DELEGATION FOR RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA

Bureau visit to Beijing and Guangdong province

6 - 11 April 2009

Report by Mr Dirk STERCKX, Chairman of the European Parliament
Delegation for Relations with China
Bureau visit to Beijing and Guangdong province
6 - 11 April 2009

Introduction

The Chair of the delegation for relations with China, Mr Dirk STERCKX (ALDE, Belgium) and his First Vice Chairman, Mr Jean-Luc DEHAENE (EPP-ED, Belgium) made a visit to Beijing and Guangdong province from 6 to 11 April 2009. During the time in Guangdong province they were accompanied by Mr QI XUCHUN, Vice Chairman of the Foreign Affairs Committee of the National People's Congress.

The main aim was to learn about the effects of the global financial and economic crisis on China, and specifically on Guangdong province which had in the last 30 years been at the forefront of China's opening up to foreign trade and had been in the lead in the promotion of economic reforms. The province was heavily dependent on exports and had therefore been significantly affected by the decline in foreign demand for Chinese goods. The delegation visited three of the main cities of Guangdong province, i.e. Guangzhou the provincial capital, Dongguan, and Shenzhen. During these visits they met with politicians and officials and toured factories.

Members found that the global downturn had indeed created serious economic problems in China owing to the decline in demand for its exports. However the Chinese financial system had proven to be relatively robust and independent of the world financial market and there had been no equivalent of the problems experienced by western banks.

There had been a marked growth in unemployment and this had particularly affected the migrant workers who had moved from rural areas to Guangdong in order to benefit from the economic boom. This had produced a knock-on effect in the countryside with the drop in remittances. A significant number of migrant workers had remained in the countryside after returning for the New Year festivities. Recent graduates had also been victims of the decline in employment possibilities and this had been exacerbated by the one child policy which had led to all parents' hopes and aspirations being placed in the only child.

The central and provincial governments had responded to the crisis with a number of measures, most notably the RMB 4 trillion ($585 billion) stimulus package over two years that had been launched in November 2008. This had emphasised improving social provision (including health, housing, education and culture) and urban and transport infrastructure. Another target of the funding had been the upgrade of
technology and the restructuring of strategic firms. There was also support for environmental protection, although this had been reduced since the original announcement of the package in November 2008. The delegation was informed in a number of meetings that the crisis provided an opportunity for restructuring outmoded industries and introducing innovations and more value added products. Although the downturn was by no means over, it was reported that there were signs of recovery in China in the last couple of months, such as a pick-up in the construction industry. Both sides agreed that it was vital that the recession should not be an excuse for the introduction of protectionist measures. There was a general welcome for the outcomes of the G20 summit in London in the previous week.

The Chinese domestic market has been limited by the preference of the population to save rather than spend money (partly because of concerns about inadequate state provision in the event of ill health or unemployment). The government was taking steps to boost consumer demand in order that the export market might be replaced to some extent by the domestic market. It was seeking to maintain the growth rate of 8% per annum, which is considered to be the minimum to keep the current rate of employment and the 20 million workers who entered the labour force every year.

On many occasions the importance of EU-China cooperation was stressed and there was a general view that relations were "back on track" after the difficulties at the end of 2008. It was clear to both sides that the crisis demonstrated the mutual dependency and the need for cooperation. Particular stress was laid on cooperation in such areas as technological innovation and energy saving, cultural and educational exchanges and development policy. Although it was not a theme of the delegation visit, the dissatisfaction of the Chinese government with the European Parliament's stance on Tibet was expressed on a number of occasions by representatives of the authorities. At the same time the importance of the relationship between the European Parliament and the National People's Congress was underlined and in particular the role played by the European Parliament delegation for relations with China in fostering these relations.

Thanks are due to all those who were involved in the preparation and the organisation of the visit, particularly the colleagues in the National People's Congress, the Chinese Mission to the EU, and the delegation of the European Commission in Brussels. Letters of thanks will be sent out separately.
Sunday 5 April 2009

Secretariat meeting

Monday 6 April 2009

Monday 6 April was a public holiday in China and this therefore restricted the programme. There was an internal meeting of the delegation and the two members followed a programme organised by the Belgian embassy. Mr STERCKX also gave an interview to a journalist who was to accompany the delegation for part of its visit. In the evening there was a meeting and dinner hosted by the former Co-Chair Mr WANG YINGFANG and the former ambassador of China to the EU, Mr GUAN CHENYUANG.

