

# CHINA'S EU POLICY PAPER<sup>1</sup>

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## Foreword

The international situation has been undergoing profound changes since the advent of the new century. The trend towards world multipolarity and economic globalisation is developing amid twists and turns. Peace and development remain the themes of our era. The world is hardly a tranquil place and mankind is still confronted with many serious challenges. However, preserving world peace, promoting development and strengthening cooperation, which is vital to the well-being of all nations, represents the common aspiration of all peoples and is an irreversible trend of history.

China is committed to turning herself into a well-off society in an all-round way and aspires for a favourable international climate. China will continue to pursue its independent foreign policy of peace and work closely with other countries for the establishment of a new international political and economic order that is fair and equitable, and based on the Five Principles of Peaceful Co-existence. China will, as always, respect diversity in the world and promote democracy in international relations in the interest of world peace and common development. The European Union (EU) is a major force in the world. The Chinese Government appreciates the importance the EU and its members attach to developing relations with China. The present EU Policy Paper of the Chinese Government is the first of its kind and aims to highlight the objectives of China's EU policy, and outline the areas and plans of cooperation and related measures in the next five years so as to enhance China-EU all-round cooperation and promote a long-term and stable development of China-EU relations.

## Part One: Status and Role of the European Union

The creation and development of the European Union is an event of far-reaching significance following World War II. Since the launch of the European Coal and Steel Community in 1952, the EU has become what it is today through the stages of the Tax and Customs Union, the

Single Market and the Economic and Monetary Union. Its integration in the foreign policy, defence and social fields has made headway. The Euro has been put to circulation successfully and a single area of justice is taking shape. The EU is now a strong and the most integrated community in the world, taking up 25 and 35 percent of the world's economy and trade respectively and ranking high on the world's list of per capita income and foreign investment.

In 2004, the EU will be enlarged to a total membership of 25. The new European Union would then cover much of Eastern and Western Europe with an area of four million square kilometres, a population of 450 million and a GDP of over 10 trillion US Dollars.

Despite its difficulties and challenges ahead, the European integration process is irreversible and the EU will play an increasingly important role in both regional and international affairs.

## Part Two: China's EU Policy

China attaches importance to the role and influence of the EU in regional and international affairs. History proves that the establishment of diplomatic relations between China and the European Economic Community in 1975 has served the interests of both sides. Despite their twists and turns, China-EU relations as a whole have been growing stronger and more mature and are now on the track of a comprehensive and sound development. In 1998 China and the EU launched their annual summit mechanism. In 2001, the two sides established a full partnership. China and the EU have developed an ever closer consultation and fruitful cooperation in the political, economic, trade, scientific, cultural and educational fields. China-EU relations now are better than any time in history.

There is no fundamental conflict of interest between China and the EU and neither side poses a threat to the other. However, given their differences in historical background, cultural heritage, political system and economic development level, it is natural that the two sides have different views or even disagree on some issues. Nevertheless China-EU relations of mutual trust and mutual benefit cannot and will not be affected if the two sides address their disagreements in a spirit of equality and mutual respect.

The common ground between China and the EU far outweighs their disagreements. Both China and the EU stand for democracy in international relations and an enhanced role of the UN. Both are committed to combating international terrorism and promoting sustainable development through poverty elimination and environmental protection endeavours. China and the EU are highly complementary economically thanks to their respective advantages. The EU has a developed economy, advanced technologies and strong financial resources while China boasts steady economic growth, a huge market and abundant labour force. There is a broad prospect for bilateral trade and economic and technological cooperation. Both China and the EU member states have a long history and splendid culture each and stand for more cultural exchanges and mutual emulation. The political, economic and cultural common understanding and interaction between China

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and the EU offer a solid foundation for the continued growth of China-EU relations.

