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Trade and economic relations with China

P6_TA(2009)0053

European Parliament resolution of 5 February 2009 on Trade and economic relations with China (2008/2171(INI))

(2010/C 67 E/16)

The European Parliament,

- having regard to the EU-China High Level Economic and Trade Dialogue Mechanism (HLM) that met for the first time in Beijing on 25 April 2008,
 - having regard to the conclusions of the Tenth China-EU Summit held in Beijing on 28 November 2007,
 - having regard to the Communication from the Commission entitled 'EU – China: Closer partners, growing responsibilities' (COM (2006)0631) and its accompanying working document entitled 'A policy paper on EU-China trade and investment: Competition and Partnership' (COM(2006)0632),
 - having regard to the decision taken by the Fourth Ministerial Conference of the World Trade Organisation (WTO) held in Doha, Qatar on 9-14 November 2001 on the admission of China to the WTO with effect from 11 November 2001 and Chinese Taipei with effect from 1 January 2002,
 - having regard to its resolutions on China, in particular its resolution of 7 September 2006 on EU-China relations ⁽¹⁾ and of 13 October 2005 on prospects for trade relations between the EU and China ⁽²⁾,
 - having regard to the study of the Commission of 15 February 2007 entitled 'Future Opportunities and challenges in EU-China Trade and Investment Relations 2006-2010',
 - having regard to its resolution of 10 July 2008 on the situation in China after the earthquake and before the Olympic Games ⁽³⁾,
 - having regard to the Eighth Annual Report 'European Business in China Position Paper 2008/2009' of the European Union Chamber of Commerce in China,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade and the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Economic and Monetary Affairs, the Committee on Industry, Research and Energy and the Committee on Internal Market and Consumer Protection (A6-0021/2009),
- A. Whereas EU-China trade has increased enormously since the year 2000 and whereas the European Union has been China's biggest trading partner since 2006 and China has been second largest trading partner of the European Union since 2007,

⁽¹⁾ OJ C 305 E, 14.12.06, p. 219.

⁽²⁾ OJ C 233 E, 28.9.2006, p. 103.

⁽³⁾ Texts adopted, P6_TA(2008)0362.

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- B. Whereas increased development and WTO membership entail, besides substantial benefits, a greater responsibility for China to play a full and positive role in the global economic order, including in the International Monetary Fund (IMF) and the World Bank Group,
- C. Whereas, despite continued growth, bilateral trade between China and the EU, which has a trade deficit with China of over EUR 160 billion in 2007, remains imbalanced,
- D. Whereas financial and macro-economic imbalances and the drop in internal demand and exports are at the root of the current global financial and economic crisis which also affects China,
- E. Whereas access to the Chinese market is complicated due to state-led industrial policies, patent infringements and an ambiguous standards and compliance regime, resulting in technical and non tariff barriers (NTBs) to trade for EU companies,
- F. Whereas EU producers of goods and services are highly competitive on world markets, and whereas free and fair access to the Chinese market would allow EU companies to increase their exports and presence in such a market, and also increase quality and services for Chinese consumers,
- G. Whereas EU exports to China increased in 2007 by 18.7 percent with a value of EUR 231 billion,
- H. Whereas the scale of production of counterfeit and pirated goods inside China remains at an alarmingly high level and 60% of the counterfeit goods seized by the customs authorities of the European Union are produced in China; whereas production of these goods frequently takes place in facilities also producing goods for the regular market and in disregard of both labour rights and health and safety requirements, and pose a danger to consumers and, in the case of chemicals, to the wider environment,

General

1. Stresses that EU - China trade has expanded enormously and is the single most important challenge to EU trade relations;
2. Stresses that Europe's trade relations with China should be based on the principles of reciprocity and fair competition and trade, according to our common values and adherence to WTO rules, while taking into account sustainable development, respect for environmental limits and contribution to global goals in the prevention of climate change;
3. Takes the view that China, as one of the engines of world growth, should play its full part in ensuring that the global economic order develops in a sustainable and balanced way;
4. Calls on the Commission to continue the policy of engagement and dialogue with China; welcomes the trade-related technical assistance provided to China by the Commission; considers such assistance vital to support China's successful integration into the world economy and, in particular, in implementing its obligations and commitments in the WTO and improving social and environment conditions;

