

EUROPEAN PARLIAMENT

DELEGATION FOR RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA

22ND INTERPARLIAMENTARY MEETING EP/CHINA

Brussels 11 October 2005

First Working Session: Economic and Social Issues

Theme 1: Trade

- * EU-China textile trade
- * Bilateral trade relations and opening of the Chinese market
- * Negotiations within the framework of the WTO

Mr STERCKX, Chair of the European Parliament delegation for relations with China, opened the 22nd European Parliament-National People's Congress Interparliamentary Meeting (IPM) at 9.35 hrs.

He welcomed the guests and stressed the increasing significance of China in world affairs and the importance of EU-China commercial and political ties. He noted that in 2004 EU-China trade relations were worth 175 billion euros. He underlined that the EU was looking forward to the development of the strategic partnership, especially in the fields of trade, monetary policy, climate change, environment and development. Mr STERCKX emphasised that, although the EU and China still had different views on human rights issues, there had been some progress in this area.

Mr WANG, Chair of the Chinese delegation, thanked Mr STERCKX for his welcome and echoed his sentiments. He also underlined the importance of strengthening bilateral links and the need for a frank and open exchange of views.

Mr CALABUIG RULL also welcomed the increasing bilateral trade, however he drew attention to some areas of concern such as the textile trade, difficulties with entering the Chinese market, and problems with implementing intellectual property rights. Mr CALABUIG RULL also drew attention to the areas of Chinese markets that were attractive for European businesses such as the energy and financial sectors. He also stressed the importance of introducing the principle of reciprocity in bilateral relations.

Mr HE KENG pointed to China's comparative advantage in labour-intensive products, while Europe was more advanced in technology intensive goods. He agreed that barriers to trade were a negative phenomenon and could be incompatible with WTO standards.

Mr HOPPENSTEDT stated that the sharp increase in textile imports from China threatened over one million jobs in the EU. He pointed to the examples of non-respect of intellectual property rights in China and ineffective piracy prevention measures being taken by the Chinese government. The Chinese government was currently pursuing over 9000 court cases, he said, but there were no effective sanctions.

Mr ZHANG outlined the new legislation being introduced in China to protect intellectual property rights. He also stressed that non-respect of intellectual property rights was often the result of simple ignorance on the part of Chinese businessmen and he recognised that the process might take some time.

Mr DEHAENE emphasised that importance of bilateral trade, Europe's trade deficit with China; problems with unrestricted access to markets; and a general lack of transparency for the 'rules of the game'. He called for further integration of China into the world economy to create a 'win-win' situation.

Mr HE KENG explained that the EU's trade deficit resulted from the competitive advantage of Chinese goods and a growing demand for them in Europe, while European goods were still expensive for Chinese consumers. He confirmed that China was observing its WTO obligations on tariffs and opening up of the insurance and financial sectors. He underlined that rules on transparency in China were set up according to international standards.

Mr WANG confirmed that China was committed to the further development of bilateral, political and economic ties, despite some problems with Beijing's trade relations with certain Member States. Mr BUSHILL-MATTHEWS asked whether Chinese car manufacturers were planning to install their production units in Europe's traditional regions of heavy industry, such as the West Midlands of the United Kingdom. Mr WANG replied that Chinese industrialists tended to undertake production locally as labour costs were cheaper. Moreover, Chinese companies had faced several problems when seeking to invest abroad, partly due to their lack of knowledge of local legislation.

Mrs BATZELI called for a more extended social framework for bilateral relations. She mentioned that China did not fully respect its WTO entry commitments on liberalisation of its ship-building industry. She also expressed concerns over genetically modified foods produced in China. Mr HE KENG agreed that there was a need for a government or international framework of regulation on issues such as genetically modified foods. He also confirmed that Beijing would honour China's WTO accession treaty timetable with respect to financial markets. He also emphasised China's attempts to reduce bureaucratic procedures in this area. In addition, he referred to the competition faced by traditional ship-building countries in Europe, as the Chinese labour force was much cheaper.

