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P6_TA(2005)0381

Prospects for EU-China trade relations

European Parliament resolution on prospects for trade relations between the EU and China (2005/2015(INI))

The European Parliament,

- having regard to the 7th EU-China summit held in The Hague on 8 December 2004,
 - having regard to its resolution of 18 December 2003 on arms sales to China ⁽¹⁾,
 - having regard to the Commission policy paper on a maturing partnership — shared interests and challenges in EU-China relations (COM(2003)0533),
 - having regard to its resolution of 19 December 2002 on the human rights situation of Tibetans ⁽²⁾,
 - having regard to its resolution of 11 April 2002 on the Commission communication to the Council and the European Parliament on a EU Strategy towards China: Implementation of the 1998 Communication and future steps for a more effective EU policy (COM(2001)0265) ⁽³⁾, which takes into account the Report from the Commission to the Council and the European Parliament on the Implementation of the Communication entitled 'Building a Comprehensive Partnership with China' (COM(2000)0552),
 - having regard to the decision taken by the Fourth Ministerial Conference of the World Trade Organization (WTO) at Doha, Qatar on 9-14 November 2001 on the accession of China and Chinese Taipei to the WTO,
 - having regard to its resolution of 25 October 2001 on the proposal for a Council decision establishing the Community position within the Ministerial Conference set up by the Agreement establishing the World Trade Organization on the accession of the People's Republic of China to the World Trade Organization (COM(2001)0517) ⁽⁴⁾,
 - having regard to its resolution of 20 January 2000 on the human rights situation in China ⁽⁵⁾,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade and the opinion of the Committee on Foreign Affairs (A6-0262/2005),
- A. whereas the rapid development of China over the past 20 years has had a significant impact on EU-China trade and economic relations, and whereas, overall, China is now the EU's second largest trading partner after the United States.; whereas in 2004 the EU had a deficit, *vis-à-vis* China, of EUR 78 500 million, its largest deficit with any trading partner, and one which reflects, among other things, the effect of market access barriers in China,
- B. whereas China became a member of the WTO in 2001, reducing its average tariff and non-tariff barriers following its WTO commitments, leading to a growth in European investment projects in China; whereas, in some cases, however, the protection of Chinese domestic industries persists,
- C. whereas by joining the WTO and opening itself up to international commerce, the most populous state on Earth has become a key player in world trade; whereas the impact of the production of a nation of 1,3 billion people can only increase; and whereas other countries with large populations (such as India, Brazil, Indonesia and many others) are bound to change the current ranking of exporting nations,

⁽¹⁾ OJ C 91 E, 15.4.2004, p. 679.

⁽²⁾ OJ C 31 E, 5.2.2004, p. 264.

⁽³⁾ OJ C 127 E, 29.05.2003, p. 652.

⁽⁴⁾ OJ C 112 E, 9.5.2002, p. 313.

⁽⁵⁾ OJ C 304, 24.10.2000, p. 209.

