuclear energy and grants researchers from both sides access to each other’s facilities. It is particularly interesting for European researchers to work in new state-of-the-art Chinese facilities, at a time when older European research reactors will soon be phased out. The EU and China are both participating in the international ITER programme for the construction of an experimental controlled fusion reactor.

On 4 March 2005, the Commission’s Directorate General for Transport and Energy (TREN) and the Chinese Ministry for Science and Technology (MOST) signed an Action Plan on Clean Coal and terms of reference for an Action Plan on Industrial Cooperation on Energy Efficiency and Renewable Energies.

Environment

Chinese policy makers increasingly see environmental protection as a major challenge for the country and with the 11th Five Year Plan they have set some specific goals to reduce certain environmental pressures. China has an important global role to play in the area of environmental protection and climate change mitigation.

Over the last decade, contacts between the European Commission and the Chinese State Environmental Protection Agency (SEPA) have been intensified. The dialogue on environmental issues, which covers most of the environmental problems of concern in China, was upgraded to ministerial level in 2003. A substantial part of the EC/China financial assistance budget is allocated to environmental support programmes in response to the clear wish among policy makers in China to learn from EU experience. Co-operation and exchanges cover a wide range of environmental issues, from biodiversity, climate change and waste management to water and air pollution, vehicle emissions, environmental indicators, sustainable consumption and production and chemicals management.

The Joint EU-China Declaration on Climate Change and Partnership, adopted at the September 2005 summit, is a major achievement and adds the important com-

ponent climate change to the policy cooperation between the EU and China. The partnership is characterized by a strong focus on concrete steps to be made in tackling the problems of climate change. The flagship project is the agreement to cooperate to build in China a near zero emission coals fired power plant before 2020. The technology will allow the use of coal while avoiding most of the CO₂ being emitted. A Memorandum of Understanding commencing this project was signed in Shanghai in February 2006.

Food safety - Sanitary and phytosanitary (SPS) issues

Co-operation between China and the EC in this field can bring benefits to consumers both in the EU and China, and facilitate trade in agricultural goods. A Joint Technical Group was established in 2002 to deal with regulatory questions in this area. The recent Memorandum of Understanding between the European Commission's DG for Health and Consumer Protection (SANCO) and the Chinese governmental agency for Quality Supervision, Inspection and Quarantine (AQSIQ) aims at considerably enhancing co-operation on these issues and at establishing better communication and collaboration between the responsible authorities on food safety and SPS issues.

Global satellite navigation services

The European Galileo programme will provide high precision global satellite navigation services, an area in which China is keen to develop links with the EU. A co-operation agreement was concluded in October 2003 under which China has invested already € 65 million to the programme, the estimated total cost of which amounts to some €3-4 billion. A follow-up agreement between the Chinese Remote Sensing Centre and the Galileo Joint Undertaking was signed in October 2004, for the first time opening this Community undertaking to the full participation of a non-EU country. Chinese participation in the programme has resulted in tangible scientific and industrial cooperation projects. The next challenge for the two sides will be to review the cooperation in satellite navigation in light of new developments such as Galileo moving to the implementation phase.

Information society

The dialogue on information society started in 1997 and all exchanges in this wide area (Information Technology, telecoms, audiovisual) have now been grouped under one umbrella dialogue, covering both research cooperation and policy discussions. On the cooperation side the aim is to promote collaboration between European and Chinese research teams. This is seen as essential to ensure exploitation of research results at a global level and to build interoperable technology and standards solutions. It is of high value for the competitiveness of European industry, and is of great interest to the Chinese government. It also offers a means to reach consensus on global critical issues such as security and dependability. Key issues on the policy side include the respective developments in telecom policy and activities in areas such as e-Government, security of networks, and the promotion of e-Commerce. At the same time, the Dialogue offers the possibility for both sides to pursue concerns – for example for the EU this includes issue such as such as the assignment of 3G licences (third generation mobile communications) in China, delays in the emergence of a transparent regulatory framework for telecommunications, difficulties in accessing telecom services markets, and a number of standards issues. The dialogue is being

backed up with a considerable number of technical assistance activities under the development cooperation programme (China-EU Information Society project, EU-China Trade Project) and has developed links to the Regulatory and Industrial Policy Dialogue (e.g. for telecom equipment certification issues) and the Intellectual Property Dialogue (for IP issues regarding telecom equipment).

