



Benita Ferrero-Waldner
Commissioner for Trade and
European Neighbourhood Policy
European Commission
B-1049 Brussels

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Dear Commissioner,

I write to alert you to the increasing concern by European business about China's treatment of foreign companies in its domestic public procurement market. The recently issued rules for developing a catalogue of "national indigenous innovation products" are a further worrisome example in a gradual trend towards impeding access for non-Chinese companies.

The registration process under the new rules has been designed to make participation by foreign companies practically impossible, due to a very short timeframe and highly restrictive selection criteria. Moreover, only products that contain Chinese intellectual property and proprietary brands would be eligible for participation in the new scheme. At this stage, particularly products in the ICT and energy sectors are covered but this will probably be expanded in the future to cover other industries and services.

Regrettably, these new rules contradict the repeated pledges by Chinese leaders, for instance on the G20 and more recently the EU-China Summit, to promote open trade and investment and to fight protectionism. Moreover, these measures, the "Buy China" policy and the slow pace of China's accession negotiations to the WTO Government Procurement Agreement call into question China's commitment to open markets generally.

BUSINESSEUROPE is a strong supporter of open markets and establishing a level playing field for companies to invest and do business, as is the case in the European Union for foreign companies. We continue to believe that open markets are the best route to increasing China's prosperity and the evidence shows that European companies have been making a substantial contribution to that prosperity. Restrictions on trade and investment provide a huge drag on growth and limit its benefits. BUSINESSEUROPE therefore calls on the European Commission urgently to pursue this matter with the Chinese authorities and continue to seek reciprocal trade and investment conditions for European companies on the Chinese market.

Yours sincerely,

Philippe de Buck