



EU-China Business Association

欧盟中国贸易协会

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Foreword

In this third issue of the EUCBA Bulletin, we invite you to read an interview with Mr Cesare Romiti, President of the Italy-China Foundation, in which he talks about China-Europe relations and the prospects for business along the new Silk Road.

We have an overview of the Position Paper of the European Union Chamber of Commerce in China and the results of the 6th High-level Economic and Trade Dialogue in Brussels. The Conclusions on the EU Strategy on China by the Council of the European Union are also highlighted. Please also note that the EUCBA General Assembly has confirmed the nominations of three new Vice-Chairmen: Mr Marco Bettin (Italy), Mr Jochum Haakma (The Netherlands), and Mr. Philippe Van der Donckt (Belgium).

In the EUCBA news section you can read about upcoming events such as clean technology and food safety technology missions to China. Past events include a mission to China focused on green technologies, a seminar on EU-China relations, and luncheons with Mrs. Chai Xiaolin and Mr. Jo Leinen.

Chinese investment in the European Union is booming. China's total outbound investment jumped 53.7% year-on-year to CNY882.78 billion in the first three quarters of this year, a big chunk of it in Europe. Foreign investment in China is also advancing, indicating that China's investment climate offers many opportunities.

Happy reading!

Stephen Phillips (Chairman) and Gwenn Sonck (Secretary General)

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Interview with Cesare Romiti, President of the Italy-China Foundation



Italy has recently been awarded the vice-presidency of EUCBA. What does this role mean for Italy-China-Europe relations?

This year, the Italy-China Foundation has played an active part in EUCBA, representing Italy on its Investor Council, the Association's strategic body providing guidance and guidelines in the management of relations between Europe and China. Less than a month ago, thanks to this commitment, the EUCBA Assembly decided to entrust the vice-presidency of the Board to our country and this was formally assumed by Marco Bettin, Secretary General of the Italy-China Chamber of Commerce and Chief Operating Officer of the Foundation. This appointment presents an even stronger opportunity than previously of our further strengthening relations between our continent and the Asian country.

Our Foundation and the Italy-China Chamber of Commerce have worked together, thanks to a collaboration agreement between the two organisations. For us, this opens up a new opportunity to act as a reference point for our members and to develop bilateral relations in the wider context of Europe-China relations.

How do you see the relationship between the 'Old Continent' and the Asian country?

The importance of the EU for Chinese investment flows globally has increased over the years, and continues to grow. Proof of this important strategy are large acquisitions such as that of Pirelli by ChemChina, which promise further increases in the flow of Chinese investment to Europe. In fact, Chinese investments in Europe are strategic signs of how China sees the European Union as a major trading exchange market and a key reference point for the required upgrading of technology.

Today business negotiations between the Old Continent and China are complicated by European governance, which, in fact, on many issues forces the Asian giant to deal with individual member countries. Since the goal is win-win cooperation, bringing mutual benefits for all, it is of course necessary to work on strengthening relations between Beijing and Brussels. The Brexit accident, if we want to look at it like that, does not seem to have affected what is in fact a solid relationship and, moreover, could still present the opportunity of future growth. Another key step will be developments on the thorny issue of the EU giving market economy status to China and that, once the final opinion has been given, different scenarios could be envisaged, fuelling political institutional debate.

What new prospects are emerging for Europe and Italy as partners in the new Silk Road?

One Belt, One Road is not only an extremely interesting project but also a great challenge for the entire continent of Europe, including Italy. The new Silk Road, which aims to strengthen the infrastructure network linking China and the Old Continent to promote the exchange of goods and services between the two, offers great opportunities for all European countries. The considerable investments earmarked for the implementation of infrastructure and tourist routes will increase economic integration between the Chinese provinces and the countries crossed by the new road. There's no doubt that a project of this magnitude can only foster a climate of international synergy and partnerships and, what's more, the Italian system will also be able to find some interesting opportunities. The beneficiaries will be especially those located on the Adriatic, but effects will extend to the entire peninsula. Thanks to our ports, our country will certainly become a preferred terminal as a result of these new relationships and that will particularly benefit small and medium Italian businesses, the real engine of Italy.

Some people speak of a slowdown, or of some stabilization, rather than of transformation. What explains what China's economy is experiencing?

There are three strongly related concepts, all signs of the process currently taking place in China. There is an economic slowdown and it has played its part in the transformation of the Chinese economy to a less fast-paced but more stable economy. Building growth in China is not straightforward and the Chinese government is facing many hurdles, where trips and stumbles are inevitable but also necessary to move forward. Unmistakably, we are witnessing an economic and cultural transformation process that will lead, in the

medium term, to the country's greater maturity. We need, therefore, to start using a new notion when it comes to China: the maturity of the market.

Despite going through a difficult time, China is also a growing market for Italian and European goods. Nowadays, there's no sense in ascribing the rise of China as the first world economy to exclusive help from the State. The country is going through a period of major reforms which involve changes in the economic model increasingly linked to the dynamics of the external market. What is needed is to find the appropriate synergies to foster a partnership that will bring benefit to both sides. One of the main obstacles to developing trade relations with China is the lack of knowledge of tools with which to globalise Italian and European companies.

The Chinese economy is expected to achieve global leadership in terms of absolute GDP after a long period of double-digit growth, now slowed. What are the two or three main drivers that have enabled China to become an advanced world economy?

Four factors enable China to become the world's largest economy, and they are all linked to one to another.

The first is, of course, the effect of urbanisation. In 2013, for the first time, there were more people living in cities in China than in rural areas. In China right now there are over 100 cities with over one million inhabitants and this creates enormous opportunities for our companies.

The second engine is the move from an economy with the highest rate of incentives for consumer savings in the world to an economy where, in 2014, consumption formed the majority of the country's GDP. China should no longer be considered just as the world's factory, but also as a consumer market which is rather attractive to the rest of the world.

