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*Plenary sitting*

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**A9-0252/2021**

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# REPORT

on a new EU-China strategy  
(2021/2037(INI))

Committee on Foreign Affairs

Rapporteur: Hilde Vautmans

Rapporteur for opinion (\*):  
Iuliu Winkler, Committee on International Trade

(\*) Associated committees – Rule 57 of the Rules of Procedure

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on a new EU-China strategy  
(2021/2037(INI))**

*The European Parliament,*

- having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 12 March 2019 entitled ‘EU-China – A strategic outlook’ (JOIN(2019)0005),
- having regard to the EU-China dialogue on human rights, launched in 1995, and the 37th round thereof, held in Brussels on 1 and 2 April 2019,
- having regard to the EU-China Strategic Partnership launched in 2003,
- having regard to the EU-China 2020 Strategic Agenda for Cooperation,
- having regard to the Global Strategy for the European Union’s Foreign and Security Policy of June 2016,
- having regard to Council Regulation (EU) 2020/1998<sup>1</sup> and Council Decision (CFSP) 2020/1999<sup>2</sup> of 7 December 2020 concerning restrictive measures against serious human rights violations and abuses,
- having regard to the Council conclusions of 28 July 2020 on Hong Kong,
- having regard to its previous resolutions on the human rights situation in China, in particular those of 17 December 2020 on forced labour and the situation of the Uyghurs in the Xinjiang Uyghur Autonomous Region<sup>3</sup>, of 18 April 2019 on China, notably the situation of religious and ethnic minorities<sup>4</sup>, of 4 October 2018 on mass arbitrary detention of Uyghurs and Kazakhs in the Xinjiang Uyghur Autonomous Region<sup>5</sup>, of 12 September 2018 on the state of EU-China relations<sup>6</sup>, and of 15 December 2016 on the cases of the Larung Gar Tibetan Buddhist Academy and Ilham Tohti<sup>7</sup>,
- having regard to its previous resolutions and recommendations on Hong Kong, in particular those of 19 June 2020 on the PRC national security law for Hong Kong and the need for the EU to defend Hong Kong’s high degree of autonomy<sup>8</sup>, of 21 January 2021 on the crackdown on the democratic opposition in Hong Kong<sup>9</sup>, and of 13 December 2017 to the Council, the Commission and the Vice-President of the

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<sup>1</sup> OJ L 410 I, 7.12.2020, p. 1.

<sup>2</sup> OJ L 410 I, 7.12.2020, p. 13.

<sup>3</sup> Texts adopted, P9\_TA(2020)0375.

<sup>4</sup> OJ C 158, 30.4.2021, p. 2.

<sup>5</sup> OJ C 11, 13.1.2020, p. 25.

<sup>6</sup> OJ C 433, 23.12.2019, p. 103.

<sup>7</sup> OJ C 238, 6.7.2018, p. 108.

<sup>8</sup> Texts adopted, P9\_TA(2020)0174.

<sup>9</sup> Texts adopted, P9\_TA(2021)0027.

Commission / High Representative of the Union for Foreign Affairs and Security Policy on Hong Kong, 20 years after handover<sup>10</sup>,

- having regard to its resolution of 26 November 2020 on the EU Trade Policy Review<sup>11</sup>,
  - having regard to its resolution of 20 May 2021 on Chinese countersanctions on EU entities and MEPs and MPs<sup>12</sup>,
  - having regard to its resolution of 21 January 2021 on connectivity and EU-Asia relations<sup>13</sup>,
  - having regard to the Universal Declaration of Human Rights (UDHR) and other UN human rights treaties and instruments,
  - having regard to the 1948 UN Convention on the Prevention and Punishment of the Crime of Genocide,
  - having regard to the 2014 Protocol to the International Labour Organization Forced Labour Convention of 1930, which has not been signed by China,
  - having regard to the UN Framework Convention on Climate Change (UNFCCC) and to the Paris Agreement, which came into force on 4 November 2016,
  - having regard to the UN Convention on the Law of the Sea (UNCLOS) concluded on 10 December 1982 and in force since 16 November 1994,
  - having regard to the report of the Reflection Group Appointed by the NATO Secretary General of 25 November 2020 entitled ‘NATO 2030: United for a New Era’,
  - having regard to China’s 14th Five-Year Plan and to the principles of ‘dual circulation’ and ‘secure supply chains’,
  - having regard to Article 36 of the Constitution of the People’s Republic of China, which guarantees all citizens the right to freedom of religious belief, and to Article 4 thereof, which upholds the rights of ‘minority nationalities’,
  - having regard to Rule 54 of its Rules of Procedure,
  - having regard to the opinion of the Committee on International Trade,
  - having regard to the report of the Committee on Foreign Affairs (A9-0252/2021),
- A    whereas in its strategic framework on human rights and democracy, the EU pledges that human rights, democracy and the rule of law will be promoted ‘in all areas of the EU’s external actions without exception’, and that it will ‘place human rights at the centre of

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<sup>10</sup> OJ C 369, 11.10.2018, p. 156.

<sup>11</sup> Texts adopted, P9\_TA(2020)0337.

<sup>12</sup> Texts adopted, P9\_TA(2021)0255.

<sup>13</sup> Texts adopted, P9\_TA(2021)0016.

its relations with all third countries, including its strategic partners’;

- B. whereas through its strong economic growth and assertive foreign policy agenda, notably its investment strategy, its ‘Going Global’ and ‘Made in China 2025’ policies, and its Belt and Road Initiative (BRI), China is asserting a stronger global role both as an economic power and as foreign policy actor, which poses serious political, economic, security and technological challenges to the EU, which in turn has significant and long-lasting consequences for the world order, and poses serious threats to rules-based multilateralism and core democratic values;
- C. whereas the People’s Republic of China is a unitary, one-party communist state, governed by the Communist Party of China (CPC), which is committed to Marxism–Leninism; whereas as such it does not share democratic values such as individual freedom, freedom of speech and freedom of religion;
- D. whereas China is increasingly aspiring to a more global role, as Chinese President Xi Jinping openly vowed in his report delivered at the 19th Communist Party Congress in 2017 that by 2049 China would become a global leader in terms of composite national strength and international influence;
- E. whereas the long-term tradition of democracy in Hong Kong and Taiwan demonstrate that democracy is valued by the Chinese people;
- F. whereas China has a track record of human rights violations that eschew the country’s bilateral and multilateral commitments in these areas; whereas China has regularly submitted resolutions to the UN Human Rights Council aimed at making ‘sovereignty, non-interference and mutual respect’ fundamental, non-negotiable principles that override the promotion and protection of the human rights of individuals; whereas China has been pursuing the systemic persecution of the Uyghur people, Tibetans, Mongols and other ethnic minorities, human rights defenders, social activists, religious groups, journalists, and petitioners and protesters against injustices, as well as increasingly repressing all dissenting and opposition voices, especially in Hong Kong; whereas goodwill measures and non-binding commitments have not been sufficient to increase China’s commitment to values that are fundamental for the EU;
- G. whereas the recent departure of foreign correspondents from China and the labelling by the Chinese authorities of the Foreign Correspondents’ Club as an ‘illegal organisation’ are the latest in a long and increasing series of cases of harassment and obstruction against foreign journalists, who are ultimately being driven out of China; whereas this comes as part of an effort to police speech about China worldwide and to determine what kind of speech and discussions are allowed globally, and sees this effort as part of a totalitarian threat;
- H. whereas the existing EU-China strategy has revealed its limitations in the light of recent developments and the global challenges posed by China and needs to be updated;
- I. whereas Parliament has called on the Commission to start the scoping exercise and impact assessment in order to formally commence the negotiations with Taiwan as soon as possible;