Mr ZHANG commented on recent legal developments in China, including the adoption of the Administrative Procedure Law which simplified licensing procedures. Mr WANG proposed that Mrs BATZELI should address her concerns on ship-building in writing to the competent experts in Beijing.

Mr ROUCEK mentioned the benefits free trade had brought to Skoda which was now building a car factory in Shanghai. Mr HE KENG referred again to the problems of market access of Chinese textiles to the EU market. Mr WANG emphasised that Beijing was respecting its WTO

entry obligations and that China was adapting to the new political and economical realities. The EU should also come to terms with the rise of China and India as new economic and political powers.

Mr BATZELI asked about the welfare system in China. Mr WANG agreed that a wide wealth gap existed in the country. He noted that President HU JIN TAO had put this issue as a top priority for the 11th Chinese Five-year Economic Plan. Mr HE KENG updated members about the progress made by the Chinese government in fighting unemployment and referred to the re-employment programme which every year brought back four to five million people into the labour market. Mr STERCKX proposed that China could adapt some elements from the European welfare system.

Theme 2: Environment, climate change, sustainable development

- * Urban and sustainable development**
- * Energy and research**
- * Multipolar world**

Mr TURMES raised energy and environmental issues in connection with sustainable development. He stressed the challenges of developing an economic system for 1.3 billion people without destroying the environment. He called on China to conduct a peaceful foreign policy and to follow the European path in energy efficiency technologies as China's fast growing industry was pushing up international oil prices.

Mr WATSON wished to discuss urban development models and sustainable development issues in China. He pointed to the increase in Chinese dependent on energy imports and asked about developments in the area of renewable energy in China. He also called for the creation of a new ethical framework on biological and medical research.

Mrs AYALA SENDER mentioned the 'open door' and mobility policy in connection with international tourism. She expressed her worries about the damage to the environment caused by an ever-expanding transportation infrastructure and stressed the need for a transportation system in China that caused less pollution. She also addressed the issue of sustainable tourism both in China and the EU and underlined the importance for solidarity between regions in China. Mrs AYALA SENDER drew attention as well to the need to protect the cultural heritage and the natural landscape and the importance of relations between rural and urban areas in China. Finally, she asked about China's view on regional security problems.

Mr HE KENG confirmed China's commitment to energy efficiency policies, including the use of renewable and fewer fossil fuels. He outlined the particular nature of China's model of urbanisation and the work being done to adjust regional inequalities. Mr ZHANG spoke about the internal migration issue and stressed the financial transfers being made from big cities to rural areas. Mr HE KENG recognised the importance of an effective transport infrastructure for Chinese economic development and referred to joint EU-China transportation projects. Mr WANG referred to energy security and underlined the importance of coal to China. He rejected charges that China was responsible for higher world oil prices and pointed to the substantial increase in China's energy efficiency. Finally he stressed his support for the UN Security Council reform and underlined the need for the United Nations to play an enhanced role in world affairs.

Lisbon Strategy - REACH directive

Mrs OOMEN-RUIJTEN outlined the main goals of the REACH directive and the Lisbon Strategy, referring to new legislation on standards for re-evaluation of old chemical products. She stressed that the new EU legislation was aimed at increasing European consumers' confidence and that it would have repercussions for future EU trade relations. Mrs LAPERROUZE outlined the positive impact of the REACH directive on the EU job market and claimed that the adoption of REACH standards abroad was a positive trend. She called for close EU-China cooperation in the field of consumer health protection. Mr WANG supported this proposal and called for further EU-China technical cooperation. Mr HE KENG expressed concern over the use of REACH as an instrument for protecting markets, especially the European agricultural market.

Mr HOPPENSTEDT underlined the importance of the monetary and industrial policy in EU-China bilateral relations and referred to the issues linked to the second round of the Basle talks on security of loans. He suggested that EU accounting and insurance standards might be applied to foreign based companies if they worked with EU clients. He also referred to the deregulation of the Chinese state-owned shipbuilding industry and the management of China's foreign currency reserves. Mr HE KENG confirmed China's desire to meet its WTO and Basle obligations and to open up its financial market.

