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“A” ITEM NOTE

from : Coreper
to. : Council

Subject : Preparation of EU-China Summit of 8 December 2004

1. The seventh Summit meeting between the EU and China will be held in The Hague on 8 December 2004. Negotiations are still continuing on the agenda and on a draft joint statement. The draft agenda for the Summit and the draft joint statement resulting from the present stage of negotiations are attached to the present note (Annexes I and II). Annex III contains a proposal by the Presidency for the paragraph of the joint statement concerning the arms embargo.
2. On 1 December Coreper exchanged views on preparations for the Summit on the basis of the texts in the annexes.
3. The Council is invited, without prejudice to the comments made by Member States in the Coreper meeting referred to above, to take note of the state of negotiations as indicated in the annexes.

Agenda : EU-China Summit (8 December 2004)

1. EU-China relations

- Recent developments in bilateral relations (including possible New Framework Agreement)(lead EU, reply China)

Political Issues :

- Readmission Agreement (lead EU, reply China)
- Arms embargo (lead China, reply EU)
- Human Rights (lead EU, reply China)
- Taiwan (lead China, reply EU)
- Non Proliferation (lead EU, reply China)

Economic Issues :

- Trade issues including WTO (lead EU, reply China)
- Market Economy Status (lead China, reply EU)
- Sectoral dialogues (lead EU, reply China)

2. Regional and International Issues (over lunch)

- North Korea (lead China, reply EU)
- Burma/Myanmar (lead EU, reply China)
- Afghanistan (if time permits) (lead China, reply EU)
- Iran (depending on recent developments) (lead EU, reply China)

Joint Statement of the 7th EU-China Summit
(EU counterproposal of November 26, 2004)

1. The Seventh Summit meeting between the European Union and China was held in The Hague, The Netherlands on 8 December 2004. The EU was represented by the President of the European Council, Netherlands Prime Minister Mr Jan Peter Balkenende, President of the European Commission Mr Jose Manuel Barroso and the Secretary General/High Representative for the EU Common Foreign and Security Policy Mr Javier Solana. China was represented by the Premier of the State Council of the People's Republic of China, Mr Wen Jiabao of the People's Republic of China.
2. Minister of Foreign Affairs of The Netherlands Mr Bernard Bot, the European Commissioner in charge of External Relations Ms Benita Ferrero-Waldner, the European Commissioner for Trade Mr Peter Mandelson, Chinese Minister of Foreign Affairs Mr. Li Zhaoxing and Chinese Minister of Commerce Mr. Bo Xilai also participated in the Summit.
3. The Leaders reviewed the development of EU-China relations and welcomed the progress made since the Sixth Summit meeting. The two sides agreed that there had been frequent high-level visits and effective dialogues and co-operations in all fields between the two sides, guided by the two policy papers issued by both sides and further defined at the EU-China Seminar in February 2004. The two sides looked forward to celebrating their bilateral achievements on the occasion of the 30th Anniversary of diplomatic relations between the EU and China in 2005.
4. The Leaders briefed each other on developments in the EU and China. China welcomed the new European Commission and European Parliament, the enlargement of the EU and the agreement by EU Heads of State and Government on the treaty establishing a Constitution for Europe. The two sides affirmed that the deepening and widening of the EU should contribute to further strengthening Sino-EU relations. The EU [EU: recognised China's achievements made under the ongoing social and economic reform.]

5. The two sides signed the Joint Declaration on Non-proliferation and Arms Control whereby they recognize each other as major strategic partners in the area of disarmament and non-proliferation. Both sides agreed that enhanced cooperation between the EU and China in non-proliferation area will be conducive to advancing the multilateral non-proliferation process, as well as to expanding and deepening their [EU: comprehensive] strategic partnership. They identified, in this context, priority areas for cooperation between the two sides.

6. During the Summit, the two sides signed the EU-China Customs Cooperation Agreement which is vital to facilitate trade and help combat [EU: custom violations and fraud] such as counterfeiting, and renewed the EU-China Science and Technological Cooperation Agreement. [EU: The signing of the new Euratom Agreement launches research cooperation on the peaceful use of nuclear energy and gives access to research facilities for researchers from both sides.]

