

ACCESS TO DOCUMENTS 2014 – 6024

List of meetings on the EU-China investment negotiations (25 September 2014 – 4 June 2015)

LIST OF MEETINGS					
N°	Description meeting	Date	Report	Release	
1	Meeting of DG Trade officials with academic researchers on China	30/10/2014	yes	PARTIAL	
2	Meeting of DG Trade officials with J. Farnell from Asia Centre	24/11/2014	yes	PARTIAL	
3	Interview of DG Trade officials with J. Farnell from Asia Centre	24/11/2014	yes	NO DISCLOSURE	
4	Meeting of DG Trade officials with Dutch industry association and Business Europe	8/01/2015	yes	PARTIAL	
5	Meeting of DG Trade Officials with European Union Chamber of Commerce in China	2/02/2015	yes	PARTIAL	
6	Phone call of DG Trade officials with MEDEF	4/03/2015	yes	PARTIAL	
7	Meeting of DG Trade officials with the EU-China Chamber of Commerce	16/03/2015	yes	PARTIAL	
8	Meeting of DG Trade officials with US Chamber of Commerce	16/04/2015	yes	PARTIAL	
9	Workshop organised by the Hertie School of Governance	17/04/2015	Yes	PARTIAL	
10	Conference organised by the Institute of European Studies of the VUB	21/04/2015	yes	FULL	
11	Meeting with the Ships and Maritime Equipment Association	30/04/2015	yes	PARTIAL	

①

On the 30th of October 2014, ^{AN. U. 1 (8)} ~~Art. 6.1 (b)~~ and I met with ~~Art. 6.1 (b)~~ (policy fellow, European council on foreign relations) and ~~Art. 6.1 (b)~~ (economic researcher, SciencesPo) at ~~Art. 6.1 (b)~~ their request to discuss EU-China trade relations and the state of play of the EU-China investment agreement negotiations.

Their main questions and comments related to the interplay of internal reforms in China with the progress on the negotiations, the real interest of China in these negotiations, the main challenges and the timing for conclusion.

They were also interested in getting information about the "16 plus 1" initiative of China to meet and discuss with Central and Eastern European countries as well as the "Silk Road Initiative" which was said to be high on the Chinese list of priorities.

Meeting lasted about 30 minutes.

Flash meeting with J. Farnell from Asia Centre

On the 24th of November 2014 G.1(5) and I met with J. Farnell at his request to discuss the progress of the EU – CN investment agreement negotiations.

Key points:

- J. Farnell inquired about the actual willingness of the Chinese to move quickly in the negotiations given the vested interests at risk in China. To this end he supported the view that China's negotiations with the US and the EU could generate the appropriate stimulus to facilitate also internal reforms.

Art. G.1(3rd indent)

[Art. G.1(5)]

24

From: 08 January 2015 10:40
Sent: TRADE LIST B2;
To:
Cc: SCHLEGELMILCH Rupert (TRADE)
Subject: Flash meeting with Dutch industry association and Business Europe

Art.
6.1(5)

Yesterday I met with Winand Quaadvlieg (deputy director international economic affairs, VNONCW, NL industry association) and 6.1(5) (adviser, BusinessEurope) at their request to discuss the state of play of the EU-China Investment Agreement Negotiations.

Key points:

Art. 6.2 and 6.3
Art. 6.3

We agreed that the forthcoming

visit of the EUCCC in Brussels could provide a useful opportunity to discuss these issues.

- They were interested to know whether Commission's intention would be to strengthen the enforceability of the **sustainable development chapter** in the model of US practice. The question was prompted both by the relevant debate in the context of TTIP and the fact that the US is following a different approach than the EU in its FTAs. I explained how the sustainable development chapter is enforceable under EU agreements and clarified that the US model BIT foresees a simplified version of substantive provisions for labour and environment that are excluded from state to state dispute settlement, in contrast to US practice in FTAs.
- Winand Quaadvlieg said that there has been lately an intense debate in the Netherlands about the possibility/desirability to adopt a **national screening mechanism for foreign investments**. In that context, central issues of the debate are how one should define national security, whether economic security is part of national security and whether the adoption of such a mechanism would scare off foreign investors from investing in the Netherlands. He also inquired whether the adoption or the actual implementation of such a mechanism would be possible following the conclusion of an ambitious –in terms of market access- EU-China agreement. Apparently the Dutch Parliament adopted a report in March 2014 looking into all these questions.

