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# DRAFT 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 on EU-China – A strategic outlook,
  - having regard to the EU-China 2020 Strategic Agenda for Cooperation,
  - 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 (A9-0000/2021),
- A. whereas through its strong economic growth and ambitious foreign policy agenda, 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, has significant consequences for the world order and poses threats to liberal democracy;
- B. whereas China has a track record of human rights violations that eschew the country's bilateral and multilateral commitments in these areas;
- C. whereas the existing EU China Strategy has revealed its limitations in the light of recent developments and the challenges posed by 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) elaborate a more assertive EU-China strategy that unites all Member States and shapes relations with Beijing in the interest of the EU as a whole, while defending our values and promoting a rules-based multilateral order;
  - (b) propose a new EU-China strategy based on six pillars:
    - 1) Open dialogue on global challenges;
    - 2) Engagement on human rights issues through economic leverage;
    - 3) Analysis of the threats and challenges;
    - 4) Building partnerships with like-minded partners;
    - 5) Fostering open strategic autonomy;
    - 6) Defence of core European interests and values by transforming the EU into a geopolitical actor;

***Open dialogue on global challenges***

2. Calls on the VP/HR to ensure that the new EU-China strategy involves China in an open dialogue on global challenges, such as climate change and the fight against global pandemics;
3. Supports greater dialogue and cooperation with China on peace and security, sustainable development, science, technology and innovation, environmental issues, space and aerospace;
4. Underscores the importance of capitalising on China's commitment to tackling climate change by reinforcing partnership in this field and emphasises the need to ensure that China commits to peak its emissions before 2030, in line with the Paris Agreement by implementing a carbon border adjustment mechanism;
5. Calls for Human Rights Dialogues to be held regularly and calls for a solid benchmarking of the progress made in bilateral dialogues more generally;
6. Calls for the EU to engage in dialogue with China on possible ways to ensure better global preparedness to respond to pandemics; calls further on China to cooperate fully in an independent investigation into the origins of COVID;

***Engagement on human rights issues through economic leverage***

7. Calls on the Commission to use the EU-China Comprehensive Agreement on Investment (CAI) as a leverage instrument to improve the protection of human rights and support for civil society in China;
8. Underlines the conditions and pre-ratification commitments that must be met before Parliament can give its consent to the EU-China CAI, notably:
  - (a) having a timetable for China's ratification and implementation of key International Labour Organisation (ILO) conventions on labour rights and a robust monitoring mechanism, as well as concrete measures or steps towards putting an end to other human rights violations against the Uyghur minority in China;
  - (b) a recommitment by China to uphold its international commitments to Hong Kong under the Sino-British Joint Declaration and Hong Kong's Basic Law;
  - (c) lifting the counter-sanctions imposed by the Chinese Government on EU entities and individuals;
9. States its support for UN to carry out legal investigations into alleged genocide and crimes against humanity taking place in the Xinjiang region;
10. Calls for the introduction of a unilateral ban on the import of products from forced labour and child labour or any other form of modern slavery;
11. Calls on the Commission to put forward the proposed Mandatory Human Rights Due Diligence Framework as a matter of urgency;

***Analysis of the threats and challenges***

12. Believes that the future EU strategy on China should provide the necessary tools and data to analyse the political, economic, social and technological threats stemming from China, its Belt and Road Initiative (BRI) and 17+1 policies, its investment strategy and their implications for the Union's strategic autonomy and the liberal order;
13. Calls on the Commission to commission an EU-wide audit of the EU dependency on China in certain strategically important and critical sectors, setting out plans to reduce dependency, while maintaining overall trade relations with China, which should be as open as possible;
14. Calls on the Commission to elaborate mechanisms to address these threats coherently, in particular by:
  - (a) preserving the EU's unity;
  - (b) building on the EU toolbox for national risk-mitigating measures, to develop joint standards for the new generation of technologies, such as 5G networks;
  - (c) strengthening the EU's unique brand of responsible global leadership;
  - (d) ensuring that the President of the Commission is present at the BRI annual forum to ensure that the decisions taken by EU Member States involved in the BRI initiative are in line with EU policies and interests;
  - (e) examining all infrastructure contracts to ensure their conformity with EU legislation;
15. 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;
16. Believes that the future EU-China strategy should be more coordinated between the EU institutions and the Member States, as well as between the different Commission Directorates General;
17. Encourages the EU to work with all Member States which do not have investment screening mechanisms to urgently bring forward such legislation as a precondition of the ratification of the EU-China CAI, in line with the EU Framework for Screening of Foreign Direct Investment, and calls for Member States to be issued with special guidance on screening investments and acquisitions from Chinese firms under the influence of the Chinese state;
18. Is concerned by the assertive and, at times, aggressive diplomatic pressure from the Chinese authorities; underlines that EU institutions can in no way bow to pressure or censorship from Chinese channels;

