MAY 2020

Representing Chinese enterprises in Europe, CCCEU is a responsible bridge-builder for business opportunities

CCCEU MONTHLY
欧 盟 中 国 商 会 月 讯

Editor's note

An eventful month

This issue of the CCCEU Monthly is dedicated to the many developments which took place during the month of May. On the one side, May was an eventful period for the China Chamber of Commerce to the EU (CCCEU), especially because the Chamber organized two major events: the Annual Assembly and a video seminar for its members, where it collected their concerns about the business environment in the European Union (EU).

On 18 May, fifty-two CCCEU members met for their first CCCEU Annual Assembly since the CCCEU was inaugurated by Premier Li Keqiang in April last year. In order to respect the COVID-19 measures, the Annual Assembly took place online. Notwithstanding the difficulties arising from the current situation and the economic shock, the members pledged to cooperate with their European partners by enhancing investment and creating more local jobs in this unprecedented challenging global business environment. You can read more about the Assembly at page 7.

In late May, the CCCEU teamed up with the Research Department of Foreign Economic Relations of the Development Research Centre of the State Council (DRC) to organize a video seminar for the CCCEU Members. During the seminar, the participating CCCEU Members expressed their concerns for the business environment in the EU, affirming that they find it increasingly difficult to manage their economic activities: Chinese companies investing in the EU are concerned about the economic impact of COVID-19, but they also experience increasingly strict and complicated investment screening procedures at the European Union and member-state level. The report of the event can be found at page 8.

Ambassador Zhang Ming greets the CCCEU Members during the CCCEU Annual Assembly. Source: CCCEU.

May was also an eventful period for both China and the EU, because major developments happened on both sides. In China, the 13th Chinese People's Political Consultative Conference took place in the second half of May and it brought together not only the political leadership of the country, but also representatives from the business sector, who could provide their input for future legislation. In particular, the Chinese business sector showed its willingness to be active part of the economic recovery, especially in this moment when China is showing promising signs. The CCCEU's analysis can be read at page 4.

On the EU side, May was the time to present the proposal for the recovery measures discussed in April. The European Commission discusses several proposals, among which the most meaningful are the Tourism and Transport Package, and the Next Generation EU. The former is meant to coordinate the lifting of the limitations to travel and tourisms while preventing new COVID-19 hotspots. The latter is an ambitious package of €750 billion backed by the EU budget, meant to lay the foundations for the recovery of the continent's economy in the second half of 2020. Both policy measures are analyzed at page 10.

Lastly, this edition of the CCCEU Monthly includes a brief analysis of the China-EU Comprehensive Agreement on Investment (CAI), which is being negotiated at the moment. The CAI is expected to benefit both the EU and China as it will make it easier to invest in the respective markets. Since the agreement is supposed to be concluded before the China-EU Summit in 2020, which has been postponed for now, the CCCEU sums up its major points at page 12 to provide a functional introduction to the CAI.

We wish you a pleasant reading and we welcome your comments and perspective on the topics you find in the next pages.

Contents

Editorial Team

Lihong ZHOU
Xin GUO
Gene FU
Yinxing GAO
Paolo RECALDINI
Huanyu ZHAO
Handi SHI

About us

The CCCEU is a platform between China and the European Union, which serves the best interests of Chinese enterprises investing in the EU. Established in August 2018, the CCCEU speaks on behalf of its 60 members and represents up to one thousand Chinese enterprises in the EU.

Office 503 A, Rond-Point Schuman 6, 1040 Brussels, Belgium
+32 2 234 79 12

info@ccceu.eu
fb.com/CCCEUofficial
@CCCEUofficial
China Chamber of Commerce to the EU

China is on track with the recover

Chinese enterprises are getting back on track and can help the world to do it as we

On 21 May, the Chinese People's Political Consultative Conference (CPPCC), China's top political advisory body, started its 13th annual meeting after a two-month delay imposed by the measures for the COVID-19 pandemic. During the sessions, important measures for restarting the national economy were discussed.

The Chinese People's Political Consultative Conference (CPPCC) is a political advisory body in the People's Republic of China, consisting of delegates from various political parties and diverse organizations, as well as independent members from different sectors of society. As formulated in the preamble of the national Constitution, the consultative role of the CPPCC is essentially very close to that of advisory legislative upper houses in other states, which makes the CPPCC a de facto national senate. It is not a surprise, then, that the different voices represented in the CPPCC addressed the state of the Chinese and international economy and provided suggestions to restart domestic economic activities while maintaining the pandemic under control.