This is closely connected to two other points of change: the move to the service sector and attention to quality. Again, 2013 was a turning point: for the first time the percentage of services, with respect to the composition of GDP, was higher than both the industrial sector and the agricultural sector. This was also reflected in the number of workers in the different sectors.

The fourth development factor is quality: the end of double-digit growth was expected in the 12th five-year plan, and the decision was made to focus not on quantity but on sustainability which also brings new, very great opportunities in certain sectors, such as environmental protection and health care.

The yuan has officially entered the International Monetary Fund's basket of reserve currencies. What will change for China?

This is currently an important recognition of its leading role. Above all, it is a key step towards the internationalization of RMB. This is still a long and difficult path, full of apparently disadvantageous but strategic obstacles and choices, such as the recent devaluations, which in fact made the yuan more resilient, allowing it to adapt more easily to fluctuations in other international currencies.

In absolute terms, China has one of the largest current account surpluses in the world, and is the country with the largest foreign currency reserves. Is this enough to prevent an economic crisis, and to enable its authorities to hold off some structural problems as they did during the EU sovereign debt crisis?

China has suffered less than others from the financial crisis which has lasted several years and affected global economic systems, although recently we are experiencing signs of international recovery. The trade surplus and hard-won monetary policy ensure that the People's Republic of China will seize opportunities to intervene and deal with any possible problems, as happened during the last collapse of the stock markets. In my opinion, Beijing is not putting off the necessary structural reforms to its economy: indeed, President Xi Jinping is trying hard to implement the production system, even at the cost of resolving the temporary crisis. So there is a process in place and Beijing's ability to react – thanks to centralized control of the economy and the presence of large companies and state banks – still represents a guarantee for the world's economies.

How China is presenting itself to potential investors today?

You can no longer speak of one China but should speak of a 'China System', made up of many provinces that offer different opportunities. Those of us who were pioneers in past decades definitely have a very strong competitive advantage. Today China continues to offer enormous opportunities but these are far less clear-cut for businesses. It is not a trivial matter to decide to invest in this country: they need training and know-how, an appropriate strategy and close attention paid to very careful localization. Involvement in the largest domestic market in the world remains not only an opportunity but a strategic imperative for foreign

multinationals. And to get involved you have to adapt to a changing country, managing to open up without losing your own identity.

In practice, what economic benefits does China provide for foreigners?

The 'guide for foreign investment' list was updated last year and has three main categories: encouraged investment, restricted investment and prohibited investment. Although there has been a decrease in sectors in the last category, there is still real protectionism in favour of local companies in many segments. Among economic benefits, opportunities offered by free trade zones should be mentioned (from Shanghai to many other provinces that have already established or are establishing free trade zones), which offer foreign companies not-fully-exploited and important benefits. These free trade areas are a pilot project to test a series of reforms that, if successful, will be extended to the entire country.

What projects is the Foundation undertaking to intensify exchanges further between our continent and China?

In recent years we have designed, planned and undertaken many useful projects with this particular aim because we believe in the need to strengthen Sino-European ties. Among these, definitely the most interesting is C4B – Chinese for Business, a European project building on previous community experience, called Chinese 4 Europeans. Chinese for Business is a portal dedicated to European SMEs, which provides a cultural and business guide as well as a completely free B2B platform promoting collaboration with Chinese counterparts. C4B came about thanks to work carried out with European partners and is available for free at www.chinese4.biz. Another project we are undertaking is called Eat' Safe, which aims to build on knowledge and the Italian experience around food chain security in order to create an integrated system concerned with specific issues of food security, bringing together institutional bodies, research centres and companies. At present, the project involves only Italy and China, but we would like future developments to involve other European partners.

How will the Italy-China Foundation's strategies of intervention evolve?

The Foundation aims to continue its mission, to be a bridge between China, Italy and Europe. Its role was once to promote and support Italian companies in their development in the international and China sphere, creating a real countrywide 'Italy System'. Nowadays this work also increasingly takes place in the opposite direction, so we are not only supporting those Italian businesses that have – or want to start – trade relations with China but also those Chinese companies who choose to improve their investments in Italy and Europe. The Foundation will continue to advance the promotion of exchanges in both directions and to meet the changing needs of business.

CESARE ROMITI

In his long career Cesare Romiti held important positions in many Italian companies, such as Snia Viscosa, Alitalia, Italtel (IRI) and Fiat Group.

He joined the Fiat Group as Manager of the Central Department of Finance, Planning and Control and member of the Management Committee in 1974. In 1998 ended his career in Fiat S.p.A. as Chairman of the Board.

In 1998 he was appointed Chairman of the Board of RCS Editori S.p.A.

In 2000 he was also appointed Chairman of the Italian-Chinese Institute and in 2004 he was appointed Chairman of the Italy China Foundation.

In 2004 he left the Presidency of the Board of RCS Editori S.p.A. and he undertook the Honorary Presidency of the Board of RCS Mediagroup.

From 2005 to 2007 he was Chairman of the IMPREGILO S.p.A.

Since 2007 he has been in the Board of Directors of the "Music Foundation for Rome".

Since 2007 he has undertaken the Presidency of the Academy of Fine Arts of Rome.

European Union Chamber of Commerce in China launches Position Paper 2016/2017

– Download links and highlights of President Jörg Wuttke’s speech

The European Union Chamber of Commerce in China on September 1 released its *European Business in China – Position Paper 2016/2017 (Position Paper)*. The full Position Paper and the Executive Summary can be downloaded from the Chamber’s website. Besides the national Position Paper, the Chamber also publishes five local position papers, focussing on Southwest China, Tianjin, South China, Beijing and Shanghai.

[Video of the Position Paper launch event on September 1, 2016](#)

[Position Paper 2016/2017](#)

[Executive Summary 2016/2017](#)

[Executive Position Paper 2016/2017](#)

[Overview of local position papers](#)

In the Position Paper, the Chamber calls for reciprocity in openness to foreign investment and for market forces to play the central role in driving innovation and developing China’s economy.