Tuesday 7 April 2009

Briefing by H.E. Mr Serge ABOU, Head of the European Commission Delegation to China (together with the delegation for relations with Korea)

The delegation attended a briefing session with H.E. Mr Serge ABOU, Head of the European Commission Delegation to China.

Mr ABOU noted that the economy of China had been seriously affected by the recession in the USA and Europe because of the volume of Chinese exports to those parts of the world. Domestic demand in China was still low compared to GDP because of the greater emphasis put on exports and the tendency for citizens to save their earnings. In the first two months of 2009 exports had decreased by between 20% and 25% compared to the equivalent period in the previous year.

The growth rate in 2009 was likely to be 6.5%, although the Chinese authorities contended it would reach 8%. A lower rate would result in the loss of jobs, particularly for the rural workers who had migrated to urban areas. An additional phenomenon of the current crisis was the large number of graduates who were unable to find employment - a particular problem as the single child policy meant that many middle class families had placed all their hopes and aspirations in their only child.

There had been a proposal from the governor of the Chinese Central Bank that there should be a new global reserve currency run by the International Monetary fund to replace the dollar. This could be interpreted as a challenge to the USA, however there the idea of a basket of currencies had been mooted for a long time.

The banking sector had been sheltered from the global financial crisis as it had little contact with the outside world and consequently had fewer toxic assets. In general the sector was in a sound financial situation thanks to effective regulation. The banks would play the very useful role of lending funds within the framework of the government's stimulus package.
Mr ABOU stressed that there had always been a degree of social unrest in China. However the countryside had remained very quiet in recent months, despite the economic downturn and the loss of 20 million jobs which had resulted in 9 million migrant workers remaining in rural areas after returning there for the New Year festivities. There was perhaps a greater risk of social discontent in the southern coastal regions and it would be necessary to develop new areas of employment in this part of the country. The government had generally recognised that the model of growth, which had largely prevailed since China opened up, was no longer appropriate and that it would need to innovate in new areas, with an emphasis on high technology.

The government's RMB 4 million stimulus package had included a number of social elements. In addition the draft law on social security that was designed to create a safety net was still under examination. Corruption remained a serious problem and this had been apparent in the poor quality of school buildings in Sichuan province and the scandal of contaminated milk.

There was evidence that the economic crisis had led to China becoming less engaged on the issue of climate change. It would be cooperative in the field of foreign policy as long as its own interests were recognised. There were currently discussions about the feasibility of expanding the trilateral cooperation between Japan, China and Korea to include a free trade area.

The Chinese government had been taken by surprise by the outbreak of discontent in Tibet in the previous year, however this was not likely to happen again as security had been tightened. The situation in Tibet did not create any internal problems in China but had created difficulties in the international arena because of criticism of the government's actions. The controversy over the meeting between President Sarkozy and the Dalai Lama had been concluded in Beijing's favour and the Tibetan spiritual leader would probably be received in future by the French authorities at a lower level. In contrast, the Chinese government had real concerns about the situation in Xinjiang and how this might develop.
Mr ZHANG noted that China had also been affected by the financial and economic crisis but that this had largely been restricted to foreign trade as the Chinese capital market was not open. The most serious effect of the downturn had been in the coastal provinces such as Guangdong. One of the main aims of the RMB 4 trillion stimulus package was to boost demand and it was hoped that the effects would start to show in the growth figures for 2009. Domestic consumption had already risen and internal tourism was booming indeed there had been a 13% increase in expenditure over the three day holiday period that had just finished compared to the figures for the previous year.

He contended that the current international financial system of regulation was inadequate and that the discussion was now open on how it might be reformed. The US dollar would remain the most important global currency for a long time, despite any problems that this might cause. He noted, too, that the economic recession had cost China an estimated $100 billion.

