



POLICY POSITION

EU-China Relations



KEY POLICY RECOMMENDATIONS:

EU-China Relations

- **Ensure the promotion of and respect for human rights, democracy and the rule of law as the basis for the EU's and China's relationship.**
- **Foster trade relations with China by ensuring reciprocity, fair behaviour, transparency and the protection of European businesses.**
- **Prioritise EU's strategic autonomy and its political, economic and technological sovereignty in any future agreements with China.**
- **Further cooperation on environmental and climate action with China by collectively implementing the Paris Agreement and involving civil society.**



INTRODUCTION

The European Union (EU) and China share longstanding and complex political and economic relations. It is in the EU's interest to promote a positive relationship with China, advance bilateral trade and investment and collaborate on global issues such as climate change and the health crisis.

At the same time, China's economic and political rise and state-driven model are challenging the rules-based international order. As China becomes increasingly assertive in its neighbourhood and on the world stage, particularly in its relations with the US, the EU needs to find a strategy that ensures an open and fair environment for trade and investment and protects European citizens and businesses. While the EU must speak with one voice in its relations with China, it can use its economic leverage and international partners, the US, the UK, India and Australia among others, to preserve European interests and values, and make sure China abides by internationally recognised minimum standards.

FOSTERING COOPERATION

The promotion of and respect for human rights, democracy and the rule of law

should stand at the centre of the EU's and China's relationship, in line with the EU's commitment to defend these values in its external action and China's responsibility, as a member of the United Nations (UN), to fully implement UN values. Any infringements on core values or principles must be met with sanctions and other restrictive measures in coordination with the EU's international partners.

China's attacks on human rights and fundamental and democratic freedoms in Hong Kong and in China's mainland, including the Xinjiang region, and Tibet need to be addressed through targeted sanctions within the EU global human rights sanctions regime. At the same time, investment negotiations can serve as a leverage tool to protect basic rights and freedoms. To ensure the factual coverage of incidents and rights abuses, journalists, investigators and diplomats must be granted access to the Xinjiang region, Hong Kong and other regions in China to observe and report in a free and impartial manner.

Combating forced labour, as a priority for the EU, must feature prominently in any cooperation agreement between EU and China. EU leaders and negotiators



must urge the Chinese Government to ratify and implement International Labour Organization (ILO) conventions in regards to the abolition of forced labour, the freedom of association and the protection of the right to organise and to collective bargaining. Moreover, China must be encouraged to ratify the International Covenant on Civil and Political Rights (ICCPR).

At the same time, EU investment must equally respect the relevant ILO conventions on forced labour and promote sustainable corporate governance along global supply chains. In order to effectively address the issue of forced labour and other human rights violations in companies' supply chains, EU legislation must also include a prohibition of placing goods on the EU market that are linked to severe human rights violations such as forced labour or child labour.

ENHANCING TRADE RELATIONS

Economic cooperation between the EU and China must be built on reciprocity and a level playing field. Since it joined the World Trade Organization (WTO) in 2001, China has made some progress by reforming and liberalising key parts of its

economy. However, challenges still persist, including when it comes to the lack of transparency and discrimination against foreign companies through China's industrial policies, non-tariff measures and strong government intervention.

To counter any trade-distorting effects or threats to the EU's strategic interests and to protect European businesses, the EU should make use of its trade defence instruments and other relevant autonomous measures against Chinese companies. To counter unfair behaviour and avoid Chinese products disbalancing the European market, the EU should implement its anti-dumping and anti-subsidy legislation without further delay. As a key body in resolving trade disputes, the reform of the WTO remains a multilateral effort that must include China. The EU should work closely with China to promote WTO commitments and the WTO's role of settling international trade disputes and resolving trade tensions.

In the context of the green and digital transition, Europe relies heavily on China for imports of products and raw materials necessary for clean energy and technologies. With this increasing



dependency, EU industries need to be protected against Chinese dumping through the implementation of safeguard measures and strong trade defence instruments.

THE EU-CHINA COMPREHENSIVE AGREEMENT ON INVESTMENT (CAI)

The CAI provides a step forward for EU-China relations as a way to emphasise a value-based investment relationship with China while promoting sustainability, democracy, climate action, fundamental rights and equality. It is crucial to improve the legal framework of EU-China investment relations and that any investment deal does not compromise the EU's ability to act on human rights violations. The EU must use the CAI not only to foster its commercial relations with China but also to preserve its strategic autonomy and sovereignty and defend fundamental rights, while ensuring that China honour the main International Labour Organisation (ILO) commitments. Moreover, the CAI should allow Civil Society to follow the implementation of sustainable development matters. This could be done through involving civil society organisations in the 'special working

group' that is part of the EU-China agreement. European Civil Society should be allowed in the process of agreeing on the current draft deal when it is discussed by the Council and European Parliament.

Moreover, the Common Ground Taxonomy co-chaired by Europe and China would be a solid basis to develop common standards for sustainable financing.

CHINA'S PRESENCE IN EUROPE

China sustains its presence in Europe primarily through its Belt and Road Initiative (BRI) and the China-CEEC 17+1 platform, which involves Central and Eastern European countries and Greece. As a provider of investment and financing of infrastructure, China remains highly relevant for these countries, affecting EU objectives of promoting good governance and sustainable development in the region, especially in the Western Balkans.

