



RESOLUTION

Better Control of Chinese Investments in Europe. More European Unity in Dealing with People's Republic of China . Fostering Equal Market Access and Bilateral Trade between Europe and People's Republic of China

Adopted at the YEPP Council Meeting in Valencia, 14.09.2019

Recognizing that:

- People's Republic of China increases its economic activities in Europe: In light of the "Made in People's Republic of China 2025" investment and research program, Chinese private and state-owned investors/firms are increasing their investment and acquisition activities in the European Union (EU). These Chinese investments primarily target medium-sized enterprises and innovative, high-tech market leaders (focusing in particular on Artificial Intelligence, robotics, e-mobility and bio medicine, among other areas). The aim of the Chinese strategy is to further develop the country into a leading industrial location.
- Unequal trade and market access persist: With its accession to the WTO in 2001, People's Republic of China has taken on far-reaching commitments to open its market for foreign investors. Currently, People's Republic of China benefits from open markets in the EU. However, European companies in People's Republic of China are still subject to numerous restrictions and discrimination in comparison to Chinese companies investing in Europe. As such, in individual sectors companies are forced into joint ventures, access to certain economic sectors is denied or only minority shareholder stakes allowed as in the financial sector, etc.
- Infringement of property rights and involuntary technology transfer persist: A particular challenge for European companies in People's Republic of China continues to be the protection of intellectual property. People's Republic of China's one of the countries in which cases of infringement of industrial property rights are particularly numerous. For



many European countries, the obligation to involuntarily transfer technology to Chinese firms is a central problem. A primary concern for European firms is often to ensure data protection, data security and also the protection of intellectual property. Legal regulations and special practices that require technologies to be disclosed or transferred to Chinese economic players free of charge, for example within the framework of certification processes, are a main source of criticism.

- People's Republic of China is making extraordinary investments under the "Belt and Road Initiative" (BRI): the silk road initiative of the Chinese government. These investments in transport infrastructure and trade routes at the sea and on land also affect the member states of the EU and may have effects on future trade relations.
- The "Belt and Road initiative" is complementary to the EU-People's Republic of China continuous partnership and dialogue. The relations are based on mutual trust, benefits and the full respect of the European Union standards.

Acknowledging that:

- Multilateral trade can only be based on equivalent access to markets. A key prerequisite for the further development of cooperation between the EU and People's Republic of China is that People's Republic of China further opens its markets and reduces discrimination against foreign companies and investments. While some progress has recently been made, it is important that People's Republic of China continues to open its markets to foreign investors.
- Free trade cannot be based on protectionism. Punitive tariffs, sanctions and non-tariff barriers should be avoided with a view to the goal of generating mutual prosperity.
- In order to strengthen fair trade relations with People's Republic of China , a transparent and fair competitive environment at eye level for foreign companies is essential.



- In the meantime, the Chinese government has created a legal situation that comes close to international standards with laws and other legal provisions. However, administrative implementation, judicial practice and the sanctioning of offences need to be significantly improved.

YEPP calls on:

- Equalizing the trade and market access for European and Chinese investments. We call on fostering equal market access conditions. This particularly includes the area of non-discriminatory market access (e.g., by reducing the participation limits of foreign companies, removing technical market access restrictions through standards and certification requirements, streamlining lengthy approval procedures, etc.), but also in the area of public procurement (e.g., equal access for foreign companies to public tenders, People's Republic of China 's accession to the WTO's Government Procurement Agreement). We demand that these inequalities be eliminated and that Chinese investors be subjected to stricter scrutiny.
- More unity in Europe in dealing with investments from People's Republic of China: Establishing a database of **foreign** investments. At the European level, we call for a database of **foreign** investors active in the EU to be set up. This could be done following the example of the United States to foster transparency on the sources of Chinese investments. In particular, whether investments, stem form state or private investors in People's Republic of China. An overview of Chinese investment could also help to see which sectors and geographical regions in Europe may need special protection and which Chinese investment could contribute to structural growth. Geographical distribution is also imperative, as countries with large proportions of Chinese investment might be tempted to weaken European unity in dealing with People's Republic of China. Moreover, investments made within the "Belt and Road Initiative" (BRI), the silk road initiative of the Chinese government, must be tracked and made visible. This would enable governments, parliaments and NGOs to monitor the projects implemented within the framework of BRI and to monitor whether the human rights and quality standards of the EU are being met in their implementation.



- On the abandonment of involuntary technology transfer of European firms engaging in People's Republic of China. This behaviour, which is questionable by WTO standards, should be abandoned as soon as possible. Firms investing in People's Republic of China should not be forced to involuntarily transfer their technologies. Rather, the best ideas and innovation should determine competition between firms of the EU and People's Republic of China and lead to prosperity gains.
- An improvement of the legal situation in People's Republic of China, in particular regarding aspects that regard foreign investment activities in People's Republic of China. Moreover, we call on the abandonment of any arbitrary rule of law. Even today, there are still cases of arbitrary justice in People's Republic of China, including the case of human rights. The Belt Initiative, too, may lead to such violations of the law by which the EU and its member states should not become blackmailable.
- A coordinated approach of the European states to dealing with People's Republic of China. *Possible attempts to undermine joint European positions should be recognized.*