

DRAFT PRESS RELEASE

THIRD ANNUAL EU-CHINA SUMMIT

The Third Annual EU-China Summit will take place in Beijing on Monday 23rd October, this year.

President Prodi will represent the Commission and will be accompanied by Commissioners Lamy and Solbes. President Chirac will represent the EU Presidency and will be accompanied by two French Cabinet Ministers and the EU's High Representative Solana. Chinese Prime Minister, Zhu Rongji, will lead for the Chinese. He will be accompanied by Foreign Minister, Tang Jiaxuan, and Governor of the Peoples' Bank of China, Mr Dai Xianglong and Minister for Foreign Trade and Economic Co-operation, Shi Guangsheng.

This Third Annual EU-China summit will consolidate the important developments in EU-China relations over the last three years. Both sides have been able to upgrade the political dialogue and their economic and trade relations, and to take increasingly bold steps in broadening and deepening EU-China co-operation. The very welcome signature of the EU-China WTO agreement on 19 May this year will obviously ensure that China's WTO accession arrangements will also feature highly on the agenda.

In September 2000, the European Commission issued a Report concerning the implementation of its 1998 Communication entitled *"Building a Comprehensive Partnership with China"*, which commented positively on the progress made since the Communication was endorsed by the European Council of Ministers in June 1998. It concluded that although significant developments had taken place, there was much scope to expand the relationship further.

The aim of this year's Summit will be to build on these solid achievements recorded in recent years, to increase and deepen existing co-operation and to expand it into new areas.

Subjects on the agenda will include developments in the EU and in China since the First Annual Summit in 1998, WTO accession, Co-operation, including combating the trafficking in human beings and illegal immigration, Human Rights and the overall EU-China Co-operation programme. The last Summit took place in December 1999, in Beijing,

and this was followed up by the successful visit to the Commission by Prime Minister Zhu Rongji, in July this year.

Discussions will also cover global and regional issues, for example, the Korean Peninsula, the Western Balkans, Disarmament and Non-proliferation.

More detailed information is attached concerning China's accession to the WTO.

The EU will raise with particular attention the issue of human rights and will again stress the need to achieve results and improvements of the human rights situation in China (see detailed note on cooperation projects in this field).

Further discussions are also expected in new areas of co-operation such as combating illegal migration. When President Prodi and Prime Minister Zhu Rongji met in Brussels in July this year, they agreed that co-operation in this area was a high priority. This followed the tragic event in Dover last June, when 58 Chinese illegal immigrants lost their lives. As a result of this initiative, a delegation of Chinese immigration experts visited Brussels on 13th October (background information attached).

EU-China co-operation projects totalling around Euro 60 million per year, in each of the past five years, have been committed successfully, as part of the EU's overall co-operation programme. These projects have focused on education and training, science and technology, energy and the environment, agriculture, civil aviation, telecommunications, legal co-operation and public administration training, village governance and human rights. All these projects are aimed at supporting China's wide-ranging social and economic reforms.

Background note for editors: The First EU-China Annual Summit took place in London in April 1998; the Second took place in Beijing in December 1999. The Summits have proved to be important meetings for political leaders from both sides to be updated on progress made in numerous areas, to exchange ideas and to plan for the future.

Press Background Note

EU-China Co-operation to Combat Trafficking in Human Beings and Illegal Migration

