

2362nd Council meeting
- **GENERAL AFFAIRS** -
Luxembourg, 25 June 2001

China - conclusions

1. The Council reviewed EU policy towards China. It did so in preparation for the fourth EU-China Summit in Brussels on 5 September 2001 and in light of the more prominent international role of both EU and China as well as their increasing political and economic weight. The Council was determined to enhance the coherence and consistency of EU policy towards China.

2. The Council recognised the scale of the economic and social reform process in China, the steps taken towards a more open society, and the remarkable progress made in reducing poverty. It also noted the efforts by the Chinese Government to develop the legal system. At the same time the Council considered it of critical importance that measures be taken by China to improve the situation of human rights and rule of law on the ground, in order to establish a democratic society with respect for human rights and individual freedoms. The EU sought broadened economic relations and trade with China, welcomed China's integration into the world trading system and looked forward to its accession to the WTO as rapidly as possible. It also emphasised that China would need to further address a number of significant challenges, such as regional and social disparities, mass unemployment, protection of the environment and the creation of a social security system.

3. The Council welcomed the *Communication from the Commission on an EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy*. COM(2001)265, 15 May 2001, as a means of deepening and expanding relations in all areas where it is mutually beneficial and as an illustration of the potential for the future of the EU-China relationship. It endorsed the broad lines of the analysis and recommendations proposed in the Communication.

4. The Council confirmed that the basic objectives set out in its conclusions of June 1998 remain valid, namely (i) the further engagement of China in the international community, (ii) its transition to an open society based on the rule of law and respect for human rights, (iii) its integration into the world economy, (iv) better use of existing EU resources and (v) a higher EU profile in China. In order to pursue those objectives, the Council identified key short and medium term priorities, as set out below:

I. Engaging China further in the international community, through an upgraded political dialogue.

5. The Council welcomed the development of the political dialogue, covering a wide range of issues and concerns, while underlining the need for greater coherence and continuity as well as better linkages between the dialogues at different levels and between the dialogue and co-operation programmes. The Council requested the Political and Security Committee to evaluate, at least once a year, the outcome and effectiveness of the political dialogue and, where necessary, to propose adjustments.

6. The EU should use the political dialogue to pursue the Union's interest in peace, security and freedom both in East and South East Asia and globally, and to improve co-operation with China on multilateral issues and transnational challenges. This would include support for a peaceful resolution of differences across the Taiwan Straits and of the territorial disputes in the South China Sea. It would also include co-operation in multilateral fora, such as the UN, ASEM and the ASEAN Regional Forum on issues including peacekeeping, conflict prevention and confidence building, as well as discussion of global environmental issues. The EU also has a continuing interest in monitoring developments in Hong Kong and Macao to ensure continued respect for their respective Joint Declarations and Basic Laws.

7. The Council decided to propose to China to enhance the political dialogue in accordance with the modalities set out in the Annex. In addition to the human rights dialogue, dialogues on non-proliferation, arms control and disarmament should be held on a regular basis, in order to address the EU's concern regarding the proliferation of weapons of mass destruction and their means of delivery. In view of the arms export policies pursued by China, a dialogue should also be maintained in this area. The objective should be to ensure China's integration as a responsible and constructive partner, e.g. by engaging in the Conference on Disarmament, by ratifying the CTBT and refraining from exporting military equipment and dual use technology to countries of concern.

8. The Council noted with satisfaction that the EU and China had recently taken steps towards closer co-operation in the fields of illegal migration and trafficking in human beings and hoped that similar progress could shortly be made to combat transnational organised crime, money laundering, international terrorism and trafficking in drugs.

II. Supporting China's transition to an open society based upon the rule of law and respect for human rights

9. The Council stressed its deep concern about the human rights situation in China and reaffirmed its conclusions of 22 January and 19 March 2001. It remained strongly concerned at the lack of respect for fundamental freedoms in China, including the continuing widespread restrictions on freedom of assembly, expression and association, the violations of freedom of religion and belief, the situation of minorities, including in Tibet and Xinjiang, and the frequent and extensive recourse to the death penalty. It underlined the importance that concrete steps be taken by the Chinese Government to improve the human rights situation in the country. Early ratification and implementation of the Covenant on Civil and Political Rights, implementation of the Covenant on Economic, Social and Cultural Rights and co-operation with UN human rights mechanisms were essential in this respect. The Council restated its view that the Union's dialogue with China on human rights was an acceptable option only if real progress was achieved on the ground. It recalled its decision to adopt measures to improve the dialogue and to continue to assess the results on a regular basis. It repeated its desire to make the dialogue more transparent and reaffirmed the specific areas where the EU will be seeking progress. It stressed the importance of deepening the co-operation with China in this field and welcomed the intention of the Commission to define appropriate priorities for co-operation programmes, so as to complement the human rights dialogue. It welcomed the EU-China human rights seminars, which supported the dialogue.

