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REPORT

on the proposal for a Council Decision concluding the Agreement for scientific and technological cooperation between the European Community and the People's Republic of China (COM(1999) 287 - C5-0038/1999 - 1999/0123(CNS))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Per Gahrton

PE 231.507/fin.

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<i>Symbols for procedures</i>	<i>Abbreviations for committees</i>
<p>* Consultation procedure <i>majority of the votes cast</i></p> <p>**I Cooperation procedure (first reading) <i>majority of the votes cast</i></p> <p>**II Cooperation procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i></p> <p>*** Assent procedure <i>majority of Parliament's component Members to give assent</i> <i>majority of the votes cast in cases covered by Articles 105, 107, 161 and 300 of the EC Treaty and Article 7 of the EU Treaty</i></p> <p>***I Codecision procedure (first reading) <i>majority of the votes cast</i></p> <p>***II Codecision procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i></p> <p>***III Codecision procedure (third reading) <i>majority of the votes cast, to approve the joint text</i></p> <p>(The type of procedure depends on the legal basis proposed by the Commission)</p>	<p>I. AFET Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy</p> <p>II. BUDG Committee on Budgets</p> <p>III. CONT Committee on Budgetary Control</p> <p>IV. LIBE Committee on Citizens' Freedoms and Rights, Justice and Home Affairs</p> <p>V. ECON Committee on Economic and Monetary Affairs</p> <p>VI. JURI Committee on Legal Affairs and the Internal Market</p> <p>VII. INDU Committee on Industry, External Trade, Research and Energy</p> <p>VIII. EMPL Committee on Employment and Social Affairs</p> <p>IX. ENVI Committee on the Environment, Public Health and Consumer Policy</p> <p>X. AGRI Committee on Agriculture and Rural Development</p> <p>XI. PECH Committee on Fisheries</p> <p>XII. REGI Committee on Regional Policy, Transport and Tourism</p> <p>XIII. CULT Committee on Culture, Youth, Education, the Media and Sport</p> <p>XIV. DEVE Committee on Development and Cooperation</p> <p>XV. AFCO Committee on Constitutional Affairs</p> <p>XVI. FEMM Committee on Women's Rights and Equal Opportunities</p> <p>XVII. PETI Committee on Petitions</p>

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Procedural page

By letter of 2 July 1999 the Council consulted Parliament pursuant to Article 300, paragraph 3, first sentence, of the EC Treaty on the proposal for a Council Decision concluding the Agreement for scientific and technological cooperation between the European Community and the People's Republic of China.

At the sitting of 23 July 1999 the President of Parliament announced that he had referred this proposal to the Committee on Industry, External Trade, Research and Energy as the committee responsible and the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on budgets for their opinions.

The Committee on Industry, External Trade, Research and Energy appointed Per Gahrton rapporteur at its meeting of 21 September 1999.

It considered the draft report at its meeting of 21 September 1999 and 26 October 1999.

At the latter it adopted the draft legislative resolution)/unanimously.

The following were present for the vote: Westendorp y Cabeza, chairman; Brunetta and Mombaur, vice-/chairmen; Gahrton, rapporteur; Baltas, Bodrato, Carlsson (for Wijkman), Carraro, Chichester, Damião (for Caudron), Folias, Foster (for Harbour), Hansenne, Lamassoure, Langen, Linkohr, McNally, Maes, Mann E., Montfort, Murphy, Niebler, O'Toole (for Read), Paasilinna, Plooijs-Van Gorsel, Pohjamo (for Thors), Quisthoudt-Rowohl, Radwan (for Karoutchi), Raschhofer, Rübig, Schröder Ilka, Schwaiger and Valdivielso De Cué.

The opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on budgets are attached.

The report was tabled on 26 October 1999.

