



Council of the  
European Union

Brussels, 6 February 2017  
(OR. en)

12397/11  
DCL 1

PESC 893  
COASI 112  
ASIE 43  
WTO 261  
ECOFIN 490

### DECLASSIFICATION

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of document: ST 12397/11 RESTREINT UE/EU RESTRICTED  
dated: 4 July 2011  
new status: Public  
Subject: China - Common EU Ministerial Speaking Points

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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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**"I" ITEM NOTE**

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from: Political and Security Committee  
to: COREPER

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Subject : China - Common EU Ministerial Speaking Points

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1. On 28 June 2011, the PSC endorsed the Common EU Ministerial Speaking Points related to China agreed by the Asia-Oceania Working Group on 15 June 2011.
2. Consequently, the Committee of Permanent Representatives is invited to approve the Common EU Ministerial Speaking Points related to China as set out at annex.

COMMON EU MINISTERIAL SPEAKING POINTS RELATED TO CHINA

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**I. GENERAL ISSUES**

EU-China Strategic Partnership

- The EU remains strongly committed to the comprehensive strategic partnership with China, launched in 2003 and reflected in the European Council discussion of 17 December 2010, where the EU Heads of State and Government welcomed the progress report by HR/VP Ashton on the ongoing important work on the EU's strategic partners. The partnership is based on a spirit of cooperation, reciprocity and mutual benefit. It is increasingly focused on addressing global challenges where the EU and China play a key role for an effective international response. We have important international commitments and responsibilities in that respect and must both work hard to deliver them, in the interest of wider international security and stability. In this respect the EU-China relations transcend bilateral frameworks and take on a global dimension.
- The EU and China have a growing mutual interest in stability and prosperity in the world. We share common responsibilities for the world economy. EU recognizes the considerable contribution of China to world growth and strongly supports the emergence of China on the world stage as a major and responsible player.
- The framework provided by the Lisbon treaty provides an opportunity to deepen and broaden our partnership in the years ahead. Catherine Ashton, in her twin role as High Representative of the Union for Foreign Affairs and Security Policy and Commission Vice-President, will ensure the overall coordination of the European Union's external action.
- The EU stands ready to bring the partnership forward, but the EU and China need to make progress on key concerns. Some of these concerns can be found in the area of trade. The EU and China need to remove trade barriers and improve the business climate. Another area of concern is the human rights situation, where the EU sees the necessity to deepen the dialogue.

- A balanced and creative bilateral relationship should be based on shared interests. While the EU and China have different starting points, their objectives in pursuing their respective key interests coincide or complement each other. In particular, they both have a common interest in a sustainable and open world economy, they both wish to be prominent actors in global governance, and they both have interests in regional stability and global security.
- Further progress should be made in the negotiations on a single and overarching Partnership and Cooperation Agreement. The Agreement will reflect the full breadth of our partnership and provide the legal and institutional framework for our relations. We hope that ongoing negotiations may lead to the rapid conclusion of an ambitious agreement. To this end, we count on the full support of the Chinese side in order to accelerate the negotiations.
- We should make further efforts to improve coordination between our sectoral dialogues, which range from political to regulatory issues. Our work in this area must be more focused and results oriented, with mutually agreed benchmarks and follow-up mechanisms.

#### Galileo

- China and the EU have a common interest to seek for an updated cooperation framework that should be balanced, reflect a mutually acceptable compromise and become a reality as soon as possible.
- On the frequency issue, the current impasse is harmful both for China and the EU. As Premier Wen himself replied to President Barroso, we should “work together to find viable technical solutions agreed by both sides” to improve compatibility between Galileo/EGNOS and Compass. Solving quickly this matter of frequencies by a substantive dialogue, with a constructive approach and mutual understanding is of paramount importance.

**II. ECONOMY AND TRADE**

**II.A. A more visibly playing field: market access, investment conditions, IPRs, public procurement, access to raw materials**

- China has impressively come out of the international crisis and continues to offer a great potential for growth in the future. The Chinese economy has overtaken Germany as the world's largest exporter and Japan as the world's second largest economy.
- Our respective trade is on the rise, with EU exports up by 37% in 2010 to reach €113 billion, passing the € 100 billion mark for the first time ever.
- The EU and China are strategic partners for each other. Our trade and investment relationship has become a major source of wealth, jobs, development and innovation for both sides. European companies are deeply integrated in Asian and Chinese production chains.
- But successful economic cooperation is not a given. To move ahead, both sides need to continue to deepen the cooperation to deal with both the opportunities and the challenges. Reciprocity is a keyword.
- There are concerns in the EU and elsewhere about a worsening business climate in China and in particular the lack of a level playing field, whether related to market access, investment rules, government procurement or access to raw materials. We have to recognise the efforts of the Chinese authorities. Market distorting subsidies, export credits - if not in line with international disciplines - improved enforcement of intellectual property rights and protection of agri-food geographical indications are also among areas of our particular focus. Addressing all these concerns is essential for European business but will also contribute to China's efforts to reach a more balanced model for economic growth, for instance by opening its government procurement market, further opening its services market and loosening its investment restrictions.