The Position Paper outlines how the recent increase in investment into Europe has highlighted the sharp imbalance in market access European companies face in China. Chinese companies have successfully completed a number of eye-catching deals to acquire leading European companies in a wide range of areas—including banking, automotive, robotics and critical infrastructure—yet European business is still heavily restricted from making similar investments in China.

While Europe welcomes foreign investment, this lack of reciprocity is unsustainable and could lead to protectionism and increased tension. Furthermore, with economic growth in China now largely dependent on public investment after growth in private investment dropped sharply during the first half of 2016, it is in the country’s own interests to loosen restrictions and offer full reciprocity. Doing so will also help to confirm that China supports globally accepted principles.

Due to the lack of progress in market reforms, the Position Paper recommends ‘dusting off’ the Third Plenum’s Decision and taking concerted measures to enable market forces to play the central role in China’s economy. The European Chamber is concerned that as the 13th Five-Year Plan appears to carve out a larger role for government in guiding China’s economy, market reform is no longer a top priority.

“This could seriously damage China’s ambitions to establish a vibrant market economy,” said European Chamber President Jörg Wuttke. “Government has an important role to play in supporting basic research, but it simply should not be responsible for directing capital. Instead, private enterprises should be given room to determine where the future opportunities lie.”

The European Chamber therefore continues to advocate for the necessary market-orientated reforms to be pushed through, without further delay. “Finalising an EU-China Comprehensive Agreement on Investment in 2017, which provides full reciprocity through an ambitious market-opening component, is an essential part of the reform agenda,” said President Wuttke.

This year’s Position Paper includes:

- A review of the 13th Five-year Plan: a thorough analysis of the importance of the plan to European business’ position in the Chinese market.
- A ‘dusting off’ of the Third Plenum’s *Decision*’s reforms and evaluation of how their implementation—or the lack thereof—has continued to affect the Chinese business environment during the last 12 months.
- A review of the lack of reciprocity in bilateral investment relations. While Chinese investment in Europe has continued to grow rapidly, European business continues to face a wide range of restrictions on how it can contribute to the next stage of China’s economic development.
- The concerns of the European Chamber’s 25 workings groups about their respective sector’s operating environment.

The European Business in China 13th Position Paper 2016/2017 is more than 400 pages long, but Jörg Wuttke, President of the European Union Chamber of Commerce in China, gave a brief introduction of the 30-page Executive Summary.

It does make a difference to publish a Position Paper, President Wuttke explained, as 50% of the issues identified in 2006 has been solved since then.

The topic President Wuttke covered in this year's presentation was the lack of reciprocity. "How much is China really reflecting its wish to be a market economy in the 13th Five-Year Plan? Is China heading towards a market economy? Is the opening up something that actually is inclusive for us, or is that still more of the same? The question European businesses ask is, are we part of this innovation goal story or are we not part of this?", President Wuttke asked.

The Chamber's Secretary General, Adam Dunnett, added that "the Position Paper is not just a product of the Chamber, but it's a product of our members. Through the working groups we solicit their input, and we collect the ideas and suggestions of our members. One member may lead on one recommendation, another Chair or Vice Chair may lead on another, and together we develop the paper accordingly." The Position Paper goes through several revisions before it is ready to be distributed to Chinese officials, foreign ambassadors, Chambers of Commerce, and interested parties in Western capitals.

The theme of this year's position paper was market opening, the 13th Five-Year Plan, and reciprocity. At the launch event, President Wuttke explained: If you look at the latest Five-Year Plan, which came out in March this year, you see that there is still a very strong flavor of government steering, which is a bit surprising, because in November 2013 the Party came up with a very engaging and visionary paper called the Decision, allowing the invisible hand of the market to play its role. It is a bit surprising how this was translated in the Five-Year Plan. In the 12th plan, the word reform came up 135 times, but in the 13th plan it was mentioned only 100 times, so the impression we have is that reform is less relevant, reform is less at the forefront of the agenda in the next five years. It seems that the SOE's are being reshuffled, merged and strengthened. China seems to be more politicising the SOEs, the Party cells now have a stronger say in operating issues and investment decisions, something which we could not even have imagined two or three years ago. We are not only talking about the 110 central SOEs, but also the thousands of local ones. A good program came up at the end of last year, called supply-side reform, which tackles overcapacity and the incredible build-up of housing. Supply-side reform is where we actually hope that progressive reforms will move ahead. We see a little bit of tracking in the last three or four months, we see that in steel and in coal some small steps have happened.

President Wuttke continued explaining that you can see the frustration at the speed of reform. There is the danger of becoming stuck in the middle income track as China is now a middle income country. It should stop feeding the economy with another loan and another credit and try to get out of the debt burden. We still have a very strong credit growth. The Position Paper outlines the dangers if China does not go through with the reforms. Another area that is causing concerns among some companies is indigenous innovation, innovation in China by Chinese. But China would be better off if it is inclusive, rather than exclusive. China is on a shopping spree. It used to be a one-way stream from Europe to China, and now we see more and more investment from China into Europe. China has also published the "Made in China 2025" paper, setting the goal for China to be world champion in nine categories, President Wuttke said.

6th High-level Economic and Trade Dialogue (HED) in Brussels

– EU and China discuss trade, investment, overcapacity and cooperation on state aid control

The EU and China met in Brussels on October 18, 2016 to discuss strengthening policy coordination, promoting sustainable growth and tackling overcapacity. The EU and China held their 6th annual EU-China High-level Economic and Trade Dialogue (HED) in Brussels. The meeting was co-chaired by Jyrki Katainen, European Commission Vice-President for Jobs, Growth, Investment and Competitiveness, and Chinese Vice-Premier Ma Kai.

Participating Commissioners and Ministers discussed a range of strategic issues under the theme "Strengthening Policy Coordination, Promoting Sustainable Growth". Topics included macro-economic

challenges, global economic governance and ongoing reforms in China and the EU. Bilateral issues included negotiations on investment, questions related to overcapacity in the steel sector and how to manage bilateral trade frictions in compliance with WTO rules.