- J. whereas since the launch of the Chinese Government's 'Strike hard against violent terrorism' campaign in 2014, the situation of Uyghur and other primarily Muslim ethnic minorities in the Xinjiang Uyghur Autonomous Region has rapidly deteriorated; whereas more than one million people are imprisoned in detention camps, called 'political re-education' or 'training' centres, in which Uyghurs are subject to systemic forced labour, torture, enforced disappearance, mass surveillance, cultural and religious erasure, the forced sterilisation of women, sexual violence, violations of reproductive rights and family separation; whereas legal analysis has concluded that these offences constitute crimes against humanity, even alleged genocide, within the international legal framework; whereas several national parliaments have adopted positions along these lines;
- K. whereas the EU Global Human Rights Sanctions Regime enables the EU to impose restrictive measures on targeted individuals, entities and bodies, including states and non-state actors, responsible for, involved in or associated with serious human rights violations and abuses; whereas on 22 March 2021 four Chinese individuals and one entity directly responsible for serious human rights violations in the Xinjiang Uyghur Autonomous Region were included on the list of natural persons and entities subject to these restrictive measures; whereas in response to these measures, China imposed counter-sanctions on ten European individuals and four entities, including five Members of the European Parliament and two EU institutional bodies, the Subcommittee on Human Rights of the European Parliament and the Political and Security Committee of the Council of the European Union, as well as two European scholars, two think tanks in Germany and the Alliance of Democracies Foundation in Denmark; whereas Chinese sanctions lacked legal justification and a legal basis and directly targeted not only the individuals and entities concerned but also the European Union as a whole; whereas the sanctions are clearly an attempt to deter the EU from continuing its work and action against human rights abuses in China;
1. Recommends that the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy (VP/HR) and the Council:
- (a) develop a more assertive, comprehensive and consistent EU-China strategy that unites all Member States and shapes relations with China in the interest of the EU as a whole, with the defence of our values at its core and promoting a rules-based multilateral order; underlines that the strategy needs to take into account the multifaceted nature of the EU's relationship with China; highlights that China is a cooperation and negotiating partner for the EU, but is also an economic competitor and a systemic rival in an increasing number of areas;
  - (b) propose that this strategy be based on six pillars:
    - 1) Open dialogue and cooperation on global challenges;
    - 2) Enhanced engagement on universal values, international norms and human rights;
    - 3) Analysis and identification of the risks, vulnerabilities and challenges;
    - 4) Building partnerships with like-minded partners;
    - 5) Fostering open strategic autonomy, including in trade and investment relations;
    - 6) Defence and promotion of core European interests and values by transforming the EU into a more effective geopolitical actor;

### ***Open dialogue and cooperation on global challenges***

2. Calls on the VP/HR to ensure that the new EU-China strategy involves China in a principled and interest-oriented dialogue on global challenges, such as human rights, by developing an ambitious, holistic and results-oriented EU strategy for human rights in China as part of this new EU-China strategy, the environment and climate change, nuclear disarmament, the promotion of the economic recovery from COVID-19, the fight against global health crises, and the reform of specific multilateral organisations; calls for this dialogue to be driven by EU fundamental principles and interests and to pursue the core objectives of EU external engagement; stresses that cooperation between both partners will be useful in addressing these global problems; reiterates that China remains an important partner for the EU;
3. Supports greater dialogue and cooperation with China on peace and security; recognises the importance of cooperating with China to support the peace process in Afghanistan and discourage North Korea from continuing its nuclear programme; endorses seeking cooperation on sustainable development, contributions to humanitarian assistance and disaster relief, environmental issues, space and aerospace, science, technology and innovation, while fully insisting on freedom of research; stresses that these dialogues and cooperation must be founded on a shared commitment to openness and working together in a transparent, just and equitable manner as part of a rules-based international system, while making sure that European interests and values are safeguarded and developing Europe's ability to compete with China wherever necessary;
4. Points out that some fields of cooperation such as ICT, space and aerospace can have a dual use application and can be used against Chinese citizens and the West;
5. Underlines the importance of encouraging China's commitment to tackling climate change and other environmental issues by reinforcing an EU-China partnership in this field and emphasises the need to ensure that both EU and China adhere to their respective commitments under the Paris Agreement; stresses the importance of the EU implementing a carbon border adjustment mechanism; notes that over the past three decades China has tripled its carbon emissions and it is now emitting 27 % of the world's greenhouse gases; stresses the need to ensure coherence between China's announced global ambitions in the fight against climate change and the environmental impacts of its investment strategies at home and overseas; calls on the Chinese Government to refrain from exporting its coal capacity to third countries, notably in the framework of the BRI;
6. Calls for result-oriented Human Rights Dialogues to be held on an annual basis and evaluated regularly and calls for a solid benchmarking of the progress made in bilateral dialogues more generally to ensure that these exchanges produce genuine positive outcomes for human rights and human rights defenders in China; asks for the benchmarking results and any progress, stagnation or deterioration to be discussed in a transparent manner; requests that human rights be regularly raised at the highest political level, both at EU-China Summits and at Member State level; calls, furthermore, for a shadow human rights dialogue, involving EU and Member State diplomats, the Chinese diaspora, free and independent NGOs, academics and lawmakers, aimed at forging a better understanding of the Chinese system and devising

better strategies to influence human rights progress in China; underlines that these Human Rights Dialogues need to include, but must not be limited to, the following issues: media freedom and freedom of the press, the rights of minorities, including in the regions of Xinjiang, Inner Mongolia and Tibet, and free access to these regions including for diplomats and journalists, the situation of Hong Kong, freedom of speech, labour rights, the right of assembly, freedom of religion or belief, and the state of the rule of law in China in general; welcomes the appointment of a new EU Special Envoy for the Promotion of Freedom of Religion or Belief Outside the Union, and calls for the new Special Envoy to be actively involved in supporting the plight of all religious groups and entities, including Muslims, Christians and Buddhists, facing persecution in mainland China and Hong Kong; calls for the relevant EU institutions to use these Human Rights Dialogues to bring up individual cases; remains deeply concerned about the continuing detention of Swedish citizen and publisher Gui Minhai; urges an intervention by the EU and the Member States at the highest level to secure the immediate and unconditional release of all political prisoners; expresses concern about systemic human rights violations in China and condemns all cases of arbitrary arrests and suppression of the free flow of information and freedom of expression;

7. Calls for the EU to engage in dialogue with China on possible ways to improve, in a transparent manner, initial response capabilities for infectious diseases that have the potential to develop into epidemics or pandemics, including recognition, risk-mapping and early warning systems to ensure better global preparedness to respond to pandemics; calls further on China to allow an independent and transparent investigation into the origins and spread of SARS-COV-2;
8. Supports the expansion of contacts between peoples on both sides as well as mutual student exchange visits, but encourages the Member States to better monitor the impact of Chinese Government interference in academic freedom;

***Enhanced engagement on universal values, international norms and human rights***

9. Condemns in the strongest possible terms the baseless and arbitrary sanctions imposed by the Chinese authorities, which amount to an attack on freedom of speech, on academic freedom, and on the international commitment to and understanding of universal human rights; urges the Chinese authorities to lift these unjustified sanctions; considers that sanctions imposed by the Chinese authorities further erode trust and hinder bilateral cooperation;
10. Underlines that the consideration and ratification process for the EU-China Comprehensive Agreement on Investment (CAI) cannot start until the Chinese sanctions against MEPs and EU institutions have been lifted;
11. Highlights, in this context, its resolution of 20 May 2021 on Chinese countersanctions; calls on the Commission, in line with Parliament's resolution of 20 May 2021 on Chinese countersanctions and with Article 21(1) of the Treaty on European Union, to use all the tools at its disposal and the debate around the CAI as leverage to improve the protection of human rights and support for civil society in China; urges China to take concrete measures towards putting an end to other human rights violations in China, such as forced labour and the systematic persecution of Uyghurs and other Turkic



Muslim minority groups, Tibetans, Christians and other religious communities and churches, and to uphold its international commitments to Hong Kong under the Sino-British Joint Declaration and Hong Kong's Basic Law through the suspension of planned reforms to the city's electoral system and the release of pro-democracy legislators and activists;