The COVID-19 pandemic caused negative growth and reduced trade volume worldwide, and the first quarter of 2020 did not look happy for China either. According to data released by the Ministry of Finance, despite the tax relief efforts to mitigate the pandemic's impact on the economy, China's fiscal revenue fell by 14.5% year-on-year in the period January-April, with a quick increase from the 14.3% fall measured in Q1 and from the original 9.9% decrease in January and February 2020.

On the other hand, according to the National Bureau of Statistics (NBS), the declining profits of China's major industrial firms in the same period narrowed down, going from the 36.7% year-on-year decline in Q1 to 27.4%. In fact, the industrial sector was among the quickest to rebound from the COVID-19 shock, as shown also by the value-added industrial output returning to growth in April, up by 3.9% year-on-year from the 1.1% drop in March and the 13.5% in January-February. Similar promising news came from the data on international trade, as the General Administration of Customs (GAC) showed that in May exports rose by 1.4% year-on-year, even if imports fell by 12.7%.

Notwithstanding the difficulties of the first months of 2020, the prospects for the second half of the year look promising. In light of these early signs of improvement, China is expected to drive global GDP growth in the rest of 2020 and in 2021: a report jointly issues by Oliver Wyman and Silk Road Associates shows that China is one of the few large economies expected to expand, also because of the relatively quick V-shaped bounce in manufacturing registered in the past months, with more than 90% of the factories now back online. Indeed, imports of various supplies and raw materials for the manufacturing sector remained very robust throughout Q1, which provided the means for a quicker rebound in the sector.

Consequently, also in China the month of May was paramount for policy discussions on economic measures to be implemented in order to sustain and restart the domestic economy and global trade. Taking stock of the difficult start in 2020, the National Development and Reform Commission (NDRC) decided to not set a target for economic growth for 2020. The choice of the country's top economic regulator, which is not unprecedented, stems from the uncertainties about the COVID-19's impact and about the well-being of global trade and economy. For this reason, the NDRC also suggested opening up the national economy to foreign investment, especially in key sectors such as electronic information, new materials and advanced manufacturing, where various foreign-funded projects are already expected to be launched this year. Indeed, the response to the COVID-19 economic shock cannot be protectionism, but rather openness and cooperation with key partners, such as the EU, to relaunch the economy via joint projects which benefit all parties.

During the 13th National Committee of the Chinese People's Political Consultative Conference, the status of the Chinese economy was discussed in detail and specific attention was dedicated to the role of companies in the economic recovery. Chinese business leaders were particularly active and made wide-ranging suggestions for this year's

ry amid difficulties

ll

two sessions. For instance, Zhu Jianmin, board chairman of Oxiranchem Group, addressed the topic of supply chains, arguing that they shall be safeguarded and promptly put back into full power to motivate the private economy in the country and to further boost the high-quality development of the private businesses. Likewise, Huang Li, vice-president of the All-China Federation of Industry and Commerce (ACFIC), showed that some supporting policies for private enterprises still face difficulties during their implementation and suggested a greater involvement of private actors in the formulation, implementation and evaluation of such policies.

Among the many topics for the discussion, other member of the CPPCC presented suggestions on safeguarding and restarting the global industrial chain and supply chains; on improving financing services for small and micro businesses; on promoting green mobility and transport to support tourism, manufacturing and other industries; and on accelerating the setting of artificial intelligence (AI) industry standards and AI regulation.

The numerous topics dealt with during the 13th National Committee of the Chinese People's Political Consultative Conference reveal that China is now at the forefront of the most innovative sectors. The global pandemic has indeed provoked serious consequences for China, as it did for almost all countries worldwide, especially in terms of economic losses. Nonetheless, the Chinese leadership and especially the business sector have been proving able to cooperate to address common challenges and restart the economy: the data collected in May suggests that, although the pandemic-related economic shock is not over, the Chinese economy is improving on a steady basis.