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5. Stresses that unprecedented cooperation is needed between the European Union and China in order to resolve the current financial and economic crisis; considers that it is a great opportunity for China and the European Union together to show a sense of responsibility and to play their part in helping to resolve this crisis;
6. Takes the view that the development of trade relations with China must go hand in hand with the development of a genuine, fruitful and effective political dialogue, which covers a wide variety of topics; considers that human rights should be an essential and integral part of the relationship between the European Union and China; calls on the Commission to insist on the strengthening of the Human Rights Clause in negotiations with China about a renewed Partnership and Cooperation Agreement (PCA);
7. Believes that today's open trading system could stimulate economic activity between China and developing countries to the possible benefit of both sides and could be an unprecedented opportunity for economic growth and for their integration into the world economy, on the condition that trade policies are consistent with development objectives and that economic growth translates into poverty reduction;
8. Encourages the Commission to pursue openness in EU trade with China; believes that the European Union and the Member States should continue to offer open and fair access to China's exports and anticipate the competitive challenge posed by China; considers that China should reciprocate by strengthening its commitment to economic openness and market reform;
9. Urges China to play an active role in the WTO, commensurate with its economic and trading importance in order to foster the sound development of global trade within a strong and transparent framework of rules;
10. Welcomes the participation of China at the G-20 Meeting held in Washington on 15 November 2008, which should pave the way for its definitive involvement in economic and financial world affairs with a subsequent taking up of major responsibilities at a global level;
11. Underlines that protectionism cannot be Europe's response to the growth in EU-China trade relations; believes that the European Union and the Member States should strive more urgently to make further progress on the Lisbon reform agenda in order to develop and consolidate areas of comparative advantage in the global economy and to foster innovation and vocational training;
12. Notes that a major Chinese recovery plan for growth and jobs has been presented to deal with the current economic crisis; emphasises that the support measures have to be temporary, should meet WTO rules and should not distort fair competition;
13. Welcomes investments of China's sovereign wealth fund and state owned enterprises in the European Union, contributing to the creation of jobs and growth and to the mutual benefit and balance of investment flows; recalls however the intransparency of China's financial markets and stresses the importance of introducing at least a code of conduct to ensure the transparency of China's investment operations into the EU market; calls on the European Union and China to keep their respective markets equally open to investment but to introduce transparency provisions;

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Market Access

14. Welcomes the fact that since joining the WTO, a growing number of industrial sectors in China have been opened to foreign investors; however, is concerned that at the same time some sectors are restricted or prevented from accessing foreign investment and discriminatory measures against foreign firms were introduced -especially on cross-border mergers and acquisitions;

15. Considers that in China protectionist practices, excessive bureaucracy, the undervaluing of the Renminbi, subsidies in various forms, and the lack of a proper and agreed level of enforcement of intellectual property rights (IPRs) hinder full market access for many EU companies;

16. Calls on China to further open its markets for goods and services and to continue with economic reforms in order to establish a stable, predictable and transparent legal framework for EU companies, especially for small and medium sized enterprises (SMEs);

17. Calls on the Commission to discuss the draft Chinese Postal Law with the Chinese Government for as long as this draft contains a provision that would hamper foreign express services; believes that a balanced regulatory framework for postal and express services is required in order to continue China's policy of supporting foreign investment and fair competition in the express delivery sector;

18. Acknowledges the steps taken by the Chinese authorities to reduce administrative burdens at national level and the progress in E-Government to make legislative acts available to the public, but notes that further progress is needed in order to secure free and equal access to the Chinese market for foreign companies;