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- D. whereas the premise for trade between the EU and China is a strategic partnership with mutual market access on the basis of WTO rules and fair competition,
- E. whereas China does not adequately apply WTO rules and whereas in particular it circumvents the ban on State export aid, infringes the laws on the protection of intellectual property, refuses to allow mutual access to its market in the case of goods and services from EU countries, and uses State intervention deliberately in order to depress the value of its currency, you protect the property, not the rights
- F. whereas many of the rulings in the more than 9 000 piracy trials held in 2004 are not being effectively enforced,
- G. whereas China does not at present meet the conditions for the granting of market economy status,
- H. whereas Taiwan has played an important role in the economic rise of China,
- I. whereas owing to its continental scale, the number of its inhabitants and its dynamic economic growth in recent years, China is an economic superpower able to influence the course of the world economy and one with which all other economic areas are bound to have to compete,
- J. whereas Chinese expansion will bring enormous beneficial possibilities but also raises legitimate concerns for European industry, with an ensuing need for political management of those relations at European level,
- K. whereas trade relations between the EU and China are at the heart of the debate on globalisation, and illustrate all the expectations and contradictions connected with it,
- L. whereas the EU needs to find a response to the increasing public disquiet about the impact of globalisation which will be further fuelled by China's increasing dominance of world markets,
- M. whereas China has tripled its expenditure on research and development in the past five years and Europe must rise to this challenge in order to continue to benefit from world trade in future,
- N. whereas the problems of the European textile industry were foreseeable, since the investments made by Chinese industry in this sector are well known, and this will not be an isolated case since similar situations exist in the production of other goods, such as footwear, and also in the bicycle industry, the car industry and the iron and steel industry, among others,
- O. whereas the EU cannot remain complacent in the face of the challenges posed by China's growing economic strength and must develop a coherent long-term strategic response,
- P. whereas the impact of China's rapid growth on its own natural resources and its environment and on the world market for resources is extremely high, and whereas EU companies are facing difficulties because of growing world market prices for resources due to the high demand from China,
- Q. whereas in 2000 China ranked 97th in the world in terms of per capita emissions of greenhouse gases, but also as the second largest overall emitter in the world and has become the world's second-largest consumer of energy and raw materials; whereas projections for 2025 predict record high growth of Chinese emissions so China must play a very significant role in relieving the burden on the world environment,
- R. whereas the gradual advent of a fairer and safer world requires there to be greater solidarity not only between the peoples of the developed nations and those of the less developed nations, but also within the various nations,

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- S. whereas it is politically and economically in the interests of the EU to support China's development into a free and open State where the rule of law prevails and its full adoption of democracy and the market economy,
- T. whereas the economic development of China also gives the country greater responsibility in the Asian region,
- U. whereas it is the duty of the EU, as the world's leading economic power, not only to nurture its trade relations with all its partners but also to uphold the universal values of humanity, democracy and the rule of law; whereas in this respect China, despite its recent economic success, is far from allowing all its citizens to benefit from the full range of democratic and human rights,

WTO

1. Welcomes China's timely implementation of some of its WTO obligations, but calls for further dialogue to enable China to rapidly address the many outstanding areas of concern to EU industry, particularly in the fields of Intellectual Property Rights enforcement, national treatment, transparency and environmental, social and health standards;
2. Calls on the Commission, in the light of the numerous instances of inadequate implementation or application by China of its WTO obligations, to offer European companies its support in this connection, providing them with effective backing;
3. Takes the view that the EU must seek to establish trade links with China in a spirit of cooperation and complementarity, while ensuring that each can maintain and develop their industrial, agricultural and service sectors harmoniously in order to ensure the best possible living standards for all their inhabitants;
4. Urges China to abide by the spirit as well as the letter of Section 18 of its Accession Protocol so that the Transitional Review Mechanism can become a more effective tool for resolving outstanding areas of concern;
5. Calls on the Commission to assess carefully whether to award China the status of a market economy country, and only to grant it that status once China has fulfilled the relevant criteria;
6. Takes the view that the pirating and counterfeiting of European products and brands by Chinese industries is a serious violation of international trade rules; calls on the Commission to take the appropriate measures to protect the intellectual property of European companies, including supporting the Chinese authorities in the fight which they are starting to wage against piracy, monitoring the problem and, if necessary, bringing it before the WTO;
7. Calls on the Member States to develop effective market controls in order to protect European consumers as well as possible against products which do not comply with the CE standard;
8. Calls on the Commission to adopt the necessary measures to prevent the import into the European Union of any article manufactured with high risk chemical products that European manufacturers would be prohibited to use under European or national legislation;
9. Calls on China to guarantee the same conditions to all its trading partners and not to put up bureaucratic barriers to trade, and to take appropriate account of the concerns expressed by the EU and by industry, including in the areas of corruption, legal certainty, taxation, credit, etc.;
10. Calls on China, as a WTO member, to comply with international standards in the area of statistics;
11. Calls on the Commission to study what impact China's liberalisation of trade and membership of the WTO has had on growth and on social progress in the country;