Mr WANG spoke on the ship-building industry issue and called for a reform of state-owned enterprises. He linked the US trade and budget deficit issue with the stability of financial markets. Mr HE KENG confirmed that China was not interested in increasing its trade surplus and noted China's plans to diversify its foreign currency reserves.

Mr STERCKX thanked the speakers and closed the first part of the meeting at 12.30 hrs.

Second Working Session: Political and Security Issues

- * **EU-China relations**
- * **Tourism and the 2008 Olympic Games**
- * **Human rights including the situation for ethnic minorities, Tibet and China-Taiwan relations**
- * **Global security issues**

Mr STERCKX opened the second part of the meeting at 15.00 hrs and raised a number of questions, including China-Taiwan relations; internal political developments in China such as human rights issues and the position of ethnic minorities; and EU-China cooperation on the international arena. He underlined the need for more frequent meetings between the European Parliament and the Chinese National People's Congress and noted that 100 people in the European Commission were working on China-related matters. Mr WANG criticised a number of EP resolutions on China and called for a true strategic partnership and a bilateral dialogue. Mr BELDER noted that he was the rapporteur on China and asked about China's regional policy. Mrs TRÜPEL mentioned that there were substantial political differences between the EU and China and proposed that cooperation should be concentrated on specific areas. She called for

more mutual understanding. Mrs HENNICOT-SCHOEPGES called for more intensive student exchanges between the EU and China.

In answer to a question from Mrs CORBEY about what the Chinese considered to be unacceptable in the EU society, Mr WANG mentioned some differences between the EU and China and called for a constructive cooperation. He outlined China's interest in economic and political stability in Central Asia and called for the creation of a free trade area with ASEAN countries. He also stressed that economic and political cooperation between China and Japan was a cornerstone of regional security. He recognised the importance of issues in relation to the readmission treaty negotiations and the fight against international terrorism.

Mr ZHANG mentioned the interest of Chinese students in receiving technically-oriented degrees from foreign universities. He expressed his concerns over the European arms embargo and the European Parliament attempts to internationalise the questions of Tibet and Taiwan.

Mr MAVROMMATIS congratulated China on hosting the 2008 Olympic Games and called for more intensive EU-China cooperation in the fields of tourism and sport. Mrs CORBEY raised the issue of pollution and the need for measures to be taken to improve the air quality in Beijing. This would have particular implications for the marathon event, she thought. Mr ZHANG referred to environmental problems and gave details of some anti-pollution measures taken by the Chinese government. Mr WANG noted that up to 1.5 % of China's GDP would be spent annually in order to improve environmental standards. He called for a partnership and sharing of environment related technology.

Mrs DOYLE raised the issue of the economic impact of the Olympic Games and the possible removal of 'undesirable' individuals from Beijing during the Games. She was also concerned about the welfare of horses at the equestrian events in Hong Kong. Mr WANG recognised that the Olympic Games should have a positive effect on tourism, although he was uncertain whether the Games would be of direct economic benefit to China.

Mrs GEBHARDT welcomed the inclusion of the concept of human rights into China's constitution, however she felt that the changes had only taken place on paper. Nevertheless she mentioned a number of cases of serious human rights violations and called for an improvement of China's human rights record. She drew particular attention to the freedom of the internet and the continuation of capital punishment. She also expressed concern at a hospital she had visited in Tibet which had no running water. Mr PIKS linked the human rights issue in China with the improvement of standards of living and called for economic and cultural support to ethnic minorities. He referred to the positive economic effects in the autonomous regions and the massive investment from China's central government. He also underlined the need for religious Tibetans and the Chinese government to be reconciled. He believed that the regional authorities were more careless for human rights. Mr TABAJDI pointed to the Chinese diasporas in the EU and called for the further integration of the Chinese minorities into European society noting that there were some 100 million members of national minorities within China itself, he also asked about quotas for national minorities in regional administrations in China. Finally, he drew attention to the problems faced by lesbian women and gay men in China.