The Leaders also endorsed four financing agreements for new co-operation projects: the EU-China Information Society Project, the EU-China Managers Exchange and Training Programme, the EU-China Social Security Reform Project, and the Erasmus Mundus China Window project.(tbc) These projects are under the Programme of support for economic and social reform in China within EU-China development cooperation, with EU funding amounting to €61 million.

7. The two sides affirmed that, due to the continuous development of EU-China relations in recent years, the EU and China will explore [EU: actively] the feasibility of concluding a new EU-China framework agreement.

8. The EU side reaffirmed its continued adherence to the "one China" policy, [CH: opposition to "Taiwan Independence"] and expressed its hope for a peaceful resolution of the Taiwan question through constructive dialogue. [EU: The EU also expressed its wish that both sides should avoid unilateral actions which could reduce the possibility of dialogue.] The Chinese side appreciated the EU's commitment to the one China policy and reiterated its principled position on the settlement of the Taiwan question in accordance with the basic principle of "peaceful reunification and one country, two systems".

9. [CH: The Chinese side welcomes the lifting of EU's arms embargo against China, which is considered as beneficial to the sound development of the comprehensive strategic partnership between China and the EU.]

[EU: text to be proposed]

10. Both sides welcomed the dynamism of their trade relations, best illustrated by the EU becoming China's largest trading partner and China becoming the EU's second largest trading partner in 2004. The Leaders welcomed the EU-China Business Summit held on the sidelines of the Summit. They reiterated their commitment to maximize mutual benefits of such relations by improving market access and increasing investment opportunities for both sides.

The Leaders reiterated the importance of fully implementing their WTO commitments and strengthening the multilateral trading system. The EU agreed to continue to assist China's efforts in capacity building and both sides welcomed the launching of the second WTO support programme for China in 2004.

The Leaders welcomed the progress made in the DDA in July and the new momentum in the Doha Round of negotiations. They agreed to intensify their co-operation with a view to successfully preparing the WTO Ministerial Meeting in Hong-Kong.

The two sides underlined that increased bilateral consultations have helped to make substantial progress in a number of trade issues, in particular the lifting of trade restrictions as a result of their increased co-operation regarding sanitary and phytosanitary measures and technical barriers to trade and pledged to further intensify their trade dialogue mechanisms with a view to solving remaining trade problems. Leaders expressed their intention to continue and intensify the efforts made to fight violations of Intellectual Property Rights.

11. China reiterated its concern on the issue of full market economy status and underlined the significance it attaches to resolving this issue for deepening EU-China relations. The EU welcomed the positive orientation of China towards building a market economy. Both sides welcomed the creation of a working group aimed at [EU: actively identifying a practical solution to this issue] [CH: identifying an early and practical (and) solution to this issue.]

12. The Leaders noted with satisfaction progress of cooperation in all fields. The follow-up agreement on technical cooperation in satellite navigation (Galileo) signed in October 2004 enabled China to become first non-EU country enjoying the full participation to the Community framework. China's participation opens the doors for more tangible scientific and industrial collaboration projects. The two sides welcomed the new momentum in the energy dialogue after the successful 5th EU-China Energy Conference. The Leaders expressed their hope that the EU-China High-level Forum on Science and Technology (S&T) Policy and Strategy to be held in Beijing in May 2005 will promote the mutual understanding on S&T development strategy and deepen the S&T cooperation relations between China and EU and that the dialogue on cooperation in space science, applications and technology will lead to cooperation in joint projects between aerospace companies and research institutions from both sides.

13. The Leaders, in welcoming the entry into force of the milestone Memorandum of Understanding on Visa and Related Issues Concerning Tourist Groups from the People's Republic of China (ADS), agreed that tourism would enhance people-to-people contacts between the EU and China and deepen mutual understanding. They stressed the need to ensure an efficient and smooth implementation of the modalities of the Memorandum of Understanding.