To strengthen and enhance China-EU relations is an important component of China's foreign policy. China is committed to a long-term, stable and full partnership with the EU. China's EU policy objectives are:

- To promote a sound and steady development of China-EU political relations under the principles of mutual respect, mutual trust and seeking common ground while reserving differences, and contribute to world peace and stability;
- To deepen China-EU economic cooperation and trade under the principles of mutual benefit, reciprocity and consultation on an equal basis, and promote common development;
- To expand China-EU cultural and people-to-people exchanges under the principle of mutual emulation, common prosperity and complementarity, and promote cultural harmony and progress between the East and the West.

## Part Three: Strengthen China-EU Cooperation in All Fields

### I. The Political Aspect

#### 1. Strengthen the exchange of high-level visits and political dialogue

- Maintain close contacts and timely communication between the two sides at high levels through various means.
- Give full play to the functions of the China-EU annual summit by substantiating its content, stressing its practical results and strengthening bilateral coordination.
- Implement in real earnest China-EU agreement on political dialogue and constantly improve and strengthen mechanisms of regular and irregular consultations at all levels.
- Deepen relations with all EU members, including its new ones so as to maintain stability and continuity in the overall relationship between China and EU.

#### 2. Strictly abide by the one-China principle

The one-China principle is an important political cornerstone underpinning China-EU relations. The proper handling of the Taiwan question is essential for a steady growth of China-EU relations. China appreciates EU and its members' commitment to the one-China principle and hopes that the EU will continue to respect China's major concerns over the Taiwan question, guard against Taiwan authorities' attempt to create "two Chinas" or "one China, one Taiwan" and prudently handle Taiwan-related issues. In this connection, it is important that the EU

- Prohibit any visit by any Taiwan political figures to the EU or its member countries under whatever name or pretext; not to engage in any contact or exchange of an official or governmental nature with Taiwan authorities.

- Not to support Taiwan's accession to or participation in any international organization whose membership requires statehood. Taiwan's entry into the WTO in the name of "separate customs territory of Taiwan, Penghu, Jinmen, Mazu" (or Chinese Taipei for short) does not mean any change in Taiwan's status as part of China. EU exchanges with Taiwan must be strictly unofficial and non-governmental.
- Not to sell to Taiwan any weapon, equipment, goods, materials or technology that can be used for military purposes.

#### 3. Encourage Hong Kong and Macao's cooperation with EU

The Central Government of China supports and encourages the Hong Kong and Macao Special Administrative Regions in developing friendly relations and cooperation with the EU in accordance with the principle of "one country, two systems" and the provisions of the two Basic Laws and on the basis of equality and mutual benefit.

#### 4. Promote the EU's understanding of Tibet

China encourages personages of various circles in the EU to visit Tibet and welcomes the support of the EU and its members to Tibet's economic, cultural, educational and social development and their cooperation with the autonomous region subject to full respect of China's laws and regulations. The Chinese side requests the EU side not to have any contact with the "Tibetan government in exile" or provide facilities to the separatist activities of the Dalai clique.

#### 5. Continue the human rights dialogue

There are both consensus and disagreements between China and the EU on the question of human rights. The Chinese side appreciates the EU's persistent position for dialogue and against confrontation and stands ready to continue dialogue, exchange and cooperation on human rights with the EU on the basis of equality and mutual respect so as to share information, enhance mutual understanding and deepen cooperation in protecting, inter alia, citizens' social and cultural rights and the rights of the disadvantaged.

#### 6. Strengthen international cooperation

- Enhance China-EU consultation and coordination on major international and regional hotspot issues.
- Strengthen China-EU cooperation at the UN and work together to uphold the UN's authority, promote its leading role in safeguarding world peace and facilitating economic and social development, particularly in helping developing countries eliminate poverty, improving global environment and drug control, and support UN's reform.
- Advance the process of Asia-Europe cooperation. China and the EU should work together to make ASEM a role model for inter-continental cooperation on the basis of equality, a channel for exchange between the oriental and occidental civilizations and a

driving force behind the establishment of a new international political and economic order.