It is worth noticing that concrete contributions to this early national recovery came from Chinese companies and especially their investment, which not only boosts the economic activities of the companies, but also stimulates the local economy where investment is conducted. This is the case, for instance, of the CCCEU members, which are actively engaged in Europe via their economic activities. In the recent seminar co-organized by the

The 13th National Committee of the Chinese People's Political Consultative Conference in its session at the Great Hall of the People in Beijing. Source: China Daily

CCCEU and the Research Department of Foreign Economic Relations of the Development Research Centre of the State Council (DRC) on 29 May, the CCCEU members pledged to continue pursuing growth opportunities in the EU market, despite the unprecedented challenges and uncertainty posed by the pandemic.

Interestingly, this seems to be not only the case of the CCCEU members, but rather a global trend. A recent report by the Brunswick Group, based on a survey of 9700 people from global general public in 23 countries and 300 Chinese business leaders, show that Chinese enterprises are committed to pursuing growth opportunities in international markets, notwithstanding the current uncertainty in the global economy. In fact, a growing number of Chinese business leaders look at international sales and investment as an extremely important priority for their business development.

Nonetheless, the report also shows that Chinese companies are welcomed differently in emerging and developed economies. A clear divide exists between emerging markets, which are very welcoming towards Chinese businesses, and developed markets, which tend to have a less favorable opinion of Chinese businesses. Unfortunately, it seems that this phenomenon intensified during the COVID-19 pandemic.

The report also identifies the reasons for such difference in approach and perception of Chinese companies investing abroad. On the one side, there is a varied exposure to Chinese enterprises, because emerging markets receive more information about Chinese companies and have closer contact with their human side, especially with their leadership and managers. More exposure to the human side of the company can lead to a deeper understanding of the different work cultures and it allows the company to forge informed opinions of its business and activities. On the contrary, less exposure is likely to cause a generalized view of Chinese companies, which in turn can conduct towards a higher risk of misperceptions or fake news.

On the other side, the report cites differing beliefs in the extent and impact of the collaboration between Chinese government and companies as another cause of the divided opinions towards Chinese businesses. More precisely, developed markets tend to believe that Chinese companies support government goals and have less trust in the companies. On the contrary, emerging markets tend to believe that only SOEs are supporting government priorities, but this is found not to harm their trust toward those businesses.

When it comes to the business environment in the EU, similar reflections were made by the CCCEU members in the seminar held on 29 May: a growingly suspicious approach towards Chinese companies investing in the EU has been quoted by several CCCEU members among their concerns relating to their business development in Europe.

The CCCEU monitors constantly the state of the EU business environment to make sure that fair treatment and non-discrimination remain the norm, and that openness and cooperation in the business sector can be safeguarded and promoted. When it comes to restarting the global economy in the second half of 2020 in order to harvest the profits of stable economic activities later, the CCCEU and its members are aware of the importance of openness to foreign investment and cooperation, and they advocate that global supply chains shall be reestablished and incentivized for the benefit of both the EU and China.

Yangshan Deep-Water Port, Shanghai. Source: China Daily

The CCCEU's first Annual Assembly

Fifty-two members met online and pledged to cooperate further

On 18 May, fifty-two members of the China Chamber of Commerce to the European Union met for their first Annual Assembly since the CCCEU's inauguration last year, pledging to cooperate with their partners in this unprecedented challenging global business environment by enhancing investment and creating more local jobs. In conformity with the COVID-19 prevention norms, the Annual Assembly took place online.

Zhou Lihong, the CCCEU chairperson, delivered a work report of the Chamber, which summed up the CCCEU's progress since Premier Li Keqiang inaugurated the Chamber on 8th April 2019 in Brussels. The work report also laid out the roadmap for the CCCEU's activities in the second half of 2020.

On the occasion, Chairperson Zhou also nominated Fu Jing, Pan Zhi and Guo Xin as new members of the CCCEU board. Guo Xin, co-secretary general of CCCEU, reported on the Chamber's financial accounts in 2019 and on this year's budget plan, as well as on the amendments made to the articles of association. Members unanimously voted for the reports and nominations for the new Board members. Vice-chairperson Wu Shengliang and Vice-chairperson Lin Ji moderated the Assembly. Representatives from the CCCEU members exchanged views on how to make the Chamber grow from strength to strength.