19. Emphasises that further opening in terms of Chinese market access will provide opportunities for EU companies in numerous areas such as, machinery manufacture, chemicals, the automotive sector, pharmaceuticals and Information and Communication Technologies, Clean Development Mechanism projects, agriculture, construction and in financial, insurance, telecommunications and retail services;

Barriers, standards

20. Notes that NTBs represent a major obstacle for EU companies in China and for Chinese and non-EU companies in the European Union, particularly for SMEs;

21. Calls on China to adopt international standards for products and services with a view to promoting further trade between China and other countries; welcomes the fact that China is increasing its participation in international standard-setting bodies and believes that this should be encouraged and reciprocated by EU participation in China's own standard-setting bodies; stresses the importance of Chinese imports complying with European standards for food and non-food products;

Raw materials

22. Deplores the persistent use of trade-distorting export restrictions such as export taxes on raw materials by the Chinese Government; calls on the Commission to insist on the removal of all existing export restrictions in all bilateral negotiations with China; stresses that the removal of these export restrictions constitutes an essential element of fair trade between the European Union and China; underlines that it will evaluate all future trade agreements with China in this respect;

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State aid

23. Is concerned that continued state intervention in industrial policy and explicit discriminatory restrictions, such as unlimited state funds for export financing and limitations on the level of foreign ownership in certain sectors, distort the Chinese market for EU companies;

Public procurement

24. Calls on China to join the Agreement on Government Procurement (GPA) as committed in 2001 and to engage constructively in negotiations on opening its public procurement markets and, pending the successful outcome of such negotiations, to apply transparent, predictable and fair procedures when awarding public contracts so that foreign companies can participate on an equal basis; calls on China to provide immediate access to EU companies established and operating in China;

Currency

25. Welcomes a certain rise in the value of the Renminbi that has taken place in 2008; urges China to continue to let the Renminbi rise in value, so that its worth on international financial markets, in particular in relation to the Euro, more closely reflects China's economic position; urges the Chinese to hold more of their foreign exchange reserves in Euros;

EU presence/assistance

26. Welcomes the progress made in establishing an EU Centre in Beijing, which will help SMEs, and in making permanent the budget line to fund the Centre, in order to secure its future; stresses the need to ensure that this Centre has a clear mandate, which avoids the creation of double structures and leads to synergies with existing public and private institutions from the Member States; welcomes the work done by the IPR SME Helpdesk to provide information and training to EU SMEs on protecting and enforcing IPRs in China;

27. Stresses the importance of assisting in particular SMEs to overcome market access barriers; calls on the Commission and the Member States to ensure the successful functioning of EU Market Access Teams in China;

Energy, sustainable energy

28. Calls on the European Union and China to take steps to promote trade in environmentally friendly goods and services, the growth of investment in sustainable projects and infrastructure and to encourage the development of industry that contributes to a reduction in carbon emissions;

29. Stresses the opportunities of China's emerging renewable energy sector for the European renewable energy business sector; calls on China to improve market access in this field;

30. Calls for enhanced cooperation between the European Union and China to promote the transfer of low-carbon technology, in particular energy efficiency and renewables; stresses the critical importance of developing and deploying carbon capture and storage in China, given the importance of coal to its economy; calls on the Commission to examine ways of supporting further the exchange of best practice with China on the issue of sustainable development;

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Financial services

31. Expresses its concern that investment in China is still restricted for EU companies, especially in the banking and insurance sector, due to heavy and discriminatory licensing costs and rules requiring joint ventures with Chinese firms; calls on China to address urgently these issues;
32. Believes that deep, liquid, open, transparent and well-regulated financial markets are capable of fostering economic growth, considers that Chinese securities, banking and insurance sectors are underdeveloped, and encourages China to participate fully in the global debate on improving the regulatory and supervisory framework for the financial markets;
33. Stresses the importance of Chinese involvement and cooperation with the IMF regarding the development of a global code of conduct for sovereign wealth funds, which is likely to lead to a higher degree of transparency;
34. Calls on the Commission to evaluate, as early as possible, the impact of the financial and economic crisis on relevant European industry and service sectors, which play a crucial role in defining the export-import relationship between the European Union and China; requests that this evaluation be sent to Parliament as soon as a clear trend is recognisable;