12. Underlines that Parliament would take the human rights situation in China, including in Hong Kong, into account before determining its position; reiterates its very serious concerns about the various human rights abuses in China and recalls that full respect for universal values is essential, regardless of the differences between both systems;
13. Calls on China to abide by international standards including with regard to its impact on climate, the environment, biodiversity, poverty, health, labour rights and human rights; urges China, in the context of promoting sustainable trade and development, to take concrete action towards the ratification and implementation of the four outstanding fundamental Conventions of the International Labour Organization (ILO) and the International Covenant on Civil and Political Rights; regrets the fact that several international companies, notably in the apparel and textile sector, have been subject to an extensive and widespread boycott after expressing concerns about the reports of forced labour in Xinjiang and taking the decision to cut supply chain ties with Xinjiang, and strongly condemns the political coercion exercised against them by the Chinese Government; reiterates its request for the Commission and the European External Action Service (EEAS) to swiftly finalise a supply chain business advisory with guidance for companies on the exposure to risks of using Uyghur forced labour and providing support in urgently identifying alternative sources of supply;
14. Underlines the need to ensure that the internal market legislation, as well as any due diligence framework or forced labour import ban, be efficiently and effectively used in order to exclude entities operating on the EU internal market that are directly or indirectly involved in human rights abuses in Xinjiang; calls further on European companies in China, as part of their corporate responsibility, to undertake a thorough investigation into the use of forced labour in their supply chains;
15. Urges the UN High Commissioner for Human Rights to launch independent legal investigations into alleged genocide, alleged crimes against humanity and human rights violations, including forced labour programmes taking place in several regions in China, and calls for the EU and its Member States to provide their political backing and garner international support for such an investigation; calls on the Chinese authorities to allow free, meaningful and unhindered access to the region; is extremely concerned about reports of labour programmes in Tibet, which are also being labelled 'vocational training camps' by the Chinese authorities; calls on China to comply with its obligations under national and international law to respect human rights, including the rights of minorities in Xinjiang, Tibet and Inner Mongolia;
16. Condemns the fact that freedom of expression, freedom of association and freedom of the press are severely restricted in China; deplores the political persecution to which many journalists – who are now in exile – have been subjected; calls on China to ensure that all journalists can conduct their work freely, without impediments and fear of reprisals; stresses that the freedom of the press and media should be ensured; requests

that the EU support free speech and free media in China by establishing a European Democratic Media Fund to support independent journalism;

17. Calls on the Commission to bring forward the proposed Mandatory Human Rights Due Diligence Framework as a matter of urgency and to support efforts to achieve the adoption of a similar instrument in the framework of the United Nations;
18. Calls on the Commission to express its concern over the new Order 15, further constraining religious people and their leaders, to the Chinese authorities;
19. Calls on the Member States to fully implement the package of measures that was agreed following the introduction of the National Security Law for Hong Kong in July 2020 and to review their asylum, migration, visa and residence policies for Hong Kongers; urges the VP/HR and the Council to assess and update the conclusions on Hong Kong; calls for targeted measures under the EU Global Human Rights Sanctions Regime, as necessary, in order to address repression in Hong Kong; calls furthermore for the repeal by China of the National Security Law imposed on Hong Kong in June 2020; calls on those Member States which continue to have extradition treaties with China and Hong Kong in force to suspend individual extraditions wherever the extradition of an individual puts them at risk of torture or cruel, inhuman or degrading treatment or punishment, where that individual would face charges for politically motivated reasons, in other situations where ethnic minorities, representatives of the pro-democratic opposition in Hong Kong and dissidents in general would be targeted, and wherever this would be in breach of the EU's obligations under the European Convention on Human Rights;
20. Recommends that the leadership of the EU and the Member States decline invitations to the Beijing Winter Olympics in the event that the human rights situation in China and Hong Kong does not improve and no high-level EU-China Human Rights Summit/Dialogue with a tangible outcome takes place prior to the event;
21. Regrets China's support for the most oppressive regimes in the world, in particular in Syria, Iran and North Korea, but also in Venezuela and Cuba;

***Analysis and identification of the risks, vulnerabilities and challenges***

22. Believes that the future EU strategy on China should provide the necessary tools and data to address the political, economic, social and technological threats stemming from China, including via its BRI, Dual Circulation Strategy, 14th Five-Year Plan, and Made in China 2025, China Standards 2035 and 16+1 policies, including its military modernisation and capacity build-up, and the implications of this for the Union's open strategic autonomy and for the multilateral rules-based order; notes that there is an urgent need to ensure political will and resources for the implementation of the EU's Connectivity Strategy; calls for greater coordination between the EU's Connectivity Strategy and the Blue Dot Network in order to provide a sustainable alternative to the BRI; welcomes the G7 leaders' agreement to develop a partnership to build back better for the world – the Build Back Better World (B3W) initiative – as an alternative to China's BRI; calls for EU Member States and institutions to embrace the initiative and contribute to it;

23. Calls on the Commission to commission an EU-wide audit, broken down by Member State, of EU dependency on China in certain strategically important and critical sectors, including pharmaceutical supplies, if possible at both national and subnational level, building on its recent comprehensive analysis entitled ‘Strategic dependencies and capacities’ (SWD(2021)0352), which sets out plans to reduce risks related to undesired dependencies, while maintaining overall relations with China, which should be as reciprocal and balanced as possible and aligned with the EU’s values and strategic priorities;
24. Calls on the Commission and the Council to elaborate mechanisms to address these threats coherently, in particular by:
- (a) ensuring the EU’s unity at Member State level, which is needed to be able to properly implement the new EU-China strategy; calling on all Member States to uphold the EU’s core values;
  - (b) building on the EU toolbox for national, regional and local risk-mitigating measures to develop global standards in partnership with like-minded partners for the new generation of technologies in accordance with democratic values, such as 5G and 6G networks, and ensuring that companies that do not fulfil security standards are excluded from 5G and 6G network development;
  - (c) strengthening the EU’s capabilities in pursuit of global leadership, including through cooperation with like-minded partners;
  - (d) ensuring institutional coordination between the Commission, the Council and the EEAS before BRI-related events, and cooperating with Member States to ensure that the decisions taken by those involved in the initiative are in line with EU policies and interests and respect fundamental EU values; stresses that consultations must take place at EU level, for example through a joint Trade Policy Committee-Political and Security Committee meeting at Council level, before BRI-related events in order to ensure that Member States speak with one voice; stresses that the BRI must meet international standards; underlines that BRI projects must be closely monitored, including with regard to their negative political effects in the EU;
  - (e) monitoring key infrastructure contracts in Member States and accession countries to ensure their conformity with EU legislation, as well as their alignment with the EU’s strategic interests, as defined by the EU-China strategy; protecting critical infrastructure from the influence of third countries, which could be detrimental to the EU and its Member States’ economic and security interests;
25. Underlines that the bilateral and uncoordinated engagement of some Member States with China, and the failure to inform the Commission when signing Memoranda of Understanding with third countries, is counterproductive and damaging to the EU’s global position and the advantage its Member States have in the negotiations when acting as a Union rather than independent state actors; asks Member States to refrain from signing any such memoranda without consulting the Council and the Commission; calls for the establishment of a coordination mechanism at EU level to deal with such issues; recalls Article 24 of the Treaty on the European Union, which notes that the

‘Member States shall support the Union’s external and security policy actively and unreservedly in a spirit of loyalty and mutual solidarity’, and that they ‘shall refrain from any action which is contrary to the interests of the Union or likely to impair its effectiveness as a cohesive force in international relations’;

26. Stresses that the implementation of the EU-China strategy and national strategies and policies towards China should be regularly coordinated between the EU institutions, the Member States, the different Commission Directorates General and the European Parliament, in order to ensure a comprehensive and consistent policy that avoids compartmentalisation of separate policy areas; believes that policies should also be coordinated with regional and local actors that develop and maintain links with China;
27. Expresses concern about the increasing incidence of hybrid attacks, Chinese industrial espionage and cyber theft against European companies; stresses the importance of strengthening private and public cyber capabilities; calls for stronger cooperation and the establishment of a system aimed at ending malicious acts in cyber space on the part of China, including cyberattacks, forced technology transfers, cyber-espionage and cyber-enabled intellectual property theft; underscores the need to foster closer cooperation with NATO and G7 countries to fight hybrid threats, including cyber attacks, and disinformation campaigns stemming from China, including by allowing Member States to impose collective countermeasures on a voluntary basis, even if the nature of the attacks is not serious enough to trigger Article 5 of the NATO Treaty or Article 42(7) of the Treaty on European Union;
28. Calls on the Commission to encourage and coordinate actions aimed at countering China’s foreign financing of our democratic processes, including the strategy of elite capture and the technique of co-opting top-level civil servants and former EU politicians;
29. Is concerned by the assertive and, at times, aggressive diplomatic pressure from the Chinese authorities, e.g. towards the President of the Czech Senate; stresses that EU institutions can in no way bow to pressure, threats or censorship from Chinese channels; is concerned about undue pressure by Chinese officials on researchers and academics working on topics related to China across the EU, including the activities of the Confucius Institutes in the EU;