Art. 6.1(5)

4.1 (S)

From:
Sent: Monday, February 02, 2015 4:10 PM
To:

Cc: SCHLEGELMILCH Rupert (TRADE);
(TRADE);
Subject: Flash R. Schlegelmilch meeting with EUCCC on the EU-CN IA negotiations

4.2 (S)

On Thursday 29 January 2015, R. Schlegelmilch (RS) met with representatives of the EUCCC (J. Wuttke, _____) to discuss, at their request, the status of the EU-China Investment Agreement Negotiations. Apart from the general update regarding the latest round of negotiations in Brussels the week of 20 January, the following points worth mentioning:

- 4.2
4.1 (3rd indent)
- EUCCC President, J. Wuttke stated his impression from meetings with the EP that the ISDS debate seems to have turned much more difficult. RS counter-argued that the debate can very well be turned around, especially if the Commission comes out with credible proposals for reforms. To that end, it also helps to present the EU-China investment negotiations as a positive project that progresses. 4.2
- EUCCC expressed concerns in case TTIP negotiations would not move fast: China may not be feeling the same pressure to deliver in its agreement with the EU.
- On internal reforms, 4.2

Most

problematic seem to be the reforms in the financial sector, as they require transparency, which is one of the biggest challenges for China right now. On SOEs CN appears still convinced that they are vital, but they do also realise that they cannot go ahead with the existing governance models and modus operandi, hence something has to change. EUCCC did not yet have time to analyse Mofcom's draft law on foreign investment, 4.2

- 4.2

_____ To that end, a workshop could be organised with EUCCC members next time Commission travels to CN for the negotiations.

[4.1 (S)]

(6)

RE: Flash phone - call with MEDEF on EU-China Investment Agreement

4. 1 (b)

To: SCHLEGELMILCH Rupert (TRADE);

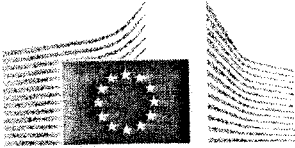
flash phone

for a full

- a.2

Art. 6.2
9.1 (5th meeting)

- 200



EUROPEAN COMMISSION
Directorate-General for Trade

Directorate B - Services and Investment, Intellectual Property and
Public Procurement
Investment

Brussels, 26 March 2015
Trade/B2/ - Ares 1496704
G.1(5)

LIMITED

NOTE TO THE FILE

**Subject: Report of technical workshop with the EU-China Chamber of Commerce,
Beijing, 16 March 2015**

Summary:

On Monday the 16th of March, DG Trade's negotiating team for the EU-China Investment Agreement held a detailed technical workshop with members of the EU-China Chamber of Commerce in Beijing. The objective of the workshop, which was planned in advance with the assistance of the EU Delegation in Beijing, was for the team of experts to raise EU industry's awareness on the agreement and obtain concrete feedback with regards to the issues faced on the ground and the extent to which the EU text proposal would address those issues,

G.1 (brochure)

The workshop was well attended and EUCCC Members were content for the clarity provided as to the scope and objectives of the investment agreement, as many of the questions raised revealed indeed certain confusion as to the content of the negotiations, given that they are more familiar with Free Trade Agreements rather than stand-alone Investment Agreements.

G.1

G.3

Details:

1. General presentation of the EU-China Comprehensive Agreement on Investment (CAI)

COM 6.1(4) presented the scope and the content of the agreement, placing emphasis on the aspects that differentiate the EU text proposal from a "typical Bilateral Investment Treaty", 6.1

There were questions on the potential impact the agreement would have on leveling the playing field with state enterprises, on government procurement and on intellectual property rights. It was also clearly communicated that foreign investors in China have to face two different sets of competitors, on the one hand, state enterprises, and on the other, domestic companies that are at times in an equally disadvantageous position with foreigners, especially when it comes to the overall regulatory framework.

The main messages delivered by the EUCCC where the following:

[NO RELEVANT]

(TRADE)

From: (TRADE)
Sent: 24 April 2015 11:50
To: SCHLEGELMILCH Rupert (TRADE);

Cc:
Subject: Report - Workshop on Europe-China Energy Relations

On Friday 17 April, I participated in a workshop organised by the Hertie School of Governance (Berlin) and the London School of Economics and Political Science focusing on EU-China energy relations. The objective of the workshop was to gather experts that would be able to shed light on the different dimensions of this relation: politics, infrastructure, security and investment. To this end, participants to the workshop came from the academia, environmental experts, industry and the German Foreign Office. Representatives of Chinese state enterprises based in Germany were invited but refused participation.