- Jointly combat terrorism. Both China and the EU are victims of terrorism and are strongly opposed to all forms of terrorism. Both sides are also opposed to any linkage between terrorism and any particular country, nation, ethnic group or religion. China and the EU should keep in close touch and cooperation on counter-terrorism.
- Jointly safeguard the international arms control, disarmament and non-proliferation regimes and step up consultation and coordination on the basis of mutual respect; strengthen exchange and cooperation on non-proliferation and export control and the prevention of weaponization of and arms race in outer space; jointly contribute to the resolution of the issue of anti-personnel landmines and explosive remnants of war; and enhance cooperation in implementing the international arms control treaties.

## 7. Enhance mutual understanding between Chinese and European legislative organs

The relations between the National People's Congress of China and the parliaments of EU member countries and the European Parliament are an important link in China-EU ties. The Chinese Government welcomes and supports the enhancement of exchange and dialogue between Chinese and European legislatures on the basis of mutual respect, deeper understanding, seeking common ground while shelving differences and developing cooperation.

## 8. Increase exchanges between political parties in China and the EU

The Chinese Government wishes to see an increase of exchange and cooperation between the Communist Party of China and all major EU political parties, parliamentary party groups and regional organizations of political parties on the basis of independence, complete equality, mutual respect and non-interference in each other's internal affairs.

# II. The Economic Aspect

## 1. Economic Cooperation and Trade

China is committed to developing dynamic, long-term and stable economic cooperation and trade with the EU and expects the latter to become China's largest trading and investment partner.

To this end, it is important to:

- Give play to the mechanism of the economic and trade joint committee and step up economic and trade regulatory policy dialogue; give attention to updating the Trade and Economic Cooperation Agreement Between China and the European Union at an appropriate time; properly address irrational restrictions and technical barriers, ease restrictions on high-tech exports and tap the enormous potential of technological cooperation and trade in line with the WTO rules; grant China a full market economy status at

an early date, reduce and abolish anti-dumping and other discriminatory policies and practices against China, and apply the Transitional Product-Specific Safeguard Mechanism (TPSSM) prudently; and compensate the Chinese side for its economic and trade losses which may arise due to the EU enlargement.

- Boost China-EU coordination and cooperation in the new round of WTO negotiations and work together for the success of the negotiations.
- Strengthen dialogue on investment, promote the establishment of bilateral investment-promotion institutions, energetically encourage and guide mutual investments between enterprises of the two sides, and expand cooperation between their small- and medium-sized enterprises; develop processing trade, contractual projects and labour cooperation of various kinds and encourage transnational business operation and internationalised production.
- China welcomes more EU development aid, especially in such fields as the environmental protection, poverty-alleviation, public health and hygiene and education. China also welcomes a stronger and more active role of the EU in human resources development, in particular, personnel training for China's central and western regions and build-up of China's capacity of participating in multilateral trading regime.
- Step up cooperation in the area of quality supervision, inspection and quarantine, establish appropriate consultation mechanisms and, subject to the principle of ensuring safety, security, hygiene, health and environmental protection, promptly address and resolve issues which may adversely affect market access of each other's products.
- Boost the customs cooperation and conclude a China-EU Customs Agreement in due course.

## 2. Financial Cooperation

China and the EU should launch a high-level financial dialogue mechanism, expand exchanges between their central banks on policies and deepen cooperation in preventing and managing financial crises and combating the financing of terrorism and money laundering. The Chinese side welcomes an expansion of China-related business by banks of the EU countries and hopes to see an appropriate settlement of the issue of Chinese financial institutions' access to the EU market.

The Chinese side will positively examine and consider applications of EU insurance institutions for business operation in China and improve its supervisory and regulatory regime in line with the Chinese insurance laws, regulations and statutes and China's WTO commitments.

Cooperation in securities legislation, market supervision and regulation, and investment operation will be strengthened and more EU securities institutions, fund management institutions and other institutional investors will be encouraged to enter into China's market. Chinese securities institutions will be encouraged to enter into the EU's securities market when conditions are ripe. In the meantime, Chinese enterprises will be strongly supported to raise funds in the EU's securities market.

