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Delegations will find attached the declassified version of the above document.

The text of this document is identical to the previous version.

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NOTE

From : Secretariat
To : COREPER
Subject : Preparation of EU-China Summit

Delegations will find attached a paper from the Presidency, drawn up in cooperation with the General Secretariat of the Council and the Commission, in preparation of the upcoming EU-China Summit.

PAPER FROM THE PRESIDENCY

PREPARATION OF THE EU-CHINA SUMMIT

(Beijing, 28 November 2007, t.b.c)

1. CONTEXT

China, with a fifth of the world population, is not only the world's fourth largest economy and third exporter, but is also an increasingly important political power. Its economic growth has thrown weight behind a more active and sophisticated foreign policy. China is a key challenge for EU foreign and trade policy. China's growing role on the world diplomatic stage, its growing economic influence and industrialization are causing a realignment of past structures and a change in the global balances. The environmental effects of its industrialisation and modernisation process are another important challenge for China itself and the world in general. The EU is thus directly concerned. Bilateral trade has doubled between 2000 and 2005. Europe is China's largest export market; China is Europe's largest source of imports and largest bilateral deficit. Exports from the EU to China amounted to 63 billion € in 2006, which corresponds to an annual increase of 22%.

The EU and China agreed a strategic partnership in 2003. Like the EU, China is closely bound to the globalisation process, becoming more integrated into the international system and is expected to play an increasing role in the effective international response to global challenges. Their increasingly important international roles call on the EU and China to work together to support and contribute to a rule-based, strong and effective multilateral system based on existing multilateral institutions such as the UN or the WTO. They should bring their respective strengths to bear in order to offer solutions to global problems and manage globalisation effectively. China's focus on Europe is also bound to increase in the run-up to the ASEM VI Summit, which will take place in Beijing in late 2008.

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Yearly summits play a key role in the bilateral relationship. They represent the main occasion to take stock of the state of the overall relationship in all its complexity, to provide guidance and to identify new directions for further developments. The 10th EU-China Summit will take place under the overall framework set forth in the Helsinki Joint Declaration, the Commission Communication “*EU-China: Closer Partners, Growing Responsibilities*”, the working document on EU-China trade and investment and the Council Conclusions on EU-China Strategic Partnership.

This paper aims to propose a limited number of key EU priorities that could realistically become concrete objectives at this Summit. It also aims to identify the main issues which, though not necessarily leading to concrete "deliverables", should be either raised by the EU or are likely to be raised by the Chinese side.

2. KEY OBJECTIVES

A number of key priorities should figure prominently in the Summit discussions and in the Joint Statement. The aim should be to obtain genuine “*deliverables*” on these issues.

The first would be **the strengthening of the comprehensive strategic partnership** with increased engagement in international affairs and on global issues. Last year's Summit statement contained for the first time language on a number of international issues (such as the Middle East, Iran, Korea, Darfur, etc.). The aim this year would be to deepen and better articulate the mechanism for bilateral dialogue and co-operation on these issues. The strategic dialogue at Vice Foreign Minister level should play a key role to that end.

In this context it is particularly important to engage China in a **Structured dialogue on Africa's sustainable development**, including Human Rights and governance issues. This will also increase China's involvement in international efforts to improve aid efficiency, co-ordination and practical bilateral co-operation on the ground, and to foster co-operation on concrete infrastructure development. The strategic dialogue may help to identify appropriate mechanisms for improving practical bilateral co-operation through concrete projects.

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Another key priority is **Climate Change and Energy** (including energy security and energy efficiency). The EU should seek to strengthen co-operation on the basis of the 'Partnership on Climate Change' and encourage the growing engagement of China in the international response to Climate Change process under the UN. Building on Heiligendamm's joint statement with Brazil, China, India, Mexico, South Africa and on ongoing actions the EU should further encourage China's cooperation on energy efficiency, clean fossil fuels technology, increased use of cleaner and renewable energy sources and energy security. It should also encourage China to act as a responsible partner in the world energy markets. Another attempt could be made to adopt a specific energy security declaration.

Negotiations on a PCA were launched in January and both sides agreed that the 2007 summit should take stock of progress made on the negotiations. An "*early harvest*" on areas where there is broad agreement within this context (both trade and political tracks) could be an important deliverable.

Increasing the efficiency and synergies of the current **sectoral dialogues** would also be an important result.

Other **concrete "deliverables"** include Law school and the adoption of a programme to facilitate mobility of European researchers in China.

3. OTHER MAIN ISSUES

It is too early at this stage to present a concrete draft agenda. Being the host, China will in any case make the first proposal. It is however to be expected that agenda items will be grouped around two main headings: **EU-China relations** and **International and Global issues**.

On **bilateral relations** the EU side will want:

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- to press to ensure that **trade and economic development is mutually beneficial** and that the EU and China both stand to gain from our trade and economic partnership. A concrete deliverable may result from the progress achieved through the dialogue on 'expanding exports to China and improving the trade balance'.
- to address the need to achieve progresses in IPR, namely in the fight against piracy, counterfeiting, royalty payments and thresholds. In this context, the state of play of IPR/ dialogue should be raised.
- to continue to raise **Human Rights** issues, and in particular to continue to push for the ratification of ICCPR, to which China has committed itself. The EU should raise the issue of death penalty and progress in the reform of the Chinese system of re-education through labour, as well as consultations with representatives of the Dalai Lama. We should also urge China to implement the recommendations of the Special Representative on Torture.
- to push for progress in the negotiations of the **Readmission Agreement**.

The Chinese side will most probably want:

- to raise the questions of **Market Economy Status** and of the **Arms embargo**. China is certainly aware that it is very unlikely that the EU will change its stance on any of these two issues in time for the Summit. But it will press for that nonetheless. On Market Economy Status, the EU might acknowledge efforts / recent progresses made by China- if any – notably as a result of the Working Group meeting.
- to discuss the situation in **Taiwan** and ask the EU for stronger support for the Chinese position against what it perceives as irresponsible and provocative initiatives by the Taiwanese leader Chen Shui-Bien in the run-up to the presidential elections.

On **International and Global Issues**, apart from the engagement to deepen and better articulate bilateral dialogue on them, questions likely to be discussed or to be inserted in the Joint Statement are likely to include, inter alia, the Korean Peninsula, Iran, the Middle East, Africa and Kosovo.

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4. PREPARATION

COREPER is invited to discuss the preparation of the EU-China Summit. The results of this discussion will provide input to the preparation of the Summit agenda and the negotiation of the Joint Statement. Overall responsibility for the Summit preparations at the working level remains with COASI, which will keep COREPER informed of the state of preparation (including on the final agenda and logistical arrangements for the Summit) and seek guidance as appropriate. PSC will be engaged in a discussion on CFSP aspects of the Summit, as the 133 committee will be engaged on the trade side.

A coordinated approach to press lines could, as in the past, be useful.

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