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on China's policy and its effects on Africa
(2007/2255(INI))

Committee on Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on China's policy and its effects on Africa
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The European Parliament,

– having regard to the EU-China political dialogue, which was formally established in 1994 in recognition of China's status as a future world power and the particularly far-reaching international obligations inherent in that status,

– having regard to the Commission Communication to the Council and the European Parliament entitled "A Long Term Policy for China-Europe Relations" (COM(1995)0279) and to Parliament's resolution of 12 June 1997 on the Commission Communication on a long-term policy for China-Europe relations[1],

– having regard to the United Nations (UN) Millennium Declaration of 8 September 2000,

– having regard to the Beijing Declaration of the Forum on China-Africa Cooperation (FOCAC) and to its Programme for China-Africa Cooperation in Economic and Social Development of October 2000,

– having regard to the Cairo Declaration (2000) of the Africa-Europe Summit under the aegis of the Organisation of African Unity (OAU) and the EU,

– having regard to the 2001 Report of the Organisation for Economic Co-operation and Development (OECD) entitled "The DAC Guidelines; Strategies for Sustainable Development; Guidance for Development Cooperation",

– having regard to the 2002 Constitutive Act of the African Union (AU) and the African leaders' October 2001 document entitled "The New Partnership for Africa's Development" (NEPAD), which was declared a programme of the AU at the first AU Summit,

– having regard to China's policy papers on the EU (2003)[2] and on African Policy (2006)[3],

– having regard to the Commission policy paper entitled “A maturing partnership-shared interests and challenges in EU-China relations”, (COM(2003)0533) endorsed by the European Council on 13 October 2003,

– having regard to the EU-China Strategic Partnership launched in 2003,

– having regard to the Addis Ababa Action Plan of the FOCAC published in December 2003,

– having regard to the 2004-2007 Strategic Plan of the Commission of the AU adopted on 7 July 2004 at the third Summit of African Heads of State and Government in Addis Ababa,

[1] OJ C 200, 30.6.1997, p. 158.
[2] Beijing, October 2003, http://www.china-un.ch/eng/xwdt/t88637.htm.
[3] Beijing, 12 January 2006, http://www.gov.cn/misc/2006-01/12/content_156490.htm.

Ethiopia,

– having regard to the Paris Declaration on Aid Effectiveness adopted on 2 March 2005, following the High-Level Forum on Aid Effectiveness, by many European and African countries as well as by China,

– having regard to the Gleneagles commitments adopted by the G8 at Gleneagles on 8 July 2005,

– having regard to the Conclusions of the European Council of 19 December 2005 on "The EU and Africa: Towards a Strategic Partnership",

– having regard to the Conclusions adopted by the General Affairs and External Relations Council (GAERC), at its meeting of 3 October 2005, expressing EU support for an International Arms Trade Treaty within the framework of the UN, which would establish binding common standards for the global trade in conventional arms[1],

– having regard to the Communication from the Commission to the Council and the European Parliament entitled "EU−China: Closer partners, growing responsibilities" (COM(2006)0631) and the accompanying Commission Working Document entitled "Closer Partners, Growing Responsibilities: A policy paper on EU-China trade and investment: Competition and Partnership"(COM(2006)0632),

– having regard to 9th EU-China Summit held in Finland in September 2006 and to the Joint Declaration issued at the conclusion thereof,

– having regard to the Conclusions of the GAERC on China, adopted on 11 December 2006,

– having regard to the UN Charter and the UN Security Council Resolution 1674 on the Protection of Civilians in Armed Conflict (2006),

– having regard to the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in all its Aspects[2],

– having regard to the joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: 'The European Consensus'[3] (2006),

– having regard to its resolution of 7 September 2006 on EU-China Relations[4],

– having regard to the Africa-EU Strategic Partnership, and the Joint Africa-EU Strategy and Action Plan (2007) and to the Africa-EU Partnership on Trade and Regional Integration as well as on Science, Information Society and Space,

1 Council of the European Union 2678th meeting, Luxembourg, 3 October 2005.
2 UN Document A/Conf 182/15), July 2001, http://disarmament.un.org/cab/poa.html.
3 OJ C46, 22.2.2006, p.1.
4 OJ C 305 E, 14.12.2006, p. 219.