***Building partnerships with like-minded partners***

30. Calls on the VP/HR to coordinate the Union’s actions with like-minded partners on the protection of human rights and support for people in China and Hong Kong and for the Chinese diaspora around the world, as well as the defence of liberal democracy in the world, notably in Hong Kong and Taiwan, and with a view to engaging China to respect international law, the right to public demonstrations as an exercise of freedom of expression and freedom of assembly, the freedom of navigation, including in the South China and East China Seas, overflight and the peaceful resolution of disputes; underlines, further, that such partnerships and multilateral cooperation with like-minded partners should encompass all elements and measures outlined in the new EU-China strategy;
31. Expresses grave concern over China’s assertive and expansionist policies in the South

China Sea, East China Sea and Taiwan Strait, especially China's continued military provocation aimed at Taiwan; underlines that the status quo across the Taiwan Strait and freedom of navigation in the Indo-Pacific region are of critical importance to the EU and its Member States; reiterates its opposition to any unilateral actions that could escalate tensions and undermine the status quo; encourages the constructive development of cross-strait relations and stresses any change to cross-strait relations must not be made against the will of Taiwan's citizens; echoes the concerns expressed by Japan and the US over a new law in China that authorises Chinese coastguard ships to use weapons against foreign vessels violating what China considers to be its territory; calls for the EU to address these issues in both the new EU-China strategy and the EU strategy for cooperation in the Indo-Pacific, and to increase multilateral diplomatic exchanges in order to achieve the peaceful resolution of disputes and controversies in accordance with international law, including UNCLOS;

32. Calls for the Member States to invest in stronger cooperation with other democratic and like-minded partners such as the US, Canada, the UK, Japan, India, South Korea, Australia, New Zealand and Taiwan, and calls on the EEAS and the Member States to prioritise and strengthen the Strategic Partnerships with ASEAN and the African Union;
33. Considers it of primary importance for the EU to develop and promote an ambitious and dynamic transatlantic relationship with the US Government, based on our shared history, values and interests, in the framework of a Transatlantic Dialogue on China, including a parliamentary dimension; highlights the importance of the EU-US partnership in maintaining and demonstrating the united strength of global liberal democracies, including through our work in multilateral organisations; emphasises in this regard that the new EU-US Dialogue on China should be one of the mechanisms for advancing our shared interests and managing our differences, and for reforming multilateral organisations within the framework of the rules-based order; believes that the EU should continue to strengthen the Union's operational autonomy and resilience toward external threats;
34. Underlines the importance of the EU remaining attentive to China's changing role and growing global influence in multilateral organisations, including the UN, to which China is the second biggest financial contributor, and to ensure better coordination among the Member States and like-minded partners towards combining the strength of global liberal democracies, in order to respond to this development; notes that the Chinese Government's greater engagement with international and multilateral institutions, such as the UN, the World Trade Organization (WTO), the World Health Organization (WHO), Interpol, the Food and Agriculture Organization, the International Telecommunication Union and the International Civil Aviation Organization (ICAO), including standard-setting bodies, aims to reshape norms, standard and practices globally in order to foster China's long-term geopolitical strategy and economic interests; regrets that Chinese domestic censorship, now being exercised, inter alia, at the UN, aims to manipulate procedures to minimise scrutiny of China's conduct, in particular in the case of the situation of ethnic Uyghur Muslims and other Turkic Muslim minorities; calls for the EU to work with like-minded partners to counter these developments;
35. Stresses that China is the largest provider of peacekeepers among the five permanent



members of the UN Security Council, but has refused to adopt sections of Chapter VII of the UN Charter and the pillar of Responsibility to Protect (R2P); underlines that the EU has integrated R2P into its external action;

36. Calls for stronger EU cooperation with NATO on Chinese security challenges; supports NATO's proposal to develop a political strategy for approaching a world in which China will be a global superpower; requests that this strategy be based on different scenarios for the development of relations with China, including the possibility of the further deterioration of security in the South China Sea, and calls for dialogue and coordination with the countries of the Quadrilateral Security Dialogue; welcomes NATO's efforts to carefully monitor the security implications of China's increased physical presence in the Arctic, as well as in Africa; recommends that EU-NATO cooperation on security challenges related to China be sufficiently taken into account while elaborating the EU Strategic Compass and reviewing the NATO Strategic Concept;
37. Welcomes the Council's intention to reinforce the EU's strategic focus, presence and action in the Indo-Pacific by launching a new EU strategy for cooperation in the Indo-Pacific, as well as a new strategy for connectivity; notes that any such new strategy should be in conformity with the EU-China strategy;
38. Deems it pertinent for the Commission to provide timely and comprehensive reports on the Regional Comprehensive Economic Partnership (RCEP) – the world's largest free trade agreement – in order to assess developments on the ground; is particularly interested in the implications for the EU's strategic interests of matters such as standard-setting in the Asia-Pacific as well as provisions on rules of origin; notes that while the EU is not a party to RCEP, the agreement will have implications for the EU; highlights the absence of provisions in RCEP on trade and sustainability, including labour and social standards and climate and environmental objectives;
39. Recalls, in the context of the regional dynamics, the importance of trade and economic relations between the EU and Taiwan, including on matters relating to multilateralism and the WTO, technology and public health, as well as essential cooperation on critical supplies such as semiconductors; notes that Taiwan is a full member of the WTO; reiterates its call on and urges the Commission and the Council to move towards a bilateral investment agreement with Taiwan and to urgently begin the impact assessment, public consultation, and scoping exercise with the Taiwanese authorities;
40. Urges the Commission to come up with concrete proposals and action to facilitate Taiwan's full participation as an observer in the meetings, mechanism and activities of the WHO, the ICAO and the UNFCCC;

***Fostering open strategic autonomy, including in trade and investment relations***

41. Underlines that investment and trade conditionality by itself is not enough to counter Chinese assertiveness; finds that the EU should increase strategic autonomy by addressing other dimensions of the EU-China relationship, notably digital and technological sovereignty; underlines, in this context, the need to invest in innovation and research and to develop a competitive and sovereign industrial strategy in areas including, yet not limited to, microchips and semiconductor production, rare earth

mining, cloud computing and telecoms technology, in order to decrease the EU's reliance on China, always with view to ensuring better coordination of those policies with those of other like-minded liberal democracies, while exploring the potential to pool resources and create new synergies;