### 3. Agricultural Cooperation

Exchanges between China and the EU in such fields as agricultural production, processing technology of agricultural produce and sustainable development will be intensified. The mechanism of the agricultural working group should be given a role to play. Bilateral cooperation between agricultural research institutes, universities and colleges as well as enterprises should be pushed forward. EU Enterprises are encouraged to take an active part in agricultural development in China's central and western regions and invest in such fields as agricultural high and new technologies, intensive processing of agricultural produce and development of agricultural infrastructure.

### 4. Environmental Cooperation

China-EU communication and cooperation in environmental protection should be stimulated and a mechanism of dialogue between the Chinese and EU environmental ministers launched. Framework documents on environmental cooperation should be formulated, and discussions held on the establishment of information network on environmental cooperation. Bilateral cooperation should be strengthened on such issues as environmental legislation and management, climate change, bio-diversity protection, bio-safety management, and trade and environment. Efforts should be made to jointly promote the implementation of the follow-up actions of the World Summit on Sustainable Development in Johannesburg. Non-governmental environmental protection organizations are encouraged to develop mutual exchanges. EU enterprises are encouraged to gain more access to Chinese environmental protection market through fair competition.

### 5. IT Cooperation

The Chinese side would like to see the EU participation in China's IT promotion. The mechanism of the EU-China working group on information society will be strengthened. Exchanges and dialogue will be conducted on strategies, policies, rules and regulations of information society. Trade in IT products and industrial and technological cooperation will be actively boosted. Greater exchanges in intellectual property rights and technical standards will be encouraged. Cooperation in the field of "Digital Olympics" will be promoted.

### 6. Energy Cooperation

China-EU cooperation will be expanded in such fields as energy structure, clean energy, renewable energy, and energy efficiency and saving. Exchanges on energy development policies will be promoted. Efforts will be made to ensure a successful EU-China Energy Conference. The energy working group mechanism will be strengthened. Training on energy technology and cooperation in demonstration projects will be boosted to promote application and transfer of technology.

### 7. Transport Cooperation

A mechanism of China-EU regular meeting will be set up within the framework of the China-EU Agreement on Maritime Transport. Cooperation in maritime transport and other maritime fields will be developed and coordination and cooperation in international organizations such as the International Maritime Organization (IMO) will be strengthened. Bilateral exchanges will be deepened and broadened in respect of policies of inland river transport, navigation safety and shipping standardization. Cooperation and exchanges in highway technology and management will be expanded. Dialogue and exchanges on highway transport legislation will be strengthened. China-EU exchanges in civil aviation will be deepened. Chinese and EU enterprises are encouraged to strengthen their cooperation on production, technology, management and training.

## III. The Education, Science-Technology, Culture, Health and other Aspects

### 1. Cooperation in Science and Technology

It is essential to promote China-EU scientific and technological cooperation on the basis of the principles of mutual benefit and reciprocity, sharing of results and protection of intellectual property rights. Joint development and cooperation on generic technologies and major technical equipment should be stepped up and Chinese institutions are encouraged to participate in the EU Framework Programme for Research and Technological Development. China will, on the premise of equality and mutual benefit and a balance between interests and obligations, participate in the Galileo Programme and enhance cooperation in international "big science" projects. Full play should be given to the role of the Scientific and Technologic Cooperation Steering Committee and efforts should be made to ensure a successful China-Europe Science & Technology and Innovation Policy Forum. Cooperation between scientific and technological intermediary agencies of the two sides as well as the interflow and training of scientific and technological human resources should be encouraged. Support should be given to Chinese and EU enterprises in their involvement in scientific and technological cooperation.

### 2. Cultural Exchange

China will be more open in cementing and deepening its exchange and cooperation with EU members in the cultural field and work towards a multi-level and all-dimensional framework of cultural exchanges between China and the European Union, EU members and their respective local governments, and between their peoples and business communities so as to make it easier for the people of China and the EU to get to know each other's fine cultures.