III. Integrating China further in the world economy by bringing it more fully into the world trading system and by supporting the process of economic and social reform underway in the country, including in the area of sustainable development.

10. The Council welcomed the outcome, on 20 June, of EU-China discussions on outstanding issues of EU concern in the context of China's WTO accession. It expressed support for China's WTO accession to take place as rapidly as possible and encouraged a close monitoring of the implementation of its WTO commitments. The Council encouraged China to play a constructive role in the WTO and in global and regional processes of liberalisation in order to increase the potential of China both as a trading partner and a secure destination for FDI. It stressed that the EU and China would mutually benefit from working closely together to liberalise further world trade and strengthen the multilateral trading system, in particular through co-operation in the preparation of a new WTO round of comprehensive negotiations. It welcomed the Commission's intention to continue WTO-related co-operation projects and to undertake additional efforts to help China implement its WTO commitments and deal with the challenges of restructuring its economic, social and legal systems through complementary co-operation programmes and strengthened sectoral dialogues.

11. The Council expressed its support for the reform process in China. China was now faced with the challenges of continuing the reform of the state owned enterprise sector, of the financial system and the social security system. The Council welcomed the Commission's intention to support the reform process through its co-operation programmes, and invited it to ensure that poverty reduction, the promotion of the rule of law and the respect for human rights, gender equality, transparency, balanced regional development and social reform (including social security and key public health needs), were taken fully into consideration.

12. The Council stressed the importance of policy development and implementation in the field of the environment, in order to assist China to achieve more sustainable patterns of production and consumption and pursue a better environmental performance. It considered improvement in this field to be of pivotal importance to economic development and sustainability of the Chinese society as well as to the global environment. It encouraged the Commission to deepen co-operation in this area. The Council also noted with satisfaction the measures and policies undertaken by China towards preventing climate change and expressed its wish for close co-operation between the Union and China in the field of global environmental policy in order to promote the objectives of the UNFCCC and the Kyoto Protocol.

13. The Council welcomed the Commission's intention to develop its existing **sectoral dialogues** with China (e.g. in the areas of information society, energy, science and technology) **and to establish new ones (e.g. on enterprise policy and regulation)**, as well as to begin negotiations for bilateral agreements with regard to maritime transport and on co-operation and mutual assistance in customs matters, as well as cooperation in the energy field.

IV. Making better use of existing EU resources

14. The Council stressed the need for a close linkage between the EU's broader China policies and EC-funded co-operation programmes. It called for closer co-ordination among Member States and the Commission in the design and delivery of co-operation programmes, so as to promote a more coherent and effective role for the Union as a whole. It invited the Commission, in consultation with Member States and the Chinese Government, to finalise the Country Strategy Paper, setting out priorities for co-operation. It also encouraged closer co-operation and greater sharing of information between the Commission, Member States, the UN, the International Financial Institutions and other donors. It recalled in this context the guidelines on strengthening operational co-ordination, which it adopted on 22 January 2001.

V. Raising the EU's profile in China

15. The Council welcomed the Commission's suggestions on ways to enhance the EU's profile in China and underlined the importance of people-to-people contacts in order to achieve a stronger mutual relationship. The Council invited the relevant bodies to find new ways to stimulate the exchange of people (such as students, entrepreneurs, scholars, tourists, and journalists) between the EU and China, to promote cultural links, and to consider new initiatives to link the emerging civil society in China with that in the EU.

Annex

The Council decides to propose to China the following revised structure of the political dialogue between the EU and China:

- Annual summits, at the level of Head of State or Government, between China and the EU, their location alternating between China and the EU.
- Meetings when needed between Troika Foreign Ministers and their Chinese counterpart, in addition to annual meetings in the margins of the UN General Assembly.
- Annual meetings of Troika political directors with their Chinese counterpart, the location of the meeting alternating between Beijing and the EU.
- Biannual meetings between Troika and Chinese human rights experts.
- Annual meetings between Troika Asia Pacific directors and their Chinese counterparts on Asian and Pacific issues, whenever possible held back-to-back with the EU-China human rights dialogue when that is held in Beijing.
- Meetings at least once a year between Troika and Chinese experts on arms export controls, non-proliferation and disarmament issues.
- Political consultations between the local troika of political counsellors and the Chinese MFA.