42. Notes that in 2020, in the context of COVID-19, China ranked as the EU's largest partner for trade in goods for the first time, with the trade balance further deteriorating to the EU's detriment; recalls, however, that the US is still the EU's top partner in trade in goods and services combined; believes that China's economic rise and predicted growth will have a considerable impact on global economic developments over the next decade; points out that for different reasons, mutual investment levels remain below their potential and recognises the economic opportunities that characterise the wider region; considers that the volume of trade between China and the EU will require a rules-based and values-driven framework which needs to be rooted in international norms; stresses that respect for human rights is a prerequisite for engaging in trade and investment relations with the EU and urges China to comply with its international obligations and to commit to respecting human rights;
43. Underlines the key role of the European Parliament in the EU's common commercial policy, in international negotiations, and in the oversight, scrutiny, ratification and monitoring of the implementation of trade and investment agreements; highlights the need for the Committee on International Trade to be consulted in a timely and proper manner and urges the Commission and the Council to maintain frequent dialogue and carry out comprehensive reporting, reflecting developments on the EU-China bilateral trade and investment agenda;
44. Underlines the importance of the EU's strategic trade and investment relationship with China and calls for the EU Member States and institutions to address China with one voice and in a coordinated manner; considers that investment initiatives under the 16+1 format must not undermine the unity of the EU, nor be counterproductive to efforts to speak with one voice;
45. Calls on the Commission to analyse the EU's economic dependencies in strategic sectors, such as critical raw materials, some of which are located exclusively in China, and highlights the urgent need to boost the resilience of European supply chains; calls for efforts to diversify and consolidate the EU's access to the key strategic resources needed to power the EU's twin engines of growth, with a particular emphasis on the 30 elements included in the fourth, updated list of critical raw materials in 2020; recalls the overall EU objective to build its open strategic autonomy under the common commercial policy; reiterates the increasing significance of the trade-security nexus in the EU's international trade policy;
46. Calls for greater transparency, coherence and coordination between the Member States on matters related to bilateral investment projects and deals, particularly on foreign direct investment (FDI) in strategic assets and critical infrastructure; draws attention to the links between economic dependencies and external political leverage at the level of the Member States; recalls the importance of strengthening the EU FDI Screening Regulation in the future in order to make sure that any potential investments that could pose a threat to the EU's security and public order, in particular by state-controlled

enterprises, are blocked; calls on the Member States to urgently adopt a national screening mechanism if they do not have one yet, in line with the Commission guidance from March 2020;

47. Is convinced that the EU-China bilateral trade and investment relationship is of strategic importance and should be rules-based, with the multilateral trading system and the principle of reciprocity at its core; reiterates that while there are concerning trends towards economic decoupling, a more assertive enforcement of and adherence to commitments is necessary in the overall trade and investment relationship; calls on China to play a more active and responsible part in the WTO and other multilateral initiatives, matching its economic power with its level of development, and to fully adhere to all of its WTO and international obligations; calls on the Commission and the Chinese authorities to cooperate closely to reform the WTO rulebook in order to foster a more sustainable development, promote the green transition and digital revolution, and bring stability and legal certainty to the international trade arena;
48. Is concerned about the increasingly unbalanced bilateral economic and trade relationship between the EU and China; stresses that rebalancing and a more level playing field are vital to EU interests; believes that China and the EU must build a level playing field and forge a fruitful relationship in spite of the differences between their respective economic systems; highlights, in this regard, the EU's ongoing work in strengthening its trade toolbox, while recognising the need to maintain an open dialogue on common challenges such as the global fight against climate change; stresses the urgent need for the EU to complete its range of autonomous measures including a more stringent EU FDI Screening Regulation, legislation on foreign subsidies that distort the internal market, the swift adoption of an assertive and effective international procurement instrument, measures on the export of dual-use technology, an effective anti-coercion instrument, a package of sustainable corporate governance legislation, and supply chain legislation with mandatory due diligence requirements, which should also provide for an import ban on forced labour goods; believes that additional targeted measures under the EU Global Human Rights Sanctions Regime should be considered as necessary;
49. Repeats its deep concern about the many barriers that European businesses face when accessing and operating on the Chinese market; is worried that China's 'dual circulation strategy' referred to in its 14th Five-Year Plan will further deteriorate the business environment for EU companies; highlights, once again, its particular concern about the market distorting practices such as, but not limited to, industrial subsidies, the beneficial treatment of Chinese state-owned enterprises, intellectual property theft, forced technology transfers and data localisation, industrial overcapacity in sectors such as steel and the related dumping of exports, other unfair trading practices and the overall increasing political interference in the business environment, including the private sector; calls on the Commission and the Member States to step up their cooperation with like-minded partners at the WTO to develop a joint approach to tackle these unfair Chinese trading practices; welcomes the EU-US dialogue on China as a means to cooperate on topics such as reciprocity, multilateralism, market-distorting practices and the economy and other structural issues where EU-US coordination can bring an added value; is convinced of the vital significance of proper information on the legislative and regulatory developments on the Chinese market, given its opaque and state-driven



nature; recalls, in this context, the importance of frequent and frank discussions with EU institutions, the European Union Chamber of Commerce in China and all our partners on the ground;

50. Considers it pertinent to specifically discuss the negative trade-related effects of and possible remedies for distortions caused by the global excess capacity of steel and aluminium, alongside the importance of tackling industrial subsidies at the WTO; urges China to re-engage in the work of the Global Forum on Steel Excess Capacity in order to eliminate overcapacity and restore a level playing field; notes that despite China's plans to close down outdated production sites and modernise production, its annual crude steel output has set a record for four straight years; encourages the Chinese authorities to follow through with their pledges to reduce the output of crude steel;
51. Reminds, in this regard, of the links between trade, patents and standards; believes that standardisation and the normative elements of increasing international competition are essential for the EU's trade policy and should be one of the key pillars of its strategic industrial policy; recalls that standardisation is being reported as an area of risk where China may diverge and decouple; highlights that counterfeiting is a top priority for the EU's efforts in the commercial aspects of intellectual property protection; is concerned that China remains at the origin of a dominant share of counterfeit and pirated goods arriving in the EU in terms of both value and volume; underlines how the EU-China Agreement on Geographical Indications (GIs) represents a first step in the fight against counterfeiting and urges the Commission to step up its efforts to protect the EU's intellectual property, including patents; is concerned about the emerging practice of Chinese courts claiming worldwide jurisdiction over the determination of fair, reasonable and non-discriminatory licensing terms for standard essential patents, and barring companies from challenging their decisions; underlines that this practice amounts to allowing Chinese companies not to pay a fair price for the use of standard essential patents and endangers European research; asks the Commission to engage with the Chinese authorities on this matter; calls for closer attention to be devoted to infringements in the fields of digitalisation and communications within all the relevant bodies, including the UN's International Telecommunication Union, together with the EU's like-minded partners, in particular the US; calls for more policy discussions about the implications of Chinese initiatives such as Made in China 2025 or, increasingly pertinently, China Standards 2035; is concerned, in this context, about China's increasing digital authoritarianism and its efforts to promote its digital governance model around the world; emphasises the need to conclude the WTO E-Commerce Agreement under the Joint Statement Initiative in order to promote a basic level of openness and a level playing field with China;
52. Calls for greater attention to be paid to European SMEs that engage in commercial and investment relations with China and welcomes the Commission's support for SME-friendly initiatives such as the Access2Markets portal, the Rules of Origin Self-Assessment (ROSA) tool or the China Intellectual Property Rights (IPR) SME helpdesk;
53. Takes note of the conclusion in principle, at political level, of the EU-China CAI, while acknowledging the Commission's efforts to address shortcomings linked to market access asymmetries, a level playing field and sustainable development through rules-

based engagement; recalls, however, that trade relations do not take place in a vacuum;

54. Calls on the Commission to consult with Parliament before taking any steps towards the conclusion and signature of the CAI; urges China to take concrete steps towards ratifying and implementing the fundamental ILO Conventions Nos 29 and 105 on forced labour; highlights that China has also committed to effectively implementing the ratified ILO Conventions and to working towards the ratification of other ‘up-to-date’ fundamental ILO Conventions;
55. Notes that 26 EU Member States have old-style bilateral investment treaties with China;<sup>56.</sup> Recalls, however, that the CAI alone would not solve all issues ailing our economic and political relationship, and therefore has to be considered in the context of a strengthened and more assertive EU toolbox of unilateral measures; underlines that the European Parliament would scrutinise the agreement thoroughly, including the section on sustainable development;
57. Stresses that proper implementation and effective enforcement would be key determinants of the utility and success of the agreement in redressing structural asymmetries in the trade and investment relationship; highlights the role and relevance of structured and frequent exchanges with the office of the Commission’s Chief Trade Enforcement Officer (CTEO) in efforts to evaluate the future implementation of the CAI provided it is adopted; recalls and reinforces, in this context, the importance of parliamentary diplomacy in facilitating mutual understanding, transparent communication and honest dialogue;
58. Welcomes the entry into force of the EU-China Agreement on GIs and reiterates the importance of its effective implementation and enforcement on the markets of both parties; welcomes the anticipated expansion of the current agreement to add a further 350 GI names from both sides; underlines that this limited agreement on GIs could serve as a model and basis for future GI agreements; highlights the crucial role that the CTEO will play in monitoring and improving compliance with the agreement; calls on the CTEO to respond immediately should the agreement not be implemented correctly;
59. Emphasises that China still has a long way to go before it is a free market economy, given the extreme influence the state has on the economy and on businesses’ decisions relating to prices, costs, production and inputs; calls on China, therefore, to take more open-minded measures with regard to its own firms and foreign firms operating in the country;
60. Calls for increased funding for 5G rollout projects and research into 6G, artificial intelligence (AI) and big data technology, in order to ensure future network security and increased digital sovereignty which will be vital for digitalisation and economic growth, but also for closing the technological gap with China and for eliminating the risks that NATO members and its partners may be exposed to with the integration of China’s 5G technology into the telecommunication networks, as such action could erode the future of democratic governance; calls further for a coordinated EU cybersecurity strategy and for an increase in the Member States’ capabilities in this field, in order, inter alia, to strengthen protection against threats to the EU’s critical infrastructure emanating from third countries, including China;