– having regard to the launch of the EU-Africa Partnership on Infrastructure (2007), which reflects the need to invest in infrastructure connections (transport, energy, water and ICT) to facilitate sustainable development,

– having regard to the statement of the EU-Africa Business Forum on the occasion of the Second EU-Africa Summit (2007),

– having regard to the UN 2007 mid-term report on the Millennium Development Goals (MDGs), which states that Sub-Saharan Africa is not on track to achieve any of the MDGs and that the current pace of poverty alleviation efforts in Africa would have to double if the MDGs target of halving the population living in extreme poverty is to be reached by 2015,

– having regard to the Commission Communication to the Council and the European Parliament entitled "From Cairo to Lisbon - The EU-Africa Strategic Partnership" (COM(2007)0357) and to the Commission/Council Secretariat Joint Paper "Beyond Lisbon, Making the EU-Africa Strategic Partnership work" (SEC(2007)856),

– having regard to the EU's China Country Strategy Paper and Multiannual Indicative Programme 2007-2013[1], which allocates EUR 128 million of development cooperation aid from the EU to China,

– having regard to the Joint Statement of the 10th China-EU Summit adopted in Beijing on 28 November 2007,

– having regard to Rule 45 of its Rules of Procedure,

– having regard to the report of the Committee on Development (A6-0080/2008),

A. considering that sustainable development in Africa can be significantly fostered or affected by the action of emerging powers, such as China,

B. whereas African states are primarily responsible for the political, social, economic and environmental impact of the presence of foreign nationals, organisations and governments on their territories,

C. whereas both the EU and China are committed to contributing to peace, security and sustainable development in Africa,

D. whereas the EU is Africa's biggest aid donor and commercial partner; whereas China has announced increasing economic cooperation and aid pledges and may become Africa's largest trade partner by 2010,

E. whereas an African sustainable development strategy must ensure that the involvement of non-African players does not undermine development; whereas, for that reason, the creation of an AU Task Force on Africa’s Strategic Partnerships with Emerging Powers is welcomed,

F. whereas initiatives that foster dialogue with Africa are welcomed, such as China-Africa

[1] http://ec.europa.eu/external_relations/china/csp/index.htm

and EU-Africa summits, the Forum on China-Africa Cooperation (FOCAC), the EU-Africa Partnership, the EU-African Facilities for Peace, Energy and Water and the EU-Africa Partnership on Infrastructure, the dialogues conducted under the Cotonou Agreement1 and any other dialogues being held between the EU or China and African organisations,

G whereas in November 2006 the third summit of the FOCAC took place in Beijing and adopted a declaration proclaiming the establishment of "a new type of strategic partnership" between China and Africa; whereas this cooperation both meets the challenge of economic globalisation and promotes common development, but a number of African states that have recognised Taiwan are excluded from it;

H. whereas China has a special responsibility to contribute to global peace and security as a permanent member of the UN Security Council; considering that the EU welcomes China's commitments to various multilateral frameworks such as those under the aegis of the United Nations (UN), International Labour Organization (ILO), International Monetary Fund, World Bank, World Trade Organisation (WTO) and the Kyoto Protocol,

Sustainable development

I. whereas the EU is committed to increasing its level of Official Development Assistance (ODA) to 0,7 % of GDP by 2015 (0,56 % by 2010), and to allocate at least 50% of EU ODA to Africa; whereas EU ODA includes EUR 20 billion to Sub-Saharan Africa from the 10th European Development Fund (2008-2013); whereas the EU allocated EUR 350 million to the Africa Peace Facility and EUR 5,6 billion to the EU-Africa Partnership on Infrastructure for 2008-2013; whereas the EU is a major contributor to international peacekeeping missions in Africa, the Global Fund to fight AIDS, Tuberculosis and Malaria and other international initiatives with relevance for the development of the continent,

J. whereas China's presence and interests in Africa are growing; whereas China became a net donor to Sub-Saharan Africa in 2005 and has since increased its aid pledges, promising to double its aid to Africa from its 2006 level by 2009; whereas China has pledged to set up a USD 5 billion China-Africa development fund to encourage Chinese companies to invest in Africa,

K. whereas China's emergence as a further alternative aid donor is challenging the EU's conditional approach towards African governments with a view to securing political reforms,

L. whereas China has lifted 400 million of its own people out of extreme poverty over the past 25 years and, therefore, has significant experience that could be useful to African countries; whereas China nevertheless now faces greater social and economic inequalities and alarming environmental degradation, while political rights and basic freedoms continue to be severely restricted and China continues to show poor labour standards and poor governance accountability,

[1] Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2001 (OJ L 317, 15.12.2000, p. 3). Agreement as last amended by Decision No 1/2006 of the ACP-EC Council of Ministers (OJ L 247, 9.9.2006, p. 22).