- The EU appreciates the Chinese Government's reassurances that China will treat foreign established enterprises in China not differently from domestic ones. This is an essential part of our bilateral relationship. We look forward to seeing these reassurances translated in concrete market opening and non-discrimination between Chinese and foreign businesses, whether based in China or elsewhere.
- The third EU-China High Level Economic and Trade Dialogue (HED) held in Beijing on 21 December 2010 produced important results in various areas, including Chinese reassurances on non-discrimination in its indigenous innovation programme. The new HED structure is an important platform for broader strategic discussions on all key economic and trade issues in the relationship and provided an opportunity to raise at the highest level important issues such as export restrictions on raw materials, access to public procurement contracts, export credits not in line with international disciplines and market distorting subsidies. The HED also allowed for a constructive discussion on ways to deepen investment relations between both sides. It goes without saying that any bilateral framework does not preclude the importance of respect for WTO obligations and further multilateral liberalisation.

Defensive point – Market Economy Status

- The Commission's assessment shows that China is making progress. Most laws are in place but implementation and enforcement remain to be demonstrated.
- It is in China's interest to be more pro-active in demonstrating that it is meeting the remaining technical criteria. Timing of conclusion on market economy status is largely in China's hands as China dictates the speed with which market oriented rules and laws are effectively enforced so that domestic prices and costs can be reliably used for Trade Defence Instruments.



**II.B. Climate change and energy security**

- The Cancún Agreements confirmed that the whole international community wants action against climate change to happen now, and put the multilateral climate process back on the rails. We should work together on the implementation of the Cancún Agreements, but we still need an ambitious, legally-binding global regime to guarantee for legal certainty and predictability, reciprocity between countries, and a strong political signal of willingness to act. Taking into account the limited results of the April meeting in Bangkok, we look forward to the June session of UNFCCC in Bonn to reach consensus on a wider number of issues. We have to ensure we work hard throughout this year, implementing agreements made in Cancún, as well as addressing key unresolved areas, in order to make the Climate Conference in Durban a success.
- The EU has put its emission reduction plans on the table, we are on track to meet our Kyoto target and our commitment to reduce emissions by 20 per cent by 2020 compared to 1990 is inscribed into law. The 30 per cent target is still an option, provided that other developed countries commit themselves to comparable emission reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities. We are still committed to long term low emission development. The Commission has published a roadmap for moving to a low carbon economy by 2050. The roadmap is an integrated package with the new Energy Efficiency Action Plan and will be followed by a transport White Paper and an Energy Roadmap.
- The EU will also continue delivering on its fast-start funding commitment – ensuring that its support is channelled to facilitate the implementation of the Cancun package, addressing possible gaps, and strengthening cooperation with recipients and other donor countries.

- The efforts of the EU and China are key to the success of the post-2012 climate change negotiations. In order to make Durban successful, the EU encourages all countries to step up their domestic action and implement the Cancún agreement. In this regard, the EU stresses that a significant gap remains to be bridged between the mitigation commitments and actions put forward by Parties for 2020 and the 2° C objective as enshrined in the Cancún Agreements. .
- The EU welcomes dialogue with China on the legal form of a future international agreement on climate change and is willing to consider a second commitment period of the Kyoto Protocol as part of a wider outcome including the perspective of the global and comprehensive framework engaging all major economies and once the ambition and effectiveness of international action is reflected and the weaknesses which currently undermine the environmental integrity of the Kyoto Protocol have been appropriately addressed.
- The EU welcomes the decision in China's 12<sup>th</sup> Five-Year Plan to pilot new low-carbon policies, including emissions trading, low carbon cities and provinces and domestic measurement, reporting and verification, and acknowledges the importance of China's decision to set a carbon intensity target. We encourage China to share information on how the EU and China can work together to help China meet and surpass these targets. The EU attaches great importance to the EU-China Climate Change Partnership and we are ready to cooperate with China on these aspects.
- EU and China have clearly identified low-carbon economy as a major driver of green growth. We are convinced that if China takes the necessary steps in its domestic policy and improves transparency in its reporting, it will encourage the rest of the world to move forward. Strategic cooperation between the EU and China is also significant in this regard.