He regretted that the Doha Round had not been successfully concluded and stressed that Beijing opposed protectionism. Free Trade Agreements (FTAs) on a regional or bilateral level were being concluded and were a major factor in the growth of trade.

Mr ZHANG underlined that there were many areas where the EU and China could cooperate, such as energy conservation, rural development, environmental protection,
research and development and high technology industries. EU assistance in promoting China's technological development would have the spin-off effect of boosting the EU's own technological development and creating a market for its products. He also welcomed the prospect of EU help in raising the living standards of the Chinese population in the countryside and stressed that the rural inhabitants were a major potential growth market for EU exports. He hoped that the EU would be more sensitive to the readjustment of China's internal economic and social policy and underlined that the government's stimulus package was "people-orientated". He referred in particular to the work underway to establish a nationwide public health system and to develop the infrastructure in rural areas.

The Vice Minister argued that developed countries should take the lead in reducing greenhouse gases as they were responsible for the greatest emissions per capita. It also fell to developed countries to assist developing countries in reducing their emissions by means of technology transfer.

He believed that the EU and China were "back on track" after the difficulties at the end of 2008 and he hoped that the lessons could be learned from these problems. He emphasised that the EU should respect China's core interests, particularly Taiwan and Tibet which were matters of sovereignty and territorial integrity. Beijing would be forced to respond if these interests were threatened. The same applied to Xinjiang and he "hoped that China's European friends would pay attention".

Referring to the rocket launch by North Korea, Mr ZHANG cited statements from Pyongyang that it had been a telecommunications satellite. He stressed the need to restart the six party talks and argued that it was not helpful to castigate North Korea
and that a more cautious approach based on discussion was needed. He believed that results could be achieved as long as the parties showed patience and sincerity. He noted that President Obama seemed to have a different approach to his predecessor and it was to be seen if his policy on Korea was different.

Meeting with Mr Qi Xu Chun, Vice-Chairman of the Foreign Affairs Committee NPC China

Mr QI cited the words of Premier Wen Jiabao who had stated that the world's biggest challenge was to tackle the current international financial and economic crisis. He stressed the need to boost international confidence and cooperation - "confidence is more important than gold" - and to reform the methods of financial regulation. It was also important to oppose protectionism and to support developing countries. He stressed that the G20 meeting in London had been very successful.

Although it had not been responsible for the world financial crisis China had been hit very hard because of its export orientated economy. However since February there had been signs of recovery, for example in the increased demand for electricity which was generally a reliable measure.

There had been 6.11 million university graduates in the last year and steps were being taken to encourage them to take up employment in more remote areas where there was a greater need for a skilled workforce. The reduction in jobs had also hit the migrant workers from rural areas. 40% of small and medium sized enterprises (SMEs) had been required to lay off staff in October and November 2008.

Mr QI underlined the importance of the exchanges between the National People's Congress and the European Parliament and thanked Messrs Sterckx and Dehaene for the work that they had done to promote EU-China relations. He hoped that the new delegation would continue this approach.

He noted that President Sarkozy had "hurt the feelings of the Chinese people" by meeting the Dalai Lama last December. He welcomed the joint statement by France and China in which, he said, France had stated that it would not support the Dalai Lama in any way. He argued that the most recent resolution of the European Parliament on Tibet did not reflect the reality of the situation.

Mr STERCKX stressed that the majority in the European Parliament had a different view on Tibet to the position of the Chinese authorities. The European Parliament delegation for relations with China worked to promote good relations and to keep the dialogue open with its counterparts in the National People's Congress.

Meeting with Dai Bohua Director-General and Ma Shuangyuan, Director, Department of Comprehensive Affairs, Ministry of Finance

Mr DAI outlined the most important recent economic and financial trends that had affected China in recent months. There had been a sharp decrease in GDP growth in the latter part of 2008 and early 2009. Exports had been particularly hit and many export orientated enterprises were facing difficulties. Large scale businesses had seen
their profits reduced by 37%. Unemployment had become a problem with difficulties in accommodating the 20 million workers who entered the workforce every year. Foreign Direct Investment had decreased by 26% in January and February 2009 compared to the previous year. The eastern coastal cities - the "engines of China's economic growth" - had experienced the heaviest impact of the global crisis.