M. whereas China's increased commitment to development cooperation with African countries is welcomed, in particular the provision of assistance for the building of hospitals, schools and better transport infrastructure,

Energy and natural resources

N. whereas China's economic growth and legitimate interest in developing itself makes the increase in its needs for natural and energy resources and their procurement in developing countries, particularly in Africa, a reality,

O. whereas resource-rich African states are securing an improved market position as a result of the demand from China and other interested parties,

P whereas it is desirable for China's engagement in Africa to include not only nations that are of interest from the point of view of energy policy but for consideration to be given to cooperation with all African states,

Q points out that China accounted for roughly 40% of total growth in global demand for oil in the last four years; emphasises that 30% of China's crude oil imports come from Africa; underlines the fact that China's dependence on imported oil, minerals and other raw materials seems likely to continue to grow, and that by 2010 it is expected to import 45% of its oil needs; stresses that its rising demand for energy and its desire to broaden its energy imports have led it to seek oil suppliers in African states;

R. whereas China's oil imports multiplied almost five-fold between 1995 and 2005, turning China into the second largest oil importer worldwide and equalling the EU in terms of supplies imported from Africa; whereas CNPC (a Chinese State-owned oil company) controls an estimated 60% to 70% of Sudanese oil production; whereas in 2006 Angola was China's largest oil supplier; whereas China already imports about 28% of its oil and gas from Sub-Saharan Africa; whereas African oil exports to China are expected to grow in the coming years,

S. whereas the exploitation of African natural resources by foreign countries or companies can bring development, but could also lead to resource depletion, undermine governance, lead to opportunities for corruption, especially where cultures of corruption are already widespread, aggravate social inequalities and macro-economic stability difficulties and create or exacerbate conflict, posing a serious threat to poverty reduction and sustainable development,

Trade, investment and infrastructures

T. whereas Africa accounts for almost 9% of EU imports; half of them being energy-related products, 23% manufactured products and 11% food and agricultural products; whereas Africa absorbs 8,3% of EU exports, 78% of which are related to machinery, chemicals and manufactured goods; whereas South Africa is the EU's largest trading partner (import and export); whereas European trade with Africa continues to decline although the EU remains its most important trading partner;

U. whereas the EU is China's most important trading partner and the biggest investor in China, and whereas, moreover, China is the EU's second most important trading partner;

whereas dialogue with China on democratic reforms, respect for human rights and the rule of law should not take second place to trade and economic relations,

V. whereas China has seen explosive economic growth in the last few years, on average 9% per annum, and has become a leading exporter; whereas China's re-emergence as a major world economy has fundamentally changed the status quo of trade flows and international markets; whereas, with a view to sustaining this expansion, China has become a net importer of oil as well as of many other raw materials and commodities, and its demand has created major price increases in all sorts of mineral and agricultural commodities;

W. whereas the People's Republic of China has the right to compete legitimately with the EU and its Member States on international markets,

X. whereas China's rapid economic development over the past twenty years has had a significant impact on EU-China trade and economic relations in general: total two-way trade has increased more than sixty-fold since 1978 and was worth EUR 210 billion in 2005; the EU has gone from a trade surplus at the beginning of the 1980s to a deficit of EUR 106 billion in 2005, its largest trade deficit with any partner, and China is now the EU's second largest trading partner after the US; in 2000 the EU concluded a bilateral market access agreement with China, which was an essential milestone in China's WTO accession process, and its accession changed global trade patterns in many ways;

Y. whereas some 3,6% of Chinese imports come from Africa and Africa absorbs 2,8% of Chinese exports; whereas the value of Chinese trade with Africa increased from USD 2 billion in 1999 to roughly USD 39,7 billion in 2005; whereas China is now Africa's third most important trading partner; whereas Africa is clearly becoming the economic frontier for China, which is very effective in coupling aid-for-oil strategies with foreign policy tools;

Z. whereas trade between Africa and China is estimated to have grown from USD 4 billion in 1995 to USD 55 billion in 2006, and China aims to achieve an increase to USD 100 billion by 2010; whereas in May 2007, China's Exim Bank announced its intention to provide USD 20 billion for trade and infrastructure financing in Africa over the next three years; whereas China has pledged to provide USD 3 billion of preferential loans and USD 2 billion of preferential buyer's credits to Africa in the next three years; whereas China has promised to further open its markets to Africa by increasing from 190 to over 440 the number of items exported to China receiving zero-tariff treatment from the least developed countries in Africa that have diplomatic ties with China and establishing three to five trade and economic cooperation zones in Africa over the next three years,

AA. whereas WTO membership brings with it a range of rights and obligations both for the EU and for China; whereas, however, China has still properly to fulfil many of those obligations,

BB. whereas China's involvement in Africa should be seen not only against the background of securing supplies of energy and raw materials, but also in the context of food security, since China expects its imports of foodstuffs to rise in the future,

CC. whereas Europe's future relations with Africa will be affected by the success or failure of the economic partnership agreements,

DD. whereas instead of allocating development aid, China grants loans, with the attendant danger of creating high degrees of indebtedness among African countries,

EE. whereas as a result of China's activities the key issue of infrastructure improvements and financing in Africa is once again taking on greater significance**,**

FF. whereas according to OECD figures, 50% of public work projects in Africa are being carried out by Chinese contractors; whereas Chinese projects in Africa often employ mostly Chinese workers,