- The EU is keen to continue to work in partnership with China to create the global conditions needed for energy security. The EU and China have a mutual interest in avoiding the damaging effects of global energy price spikes and volatility and we are keen to work with China on efforts to tackle these through, for example, increased transparency of energy policies and coordination of stockpiles reserves, as well as improved global energy governance.
- The EU welcomes China's plan to diversify its energy sources and invest in renewable and clean energies and sustainable mobility. Investment in clean coal technologies will be key to turn the Chinese economy to a low carbon one and we are keen to continue to explore the possibility of further cooperation on electric vehicles and carbon capture and storage, including through continued engagement on the Near Zero Emission Coal initiative.
- Energy efficiency in the building sector will be a major challenge for China to achieve its energy intensity objectives. The EU is strongly committed to supporting China in its efforts.
- Also the EU welcomes China's initiative to invest in grids and energy savings throughout the transmission/distribution chain. It will be important to work hand in hand on standards so as to fasten this process. Equally important is to ensure proper connection and integration of renewable energy to the grids.
- The EU stresses the priority of ensuring nuclear safety. The nuclear disaster at Fukushima illustrates in a painful way that there is particular need to intensify efforts to this end. Committing itself to the highest nuclear safety standards, the EU requests the same approach worldwide.
- The EU welcomes China's decision to cautiously revise the safety of its nuclear plants and underlines that a comprehensive and transparent risk and safety assessment (“stress tests”) is to be carried out both in existing and planned nuclear plants.

- In order to fully draw the lessons from the events in Fukushima, on 25 March the European Council decided to conduct stress tests regarding both existing and planned nuclear power plants. The assessments will be conducted by independent national authorities and through peer review, their outcome and any necessary subsequent measures that will be taken will be made public. The EU invites China, to organise the revision of its plants in a similar way, and to share the outcome with the EU and relevant international bodies.
- The IAEA ministerial conference from 20 to 24 June 2011 in Vienna will mark an important occasion to review the international policy on nuclear safety. It should launch a process in the course of which, in light of lessons learned, the legal framework regarding nuclear safety should be reviewed. The EU will actively contribute to all efforts to strengthen the international framework and its implementation, especially in the areas of nuclear safety, nuclear liability, radiological protection, emergency preparedness and post-accidental management.

### **III. GOVERNANCE, VALUES AND SOCIAL QUESTIONS**

#### **III.A. Rule of law**

- The EU stresses the importance of ensuring the rule of law and deplores recent measures to harass, intimidate and even physically abuse lawyers handling sensitive cases. The EU is particularly concerned that a number of lawyers who frequently act in cases concerning violations of human rights have recently disappeared after being detained by police officers; arbitrary detention and disappearance constitute grave violations of human rights. The EU calls on China to allow lawyers to discharge their professional duties without hindrance. The EU also regrets that its diplomats are systematically excluded from observing trials and reminds China that open trials are a fundamental component of the rule of law.

Hong Kong and Macao

- The EU continues to pay high attention to the application of the ‘one country, two systems’, policy, as established in the Sino-British Declaration and the Basic Law of Hong Kong, and in the Sino-Portuguese Joint Declaration and the Basic Law of Macao, respectively. The EU is pleased that this principle continues to work well, as the rights and fundamental freedoms of the people of Hong Kong and Macao are respected, the rule of law protected and the market economic system and business environment maintained.
- The EU continues to strongly support early and substantial progress towards the goal of genuine universal suffrage in line with international standards, in accordance with the Basic Law of the Hong Kong SAR and the wishes of the people of Hong Kong.

III.B. Human rights

- The EU encourages China to make more rapid progress towards all international human rights standards, including civil and political rights. The EU calls on China to move more quickly towards ratification of the International Covenant on Civil and Political Rights, which China has signed, and to announce a timetable for ratification as soon as possible. The EU reminds China that the development of independent civil society and the application of human rights under the rule of law are essential prerequisites for long-term prosperity and stability.
- The EU attaches the highest importance to our EU-China Human Rights Dialogue and regrets that China cancelled the session of dialogue foreseen for the second semester of 2010. The EU believes there is scope for further improving the dialogue, making it more efficient and results-oriented. The EU is ready to consider new working methods and looks forwards to working with China to this end. The EU attaches equal importance to the Legal Seminar and the active involvement of NGOs.

- The EU expresses its concern at increasing restrictions on freedom of expression and freedom of association and assembly. The EU calls on China to allow both foreign and domestic journalists to report freely in China and to ensure their physical safety when carrying out their duties in accordance with the Chinese law. The EU underlines the importance it attaches to the development of a vigorous civil society and regrets recent measures taken against a variety of civil society organizations.
- The EU remains concerned about measures taken against those who wish peacefully to express their views in China, such as human rights defenders and the signatories of the Charter 08. The EU is concerned that in February/March 2011, large numbers of bloggers and political activists have either been charged with criminal offences, such as subverting state power, or have been detained without charge. The EU reiterates that all those who wish to express their views peacefully should be allowed to do so without fear of reprisal. We call for an end to the widespread harassment of Charter 08 signatories. The EU continues to welcome the protection that Article 36 of the PRC constitution provides for freedom of religious belief, and calls for China to ensure that this protection is properly implemented.
- The EU recalls its principled opposition to the death penalty and calls for a moratorium as a first step towards its abolition. While welcoming the recent reduction in the number of offences carrying the death penalty, the EU notes that fifty-five offences remain punishable by death. The EU urges China to adhere to the international minimum standard that capital punishment may only be imposed for the most serious crimes and calls on China to reduce further the number of offences for which the death penalty is imposed. The EU also calls for China to make public the numbers of those executed. Moreover, the EU urges China to abolish the current system of re-education through labor and other forms of administrative detention which are in contradiction with the Chinese law and incompatible with the ICCPR.