Intellectual property rights (IPR)

China has made considerable efforts to adapt its IPR legislation to the 'Trade-Related aspects of Intellectual Property Rights Agreement' (TRIPs) – a cornerstone of the World Trade Organisation's (WTO) legal framework. China became a WTO member in 2001. Further concrete action is however needed on the Chinese side to update its legislation on IPR and in particular to establish a more effective enforcement system for IPR. A formal dialogue on this was signed in October 2003. The Commission has been financing an important IPR technical co-operation programme. A follow-up programme, which includes many enforcement issues, is being prepared for funding under the 2005-06 financial assistance programme.

Macro-economic policy and the regulation of financial markets

At the EU-China Summit in December 2004, an EU-China dialogue on macro-economic and financial regulatory issues was launched. The first meeting took place in Brussels, on 22 February 2005, jointly chaired by, on the Commission side, Mr. Regling, Director General for Economic and Financial Affairs, and Mr. Schaub, Director General for Internal Market and Services, and on the Chinese side Mr. Li Yong, Vice Minister of Finance. On 15 May 2006, Commissioner McCreevy and Chinese Finance Minister Jin Renqing participated in the second dialogue, in Beijing. At both meetings the European Central Bank was represented by a board member.

This dialogue brings together in one single venue all Chinese key authorities on these matters for a thorough discussion with officials of the European Commission and the European Central Bank. Concerned on the Chinese side are the Ministry of Finance, the People's Bank of China (China's Central Bank) and the key Regulatory Commissions respectively for Banking, Insurance and Securities. On the macroeconomic side, issues discussed concern the macroeconomic situation, global imbalances and monetary and fiscal policies. On the regulatory side main topics are China's financial sector reform and further integration of the financial sector in the EU. Other issues that have been addressed during these full-day meetings concern accounting standards and corporate governance. The two sides have agreed to continue and further develop this dialogue and a third dialogue meeting will be held in Brussels in 2007.

Maritime transport

In 2002, a maritime agreement was signed between the EC and its Member States and China to improve conditions for maritime transport carried out by EU and Chinese companies between the EU and China and to third countries. The agreement, later amended to cover the 10 new EU Member States who joined in 2004, promotes notably the freedom for both sides to provide maritime transport services and to have unrestricted access to ports and auxiliary services. It also deals with the commercial presence of shipping companies. Cooperation, notably regarding safety, security and training will now be extended to inland waterways and ports. Annual monitoring of the implementation of the agreement is taking place alternately in China and the EU.

Regional Policy

China is facing considerable regional development disparities between the booming coastal regions, the underdeveloped Western parts of the country and the North East with its declining traditional heavy industry. There is a more general issue of income disparities, in particular the urban/rural divide.

The dialogue on regional policy provides a basis for sharing EU experiences in developing and implementing its regional policy, governance and partnership issues and other related topics of mutual interest. In addition, the role of EU regional policy in areas like competition policy and state aid rules, public procurement, transport and environment contributes to cooperation with China in these policy areas. The EU-China dialogue on regional policy should also help contributing to other dialogue topics as presented in this paper related to, for instance, trade, sustainable development and good governance. A first China-EU Regional Policy Seminar took place in Beijing, in May 2006.

Regulatory and Industrial Policy

The objective of the Regulatory Dialogue is to ensure regulatory convergence between the EU and China in the long term. This should help to eliminate obstacles to trade and investment. Both sides try to achieve this through a comprehensive system of consultation and information on technical regulation, standards, certification procedures and market surveillance systems implemented by the two parties. Exchanges take place on best regulatory practices. In result trade should be facilitated and the quality and safety of goods sold on both markets and elsewhere should further improve. The dialogue provides for annual meetings where major issues of common interest are discussed and future co-operation is planned. A wide scope of technical issues is dealt with in greater detail in 13 Working Groups. Subjects dealt with in these Working Groups concern conformity assessment, standardisation, technical barriers to trade (TBT/WTO), electrical and mechanical products, toys, textile, lighters, medical devices, pressure equipment, automobile standards, cosmetics and radiation of mobile phones.

The Industrial Policy Dialogue promotes and enhances mutual understanding and awareness of current and forthcoming policy approaches including sustainable development, legislation and related issues in the industrial sector with a view to increase coherence between EU and Chinese industrial policy. The Parties promote consultations, mutual understanding and transparency. Working groups have been established in three sectors (automobile, metals and textile).

Science and technology(S&T)

The EU-China dialogue on Science and Technology started in the early 1990s and was one of the first areas of cooperation between the European Commission and China. The first EU-China S&T agreement entered into force in late 1999 and it was renewed in December 2004. Cooperation has increased substantially since the first S&T agreement was signed. Its aim was to promote mutually beneficial research activities in a variety of areas, such as food and environmental safety, the management of natural resources, the control of infectious diseases etc. Today, this cooperation shows growing dynamism as is demonstrated, for instance, by the participation of Chinese partners in more than 100 research projects funded by the Commission's Framework Programme for research.

