

Third Annual China-EU CEO and Former Officials' dialogue**25 & 26 November 2019, Beijing, China****JOINT STATEMENT****Introduction**

the China Center for International Economic Exchanges (CCIEE) and BusinessEurope co-hosted the third CEO and Former Officials' dialogue on 25 and 26 November 2019 in Beijing. Both parties initiated this dialogue in 2017 in order to establish a mechanism whereby business leaders, former officials and leading academics from both sides can exchange views on how to improve the economic and trade relationship between both economies.

This third edition took place within a global context of increased economic uncertainty, a rise in protectionism, and strained global economic governance. Chinese and European participants agreed that Europe and China should take leading roles in resisting tendencies toward protectionism by demonstrating the benefits of reciprocal economic openness. This should take place within the broader objective of defending and reforming the WTO and multilateral rules-based trade, especially through the creation of new rules and by upholding the WTO's dispute settlement mechanism. A common understanding on rules that facilitate trade and investment can form the cornerstone for improving global economic governance.

Against this background, CCIEE, BusinessEurope and the business communities call upon both governments to take the following steps to advance a mutually beneficial economic and trade relationship.

1. Overall relations

Participants underscored the importance of the bilateral relationship, with total trade in goods and services exceeding 1.5 billion euro per day in 2019. The EU is China's largest trading partner, whereas China is EU's second largest trading partner. This suggests that much could be gained from a reciprocal expansion of trade and investment and from removing barriers to trade.

The agreement on geographic indications (GIs) and the aviation agreement both signed in 2019 are successful examples of cooperation that leads to enhanced economic opportunities. Both governments should continue to engage in structural dialogue and jointly find effective ways to resolve longstanding problems, create a workplan and prioritise its execution during leadership summits and high level economic and trade dialogues.

2. Engage in reciprocal deepening of the EU-China bilateral relationship

Participants from both sides affirmed that there is untapped potential in the bilateral economic relationship. In order to unlock this potential, the EU and China should commit to

build their economic relationship based on reciprocal openness, non-discrimination and fair competition, ensuring a level playing field, transparency and be based on mutual benefit.

The Comprehensive Agreement on Investment (CAI) is a key agreement that is meant to contribute to these objectives. It should include ambitious provisions on non-discriminatory market access for investment in goods and service sectors, pre- and post-establishment investment protection, fair and equitable treatment, and adequate investor-to-state dispute settlement. The agreement is key to provide greater legal certainty for investment and to open new avenues for EU and Chinese companies to do business together.

Besides bilateral agreements, participants of both sides encourage the EU and China to do their utmost to continue improving their respective business environments and investment facilitation dramatically.

3. Strengthen the rules-based multilateral trading system

The WTO was founded as the essential pillar to safeguard the global multilateralism intended to play an important role in promoting global free trade and economic governance. However, the lack of real evolution in rulemaking and liberalisation during the past 24 years has placed enormous strain on the functioning and efficiency of the global trading system as existing rules have not kept up with the needs of global value chains and changes of external environment.

Companies, citizens and governments worldwide require a well governed global level playing field with a system of modern rules that facilitate global trade in order to thrive. Participants encourage both the EU and China to work intensively towards negotiations on e-commerce, investment facilitation, and strengthening international rules on industrial subsidies. Similarly, participants also called on both governments to continue working to resolve the crisis in the WTO Appellate Body and advance other aspects of WTO reform.

4. Advance sustainable connectivity

Connectivity forms the global nerves and veins that underpin global value chains through various transport and communications links. Improved connectivity is therefore an important pillar of the global economy of the 21st century. Participants from both sides recognised the enormous potential that enhanced connectivity could provide. For connectivity projects to really enhance global connectivity, it is important that they are sustainable, comprehensive and rules based.

Participants from both sides call on the EU and China to follow international standards and enhance cooperation. Both sides should promote fair, open and transparent investment in connectivity. This is the way to improve further integration of the global economy and world markets.

5. Develop rules for the digital economy

The fourth industrial revolution will link the physical world even closer to the Internet world. Unprecedented ability of diverse digital devices to handle and store information enables people to obtain knowledge easily and links billions of people together, realising connectivity and releasing endless potentials. Breakthroughs in science and technology field, such as in AI, robotics, Internet of Things, 5G and quantum computing, present us with unlimited possibility.

Companies are part of a global economic ecosystem in which elements such as cross-border dataflows are imperative. Data forms the lifeblood of modern manufacturing and services companies and many of them rely on cross-border dataflows for their business. In order to fully enjoy the benefits and dividends from the opportunities that the digital economy offers, participants highlighted the need for clear and enabling rules that follow international standards in order to facilitate the digital economy and protect intellectual property.

Hence, both the EU and China should oppose digital protectionism, narrow digital gaps, remove digital barriers, and cooperate intensively on cybersecurity issues. Consultation and cooperation are important to avoid a diverging set of standards and regulations that fracture global value chains.