DRAFT LEGISLATIVE RESOLUTION

Legislative resolution of the European Parliament on the proposal for a Council Decision concluding the Agreement for scientific and technological cooperation between the European Community and the People's Republic of China (COM(1999) 287 – C5-0038/1999 – 1999/0123(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the proposal for a Council decision (COM(1999) 287¹ - 1999/0123(CNS)),
 - having regard to article 170 and article 300, paragraph 2, first sentence of the EC Treaty
 - having been consulted by the Council pursuant to Article 300, paragraph 3, first sentence of the EC Treaty (C5-0038/1999),
 - having regard to Rule 97, paragraph 7, of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on budgets (A5-0049/1999),
1. Approves the conclusion of the agreement ;
 2. Instructs its President to forward its resolution to the Council and Commission and to the governments and parliaments of the Member States and the People's Republic of China.

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EXPLANATORY STATEMENT

I. INTRODUCTION

A global strategy towards China was first defined in the communication from the Commission "A long term policy for China-Europe relations" (COM(95)0279 – 05/07/95); This strategy was refined three years later with a second communication "Building a comprehensive partnership with China" (COM(98)181-25.03.98). The EU recognizes the importance of this country and is therefore starting to increase links with China.

Main areas for co-operation between the EU and the PRC include:

- **Higher education**, with the China-Europe Business School in Shanghai. However, more attention should be paid to basic education, as the education system is suffering from the reform process and the lack of resources of the central government. Only four percent of the population has access to college and the privatization of the schooling system endangers access to education.
- **Social and economic reform** should be further encouraged through a more wide-ranging programme of support for reforms. Within the reform of the SOEs, it is important to help China address the welfare reform in order to replace the old system of work unit by a system which guarantees access to health care and social coverage for the entire population, not only those who can afford an expensive private insurance scheme. The EU Member States have a long and diversified experience in this field and should add a social dialogue to the model of the existing political dialogue.

The development of an effective system for the administration of justice should be encouraged through an EU-wide exchange programme for young lawyers, judges and law enforcement agents. Such a programme would include internships at European civil, administrative and perhaps constitutional courts.

Two areas of particular potential for future development are the **environment** and **scientific and technological co-operation**:

The problems faced by China in the environmental field are partly systemic, partly technological, and partly that China does not believe it can afford the costs of high environmental standards. The EU must therefore make best use of expertise in environmental policy-making and technology, including clean energy technology. It is therefore essential that initiatives make full use of the willingness of European business to commit itself to a long-term technological partnership with China. European companies present in China should respect environmental norms **at least** equal to the ones applied in the EU.

Scientific and technological co-operation should help in the search for science-based

solutions to common global problems and they should not make them worse. It should take into account the long-standing inheritance of Chinese culture, especially in the medical and the agricultural sector. China's research is under reform since the 80's, which increases financial disparities between universities. European co-operation should be carefully managed, so as not to forget the universities located inland. Brain-drain is also a problem for the development of Chinese science.

The European strategy:

II. THE EUROPEAN STRATEGY: THE EUROPEAN UNION WISHES TO COOPERATE WITH CHINA IN PROMOTING SUSTAINABLE DEVELOPMENT, PROTECTING THE ENVIRONMENT AND SUSTAINING GLOBAL RESOURCES

The Chinese Authorities have recently introduced a number of reforms in line with the broad principles agreed at the 1992 UN World Conference on Environment and Development in Rio. The European Union is prepared to offer further support to the Chinese Government towards achieving its objectives, especially to improve environmental protection and limit the negative impact of industrial growth and urbanisation on the well being of the Chinese population.

The EU is funding **joint research projects**, especially in biotechnology applied to agriculture and medicine, health and natural resources. However, concerns have been raised about the lack of ethical constraints, especially in human genetic research in China, and there are also risks of proliferation of bio-weapons technology.

The EU will supply technical assistance to develop **energy resources**, promote energy efficiency, energy conservation and clean or renewable energy supply, as well as promoting the use of environmentally friendly technology. A large part of Chinese energy supply is based on coal, resources, but many stations operate at low efficiency, wasting precious resources, and also causing extensive pollution (China produces 15 million tons of Sulphur Dioxide, the primary cause acid rain, and over 13 million tons of particulates, which are associated with serious health problems, particularly of the lungs). The EU has very advanced coal technologies, which would be of great value to the Chinese energy supply industry, and this must be seen as a primary area of co-operation, also given China's need to reduce CO₂ production. Greater efficiency would also enable China to limit the import of energy resources, such as oil and gas and also Uranium.