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12. Calls on China, given its importance in international trade, to bring greater influence to bear in the context of the Doha Development Agenda through its role as a link to third world countries, and thus to contribute to a successful outcome of the next Doha Round in Hong Kong;
13. Calls on China to open up its markets to foreign goods and services, and to carry out appropriate reforms of its market and its economic system;
14. Calls on China, when awarding public contracts, to use a transparent and fair procedure which gives foreign companies an equal chance to participate;
15. Calls on China to improve links between its transport networks and international networks, in order to facilitate the free movement of persons and goods;
16. Calls on the Commission and China to develop effective measures in order, in future, to put an end to the repeated infringements in relation to the correct levying of protective tariffs;

International competitive effects

17. Welcomes the Memorandum of Understanding of 10 June 2005 between the Commission and the Chinese Government on the limitation of Chinese textile exports and calls on the Commission to monitor both compliance with that agreement and the situation with regard to other textile, clothing and footwear sectors in Europe, while also taking account of the long-term interests of European importers and retailers; calls on China to make the calculation system being used to limit exports transparent; urges the Commission to be prepared to adopt emergency measures if it becomes clear that the EU industry faces serious material injury; further urges the Commission and China to find solutions for the developing countries which are most vulnerable to Chinese exports, enabling them to protect parts of their markets, in order to find a solution for some of the poorest people;
18. Is concerned that the way in which the Memorandum of Understanding was initially implemented caused serious disruption to some European retailers; welcomes the fact that, following new discussions with the Chinese authorities, this problem now appears to have been addressed, at least in the short term; calls on the Commission to continue to monitor the situation, with a view to ensuring that there is no further disruption either in the field of textiles or in other sectors where Chinese competition is significantly increasing;
19. Calls on the Commission to study the long-term survival prospects of production of textiles and clothing in the EU, bearing in mind the scope for imports from China and other countries, and welcomes the proposal for a Directive of the European Parliament and of the Council on criminal measures aimed at ensuring the enforcement of intellectual property rights (COM(2005)0276), which it hopes to see rapidly adopted;
20. Urges the Commission to meet the growing unease of developing countries about the effects on their markets of Chinese textile exports by urgently conducting a country-by-country assessment of the full impact of the quota phase-out;
21. Calls on the Council and the Commission to recognise that the challenges currently being experienced by the textile, clothing and footwear sectors, and which will soon be experienced by other sectors such as the bicycle, automobile, machinery and iron and steel industries, are systemic in nature, and that a longer-term strategy for EU industry must urgently be developed in order for the EU's international trade policy to take into account and address in advance the challenges, such as the current imbalances it is experiencing with China, posed not just to EU and developing country jobs, but also to existing assumptions about the winners and losers from globalisation;
22. Calls on the Commission to monitor, and regularly report on, the extent to which Chinese competition is affecting EU industry, as well as on trends in the quantity and sectoral composition of out-sourcing from the EU, in order to evaluate the positive and negative effects of such trends and to develop appropriate policy responses;
23. Calls on the Commission to re-examine thoroughly the various safeguard provisions of the WTO agreements, to evaluate whether they remain adequate in the light of the changing international trade paradigm, and to publish its findings;