Key points of the discussion:

- China is still heavily depended on coal, while its ability to develop its energy sector in an environmentally friendly way is hindered primarily by the activities of state enterprises in China, which are apparently the largest polluters (a study comprising specific data on Chinese SOEs and pollution is being prepared currently). Even though China has a large shell gas that could be exploited, they prefer to try and make their coal cleaner. Main reason for that is that fracking is water intensive and raises issues of land ownership as a lot of shell gas reserves are in water-scarce areas and areas where minorities live.
- Innovation capacity of China in the energy sector is improving considerably and Chinese engineers for renewable energy are amongst the best worldwide.
- EU's and China's policy for investment in the energy sector appear to have contrasting characteristics. The European policy is based on balance of priorities between sustainability, competitiveness and security, it is demand driven and relies on free market rules to secure energy supply. For China, on the other hand, sustainability and competitiveness are taken into consideration but supply of security comes first. This explains the greater control of State over energy supplies and the heavy restrictions on foreign investment, although China can also be pragmatic in its approach.
- There are very few European energy companies active as investors in China 4.12
as the sector is highly regulated and State Grid maintains a dominant position, being able to do everything but power generation.
- China came to dominate global solar PV production, but until recently insignificant market. Now emerged as largest market in world. In 2013 out of 37.6MW installed, China accounted for 11.3MW. Unlike solar PV, China market for wind power has been the largest in world for a number of years. China is a major producer with several leading global companies. Over past decade strong government support for equipment manufacturing and generation led to the effect that out of 35.3MW installed in 2013, China accounted for 16.1MW. This means that China has the largest wind capacity in the world (91.4MW out of 318.1MW). Notably from 2008 onwards, Chinese companies started investing intensively in European Energy companies in Germany, the Netherlands, Bulgaria, UK, Poland and Portugal. It seems that the main driver for these investments is access to global networks (also to increase sales of energy-related manufactured equipment) and access to advanced technology especially for renewable energies. However, some of these investments failed either due to the EU economic crisis or due to the Chinese investors' difficulties to understand and comply with domestic regulations.
- I made short presentation of the EU-China investment agreement negotiations and explained how conclusion of the agreement could be beneficial for EU investments in the energy sector.

9

From:

Sent: Monday, April 20, 2015 12:47 PM

To: SCHLEGELMILCH Rupert (TRADE); PETRICCIONE Mauro Raffaele (TRADE);

U.1(5)

Subject: Flash-US Chamber of Commerce on US-CN BIT and SOEs

On the sides of a conference organised by the British Chamber of Commerce on investment protection and ISDS in TTIP, I had a brief meeting with Sean Heather (SH) from the US Chamber of Commerce on the US-China negotiations.

Main points:

Negotiations between the US and China on the text of the BIT were said to be **far from concluded**.

Art. U.2

US BITs require consent of two thirds of the US Senate to be ratified

In contrast to FTAs,

U.2

, it may follow the fate of other

BITs (he mentioned the one with Russia) that are signed but not remain unratified and do not enter into force.

On SOEs:

Art. U.2
U.1

On Sustainable Development:

On Market Access:

U.2
U.1

[Art. U.1(6)]

CHINESE FDI IN EUROPE'S ENERGY SECTOR: BLESSING OR THREAT?

On the 21st of April 2015 I participated at a conference organised by the Institute of European Studies of the VUB to give a short presentation on the EU-China Investment Agreement.

The conference concerned Chinese FDI in Europe's Energy Sector and the other panelists were _____ 1, (Research Fellow, Brussels Institute of Contemporary China Studies (BICCS)), _____ (Research Fellow, EU-China Research Centre of the College of Europe) and FU Jing, (Chief Correspondent, China Daily Brussels).

Art
G. 1 (S)

I presented the state of play of the negotiations, in terms of timing and number of rounds so far, while I also explained the main objectives of an investment agreement, ie to liberalise and protect investment as well as to establish a reliable regulatory framework and certain disciplines on sustainable development for investment.

Presentations of the other discussants were more specific to the energy sector, elaborating on data of Chinese investment in Europe's energy sector.

The conference was well attended and discussions were raised on the gap between Chinese and European investment flows, the risks of indigenous innovation and the need to promote rule of law in China.

Report of meeting with SEA

u.1 (b)

On the 30th of April 2015 I met with [redacted] and [redacted] from the Ships and Maritime Equipment Association at their request to discuss about the EU-China Investment Agreement Negotiations.

I presented them with a short state of play, particularly regarding number of rounds, place and time of next round and explained that negotiations are still at a very early stage and there have been no sectoral discussions yet.

They explained the difference between the maritime technology industry and the maritime transport industry and presented me with a number of issues that their members face in China,

u.2

Meeting lasted 30 minutes