The EU gives special attention to development programmes in areas under environmental and social pressure, the conservation of natural resources and the "brown environment" (air and water quality, waste management and urban pollution).

III. THE CONTEXT: THE FIFTH FRAME WORK PROGRAMME ON RDT

The main fields of the Programme

- S improving the **health** of European citizens by providing them with safe healthy and varied **food products** and by reducing the negative impact of **environmental factors** such as pollution, toxic substances, noise, pollution at the workplace
- S control of infections diseases
- S exploitation of the advances made in **life sciences and technology**, particularly in the fields of health, environment, agriculture, agro-industries and high value-added products, though much of this depends on biotechnology
- S development of sustainable **agriculture, fisheries and forestry**, including integrated development of rural areas
- S promoting quality of life and **healthy ageing and independence** in old-age by preventing and treating age-related diseases and disability, and their societal consequences
- S energy research, especially relating to renewables, and the rational use of energy;
- S information society
- S transport, material technologies, etc.

Most of these fields of research, if not all may concern the co-operation between China and the European Union. It is quite clear that China has very much knowledge of great interest to the Western World in general, a good example being health and medicines, and reciprocity must imply that the EU should see what can be learned through this co-operation, and not just what the EU can provide. However, the risk that Western interests will attempt to acquire ownership of this knowledge, accumulated over millennia, must be carefully avoided.

The 5th Framework Research programme also has a nuclear part, under the Euratom Treaty. The current proposal only deals with non-nuclear energies, and is based only on the EC Treaty. While the Commission has approached China about a general nuclear agreement, also covering research, this idea has not been taken up and there are no proposals for negotiations in this very sensitive area, for the moment.

IV. CONTENT OF THE COOPERATION AGREEMENT

1. Principles (article 3)

Co-operative activities shall be conducted on the basis of the following principles:

- a) mutual benefit based on an overall balance of advantages,

- b) reciprocal access to the activities of research and technological development undertaken by each Party
- c) timely exchange of information which may affect co-operative activities
- d) appropriate protection of intellectual property rights.

2. Areas of co-operative activities (article 4)

Co-operation under the present Agreement may cover all the activities of research, technological development and demonstration, hereinafter referred to as "RTD" included in the First Activity of the framework programme as described in Article 164 of the Treaty and all similar RTD activities in China in the corresponding scientific and technological fields.

The present Agreement does not affect the participation of China, as a developing country, in Community activities in the field of Research for Development.

3. Funding (article 7)

- a) Co-operative activities shall be subject to the availability of appropriated funds and to the applicable laws and regulations, policies co-operative activities will not lead to any transfer of funds from one Party to the other.
- b) When specific co-operative schemes of one Party provide for financial support to participants from the other Party, any such grants, financial or other contributions from one Party to the other Party in support of those activities shall be granted tax and customs exemption in accordance with the laws and regulations applicable in the territories of each Party
- c) Schedule of commitment and payment appropriations

	1999	2000+
Commitments	110 000	330 000
Payments	110 000	330 000

V. CONCLUSION

Considering the importance of a closer co-operation with China and that

- the agreement is designed to enable the European Community and China to profit, on the basis of the principle of mutual advantage, from the scientific and technical progress achieved under their research programmes, by means of participation by the Chinese scientific community and Chinese industry in Community research projects and independent participation, without funding, by bodies established in the Community in

Chinese projects;

- beneficiaries in the European Community and China will be the scientific communities, industry and the general public, thanks to the direct and indirect effects of co-operation,

However, while this scientific co-operation proceed, there are certain aspects where we must apply caution. It would be preferable to avoid biotechnological co-operation, given the lack of ethical constraints, and the risk of bio-weapons development. Also, attempts to patent existing Chinese "knowledge", especially in the health field, must be prevented

A further aspect of the agreement, not in keeping with EU principles, is the emphasis on undisclosed information in section V of the annex on intellectual property rights. if the EU is involved, implying public participation, this approach is not appropriate, and this section should not be invoked in implementation of the Agreement.