At the conclusion of the meeting, Vice-President Jyrki Katainen said: "I believe our exchanges today allow us to see the wider picture and provide an effective, cooperative response to current challenges in the EU, China and globally. It is clear we share a commitment to strong, sustainable and balanced growth and our cooperation in all economic and trade issues will continue".

The main outcome of the HED is as follows:

Production overcapacity in the steel sector: A first meeting of the EU-China platform on steel overcapacity, co-chaired by Commissioner Malmström and Chinese Minister of Commerce Gao Hucheng will take place shortly. China has committed to make its steel industry more responsive to market forces, to reduce its excess production capacity, and to ensure that its policies do not result in the net expansion of steel capacity. China and the EU further committed to make operational the Global Steel Forum on Excess Capacity, which was announced at the G20 Summit in Hangzhou in September. The EU and China will continue their dialogue on overcapacity.

Trade and market access: The HED covered the need to see significantly improved market access for EU companies as well as a level playing field for business and investment. The EU handed over a list of the key concerns on market access and encouraged China to provide a list of their key concerns. The EU pushed to conclude negotiations on an agreement on Geographical Indications in the first half of 2017.

Investment: The HED encouraged the negotiating teams to reach broad agreement as soon as possible on a bilateral investment agreement. Both sides also agreed to continue exploring synergies between the Investment Plan for Europe and the Belt and Road Initiative.

EU-China Connectivity Platform: The HED also welcomed the progress of the EU-China Connectivity Platform, and the identification of a list of pilot projects and the setting up an Expert Group on financing and investment, which is expected to meet before the end of the year.

State aid control: An exchange took place on China's reform programme, especially on letting the market play a more decisive role. The EU believes all actors in the market need to be subject to the same rules to build a fair and level playing field.

Digital economy: The EU and China agreed to explore further the strategies for the Digital Single Market for Europe and Digital China, and in the field of 5G.

Circular economy: The European Commission's upcoming Circular Economy Mission to China will offer opportunities to promote a more resource efficient growth model.

Conclusions on the EU Strategy on China

– Council of the European Union outlines its China strategy

The Council of the European Union has reached its Conclusions on the EU Strategy on China at a meeting on July 18, 2016.

1. The Council welcomes the High Representative's and European Commission's Joint Communication "Elements for a new EU Strategy on China", which together with these conclusions, provides the policy framework for EU engagement with China over the coming years.
2. The Council sees major opportunities for cooperation with China, in particular contributing to creating jobs and growth in the European Union, engaging China in its reform process in a way which ensures openness, a level playing field, and genuine mutual benefits. These go hand-in-hand with important opportunities to work with China to promote global public goods, sustainable development and international security, and to address global and regional challenges within the multilateral system.
3. The EU-China 2020 Strategic Agenda for Cooperation fulfils an important role as the highest-level joint document guiding the EU-China Comprehensive Strategic Partnership. The EU's Strategy on China promotes the EU's own interests as well as universal values; it recognises the need for and helps to define an increased role for China in the international system; and is based on a positive agenda of partnership coupled with the constructive management of differences.

4. The Council expects the EU's relationship with China to be one of reciprocal benefit in all respects. The EU's engagement with China is principled, practical, and pragmatic, staying true to our values and interests. The EU also expects China to assume responsibilities in line with its global impact and to support the rules-based international order from which it, too, benefits.
5. The Council underlines that the promotion of human rights and the rule of law will continue to be a core part of the EU's engagement with China. The ongoing detention and harassment of human rights defenders, lawyers, journalists and labour rights defenders and their families remains a major concern. The EU will continue to urge China to fulfil its international obligations, to abide by international standards, and to respect its own constitutional safeguards and stated commitment to upholding the rule of law. The EU continues to call on China to ensure a safe and enabling environment for civil society – including foreign NGOs – and to protect the rights of people belonging to minorities, not least in Tibet and Xinjiang.
6. The Council confirms the EU's "One China" policy. The EU will continue to support the full application of the Basic Law and the "One Country, Two Systems" principle in both Hong Kong and Macao. The EU confirms its commitment to continuing to develop its relations with Taiwan and to supporting the shared values underpinning its system of governance. The EU will actively support the constructive development of cross-Straits relations as part of the peaceful development of the Asia-Pacific region.
7. A Comprehensive Agreement on Investment is the EU's main priority towards deepening and rebalancing its economic relationship with China. The Council believes that more ambitious reforms in China towards liberalising its economy, reducing the role of the state-owned sector, and creating a level-playing field for business would open new market opportunities. After the conclusion of an ambitious comprehensive agreement on investment, this could allow both sides to envisage, once the conditions are right, broader ambitions such as a Free Trade Agreement as a longer term perspective. Building on the investment provisions under negotiation with China, the EU will explore launching negotiations on investment with Hong Kong and Taiwan. The EU expects the swift conclusion of an agreement on geographical indications based on the highest international levels of protection.
8. The Council welcomes productive Chinese investment in Europe, provided it is in line with EU policies and legislation. New opportunities for co-operation on all aspects of investment should emerge through the Investment Plan for Europe. China should limit the scope of security-related reviews of EU investments in China solely to issues that constitute legitimate national security concerns. On the basis of reciprocity, the EU expects Chinese Overseas Direct Investment in Europe to be based on free market principles, and will pay particular attention to the potential market distortions and other risks of investment by enterprises which benefit from subsidies or other advantages provided by the state.
9. The Council is seriously concerned about over-capacity in a number of industrial sectors in China, notably steel production. The EU expects China to make significant and verifiable net cuts in industrial over-capacity based on a clear timeline of commitments and an independent monitoring mechanism, as recommended by the OECD. China's initiatives to upgrade its economy should be based on transparency, openness and equal treatment in line with market principles.
10. The Council encourages the strengthening of research and innovation cooperation with China. Co-operation on the digital economy should harness growth through open markets, common standards and joint research. Ensuring a level playing field, including reciprocal access to research programmes and financial resources, will remain a pre-requisite for continuing cooperation. The EU and its Member States will intensify co-operation with China on the protection and enforcement of intellectual property rights while reinforcing measures to counter cyber-enabled theft of intellectual property and trade secrets.
11. The EU-China Connectivity Platform should be fully operationalised soon and used to create synergies between EU and Chinese initiatives and to pursue opportunities to improve transport, services and infrastructure links between Europe and Asia, not least by working as a priority together towards an agreement on the list of pilot projects and identification of priority actions. Sub-regional cooperation frameworks, such as China-CEEC, will also aim at generating such synergies in line with EU policies and legislation. The Council supports co-operation with China on its "One Belt, One Road" initiative on the basis of China fulfilling its declared aim of making it an open platform which adheres to market rules, EU and international requirements and standards, and complements EU policies and projects, in order to deliver benefits for all parties concerned and in all the countries along the planned routes.
12. People-to-people relations in science, education, culture, health, youth, sports and other areas should be