Mr DAI then outlined the actions taken by the Chinese government within the framework of the stimulus package to tackle the crisis. These included adjustments in VAT and tax credits for SMEs in order to reduce the financial burdens on enterprises. There was a process of industrial restructuring in order to increase the competitive edge of Chinese enterprises. There would be encouragement for independent innovation and scientific and technical research. Measures would be taken to maintain social security and employment, particularly an RMB 850 billion investment over three years on improving provision and expanding health insurance coverage. A further key feature was the increase in liquidity of the banking sector and encouragement to the financial sector to play a more important role in the economy. Finally, steps were being taken to reduce administrative expenditure.

The Director General then pointed to a number of encouraging signs in the last month, with better figures in the housing market, increased investment in new projects, and an increase in industrial production. There were also greater work opportunities with an increase from 690,000 new jobs in January 2009 to 930,000 new posts in the following month. On the other hand, the deficit would increase from around 0.6% of GDP in 2008 to 2.9% of GDP in the current year.

In conclusion Mr DAI contended that the fundamentals of the Chinese economy were in a good shape and that, with the help of the stimulus package, GDP would increase by 8% in 2009 and that this would in have beneficial effects for the global recovery.

The central government had control of around 52% of resources and the remainder were controlled at provincial and local level. The central government played a redistributive function with the transfer of funds from the eastern seaboard to western regions. The central government would provide RMB 1.2 trillion of the stimulus package, with the remainder of the RMB 4 trillion coming from provincial governments and other sources.

Meeting with the Hon. Mr Jiang Shusheng, Vice-Chairman of the Standing Committee of the NPC, China

Mr JIANG stressed that the EU-China relationship was fundamental to global peace and stability. Premier Wen Jiabao had made a very successful visit to Europe at the start of the year and there had also recently been a procurement delegation from China led by the Trade Minister. He underlined that there was a broad common interest between the two sides and great potential for its further development. It was essential for both sides to seek consensus and to ensure that there was mutual respect for sovereignty and the principle of interference in internal affairs. He stressed too the need for both sides to avoid protectionism.
Mr STERCKX endorsed many of these sentiments and stressed that the delegation of the European Parliament could play a role in the development of the EU-China relationship. He emphasised that the European Parliament supported the "One China" policy and wanted to maintain dialogue with China but he accepted that there were differences between the two sides on issues such as Tibet. He argued that the EU could offer assistance based on its experience of dealing with autonomous regions. Mr DEHAENE stressed that the role played by China in the G20 meeting in London was appreciated and he looked forward to Beijing playing a similar positive role at the climate change conference that would take place in Copenhagen at the end of the year.

Mr JIANG then reiterated his position that the question of Tibet was not an issue of human rights but was a matter of China's sovereignty and territorial integrity. He believed that some MEPs could benefit from learning more about the current situation in Tibet and should not make "groundless statements" based on what the Dalai Lama said. They should also spend more time developing the EU-China relationship and spend "less energy on some useless efforts".

Mr JIANG concluded by stressing that China was tackling the global economic crisis with confidence and it looked towards building its cooperation with the EU through dialogue and exchanges. An integral element of the relationship was the biannual meeting between the European Parliament and the National People's Congress.

The delegation travelled that evening to Guangzhou, provincial capital of Guangdong province.

Wednesday 8 April 2009

Discussion with officials from the Financial & Fiscal Committee of Guangdong Provincial People's Congress, Development & Reform Commission, Labour & Social Security Department and Foreign Trade & Economic Cooperation Department of Guangdong Province

The delegation was informed that Guangdong province had been a pioneer of economic reform in China and of the policy of opening up to the rest of the world. Its imports and exports were 25% of total Chinese trade and its GDP represented 10.1% of the total for the country. 70% of its exports went to the USA and the EU and it had therefore been heavily affected by the international economic downturn.

Guangdong had 54 million registered workers, including 26 million migrants, of whom 19 million came from outside the province. 15 million of the total workforce was working in the primary sector. There were also 14 million non-registered workers who had either never registered or had not worked for at least six months. 5,000 migrant workers had become official residents of the province in 2008 but it was not possible to grant this permanent status to all those who came to work as the infrastructure was not sufficient. Every year around 10% of migrant workers returned to their home province.