Free and Fair trade*Anti dumping/market economy status*

35. Considers that a permanent dialogue between trade authorities can be helpful to prevent and resolve trade disputes; notes, nevertheless that an effective and efficient use of trade defence instruments contributes to ensuring fair conditions of trade between China and the European Union given the rising number of anti-dumping cases filed against Chinese producers;
36. Takes the view that in many areas China's economy still does not fulfil the criteria by which it could be considered a market economy; calls on the Commission to work with the Chinese Government to overcome barriers to market economy status and to grant this status to China only when it has fulfilled the criteria;

IPRs and counterfeiting

37. Notes with concern that, although China has made progress in the streamlining of its intellectual property legislation, the effective enforcement of IPRs remains highly problematic;
38. Calls on China to increase its efforts to address the lack of implementation and the enforcement of IPRs; stresses the importance of the harmonisation of central and regional trade policy and regulation in China and its unified implementation throughout the country;
39. Is concerned about the scale of production of counterfeit and pirated goods inside China, which remains at an alarmingly high level; calls on the Commission, in cooperation with the Chinese authorities at national and regional level, to continue its fight against counterfeiting;
40. Expresses great concern about the increasing number of utility model and design patents in China that are often copies or minor modifications of existing European technology and do not contribute to real innovation;
41. Believes that, as China becomes more innovative, it is in its best interests to protect IPRs; believes, however, that regulations requiring the exclusive registration of innovations in China would heavily constrain business activities, prevent China benefiting from innovation and devalue the 'Made in China' brand;

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Customs

42. Welcomes the signing of a joint IPR Customs Enforcement Action Plan, aimed at enhancing custom cooperation on seizures of counterfeit goods and implementing concrete measures to reduce counterfeit sales; calls on the Commission to negotiate with China on its conditions in order to take part in the Anti-Counterfeiting Trade Agreement (ACTA);

43. Asks the Commission to intensify cooperation in the Customs Cooperation Agreement with the Chinese authorities aimed at trade facilitation;

44. Asks the Commission, as a follow-up to the 2005 Memorandum of Understanding on textiles, to continue to discuss developments in the EU -China textile trade dialogue and in the High Level Economic and Trade Dialogue Mechanism (HLM); calls on the Commission to follow closely the textiles imports originating in China;

Social and environmental impact

45. Expresses its serious concern about the high levels of pollution caused by China's industry and its growing consumption of natural resources, in particular those obtained from unsustainable sources; is aware of the shared European responsibility for the situation, given that a high share of Chinese industrial production is owned by European firms or ordered by European firms and retailers for consumption in Europe;

46. Notes that the recent years of high economic growth in China have not benefited all segments of the Chinese population and that the social gap between the rich and the poor has never been as significant as now;

47. Welcomes China's activities in the environmental sector in the context of the preparation of the 2008 Olympic Games; calls upon the Chinese Government to contribute actively to the success of the United Nations Climate Conference (COP 15) to be held from 30 November to 11 December 2009 in Copenhagen by encouraging its financial sector to prepare itself for the introduction of an international emissions trading scheme;

48. Urges China to participate in COP 15 and accept its responsibilities by taking up its global share for reducing greenhouse gas emissions and fighting climate change;

49. Urges the Chinese authorities to take concrete steps to adopt and encourage the use of technologies and practices to reduce greenhouse gas emissions; notes that promoting green business technologies will be essential if the Chinese Government wants to maintain economic growth while protecting its environment; recognises that China cannot be expected to ask its population to carry the burden of limiting greenhouse gas emissions without action by the West;

50. Is concerned about child labour in China; asks the Commission to address this issue as soon as possible and asks the Chinese Government to maximise their efforts to remove the underlying causes in order to end this phenomenon;