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24. Notes that the increase in the volume of Chinese textile exports to the EU has been accompanied by a sharp fall in the value of those products, by as much as 60 % of their purchase value, without European consumers having significantly benefited; calls on the Commission to investigate whether there have been any agreements between importers and/or major distributors and to ensure transparency in the price formation process;
25. Recognises that liberalisation affects men and women differently, and that the threat of the garment industry collapsing in many poor countries after the abolition of quotas risks severely weakening the position of women in these countries;
26. Calls on the Commission to prepare a long-term development forecast for global industry and a strategy for EU industrial development for the purpose of identifying possible future development trends in EU industries to ensure a competitive response to all global challenges;
27. Calls on the Commission to create a closer comprehensive partnership which would be beneficial to China and the EU, to extend this cooperation to more areas and to work towards actively overcoming negative factors between the two parties;
28. Calls for trade relations between the EU and China to contribute to a balanced and sustainable economic, social and environmental development but also to regional development, since unbalanced development would entail great dangers for internal and external security;
29. Calls on the Commission and the Council to make a thorough study of the opportunities for European businesses and industry arising from economic development in China;
30. Calls on the Commission to promote business cooperation, raise awareness and facilitate contacts in order to promote greater regulatory convergence (common standards, conformity assessment, technical regulation, improved accounting practices, improved dispute settlement mechanism, etc.);
31. Calls on the Commission to undertake more extensive research on an ongoing basis to better understand the full scope of the offshoring issue, including adequate programmes for collecting data on jobs that move offshore, precise analysis of the economic costs of off-shoring (including loss of tax revenue), data on redeployment of workers and on their new wage levels, and analysis of the positive and negative wider effects on communities;
32. Calls on the Commission to state to what extent the current low sale and import prices for Chinese products are benefiting consumers in Europe, and what medium and long-term trends the Commission expects to see in this connection;
33. Notes that manufactured products represent practically 75 % of world trade in goods and services, while the manufacturing sector only accounts for around 20 % of world GDP; points out that relocations essentially concern manufactured products with no great added value and that these industrial changes primarily affect the most vulnerable and least qualified workers, and hence those least able to adapt; calls accordingly for strong social solidarity to be shown with such workers, not least in the form of greater investment in their training and retraining, in order to redirect them towards jobs in sectors in which Europe is still a world leader;
34. Asks the Commission to investigate precisely which sectors are currently benefiting, or will benefit in future, from China's tremendous economic growth, how many jobs have been preserved or created in these sectors, what strategies the Commission intends to adopt to identify and promote other similar sectors in order that on balance the effect on European economies in terms of employment and prosperity will be a positive one, and what EU Member States will retain in the high-tech sector that is not capable of being carried out by lower-wage competitors, and in particular by China;
35. Asks the Commission to investigate the introduction of a European labelling scheme that would indicate country of origin, as well as social and environmental standards;

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36. Calls on the Council and the Commission to make use of the EU countries' political and economic influence in order to bring about a change in China's attitude towards compliance with international trade rules and towards transparency in the allocation of State aid to businesses, with a view to preventing any circumvention of the ban on State export aid and to removing administrative and government barriers to imports from the EU Member States and from third countries;
37. Recognises, however, that alongside the evident concerns expressed, China represents a market of great potential for European investors, and that only a fraction of it has been exploited until now; calls on the Commission therefore to pinpoint the most effective means of assisting European industry to seek out and seize all the opportunities offered by that large and expanding market;
38. Notes that China's current account surplus has fallen from 3,1 % of GDP in 2003 to 1,1 % of GDP in 2004, owing not least to a rapid increase in imports to China; notes that China is now the EU's second largest trading partner and that the outlook for European exports to that large market remains promising; takes the view that China will also reach limits to its growth, since the necessary measures taken to restrain population growth will result in an inversion of the age pyramid by 2015 at the latest;
39. Calls on the Commission and the Member States to ascertain whether the aid to China granted under their current and future development programmes also brings financial advantages for Europe or European companies;
40. Stresses that China's rapid rise is due partly to the intense economic ties between China and Taiwan, which are reflected in the presence of one million Taiwanese in China working in more than 60 000 Taiwanese businesses and the many Taiwanese investments in China;
41. Expresses its concerns about the operation of the Chinese non-ferrous metals sector which leads to a structural distortion of the international market for recycling non-ferrous metals; calls on the Commission to investigate the situation and, if appropriate, to pursue WTO remedies so as to ensure that EU firms have access to scrap under fair conditions;
42. Supports the Council and the Commission in their efforts to achieve flexibility and establish a true value for China's currency in relation to the international financial markets, following the introduction of the euro;
43. Calls on China to continue gradually to decontrol its currency's exchange rate, and in the meantime to replace the fixed link to the dollar as soon as possible with a link to a basket of currencies including the euro; further calls on China to liberalise its financial markets;
44. Calls on the Commission, jointly with China to explore ways of opening up Chinese markets more to foreign companies, and enabling and encouraging foreign companies to set up business without being obliged to have a Chinese partner;
45. Welcomes the fact that the Commission is preparing a New Framework Agreement with China and calls for the EU to strengthen its representation in China;

