

CHINA

LEGAL BASIS

- Title V. TEU.
- Articles 133 and 310 EC.

OBJECTIVES

To develop trade and other relations between the European Union and China:

- to the economic and commercial benefit of the EU;
- to help China become a democratic and prosperous nation, integrated in the world economy and trading system.

ACHIEVEMENTS

A. General pattern of relations

1. Initial developments

- a. It was not until 1975 that China and the European Community agreed to establish official relations to reflect the 'open door policy' followed by China in the second half of the 1970s. A trade agreement was signed in April 1978.
- b. In 1980 China was included in the list of countries eligible for the Community's Generalised System of Preferences (of which it has since become one of the ten leading beneficiaries). Trade relations progressed to such an extent that the 1978 agreement proved to be inadequate and was superseded in 1985 by a broader agreement on economic and trade cooperation.
- c. Relations continued to improve; this was reflected in a 1987 agreement to set up a centre for the application of biotechnology in agriculture and medicine. Efforts to encourage investments for mutual benefit were also made. Meetings at ministerial level became more frequent and in 1988 the Commission opened a delegation in Beijing.

2. A setback

- a. The progress in relations was brought to a sudden halt by the Tiananmen Square massacre in June 1989, which was immediately condemned by the Community. The Madrid European Council of 26-27 June ordered the suspension of high-level bilateral meetings, the postponement of new cooperation projects and cutbacks in existing programmes.
- b. In October 1990 the restrictions on high-level contacts, cultural, scientific and technical cooperation and new cooperation projects were loosened, but the embargo on arms sales and military cooperation has been maintained.

3. The gradual resumption of relations

- Until 1994 Europe's hopes of seeing a change in Chinese human rights policy were repeatedly disappointed since the arrest and imprisonment of opponents continued.
- In June 1994 an ambitious new framework for bilateral political dialogue was set up.
- In July 1995 the Commission issued a communication on *A Long-Term Policy for China-Europe Relations* which was endorsed by the European Council and reflected China's rise as an economic and political power.
- In 1998, the European Commission adopted its Communication "Building a Comprehensive partnership with China", the main objective of which was to upgrade the EU's relationship with the People's

Republic of China. This was endorsed by the European Council of Ministers on 29 June 1998. Along the lines of the strategy presented in 1995, this Communication aimed to:

- . increase China's integration into the international community by enhancing political dialogue,
 - . support the development of an open society based on the rule of law and respect for human rights,
 - . integrate China into the world economy by giving it a greater role in the trading system and by supporting its newly-launched economic and social reform,
 - . improve the use of the funds granted by Europe,
 - . enhance the European Union's image in China.
- In May 2001 the Commission adopted a further Communication on EU strategy towards China in which it reported on implementation of the 1998 document and outlined steps for a more effective EU policy.
 - In March 2002 the Commission adopted a 'Country Strategy Paper' for China setting out a framework for EU co-operation with China during the period 2002-2004. The objectives are support for integration of China into the world economy and trading system; support for a transition to an open society based on the rule of law and respect for human rights; improved coordination with spending by EU Member States; and raising the EU's profile in China. A budget of €250 million is planned for the period 2002-2006 to support EU programmes in China, especially those promoting economic and social reform.

B. Current relations

1. Political relations

- Political dialogue continues within the framework established in 1994. This comprises regular meetings of ministers of the EU troika with Chinese ministers; high-level consultations between the Commission and China; ad hoc meetings between foreign ministers; two annual meetings between the Chinese Foreign Minister and the EU ambassador in Beijing and, equally, between the foreign minister of the country holding the EU presidency and the Chinese ambassador to that country.
- A dialogue solely devoted to human rights has been established. To that effect two annual meetings are held between the EU troika and the Chinese Government. The latest one was held in November 2002 in Beijing. Topics raised have included the "fundamental rights" of political dissidents, treatment of religious faiths and the Falungong spiritual movement, freedom of expression, application of torture and the death penalty and the situation of ethnic minorities. Individual cases are also raised. The dialogue is complemented by financial support to projects such as implementation of UN human rights covenants, local democracy and judicial reform.
- The first regular EU-China political summit was held in London in April 1998. As a result, the troika made its first visit to Tibet. A second summit was held in December 1999 when President Prodi visited Beijing. A third took place in October 2000 in Beijing with the aim of deepening existing co-operation and to expanding it into new areas. Problems such as the trafficking in human beings and illegal immigration were addressed. The fourth summit was held in Brussels in September 2001 and sought to promote increased exchanges and dialogue. The most recent was held in Copenhagen in September 2002. At the latter meeting issues addressed included China's recent accession to the WTO, reconciliation in Korea and the Middle East, peaceful resolution of the Taiwan question, respect for human rights, non-proliferation and disarmament, illegal migration and trafficking in human beings, environmental issues, marine transport and the promotion of direct investment.
- The handover of Hong Kong to China in 1997 did not affect EU relations with Hong Kong, where it still has a delegation. The EU remains vigilant as regards respect for fundamental freedoms and respect for the rule of law.
- Equally, the handover of Macao in 1999 had no effect on relations with the EU, and the trade and cooperation agreement remained valid. In November 1999 the Commission adopted a Communication to the Council and the European Parliament, entitled "The EU and Macao: Beyond 2000". The Communication underlined the respect for the principles set out in the Basic Law of the Macao Special Administrative Region (MSAR) and the full implementation of the concept "one country, two systems" and guarantees the specific social, economic and cultural identity of Macao.
- In both Hong Kong and Macao the Commission monitors the situation to ensure that democracy and human rights are respected and issues annual reports.
- In July 2000, China's Prime Minister Zhu Rongji paid the first-ever visit by a Chinese leader to the Commission in Brussels. This visit marked the 25th anniversary of the start of formal diplomatic relations between the EU and China. Both sides agreed on how to handle differences over the human rights and to continue their dialogue on the basis of equality and mutual respect.