Mr WATSON spoke of the links between his political group and Taiwan and called on Beijing to stop using threats of military force against Taipei. He underlined the principle of self-determination as a principle means of resolving this conflict. Mr ZHANG mentioned debates on

personal data protection as an example of growing political pluralism in China. He recognised that there were problems with human rights and national minorities but pointed to the progress achieved, specially at the regional level. Mr WANG stated that China was not currently in a position to abolish the death penalty although capital punishment was now used more cautiously. He claimed that ethnic minorities were well represented in China's state institutions. Mr LOSANG noted that he was a member of the Religious Affairs Committee in Lhasa and that there were 600 temples in Tibet with more that 60000 Lamas. He recognised that during the cultural revolution many temples had been destroyed but these had been subsequently rebuilt. Policies were now in place to protect temples and all citizens and the freedom to pursue their religious beliefs. He argued that the Dalai Lama had been until 1959 the head of the groups that were oppressing the people in Tibet and that he had fled in that year of his own accord. He claimed that both religious freedom and social rights were respected.

Mr WANG supported a peaceful settlement of the Taiwan issue, on condition that Taipei accepted the policy of 'one China'. He referred to the anti-secession law that had been passed by the National People's Congress and he claimed that the United Nation's resolution on self determination was not applicable to Taiwan.

Mrs ROURE also spoke of the problems faced by the inhabitants of Tibet and expected that the Commission would follow up on this issue.

Mr STERCKX stressed that there should be more links between the European Parliament and the National People's Congress and a request was being made that there should be two meetings every year. This would mean that both delegations would travel to the other place of work in a year for a meeting in the future. The next meeting was scheduled to take place in November 2006 in Beijing, however he hoped that a bureau visit would be possible to China in the spring. He closed the session at 18.00 hrs.

ANNEXE/ALLEGATO/BIJLAGE/ANEXO/BILAGA

**DELTAGERLISTE/ANWESENHEITSLISTE/KATAΣΤΑΣΗ ΠΑΡΟΝΤΩΝ/LIITE RECORD
OF ATTENDANCE/LISTA DE ASISTENCIA/LISTE DE PRESENCE/ELENCO DEI
PRESENTI/PRESENTIELIJST/LISTA DE PRESENÇAS/LÄSNÄOLOLISTA/DELTAGARLISTA**

Til stede	Formandskabet/Vorstand/Προεδρείο/Bureau/Ufficio di Presidenza/Mesa/Puhemiehistö/J.L. Presidium: (*) STERCKX (P), DEHAENE (1VP), ROURE (2VP)
Anwesend	Medlemmer/Mitglieder/Μέλη/Members/Diputados/Députés/Deputati/Leden/Deputados/Jäsenet/Ledamöter: ATKINS, BATZELI, CALABUIG RULL, CORBEY, DEL CASTILLO VERA, FAJMON, GEBHARDT, HOPPENSTEDT, LAPERROUZE, MAVROMMATIS, OLBRYCHT, OOMEN-RUIJTEN, PIKS, REUL, RIIS-JORGENSEN, ROUCEK, TRÜPEL, TURMES, ZIMMER
Παρόντες	
Present	Stedfortrædere/Stellvertreter/Αναπληρωτές/Substitutes/Suplentes/Suppléants/ Membri supplenti/Plaatsvervangers/Membros suplentes/Varajäsenet/Suppleanter: AYALA SENDER, BUSHILL-MATTHEWS, DIAZ DE MERA GARCIA CONSUE, DOYLE, HÄNSCH, HENNICOT-SCHOEPGES, KARAS, LANGEN, MARTIN, TABAJDI, WATSON
Presentes	
Présents	
Presenti	
Aanwezig	
Lasna	
Närvarande	
Art. 178,2	BELDER
Art. 183,3	ATTARD-MONTALTO
Endv. Deltog/Weitere Teiln./ Συμμετείχαν επίσης/Also present Participaron igualmente/ Participaient également/ Hanno partecipato altresì/ Andere deelnemers/ Outros participantes/ Muut osallistujat/ Dessutom deltog	
(Dagsorden/Tagesordnung Pkt/Ημερήσια Διάταξη Σημεί/Point OJ/Punto OG/Agenda Punt/Ordem do dia Punto/punto orden del dia/Esityslist Kohta/ Föredragningslista punkt):	