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- The EU commends the fact that China has adopted numerous regulations intended to strengthen the formal prohibition of torture stipulated in the Criminal Law. However, the EU notes with concern the continued allegations of routine and widespread use of torture and other ill-treatment of suspects by law enforcement officers. The EU recommends that China should consider signing the Optional Protocol to the Convention against Torture as soon as possible. In this context, the EU warmly welcomes the progress made in our joint projects to train and educate laymen, law enforcement officials and policy makers in the prevention of torture.
- The EU believes that sentencing an individual for expressing his views is incompatible with China's human rights obligations. The EU remains concerned about the case of Liu Xiaobo, 2010 Nobel Peace Prize laureate, and notes that his conviction and imprisoning on the charge of inciting subversion of state power is entirely incompatible with his right to freedom of expression. The EU calls on China to release Liu Xiaobo, Ai Weiwei and Hu Jia, recipient of the Sakharov Prize, together with all other writers, journalists and others detained or convicted for reporting on or demonstrating against human rights abuses, and to refrain from further such detentions.
- The EU is concerned at the increasing use of extra-legal measures taken against human rights defenders. The EU calls on China to clarify the whereabouts of the lawyer Gao Zhisheng, to lift restrictions on Liu Xia (wife of Liu Xiaobo) and to allow access to the lawyer Cheng Guangcheng.

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- The EU reminds China of its commitments under the UN Convention relating to the Status of Refugees and the 1967 Protocol to that Convention, specifically the refoulement of refugees. The EU calls on China to cease to be party to the refoulement of refugees, particularly those from ethnic Korean and Uighur minorities, and to allow access to the relevant UN agencies access to refugee groups.

### **III.C. Civil society**

- The EU attaches great importance to the 2011 EU-China Year of Youth. This year, both sides will work together to promote intercultural dialogue and strengthen mutual understanding and friendship between European and Chinese youth. The Year will make a positive impact on a number of areas of common interest. One of the EU expectations is for cooperation between policy makers as well as between youth organizations to be sustained beyond 2011. 2012 has been announced as the EU-China Year of Inter-Cultural Dialogue. Both years will strengthen people-to-people links.

### **III.D. Migration**

- We should take into account the impact that our bilateral exchanges have on migration flows. Today, 210,000 Chinese are studying in Europe compared to over 110,000 EU citizens studying in China. A deeper cooperation on mobility issue, covering legal and illegal migration, is therefore necessary. In this respect, the conclusion of a readmission agreement or of readmission provisions is an essential pre-requisite.
- The EU insists on the fact that the negotiation on migrations related issues (including biometry and visa policy) should be led in the EU-China framework. To that extent, the EU asks China not to take measures differentiating the conditions for the nationals of different member states to apply for Chinese visas.



III.E. Issues of relevance

Tibet

- While respecting China's territorial integrity, the EU strongly supports peaceful reconciliation through dialogue between the Chinese authorities and representatives of the Dalai Lama to achieve a system of meaningful autonomy for Tibet within the Chinese Constitution. The dialogue should lead to concrete negotiations on a durable solution. It is important that all Tibetans participate in their own development and that Tibetan culture and religious freedom is respected. This dialogue must be constructive and substantive, addressing core issues like the preservation of the Tibetan language, cultural identity, religion and traditions, as well as the participation of all Tibetans in decision-making. The EU is concerned that the rapid resettlement of all Tibetan nomads may have grave implications for the preservation of Tibetan culture and calls on China to ensure that persons are only resettled once they have given their fully-informed consent.
- The EU remains concerned about the situation of human rights in Tibet and calls for full respect for human rights, including the freedom of expression, religion, culture, association and assembly. The EU remains concerned that access to the Tibetan Autonomous Region and other Tibetan areas remains limited, including for the international media, diplomats and humanitarian organisations.

Dalai Lama

- When representatives of EU institutions meet the Dalai Lama, it is in his capacity as a respected religious leader. The Dalai Lama has high appeal and esteem amongst EU citizens. He is respected for playing a key role in working towards a peaceful solution of the situation in Tibet.