Given theses conditions, the Committee on Industry, External Trade, Research and Energy approves the proposal.

OPINION

(Rule 162 of the Rules of Procedure)

for the Committee on Industry, External Trade, Research and Energy

on the proposal for a Council Decision on the proposal for a Council Decision concluding the Agreement for scientific and technological cooperation between the European Community and the People's Republic of China (COM(1999) 287 – C5-0038/1999 – 1999/0123(CNS)) (report by Mr Gahrton)

Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

Letter from the committee chairman to Mr Carlos Westendorp y Cabeza, chairman of the Committee on Industry, External Trade, Research and Energy

Brussels, 12 October 1999

Dear Chairman,

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy considered the above subject at its meeting of 11 October 1999 and adopted the following conclusions:

The relations between the European Community/European Union and the People's Republic of China developed from the 1985 trade and cooperation agreement through the decision signalled by the Commission's communication of 1994 '*Towards a new Asia strategy*' to upgrade relations with Asia and the subsequent Commission communications '*on a long-term policy for China-Europe relations*' (1995) and '*Building a comprehensive partnership with China*' (1998).

These projects to develop EU-China relations were welcomed by the Foreign Affairs Committee² and by the Parliament. They saw it as important to draw China fully into the international system and develop political and economic links. The second of the two China communications³ called for the development of bilateral agreements and, under the heading 'Science and technology' said (page 17):

"A specific EU-China science and technology agreement should be concluded in order to enhance and expand cooperation in fields such as energy, environment, life sciences, material sciences, transport, telematics, information and communication technologies. It will strengthen the presence of European economic operators in China."

² In its McMillan-Scott (A4-0198/97) and Bernard-Reymond (A4-0479/98) Reports

³ COM(1998) 181 final

Council authorised the Commission to negotiate such an agreement in June 1998 and negotiations were rapidly completed, with the resulting cooperation agreement, similar to those already concluded with South Africa, Canada, the United States and Australia, being signed in December 1998. The Opinion of the European Parliament is required before this agreement can enter into force.

The Agreement “forms part of the global cooperation between the European Community and the People’s Republic of China” (Proposal for a Council decision, recital 3) and as such is welcomed by the Foreign Affairs Committee. It covers research and development activities in science and technology and provides for participation in research, visits, seminars and exchanges of information.

Article 8 on the entry of personnel and equipment states:

“Each Party shall take all reasonable steps and use its best efforts, within laws and regulations applicable in the territories of each Party, to facilitate entry to, sojourn and exit from its territory of persons, material, data and equipment involved in or used in cooperative activities identified by the Parties under the provisions of this Agreement.”

The provisions mentioned above should at least contribute to the promotion of freedom of opinion and freedom of movement in the scientific domain. Whilst no particular cases of scientists who have been sanctioned for their scientific work or beliefs are known to the Committee, it is aware of several instances where scientists have been imprisoned for political reasons. These include the following:

Chen Lantao, a marine biologist, was sentenced in August 1989 to 18 years in prison, five years’ subsequent deprivation of political rights and loss of items of personal property for “counter-revolutionary propaganda and instigation;

Hua Di, a US-based missile researcher, was arrested on a visit to China in January 1998 and is still held pending trial on charges of leaking state secrets;

Tong Shidong, a physics professor, was arrested in June 1999 and is charged with “subverting state power”;

Wang Youcai, a physicist, was sentenced to 11 years in prison in December 1998 after an attempt to register the Chinese Democracy Party.

The Committee assumes that the Agreement will make some contribution to greater freedom of expression for those working in the scientific and technological field and hopes that this may have a positive effect on freedom of expression in general. It believes that increased scientific cooperation will have a favourable impact on political and economic relations between the two parties.