The officials outlined the training programmes that had been established to raise the skills level of the migrant workers, noting that this had helped in the creation of
52,000 jobs in February 2009. Steps were also being taken to boost the employment prospects of graduates, such as encouraging them to start up their own businesses, particularly in more remote areas.

The aim was for the jobless level to remain under 4% and indeed there had been no massive increase in the level of unemployment, despite rumours to this effect. Unemployment benefit covered 60% to 70% of the previous salary. The central government fixed a national minimum level for unemployment benefit and Guangdong had a higher average level of unemployment benefit than other provinces. The province was a net contributor to the central government social security budget and its contribution was redistributed to poorer regions.

Trade had dropped by 25.8% in January and February 2009 (made up of 20.7% exports and 32.7% imports), however this decline was less marked than in other provinces. Direct investment in Guangdong from the EU had also declined. 4,000 out of a total of 80,000 foreign firms operating in the province - most of which were from Hong Kong - had closed down.

There had been a gradual decline in the level of GDP growth, which was 10.1% in 2008 compared to 14.8% in 2007. Efforts were being made to increase exports to other markets such as Latin America. The provincial government was also taking steps to encourage firms to direct production towards the domestic market and there was a raft of programmes at provincial level to boost domestic demand. In 2008 imports had increased by 7.8% and exports by 9.4% on the previous year.

As a pioneer of economic reform the province had the most developed market economy system in China and the authorities were confident that it could meet the challenge of the economic downturn. A coordination group had been set up to manage the situation and to stabilise the business and fiscal environment. Indeed in January and February 2009 consumption had increased by 14% on the figures for the same period in 2008. There had also been an increase in sales of real estate and there was no deflation. National GDP growth for 2009 was forecast at 8% and it was confidently estimated that growth in the province would be 8.5%.

The provincial government in Guangdong had taken significant steps that were complementary to the central government in order to provide a stimulus to the economy. Between 2009 and 2012 a total of RMB 100 million would be spent. These steps included measures to improve the welfare of the population and to promote employment. There would be an emphasis on promoting sustainable development and on innovation and modernising industry with new marketing techniques and increased added value of production. Businesses in the province should also be encouraged to make overseas investments.

Unlike many western countries China had not undergone a financial crisis, as its banking system was stable and less dependent on the vagaries of the world banking system. As a result of the crisis, there had been an increase in bank credits and the channels for financing businesses.

Mausoleum of the King of Nanyue and Chen Clan Academy
The delegation visited the tomb of King Wen of Nanyue which had been discovered in 1983. The tomb dated from 122 BC and included over 1,000 burial objects as well as the body of the king dressed in a suit made of pieces of jade sewn together with silk. The members then visited the ancestral temple of the Chen family that had been built between 1890 and 1894 with donations from the members of the Chen clan.

Meeting & dinner hosted by H.E. Mr. Chen Yongzhi, Vice Chairman of the Standing Committee of Guangdong Provincial People's Congress

Mr CHEN reminded the delegation of the pioneering role played by Guangdong province in the process of opening up of China and in developing market reforms. Its GDP already exceeded that of Singapore and Hong Kong and was approaching that of South Korea. He considered that the "tsunami" of the financial crisis" gave an opportunity to China to restructure its economy and to develop its cooperation with the EU - "in a crisis one gets to know ones real friends". He stressed too that the EU was China's first trade partner. Mr CHEN believed that the Chinese economy was now recovering from the crisis and there were signs of growth, such as an increase in electricity demand.

Mr STERCKX thanked his host for the warm welcome and gave a brief update on the development of the financial crisis in the EU. He stressed the need for effective management of the crisis and the post-crisis situation. He noted that the G20 meetings in Washington and London had been successful and underlined the need to avoid protectionism.