GG. whereas the Chinese must also have an interest in securing some degree of investment and legal security for the stakes they have acquired in collapsing economies by encouraging good governance,

HH. whereas China, by using its own workers in Africa is securing long-term access to the African market for Chinese traders, and in this way influencing national economies in Africa,

II. whereas state-owned Chinese companies can take great risks in investing in Africa; whereas the Chinese energy company CNOOC Ltd announced that it would buy a 45% stake in an offshore oil field in Nigeria for USD 2 270 000 000,

JJ. whereas in 2007 China established China Investment Cooperation Ltd, with assets of USD 200 000 000 000, which currently constitutes the 6th largest sovereign wealth fund worldwide;

The environment

KK. whereas China is already, or is about to become, the largest emitter of carbon dioxide (CO_2) in the world and the Chinese people are the direct victims of such emissions; whereas the EU is also among the largest CO_2 emitters in the world and that Europeans also face the impact of those emissions; whereas the G8+5 summit pledges made at Heiligendamm in 2007 include a benchmark of 50% emission cuts by 2050, and whereas other targets have been set by the EU and China for reduced emissions and renewable energies; whereas Africa is the continent predicted to suffer the most from environmental degradation, deforestation and climate change,

LL. whereas China is to be credited for having acceded to the Kyoto Protocol and the Convention on International Trade in Endangered Species of Flora and Fauna (CITES); whereas China has valuable expertise in combating deforestation and desertification,

MM. whereas more than half of all logging activities in particularly vulnerable regions, including Central Africa, are estimated to be illegal; whereas China is accused of bearing the main responsibility for recent increases in illegal logging worldwide; whereas, for instance, 90% of timber exports from Equatorial Guinea to China are estimated to be illegal,

Governance and human rights

NN. whereas China proclaims the "Five Principles of Peaceful Coexistence" as the

cornerstone of its "independent foreign policy of peace", based on the concept of “non-interference”, which is not neutral, as perceived in African countries where criticism of China, or even anti-Chinese feelings, have been expressed; whereas Chinese oil and mining workers have been attacked, abducted or murdered in Zambia, Nigeria and Ethiopia; whereas China wants to be seen as a responsible global power and must be credited with having used its influence to encourage the Sudanese government to accept a UN/AU hybrid Force in Darfur; whereas China, as a Permanent Member of the Security Council, can play a key role in conflict prevention, mediation and resolution,

OO. whereas China, despite progress in relation to certain social and economic rights and freedoms, continues to show a lack of respect for basic human rights, including the right to life and to a fair trial, freedom of expression and association and other social, economic and cultural rights, including labour rights; whereas lack of respect for human rights is particularly marked in relation to the Tibetans; whereas that affects the image and action of China abroad, particularly in Africa, where development and good governance cannot progress without democratic accountability, respect for human rights and the rule of law,

PP. whereas China is to be credited with having met the minimum requirements of the Kimberley Process Certification Scheme for the International Trade in Rough Diamonds and with having produced guidelines on responsible behaviour for timber companies,

QQ. whereas China should be credited with having ratified the UN Convention against Corruption, although corruption remains a serious problem in China, dramatically affecting the capacity to meet, at provincial and local levels, policy goals and standards set by central government; whereas these practices have an impact on African countries where China and Chinese companies invest, often fostering corruption and helping to enrich and keep in power corrupt regimes, thus undermining good governance, accountability and the rule of law; whereas strict respect for the UN Convention against Corruption is essential for the promotion of good governance, accountability and the rule of law,

Peace and security

RR. whereas European, Chinese and other arms exporters are fuelling armed conflicts in Africa, thus gravely undermining development; whereas Member States are not yet legally bound by the European Code of Conduct on the Export of Weapons, and exercise inadequate control over illicit arms exported to or transiting through Africa,

SS. whereas China bears a particular responsibility as one of the world's major arms exporters and as a permanent member of the UN Security Council,

TT. whereas a lack of transparency exists in relation to Chinese exports of conventional arms and small arms and light weapons; whereas Amnesty International has recently exposed China for having a "dangerously permissive" approach to arms exports; whereas China is responsible for significant arms transfers to conflict-ridden countries, even in violation of UN embargoes in the cases of Darfur, Liberia, and the Democratic Republic of Congo,

UU. whereas China is to be credited with being the second highest provider of UN peace-keepers among the Permanent Members of the Security Council and has already engaged

over 3 000 troops in peace-keeping missions in Africa,

1. Stresses the need to strengthen the impact of EU policies in Africa, namely by ensuring delivery of promises and commitments; in this context, highlights the importance of the Treaty of Lisbon in enhancing effectiveness and coherence in the EU's external relations, duly encompassing development concerns and policies;