- In November 2002 the Commission concluded an agreement with Hong Kong on readmission of persons residing without authorisation (which will allow identification and return of persons illegally entering the territories concerned) and in December 2002 an agreement on maritime transport was signed between the EU and China which aims to consolidate business relations and improve conditions for cargo transport.

2. Trade relations

- The 1985 economic and trade cooperation agreement provides a non-preferential basis for increasing bilateral trade on the basis of market prices. It is managed by a joint committee which meets every year to monitor the progress of relations.
- Trade has developed very rapidly since 1975 when it was almost non-existent. In 2002 bilateral trade rose to €115 billion, the balance being strongly in favour of China. China was the EU's third largest partner outside Europe.
- Investment by EU companies in China is however falling behind that of the USA, Japan and Taiwan. It fell from €2.23 billion in 2000 to €1.65 billion in 2001.

3. Economic cooperation

- The 1985 agreement provided for cooperation in industry, mining, energy, transport, communications and technology. A science and technology agreement was signed in 1999.
- In May 2000 the EU and China signed a Bilateral Agreement paving the way for China's accession to the World Trade Organisation (WTO), which was completed by the end of that year. In order to help the Chinese government implement commitments under the WTO, the EU worked in partnership and designed a number of WTO - oriented technical assistance projects, with a budget totalling about € 22 million.
- In March 2000, the EU and China launched the EU-China Legal and Judicial Cooperation programme. This € 13 million programme is to last for four years. The objectives are to develop a better understanding of the concept of the rule of law in China and to improve awareness of the Chinese legal system.
- Other current co-operation projects concern environmental management, basic education in Gansu, village governance, forest management and financial services.

4. Humanitarian aid

- Five projects benefit from EU support through the Human Rights and Democracy Programme.
- In 1996 the EU donated € 2.45 m via ECHO to help victims of natural disasters, in particular the earthquake in Yunnan.
- The EU has also contributed € 7.2 million to an integrated rural development project in Panam County, one of the poorest areas of Tibet. This project aims to enhance the agricultural self-sufficiency of ethnic Tibetan people by improving food production through better irrigation, the long-term protection of grazing land and the development of training facilities for the local population.

ROLE OF THE EUROPEAN PARLIAMENT

The 19th European Parliament-China Interparliamentary meeting took place in Beijing and Lhasa from 7 to 14 July 2002. The meeting concentrated on the consequences of rapid economic growth and the accession of China to the WTO, on political developments in relation to democracy and human rights and on religious freedom in Tibet.

The EP has regularly adopted resolutions on China, with special emphasis on *human rights*, and has addressed issues in relation to Macao, Hong Kong and Taiwan. In a resolution on the human rights situation in China in January 2000, the EP urged the Chinese Government to respond to international calls for improvement in the human rights situation and to guarantee democracy, freedom of expression, freedom of the media and political and religious freedom in China.

Also in 2000 the EP adopted two resolutions specifically on *Tibet*; in the first it asked the Chinese government to open a dialogue with the Dalai Lama on the future of Tibet, without pre-conditions, and on the basis of five-point peace plan. The EP also expected the Council to abandon its "no action" approach to China, which is preventing the human rights situation in China from being discussed. In its second resolution concerning a Poverty Reduction Project for western China and the future of Tibet, it again called for negotiations on a new status for Tibet which guaranteed full Tibetan autonomy except in regard to defence and foreign policy. It also

called on Member States to give serious consideration to the possibility of recognising the Tibetan Government in exile as the legitimate representative of the Tibetan people if, within three years, the Beijing authorities and the Tibetan government in exile had not, through the negotiations organised under the aegis of the Secretary-General of the UN, signed an agreement on a new Statute for Tibet.

In a resolution on *Taiwan*, adopted in April 2000, the EP rejected military threats and called on both China and Taiwan to refrain from provocative actions and to find a negotiated solution to their differences; it welcomed the offer by the Taiwan President to PRC of immediate negotiations on trade relations and direct transport links.

In 2001 further resolutions were adopted in February on the freedom of religion, in April on the poor state of respect for human rights and in October on accession of China to the WTO.

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