- * (P) = Formand/Vorsitzender/Πρόεδρος/Chairman/Président/Presidente/Voorzitter/Presidente/Puhemies/Ordförande
(VP) = Næstform./Stellv.Vorsitz./Αντιπρόεδρος/Vice-Chairman/Vice-Président/Vicepresidente/Varapuhemies/Ondervoorz./
Vice-Pres./Vicepres/Vice ordförande.

Til stede den/Anwesend am/Παρόν στις/Present on/Présent le/Presente il/Aanwezig op/Presente em/Presenteel/Läsnä/Närvarande den.

<p>Efter indbydelse fra formanden/Auf Einladung d. Vorsitzenden/Με πρόσκληση του Προέδρου/At the invitation of the Chairman/Por invitación del presidente/Sur l'invitation du président/Su invito del presidente/Op uitnodiging van de voorzitter/A convite do presidente/Puhemiehen kutsusta/På ordförandens inbjudan:</p> <p>Rådet/Rat/Συμβούλιο/Council/Consejo/Conseil/Consiglio/Raad/Conselho/Neuvosto/Rådet: (*)</p> <p>Kommissionen/Kommission/Επιτροπή/Commission/Comisión/Commissione/Commissie/Comissão/Komissio/Kommissionen: (*)</p> <p>MADL, PIOVESANA (DG Trade)</p> <p>Cour des comptes:</p> <p>C.E.S.:</p>		
<p>Andre deltagere/Andere Teilnehmer Επίσης Παρόντες/Also present Otros participantes/Autres participants/Altri partecipanti Andere aanwezigen/Outros participantes Muut osallistajat/Övriga deltagare</p>		
<p>Gruppernes sekretariat Sekretariat der Fraktionen Γραμματεία των Πολ. Ομάδων Secretariat political groups Secr. De los grupos politicos Secr. Groupes politiques Segr. Dei gruppi politici Secr. Van de fracties Secr. Dos grupos políticos Puolueyhmién sihteeristö Gruppernas sekretariat</p>	<p>PPE-DE PSE ALDE Verts/ALE GUE/NGL IND/DEM UEN NI</p>	<p>LATELLA</p>
<p>Cab. Du Président</p>		
<p>Cab. Du Secrétaire Général</p>		
<p>Generaldirektorat Generaldirektion Γενική Διεύθυνση Directorate-General Dirección general Direction générale Direzione generale Directoraat-generaal Direcção general Contrôle financier Service juridique Pääosasto Generaldirektorat</p>	<p>I II III IV V VI VII VIII</p>	<p>NUTTIN</p>
<p>Udvalgssekretariatet Ausschubsekretariat Γραμματεία επιτροπής Committee secretariat Secretaria de la comisión Secrétariat de la commission Segretariato della commissione Commissiesecretariaat Secretaria de comissão Valiokunnan sihteeristö Utskottssekretariatet Assist./Βοηθός</p>		<p>BODEN</p> <p>DONALDSON</p>

* (P) = Formand/Pres./Πρόεδρος/Chairman/Président/Voorzitter/Puhemies/Ordförande

(VP) = Næstform./Vize-Pres./Αντιπρόεδρος/Vice-Chairman/Vice-Président/Ondervoorz./Vice-pres/Varapuhemies/Vice ordförande.

(M) = Medlem./Mitglied/Μέλος/Member/Miembro/Membre/Membro/Lid/Membro/Jäsen/Ledamot

(F) = Tjenestemand/Beamter/Υπάλληλος/Official/Funcionario/Fonctionnaire/Funzionario/Ambtenaar/Functionário/Virkamies/Tjänsteman