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COMMITTEE ON FOREIGN AND COMMUNITY AFFAIRS

FINAL DOCUMENT, PURSUANT TO THE CHAMBER OF DEPUTIES RULE 127:

Joint Communication of the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament, the European Council and the Council, “EU-China - A Strategic Outlook” (JOIN(2019) 5 final)

Adopted on 25 July 2019

Noting that:

The European Union is China's largest trading partner, while China is the European Union's second largest trading partner, after the United States. Specifically, in 2018, the EU exported goods to China for roughly 210 billion euro and imported goods from China worth about 395 billion euro, giving a trade deficit of around 185 billion euro;

In 2017 direct Chinese investment in the EU fell by about 17 percent below 2016, of which almost 60 percent was concentrated in France, Germany and the United Kingdom, while southern Europe only received a residual share;

Any further deterioration in the ongoing trade dispute between China and the United States, according to reliable estimates, might lead to a 2.5 percent decline in China's GDP and a 1.5 decline in Europe's and Japan's GDP, with serious repercussions on global economic activity that could fall by 1.7 percent;

While trade between Italy and China touched 44 billion euro in 2018, Italy has seen its trade deficit constantly widening to reach 17.6 billion in 2018;

In 2012, China embarked on an initiative called "17+1" to intensify and expand cooperation with 12 EU member states and 5 Balkan States – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Northern Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia – for the development of large-scale infrastructure projects and to drive closer economic and commercial cooperation;

Having appraised the resolution adopted by the European Parliament on 12 March, 2019 on the security threats posed by China's growing technological presence in the Union;

Noting the opinion issued by the Chamber of Deputies' Committee on European Union Policies on 26 June, 2019;

Noting the need for this document to be forwarded to the European Parliament, the Council and the European Commission as part

The Committee on Foreign and Community Affairs of Italy's Chamber of Deputies,

Having examined, pursuant to Chamber of Deputies Rule 127, the Joint Communication of the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament, the European Council and the Council, "EU-China - A Strategic Outlook" (JOIN(2019) 5 final), jointly presented by the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy; *Whereas:*

The report illustrates the prospects for relations between the EU and China which, from Europe's point of view, should develop around three main objectives: to engage in dialogue to foster common interests at the global level; to create more balanced and reciprocal conditions governing our economic relations; to strengthen the domestic policies and the industrial base of the Union in order to sustain the Union's prosperity, values and social model over the long term;

The European Council on 21 and 22 March, 2019 engaged in an exchange of opinions on general relations with China and adopted a number of conclusions regarding trade policy in which it requested in particular guarantees of loyal competition, also by fully using the trade safeguarding instruments and European public procurement law;

On 9 April, 2019 the 21st EU-China Summit was held at the end of which a joint declaration was adopted providing, among other things, for a provisional agreement on the protection of geographic indications and further synergies between the Chinese *Belt and Road Initiative* and EU initiatives to improve Europe-Asia connectivity;

On 23 March, 2019, during the State visit of the President of the People's Republic of China Xi Jinping, nineteen institutional agreements and ten commercial agreements were signed;

of the political dialogue process, jointly with the opinion of the European Union Policies Committee,

Expresses a

A POSITIVE JUDGEMENT *with*

the following qualifications:

a) to reduce Italy's trade deficit with China, efforts must be intensified to remove tariff and non-tariff barriers, so as to simplify access by Italian products to the Chinese market, especially agri-food products, and to guarantee equal treatment of Italian and European operators;

b) to guarantee respect for intellectual property rights, it is a matter of priority to strengthen international regulations within the framework of the reform of the World Trade Organisation aimed at limiting the percentage of industrial subsidies and combating forced technology transfer practices;

c) in the technology sector, moreover, to avoid possible serious implications regarding the security of critical digital infrastructure, we must continue working domestically and within the EU to draft a common strategy to guarantee the security of 5G networks, along the lines of the recent amendments - adopted in Italy - of decree-law no. 21 of 15 March, 2012, enacted with amendments by law no. 56 of 11 May, 2012, to ensure that Chinese companies supplying equipment or services comply with domestic and European legislation regarding the right to privacy and data protection and cyber security;