2. Urges the EU to develop a coherent strategy to respond to the new challenges raised by emerging donors in Africa, such as China, including a coordinated approach from different Member States and EU institutions; stresses that such a response must not attempt to emulate China's methods and aims, since that would not necessarily be compatible with the EU's values, principles and long-term interests; notes that such a response should be integrated in the EU's dialogue with the AU and in relations with all African partners; highlights that the EU should enter into a development policy dialogue with China, in order to discuss methods and aims, but that it must remain committed to its own approach towards development cooperation;

3. Urges the EU, also when in competition with other donor nations, to maintain its high standards regarding the fostering of good governance and respect for human rights; calls on the EU to position itself vis-à-vis its competitors by means of offers which are qualitatively more attractive, such as the establishment of modern, climate-friendly raw materials processing plants in the country of origin and the recruitment and training of local workers; notes that the preparation of such offers should also be integrated in the EU's dialogue with the AU and in relations with all African partners, namely in connection with the implementation of the Joint EU-Africa Strategy and its Action Plan;

4. Welcomes China's willingness to provide practical cooperation to African countries without patronising them; notes that such cooperation is of a pragmatic nature; regrets in this regard China's cooperation with repressive regimes in Africa; points out that it would be desirable for political conditions to be attached to cooperation and that human rights and environmental standards should play a greater role;

5. Calls on the EU and China to discuss, develop and formulate, whenever possible, their African strategies with a view to a responsible commitment, aimed at fostering sustainable development and the pursuit of the MDGs; stresses the importance of formulating constructive dialogues within a multilateral framework with all relevant actors in the continent, in particular the AU and NEPAD; in this context, calls on the EU to encourage the creation of an African Partnership Forum engaging all major donors and investors;

6. Urges the EU and China to increase support to NEPAD as the driving force for a sustainable development strategy for Africa and also to support African regional organisations, the AU, the Pan-African Parliament (PAP) and African national parliaments and governments in enhancing their leadership and ownership of such a strategy; calls on the EU to help strengthen African capacity to ensure donor and investor coherence and to guarantee that foreign investment contributes to fostering sustainable development;

7. Stresses its willingness to engage with the Chinese National People's Congress, the PAP and African national parliaments in a dialogue aimed at fostering sustainable

development and enhancing scrutinising capabilities;

8. Calls on the EU to encourage China to assume its responsibilities as a permanent member of the UN Security Council, including the "responsibility to protect", acknowledging that China's presence in Africa, by itself, regardless of any “non-interference policy" intentions, does have a real impact in host countries, including a political impact;

9. Calls on the EU to take into account the views expressed by the African States as well as the AU in its consideration of the impact of China in Africa; stresses that the EU should avoid generalisations about China’s role, should regard it with an open and constructive attitude, and should not try to impose European models and views;

Sustainable development

10. Calls on the EU to pursue a dialogue between Africa, the EU and China to common benefit and on the basis of African needs and in the interests of African countries and people, and with a view to improving the effectiveness and coherence of development cooperation, exploring concrete avenues for cooperation and enhancing partnerships, avoiding separate pockets of action; proposes that the EU, the AU and China should set up a standing consultative body to improve the coherence and effectiveness of their respective activities in the area of development cooperation; calls on the EU, China and Africa to establish a global framework for concrete operational projects on common challenges such as adaptation to climate change, renewable energies, agriculture, water and health;

11. Calls on the EU and the Member States to strengthen relations with African countries by delivering on aid commitments and making the pursuit of the MDGs a priority; welcomes the 6% increase in EC aid and 2,9% in aid provided by 15 Member States in 2006 when compared with the previous year but regrets that official development assistance (ODA) from the 15 Member States to all regions is falling as a share of gross national income (GNI) from 0,44% ODA/GNI in 2005 to 0,43% ODA/GNI in 2006; also regrets that four Member States have failed to meet the individual target of 0,33% of GNI in 2006 and more could equally have failed to do so if debt relief and other items that do not correspond to available funds for developing countries were to be deducted from ODA figures;

12. Recalls that the ultimate goal of any development policies, be they implemented by the EU or by China, should be poverty reduction and eradication;

13. Calls on the EU and the Member States to reach broader sections of the public in Africa and the EU through the presence of, visits by and involvement in dialogue-related events on the part of high-level representatives of European governments;

14. Calls on the EU to strengthen untied aid commitments and to encourage China to provide untied aid to African partners, ensuring that economic conditions attached to international grants or loans will not undermine sustainable development; in this context, urges the EU to engage China in the expansion of the local African labour market, instead of bringing in thousands of Chinese labourers;

15. Calls on the EU to encourage China to make use of its health expertise to support

initiatives aimed at improving public health systems in Africa, to ensure sustainable development and to support initiatives aimed at combating the poverty-related pandemics that ravage Africa, namely HIV/AIDS, Malaria and Tuberculosis;