At the close of the assembly, H. E. Ambassador Zhang Ming, the Chinese Ambassador to the EU, and Qian Chunying, deputy director-general in charge of foreign investment and economic cooperation at China's Ministry of Commerce, sent congratulatory messages. Minister Counsellor Xia Xiang, from the Chinese Mission to the EU, and Cao Wen, an official from the Ministry of Commerce, attended the closing section of the assembly.

Bank of China (Luxembourg), China Three Gorges (Europe) and COSCO SHIPPING (Europe) took the initiative of setting up the China Chamber of Commerce to the European Union in 2018. In April last year, when Premier Li Keqiang inaugurated the Chamber, he said he hoped that the CCCEU would

Source: CCCEU

articulate the views of its stakeholders and present a robust image of Chinese businesses.

Chairperson Zhou appreciated the members' strong support and contribution to her team's work, saying: "The Chamber aims to grow as an inclusive, robust and joint platform for Chinese companies in Europe. It will be a win-win opportunity gateway for European friends as well, and we will seek to work hand in hand with them."

In his remarks, Ambassador Zhang said that, since the pandemic outbreak, China and the EU have cooperated closely and lent each other a helping hand, providing strong support for each other and the global fight against the virus. Despite the impact of the pandemic, the main agenda of China-EU cooperation is still in good shape and moving forward steadily. The two sides continue to move in the right direction, and going forward, cooperation between China and the EU will be further enhanced, expanded and diversified.

Ambassador Zhang asked Chinese enterprises operating in Europe to be forward-looking with greater confidence and commitment. While continuing to strengthen epidemic prevention and control to ensure the safety of their employees, they are encouraged to further explore opportunities in European markets and make greater contributions to the development of China-EU economic and trade cooperation.

Due to the current travel restrictions adopted by many states, including Belgium, to limit the spread of the COVID-19 pandemic, the first Annual Assembly of the CCCEU took place online, instead of the original event foreseen to take place in Brussels. Nonetheless, the

CCCEU and its members succeeded in having a smooth and meaningful first Annual Assembly, despite the many logistical and organizational difficulties. This can be seen as a sign of the commitment of the CCCEU and its members to stay engaged in Europe in spite of the difficulties that may arise. Being responsible corporate citizens and a bridge-builder in Sino-European economic relations is the CCCU's mission and, in this difficult and challenging time, a responsible player shall show the strength of its commitment: the CCCEU and its members work hard to make this happen daily, in the conviction that the ultimate goal of stronger China-EU relations and closer cooperation with our European partners is worth making the effort.

The CCCEU Members met for the first Annual Assembly. In the second, from the left: Ms. Qian Chunying from China's Ministry of Commerce, and Ambassador Zhang from the China Mission to the EU. Source: CCCEU.

Chinese businesses' concerns in EU

Chinese companies express concerns about their prospects in Europe

The China Chamber of Commerce to the EU (CCCEU) and the Research Department of Foreign Economic Relations of the Development Research Centre of the State Council (DRC) jointly organized a seminar on 29 May. The seminar, held online, aimed at asking CCCEU members to share observations on their businesses' prospects in Europe, which have been severely affected by the COVID-19 pandemic.

The talks held during the seminar show that more than 10 business representatives across Europe are concerned about the disruptive effects of the pandemic on their business activities. They also cite increasingly strict and complicated investment screening procedures at the European Union and member-state level as an additional source of concern for their economic activities. Some members urged to be treated on par with local businesses, especially in what pertains to fiscal benefits and taxation support from the European governments.

During the seminar, the participating businesses also pledged not to cut jobs at this critical time. A few Chinese businesses shared their successful experience in winning trust and obtaining fair treatment in the European market.

Minister-councellor Xia Xiang joined the video seminar. Source: CCCEU.

Xia Xiang, Minister-Counsellor for Economic and Commercial Affairs at the Chinese Mission to the EU, addressed the participants in the seminar, saying that Chinese businesses face "unprecedented challenges" in Europe, as the business ecosystem has been disrupted by the pandemic and the EU economy has entered into a deep recession. "I appreciate that researchers of renowned think tanks, such as the DRC, can give voice to our business representatives and help them resolve some problems at the policy level," said Xia.

