



CIVIL SOCIETY DIALOGUE

MEETING ON

THE STATE OF PLAY OF THE EU-CHINA INVESTMENT NEGOTIATIONS

Date: 9/7/2020

Time: 15:00-16:30

Location: videoconference

COM Participants

Ms Maria Martin-Prat, Director, Services and Investment, Intellectual Property and Public Procurement, Directorate-General for Trade (DG Trade)
Civil Society coordination, Information, Communication and Civil Society, DG Trade (Moderator)

Presentation

Maria Martin-Prat, EU Chief negotiator informed stakeholders on the state of play of the negotiations for an EU-China Comprehensive Agreement on Investment (CAI). In her introductory remarks, Ms Prat highlighted that, with the CAI, the EU seeks to create new investment opportunities for European companies by opening China's market and eliminating discriminatory laws and practices that prevent them from competing in the Chinese market on an equal footing with Chinese companies and companies from other third countries. Additionally, disciplines on sustainable development and corporate social responsibility form an integral part of the negotiations. After a slow start, the negotiations have intensified since the first exchange of offers (July 2018) and gained further momentum after the EU-China Summit in April 2019. The objective remains to conclude an ambitious agreement by the end of 2020 as confirmed at the Summit in June 2020. The EU continues to see the importance of the CAI, however, there is broad support for the prioritisation of the substance of the agreement over the speed of its conclusion. While progress has been made in the past months, more efforts are needed from China in three key areas, namely, market access, level playing field, and sustainable development, in order to ensure an agreement worth having.

Discussion Highlights / Questions and Replies

In response to the **Confédération des Syndicats Chrétiens** enquiring whether the EU is negotiating ISDS with China, the EU representatives highlighted the difficulties of advancing the investment protection negotiations while confirming that the EU had neither intention nor the mandate to negotiate an unreformed investor to state dispute resolution mechanism with China.

The **Confédération des Syndicats Chrétiens** and **Heinrich Böll Stiftung e.V.** queried about the state of the negotiations on sustainable development. Ms Martin-Prat explained that the section on investment and sustainable development will include commitments on labour and environment, a commitment to promote corporate social responsibility among businesses and a mechanism to address the differences in case a Party considers that the commitments are not met.

Human Rights Watch and **Eurogroup for Animals** raised questions on the monitoring and enforceability of the Sustainable Development chapter. Ms Martin-Prat confirmed that a monitoring mechanism was part of the negotiations. **Human Rights Watch** queried how the Chinese government received the calls made by the European Parliament concerning the situation in Hong Kong. Ms Martin-Prat underlined that the crisis is going beyond the CAI or economic relations and the appropriate response is being discussed at European level.

SAP/DIGITALEUROPE enquired about the state of play of the market access negotiations on ICT/cloud computing. Ms Martin-Prat explained that the telecommunication and computer services are one of the most difficult sectors to improve market access. The ambition of China's current offer is not sufficient. Reacting to a remark by the **Lithuanian Investors Association** about the breadth of the scope of the negotiations, Ms Martin-Prat clarified that the CAI does not cover cross-border trade of goods and services and that the EU is not ready to negotiate an FTA with China. In response to a related question by the **European Services Forum**, Ms Martin-Prat confirmed that the CAI negotiations cover disciplines relating to the movement of natural persons linked to investment.

Orgalim-Europe's Technology Industries, **SAP/DIGITALEUROPE** and **Petita i Mitjana Empresa de Catalunya** asked respectively whether the negotiations cover intellectual property and public procurement rights. Ms Martin-Prat explained that, while the CAI will not have a standalone IP chapter, it will include disciplines to prevent the forced transfer of technology, which seems the most relevant discipline vis-à-vis China. The main tool to improve access to China's procurement market is to push forward its accession to the WTO Government Procurement Agreement. **Orgalim-Europe's Technology Industries** enquired about the prospects of adopting the International Procurement Instrument. Ms Martin-Prat expressed hope that discussions at the Council on the IPI will advance rapidly as Member States' perception of such instrument seems more favourable now than before.

Finally, **Heinrich Böll Stiftung e.V.** asked about the interaction between the CAI and investment screening. Ms Martin-Prat clarified that the EU investment-screening framework is aimed to ensure that Europe can block investments posing a risk to security or public order in the EU. She further explained that the FDI Screening tool is not an economic tool but a security one, and that there is no incompatibility between the CAI and FDI Screening.