Xinjiang

- The EU is concerned about the situation in Xinjiang Uyghur Autonomous Region and continues to follow developments closely. It is important that Uyghur culture and religious freedom is respected. The EU calls for full respect for human rights in Xinjiang, including freedom of expression, religion, culture, association and assembly. The EU calls on China to ensure that Uyghurs participate fully in decision-making concerning issues affecting their community. The EU urges China to ensure that all persons prosecuted in connection with the July 2009 unrest enjoy their full rights to a fair trial. The EU expresses its concern at persistent reports that significant numbers of Uyghurs suspected of involvement in the disturbances have subsequently disappeared.

Taiwan

- The EU fully adheres to its one-China policy and will provide firm support to future initiatives that further advance meaningful dialogue across the Strait. We are pleased that the current political situation across the Taiwan Strait is improving. Stability in the cross-strait relations is in the interest of the international community.
- The EU welcomes the cross-strait talks which have resulted in the signature of several important agreements. These talks help to build confidence and the mutual understanding necessary to strengthening cooperation and stability in the Taiwan Strait and Pacific Asia. The EU encourages steps in this direction, avoiding unilateral steps that can threaten the status quo, and taking all possible measures to resolve differences peacefully through negotiations between all stakeholders concerned.

- The EU encourages both sides to solve the issue of Taiwan's participation in international organisations through dialogue. In accordance with its one-China policy, the EU does not support Taiwan's membership in international organizations which require statehood, and reiterates its support to Taiwan's meaningful participation in specialized multilateral fora, especially where this participation would be important to the EU and global interests.

#### **IV. SECURITY CHALLENGES**

##### **IV.A. Global security**

###### **Disarmament and non-proliferation**

- The EU has strong interest in working with China in furthering disarmament and non-proliferation.
- Both EU and China believe in multilateral cooperation and the multilateral treaty system. They should enhance their cooperation in order to support and further strengthen the multilateral non proliferation/disarmament regime.
- As an annex II country of the Comprehensive Nuclear Test Ban Treaty (CTBT), China's ratification of the CTBT is of vital importance and should be strongly encouraged in order to facilitate the early entry into force of the Treaty.
- China and the EU should work in synergy to promote the immediate commencement of negotiations of the Fissile Material Cut-off Treaty within the Conference on Disarmament and strengthening the IAEA safeguards system, further promoting universalisation of the additional protocol.
- The EU and China should continue and further enhance their cooperation in addressing the serious proliferation crisis that risk undermine the nuclear non proliferation regime.

- The EU is committed to continue dialogue with China on the elaboration of a Code of Conduct in Outer Space aiming at establishing transparency and confidence building measures for the peaceful use of space, thus increasing security, safety, and predictability in outer space. The EU is committed to continue to consult with China on the draft text of the Code of Conduct for Outer Space Activities, with a view to China's subscription to the Code.
- Missile proliferation also remains a common concern for the EU and China. In this regard the EU should recognize China's voluntary alignment with the provisions of the Hague Code of Conduct against ballistic missile proliferation. At the same time, China's formal subscription to the Code should be sought.
- As for conventional weapons, the EU looks forward to further developing cooperation and dialogue with China on the ongoing negotiations for an Arms Trade Treaty.
- The EU will also continue to pursue the development of a dedicated EU-China dialogue on Small Arms and Light Weapons (SALW) that could include joint projects in support of EU-China civil society initiatives in this field and support to third countries' efforts in the area of prevention of illicit trade and excessive accumulation of SALW .

#### **IV.B. Regional stability**

##### Asian regional security

- The state of political and military relations in Asia is a matter of concern for the EU because of global implications of political, military and economic stability in the region. The EU believes that territorial disputes should be resolved through peaceful means in accordance with international law. The South China Sea is an important global trade artery. The EU has a stake in seeing peaceful solutions to territorial disputes and in the maintenance of freedom of navigation in accordance with the UN Convention on the Law of the Sea.

Somali piracy

- Piracy in the Gulf of Aden and the Western Indian Ocean is a challenge for all of us. In this respect, the EU welcomes China's high quality efforts to contribute actively to the fight against piracy in this area. The EU warmly welcomes Chinese deployment of its naval assets to the Gulf of Aden and the ongoing coordination in tackling this common threat. We are grateful for the offer China made to share the burden of escorting World Food Programme shipping into Somalia. The EU would consider the full integration of the Chinese Navy to the coordination mechanisms in the Gulf of Aden off the coast of Somalia as a real added value, for which EU would give full support inter alia through training.
- We welcome the active Chinese participation in the Contact Group on Piracy off the Coast of Somalia (CGPCS) and its Working Groups, which have become a useful international cooperation mechanism.