Thursday 9 April 2009

Tour Kaiping Watchtowers, accompanied by Mme. Zhao Cuiling, Vice Chairwoman of the Standing Committee of Jiangmen Municipal People's Congress

The delegation visited the Kaiping watchtowers, or "diaolou", which had recently been listed as UNESCO World Heritage sites. The towers had been constructed since the early years of the Qing dynasty as refuges from bandits. Among the most striking towers were those that had been built by Chinese who had come from the region and had made their fortunes overseas before returning to their home province. These towers largely originated from the late 19th and early 20th century and were characterised by a blending of eastern and western architectural styles.

Following a lunch hosted by the Standing Committee of the Jiangmen Municipal People's Council, the delegation visited the Xinhui bird sanctuary.

Friday 10 April 2009

The delegation left Guangzhou for Dongguan, which - inter alia - is one of the main shoe manufacturing centres in China. (It is also one of the main centres of IT production - as the saying goes "If there is a traffic jam in Dongguan the world computer market will falter").
Visit Tour Huabao Shoes Company in Dongguan

The members were informed that 60% of global shoe production came from China which also accounted for 80% of world trade in shoes. Out of a total of 10 million pairs of shoes manufactured in China, 7.8 million were exported. 10% of global shoe production was from Dongguan and the shoe manufacturing industry employed 2 million people in the city.

The Huabao shoe factory was part of the Dongguan Huajian Group Corp. 85% of the products of the Huajian Group were manufactured for the US market, in line with the American standard. The remainder was sold to other overseas markets. They produced footwear for brands such as Nine West, Easy Spirit, Bandolino, Marks & Spencer and Marc O'Polo. Most of the 16 million shoes produced annually were for women and 80% of the products were had genuine leather upper soles. The aim was to be the largest women's shoe producer in the world. The company was established in Dongguan in 1996 with 600 employees and there were now over 20,000 workers in its six factories, of which five were in China and one in Vietnam. President Hu Jintao had visited the company in 2008. In 2007 and 2008 the first two World Footwear Development Forums had been held in Dongguan.

The delegation toured the premises of the factory and was informed that the company provided accommodation and sports and childcare facilities for migrant workers. 80% of the workers lived on the premises of the company. Workers were trained from scratch and did not need any previous experience in shoe manufacture. There had been no compulsory redundancies as a result of the economic downturn and the jobs shed had been as a result of natural turnover.

The manufacturing process encompassed the processing of the raw materials and the completion of the finished product. Research was undertaken into ensuring that footwear was comfortable and there were 100 different size types. A foot scanner was used to ensure the optimum fit, which was tested by Mr STERCKX.

Business had dropped by between 5% and 10% in recent months. The company was very sensitive to the fluctuations of the RMB against the US dollar. The factory owners also complained of trade barriers and EU anti-dumping legislation, although this only affected around 10% of their production.

Meeting & Lunch hosted by Mr Feng Tong'en, Vice-Chairman of the Standing Committee of Dongguan Municipal People's Congress

Mr FENG welcomed the delegation and gave an outline of the history of Dongguan. He noted that it combined the old and the new as the county of Bao'an had been established in AD331 and renamed as Dongguan in AD757. In 1985 it had become a city. In the last three decades it had enjoyed an annual growth rate of 18%. Its
strengths lay in manufacturing, particularly in IT, electronic telecommunications, electric machinery, textiles and footwear.

The city had been hit by the economic downturn and around 150 businesses had closed. Measures had been taken to respond to the crisis and a RMB 6 billion fund had been set up to boost businesses and employment and to encourage innovation. Mr FENG echoed the argument of other interlocutors by stressing that the crisis offered opportunities for a reorientation of business with a view to future technological developments. He stressed too that the banking sector was in good shape thanks to sound management.

Following this meeting the members visited the Dongguan History Museum which provided a comprehensive overview of the history of the city, with a heavy emphasis on its recent growth. The delegation then travelled to Shenzhen City.

Meet with leaders of CPC Shenzhen Municipal Committee

The members were given details about Shenzhen city which had been largely developed in the last 30 years in the wake of the reform policy of Deng Xiaoping. It was the first "Special Economic Zone" and had grown from a small fishing village. It had attracted migrants from all over China, and as a consequence was the only city in Guangdong province where Mandarin was more widely spoken than Cantonese. A common heritage had been fostered in the new city, although Shenzhen celebrated its cosmopolitan nature with representatives of all 56 Chinese national groups, making it the most diverse city in China after Beijing. It had enjoyed a growth rate of 28% per annum in the 20 years up to 2006 which had now declined to around 10%. It currently had a GDP per capita of $13,000 per annum - one of the highest in China. The
number of inhabitants in 1978 had been 30,000 and the permanent population was now around 8.6 million.