mainstreamed throughout EU-China relations in order to contribute to the development of civil society in China and support China's transition to a more sustainable and inclusive social and economic model. Once the first steps to facilitate mobility, combat illegal migration and facilitate the return of irregular migrants have successfully been taken, the EU and China should move ahead with negotiating agreements on visa facilitation and co-operation against illegal migration, including readmission.

13. The EU will seek a broader foreign policy agenda for cooperation with China, encouraging China's constructive and active participation in providing security as a global public good. The Council calls upon China to participate in a consistent way in international conflict resolution processes in fulfilment of its responsibilities as a permanent member of the UN Security Council. Building on the constructive engagement between China and the EU during the negotiation of the Iran deal, the EU will seek active co-operation with China, notably on Afghanistan, Myanmar, Syria, Libya, DPRK, the migration challenge, and the Middle East.

14. The EU should work with China to ensure that its involvement in the EU's Eastern and Southern neighbourhoods as well as in Central Asia reinforces rules-based governance, sustainable development and regional security.

15. EU policy on China shall form part of a rounded policy approach to the Asia-Pacific region, taking full advantage, and full account of the EU's close relations with partners such as the United States, Japan, Korea, the ASEAN countries, Australia, New Zealand and others, as well as the EU's stake in Asia's security.

16. The European Union and its Member States, as contracting parties to the United Nations Convention on the Law of the Sea (UNCLOS), acknowledge the Award rendered by the Arbitral Tribunal, being committed to maintaining a legal order of the seas and oceans based upon the principles of international law, UNCLOS, and to the peaceful settlement of disputes.

The EU does not take a position on sovereignty aspects relating to claims. It expresses the need for the parties to the dispute to resolve it through peaceful means, to clarify their claims and pursue them in respect and in accordance with international law, including the work in the framework of UNCLOS.

The EU recalls that the dispute settlement mechanisms as provided under UNCLOS contribute to the maintenance and furthering of the international order based upon the Rule of Law and are essential to settle disputes.

The EU also underlines the fundamental importance of upholding the freedoms, rights and duties established in UNCLOS, in particular the freedoms of navigation and overflight.

The EU supports the swift conclusion of talks aiming at an effective Code of Conduct between ASEAN and China implementing the 2002 Declaration on the Conduct of Parties in the South China Sea.

Recalling its Statement of 11 March 2016, the EU calls upon the parties concerned to address remaining and further related issues through negotiations and other peaceful means and refrain from activities likely to raise tensions. As a member of the ASEAN Regional Forum (ARF) and as a High Contracting Party to the 1976 Treaty of Amity and Cooperation in South East Asia, the EU also wishes to "foster cooperation in the furtherance of the cause of peace, harmony, and stability in the region". The EU therefore stands ready to facilitate activities which help to build confidence between the parties concerned.

While underlining the importance of all States working together to protect the marine ecosystem already endangered by the intensification of maritime traffic and dredging, the EU and its Member States will continue to organise High Level Dialogues on Maritime Security Cooperation and the exchange of best practices on joint management and development of shared resources, such as fisheries, as well as on capacity-building measures.

17. The Council supports the establishment of regular and substantial EU dialogue with China to seek, in conjunction with Member States, greater common ground on disarmament, non-proliferation, counter-terrorism, migration, and, cyber-security. The EU's position on the arms embargo remains unchanged.

18. The Council agrees that there is further potential to extend EU security and defence co-operation with China and supports further work in this regard, not least in Africa, including extending the successful EU-China offshore co-operation on counter-piracy to peacekeeping and capacity-building onshore.

19. The Council welcomes the increasing contribution China is making to tackling global challenges such as sustainable development, climate change, energy security, the environment and health, and endorses the proposals made in the Joint Communication to strengthen EU-China co-operation in these areas. The Council underlines that the 2030 Agenda for Sustainable Development gives the EU and China a common stake in delivering poverty eradication and sustainable development for all through effective institutions, good

governance, the rule of law and peaceful societies. The EU underlines that for the effective implementation of the Agenda, a collaborative partnership with all relevant stakeholders is essential.

20. The EU will encourage China to increase its contribution to international efforts to tackle the refugee and migration crisis, including facilitating the return of irregular migrants.

21. Building on the results of China's G20 Presidency, the EU will work together with China in such areas as implementation of the G20 growth strategies, ensuring strong, sustainable and balanced growth and resilient global financial markets, advancing international tax policy coordination, investment in interconnected infrastructure, addressing climate change/finance, refugees and migration, health, and global anti-corruption commitments. The EU encourages China to play a more engaged and active part at the World Trade Organisation and in multilateral and plurilateral trade and investment initiatives, assuming responsibilities in line with the benefits it draws from an open trading system and strengthening the ambition of these initiatives.

22. The EU will project a strong, clear and unified voice in its approach to China. In conducting their relations with China, Member States, the High Representative and the Commission will co-operate to ensure consistency with EU law, rules and policies, and that the overall outcome is beneficial for the EU as a whole.

23. The Council invites the High Representative and the Commission to take forward work on the implementation of the priorities identified in the Joint Communication and these Council conclusions, in close cooperation with Member States. Implementation of the EU strategy on China will be reviewed as regularly as required in the Foreign Affairs Council and other appropriate Council formations.