Afghanistan

- The EU is committed to assisting Afghanistan in achieving long-term stability and prosperity; the country needs security and effective governance to become politically stable and develop its economy in a sustainable way. As the process of transition moves forward, with the transfer of responsibilities to the Afghan authorities in the areas of security and development, the cooperation of countries in the region becomes crucial. The EU hopes that China will support these objectives and efforts to encourage all countries and organisations in the region to cooperate in finding ways to promote the stability and development of Afghanistan and its regional economic integration. In this context, China could consider joining the growing consensus about a necessary political solution - through reconciliation and reintegration - in Afghanistan. The International Contact Group (ICG) on Afghanistan and Pakistan has now a majority of members from Muslim countries and presently the majority of its members are not participants in ISAF. China, who is now an observer, could consider becoming full member of the ICG on AFPAK..

Pakistan

- A stable, democratic and prosperous Pakistan is key in order to secure stability in the region and to address global issues such as counter-terrorism, non-proliferation or counter-narcotics. The EU participates in international efforts to assist Pakistan on these issues, addressing its difficult economic situation, coping with the effects of the 2010 floods and further strengthening the democratic government and institutions in the country. It is ready to work with China in these fields, and in seeking ways to improve regional cooperation.
- Taking into account the strategic importance of Pakistan's development, both China and the EU have important interests at stake in Pakistan and in this regard the EU is ready to work with China. The floods of 2010 have seriously aggravated the social, economic and political challenges facing the country. Pakistan is facing a growing terrorist threat, coming from violent extremist groups. At the same time, we expect Pakistan to play a constructive role in support of regional stability, for instance in relation to the long-standing conflict with India over Kashmir. It is in the common interest of China and the EU to ensure that an Afghan-led political process culminates in an inclusive and sustainable settlement, to support and strengthen Pakistan's capability to combat terrorism and extremism, to enhance economic stability and prosperity as well as strengthen cooperation for peace, stability and security in Afghanistan and the wider region.

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- The climate of intolerance and violence in Pakistan is a matter of deep concern. We look forward to discussing this more closely, both in our bilateral contacts and through groups like the "Friends of Democratic Pakistan". This could put China in a strong position to engage with Pakistan's Government and encourage necessary reforms to make the country's economy viable and achieve sustainable economic growth.

#### Korean Peninsula/DPRK

- Like China, the EU has a direct interest in a peaceful and stable Korean Peninsula. This is because tensions can destabilise the EU's significant economic interests in North East Asia. Also upholding the international non-proliferation regime is of great importance for the EU.
- Inter-Korean dialogue is an essential element for peace and stability on the Peninsula and a necessary precursor to wider multilateral dialogue. China should join key partners to call on all relevant parties to create conditions enabling commencement of inter-Korean dialogue.
- Although the EU supports the Six Party Talks as a mechanism for DPRK to denuclearise in a complete, verifiable and irreversible manner, we remain deeply concerned by the recent reports highlighting North Korea's continuing nuclear activities in clear violation of UN Security Council resolutions, notably the revelation in November last year, of the existence of a uranium enrichment facility. The EU calls upon all States to abide by their obligations under these resolutions, and requests China to support necessary affirmative action within the Security Council to address the continuing concerns of the international community.

- The EU expresses deep concern about the proliferation activities of the DPRK, particularly in the Middle East, and its intention to continue developing its ballistic missiles capabilities. The EU furthermore calls upon the DPRK to fulfil its obligations as stated in the UNSC resolutions 1718 and 1874, notably the suspension of all activities related to its ballistic missile programme and the re-establishment of its pre-existing commitments to a moratorium on missile launching to prove seriousness to engage towards dialogue with the RoK and to abstain from provocations, which could jeopardize genuine reconciliation and thus peace and stability on the Korean Peninsula.
- The EU remains concerned about the human rights situation in the DPRK and regrets DPRK's lack of cooperation with UN mechanisms. The EU urges China not to return emigrants to the DPRK where we believe they are often subject to harsh penalties. We also encourage China to provide access for the UNHCR to evaluate the situation. Although many, if not most, North Korean emigrants are economic emigrants, they should not be returned as the punishment they face is unacceptably harsh. According to many reports, even economic emigrants are sometimes regarded as political ones.

#### Burma/Myanmar

- The EU wants to see a stable and prosperous Myanmar, and the new Government should now assume responsibility for a peaceful transition to democracy and respect for human rights and fundamental freedoms. A genuine dialogue between the Government and all political and ethnic groups is essential.
- The EU wishes to engage politically with the Government of Myanmar. The EU listens to a broad spectrum of voices inside the country. That includes, apart from Government, the various political parties and other stakeholders.



