

EU Trade Commissioner Mandelson remarks to journalists after meeting with Chinese Commerce Minister Bo Xilai – Brussels, 12 June 2007

Following the EU-China Joint Ministerial Trade Committee meeting with Chinese Commerce Minister Bo Xilai, EU Trade Commissioner Peter Mandelson debriefed journalists in Brussels. Mandelson told journalists that after raising the issue of the EU's growing trade deficit with China he had "heard for the first time at such a political level a clear recognition by China - in the words of Bo Xilai - that something must be done."

The Committee discussions were extended and Minister Bo was unable to attend the press debriefing.

Transcript of Peter Mandelson's remarks:

"I apologise for the fact that our discussion overshot our lunch and then our press point and very nearly Bo Xilai's meeting with Crown Prince of Belgium.

But I just wanted to let you know that I thought that the discussion that we had was for the first time as frank, concentrated and prolonged a discussion as was necessary for such a serious topic as the **growing trade deficit** between the EU and China which not only poses major economic problems for us but is a major challenge of political management for both sides. I felt that I heard for the first time at such a political level a clear recognition by China - in the words of Bo Xilai - that 'something must be done'.

We discussed the reasons and the factors of the deficit in a very intensive way for a very long time and we have agreed the need to identify solutions and we have agreed that we should, through further intensive discussion in the coming months, report back to the EU-China Summit that will take place in November this year.

We have also incidentally finally agreed the terms of reference for the negotiation of the **update of the 1985 economic trade and investment agreement** between the EU and China and therefore we will be starting substantive discussions on that.

There are three other items which I will single out from the long agenda that we followed:

One concerns the issue of **steel** and iron products where as a result of the huge investment and overcapacity of the Chinese steel industry we are looking at the threat of considerable price distortions, over-supply to the European market and destabilisation of our market in Europe. This issue is recognised by China and will be the subject of consultations in late June or early July to review these developments and consider what action we need to take

Secondly on **textile** products, both sides were able to acknowledge and welcome the successful operation of the textiles agreement that we negotiated in Shanghai in 2005. But also the possible issues and problems that we would encounter as this agreement continues during 2008 but which sees the end of the limitations on China's export growth at the end of 2007. We were both cognisant of the - if I can put it in this way - re-entry problems of the return to normal trade and we agreed that we wanted to avoid any destabilisation of the market. For our part our automatic licensing system will continue through 2008 so we can continue to monitor market developments and discuss jointly with Chinese authorities any action that we need to take to ensure a smooth transition from the textiles agreement to normal trading.

The third concerns **intellectual property rights**, where there was a very long discussion. You may know that after the US initiated its WTO case on IPR and we decided to be a third party observers to this case the government of China decided unilaterally to suspend all IPR dialogue and cooperation with those who had either brought the case or who were observers to it. I made the point today that if China wants the EU to prioritise dialogue and cooperation over WTO action then it was hardly sensible or logical to break off that cooperation at a time when we had decided not to join the WTO case in Geneva but instead to be observers to it.

Bo Xilai has undertaken to renew China's commitment to cooperating with the European Union on IPR matters and I am glad to say that our joint working group on IPR enforcement will in fact meet again in the near future, at a time when Bo Xilai needs to discuss with his colleagues in the Chinese government."

Watch the full [press conference](#) on EBS