14. [CH: The Leaders underlined that activities on facilitating normal people-to-people exchange and cooperation in combating illegal migration are of priority for both parties. It was agreed to start negotiations on the issues mentioned above, with the aim of speedily concluding an agreement. On the basis of full reciprocity, the agreement should cover the following main contents: measures for facilitating normal tourism, just and reasonable treatment for tourists from one side to the other side and procedures for the readmission of illegal immigrants activities.] [EU: The Leaders underlined that activities regarding people-to-people exchanges and cooperation in combating illegal migration are a priority for both parties.

It was thus agreed to start negotiations on the procedure for the readmission of illegal migrants, with the aim of concluding an agreement, on the basis of full reciprocity. They also agreed to undertake in parallel consultations on the facilitation of certain visa procedures and practices concerning certain categories of persons from China to the EU.

Both sides expressed the wish to conclude these parallel processes by the next **EU-China Summit.**]

Furthermore, the two sides affirmed the importance of EU-China operational cooperation and reached consensus on the principle to carry out cooperation activities related to the exchanges between border control agents and immigration officials and on information exchanges on new technologies. These activities should be undertaken in the framework of a cooperation project aimed at combating illegal migration activities and trafficking in human beings. The possibilities offered by the Aeneas Programme of the EU should be taken into consideration in achieving this objective.

15. The Leaders encouraged to promote EU-China inter-sectoral dialogue and cooperation. They welcomed the initiative on establishing an EU-China dialogue and cooperation mechanisms on employment and social affairs. Leaders also welcomed first contacts since the last summit on issues relating to economic policy and the regulation of financial markets and agreed [EU: principle] to establish dialogues in related areas. [EU: They noted with satisfaction that a first dialogue on economic and financial issues was now scheduled to take place in the first half of 2005. They expressed the hope that soon also further exchanges of views would take place on financial markets regulation.]

They expressed satisfaction with the first talks and exchanges of views on issues related to balanced development, regional policies and rural development, and agreed to hold an EU-China seminar on regional economic development next year. The Leaders welcomed the EU-China Dialogue on Intellectual Property (IP), and on industrial policy. They agreed to further explore possibilities for strengthening their cooperation in the IP area in particular [EU: through the creation of Public-Private Partnerships and] through a closer cooperation of IP-related institutions, including staff exchanges. They supported the continued dialogue on the Information Society at a high level.

They noted with satisfaction the results of the second implementation meeting of the EU-China Maritime Agreement, at which both sides showed a significant convergence of views in respect of handling current and future challenges within the maritime policy context, and looked forward to further enhancing their bilateral cooperation on trade and maritime issues in the international fora.

The Leaders, in welcoming the dialogue progress and the closer EU-China co-operation in civil aviation, agreed to further deepen cooperation in this field, including civil aviation industry and technology, and to solve as a matter of priority outstanding issues thereby paving the way for concluding an EU-China Civil Aviation Agreement. Progress will be reported at the next Summit. China expressed strong interest in strengthening technological cooperation and its willingness to participate in projects other than those in the EU-China civil aviation co-operation programme. An EU-China Aviation Summit will be jointly organized in the first half of 2005.

The Leaders expressed their hope that the European Economic and Social Committee and the China Economic and Social Council establish a regular dialogue between the civil society organizations of both sides, which should be based on the Protocol signed by the Presidents of both institutions in 2002.

16. The Leaders welcomed Chinese students following graduate studies in Europe through the EU-China education cooperation mechanism, particularly the recently launched Erasmus Mundus programme. They also welcomed the launching in the next academic year of a specific "China Window" within Erasmus Mundus. The two sides encouraged and supported further actions to strengthen education cooperation between the EU and China.

17. The Leaders welcomed the progress in the EU-China development co-operation programme, notably in the areas of economic and social reform, as well as environment and sustainable development. The EU side expressed its wish to see more rapid progress in other areas, particularly those concerning co-operation on combating illegal migration, and support for the development of civil society. The two sides noted with satisfaction the substantial increase in the budget of the 2004 programme.