Zhang Qi, Director-General of the DRC' s Research Department of Foreign Economic Relations, thanked the businesses for sharing their observations, opinions and suggestions. "It is not easy for our businesses because, at this historically critical moment, they must put in additional efforts for business operations and go the extra mile, while working hard to maintain cooperation at the people-to-people level," said Zhang.

With the international system being reshaped in the aftermath of the COVID-19 pandemic, Zhang said it is vital to forge healthy development of the Sino-EU strategic partnership. "My team is very keen to work together with the CCCEU and Chinese businesses to help achieve this goal," said Zhang.

Echoing Zhang's suggestion, Zhou Lihong, the CCCEU chairperson, said the Chamber will team up with Zhang's think tank to scale up the development of the Sino-EU economic and trade partnership. Zhou said that Chinese businesses, alongside their European partners, are suffering from the COVID-19 pandemic, which is the fourth crisis in Europe after the financial crisis in 2008, the subsequent euro crisis and the refugee crisis in 2015.

"The crisis and recession are unprecedented, and complexity and uncertainty are rising day by day," said Zhou. "We hope that the Chinese and European leaders are going to inject stronger political will to stabilize the bilateral partnership, to strengthen economic cooperation and to boost trade flows by quickly restoring supply and value chains."

Main concerns of the CCCEU Members:

The CCCEU members attending the video seminar co-organised by the CCCEU and the Research Department of Foreign Economic Relations of the Development Research Centre of the State Council (DRC) pointed out the following:

- The COVID-19 pandemic has produced several disruptive effects on business activities of Chinese enterprises investing in the EU. The limitations to travel and business contacts have made it more difficult to manage the transcontinental activities, and the disruption and interruption of global supply chains have provoked a decrease in trade volume.

- After the adoption of the Regulation 2019/452 in March 2019, aimed at establishing a framework for the screening of foreign direct investments into the EU, Chinese companies have faced increasingly strict and complicated investment screening procedures both at EU level and in member states. In addition to the COVID-19-provoked complications, this has made the conduct of their business more difficult and time-consuming.

- In the wake of the adoption of different post-COVID-19 recovery measures, Chinese companies in the EU have faced lack of fair treatment in fiscal and taxation support. In the video seminar, the attending companies raised doubts about unfair treatment and discrimination vis-à-vis European companies in the reception of the support provided at EU level and by member states' measures.

EU policies for the post-COVID-

Transport, tourism and economic incentives for investments, research and the gre

May was a busy month not only for Chinese enterprises investing in the EU, but also for the European Commission. Among the many measure discussed by the EU executive, two domains in particular are worth looking into: the transport sector and the post-COVID-19 economic recovery. Both proposals are meant to deal with the effects of the pandemic on the European economy and to restart it in a timely fashion.

In order to deal with the economic and societal impact of the COVID-19 pandemic, the EU institutions prepared and adopted two roadmaps in April. On 15 April, the European Commission put forward a European roadmap to phase-out the containment measures due to the coronavirus outbreak. On 23 April, the European Commission and the President of the European Council presented a document entitled "A Roadmap for Recovery: towards a more resilient, sustainable and fair Europe".

The Tourism and Transport Package

On 13 May 2020, the Commission presented guidelines and recommendations meant to help Member States to gradually lift travel restrictions, with the aim of allowing tourism businesses to restart their normal activities after months of lockdown while obeying the necessary health precautions. The package proposed by the Commission tries to combine the respect of the safety and precautionary measures which could be put in place as needed, with the goal of restarting the touristic sector after month of inactivity and related economic losses: at the core of the package lays the intention to ensure that Europe continues to be the number one destination for domestic and foreign visitors, as long as effective measure to prevent contagion and to speedily contain new COVID-19 hotspots can be put into place.

The five items in the Commission's Tourism and Transport package lay out the principles and strategies to the sector's recovery in 2020 and a common approach to gradually and coordinately restoring free movement and lifting restrictions at EU internal borders. In fact, free movement and cross-border travel are key to tourism, and the temporary restrictions introduced by member states manage to reduce the circulation of the virus can now work as obstacles to the resumption of pre-pandemic economic activities in tourism and transport. For this reason, the Commission proposed a phased, coordinated and flexible approach: restrictions will be lifted first between areas or Member States with sufficiently similar epidemiological situations. In case of new hotspots, specific measures can be reintroduced.