The city was heavily dependent on external trade and had therefore suffered a great deal from the global financial and economic crisis, especially in the manufacturing industry. There was a pressing need for increased foreign capital and investment. Since late 2008 the city had been carrying out studies on how to respond to the downturn. However the unemployment level was less than 4% and it was hoped to have a growth rate of 10% in 2009. In the first part of the year there would be an Industry Fair and in the later part a High Technology Fair.

The link with Hong Kong was extremely important and there was excellent cross-border cooperation. A high speed train was being built between Guangzhou and Hong Kong via Shenzhen which would cut the journey from Shenzhen to Hong Kong to 14 minutes (48 minutes from Hong Kong to Guangzhou). The Shenzhen harbour was deep and was being expanded and linked up to the Hong Kong harbour.

Many overseas Chinese had settled in Shenzhen and there had also been an outflow of Shenzhen residents to other countries. Over 50 businesses based in Shenzhen invested in the EU and there was great potential for further EU-Shenzhen cooperation.

The city suffered from a shortage of land and a very high density of population. Industry needed to be modernised and environmental protection needed to be stepped up. The industrial restructuring would place new demands on the workforce and would require re-skilling and retraining.

Saturday 11 April 2009

Visit Shenzhen STS Microelectronics Co., Ltd.
The members visited the Shenzhen STS Microelectronics Co. Ltd. The company was established in 1994 as a joint venture between STMicroelectronics (ST) and the Shenzhen Hi-Tech Industrial Company to assemble and test semiconductor devices and provide microchip design services based on ST's submicron technologies. The semi-conductors were produced for cars, mobile telephones and medical equipment. Major customers included Nokia, Mercedes Benz, BMW and Bosch and 100% of production was exported. The members were welcomed by a Korean national Mr JAE IL KIM, the Group Vice President, and a Franco-Italian Mr Constant FIORILLO, the Plant Director.

They were given a presentation on the company's aim to increase customer satisfaction and were informed that the Shenzhen plant had the lowest number of complaints of the five STS branches in the world. SS had a culture of immediate response and "to taking care of the little things as they made up the big things". The STS plant in Morocco would be closed down because of its unacceptably high level of complaints. A second plant in Shenzhen was being built.

50.1% of the global production of STS took place in Shenzhen where 33.8% of the total number of workers was employed. The rate of growth in production had decreased in the latter part of 2008. The economic downturn had not led to any redundancies. There were 4,500 workers on the Shenzhen site. The company recruited directly from the provinces and workers stayed for an average of three years. Unmarried migrant workers lived in dormitories and married workers got separate units.

Visit to city of Shenzhen
The members then visited Lotus Hill Park which provided a viewpoint over the city and was topped by a statue of Deng Xiaoping. After lunch they went to the Mangrove Forrest Natural Reserve and the "Splendid China and China Folk Culture Villages".
EUROPEAN PARLIAMENT

DELEGATION FOR RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA

Bureau visit to Beijing and Guangdong Province

6 - 11 April 2009

Participants List

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<th>MEMBERS OF THE EUROPEAN PARLIAMENT</th>
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<td>Mr Dirk STERCKX , Chair ALDE, Belgium</td>
<td>Committee Transport and Tourism</td>
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<td>Mr Jean-Luc DEHAENE, First Vice-Chair EPP-ED, Belgium</td>
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Secretariat, Interparliamentary Delegations DG External Policies

Mr Tim BODEN Administrator
EUROPEAN PARLIAMENT

DELEGATION FOR RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA

Bureau visit to Beijing and Guangdong province

6 - 11 April 2009

FINAL PROGRAMME

Sunday 5 and Monday 6 April 2009

Individual arrival of Members and staff

TRANSFER TO

Grand Hotel Beijing
No. 35 East Chang An Avenue
Beijing 100006
(北京贵宾楼)