Europe-China News Round-up

European Investment Bank and Asian Infrastructure Investment Bank agree to strengthen cooperation

The European Investment Bank and the Asian Infrastructure Investment Bank today agreed to broaden cooperation to support investment in strategically important projects, seek to jointly finance projects and increase cooperation in countries where both institutions are active. "I am delighted to sign this framework of cooperation with the European Investment Bank as a sign of our expanding partnership in addressing the monumental infrastructure financing needs around the world," Asian Infrastructure Investment Bank President Jin Liqun said. "AIIB was created with the goal of promoting regional cooperation and partnership in addressing development challenges, and we no doubt have a strong partner in EIB. Through joint efforts we can be a steadying force in this complex global economic environment and create enduring positive development outcomes."

College of EU Commissioners debate treatment of China in anti-dumping investigations

The College discussed in July the political, economic and legal implications resulting from the expiry on 11 December 2016 of some provisions in China's Protocol of Accession to the World Trade Organisation (WTO) and what consequences to draw from this. This discussion follows up on a first orientation debate held on 13 January on whether, and if so how, the EU should change the treatment of China in anti-dumping and anti-subsidy investigations after December 2016. Since then, an in-depth impact assessment was conducted to measure the consequences of possible changes by Member State and by economic sector, with a particular focus on jobs. A public consultation was also carried out, which delivered more than 5.000 replies. Member States, industry representatives, trade unions and various stakeholders took an active role in these discussions during the last months. The European parliament adopted a resolution in May calling on the Commission to take action. At the orientation debate, the College of Commissioners discussed the three options examined in the impact assessment:

- leaving the EU legislation unchanged
- removing China from the list of "non-market economies" and applying the standard methodology for dumping calculations
- changing the antidumping methodology with a new approach which would maintain a strong trade defence system, while giving effect to the EU's international obligations.

European Chamber launches Business Confidence Survey 2016 in Tianjin

The European Chamber, in cooperation with Roland Berger, released its annual *Business Confidence Survey (BCS) 2016* in Tianjin on August 24. The survey finds that China's economic slowdown continues to pose a significant challenge to both Chinese and European companies. However, European business is suffering more acutely from its effects due to an increasingly challenging business environment, coupled with a playing field that is perpetually tilted in favour of domestic enterprises. In the Tianjin-specific section of the survey, members of the European Chamber's Tianjin Chapter answered questions related to the August 2015 Tianjin Harbour explosion, the city's infrastructure and the planned integration of Beijing, Tianjin and Hebei Province. The launch event attracted a large number of participants including local Chamber members, government officials from various industrial zones, experts from cooperative universities as well as representatives from other national chambers and local organisations.

EUCBA News

New EUCBA Vice-Chairmen appointed

The EUCBA General Assembly, which took place on 20 September in Brussels, has confirmed the following nominations for Vice-Chairman:



Mr Marco Bettin (Italy)

Mr Bettin is Secretary General of the Italy-China Chamber of Commerce and Chief Operating Officer of the Italy-China Foundation. Previously he had served in the positions of Head of the New Markets Team at Unicredit Group, Chief Representative of the UniCredit Bank Guangzhou Representative Office, Vice-Chairman and Secretary-General of the China-Italy Chamber of Commerce, and CEO of Aethra Asia. He is Knight in the Order of Merit of the Italian Republic.



Mr Jochum S. Haakma (The Netherlands)

Mr Haakma is a lawyer, former career diplomat and an expert in a.o. the field of trade and investment promotion. He was from 1978 assigned to a number of Dutch Embassies abroad (Rome, Lusaka, Bonn). From 1997 until 2002 he served as Consul-General in Hong Kong/Macao and from 2002 until 2006 as Consul-General in Shanghai. In 2006 he was appointed Managing Director of the Netherlands Foreign Investment Agency. In September 2007 he moved to the private sector and was appointed Global Executive Director Business Development of the TMF Group BV in Amsterdam. Concurrently he serves on the boards of various business organizations. Mr. Haakma is founder and owner of Haakma Consultancy since 2015. In 2012 he received an honorary Doctorate Degree of the European University in Barcelona (Spain).



Mr Philippe Van der Donckt (Belgium)

Mr Van der Donckt earned his MSc in Chemical Engineering at the KUL, University of Leuven, Belgium. He joined Umicore as production engineer at the Hoboken precious metals refining plant. He held various positions in technical, control and commercial departments. Since 2004 he assumes the position of Director Business Development Recycling Asia. Since 2013 he is also Senior Manager Government Affairs. In 2015 he was elected Vice-Chairman of the Flanders-China Chamber of Commerce.

UPCOMING EVENTS

EU Gateway | Business Avenues programme – Missions to China: Clean Technologies (20-24 March 2017) and Food Safety Technologies & Service (15-19 May 2017)

EU Gateway | Business Avenues is an exclusive initiative supported by the European Union. Driven by business opportunities, the programme accelerates high potential European companies in Asian markets through sector-focused business missions organised in key markets. One of the key markets is China.

Companies that are selected to participate will have the following benefits:

- **Privileged access** to focused business opportunities
- **Targeted meetings** with potential business partners and key contacts
- Readily available **market intelligence**
- Participation in **large sector events**
- **Low entry costs**
- **Internationalisation coaching and support** on doing business in Asian markets
- **Business support** during and after the mission to facilitate the deal

EU Gateway | Business Avenues is organizing business mission on Clean Technologies going to China in March 2017.

When: 20 - 24 March 2017

Where: Beijing, China

Apply now: <https://www.eu-gateway.eu/business-missions/missions-calendar/clean-technologies-china>

Deadline: 02/12/16

Questions: Coaching.Network@eu-gateway.eu

Sector	Country	Week	Event
Clean Technologies	China	20 -24 March 2017	n/a in Beijing
Food Safety Technologies & Service	China	15 – 19 May 2017	SIAL (Food Innovation Exhibition in Shanghai)

Please check <https://www.eu-gateway.eu/content/china>

Companies who are active in this sector are invited to submit an Expression of Interest on the website.

