



Mr José Manuel Barroso
President
European Commission
1049 Brussels
BELGIUM

27 January 2009

Dear President,

I am writing to you in advance of your meeting with China's Prime Minister Wen Jiabao which takes place in very difficult economic circumstances. The current situation requires strong and close cooperation between leading economies like the European Union and China. BUSINESSEUROPE would like to highlight two important areas in which better EU-China cooperation is needed: preventing protectionist measures and reaching an international agreement on climate change.

In the wake of the global economic crisis, the EU and China share a common interest in maintaining open markets. Therefore, both sides should work to prevent protectionist measures and to remove EU-China trade frictions. At multilateral level, the EU and China should actively work together to get the Doha Round negotiations re-launched soon. Both trade blocs should also push for a WTO standstill agreement which would oblige WTO members to refrain from any new protectionist measures until the Round is concluded.

In order to combat climate change, an international agreement which mobilises all major economies is urgently needed. Close cooperation between all major emitting regions in advance of the fifteenth Conference of Parties (COP15) this December in Copenhagen will therefore be crucial. In the run-up to this meeting, the EU and China should join forces in order to enable a final agreement which reduces emissions globally and minimises the risk of carbon leakage.

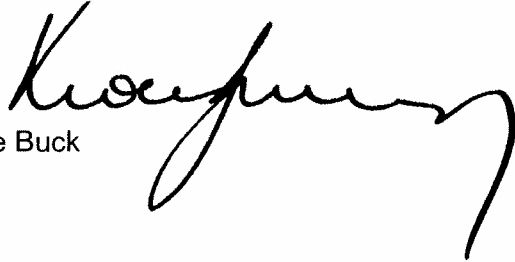
On the bilateral front, the EU and China should remove trade barriers and avoid harmful trade frictions in the High Level Mechanism (HLM). Substantial progress is needed to prevent the subsidisation of exports, which may provoke trade disputes, to facilitate custom procedures, to ensure Intellectual Property Rights implementation at all levels, to address the harmful effects of Chinese regulation on compulsory technology transfer, and to remove export duties on raw materials. China and the EU will also need to ensure that their respective stimulus plans are devoid – from national to local level – of any protectionist measures in the field of public procurement. As leading exporters, it would be to the EU's and China's benefit to ensure that other countries also abide by this principle.

Moreover, China has to realise that a more flexible exchange rate regime leading to a gradual appreciation of the Chinese Renminbi would be beneficial to both the global and the domestic Chinese economy. The EU and China should therefore place the exchange rate and its impact on EU-China trade at the core of their relations.

Close cooperation between the EU and China will be crucial to reach an international agreement on climate change and to prevent a rise in protectionism. BUSINESSEUROPE counts on you to ensure that your discussions will deliver concrete progress on these issues.

Yours sincerely,

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Philippe de Buck