Sunday 5 April 2009

20.00 Secretariat meeting

Monday 6 April 2009

08.30 Meeting of delegation

Individual programme with Belgian Embassy (Mr Sterckx and Mr Dehaene)
18.00 Meeting with press

19.00 Dinner hosted by Mr Wang Yingfan, former Vice-Chairman of the NPC Foreign Affairs Committee
   Venue: Grand Hotel Beijing, Tenth Floor, the Yu Lan Hall

Tuesday 7 April 2009

07.30 Breakfast

08.30 Leave for the European Commission Delegation to China

09.00-10.30 Briefing by H.E. Mr Serge ABOU, Head of the European Commission Delegation to China (together with the delegation for relations with Korea)
   Venue: European Commission Delegation
   15 Dongzhimenwai Street, Sanlitun,
   Beijing 100600
   Tel: +86 10 6532 4443
   Fax: +86 10 6532 4342

11.00 Meeting with Vice Minister, Mr Zhang Zhijun
   Venue: International Department, Central Committee of CPC

12.00 Meeting with Mr Qi Xu Chun, Vice-Chairman of the Foreign Affairs Committee NPC China
   Venue: Great People’s Hall

12.30 Working lunch hosted by Mr Qi Xu Chun
   Venue: Great People’s Hall

14.00 Meeting with the Director-General, Department of Comprehensive Affairs, Ministry of Finance

15.30 Meeting with the Hon. Mr Jiang Shusheng, Vice-Chairman of the Standing Committee of the NPC, China
   Venue: Great People’s Hall

16.15 LEAVE FOR BEIJING AIRPORT

19.15 DEPART FOR GUANGZHOU ON FLIGHT CZ 3110 (ARRIVAL AT 22.05)
   AND TRANSFER TO
Hotel: White Swan Hotel
Shamian Island
Guangzhou

Wednesday 8 April 2009

08.30 Breakfast

09.30 Discussion with officials from the Financial & Fiscal Committee of Guangdong Provincial People's Congress, Development & Reform Commission, Labor & Social Security Department and Foreign Trade & Economic Cooperation Department of Guangdong Province, Venue: Nº3, Shamian Hall, 3rd Floor

12.00 Lunch

14.30 Tour Nanyue King Tomb Museum and Chen Clan Academy

17.00 Return to Hotel

18.00 Meeting & dinner hosted by H.E. Mr. Chen Yongzhi, Vice Chairman of the Standing Committee of Guangdong Provincial People's Congress. Venue: Taotao Pavilion on 2nd Floor

Thursday 9 April 2009

08.00 Breakfast

09.00 Tour Kaiping Watchtowers, accompanied by Mme. Zhao Cuiling, Vice Chairwoman of the Standing Committee of Jiangmen Municipal People's Congress

12.30 Lunch hosted by the Standing Committee of Jiangmen Municipal People's Congress.

14.00 Continue visit to Jiangmen

16.30 Return

Friday 10 April 2009
08.30 Leave for Dongguan City

10.00 Tour Huabao Shoes Company in Dongguan

12.00 Meeting & Lunch hosted by Mr. Feng Tong'en, Vice-Chairman of the Standing Committee of Dongguan Municipal People's Congress

14.00 Tour Dongguan History Museum

15.00 Depart to Shenzhen Special Economic Zone

16.00 Arrive at Crowne Plaza Hotel

17.30 Meet with leaders of CPC Shenzhen Municipal Committee (Rome Hall of Yihuaxuan on the 1st floor)

18.00 Dinner hosted by leaders of CPC Shenzhen Municipal Committee (N° 1 Hall of Yihuaxuan on the 1st floor)

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Saturday 11 April 2009

08.30 Breakfast

09.15 Depart Hotel

09.45 Visit Shenzhen STS Microelectronics Co., Ltd.

11.15 Leave

11.30 Visit Lotus Hill Park

12.00 Lunch

14.30 Leave Hotel

14.45 Visit Mangrove Forest Natural Reserve

15.45 Visit the "Splendid China and China Folk Culture Villages"

18.00 Leave for Shenzhen airport

19.30 Leave for Beijing by Flight CZ3155