Eligible companies will be invited to submit a full application. The organisers will be in touch at this stage to help each company assess its readiness to internationalise, and where relevant, identify areas for growth. 50 European companies will be selected for each mission. Most of the costs will be covered by the programme, making it high value, low risk.

PAST EVENTS

Circular Economy Mission to China – November 22-25, 2016 – Beijing



From left to right : Mr Hans-Dietmar Schweisgut Ambassador of the EU in China; Gwenn Sonck (EUCBA); Mr Daniel Calleja, Director General DG Environment; European Commission; European Commissioner for Environment Mr Karmenu Vella; Mr Philippe Van der Donckt, Business Development Director Asia, UMICORE and Vice Chairman EUCBA; Mr Veronique Hueylle, Senior Expert DG Environment EU Commission

The European Union organized a trade mission to Beijing from November 23 till 25 for companies in the circular economy. The mission was led by Mr Karmenu Vella, European Commissioner for Environment, and Mr Daniel Calleja, Director General, DG Environment. The mission was organized concurrently with the China International Circular Economy Exhibition (<http://en.chinacace.org> – www.chinacace.org). The EU-China Business Association took part in this mission and was represented by Mr Philippe Van der Donckt, Vice-Chairman EUCBA, and Ms Gwenn Sonck, Secretary General, EUCBA.

The participants received an introductory briefing on doing business in China, including a keynote speech by the EU Director-General for Environment Daniel Calleja. EU Commissioner Karmenu Vella attended a networking cocktail on the first day of the mission and met with the members of the delegation. The China Association for Circular Economy (CACE) organized a visit for the participants to the China International Circular Economy Exhibition 2016 at the China National Convention Center, where Commissioner Vella delivered the opening speech. At the EU-China Forum towards a circular economy, Ms Ma Rong, Deputy Director General of the Department of Resource Conservation and Environmental Protection at the National Development and Reform Commission (NDRC) gave a speech on the achievements of China's circular economy development. Director General Daniel Calleja talked about the EU's circular economy package and implementation. During the seminar, Mr Philippe Van der Donckt, Business Development Umicore, also shared the experiences and expectations of Umicore on circular economy.

A Forum on circular economy technology innovation, investment and financing was also organized with speeches by Xin Guobin, Vice Minister of the Ministry of Industry and Information Technology (MIIT), Fan Hengshan, Deputy Secretary of the National Development and Reform Commission (NDRC), and Liao Xiaoqi, former Vice Minister of Commerce. A number of memorandums of understanding (MOUs) were signed. Finally, a visit was organized to Tus-Sound company at the State Green Industries Zone in Beijing.

During this mission, the EUCBA organized a seminar focused on Opportunities for Business – Green Technologies and Green Business Perspectives. Following an introduction by Gwenn Sonck, Secretary General of the EU-China Business Association (EUCBA), Bo Ji, Assistant Dean of Global Executive Education, Chief Representative for Europe, Cheung Kong Graduate School of Business (CKGSB), delivered a very interesting keynote speech entitled “China: From Red to Green”, on the development of China’s greentech market and the opportunities for Chinese businesses. Philip Bartley, Director of Development Solutions (Consortium Lead) and Reinout van Malenstein, China IPR SME Helpdesk gave presentations at the event on the protection of intellectual property rights (IPRs).

The Circular Economy Mission to Beijing was a real success in terms of number of participants: 79 representatives of 34 companies; 15 European business associations; 6 national business associations; 2 national research institutes; 4 national governmental organisations and 1 foundation. The EU-China Business Association (EUCBA), the EU Chamber of Commerce in China, the EU SME Centre in China, the Enterprise Europe Network partner in China (EU Project Innovation Centre – EUPIC) and the EU IPR Helpdesk were also part of the delegation.

The delegation comprised CEOs and industry representatives who between them represented 14 different nationalities (namely Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Romania, Spain, Sweden and UK). Various sectors of the environmental industry were represented, including agro-biotechnology, chemicals, crop sciences, food and medical, luxury, sustainable construction, packaging, plastics, recycling, renewable energy, water and related services, waste management, IT, telecom, etc. There were also companies that offer engineering, urban planning or consultancy services.

The European companies present in the delegation employ more than 1.3 million employees and reach more than €535 billion in turnover. The combined turnover of the companies taking part is greater than the GDP of Sweden.

The European companies present in the delegation together with the European business associations, national business associations, national research institutes, national governmental organisations and foundations employ more than 6.3 million employees and reach €1315 billion in turnover. The combined turnover of the companies and business associations taking part is almost as large as the GDP of Spain.

Exclusive Luncheon with Mrs Chai Xiaolin, Minister in charge of economy and trade, Chinese Mission to the EU in Brussels – 20 September 2016 – Brussels



From right to left : Harald Lux, Germany, DWC; Mrs Chai Xiaolin, Minister in charge of economy and trade, Chinese Mission to the EU; Bart De Smet, CEO Ageas



The EU-China Business Association (EUCBA) organized an exclusive luncheon with Mrs Chai Xiaolin, Minister in charge of economy and trade, Chinese Mission to the EU in Brussels. This luncheon took place on 20 September 2016 at AG Insurance in Brussels.

Following a networking cocktail and introduction by Mr Stephen Phillips, Chairman, EU-China Business Association, Mrs Chai Xiaolin, delivered a speech on the developments of EU-China economic and trade relations. A exchange of views concluded the luncheon.

The luncheon took place at AG Insurance and was hosted by AGEAS.

EU-China Relations: An Update for Business – 19 September 2016, 14:00 – Brussels

BusinessEurope, the European Union Chamber of Commerce in China (EUCCC) and the EU-China Business Association (EUCBA) organized a seminar on EU-China relations. This event was supported by the Flanders-China Chamber of Commerce (FCCC). The EU-China relationship is of significant importance to the European business community, with trade in goods and services totaling over €1 billion per day. China is now the EU's second largest trading partner while the EU is China's largest trading partner.