China will establish Chinese cultural centres in capitals of EU members and the EU headquarters - Brussels. On the basis of reciprocity and mutual benefit, China welcomes the set-up of cultural centres in Beijing by the EU side. China will encourage high quality cultural exchange

activities and explore new modalities of cooperation in culture-related industries. Discussions will be held on the formation of a China-EU cultural cooperation consultation mechanism and the idea of jointly holding a China-EU cultural forum.

### 3. Cooperation in Education

Exchanges at all levels will be enhanced and expanded. It is necessary to establish a China-EU education cooperation consultation mechanism as appropriate and strengthen cooperation in areas including mutual recognition of academic credentials and degrees, exchange of students, language teaching, exchange of scholarships and teacher training. Work should be done to make a success of the China-Europe International Business School and bring forth more top professionals. The teaching of each other's languages should be encouraged and supported.

### 4. Cooperation in Health and Medical Care

Cooperation in the health sector should be strengthened, particularly in sharing experience of prevention and control of SARS, HIV/AIDS and other serious diseases. Efforts should be made to develop exchanges in clinical diagnosis and treatment, epidemiological investigation, analysis and surveillance, laboratory testing, R&D for medicines and vaccines, and training of medical personnel. Exploratory endeavour should be made for the establishment of a mechanism to keep each other informed and provide technical support in case of emergent public health hazards.

5. Press Exchange  
Exchanges and cooperation will be boosted between the press and media communities of the two sides. Chinese and EU media agencies should be encouraged to enhance mutual understanding and give comprehensive and unbiased reports of each other. Relevant government departments or agencies of the two sides should enhance mutual contact and communication and share practices and experience in respect of government press release and the handling of government-media relations.

### 6. Personnel Exchange

People-to-people exchanges and those between non-governmental organizations of China and the EU should be encouraged. China is ready to conclude as early as possible agreement on designating EU countries as tourism destinations for outbound Chinese citizens in compliance with the principles of equality, reciprocity and mutual benefit.

China-EU consular cooperation should be strengthened and expanded. An early solution should be found through consultations to the problem of difficult access to entry visas by Chinese citizens and their impeded entry into EU countries. The legitimate rights and interests of travellers should be protected. Normal people-to-people exchanges between China and the EU should be ensured.

It is imperative to combat illegal migration and human trafficking, strictly enforce laws and crack down on illegal activities and crimes. The two sides should increase consultations and coordination and appropriately handle

the question of repatriation and other issues arising therefrom.

## IV. The Social, Judicial and Administrative Aspects

### 1. Cooperation in Labour and Social Security

China and the EU should strengthen cooperation on employment of legal immigrants and protection of the rights and interests of migrant workers and enhance coordination in international labour affairs. The two sides will negotiate and conclude a bilateral social security agreement and implement their joint social security cooperation programme as well as broaden exchanges in social insurance of various kinds.

### 2. Exchange in Judicial Field

It is necessary to continue with the China-EU cooperation programme in the legal and judicial fields based on equality and mutual respect, broaden related areas of cooperation, enhance exchanges in judicial reform and other key areas and explore cooperation with respect to administration of justice in combating cross border crimes. The two sides should do more in sharing experience of legal supervision and explore the possibility of establishing a mechanism of annual meeting between their high-level judicial officials.

### 3. Cooperation in Police Affairs

The Chinese side will establish and strengthen exchanges with relevant EU agencies and EUROPOL, broaden substantial cooperation with law-enforcement organs of EU members and step up coordination in case handling and information sharing within their respective legal framework. The two sides should support and actively participate in UN peacekeeping and other activities.

### 4. Cooperation in Public Administration

China and the EU should share experience in transforming government functions and deepening personnel management reform, discuss the establishment of a China-EU cooperation mechanism on personnel and administrative management and conduct exchanges in civil service system building and human resources development.

## V. The Military Aspect

China and the EU will maintain high-level military-to-military exchanges, develop and improve, step by step, a strategic security consultation mechanism, exchange more missions of military experts, and expand exchanges in respect of military officers' training and defence studies.

The EU should lift its ban on arms sales to China at an early date so as to remove barriers to greater bilateral cooperation on defence industry and technologies.