18. The Leaders believed that the EU-China human rights dialogue promoted mutual understanding and agreed to continue this dialogue, while making efforts to achieve more meaningful and positive results on the ground as well as related bilateral co-operation programme. They underlined their respect for international human rights standards provided for in relevant international human rights instruments, [EU: including on the rights of minorities,] and their commitment to cooperate with UN human rights mechanisms. In this respect, China is committed to the ratification of the International Covenant on Civil and Political Rights (ICCPR) [CH: as soon as possible] [EU: by 2006.] [EU: Leaders noted the importance of the International Criminal Court (ICC) in the global fight against genocide, war crimes and crimes against humanity. They also expressed confidence that a law to reform the re-education through labour system be adopted in the near future.] [EU: The EU welcomed the September visit of the Dalai Lama's representatives to Beijing as a further step towards the establishment of a dialogue.] The Leaders also reaffirmed their commitment to further enhance cooperation and exchanges in the field of human rights on the basis of equality and mutual respect. [EU: The EU underlined the importance of concrete steps in this field in relation to progress in other areas of the EU-China strategic relationship.]

19. The Leaders underlined their close and productive dialogue on the ongoing negotiations for the establishment of the ITER Organization among China, EU, Japan, the Republic of Korea, Russia, and the US. The EU expressed its satisfaction and gratitude to China for its continuing support of the EU ITER site. The Leaders looked forward to a rapid conclusion of the ITER site negotiation.

20. The Leaders reaffirmed their shared commitment to environmental protection and encouraged efforts to extend and deepen the high level dialogue in this area. They stressed that biodiversity conservation and integrated river basin management are fruitful areas for co-operation. They also agreed on the health and environmental benefits arising from reducing emissions from motor vehicles and agreed to continue to support China's introduction of the Euro emission standards. Technology transfer, exchange of information on methodologies, policy tools and means of implementation as well as staff exchanges and the implementation of projects can all be used to develop a dynamic partnership on environmental issues. Both sides stressed the importance of further follow-up on the World Summit on Sustainable Development and of enhancing cooperation in the context of the United Nations Framework Convention on Climate Change and its Kyoto Protocol and welcomed the Protocol's entry into force in 2005.

21. The Leaders underlined the importance of the implementation of the Declaration of the Commitment on HIV/AIDS adopted at the General Assembly of the United Nations in 2001. In face of the truly global nature of the epidemic, both sides recognized the importance of increased cooperation to combat HIV/AIDS as well as other newly emerging infectious diseases, appreciated the constructive resolutions on strengthening the capability of global public health adopted at the General Assembly of the United Nations. They underlined the importance of the increasing availability of anti-retroviral drugs and the necessity of preventive measures, including development of vaccines and microbicides, harm reduction approaches and promotion of safer and responsible sexual behaviour. The EU welcomed China's recent adoption of the newly revised "Law on Diseases Prevention and Control" covering non-discrimination against persons with infectious diseases, pathogen carriers and persons with suspected infectious diseases as an important step to counter stigmatisation and judgemental approaches to persons at risk or infected. The EU welcomed that the HIV/AIDS programme of the Global Fund recently started in China. China appreciated the EU role as a major contributor for this Fund, and encouraged EU's continuous and vigorous financial assistance to China's efforts in HIV/AIDS prevention and treatment.

22. The Leaders had an in-depth exchange of views on international and regional issues of common interest [CH: and reached a broad consensus.] Leaders reaffirmed the commitment of China and the EU to promoting peace, security and sustainable development throughout the world, with the United Nations at its core. They expressed their strong support for revitalization and reform of the UN in order to be able to cope with existing and new challenges and threats, and underlined that the report of the UN High-Level Panel should serve as a basis for discussions in this regard and the need for any plan of reform to be decided by consensus through consultation. The two sides stressed the importance of achieving the Millennium Development Goals and attached considerable importance to enhancing bilateral and multilateral cooperation in this area. In this regard, they underlined their strong desire to make the UN Major Event 2005 a success, and agreed to support a comprehensive, balanced approach in the implementation of the Millennium Declaration and of the Millennium Development Goals, as well as in handling issues related to peace and security. A successful outcome of the 13th session of the Commission for Sustainable Development (April 2005) would be of importance in this regard.

