



The Rt. Hon. Baroness Catherine Ashton  
Commissioner for Trade  
European Commission  
B-1049 Brussels

4 September 2009

Dear Commissioner,

Ahead of your upcoming visit to China we would like to alert you to one major problem for European business and count on you to robustly address it in your negotiations with your Chinese counterparts. Although "Buy China" legislation has existed for some time, the Chinese government recently announced new implementation provisions that discriminate against EU companies in Chinese procurement markets. This new policy sends a very negative signal both in the context of the current crisis as well as in the framework of China's WTO membership.

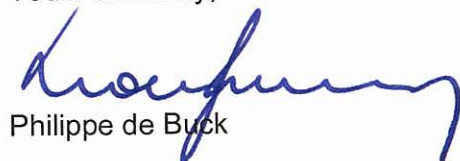
The new "Buy China" policy contradicts recent public statements made by the Chinese government against protectionism in the G20 as well as during the 7 to 8 May EU-China High-Level Economic Dialogue where both sides rightly called for economic openness as vital to recover from the financial and economic crisis. This new Chinese policy also undermines the objectives of the Chinese procurement missions to Europe earlier this year.

The new provisions oblige Chinese authorities at all levels to give preference to domestic products in their purchases, with only a few exceptions. Despite Chinese claims that this new policy will not discriminate against foreign companies, the new obligations go far beyond what is required by national legislation. Indeed, under the new arrangement it seems only Chinese indigenous entities or joint ventures with 50%+ Chinese ownership would be eligible, effectively excluding all foreign-owned bidders whether or not they operate domestically. Moreover, the recent case of Chinese wind farms has shown that despite recent statements by the Chinese Government intended to reassure foreign investors, the measure continues to be applied in such a way as to discriminate against those companies' local affiliates.

We are deeply concerned that these new provisions could have a domino effect on protectionism globally. This would undermine China's and the EU's strategy to fight protectionism internationally. In addition, this new policy will hinder the timely accession of China to the WTO Government Procurement Agreement.

BUSINESSEUROPE appreciates your attempts to clarify the new "Buy China" implementation provisions. However, European companies need legal certainty about their rights on Chinese procurement markets. We therefore ask you to seek a clear legal arrangement with China on this matter during your upcoming visit.

Yours sincerely,



Philippe de Buck