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- The EU wishes to engage politically with the Government of Myanmar. The EU listens to a broad spectrum of voices inside the country. That includes, apart from Government, the various political parties and other stakeholders including Aung San Suu Kyi.
- The EU assesses the situation not only on the basis of the elections, but also on factors such as:
  - The composition of the Government, in particular the participation of civilians .
  - The functioning of the political institutions: how accountable will the Parliament and Government be vis-à-vis the electorate; will there be scope for opposition parties; will ethnic parties have a genuine input; will human rights be respected and political prisoners be released?
  - The policies of the Government; in particular those to bring the country forward and to develop the economy, to deliver basic social services to the people and to reduce poverty.
- In deciding on this approach, the EU has in addition listened carefully to a broad range of stakeholders, including political opposition groups in the country, ASEAN members and regional and international partners.
- The EU calls upon China to exert a moderating influence, especially towards stability at the border and avoidance of violence. As the eminent regional power and a close partner of Myanmar, China can play an important role. Stability can only come about from a process of comprehensive reform.

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- (Defensive on sanctions) The EU has deemed it necessary to renew the restrictive measures for a period of twelve months. In doing so, however, the EU reiterates its willingness to encourage and respond to improvements in governance and progress, in the hope that a greater civilian character of the Government will help in developing much needed new policies. The application of the visa ban and asset freeze will be suspended for certain civilian members of the Government, including the Foreign Minister as an essential interlocutor, for a period of one year, subject to continued review. The ban on high level visits to the country will also be lifted, anticipating access to senior levels of the Government, and to key opposition figures. The EU will assess the new Government by its deeds, and will review the set of restrictive measures accordingly. The EU is prepared to respond positively to genuine progress by the Burmese Government.

#### Northern Africa

- Events unfolding in the Arab world have already changed the course of history and the political landscape in the region, with an impact far beyond the Arab world. These changes responding to the aspirations, needs and hopes of the people are originated by true popular revolutions and can only be welcome. We believe that peace and stability in the region will be possible only if people's aspirations for better living conditions, for full freedoms and human rights, for equitable governance and rule of law are satisfied. China has a strong presence in North Africa and therefore a considerable interest in a peaceful and stable region. We hope you share this assessment.

Iran

- The Iranian nuclear issue remains a serious concern. The EU remains determined to work towards a negotiated solution to the Iranian nuclear issue. Efforts, led by the EU High Representative, to engage Iran into meaningful talks aimed at building confidence in the exclusively peaceful nature of the Iranian nuclear programme have failed so far to produce concrete results, due to Iran's refusal to discuss concrete and practical steps for confidence building. While the door to negotiations remains open and the offers made to Iran remain on the table, we have to keep and increase the pressure on Iran, including through the UNSC, in order to make Iran change its attitude.

**IV.C. Regional integration processes and development issues**

ASEM

- The ASEM 8 Summit, held in Brussels in October 2010, was very successful and the Summit's "Declaration on a more effective Global Governance" was helpful in the lead-up to the G-20 meeting in Seoul. ASEM represents the highest level of, and broadest, dialogue between Europe and Asia and we look forward to continued cooperation with China in the ASEM process, as a follow-up to ASEM 8 and especially in the run-up the next ASEM 9 Summit to occur in Vientiane in November 2012. The success of the ASEM process is evidenced by its recent enlargement to include Australia, New Zealand and Russia, as well as by the multiplication of dialogues across the board.

China and Africa

- The EU and China are longstanding partners of Africa and both have common interests in the peace and security of the continent and in its sustainable development. The EU hopes to continue to cooperate with China in development and conflict resolution efforts in Africa in line with African-owned African Union principles and the Millennium Declaration. The EU thinks it is in the shared long term interests of Africa, China and the EU that poverty-alleviation policies are pursued with respect for human rights and democratic principles.
- The EU, China and Africa have many shared objectives in Africa. As major partners, together with Africa, we should all work more closely across a range of issues, both in capitals and in-country. A common approach to improve the effectiveness of official development assistance and preventing crises over indebtedness is desirable, particularly through a strengthened dialogue on aid policies toward Africa. Coordination between concrete EU and Chinese assistance is also desirable in order to allow African countries to maximize the effectiveness of all assistance in support of their development strategies. To this end all partners would benefit from an Africa-led trilateral dialogue, cooperation and exchange of experiences.
- The EU appreciates China's contribution to UN peacekeeping in Africa, in particular the support for the AU mission in Somalia. We encourage China to make further efforts to increase the AU capacities in the field of peacekeeping and work with international partners towards sustainable funding for the AU.

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East Asian regional architecture

- Developments regarding multilateral cooperation in the region, such as the enlargement of the East Asia Summit to include Russia and the US and the launch of the ASEAN Defence Ministers Plus Dialogue Partners forum, demonstrate the openness, inclusiveness and evolving nature of the East Asian Regional Architecture. As the EU is a significant stakeholder in East Asia (for example, the EU's trade with the East Asia region easily exceeds transatlantic trade in goods, i.e. with North - including the US - Central and South America), the EU is seeking to increase its engagement in East Asian regional fora, including through working more closely with China. In the spirit of its commitment to accede to the Treaty of Amity and Cooperation in Southeast Asia (TAC), the EU encourages China to ratify the Third Protocol amending the TAC in order to allow for its accession to it.