23. The two sides reaffirmed their commitment to the fight against terrorism and reiterated that anti-terrorism action must accord with the purpose and principles of the UN Charter and the norms of relevant International Law [EU: safeguarding human rights.] The two sides underlined the leading role of the United Nations with respect to counter-terrorism, and the importance of the universal implementation of all UN Security Council resolutions, UN conventions and protocols related to counter-terrorism. They undertook to support the work for a draft Comprehensive Convention on International Terrorism. The two sides underlined the importance of enhanced regional and interregional cooperation and referred in particular to the cooperation developed in the framework of ASEM and of the ASEAN Regional Forum.

24. The Leaders expressed deep concern over the destabilizing effect of regional conflicts. They welcomed the restoration of full sovereignty to Iraq and expressed their commitment to the implementation of UNSCR 1546 in support of the political process in Iraq, including elections in 2005. They agreed to work together in the multilateral effort for Iraq's reconstruction and the restoration of peace and prosperity.

The two sides welcomed the ongoing diplomatic efforts in resolving the Iranian nuclear issue, and emphasized the importance of Iran's full cooperation with the IAEA and positive response to the requests of the international community for an early settlement of the issue within the framework of the IAEA through dialogue and cooperation.

[EU: The two sides welcomed the on-going diplomatic efforts in resolving the Iran nuclear issue, and expressed appreciation for their respective efforts in facilitating a political resolution. The EU and China welcomed the agreement reached on Iran's suspension of enrichment related and reprocessing activities. The two sides emphasised the continuing importance of Iran extending full and prompt cooperation with the IAEA regarding all remaining outstanding issues.]

The two sides stressed their firm commitment to the reconstruction and stabilization of Afghanistan, in cooperation with the Afghan government. They welcomed the October presidential elections. Leaders agreed on the goal of a nuclear-weapons free Korean Peninsula and expressed the conviction that the issue could be settled peacefully through dialogue. The EU praised China's crucial and active role in promoting the continuation of the six-party talks. Leaders expressed the hope that the DPRK would continue to take positive steps to participate more fully in the international Community.

The Leaders exchanged views on the situation in Myanmar. [EU: In this connection, they encouraged all stakeholders in the country to work together to ensure a successful outcome of the ongoing national reconciliation process. The National Convention should be an important element in the national reconciliation and democratization process and a forum for a genuine open debate with the participation of all political groups in the country. They looked forward to the early lifting of restrictions placed on political parties. They also reaffirmed their support of the UN Secretary General and his Special Envoy.]

25. The Leaders expressed their satisfaction with the excellent atmosphere and the substantial results achieved at this Seventh Summit meeting. They stressed their resolve to further expand and deepen EU-China relations, towards a rapidly maturing comprehensive strategic partnership between the EU and China.

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Against the background of the discussion on the arms embargo in the GAERC on 22 November 2004 and the Presidency's summing up that:

" Ministers agreed that the Chinese should be given a positive message but they should also understand that progress would be needed in other areas (Code of Conduct, human rights, Taiwan) before the embargo could be lifted",

The Presidency proposes the following text, to be used as a basis for the discussion with the Chinese counterpart about the joint statement for the EU-China summit.

"The EU and China confirmed that the EU-China relations in all its aspects have developed significantly in the last years. In this context they discussed the issue of the EU arms embargo against China. EU confirmed that it was continuing its consideration of the arms embargo in the context of the EU's overall relations with China. Working towards lifting the embargo implies taking into account all concerns involved. China reiterated its position that it considered lifting the embargo a political signal and that an increase in Chinese arms procurement from EU countries in either quantitative or qualitative terms is not foreseen. The EU confirmed in this regard that work on strengthening the application of the European Code of Conduct on arms exports was continuing. Both sides reiterated their commitment to the continued peace and stability in the East-Asian region and in the Taiwan Strait".

Since a direct reference in this paragraph to the human rights situation is bound to be immediately rejected by the Chinese side, the Presidency proposes to address this issue in paragraph 18 (human rights) of the draft joint statement by adding the following sentence: "The EU underlined the importance of concrete steps in this field in relation to progress in other areas of the EU-China strategic relationship".

Moreover, the question of human rights will be dealt with extensively in the speaking points where specific questions of human rights (the plight of religious minorities, Tibet, Tianamen) will be addressed.

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