61. Underlines the importance of working on AI regulation and on an ethical and civil liability framework for AI systems and affiliated technologies that boosts human-centred and privacy-sensitive innovation, in partnership with key strategic partners that share the EU's liberal and democratic values; underlines that systems of social scoring are not in line with the EU's fundamental values; stresses the need for the EU to preserve the rights of the individual; stresses, therefore, that such policies and tools of surveillance should under no circumstances be used in the EU; underlines, therefore, that the EU must work to limit and counter the transnational reach of digital repression;

***Defence and promotion of core European interests and values by transforming the EU into a more effective geopolitical actor***

62. Believes that the EU should continue working towards becoming a more effective geopolitical player by ensuring a more united geopolitical approach of its Member States, as well as by fostering its strategic autonomy and capacity, working together with the US and other like-minded partners;
63. Highlights that the success of the European neighbourhood policy determines the EU's capacity to take on the role of global actor; warns of the increasing role of China in the immediate neighbourhood of the EU, including candidate countries; calls for a strategic approach at EU level to counter Chinese actions through investments, loans and business activities in neighbouring countries, in particular in the Western Balkans; calls in particular for active EU engagement in providing these countries with a viable alternative to Chinese investments;
64. Points to the need to strengthen the EU's tools to defend itself, increase its capacity to protect its interests overseas, play a more proactive, consistent and strategic role in its direct neighbourhood and ensure that the Member States are united in their geopolitical approach;
65. Believes that the Conference on the Future of Europe should provide a forum for debate on the EU's external action, such as on issues relating to the protection of human rights, and to discuss how to achieve open strategic autonomy; underlines the importance of discussing issues linked to improving and strengthening the EU's common foreign and security policy, for instance by giving the VP/HR a stronger mandate to act on behalf of the EU in foreign policy matters and take the necessary steps to introduce qualified majority voting in certain areas of foreign affairs; calls for defence cooperation among the Member States to be strengthened, with the goal of enhancing European strategic defence capabilities, as well as of creating a fully-fledged European Defence Union, which would include European military capabilities;
66. Points out the need to equip the EEAS with a mandate and the necessary resources to monitor and address Chinese disinformation operations, including the creation of a dedicated Far-East StratCom Task Force focused on disinformation emanating from China; calls on China to refrain from covert means of manipulating public discourse in the EU; encourages the Commission to develop an EU-wide regulatory system to prevent media companies either funded or controlled by third-country governments from acquiring European media companies, in order to preserve independent and free media reporting in the EU; suggests diversifying Chinese-language media in Europe by

encouraging cooperation between European media and international partners, such as Taiwan; stresses further the urgent need to significantly boost expert capacity on China in the EEAS and the Commission in general;

67. Points out the importance of independent studies and research on China in universities, think tanks, research institutions and schools across the EU, free from Chinese financial support or influence, ensuring academic integrity and freedom of speech; calls on the EU, therefore, to develop a programme to finance China-related research and language training in the EU;
68. Points out the need to introduce, independently from the CPC's influence, programmes for the study of Chinese culture, language and politics, for example through closer contacts with Taiwanese academia and society;
69. Calls on the Commission to take into account and include in its strategy China's rapidly growing interest and involvement in the Arctic; calls for preparedness to ensure freedom of navigation on the Arctic's Northern Sea Route; takes note of China's investments in research and strategic infrastructure in the Arctic and notes that the EU should not lose ground in this important region;

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70. Instructs its President to forward this resolution to the Council, the Commission and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, and, for information, to the Government of the People's Republic of China.

## **MINORITY POSITION**

by Idoia Villanueva Ruiz on behalf of The Left Group

Mutual beneficial EU-China relations are of strategic importance for both partners and for the international stability. China is a strategic partner for the EU. However, both partners have conflicting interests and divergent views in many areas. They are economic competitors.

It is not in the interest of the EU to become part of the rivalry between China and the US. Established economic and trade relations and interdependencies are important stabilizing factors for the EU-China partnership. However, both have become increasingly aware of the need to avoid unilateral dependencies and have started to develop instruments to ensure strategic sovereignty.

The new EU-China strategy provides an opportunity for the EU to stabilise and modernise relationship based on mutual respect, cooperation and dialogue, the promotion of a rule-based multilateral order, fair trade and a new environmental-friendly socio-economic model of development. It should focus on cooperation and negotiated solutions for problems in areas where conflicting interests exist. Jointly, EU and China must assume their roles as international actors to address global problems, should tackle root causes of conflicts in the world. Together it is possible to overcome vaccine shortage, and contribute to a global sustainable and inclusive economic recovery from the COVID-19 pandemic.

17.6.2021

## **OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE**

for the Committee on Foreign Affairs

on a new EU-China strategy  
(2021/2037(INI))

Rapporteur for opinion (\*): Iuliu Winkler

(\*) Associated committee – Rule 57 of the Rules of Procedure

### **SUGGESTIONS**

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes that in 2020, in the context of COVID-19, China ranked as the EU's largest partner for trade in goods for the first time, with the trade balance further deteriorating to the EU's detriment; recalls, however, that the US is still the EU's top partner in trade in goods and services combined; believes that China's economic rise and predicted growth will have a considerable impact on global economic developments over the next decade; points out that for different reasons, mutual investment levels remain below their potential and recognises the economic opportunities that characterise the wider region; considers that the volume of trade between China and the EU will require a rules-based and values-driven framework which needs to be rooted in international norms; stresses that respect for human rights is a prerequisite for engaging in trade and investment relations with the EU and urges China to comply with its international obligations and to commit to respecting human rights;
2. Underlines the key role of the European Parliament in the EU's common commercial policy, in international negotiations, and in the oversight, scrutiny, ratification and monitoring of the implementation of trade and investment agreements; highlights the need for the Committee on International Trade to be consulted in a timely and proper manner and urges the Commission and the Council to maintain frequent dialogue and carry out comprehensive reporting, reflecting developments on the EU-China bilateral trade and investment agenda;
3. Underlines the importance of the EU's strategic trade and investment relationship with China and calls on the EU Member States and institutions to address China with one voice and in a coordinated manner; considers that investment initiatives under the 16+1 format must not undermine the unity of the EU, nor be counterproductive to efforts to speak with one voice;