Social and Environmental Impacts

46. Notes that China has managed to extricate over 300 million of its citizens from poverty in 20 years, but expresses its concern that around one quarter of the rural population in China still live in extreme poverty, and that Chinese income inequalities are among the fastest growing in the world; calls on the Commission to support China in further developing a cohesion policy and to take this issue into account in trade relations with China;
47. Recognises that, despite improved economic prospects for many Chinese, this has not alleviated the need for a more even geographical spread of economic development to reduce the threat of even higher unemployment and social displacement in the future;
48. Calls upon China to incorporate into its laws the International Covenant on Civil and Political Rights and the International Covenant on Social, Economic and Cultural Rights as one means — amongst others — of establishing minimum social and environmental standards;

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49. Is deeply concerned at the lack of workers' rights in China, the very low level of wages and the increasing number of industrial accidents due to inadequate health and safety regulations, and urges China to ratify the key Conventions of the International Labour Organization, particularly Convention 87 on Freedom of Association and Protection of the Right to Organise, and 98 on Collective Bargaining, and to abolish the State monopoly on the formation of trade unions provided for in China's legislation; moreover calls on China to take steps to effectively combat all forms of present-day slavery, child labour and exploitation and above all exploitation of women at work, so as to ensure that workers' fundamental rights are respected and so as to put an end to social dumping;

50. Notes the steady rise in the number of industrial disputes since 1998; to address this, urges China to authorise the establishment of independent trade unions for example through the creation of a strong legal status, the introduction of free collective bargaining, the opportunity for democratically elected trade union officials to receive independent training and the setting up of an exchange programme between European and Chinese trade union officials to enable China to benefit from Europe's many years of experience in the area of employee participation; urges China to institute a social protection system appropriate to people's needs and geared towards the unemployed;

51. Acknowledges China's increasing competitiveness in today's international economic climate but calls on China to take effective and swift action against the use of child labour and forced labour; asks the Commission to offer the Chinese its support in this connection;

52. Calls on the Commission and the Council to be vigilant with regard to a possible restriction of the free organisation of trade unions in Hong Kong; draws attention to the positive role which the free organisation of trade unions in Hong Kong could play in improving labour rights in China;

53. Calls on the Commission and the Council, in their dialogue with China, to stress the importance of releasing labour activists;

54. Calls on the Commission to explore suitable ways of increasing mutual understanding and appreciation of respective cultural characteristics and of improving awareness and acceptance of the European legal and economic system;

55. Looks to Western, particularly European, businesses operating in China to give full recognition to trade union rights and behave in an exemplary manner towards workers and the environment;

56. Is seriously concerned about the high levels of pollution caused by China's industries and the growing consumption of natural resources such as timber from unsustainable sources and welcomes recent signs that China is taking serious measures to protect the environment; emphasises that trade and environment are an essential component of the WTO, and urges the Chinese government to play a full and positive role in promoting sustainable development, both inside China and globally; notes that because of China's size, its large-scale adoption of sustainable technologies and practices could have a positive global impact, lowering costs and spurring other nations to follow suit, and urges the Chinese authorities to make full use of this potential for China to play a leadership role in environmental matters;

57. Expresses its concern that the enormous economic growth in China is leading not only to environmental pollution but also to scarcity of resources and rising commodity prices on the world market; calls upon China to accept responsibility for incorporating environmental standards into manufacturing and waste management and for helping to repair damage to the environment; calls on the Commission to start identifying solutions to the problem of how to guarantee in future affordable, stable raw material and energy supplies to people and companies in Europe;

58. Urges, in addition, the Council and the Commission to use all appropriate bilateral channels, as well as multilateral institutions and agreements to which both the EU and China are parties, to further press the case for high standards of social welfare and environmental protection as an essential component of international solidarity;

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59. Recognises the key role of China in finding an effective solution to global warming and urges the Chinese Government to continue its constructive engagement in international negotiations to avoid dangerous climate change; stresses the importance of continuing efforts to reduce fossil fuel use;