51. Urges China to ratify key International Labour Organisation (ILO) Conventions, in particular Convention No 87 on Freedom of Association and Protection of the Right to Organise, as well as the International Covenant on Civil and Political Rights which China has signed but not yet ratified;

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52. Welcomes China's transposition of International Financial Reporting Standards (IFRS) into domestic law; encourages China to continue adopting IFRS while ensuring its implementation in practice; request the Commission to monitor closely the adoption and implementation of IFRS in China;
53. Calls on European businesses operating in China to apply the highest international standards and best practices in corporate social responsibility with regard to workers and the environment;
54. Expresses its concern about working conditions and employees' rights in China; calls on China to improve working conditions in order to bring them up to the level of the core ILO standards;
55. Calls on the European Union and China to cooperate on standards on cars, trucks, heavy vehicles, aviation and shipping, in order to lower greenhouse gas emissions and make the standards more climate-friendly;
56. Calls for cooperation on the regulation, evaluation and authorisation of chemicals (REACH) between the European Union and China;
57. Is alarmed by the recent spate of incidents involving unsafe Chinese products and in particular by those involving children's toys, food and medicines; welcomes the Chinese Government's determination to tackle this problem; calls on the Commission to reinforce support and coordination with the Chinese authorities in this field;
58. Strongly condemns the death sentences imposed by the Chinese authorities on some of those involved in the contamination of powdered infant formula with melamine;
59. Welcomes the efforts the Commission has made in this area, thanks to the new system of quarterly reporting on Chinese enforcement actions to track down at source dangerous goods notified within the Rapex-China system, thus increasing European consumer safety;
60. Underlines the importance of the trilateral contacts between the Commission and the US and Chinese administrations aimed at improving the global governance of product safety; in this area; considers that it would be extremely useful for concrete shape to be given as soon as possible to the Commission's proposal to establish a joint working party on product and import safety within the Transatlantic Economic Council;

Future Steps

61. Notes that Chinese society has changed greatly during the last 30 years and that lasting progress can take place only slowly; believes that democracy requires an effective civil society, which is in turn strengthened by trade and economic relations with the European Union; therefore believes that 'change through trade' is a way to aid China's transformation towards being an open and democratic society benefiting all sections of society; while regretting that the intensification of economic and trade relations between the European Union and China has not gone hand in hand with substantial progress with regard to the human rights dialogue; believes that further reforms, especially in the environmental and social areas, are needed in order to ensure overall and lasting progress;
62. Regrets China's postponement of the EU-China summit which was to be held on 1 December 2008 in Lyon given the current financial and economic crisis and stresses the utmost importance of a constructive dialogue on climate change as well as mutual understanding on the main trade issues at such a critical moment for the world economy; hopes that such a summit will take place as soon as possible;
63. Calls upon China to continue to fully contribute to efforts to speed up the negotiations under the Doha Development Agenda;

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64. Stresses that the new EU-China PCA should aim to establish free and fair trade based on the enforcement of clauses on human rights, environmental, sustainable development and social issues;

65. Welcomes the establishment of the HLM as a forum for further developing EU-China relations at a strategic level and considers that an important element of this process is that the HLM results in the satisfactory resolution of trade irritants; calls on the Commission to put more ambition into the HLM by appointing one of its Vice -Presidents of the newly established Commission in 2009 as the coordinating Commissioner, leading the HLM- delegation;

66. Calls on the Commission to ensure that all existing research and development (R & D) agreements work effectively with China to promote cooperation on R & D; recommends concentrating R & D efforts between the European Union and China more strategically and in a more relevant way in terms of technology breakthroughs, needs of society, environmental disasters and future economic developments; asks both parties to facilitate the transfer of technology and technical know-how by facilitating researchers' and academics' exchange programmes;

67. Welcomes the rapprochement between China and Taiwan; considers Taiwan, which is the EU's 4th largest trade partner in Asia, as an economic and commercial entity; supports Taiwan's participation as an observer in relevant international organisations where this does not require statehood, for instance in the ILO;