Tourists and travellers also benefit from the protection of the principle of non-discrimination: when a Member State decides to allow travel into its territory or to specific regions and areas within its territory, it shall guarantee the possibility to travel from all areas, regions or countries in the EU with similar epidemiological conditions. Likewise, restrictions must be lifted to all EU citizens and to all residents of that Member State regardless of their nationality.

Lastly, the package also recommends measures to make travel vouchers an attractive alternative to cash reimbursement for consumers, in order to balance the passengers' rights and the economic burden suffered by the companies. To date, under EU law travellers can choose between vouchers or cash reimbursement for cancelled transport tickets: the former option allows some breathing room for travel operators, which have been under heavy financial strains throughout the COVID-19 pandemic. The voluntary vouchers should be protected against insolvency of the issuer, with a minimum validity period of 12 months, and be refundable after at most one year, if not redeemed. They should also provide passengers sufficient flexibility and should be transferable to other travellers.

Next Generation EU

On 27 May 2020, the Commission unveiled the main proposal of the month, which had been awaited by all sides: a new recovery instrument called Next Generation EU. The proposal for this major recovery plan builds on the EU budget for 2021-2027, which is being negotiated and shall be

-19 recovery

en and digital transitions top the EU agenda

adopted in the second half of the year, to pave the way for a lasting and prosperous recovery in 2021. With its €750 billion, Next Generation EU will bring the total financial firepower of the EU budget to €1.85 trillion.

In the view of the Commission, Next Generation EU will raise money by temporarily lifting the own resources ceiling to 2.00% of EU Gross National Income, allowing the EU executive to use its strong credit rating to borrow €750 billion on the financial markets. The additional funding will be channelled through EU programmes and repaid over a long period of time throughout future EU budgets – not before 2028 and not after 2058. In parallel, the Commission proposed to amend the current multiannual financial framework 2014-2020 to make an additional €11.5 billion in funding available already in 2020.

The intention of the EU executive is to invest the money raised for Next Generation EU across three pillars:

- Support to member states with investments and reforms, especially for the green and digital transitions, with a new Recovery and Resilience Facility (€560 billion) and strengthened cohesion policy programs already in place

- Kick-starting the EU economy by incentivising private investments, also through a reinforcement of the program InvestEU to a level of €15.3 billion and with a new Strategic Investment Facility to generate investments of up to €150 billion

- Addressing the lessons of the crisis with a new Health Programme, EU4Health, to strengthen health security (€9.4 billion), with a reinforcement

Margaritis Schinas, Commissioner for Promoting the European Way of Life (left), and Stella Kyriakides, Commissioner for Health and Food Safety (right), present the EU4Health programme, which is included in the proposal for the programme Next Generation EU. Source: European Commission.

of rescEU, the EU Civil Protection Mechanism, and with additional funds for vital research in health, resilience and the green and digital transitions.

On the one hand, the Brussels-based press has welcomed the proposal for Next Generation EU, describing it as an ambitious policy measure which shows the commitment of the Commission to play a role in the COVID-19 crisis. Overall, the comparison made with the measures taken for the 2008 economic crisis highlights the intention of the EU executive to take the lead on the matter and to lead members states towards common position.

On the other hand, analysts and critics highlighted how the political willingness for such proposal follows the plan for a €500 billion European reconstruction fund unveiled by German Chancellor Angela Merkel and French President Emmanuel Macron. According to the critics, this highlights the imbalance of powers between the executive of the EU and the national governments of the most important states within the EU.

The Franco-German plan also led to a quick reply from the so-called Frugal Four, a group to which Germany was thought to belong to before the joint presentation of Macron and Merkel. The block, now composed of Austria, Denmark, the Netherlands, and Sweden, opposed to the mutualization of debt among EU countries and stated that the money should be available only in the form of loans, and not in grants, as Merkel and Macron suggested. The Austrian Chancellor Sebastian Kurz affirmed that the Commission’s proposal is a good starting point to further discuss and negotiate the matter, but his quick response to the Franco-German proposal, backed by the other Frugal states, only means one thing: despite the clear advantage the plan has for the EU economy, the realization of Next Generation EU and the concrete form it will take are still to be negotiated in the upcoming weeks.