This seminar aimed to provide a holistic overview of the state of EU-China relations for the European business community. Topics include a presentation on the general business environment in China for European companies; the outcomes of the EU-China Summit held in Beijing on 13 July; the EU's new China strategy released in June; and the state of play on the EU-China Comprehensive Agreement on Investment. Following a word of welcome by Markus J. Beyrer, Director General, BusinessEurope, Jörg Wuttke, President of the European Union Chamber of Commerce gave a speech, followed by two other speakers. A Q&A session and closing remarks by Mr Stefaan Vanhooren, Vice-Chairman of the EU-China Business Association (EUCBA) concluded the event, which took place on September 19 in Brussels.

The EU-China Business Association is the EU-wide federation of business organizations in the EU promoting business relations with China. The Flanders-China Chamber of Commerce is in charge of the secretariat-general of the EUCBA.

Exclusive Luncheon with Mr Jo Leinen, Chair of the European Parliament Delegation for the Relations with China – 29 June 2016 – 12h00 – Brussels



From right to left: Jo Leinen (EU Parliament), Bart De Smet (AGEAS), Egbert Lox (Umicore)



From right to left: Ji Bo (Cheung Kong Graduate School of Business), Bert De Graeve (EUCBA, Bekaert)

The EU-China Business Association (EUCBA) organized an exclusive luncheon with Mr Jo Leinen, Chair of the European Parliament Delegation for the Relations with China, Member of the Committees on Constitutional Affairs (AFCO), Foreign Affairs (AFET) and the Environment (ENVI). This luncheon took place on 29 June 2016 at the company Umicore NV in Brussels. Following a networking cocktail and introduction by Mr Bert De Graeve for the EU-China Business Association, Mr Jo Leinen delivered a speech on the

developments of EU-China Relations. Exchange of views followed the speech.

Advertisement

Invest in Flanders – You will be in great company

Ever since the Middle Ages, Flanders has been one of the world's most dynamic regions, a thriving hub of economics and cultures. Situated on the crossroads between Anglo-Saxon, Latin and Germanic cultures, it is a place where people not only meet for trade, but also to exchange ideas and experiences. Flanders has therefore over time become a center of both commerce and innovative thinking.

A strong emphasis on innovation and quality

Today, the traditional strengths of trade, innovation and quality hold true. This is largely due to the people of Flanders themselves, who are well-known for their cultural sensitivity and are among the most multilingual in the world. They also show great flexibility and loyalty, are highly skilled and well-educated, and always aim to deliver the highest quality.

Furthermore, productivity is the trademark of the Flemish employee. Heavy funding of R&D across the sectors and in future-oriented areas ensures that Flanders keeps its edge in technology and innovation. The region's leading industries include technology-driven niches, such as life sciences, chemicals, plastics, logistics, automotive and food sectors. Additionally, luxury segments such as diamond trading, fashion, textiles and specialty chocolate production are other industries that do particularly well here. Not to mention the strong brewing tradition, which goes back a thousand years and has resulted in the world's most appreciated and award-winning beers...

Flanders, providing the world with quality products and services

Flanders can boast more than delicious pralines and the finest of beers. Its excellent infrastructure, highly skilled people and inspirational atmosphere result in the highest quality of products and services of any sort. Thanks to the many advantages the region has to offer, Flanders hosts a number of key players in niche industries that have made it to the top of their markets.

Flanders, business in the heart of Europe

It's no coincidence that Brussels, capital of Flanders, became the administrative center of the European Union and the host for the NATO headquarters. Its location at the heart of Europe, its superb transport infrastructure and unique workforce, make Flanders the designated environment for all business and political purposes. Enterprises looking to establish or expand their operations in Europe will encounter all the means necessary to be successful in their objectives.

Flanders Investment & Trade

www.investinlanders.be

Interested in joining the EU-China Investor Council or becoming a structural partner of the EUCBA?

The EUCBA is establishing an EU-China Investor Council within the EUCBA. A selected number of CEO's and Chairmen of leading European and Chinese companies will be invited to become a member of the EU-China Investor Council. The EU-China Investor Council has been designed to give high-level access to both Chinese and European authorities and to provide a high-level, exclusive platform to exchange views on investing in China and in Europe in order to increase market access and to provide knowledge to SME's. The Council will be limited to 15 companies to ensure that it is an exclusive EU-China high-level network. The benefits include participation in EU-China high-level meetings, and access to high-level Chinese authorities, diplomats, and European Commissioners, as well as one meeting per year with high-level European and Chinese officials in Brussels. Also included is an interview in the EUCBA Quarterly newsletter.

The EUCBA also offers companies such as banks, law firms, accountants and educational institutions the opportunity to become a structural partner of the EUCBA. A selected number of leading European and Chinese companies will be invited to become a Structural Partner of the EUCBA. As a Structural Partner you can: organise joint activities with EUCBA, take part in high-level meetings, and have your company logo on

the EUCBA website and at events, and in the EUCBA Quarterly Newsletter.

Interested to join the EU-China Investor Council or to become a structural partner of the EUCBA? Please send an e-mail to gwenn.sonck@flanders-china.be

Interested in Advertisement or Sponsoring?

The EUCBA offers sponsorship and advertisement opportunities in the EUCBA Quarterly Newsletter and on the EUCBA website. If you are interested in obtaining more information, please send an e-mail to: gwenn.sonck@flanders-china.be.

About the EUCBA

The EU–China Business Association (EUCBA) is the EU-wide federation of national non-profit business organisations in the European Union with specialization and particular expertise in exchange of knowledge on investments and trade with China. At current, EUCBA unites 20 members in 18 countries representing more than 3,500 companies – large, medium, and small, in all branches of industry, commerce and the service sector.

EUCBA promotes direct investment and trade between China and the EU through international exchange of information and joint projects of its members – providing European companies a stronger base for expanding trade cooperation with China.

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