68. Calls for increased cooperation between European and Chinese universities and increased mobility for scientists, researchers and students between the EU and China;

69. Supports the continued development of EU-China cooperation on space science, applications and technology; considers that close collaboration is essential for the coexistence of the Compass and Galileo programmes, in particular to ensure their compatibility in the interest of global users;

70. Urges the Commission and the Chinese Government to explore together means of developing a parliamentary dimension to the work of the HLM, mandated to reach out to the broader stakeholder community and to give a voice to their concerns;

71. Supports the efforts made by the Commission to establish an SME friendly business environment through the adoption of the Communication entitled 'Think Small First - A on the Small Business Act for Europe' (COM(2008)0394), and in this regard welcomes the intention to launch a 'Gateway to China' scheme, with particular focus on establishing an Executive Training Programme in China to promote European SMEs' access to the Chinese market by 2010;

72. Calls on China to promote cooperation between Chinese universities and EU SMEs to enhance SME innovation in China, thus creating more jobs and increasing trade and economic output; calls also on China to promote cooperation between the two sides to improve and enhance climate-friendly techniques and to minimise greenhouse gas emissions caused by EU SMEs in China;

73. Calls on the Commission to promote business-to-business cooperation, to raise awareness of the Market Access Database website and to improve dispute settlement mechanisms;

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74. Encourages programmes designed to increase China-EU trade participation, such as the Executive Training Programme; calls on the Commission to increase technical assistance to China in order to implement health and safety rules and to improve customs cooperation;

75. Believes that the European Union and China are becoming more interdependent and that the complexities and importance of EU-China relations require greater coordination among the Member States and with the Commission; reminds China that it must fulfil its obligations arising from international agreements, is looking forward to an effective and outcome-oriented dialogue with China concerning global challenges; endorses the strategic partnership between the EU and China; urges the Commission to increase transparency in the negotiation of the PCA between the European Union and China;

76. Considers that the EXPO 2010 in Shanghai, China, will be a great opportunity for the EU business sector in terms of its exposure, network and presentation to the Chinese public and the Chinese business sector; urges the Commission to ensure that the EU business sector will have a stand at EXPO 2010;

77. Calls on the Commission to support the setting up of a China-EU Business Council, similar to the US-EU Business Council;

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78. Instructs its President to forward this resolution to the Council and Commission, and the governments and parliaments of the Member States and to the Government of the People's Republic of China and the Chinese National People's Congress.

Situation in Sri Lanka

P6_TA(2009)0054

European Parliament resolution of 5 February 2009 on Sri Lanka

(2010/C 67 E/17)

The European Parliament,

— having regard to its previous resolutions on Sri Lanka of 18 May 2000 ⁽¹⁾, 14 March 2002 ⁽²⁾ and 20 November 2003 ⁽³⁾, its resolution of 13 January 2005 ⁽⁴⁾ on the tsunami disaster in the Indian Ocean and its resolution of 18 May 2006 ⁽⁵⁾ on the situation in Sri Lanka,

— having regard to the decision of the Council of the European Union of 29 May 2006 ⁽⁶⁾ to formally proscribe the Liberation Tigers of Tamil Eelam (LTTE),

— having regard to the statement of the Presidency of the European Union of 17 August 2006 on Sri Lanka,

⁽¹⁾ OJ C 59, 23.2.2001, p. 278.

⁽²⁾ OJ C 47 E, 27.2.2003, p. 613.

⁽³⁾ OJ C 87 E, 7.4.2004, p. 527.

⁽⁴⁾ OJ C 247 E, 6.10.2005, p. 147.

⁽⁵⁾ OJ C 297 E, 7.12.2006, p. 384.

⁽⁶⁾ Council Decision 2006/379/EC of 29 May 2006 implementing Article 2(3) of Regulation (EC) No 2580/2001 on specific restrictive measures directed against certain persons and entities with a view to combating terrorism and repealing Decision 2005/930/EC (OJ L 144, 31.5.2006, p. 21).