In response to China's growing economic involvement and political influence in Central and Eastern Europe, including the Western Balkans, the EU needs to



provide an alternative investment programme and a long-term strategy that can promote sustainable development in the region, in particular in the Balkans. Moreover, the EU should require Chinese-funded infrastructure projects in EU accession candidate countries to be subject to transparent feasibility studies and transparent tender procedures. In addition, all investment from Chinese firms should be subject to EU criteria regarding environment standards. Chinese investment and businesses associated with Chinese investments should be subject to the same rules that apply in the CAI.

CLIMATE ACTION AND SUSTAINABLE DEVELOPMENT

Both the EU and China have committed to combating climate change and protecting our planet for the generations to come. As key contributors to greenhouse gas emissions, cooperation on environmental and climate action between these two economic powers is of utmost importance. China must be part of any global and European climate efforts while its governments must commit to effectively implementing the Paris Agreement.

The EU needs to promote the involvement of civil society when discussing EU-China relations and strategize a metric to measure their success or failure in areas like climate action, sustainable development and poverty alleviation. Agreements between the EU and China should therefore include provisions that promote the participation of NGOs in civil society.

The topic of climate action is also an issue that civil society in both the EU and China can contribute to affect change in the immediate future. International NGOs can positively influence and engage civil society to become actively involved in climate action in China and how China acts externally on climate change. China has made foreign entry of NGOs more difficult, therefore agreements between the EU and China should contain provisions that promote the participation of NGOs in civil society

PROMOTING PEACE IN THE ASIA-PACIFIC REGION

European prosperity is closely linked to Asian security and stability. To promote security in the region and protect trade and supply chains, it is crucial that the EU work with all relevant parties and



ensure that territorial disputes are settled in a peaceful manner, in compliance with international law and with full respect for human rights.

In this context, the EU must address any threats or challenges to democracy or human rights in the Taiwan strait and support the constructive development of cross-Strait relations. Considering the lack of any substantial military power or presence in the region, the EU must emphasise its position as a political player in ensuring peace and promoting democracy, the rule of law, freedom of the press and human rights in this region by being active in dialogue, diplomacy and multilateralism as well as issuing sanctions to those who violate or threaten these values.

Organisations like the Organization for Security and Co-operation in Europe (OSCE) and the Commission on Security and Cooperation in Europe (CSCE) can support the EU in gathering stakeholders in East Asia to address issues in a peaceful manner through means of diplomacy.

FOSTERING DIGITAL AND SECURITY COOPERATION

Closer connection of the Eurasian continent could be improved by intensifying digital networks. This allows for enhanced trade, investment, and people-to-people exchanges. The EU-China Connectivity Platform is one such approach to improve the digital highway between Europe and China. Moreover, the EU should further cooperation on issues of cyber terrorism and crime. The EU should strengthen its rules protecting intellectual property, especially with the growing importance of new technologies, such as Artificial Intelligence (AI).

In their relations with Africa, the EU and China should work together to support capacity-building and peacekeeping in the continent, while maintaining full sovereignty of the African Union (AU) and African countries. In addition, the EU needs to address China's unsustainable approach to cooperation with the African Union and African countries in the areas of access to raw materials and natural resources and exploitation of new markets.



BETTER DECISION-MAKING

A Common Foreign and Security Policy (CFSP) in the European Council can ensure that the EU is acting as a united front in all aspects of negotiations with China, while deepening integration towards the creation of a fully-fledged European Defence Union.

Moreover, shifting to qualified majority voting (QMV) could allow the EU to overcome dissent among Member States. In view of the recent announcement of AUKUS, a new defence partnership between the US, the UK and Australia, and its potential impact in the Indo-Pacific region, it is of utmost importance that the EU's strategic autonomy and its political, economic and technological sovereignty are prioritised in any agreements with China going forward.

While any dividing issues need to be addressed through inclusive and transparent dialogue, the different EU institutions and bodies should promote an open dialogue between EU and China through soft power policies and intercultural diplomacy.

PROMOTING EXCHANGE AND CONNECTIVITY BETWEEN CHINA AND THE EU

People-to-people initiatives should be supported, where possible, with more student exchanges, professional programmes, and partnerships between towns and cities. Compliance with international standards regarding human rights and democratic and fundamental freedoms are important preconditions for cultural expression, cultural exchanges and cultural diversity, and must therefore be made a requirement. Education and training, including adult education, should be included in the joint activities, as intercultural dialogue opens up many possibilities in this area, from language learning to consumer education and environmental awareness. China's support for educational and cultural institutions in Europe, or associated partnerships, should not negatively influence EU values including freedom of expression or impinge on academic freedoms.

Good relations between the EU and China and exchange of peoples promote



better relations and improve understanding between the two societies and cultures which may pave the way for further discourse on promoting human rights and other European values. To that end, history and cultural education of both blocs should be taught to encourage interest in diplomacy and international relations. In order to strengthen relations between civil society and non-state actors, the EU should promote the exchange of students and cultural exchange through tourism.

Policy recommendations:

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WANT TO KNOW MORE?

Only by working together can we provide common solutions to the challenges Europe faces and ensure that Europeans' ambitions mirror the future work of the European Union. By bringing our member organisations together in our Political Committees, we continuously develop new policy positions and put existing ones to good use. Please visit our website

www.europeanmovement.eu to take a look at our main policy positions that guide our current work and get in touch if you would like to join us or support our work.





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