

ESTABLISHING A TASK FORCE FOR SUSTAINABLE TRADE

Supported by the EU-China Trade Project

BETWEEN

The Ministry of Commerce of the People's Republic of China

AND

The Directorate General For Trade of the European Commission

Introduction and Objectives:

- Sustainable Development must meet the needs of the present without compromising the ability of future generations to meet their own needs.
- The EU's Renewed Sustainable Development Strategy recognises the importance of strengthening work with partners outside the EU, including those rapidly developing countries which will have a significant impact on global sustainable development, and calls for the EU to ensure that its external policies are consistent with global sustainable development and its international commitments.
- China has made significant progress in economic and social development and in developing a socialist market economy through its market reforms of the last 3 decades. China's accession to WTO has provided a frame within which further reform has been managed under the requirements of international trade rules.
- China's 11th 5-year Plan for National Economy and Social Development sets objectives in environmental protection, recognises the challenges posed regarding sustainable development – including on issues related to renewable energy, energy efficiency and sustainable development in urban and rural areas – and calls for China to establish a more balanced and sustainable economy through change of economic growth modes.
- Both sides recognises that the process of globalisation and growth of global economy have put increased pressures on world resources and energy consumption and have highlighted the environmental and social impacts of economic development.
- Both sides recognises the important role that trade policy can play in achieving sustainable development.
- Both sides recognises that sustainable development forms a key pillar of the EU-China strategic partnership.

Both sides agree:

1. To establish a Task Force for Sustainable Trade (The Task Force) supported by the EU-China Trade Project to identify and study on areas of future cooperation between the EU and China with regard to sustainable trade, with the overall aim to enhance the EU-China bilateral trade relationship and cooperations in the multilateral forum.
2. To hold the Task Force Annual Meeting alternatively in China and Europe every year.
3. To create as appropriate technical expert support teams on issues of urgency or significance to both sides. Specific activities such as seminars, studies or training can also be undertaken under this Task Force.
4. That the Task Force will carry out activities as mentioned above in the following areas **where they are related to sustainable trade and development**, *inter alia*:
 - The sourcing of major raw materials and impact on trade;
 - Renewable energy;
 - Climate change issues and impact on trade
 - Environmental regulations and economic instruments;
 - Ways to promote more sustainable production and consumption patterns;
 - Environmental and energy efficiency technologies and services;
 - Sustainable resource management technologies and services;
 - Process and Production Methods, and impact on trade;
 - Sustainable economic growth pattern, and how change in production cost will affect the competitiveness of China's major exports;
 - Corporate Social Responsibilities, and impact on trade and investment;
 - Non-tariff Measures, and assessment of trade restriction;
 - Protection of biodiversity and traditional knowledge and associated trade opportunities;
 - The relationship of Multilateral Environmental Agreements and Multilateral Trade Agreements;
 - Other areas identified by both Parties.

Optimum trade and investment opportunities will be explored within the principles of mutual benefit and regulatory compatibility.

5. The EU-China Trade Project will provide support to the activities under the Task Force.
6. The Task Force will make recommendations for follow-up actions which should maximize the contribution of trade policy to improving sustainable development.

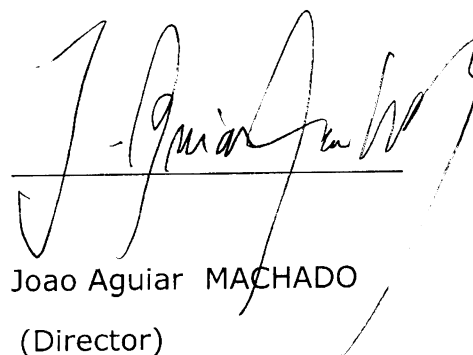
November 7, 2006

7. The establishment of the Task Force does not contain obligations under international law.

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ZHANG Xiangchen
(Director-general)

Ministry of Commerce
The People's Republic of China

A handwritten signature in black ink, appearing to be 'Joao Aguiar Machado', written over a horizontal line.

Joao Aguiar MACHADO
(Director)

Directorate General for Trade
The European Commission