d) within the framework of the international commitments entered into under the Paris Agreement on Climate Change, a partnership should be promoted with China based on the Agenda 2030 sustainable development principles, to reduce forms of unfair competition resulting from Chinese disregard of the limits on carbon emissions;

e) whenever we deal with China on a European or bilateral basis, we should support and promote respect for human rights and fundamental freedoms, as well as civil and political and economic, social and cultural rights, with particular reference to the protection of minorities and respect for workers' rights;

f) in the light of the "17+1" initiative, and bearing in mind Italy's interests in the region and the need to enhance the security and stability of Europe and the Mediterranean, we should guarantee continuity to the promotion of infrastructure projects which will help to strengthen Italy's presence and influence in the Balkans area;

g) ways should be found to strengthen the new European framework for screening foreign direct investments in the European Union set out in Regulation (EU) 2019/452, to ensure that all the Member States are equipped with procedures at the national level to select and block any predatory acquisitions; *h)* attention should be drawn in all the relevant European fora to the need for future relations between China and the European Union to be set within an overall framework that will ensure compliance and convergence with the European Union-NATO partnership prospects.

CHAMBER OF DEPUTIES
Parliamentary Committees
Department

Opinion on the Joint Communication to the European Parliament, the European Council and the Council: EU-China - A strategic outlook (JOIN(2019)5).

The EU Policies Committee of Italy's Chamber of Deputies,

having examined, pursuant to House Rule of Procedure 127.1, the Joint Communication made by the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy and presented to the European Parliament, the European Council and the Council: EUChina - A strategic outlook (JOIN(2019)5); Whereas:

- The Communication lays out a series of initiatives that form part of a broader strategic approach for framing future relations between the European Union and China;
- China is a crucial international interlocutor for the European Union on a global scale;
- China not only plays a fundamental strategic role in Asia, but is also extending its geopolitical reach into Europe and Africa;
- The EU is China's main trading partner, while China is the EU's second largest trading partner after the United States;

Noting that the Communication under examination proposes the following three main objectives for future relations between the European Union and China:

- 1) To deepen dialogue with a view to promoting common global interests;
- 2) To foster a better balanced and more reciprocal basis for the governance of economic relations;
- 3) To ensure the EU adapts itself to changing economic realities and strengthens its internal policies and industrial base in order to maintain its prosperity, values and social model over the long term.

Cognisant of the need to intensify cooperation with China and encourage it to fulfil shared responsibilities as a member of the United Nations, namely the promotion of human rights, peace and security, and development;

Noting that the development of economic relations based on better balanced and more reciprocal arrangements requires China to allow European companies greater access to its domestic market and to honour already existing joint commitments, including the reform of the World Trade Organization;

Considering that European companies must be assured a level playing field whenever they find themselves competing with Chinese companies in third-country markets;

Noting that this Opinion, along with the Final Document produced by the appropriate Committee by subject-matter, needs to be forwarded promptly to the institutions of the European Union;

Expresses

A FAVOURABLE OPINION

With the following remarks:

The appropriate Committee by subject-matter should consider raising the following points before the relevant European bodies:

a) When developing its future relations with China, the EU should operate within a general framework that ensures observance of and alignment with the proposed EU partnership with NATO;

b) The EU-China strategic partnership must also be developed from an ecologically sustainable perspective that respects workers' rights and is conducive to a general framework of inclusive growth and sustainable development in line with the 2030 Agenda for Sustainable Development and in the Paris Accords on climate change;

c) As part of the EU-China Connectivity Platform action plan, the aim of which is to strengthen the linkage between China's "One Belt, One Road" initiative and EU programmes such as

the TransEuropean Transport Network, appropriate action should be taken to develop the seaports of the eastern Adriatic, with particular reference to the project to build an integrated railway hub in the city of Trieste.