Development cooperation

- The EU congratulates China for its remarkable and sustained economic growth in past decades, lifting hundreds of millions out of poverty. The challenge now for the Chinese government - and this has already been identified by the Chinese leadership - is the need to ensure a more even distribution of wealth between different geographic parts as well as different parts of the population in China with full respect of private ownership's rights. The EU's development cooperation has shifted from investments on the ground to providing Chinese policy-makers and officials with easier access to European experience and approaches, through study tours, studies, training and technical assistance. EU assistance is most effective when it is aligned closely with China's own reform agenda, focuses on areas where the EU has a depth of experience and a range of models and strengthens institutions to ensure sustainability.

- The EU looks forward to working closely with the Chinese counterparts under the 12th five year plan and sharing experiences from the Europe 2020 Strategy. The stock of EC direct bilateral cooperation stands at over EUR 300m. In line with the rapid development of China, the need for ODA from the EU and its Member States to China has dramatically decreased and may be expected to come to an end in the near future, thanks to China's very successful development efforts. Bilateral assistance amounting to €45m envisaged for the period 2011-2013 will focus on providing support for China's reform programme in areas covered by sectoral dialogues, where EU experience can provide added value. This includes strengthening the rule of law, access to justice and good governance as well as supporting social protection reform. In cooperation with the Chinese government, the EU will also assist in efforts to address domestic and global concerns over the environment, energy, and climate change, in particular cooperation on low carbon development, energy and climate change as well as environmental protection.
- China itself has been a donor for 60 years already. As a donor, China has realised some very interesting projects, like the Tazara Railway, connecting Zambia with the harbour of Dar es Salaam in Tanzania. In the past decade, China has significantly increased its development efforts. China and the EU are engaging themselves in mutual learning in the "China-DAC Study Group". The EU would very much appreciate further engagement with China in this field, at the High Level Forum in Busan, for example. The EU and China could also consider jointly develop projects in third countries.
- The EU and China will develop their cooperation supporting the UN's central coordinating role in disaster relief management.

**IV.E. Arms embargo** (passive point, if raised by China)

- The EU has not changed its position on the arms embargo since 2004. The EU has reaffirmed its political will to continue to work towards lifting the arms embargo. In this context, China's progress in the area of human rights, in particular the ratification of the International Covenant on Civil and Political Rights, would be helpful.

**V. GLOBAL GOVERNANCE**

- The EU and China, as major global political and economic players, have to contribute to the strengthening of the global governance. On the economic, social and environmental part, the EU and China should continue to work together in favor of a more consistent and efficient global governance.
- The G-20 has become the key institution on international economic cooperation. The EU and China have to contribute to the G-20 process to achieve strong, sustainable and balanced growth, address global imbalances and reform the international monetary system. In 2011, we need to make progress both on the Action Plan to achieve strong, sustainable and balanced growth, and on the reform of the international monetary system. In line with the agreement reached at the G-20 summit in Seoul in November 2010, the EU and China are committed to undertake macroeconomic policies that ensure the ongoing recovery, promote sustainable growth and enhance the stability of financial markets, including through fiscal consolidation and enhanced exchange rate flexibility to reflect underlying economic fundamentals.
- Global imbalances remain a medium-term challenge for global macroeconomic and financial stability. In the G20 Summit in Toronto, G20 members with external surpluses, including China, pledged to undertake reforms to reduce their reliance on external demand and focus more on domestic sources of growth.

- Structural measures are needed to rebalance the Chinese growth model from an export/investment- to a consumption-driven one.
- Exchange rate policy can also contribute to achieve domestic goals and reduce global imbalances. At domestic level, the appreciation of the renminbi in real effective terms would be a significant step in the direction indicated by the People's Bank of China, i.e. to reach the four objectives of price stability, growth, full employment and balanced external accounts. At global level, a substantial appreciation is one element in the ongoing process of rebalancing of the global economy, which is crucial in order to pursue sustainable growth in the medium term.
- The EU considers that all major economies need to do their part to achieve the agreed objectives of strong, balanced and sustainable growth. The contribution by the euro area/EU is based on four main pillars: First, the EU is undertaking a progressive, growth-friendly and differentiated fiscal consolidation strategy, second, the EU is engaging on the “Europe 2020 strategy”, a ten-year programme of structural reforms to enhance growth and employment, third, the EU is undertaking an ambitious programme aimed at enhancing stability in the financial sector and fourth, we are strengthening the economic governance of the EU and the euro area with reforms designed to contribute to a stable euro and strengthen the foundations for sustainable public finances across the EU.

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