China is rapidly becoming one of the most active actors on the international research scene and in several areas it is a world leader – examples of the latter are nano materials and energy components. The momentum gathered from both the launch of the 7th Framework Programme on the EU side (2007-2013) and China's 11th Five Year Plan (2006-2011) together with the forthcoming EU-China "S&T Year" may be used to review the present cooperation scheme. It would also seem a good occasion to launch new strategic projects in areas of mutual interest and to seek to increase the number of Europeans in projects funded by China.

Space cooperation

The Commission and the Chinese government also launched a dialogue on cooperation in space science, applications and technology. Managers of aerospace companies and research institutions attended a workshop in April 2004. High level meetings took place in July 2006 to explore ways how to implement the dialogue among the various parties concerned. Different fields of cooperation were reviewed, such as for instance earth observation, in particular with regard to the Global Monitoring for Environment and Security (GMES).

Trade policy dialogue

This dialogue covers multilateral issues of strategic interest such as the Doha Development Agenda, issues related to regional integration and free-trade areas, and key bilateral issues. The dialogue focuses on strategic issues and therefore complements the institutional bilateral meetings (which cover, inter alia, trade), such as the Economic and Trade Working Group and the Joint Committee. The first high level Trade Policy Dialogue took place in June 2004. The second one in July 2006.

Textile trade dialogue

To pre-empt potential conflicts after the abolition of textile quotas on 1 January 2005, the textiles trade dialogue examines ways in which a smooth transition to the quota-free textiles trade environment can be assured. The process contributed to the textiles agreements forged in the summer of 2005. The Commission expects the dialogue to lead to practical results which will have tangible and positive effects on trade in textiles and clothing between the two sides, based on fair and healthy competition in the marketplace. In addition to the government-to-government dialogue, an EU-China business dialogue is also being set up.

Transport (in general)

A Memorandum of Understanding on transport and energy strategies was concluded with the Chinese National Development and Reform Commission which will allow for the institutionalization of cooperation in the transport sector. It was in particular agreed to launch cooperation on road and railway transport.

BILATERAL TRADE RELATIONS

The European Union and China are two of the biggest traders in the world. Their bilateral trade increased by 17% in 2007; it has more than doubled between 2003 and 2007.

China is the single most important challenge for EU trade policy. China has re-emerged as the world's fourth economy and third exporter, but also an increasingly important political power. EU-China trade has increased dramatically in recent years. China is now the EU's 2nd trading partner behind the USA and the biggest source of imports. The EU is China's biggest trading partner. In 2008 the EU and China launched a new strategic mechanism for driving trade and economic policy. The EU's open market has been a large contributor to China's export-led growth. The EU has also benefited from the growth of the Chinese market and the EU is committed to open trading relations with China. However it pushes China hard to trade fairly, respect intellectual property rights and meet its WTO obligations.

Trade in goods

EU goods exports to China 2007: €71.6 billion

EU goods imports from China 2007: €230.8 billion

EU's imports from China are mainly industrial goods: machinery & transport equipment and miscellaneous manufactured articles. EU's exports to China are also concentrated on industrial products: machinery & transport equipment, miscellaneous manufactured goods and chemicals.

Trade in services

EU services exports to China 2006: €12.4 billion

EU services imports from China 2006: €11.2 billion

Foreign Direct Investment

EU inward investment to China 2006: €6 billion

China inward investment to EU 2006: €2.1 billion

High Level Economic and Trade Mechanism

The High Level Economic and Trade Mechanism was launched in Beijing in April 2008. The Mechanism will strengthen dialogue between the European Commission and the State Council of China, at Vice-Premier level. It will deal with both issues of strategic importance of in the EU-China trade relations, investment and economic cooperation. This Mechanism will provide a new tool to address issues of mutual concern especially in the areas of investment, market access and intellectual property rights protection and other strategic issues related to trade.

Partnership and Competition

In 2006 the European Commission adopted a major policy strategy (Partnership and Competition) on China that pledged the EU to accepting tough Chinese competition while pushing China to trade fairly. Part of this strategy are the ongoing negotiations on a comprehensive Partnership and Cooperation Agreement (PCA) that started in January 2007. These will provide the opportunity to further improve the framework for bilateral trade and investment relations and also include the upgrading of the 1985 EC-China Trade and Economic Cooperation Agreement.