16. Calls on the EU to engage in constructive dialogue, within the framework of the Development Assistance Committee of the OECD/DAC, with non-DAC emerging donors, including China, aimed at encouraging them to adopt DAC guidelines and standards or equivalent codes and to respect the principles of the Paris Declaration on Aid Effectiveness;

17. Urges the EU to encourage China to create a specialised aid institution aimed at enhancing Chinese aid expertise and independence and to commit itself to transparent reporting on aid budgeting; calls on the EU to assist China in developing that expertise, if requested;

18. Encourages EU and African countries to invite Chinese representatives to participate in bilateral and multilateral donor coordination meetings;19. Calls on the EU to encourage China to participate in meeting the challenges linked to the demographic situation in Africa; in this context, highlights the fact that the population growth rate is higher than the economic growth rate in many parts of Africa and that measures to change this include improving sexual and reproductive health, as mentioned in the UN report of the International Conference on Population and Development of1994;

20. Stresses that any international partnership for development must be people-focused, since sustainable development is only possible with the empowerment of civil society; stresses that women and minority or vulnerable groups should be particularly supported and valued as essential agents for development, and that freedom of association and free and plural media are essential conditions for development and need to be supported by such partnerships;

Energy and natural resources

21. Takes the view that, given China's engagement in Africa, cooperation with Africa in the field of the EU's external energy policy should be given greater significance; would like to see active cooperation on energy policy between Africa and the EU;

22. Recognises the importance of the transparent management of natural resources in mobilising revenues that are key to development and poverty reduction, ensuring stability of supply and preventing resource-related conflict and instability in resource-rich countries; calls on the EU to encourage African resource-rich countries to adhere to the Extractives Industry Transparency Initiative (EITI) by providing enhanced political, financial and technical support to the EITI, with a view, inter alia, to enabling civil society to participate freely and effectively in the EITI; urges the EU to actively engage with the government of China and Chinese companies in order to encourage them to support the EITI; calls on the EU to advocate the expansion of the scope of the EITI to other natural resources, such as timber, and also to encompass government revenues linked to resource-backed loans;

23. Considers it of the utmost importance that the EU call on all political powers and international investors operating in Africa to strictly respect the social and environmental

safeguard rules established in 2002 by the World Bank for the extractive industries;

24. Calls on the EU actively to promote transparency, not just in terms of revenue collection, but also in terms of expenditure of natural resource revenues, by supporting initiatives to enhance budgetary transparency in African countries; urges the EU to promote 'responsible lending' by all donors, requiring recipient resource-rich countries with a history of bad governance and corruption to take concrete steps towards greater transparency in revenue management as a condition for receiving non-humanitarian assistance; calls on the EU to apply Articles 96 and 97 of the Cotonou Agreement more consistently to resource-rich countries and, at the same time, to enter into a dialogue with China and other donors with a view to taking concerted action to increase the effectiveness of corresponding measures; stresses that the EU should lead by example by making its own development programmes and projects a model of transparency and good governance;

25. Urges the EU to advocate tougher international controls of illegal timber and the ivory trade; calls on the EU to advocate the principles outlined in the EU Forest Law Enforcement, Governance and Trade Action Plan (FLEGT), as well as encouraging China to adopt similar principles in its own imports of timber from Africa, in order to halt trade in illegal timber and promote the sustainable management of forests; calls on the Commission to come forward with early proposals to outlaw all illegally-sourced timber and timber product imports into the EU in order to disencourage China from illegally sourcing African timber for its furniture exports; encourages the Commission to expand the scope of its negotiations on voluntary partnership agreements with third countries; calls on the EU to support the strengthening of similar initiatives, such as the African and Asian FLEGTs;

26. Calls on the EU to advocate the conclusion of international conventions on energy resources extraction or exploration to include transparency of licensing arrangements and contractual terms that determine fiscal flows to governments and a clause on the investment of a percentage of profit in local community development;

27. Calls on the EU and China to address the problem of the illicit trade in natural resources through concerted action, which should include an agreed definition of what constitutes 'conflict resources' and the appointment of an international group of experts to develop multilateral approaches to tackle the issue;

28. Calls on the EU and China to invest more in renewable energies as a way to tackle environmental degradation and climate change, as well as a way to prevent conflicts related to the scarcity of resources such as oil;

Trade, investment and infrastructures

29. Points out that diversification of trade in general is a key factor in bringing about reliable economic growth in all African states; underlines the fact that Chinese exports of products towards Africa should not hinder the development of African industries or destroy the competitiveness of those industries;