4. Calls on the Commission to analyse the EU's economic dependencies in strategic sectors, such as critical raw materials, some of which are located exclusively in China, and highlights the urgent need to boost the resilience of European supply chains; calls for efforts to diversify and consolidate the EU's access to the key strategic resources needed to power the EU's twin engines of growth, with a particular emphasis on the 30 elements included in the fourth, updated list of critical raw materials in 2020; recalls the overall EU objective to build its open strategic autonomy under the common commercial policy; reiterates the increasing significance of the trade-security nexus in the EU's international trade policy;
5. Calls for greater transparency, coherence and coordination between the Member States on matters related to bilateral investment projects and deals, particularly on foreign direct investment (FDI) in strategic assets and critical infrastructure; draws attention to the links between economic dependencies and external political leverage at the level of the Member States; recalls the importance of strengthening the EU FDI Screening Regulation in the future in order to make sure that any potential investments that could pose a threat to the EU's security and public order, in particular by state-controlled enterprises, are blocked; calls on the Member States to urgently adopt a national screening mechanism if they do not have one yet, in line with the Commission guidance from March 2020;
6. Is convinced that the EU-China bilateral trade and investment relationship is of strategic importance and should be rules-based, with the multilateral trading system and the principle of reciprocity at its core; reiterates that while there are concerning trends towards economic decoupling, a more assertive enforcement of and adherence to commitments is necessary in the overall trade and investment relationship; calls on China to play a more active and responsible part in the World Trade Organization (WTO) and other multilateral initiatives, matching its economic power with its level of development, and to fully adhere to all of its WTO and international obligations; calls on the Commission and the Chinese authorities to cooperate closely to reform the WTO rulebook in order to foster a more sustainable development, promote the green transition and digital revolution, and bring stability and legal certainty to the international trade arena;
7. Calls on China to abide by international standards including with regard to its impact on climate, the environment, biodiversity, poverty, health, labour rights and human rights; urges China, in the context of promoting sustainable trade and development, to take concrete action towards the ratification and implementation of the four outstanding fundamental Conventions of the International Labour Organization (ILO) and the International Covenant on Civil and Political Rights; regrets the fact that several international companies, notably in the apparel and textile sector, have been subject to an extensive and widespread boycott after expressing concerns about the reports of forced labour in Xinjiang and taking the decision to cut supply chain ties with Xinjiang, and strongly condemns the political coercion exercised against them by the Chinese Government; reiterates its request for the Commission and the European External Action Service to swiftly finalise a supply chain business advisory with guidance for companies on the exposure to risks of using Uyghur forced labour and providing support in urgently identifying alternative sources of supply;



8. Is concerned about the increasingly unbalanced bilateral economic and trade relationship between the EU and China; stresses that rebalancing and a more level playing field are vital to EU interests; believes that China and the EU must build a level playing field and forge a fruitful relationship in spite of the differences between their respective economic systems; highlights, in this regard, the EU's ongoing work in strengthening its trade toolbox, while recognising the need to maintain an open dialogue on common challenges such as the global fight against climate change; stresses the urgent need for the EU to complete its range of autonomous measures including a more stringent EU FDI Screening Regulation, legislation on foreign subsidies that distort the internal market, the swift adoption of an assertive and effective international procurement instrument, measures on the export of dual-use technology, an effective anti-coercion instrument, a package of sustainable corporate governance legislation, and supply chain legislation with mandatory due diligence requirements, which should also provide for an import ban on forced labour goods;
9. Repeats its deep concern about the many barriers that European businesses face when accessing and operating on the Chinese market; is worried that China's 'dual circulation strategy' referred to in its 14th Five Year Plan will further deteriorate the business environment for EU companies; highlights, once again, its particular concern about the market distorting practices such as, but not limited to, industrial subsidies, the beneficial treatment of Chinese state-owned enterprises, intellectual property theft, forced technology transfers and data localisation, industrial overcapacity in sectors such as steel and the related dumping of exports, other unfair trading practices and the overall increasing political interference in the business environment, including the private sector; calls on the Commission and the Member States to step up their cooperation with like-minded partners at the WTO to develop a joint approach to tackle these unfair Chinese trading practices; welcomes the EU-US dialogue on China as a means to cooperate on topics such as reciprocity, multilateralism, market-distorting practices and the economy and other structural issues where EU-US coordination can bring an added value; is convinced of the vital significance of proper information on the legislative and regulatory developments on the Chinese market, given its opaque and state-driven nature; recalls, in this context, the importance of frequent and frank discussions with EU institutions, the European Union Chamber of Commerce in China and all our partners on the ground;
10. Considers it pertinent to specifically discuss the negative trade-related effects of and possible remedies for distortions caused by the global excess capacity of steel and aluminium, alongside the importance of tackling industrial subsidies at the WTO; urges China to re-engage in the work of the Global Forum on Steel Excess Capacity in order to eliminate overcapacity and restore a level playing field; notes that despite China's plans to close down outdated production sites and modernise production, its annual crude steel output has set a record for four straight years; encourages the Chinese authorities to follow through with their pledges to reduce the output of crude steel;
11. Reminds, in this regard, of the links between trade, patents and standards; believes that standardisation and the normative elements of increasing international competition are essential for the EU's trade policy and should be one of the key pillars of its strategic industrial policy; recalls that standardisation is being reported as an area of risk where China may diverge and decouple; highlights that counterfeiting is a top priority for the



EU's efforts in the commercial aspects of intellectual property protection; is concerned that China remains at the origin of a dominant share of counterfeit and pirated goods arriving in the EU in terms of both value and volume; underlines how the EU-China Agreement on Geographical Indications (GIs) represents a first step in the fight against counterfeiting and urges the Commission to step up its efforts to protect the EU's intellectual property, including patents; is concerned about the emerging practice of Chinese courts claiming worldwide jurisdiction over the determination of fair, reasonable and non-discriminatory licensing terms for standard essential patents, and barring companies from challenging their decisions; underlines that this practice amounts to allowing Chinese companies not to pay a fair price for the use of standard essential patents and endangers European research; asks the Commission to engage with the Chinese authorities on this matter; calls for closer attention to be devoted to infringements in the fields of digitalisation and communications within all the relevant bodies, including the UN's International Telecommunication Union, together with the EU's like-minded partners, in particular the US; calls for more policy discussions about the implications of Chinese initiatives such as Made in China 2025 or, increasingly pertinently, China Standards 2035; is concerned, in this context, about China's increasing digital authoritarianism and its efforts to promote its digital governance model around the world; emphasises the need to conclude the WTO E-Commerce Agreement under the Joint Statement Initiative in order to promote a basic level of openness and a level playing field with China;

12. Calls for greater attention to be paid to European SMEs that engage in commercial and investment relations with China and welcomes the Commission's support for SME-friendly initiatives such as the Access2Markets portal, the Rules of Origin Self-Assessment (ROSA) tool or the China Intellectual Property Rights (IPR) SME helpdesk;
13. Takes note of the conclusion in principle, at political level, of the EU-China Comprehensive Agreement on Investment (CAI), while acknowledging the Commission's efforts to address shortcomings linked to market access asymmetries, a level playing field and sustainable development through rules-based engagement; recalls, however, that trade relations do not take place in a vacuum; regrets China's unfair and unacceptable escalation in placing elected Members of the European Parliament and entities of the EU institutions under sanctions, as this further erodes trust and hinders bilateral cooperation, and underlines that the consideration and ratification process of the CAI cannot start until the Chinese sanctions against MEPs and EU institutions have been lifted; calls on the Commission to consult with Parliament before taking any steps towards the conclusion and signature of the CAI; urges China to take concrete steps towards ratifying and implementing the fundamental ILO Conventions Nos 29 and 105 on forced labour; highlights that China has also committed to effectively implementing the ratified ILO Conventions and to working towards the ratification of other 'up-to-date' fundamental ILO Conventions; calls on the Commission to use all the tools at its disposal and the debate around the CAI as leverage to improve the protection of human rights and support for civil society in China; highlights, in this context, its resolution of 20 May 2021 on Chinese countersanctions; recalls that the CAI alone would not solve all issues ailing our economic and political relationship, and therefore has to be considered in the context of a strengthened and more assertive EU toolbox of unilateral measures; underlines that

the European Parliament would scrutinise the agreement thoroughly, including the section on sustainable development, and take account of the human rights situation in China, including in Hong Kong, before determining its position; reiterates its very serious concerns about the various human rights abuses in China and recalls that full respect for universal values is essential, regardless of the differences between both systems; stresses that proper implementation and effective enforcement would be key determinants of the utility and success of the agreement in redressing structural asymmetries in the trade and investment relationship; highlights the role and relevance of structured and frequent exchanges with the office of the Commission's Chief Trade Enforcement Officer (CTEO) in efforts to evaluate the future implementation of the CAI provided it is adopted; recalls and reinforces, in this context, the importance of parliamentary diplomacy in facilitating mutual understanding, transparent communication and honest dialogue;