China in the World Trade Organisation

The EU was a strong supporter of China's accession to the WTO, arguing that a WTO without China was not truly universal in scope. For China, formal accession to the WTO in December 2001 symbolised an important step of its integration into the global economic order. The commitments made by China in the context of accession to the WTO secured improved access for EU firms to China's market. Import tariffs and other non-tariff barriers were sharply and permanently reduced. While China has made good progress in implementing its WTO commitments, there are still outstanding problems. The EU also uses the regular Trade Policy Review of China in the WTO to raise a number of concerns regarding China's trade policy. These include inadequate protection of intellectual property rights, the maintenance of industrial policies which may discriminate against foreign companies especially in sectors like automobiles and barriers to market access in a number of services sectors including construction, banking, telecommunications, and express postal services). Access to raw materials has also been identified as a major trade obstacle as well.

Trade and Investment on the agenda of the 4th EU-China Round Table

The 4th Meeting of the EU-China Round Table will take place on 6-7 November 2008 in Paris. The agenda will include trade and investment and related issues such as intellectual property rights as well as recycling industries.

Following the recommendation of the 9th EU-China Summit (Helsinki, September 2006), the EU-China Civil Society Round Table was jointly established by the European Economic and Social Committee (EESC) and the China Economic and Social Council (CESC), in June 2007 in Beijing.

On the agenda of its 4th meeting are two topics of key importance in the current political and economic situation: Trade and Investment, as along with the numerous problems related to this issue, such as Intellectual Property rights, transparency in terms of regulations and their implementation, and the issue of „Recycling industries“. Both China and Europe have recently adopted a comprehensive legal framework to promote waste management and green investments. The key question to be tackled is how this is translated into the policies and practices in China and in Europe.

Moreover, a tripartite workshop with the French Council for economic, social and environmental rights will be organised for the first time, where Corporate Social Responsibility (CSR) will be discussed with experts and researchers who led the first CSR assessment in China and in Europe.

Bernard Kouchner, French Minister for External Relations, commented on the results of the 3rd Round Table that took place in June 2008 in Beijing: „You can be assured that the work carried out jointly by the European Economic and Social Committee and its Chinese counterpart will be taken into account at the next EU-China Summit. I wish to underline the interest and usefulness of this original discussion body which brings together the social and economic partners in EU and China.“

Three meetings have taken place since 2007, leading to open and frank discussions between the 15 EESC members and their Chinese counterparts. The EESC delegation in Paris will be led by the EESC president, Mario Sepi.

EVOLUTION OF THE EU'S TRADE BALANCE WITH CHINA

European Union, Trade with the World (Mio euro)

Year	Imports	Yearly % change	Exports	Yearly % change	Balance	Imports + Exports
2003	935.270		869.236		-66.034	1.804.506
2004	1.027.522	9,9	952.954	9,6	-74.568	1.980.477
2005	1.179.569	14,8	1.052.720	10,5	-126.849	2.232.289
2006	1.351.745	14,6	1.159.276	10,1	-192.468	2.511.021
2007	1.426.008	5,5	1.239.919	7,0	-186.089	2.665.926

European Union, Trade with China (Mio euro)

Year	Imports	Yearly % change	Share of total EU imports	Exports	Yearly % change	Share of total EU exports	Balance	Imports + Exports
2003	106.221		11,36	41.473		4,77	-64.748	147.694
2004	128.692	21,2	12,52	48.376	16,6	5,08	-80.316	177.068
2005	160.327	24,6	13,59	51.825	7,1	4,92	-108.502	212.152
2006	194.835	21,5	14,41	63.784	23,1	5,50	-131.051	258.619
2007	231.516	18,8	16,24	71.757	12,5	5,79	-159.759	303.273

EVOLUTION OF THE CHINA'S TRADE BALANCE

China, Trade with the World (Mio euro)

Year	Imports	Yearly % change	Exports	Yearly % change	Balance	Imports + Exports
2003	321.317		379.567		58.249	700.884
2004	399.264	24,3	466.133	22,8	66.869	865.397
2005	470.673	17,9	599.460	28,6	128.787	1.070.133
2006	559.248	18,8	752.846	25,6	193.597	1.312.094
2007	622.123	11,2	873.213	16,0	251.090	1.495.336

China, Trade with the European Union (Mio euro)

Year	Imports	Yearly % change	Share of total EU imports	Exports	Yearly % change	Share of total EU exports	Balance	Imports + Exports
2003	48.626		15,13	69.965		18,43	21.339	118.592
2004	56.697	16,6	14,20	87.355	24,9	18,74	30.658	144.051
2005	59.434	4,8	12,63	117.083	34,0	19,53	57.649	176.518
2006	71.966	21,1	12,87	150.735	28,7	20,02	78.769	222.701
2007	80.381	11,7	12,92	179.604	19,2	20,57	99.223	259.985