Having considered the above information, the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy recommends that the Agreement be concluded⁴.

Yours sincerely,

(s) Elmar Brok

⁴ The following were present for the vote: Newton Dunn, 2nd vice-chairman and acting chairman; Belder, Fabra Vallés, Caudron (for Nair), Couteaux (for Marchiani), Garcia-Magallo Y Marfil (for Galeote Quecedo), Gomolka, Haarder, Hoff, Korakas, Korhola (for Carlsson), Marmström (for Väyrynen), Marset Campos, Napoletano, Obiols I Germa, Salafranca Sánchez-Neyra, Santer, Schori, Stenzel, Swoboda

OPINION

(Rule 162 of the Rules of Procedure)

for the Committee on Industry, External Trade, Research and Energy

on the proposal for a Council Decision concluding the Agreement for scientific and technological cooperation between the European Community and the People's Republic of China (COM(1999)287 – C5-0038/1999 – 1999/0123(CNS)) (report by Mr Per Gahrton)

Committee on Budgets

Letter from the committee chairman to Mr Carlos Westendorp y Cabeza, chairman of the Committee on Industry, External Trade, Research and Energy

Brussels, 19 October 1999

Dear Chairman,

The Committee on Budgets considered the above subject at its meeting of 19 October 1999

At this meeting it adopted the following conclusions unanimously.⁵

On 22 December 1998 an agreement for scientific and technical cooperation between China and the European Community was signed by which it is proposed that China becomes associated to the specific programmes of the RTD Framework programme. As the cooperation which already takes place was considered very satisfactory by both sides it is now proposed to give that cooperation the framework of a formal agreement. An agreement has been reached extension and therefore the Commission now proposes to the Council to conclude the agreement.

The agreement foresees the participation of Chinese research entities in Community programmes. Research entities established in the Community can participate in Chinese research projects. Both parties shall cover their own costs.

⁵ The following were present for the vote: Wynn, chairman; Dührkop Dührkop and Pisicchio, vice- chairmen; Averof, Böge, Bösch (for Guy Quint), Bourlanges, Buitenweg, Casaca, Colom y Naval, Costa Neves, Deprez, (for Mastella), Dover, Fabra Vallés (for Elles), Färm, Ferber, Garriga Polledo, Gill, Hannan (for McMillan-Scott), Haug, Iivari (for Kuckelkorn), Ilgenfritz, Jensen, Krehl, Laschet, McCartin, Mulder, Naranjo Escobar, Ortuondo Larrea (for Onesta), Pittella, Puerta (for Wurtz, pursuant to Rule 138 (2), Rühle, Sbarbati, Souladakakis (for Martin), Stenmarck, Virrankoski, and Walter
PE 231.507/fin. 14/15

As usual cooperation is to be achieved by participation in each other's research activities, joint research activities, visits and exchanges of research workers, participation of experts in seminars, and missions of officials and experts.

For the implementation the agreement the Commission estimates the following annual costs for the 5 year duration of the agreement.

Preparatory activities, follow-up of cooperation (meetings of the joint science and technology cooperation committee, missions of officials and experts to China)	€ 50.000
Scientific and technical workshop/meetings	€ 60.000
Total costs	€ 110.000

The Commission does not request additional posts for the management of the Agreement and the usual financial controls are in place. The Committee on Budgets does not see any budgetary impediments to the Agreement and can approve the amount proposed which comes under the overall envelope agreed for the Fifth Framework Programme, to be taken from the relevant lines in B6-6. However, as it has done before, it requests that the Commission mention in its annual reporting on the Fifth Framework Programme how much the Chinese partners contribute financially to this research. Moreover, it suggests that the Court of Auditors might usefully carry out a global investigation of the benefits and cost-effectiveness of these kinds of international cooperation activities under the Programme. In particular, the Committee feels it would be useful to compare how far the activities and missions involve actual scientists or researchers as opposed to research administrators.

Yours sincerely,

Terence WYNN