30. Calls on the EU and appeals to China to offer Africa a way out of the 'commodity trap' and to encourage its transformation from a region which supplies commodities into one

which processes commodities and develops services; regrets the Commission's lack of flexibility in concluding an Economic Partnership Agreement with the African, Caribbean and Pacific Group of States (ACP), and expresses its concern that the ACP countries might be worse off under the new arrangement; in this context, urges the EU to encourage all actors involved, namely the Member States and emerging donors such as China, to diversify trade and investment, transfer technology to Africans, strengthen international fair trade rules, expand global market access for African products, lower tariffs on processed goods from Africa, promote the development of the private sector and its access to finance, promote trade facilitation, encourage regional integration in Africa and facilitate remittance flows from African residents;

31. Calls on the EU to expand its economic impact on the development of Africa by reforming its own Common Agriculture Policy and facilitating the access of African products to the EU market; calls on the EU and appeals to China, when reforming their own agricultural policies, to take greater account of development opportunities for the African farming sector, to facilitate the import of agricultural products from Africa and, in connection with agricultural exports, to make doubly sure that they do not jeopardise the development of agricultural production in Africa so as to provide guarantees of food security and jobs;

32. Calls on the EU and appeals to China to be stronger advocates of fair world trade in an effort to ensure that trade and development policies are coherent with one another, to increase substantially the share of the profits of the global trade in goods received by producers and workers, to offer African products greater access to world markets and to reduce import tariffs on manufactured products from Africa; appeals to the Government of the People’s Republic of China and to the EU to develop an export strategy which does not pose an obstacle to the ecologically and socially sustainable manufacture of goods in Africa;

33. Appeals to China, when granting loans, to take account of the events which led to the emergence of the debt crisis affecting many developing countries, and not to repeat the mistakes previously made by lenders;

34. Welcomes the step taken by China toward improving social legislation and workers' rights from 1 January 2008, as a result of pressure from the WTO and international public opinion, and stresses that more binding social laws in China should have a positive impact on the Chinese way of operating in Africa;

35. Stresses the importance for Africa of developing its own strategy towards China; notes that such a strategy is of great importance in enhancing the reciprocal nature of trade relations between China and Africa; stresses that this strategy must focus on greater participation by African workers in Chinese projects in Africa, greater willingness on the part of China to transfer technology and better access to Chinese markets for typical African exports such as coffee, cocoa and leather goods;

36. Recommends that the Commission insist, within the framework of the ongoing negotiations with China, on a new trade chapter in the Partnership and Cooperation Agreement, on binding language with respect to ILO core labour standards, corporate social and environmental responsibility, provisions against social and environmental dumping, ILO recommendations for decent work and the upholding of requirements

deriving from international human rights covenants;

37. Emphasises the importance of employing local workers on fair financial terms when implementing investments in infrastructure and new plant; urges a stronger commitment to the training of workers through the award of grants and circular migration; calls for measures to involve the members of the African Diaspora, some of whom are highly qualified, in this process and to facilitate transfers of money to Africa by Africans living abroad;

38. Understands the profoundly positive role which information and communication technology (ICT) plays in general in supporting growth, competitiveness and job creation; recommends that the Commission align existing African and European programmes with a stronger focus on building ICT capacity for SMEs through public-private partnerships so as to ensure that institutions and policies are built to facilitate investment, innovation and technology transfer;

39. Calls on the EU and China to support the AU and NEPAD in conducting environmental impact assessments and evaluating the potential pro-poor growth of foreign investment projects in Africa, especially in the field of energy and infrastructure, as well as developing a more transparent system for the award of contracts and public spending; highlights the importance of long-term planning in the public spending by African countries of profits obtained through the recent commodity price rise, energy exploration gains and foreign investment flows and, with that aim in view, urges the EU and China to give targeted support to the development of corresponding administrative skills;

40. Calls on the EU to engage in joint projects with China in Africa in the fields of energy exploration, transportation and infrastructures, with the aim of developing, together with the AU and NEPAD, a common set of rules of engagement and investment;

41. Calls for the EU and China to invest in training and education in Africa, as skilled workers form the pillars of more independent development;

42. Calls on the EU to go beyond the current EU-Africa business forum and develop a coherent action plan to stimulate and diversify European investments in Africa;

43. Recognises that European economic investment is at a competitive disadvantage in Africa due to open or hidden subsidising of Chinese projects and offers made by the Chinese government (or wholly state-owned companies), to higher costs caused by social and economic standards which Chinese competitors do not meet, to tied Chinese aid which prevents European companies from joining projects financed by Chinese aid and to limited access to financing and investment risk coverage instruments for European companies;

The environment

44. Notes the ecological impact of China's presence in Africa; urges China to act as a responsible steward of the environment, both in China and in Africa;

45. Calls on the EU to encourage Chinese export-credit agencies, including the Exim Bank, to conduct systematic environmental assessments of infrastructure projects in Africa,

such as dams, roads and mines;