EU TRADE WITH MAIN PARTNERS (2007)

The major imports partners				The major export partners			
	Partners	Mio euro	%		Partners	Mio euro	%
	World	1.426.008	100,0		World	1.239.919	100,0
1	China	231.516	16,2	1	USA	261.463	21,1
2	USA	181.104	12,7	2	Switzerland	92.787	7,5
3	Russia	143.880	10,1	3	Russia	89.100	7,2
4	Japan	78.104	5,5	4	China	71.757	5,8
5	Norway	76.841	5,4	5	Turkey	52.641	4,2
6	Switzerland	76.700	5,4	6	Japan	43.757	3,5
7	Turkey	46.867	3,3	7	Norway	43.207	3,5
8	Korea	39.611	2,8	8	India	29.481	2,4
9	Brazil	32.661	2,3	9	UAE	26.878	2,2
10	Libya	27.323	1,9	10	Canada	25.893	2,1
11	India	26.262	1,8	11	Korea	24.785	2,0
12	Taiwan	26.007	1,8	12	Australia	22.709	1,8
13	Canada	23.285	1,6	13	Ukraine	22.368	1,8
14	Algeria	21.173	1,5	14	Brazil	21.279	1,7
15	South Africa	20.868	1,5	15	Mexico	20.927	1,7
16	Singapore	18.323	1,3	16	Hong Kong	20.886	1,7
17	Saudi Arabia	18.236	1,3	17	Singapore	20.647	1,7
18	Malaysia	18.014	1,3	18	South Africa	20.511	1,7

UAE = United Arab Emirates

CHINA'S TRADE WITH MAIN PARTNERS (2007)

The major imports partners				The major export partners			
	Partners	Mio euro	%		Partners	Mio euro	%
	World	632.100	100,0		World	872.038	100,0
1	Japan	96.964	15,3	1	EU	179.604	20,6
2	EU	80.381	12,7	2	USA	173.593	19,9
3	Korea	76.561	12,1	3	Hong Kong	131.905	15,1
4	USA	51.993	8,2	4	Japan	74.888	8,6
5	Malaysia	20.119	3,2	5	Korea	40.695	4,7
6	Hong Kong	20.031	3,2	6	Singapore	21.481	2,5
7	Australia	18.543	2,9	7	Russia	20.334	2,3
8	Philippines	16.923	2,7	8	India	17.241	2,0
9	Thailand	16.033	2,5	9	Canada	14.967	1,7
10	Russia	14.036	2,2	10	Australia	13.110	1,5
11	Singapore	13.588	2,1	11	Malaysia	12.822	1,5
12	Brazil	13.289	2,1	12	UAE	12.382	1,4
13	Saudi Arabia	12.615	2,0	13	Indonesia	9.262	1,1
14	India	10.167	1,6	14	Thailand	8.776	1,0
15	Iran	9.173	1,5	15	Mexico	8.503	1,0
16	Indonesia	8.935	1,4	16	Vietnam	8.244	0,9
17	Angola	8.669	1,4	17	Brazil	8.040	0,9
18	Canada	7.884	1,2	18	Turkey	7.830	0,9

UAE = United Arab Emirates

EU-CHINA SUMMITS

The first EU-China Summit took place in 1998, in London (during the UK Presidency of the Council of Ministers of the EU). Ever since, they have been held on an annual basis, alternating between Beijing and the country currently hosting the EU Presidency). They are attended by the Chinese Prime Minister and other relevant Ministers and, for the EU, by the President of the Council of Ministers, the President of the European Commission and the High Representative for Common Foreign and Security Policy, as well as other relevant Ministers and European Commissioners.

The most recent Summit was in Beijing in November 2007 and the next is scheduled for to take place in France (under the French Presidency of the EU) in December 2008.

In recent years, Joint Statements have been issued, setting out agreed policy positions on a wide range of bilateral, regional and international/global issues:

11 th	Summit	France	December 2008
10 th	Summit	Beijing	28 November 2007
9 th	Summit	Helsinki	9 September 2006
8 th	Summit	Beijing	5 September 2005
7 th	Summit	The Hague	8 December 2004
6 th	Summit	Beijing	28 October 2003
5 th	Summit	Copenhagen	24 September 2002
4 th	Summit	Brussels	5 September 2001
3 rd	Summit	Beijing	24 October 2000
2 nd	Summit	Beijing	21 December 1999
1 st	Summit	London	2 April 1998