60. Calls on the Council and the Commission to ensure, through the EU-China Energy and Environment Programme and other channels, that collaboration on renewable energy/energy efficiency issues will be a priority for future EU-China co-operation, and to encourage China's development of sustainable technologies and industries, particularly to enable cooperation in developing new technologies that will make a sustainable future possible; calls on China, when building new coal-fired power stations, to use the latest, most efficient and most environmentally-friendly technologies, and as soon as possible to use so-called clean coal technologies in the construction of such power stations; further calls on China to improve safety standards in its coal mines; calls on the Commission to offer the cooperation of European mining technology companies; calls on China, in the event of the possible building of new nuclear power stations, to make use of European experience and safety technology and to cooperate closely with European manufacturers and authorities such as the International Atomic Energy Agency;

61. Calls on the Commission to investigate the most effective way of negotiating the introduction of minimum social and environmental standards into trade agreements and ensuring their effective enforcement;

62. Welcomes the Commission's initiative to tackle imports of illegal timber and wood products from countries including China by its proposed Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT); is concerned, however, that the negotiation of partnership agreements with countries on a voluntary basis would not address the problem sufficiently;

63. Notes that most of the wood imported into the EU from China comes in the form of processed products, some of which are derived from wood which China has sourced illegally;

64. Calls on the Commission and the Council to put pressure on the Chinese authorities to take appropriate far-reaching measures to stop the import of illegal timber and wood products, and to encourage China to play a full role in regional and international processes, such as East Asia FLEG, aimed at curbing trade in illegally-sourced timber;

Existing projects, governance

65. Welcomes the Commission's well-developed programme of cooperation with China on environmental matters, through its funding of assistance projects, and calls on it to ensure that the programme is continued and expanded; welcomes the general willingness of the Chinese Government to cooperate on environmental protection;

66. Recognises that many of China's environmental problems stem not from lack of laws but from lack of law enforcement, and therefore calls on the Commission to make capacity building at the local level an important focus of cooperation projects;

67. Encourages an increase in programmes such as the Executive Training Programme to increase trade participation between China and the EU;

68. Calls on the Commission to implement the pledge which it made to the European Parliament on 8 March 2005 and to offer to send European customs officers to China to provide support and training;

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Education

69. Calls on the Commission to agree with the Chinese Government to stimulate mutual learning and student exchange; further urges the Commission to create more Chinese-language schools throughout the EU with the possibility of scholarships or funds for EU students interested in learning Chinese;

Political Dialogue

70. Looks to the EU, in parallel with the development of trade relations, to carry on a more intensive political dialogue, ranging from human rights matters to regional and global security issues;

71. Regrets that China's rapid economic development has not been accompanied by progress in political and civil rights for the population and that the official human rights dialogue in which the EU and China have engaged since 1997 in parallel with their growing trade and economic relations has not been successful; therefore stresses the need for a different approach including the establishment of a clear and effective policy of human rights conditionality with regard to the EU's general trading policy with China;

72. Reiterates its concern about the human rights situation in China; notes that the situation has seen some progress over the past fifteen years; stresses that more needs to be done and considers that the human rights dialogue between China and the EU should be consistently improved;

Arms embargo

73. Draws attention to the fact that the arms embargo was imposed on China by the EU and the US (and others) as a direct result of the Chinese authorities' brutal suppression of the democratic demonstrations in Tiananmen Square in June 1989; deems it inappropriate for the EU to lift the embargo at this juncture;

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74. Instructs its President to forward this resolution to the Council and Commission, and the governments and parliaments of the Member States and of China.

P6_TA(2005)0382**Iran****European Parliament resolution on Iran**

The European Parliament,

- having regard to its previous resolutions on Iran, notably those of 28 October 2004⁽¹⁾ and 13 January 2005⁽²⁾,
- having regard to the EU-Iran human rights dialogue that took place until recently and at which the Government of Iran expressed its commitment to strengthening respect for human rights and the rule of law,
- having regard to the UN Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights, as well as the UN Convention on the Rights of the Child, to which Iran is a party,
- having regard to Iran's decision of 1 August 2005 to resume uranium conversion activities in contravention of the Paris Agreement obligations and whereas on 10 August 2005 Iran removed the seals from its uranium tetrafluoride production lines at its uranium conversion facility near Isfahan and has resumed nuclear fuel cycle activities,

⁽¹⁾ OJ C 174 E, 14.7.2005, p. 190.

⁽²⁾ OJ C 247 E, 6.10.2005, p. 159.