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

19. Calls on the VP/HR to coordinate the Union's actions with like-minded partners on the protection of human rights and support for civil society in China and for 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 freedom of navigation and the peaceful resolution of disputes;

20. Considers it necessary for the EU to promote a balanced and prosperous transatlantic relationship with the Biden Administration, in order to maintain and demonstrate the united strength of global liberal democracies in multilateral organisations;
21. Underlines the importance of the EU remaining vigilant about China's changing role and growing influence in multilateral organisations and to ensure better coordination among the Member States and towards combining the strength of global liberal democracies in order to respond to this development;
22. Underscores the necessity of fostering closer cooperation with NATO and G7 countries to fight hybrid threats and disinformation campaigns stemming from China;
23. Calls for stronger 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 of growing importance through to 2030;
24. 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;

#### ***Fostering open strategic autonomy***

25. 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 and supply chain security;
26. Calls on the Commission to reintroduce investment protection into the CAI;
27. Calls on the Commission to ensure that the CAI and other instruments mitigate the distorting effects caused by Chinese subsidies on state-owned companies when moving to acquire EU companies and bid in EU public procurement procedures;
28. Calls for increased funding for 5G rollout projects and research into 6G, 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;
29. Calls on the Commission to propose a strategy to deal with trade imbalances more broadly, going beyond the current trade defensive instruments, if necessary, so as to tackle the large structural trade deficit, China's use of large-scale export credits and loans, the opaque financing of strategic Chinese companies, China's policy of indigenous innovation connected to efforts to promote Chinese standards, and its endeavour to become a leading export nation of advanced technological goods;
30. Considers it necessary to conclude a Bilateral Investment Agreement with Taiwan in

parallel with the CAI and in line with the One China policy, which would ensure that stability is safeguarded in the region and the right to Taiwan's democratic existence is reaffirmed;

31. Considers it necessary to develop new industrial policies in areas such as microchips and semiconductor production, rare earth mining, cloud computing and telecoms technology in order to decrease EU's reliance on Chinese supply chains;
32. Underlines the importance on working on AI regulation and on an ethical and civil liability framework for AI systems and affiliated technologies that boosts citizen-centred and privacy-sensitive innovation, in partnership with key strategic partners that share the EU's liberal and democratic values;

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

33. Believes that the Union should continue working towards its transformation into a geopolitical player by ensuring a more united geopolitical approach of its Member States, as well as by fostering its strategic autonomy;
34. Points to the need to strengthen the EU's tools to defend itself, increase its capacity to protect its interests overseas, acquire greater influence in its direct neighbourhood and ensure that the Member States are united in their geopolitical approach;
35. Believes that the Conference on the Future of Europe should be used to give the VP/HR a stronger mandate to act on behalf of the EU and take the necessary steps to introduce qualified majority voting in certain areas of foreign affairs, as well as to create a European Defence Union;
36. Calls for defence cooperation among the Member States to be strengthened and for the Member States to invest in stronger cooperation with other democratic players such as Japan, India, South Korea, Australia and New Zealand;
37. Points out the need to equip the European External Action Service with a mandate and the necessary resources to study and counter Chinese disinformation operations;

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38. 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, the Council and, for information, to Government of the People's Republic of China.