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## PRIORITIES FOR EU-CHINA RELATIONS

### KEY MESSAGES

- 1 The continuously growing Chinese market is a top priority for European companies which have clearly benefited from China's industrial development.
- 2 Despite the huge business opportunities, there are also a significant number of trade irritants that prevent both sides from fully exploiting the potential of the bilateral relationship.
- 3 A mature EU-China relationship means that both sides have the right to defend their interests strongly, but also deal with disagreements in a spirit of cooperation and transparency.

### WHAT DOES BUSINESSEUROPE AIM FOR?

- The EU and China depend on each other in the global economy, with Chinese and European companies being parts of fully integrated global supply chains. The continuously growing Chinese market is a top priority for European companies.
- European companies are well positioned on the Chinese market, due to their international experience and strong presence on the Chinese market, cutting-edge technology, and the high quality of products and services. Both the EU and China should increase their efforts to further expand the opportunities through stronger bilateral cooperation.
- Despite many large business opportunities, a number of issues make business operations with China challenging for European companies:
  - strong state influence on the market;
  - discriminatory treatment;
  - forced technology transfer;
  - improved but still weak IPR enforcement;

### KEY FACTS AND FIGURES

Trade in goods	EU exports to China (in 2010): €113.1 billion (+38% over 2009)	EU imports from China (in 2010): €281.9 billion (+31% over 2009)
Foreign Direct Investment	EU outward investment to China: €5.3 billion (in 2009)	China inward investment to EU: €0.3 billion (in 2009)



- subsidies;
- restrictions on raw materials;
- fear of retaliatory measures.
- China should:
  - continue market economy reforms in line with its WTO accession commitments and further open up sectors that are still closed to international competition – notably services and public procurement markets.
  - allow foreign-ownership restrictions only for national defence; and refrain from making foreign investment in China conditional on the non-commercial transfer of technology or confidential information.
  - increase the recourse to international standards and arrangements (like OECD provisions on export credits), strengthen and simplify IPR enforcement, enhance transparency and predictability, and address concerns over retaliation.
- The EU should:
  - react as a coherent bloc with member states not sacrificing common goals for individual interest, e.g. while dealing with market access barriers. Although it has committed substantial resources to foster the bilateral relationship, differences of opinion within the EU prevent it from elaborating a coherent strategy towards China.
  - develop the means to protect its companies and member states from Chinese pressure and intimidation; but also challenge Chinese infringements of trade rules – for example on subsidies or export restrictions – at bilateral and multilateral level.
  - implement a strategic raw materials policy.
- The EU and China should:
  - use the High Level Economic Dialogue to define a work programme for bilateral discussions on trade issues;
  - cooperate to support global adjustments of macroeconomic imbalances;
  - better serve of political summits and other highest level meetings to advance on multilateral/plurilateral and bilateral agreements, in particular:
    - China's accession to the WTO Government Procurement Agreement on a substantial and meaningful basis mirroring the respective EU commitments;
    - The conclusion of the WTO Doha Round and the commitment to a post-Doha agenda in order to strengthen the multilateral trading system;
    - The negotiation of an EU-China bilateral investment agreement covering pre- and post-establishment of companies.
- *The BUSINESSEUROPE report [Rising to the China challenge](#) includes a number of clear recommendations on how to tackle challenges companies encounter when doing business with China, and makes some suggestions for further action in order to improve the EU-China bilateral relationship.*