Towards the China-EU CAI

The Comprehensive Agreement on Investment (CAI) is on its way

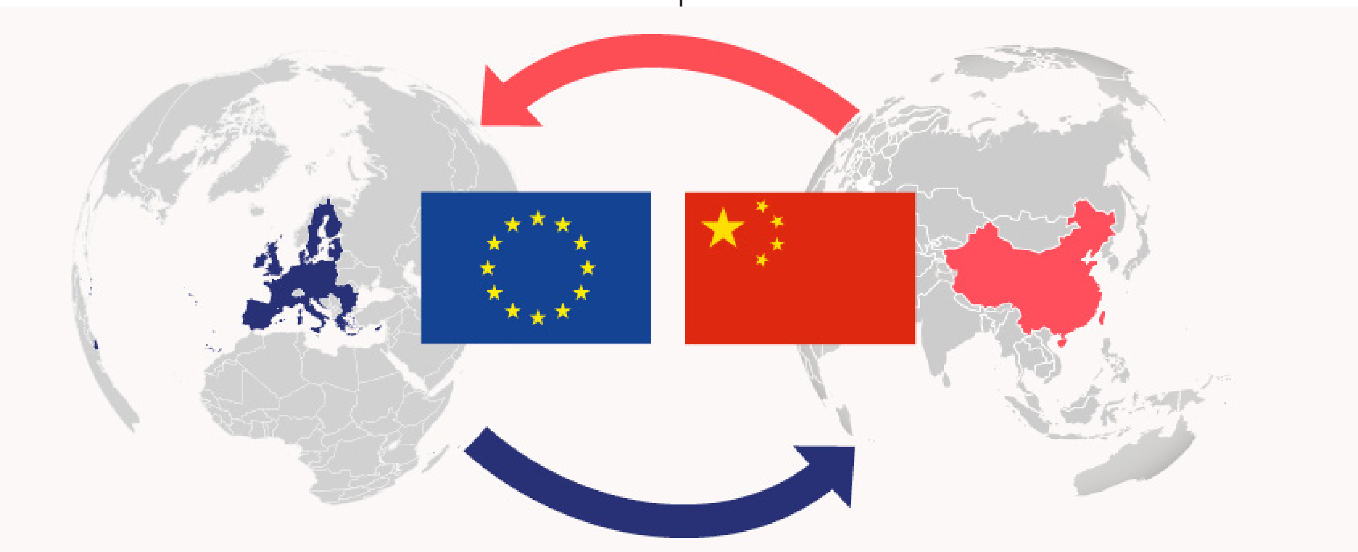
The negotiations for a China-EU Comprehensive Agreement on Investment (CAI) are among the first steps that European Union has taken as a whole in foreign direct investment (FDI) policy area, where it obtained an exclusive competence with the entry into force of the Lisbon Treat: since 2009, the EU has the exclusive power to regulate FDI as a part of its trade policy with third countries. Therefore, the negotiations of the CAI with China, on which China and the EU agreed in February 2012, was the natural step for the EU to use this new competence while strengthening its economic ties with a key partner.

The China-EU Comprehensive Investment Agreement has been conceived as a stand-alone investment agreement that does not include trade issues, and its scope will go beyond the usual investment protection dimension to cover also market access. The text has now undergone 29 rounds of negotiation, with the 30th round coming up in late June. When concluded and ratified, the CAI will cover both investment protection and market access and, on the EU side, it will replace the bilateral investment treaties (BITs) all EU Member States except Ireland have concluded with China autonomously. In addition, the Agreement will also regulate dispute settlement on investment matters, outlining a procedure which will ultimately increase the legal certainty behind investment, thus incentivizing investors to seek opportunities. For these reasons, the CAI is expected to normalize the conditions for FDI in the EU-27 and facilitate also Chinese companies to invest in the European business environment.

Needless to say, the CAI is a priority for both Chinese and European enterprises, which are eager to explore the business opportunities in the partner’s market. The post-COVID-19 economic scenario further strengthen this need: given the halt to many economic activities in most sector, both the EU and China would benefit from a closer economic partnership and an investment agreement facilitating investment conditions will open up new business opportunities, thus stimulating growth and exchanges for both sides – and ultimately bolstering the global economy after the shock cause by the pandemic.