14. Notes that 26 EU Member States have old-style bilateral investment treaties with China;
15. Welcomes the entry into force of the EU-China Agreement on GIs and reiterates the importance of its effective implementation and enforcement on the markets of both parties; welcomes the anticipated expansion of the current agreement to add a further 350 GI names from both sides; underlines that this limited agreement on GIs could serve as a model and basis for future GI agreements; highlights the crucial role that the CTEO will play in monitoring and improving compliance with the agreement; calls on the CTEO to respond immediately should the agreement not be implemented correctly;
16. Deems it pertinent for the Commission to provide timely and comprehensive reports on the Regional Comprehensive Economic Partnership (RCEP) – the world's largest free trade agreement – in order to assess developments on the ground; is particularly interested in the implications for the EU's strategic interests of matters such as standard-setting in the Asia-Pacific as well as provisions on rules of origin; notes that while the EU is not a party to RCEP, the agreement will have implications for the EU; highlights the absence of provisions in RCEP on trade and sustainability, including labour and social standards and climate and environmental objectives;
17. Recalls, in the context of the regional dynamics, the importance of trade and economic relations between the EU and Taiwan, including on matters relating to multilateralism and the WTO, technology and public health, as well as essential cooperation on critical supplies such as semiconductors; notes that Taiwan is a full member of the WTO; reiterates its call on and urges the Commission and the Council to move towards a bilateral investment agreement with Taiwan and to urgently begin the impact assessment, public consultation, and scoping exercise with the Taiwanese authorities;
18. Underlines China's active engagement and growing influence in the Arctic region, including in economic activity; calls on the Commission to address China's rising influence, possible threats and risks and the EU's response to these in its upcoming Arctic strategy.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	17.6.2021
<b>Result of final vote</b>	+: 38 -: 0 0: 3
<b>Members present for the final vote</b>	Barry Andrews, Anna-Michelle Asimakopoulou, Tiziana Beghin, Geert Bourgeois, Saskia Bricmont, Jordi Cañas, Daniel Caspary, Miroslav Číž, Arnaud Danjean, Paolo De Castro, Emmanouil Fragkos, Raphaël Glucksmann, Markéta Gregorová, Roman Haider, Christophe Hansen, Heidi Hautala, Danuta Maria Hübner, Herve Juvin, Karin Karlsbro, Maximilian Krah, Danilo Oscar Lancini, Bernd Lange, Margarida Marques, Gabriel Mato, Sara Matthieu, Emmanuel Maurel, Carles Puigdemont i Casamajó, Samira Rafaela, Inma Rodríguez-Piñero, Massimiliano Salini, Helmut Scholz, Liesje Schreinemacher, Sven Simon, Dominik Tarczyński, Mihai Tudose, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jörgen Warborn, Iuliu Winkler, Juan Ignacio Zoido Álvarez
<b>Substitutes present for the final vote</b>	Michiel Hoogeveen

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

38	+
ECR	Geert Bourgeois, Michiel Hoogeveen, Dominik Tarczyński
ID	Roman Haider, Herve Juvin, Danilo Oscar Lancini
NI	Tiziana Beghin, Carles Puigdemont i Casamajó
PPE	Anna-Michelle Asimakopoulou, Daniel Caspary, Arnaud Danjean, Christophe Hansen, Danuta Maria Hübner, Gabriel Mato, Massimiliano Salini, Sven Simon, Jörgen Warborn, Iuliu Winkler, Juan Ignacio Zoido Álvarez
Renew	Jordi Cañas, Svenja Hahn, Karin Karlsbro, Samira Rafaela, Liesje Schreinemacher, Marie-Pierre Vedrenne
S&D	Miroslav Číž, Paolo De Castro, Raphaël Glucksmann, Bernd Lange, Margarida Marques, Inma Rodríguez-Piñero, Mihai Tudose, Kathleen Van Brempt
The Left	Emmanuel Maurel
Verts/ALE	Saskia Bricmont, Markéta Gregorová, Heidi Hautala, Sara Matthieu

3	0
ECR	Emmanouil Fragkos
ID	Maximilian Krah
The Left	Helmut Scholz

Key to symbols:

+ : in favour

- : against

0 : abstention

## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	15.7.2021
<b>Result of final vote</b>	+: 58 -: 8 0: 4
<b>Members present for the final vote</b>	Alviina Alametsä, Alexander Alexandrov Yordanov, Maria Arena, Petras Auštrevičius, Traian Băsescu, Anna Bonfrisco, Reinhard Bütikofer, Fabio Massimo Castaldo, Susanna Ceccardi, Włodzimierz Cimoszewicz, Katalin Cseh, Tanja Fajon, Anna Fotyga, Michael Gahler, Giorgos Georgiou, Sunčana Glavak, Raphaël Glucksmann, Klemen Grošelj, Bernard Guetta, Márton Gyöngyösi, Andrzej Halicki, Sandra Kalniete, Dietmar Köster, Maximilian Krah, Andrius Kubilius, Ilhan Kyuchyuk, David Lega, Miriam Lexmann, Nathalie Loiseau, Antonio López-Istúriz White, Jaak Madison, Claudiu Manda, Thierry Mariani, Vangelis Meimarakis, Sven Mikser, Francisco José Millán Mon, Javier Nart, Urmas Paet, Demetris Papadakis, Kostas Papadakis, Tonino Picula, Manu Pineda, Giuliano Pisapia, Thijs Reuten, Jérôme Rivière, María Soraya Rodríguez Ramos, Nacho Sánchez Amor, Isabel Santos, Jacek Saryusz-Wolski, Andreas Schieder, Radosław Sikorski, Jordi Solé, Sergei Stanishev, Tineke Strik, Hermann Tertsch, Hilde Vautmans, Harald Vilimsky, Idoia Villanueva Ruiz, Viola Von Cramon-Taubadel, Thomas Waitz, Witold Jan Waszczykowski, Charlie Weimers, Isabel Wiseler-Lima, Salima Yenbou, Željana Zovko
<b>Substitutes present for the final vote</b>	Ioan-Rareș Bogdan, Andrey Kovatchev, Marisa Matias, Gabriel Mato, Milan Zver

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

58	+
ECR	Anna Fotyga, Jacek Saryusz-Wolski, Hermann Tertsch, Witold Jan Waszczykowski
ID	Anna Bonfrisco, Susanna Ceccardi
NI	Fabio Massimo Castaldo, Márton Gyöngyösi
PPE	Alexander Alexandrov Yordanov, Traian Băsescu, Ioan-Rareș Bogdan, Michael Gahler, Sunčana Glavak, Andrzej Halicki, Sandra Kalniete, Andrey Kovatchev, Andrius Kubilius, David Lega, Miriam Lexmann, Antonio López-Istúriz White, Gabriel Mato, Vangelis Meimarakis, Francisco José Millán Mon, Radosław Sikorski, Isabel Wiseler-Lima, Željana Zovko, Milan Zver
Renew	Petras Auštrevičius, Katalin Cseh, Klemen Grošelj, Bernard Guetta, Ilhan Kyuchyuk, Nathalie Loiseau, Javier Nart, Urmas Paet, María Soraya Rodríguez Ramos, Hilde Vautmans
S&D	Maria Arena, Włodzimierz Cimoszewicz, Tanja Fajon, Raphaël Glucksmann, Claudiu Manda, Sven Mikser, Demetris Papadakis, Tonino Picula, Giuliano Pisapia, Thijs Reuten, Nacho Sánchez Amor, Isabel Santos, Andreas Schieder, Sergei Stanishev
Verts/ALE	Alviina Alametsä, Reinhard Bütikofer, Jordi Solé, Tineke Strik, Viola Von Cramon-Taubadel, Thomas Waitz, Salima Yenbou

8	-
ID	Maximilian Krah, Thierry Mariani, Jérôme Rivière
NI	Kostas Papadakis
The Left	Giorgos Georgiou, Marisa Matias, Manu Pineda, Idoia Villanueva Ruiz

4	0
ECR	Charlie Weimers
ID	Jaak Madison, Harald Vilimsky
S&D	Dietmar Köster

Key to symbols:

+ : in favour

- : against

0 : abstention