1. The 1998 Commission Communication 'Building a Comprehensive Partnership with China' referred to Justice and Home Affairs topics as possible areas for co-operation with China. Special attention was paid to the issues of illegal immigration and international crime, which were considered to be of grave concern to both China and the EU. It was stated that the EU should promote substantial dialogue with the Chinese on these matters. The tragedy in Dover of June 2000, in which many illegal Chinese migrants lost their lives, underlined the importance of opening such a dialogue with China.
2. On 15 and 16 June, the European Council of Santa Maria da Feira, condemned the criminal acts of those who profit from trafficking in human beings and committed the European Union to intensify co-operation to defeat such cross-border crime, which has caused so many other deaths across Europe. It also called on the incoming French Presidency and the Commission to take forward urgently the Tampere conclusions in this area. In particular, there should be close co-operation between Member States and Europol in detecting and dismantling the criminal networks involved in trafficking, and adopting severe sanctions against those involved in this serious and despicable crime.
3. During his meeting with President Prodi at the Commission, on 11 July 2000, Chinese Prime Minister Zhu Rongji addressed the issue of illegal immigration and requested EU co-operation on the issue. On 26 July, President Prodi wrote to PM Zhu, accepting in principle the Chinese request for co-operation and suggesting some activities that could be considered. For example, co-operation between experts from both parties in detecting and dismantling the criminal networks involved in trafficking and other forms of organised crime, co-operation in the fight against forged documents, the organisation of local information campaigns aimed at potential victims and, possibly, a readmission agreement. President Prodi has also stated that, in order to improve the common basis and understanding for co-operation, visits by Chinese migration experts to some EU Member States and EC institutions, including the European Commission, would be welcomed. In his response of 26 August 2000 to President Prodi's letter, Zhu Rongji underlined again the need for co-operation and accepted the proposals made by President Prodi. Zhu also expresses the wish to send a delegation of Chinese migration experts to visit the Commission.
4. In view of these clear indications of a Chinese wish for genuine co-operation, a delegation of Chinese Migration Experts visited Brussels for one day of meetings on Friday 13th October 2000. The meeting had frank and open discussions on the existing situation with regard to illegal migration from China into EU Member States. In a good spirit of co-operation, the meeting discussed all the related issues in detail.
5. The issue will be raised at the Third EU-China Summit on 23rd October 2000 in Beijing, which would provide a good opportunity to announce progress in this area that would demonstrate the determination of both parties to combat trafficking in human beings.

Accession of China to the World Trade Organisation

The Summit will provide a timely opportunity to review China's accession process, with the EU looking to engage China constructively on all remaining issues which are currently holding back accession. There will be discussions at the level of Romano Prodi and Zhu Rongji, as well as between Pascal Lamy and Minister Shi Guangsheng.

On 19 May 2000, the EU and China agreed on bilateral terms for China's entry into the WTO, which were unanimously well received by Member States and welcomed by industry. On top of the US-China agreement of November 1999, this paved the way for substantial increases in market access and trade liberalisation in China.

China has now completed bilateral negotiations with 36 of the 37 WTO Members who requested them, with only Mexico still seeking formally to finalise terms. The **multilateral Working Party** on China's accession was reconvened in Geneva in June, followed by sessions in July and September. The Working Party (China + all WTO Members) is charged with drafting the "Protocol of accession" and "Working Party Report". These two documents essentially set out *how* China will give effect to the commitments it made during the various bilateral negotiations. The devil lies in the detail: while WTO Members see the Working Party as their best opportunity to clarify many aspects of China's trade régime which have thus far been opaque or unpredictable, China accuses others of trying to extract commitments which go beyond what is normally required of an acceding country.

As a result of this tug of war between China and much of the WTO Membership, the Working Party has failed to make decisive progress during its sessions so far (which total seven weeks of work since June), and has left many wondering what the prospects are for a swift conclusion of the accession. While the Chairman has proposed to reconvene the Working Party in the first two weeks of November, he has said that he will only do this if progress has been made through more bilateral discussions before that date. The hope is that the EU-China Summit will provide the occasion for such progress to emerge.

On substance, there are about ten key outstanding issues in the multilateral process, including several of significant importance to the Community (e.g. services, TBT, subsidies, judicial review, transparency and TRIPs). Importantly, commitments in many of these areas involve other ministries than MOFTEC and require high level co-ordination in Beijing.

Related to the accession process are certain **bilateral issues** which have emerged in the follow-up of the EU-China deal, most importantly concerning insurance licences. Specifically, the EU wishes to clarify the timing for the granting of five more insurance licences for EU firms not yet operational in China, and two sub-branch licences for firms already in business.