The negotiations are now entering their final phase, as the conclusion of the landmark agreement was foreseen before September, when the CAI would have been presented during the China-EU Summit starting on 14 September 2020. Yet, in early June Chinese President Xi Jinping and European Council President Charles Michel Merkel agreed with German Chancellor Angela Merkel to postpone the Summit, but a new date has not been fixed yet.

As the representative of Chinese companies investing in the EU, the CCCEU follows closely the developments in the negotiations of the CAI. The CCCEU also aims at presenting the position of the companies, which are key actors in economic relations but often go unnoticed: the viewpoint of the businesses can inspire policymakers in selecting the priorities for the years ahead. Through its survey and research activities, the CCCEU will continue collecting the experiences and concerns of its members to convey them to the EU and Chinese leadership, especially in these months which lead us towards the completion of the Comprehensive Investment Agreement.



Source: European Council.

Timeline of the China-EU Comprehensive Investment Agreement

2012.2	China and the EU agree to launch negotiations
2013.10	The EU adopts its negotiating mandate
2014.1	First round of negotiations
2016.1	China and the EU agree on the scope of the CAI and start specific text-based negotiations
2018.7	Exchange of first market access offers
2019.4	The China-EU Summit sets 2020 as a target date for concluding an ambitious CAI
2019.12	Exchange of revised offers for market access and discriminatory measures
2020.1	26th round of negotiation
2020.7	30th round of negotiation
2020.9	The CAI is expected to be presented at the China-EU Summit in Leipzig, Germany (now postponed)

We look at the Chinese and European leadership with hope and optimism: this cooperation has made both sides prosperous and stronger in easier times, and resilient during more demanding circumstances.

Bank of China (Luxembourg) S.A. | China Three Gorges (Europe) S.A. | COSCO Shipping (Europe) GmbH | China Railway Group Limited Hungarian Commercial Representative Office | China Mediterranean Holding (CMH) SAS | China Merchants (Luxembourg) S.a.r.l. | CCIC Europe B.V. | China Southern Power Grid International Co., Ltd. | The Export-Import Bank of China, Paris Branch | China Construction Bank (Europe) S.A. | Agricultural Bank of China (Luxembourg) Co., Ltd. | China Everbright Bank (Europe) S.A. | China Unicom (Europe) Operation Limited | Minmentals Germany GMBH | Huawei Belgium N.V. | ZTE Corporation | Geely Auto Group | China General Technology Group Holding Co., Ltd (EURO) | BGI Group | Taier Heavy Industry Co., Ltd. | Iflytek Co., Ltd. | United Investment Europe S.A. | Datong Reciprocity Group | Groupe du Louvre | Energetic Lighting Europe N.V. | COMPO GmbH | Outlet China Co., Ltd. | Westlake Europe BVBA | Lingang Overseas Zeebrugge Modern Industrial Park Development Company | Sunward Europe Heavy Industry N.V. | Association of Chinese Enterprises in Austria | Portuguese Chinese Enterprise Association | Association of Chinese Enterprises in Belgium and Luxembourg | Chinese Chamber of Commerce in Sweden | Chinese Chamber of Commerce in Denmark | Association of Chinese Enterprises in Italy | Association of Chinese Investment Enterprises in the Netherlands | Chinese Chamber of Commerce in Spain | Chinese Enterprises Association in Finland | China Chamber of Commerce in Slovenia | Chinese Chamber of Commerce and Industry in France | Association of Chinese Enterprises in the Czech Republic | Polish-Chinese General Chamber of Commerce | Association of Chinese Enterprises in Ireland | Association of Chinese Enterprises in Croatia | Association of Chinese Enterprises in Hungary | Association of Chinese Enterprises in Greece | China Chamber of Commerce in Germany | Industrial and Commercial Bank of China (Europe) S.A. | YC Europe-China One Belt One Road Products Trade Center (Cyprus) Public Ltd. | China Chamber of Commerce in Lithuania | BYD Europe B.V. | Legend Holdings Corporation | North China Power Engineering Co., Ltd. of China Power Engineering Consulting Group | China Railway Group Limited | Xinhuanet Europe B.V. | Co-progress Education Investment Company | Southern Media Europe SA | Wonderful Technology Development (Tianjin) Group, Ltd. | Xiamen Torch Group, Ltd. | Unisound AI Technology Co., Ltd.