European Union and China relations

2005/2161(INI) - 07/09/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Bastiaan **BELDER** (IND/DEM, NL) on EU-China relations. The report was adopted by 351 votes in favour to 48 against with 160 abstentions. The PES group decided to abstain from the report, due to the failure of the report to give sufficient emphasis to the EU's "one China - two systems" policy.

EU-China cooperation: Parliament urged the Council and the Commission to formulate a consistent and coherent policy towards China. It regretted that increased trade and economic relations with China had brought about no substantial progress in the field of democracy, human rights and the rule of law, which were basic components of the political dialogue between China and the EU. The development of trade relations with China must go hand in hand with the development of a genuine, fruitful and effective political dialogue.

Economic situation: China in itself constituted the biggest challenge of trade globalisation and was experiencing a huge economic boom, with estimated growth rates of around 9% per annum. The EU, after enlargement, overtook Japan to become China's largest trading partner. At the same time, China rose from being the EU's third trading partner to become its second largest, after the US. This rapid economic development makes it the world's fourth biggest economy in dollar terms, even at its current undervalued rate. Parliament accordingly called on the Commission to exert political and economic pressure aimed at bringing flexibility to bear on the exchange rate of the Chinese currency, which was being pegged at an artificially low value. China must gradually float its exchange rate. Parliament called on China to replace the fixed linking of its currency to the dollar with a linkage to a basket of currencies including the euro. It went on to underline the fact that stagnation of the Chinese economy due to uncontrolled growth was a serious threat both to China's internal stability and to the wellbeing of the global economy. Rapid economic growth also presented a huge challenge to global efforts to tackle climate change, with CO2 emissions from coal-fired power stations set to double by 2030. Parliament stressed, furthermore, that an increasingly positive trade relationship should also result in human rights reforms. It recognised that, until there was a legally binding code of conduct on arms exports and until the situation regarding human rights and civil and political freedoms – including the Tiananmen Square issue – had been properly addressed, the EU should not lift the arms embargo.

Parliament moved to discuss the issues on anti-dumping and piracy. On the first, it referred to the findings of the anti-dumping investigation in the footwear sector, which proved that China had been practising State intervention and social dumping. Parliament called on the Commission to simplify the procedures so that anti-dumping mechanisms could be employed more readily by SMEs. The anti-dumping procedure should also be made more transparent. With regard to counterfeiters, 70% of all counterfeit goods seized on the European market come from China, and every year nearly five million counterfeit garments and accessories were confiscated by the customs services. Parliament urged China considerably to improve the protection of Intellectual Property Rights (IPR) with regard to both Chinese and foreign inventions.

Internal situation: Parliament underlined the fact that the rapid socio-economic modernisation of China should be combined with the necessary political pluralism and institutional modernisation. Parliament called on China to ratify key International Labour Organization Conventions, and to combat all forms of modern slavery, child labour and exploitation, particularly of female workers. It drew attention to the increasing problem of child labour in China and the adverse working conditions faced by child workers in the country despite the fact that child labour is prohibited under Chinese labour law. Parliament also expressed concern about the appalling socio-economic discrimination against China's 150 million migrant labourers from the countryside. It went on to urge China to abolish the death penalty and was very

concerned about recent reports of continuing serious human rights abuses in Tibetan areas of China, including torture, arbitrary arrest and detention, house arrest and other non-judicial surveillance of dissidents, detention without public trial, repression of religious freedom and arbitrary restrictions on free movement.

Human rights:the European Parliament was critical of the Chinese record on human rights on several fronts. It deplored the contradiction between the constitutional freedom of belief (enshrined in Article 36 of the Constitution) and the ongoing interference of the State in the affairs of religious communities. It was also deeply concerned that the practice of torture remained widespread in China. It called on the Chinese Government to revise the verdicts handed down for the crime of "threatening public security", given that, in an overwhelming majority of cases, the accused had done no more than courageously exercise their fundamental constitutional rights by openly criticising the policies of the government and the CCP. Furthermore, no substantial progress had been made regarding the release of political prisoners incarcerated for their involvement in the Tiananmen Square demonstrations. Parliament went on to condemn the existence of the Laogai labour camps across the country, in which the PRC detained pro-democracy activists, labour activists and members of minorities without a fair trial, forcing them to work in appalling conditions and without medical treatment. China must give a written undertaking in relation to any given exported product that it had not been produced by forced labour in a Laogai camp and, if no such assurance could be given, the Commission must prohibit its importation into the EU.

Parliament expressed its concern at the irresponsible policies of major Internet firms Yahoo and Google which had bowed directly and indirectly to Chinese Government demands for censorship.

Foreign policy/Relations with neighbours: Parliament drew attention to the concerns of the outside world, especially of Beijing's regional neighbours, concerning the double-digit increase in China's military spending every year since the mid-1990s. It strongly recommended that the EU arms embargo against China remain intact until greater progress is made on human rights issues. Observing China's Anti-Secession Law of 14 March 2005 and the present stationing of more than 800 missiles on the south-east coast of the PRC facing Taiwan belie the principle of peaceful reunification, Parliament called on China and Taiwan to establish mutual trust and respect and to seek common ground while setting aside differences. With regard to the possible option of a peaceful reunification process with the Chinese mainland, the will and approval of the 23 million citizens of Taiwan must surely be respected and taken into account, as must Taiwan's territorial sovereignty and integrity, in negotiations with China on Taiwan's status.

On Japan, Parliament concluded that the problematic relationship between Beijing and Tokyo sprang from a sense of mutual challenge: Japan felt challenged by China's economic rise and China by Japan's pursuit of a larger and more active political role in the region. Parliament called on each country to refrain from any action which might offend the historic memory or the sensibilities of the other. It also welcomed the American initiative of starting a strategic dialogue with Europe on China's rise – a central new element in the policy of the "new" world towards the "old" – and encouraged the EU and its Member States to develop a strategic consensus for dealing with China.

Parliament recognised the special economic importance of the African Continent for the PRC (30% of its oil imports, a growing market for Chinese military hardware), but also urged the Chinese leadership to uphold China's responsibilities as a permanent member of the United Nations Security Council and to promote democracy, the rule of law, respect for human rights and conflict prevention in its relations with African states.

Finally, it encouraged the authorities in China to play an active role in bringing about respect for human rights and democratic change in Burma/Myanmar, and emphasised that a decisive stance by the PRC on Iran would demonstrate China's willingness and ability to take on international responsibility.