46. Welcomes the Commission's initiative to launch a Global Climate Change Alliance with the least developed countries and small island development States, specifically enhancing co-operation on climate change adaptation; calls on the EU to invite China to participate in key areas of the Alliance's work plan, such as dialogue on disaster-risk reduction and climate-proofing development, which are crucial areas of co-operation given China's position as a major donor and investor in Africa, often investing in large-scale infrastructure projects that tend to be particularly vulnerable to climate change;

47. Calls for increased funding for climate change adaptation, according to a system where the obligation to contribute depends both on past emissions and economic capacity and where funds are not diverted from existing aid budgets; in this context, urges the EU to advocate enhanced coordinated and complementary international action as regards the provision of financial resources and investment to support mitigation and adaptation actions in Africa, namely in the form of improved access to adequate, predictable and sustainable financial resources, financial and technical support for capacity-building in the assessment of the costs of adaptation to aid in determining its financial needs, and the provision of new and additional resources, including official and concessional funding; urges that any financial provision given be accessible with minimal red tape involved; insists that effective monitoring of the results be put in place;

48. Calls on the EU to engage in multilateral discussions with AU Member States and China, as well as with civil society, on the global threats of environmental degradation and climate change and to push forward the commitments of the Bali Action Plan agreement, signed at the 13th meeting of the Conference of the Parties (COP-13) in Bali on 15 December 2007, as a post-2012 framework;

49. Calls on the EU to take the lead in climate change mitigation by launching a "crash programme" providing large-scale financial support, additional to existing aid budget lines, for the development and deployment of green energy technologies in both emerging economies and developing countries, recognises however their different needs; specifically calls on the EU to provide funding to enable the transfer of cheap, green technologies to African countries; recognizing that increased funding for technology transfer is a key step to reach agreement on a post-2012 global climate change framework by 2009;

50. Urges the EU and China to ensure, along the lines of the Bali Action Plan agreement, that its projects in Africa, in particular energy exploration, are environmentally sustainable and compatible with the Bali Action Plan;

51. Recognises the share of responsibility of Western trade and consumption in creating an increasing Chinese demand for natural resources in Africa, as well as for increased CO_2 emissions in developing countries as a result of the "outsourcing" of polluting industries; calls on the EU to raise the issue of trade and climate justice as part of the agenda of trilateral cooperation with China and Africa; calls also on the EU to strengthen measures to promote socially and environmentally responsible consumption (including product labelling demonstrating the environmental impact during the entire life cycle of a product, from extraction of natural resources to production and transportation);

52. Urges the EU to advocate greater international cooperation, in particular with China, to support the urgent implementation of adaptation actions, namely through vulnerability assessments, prioritization of actions, financial needs assessments, capacity-building and response strategies, integration of adaptation actions into sectoral and national planning, specific projects and programmes, means to incentivize the implementation of adaptation actions, and other ways to enable climate-resilient development, taking into account the urgent and immediate needs of developing countries vulnerable to the adverse effects of climate change, such as those in Africa, which are particularly affected by drought, desertification and floods;

53. Calls on the EU to strengthen dialogue with Africa and China and to develop common approaches to deal with global environmental problems such as deforestation, desertification and fragmentation, decline or loss of biodiversity and soil fertility, as well as water and air pollution; calls on the EU to promote energy efficiency, green technologies, risk management and early warning capacities, as well as responsible industrialisation and consumption;

Good governance and human rights

54. Urges the Chinese authorities to respect the principles of democracy, good governance and human rights in their relations with Africa;

55. Calls on the EU to act consistently with its own values, principles and commitments under the Cotonou agreement in its relations with those African governments that obstruct democracy and violate human rights by denying them control of aid, budget support or investments; urges the EU to ensure that, in such cases, humanitarian and other assistance is provided through local civil society organisations and helps reinforce the capacity of such organisations; calls on the EU to urge other major donors, such as China, bound by the UN international human rights conventions, covenants and instruments, to act similarly;

56. Stresses that, notwithstanding the importance of principles such as sovereignty, ownership and alignment, China's "no-conditions" investments in those African countries misgoverned by oppressive regimes contribute to perpetuating human rights abuses and further delay democratic progress and hinder recognition of good governance, including the rule of law and the control of corruption; in this context, highlights the importance of greater EU support to governments, institutions and civil society actors that promote good governance, the rule of law and respect for human rights in Africa, namely national parliaments, pluralist party systems, development and human rights organisations, free media and anti-corruption bodies;

57. Calls on the EU to ask all aid donor and recipient countries to respect the guidelines and transparency standards set by the International Financial Institutions; urges the EU to persuade Chinese authorities to encourage national banks to adopt the "Equator Principles" on social and environmental standards;

58. Urges the EU to encourage China to sign the OECD's Anti-bribery Convention and to ensure its implementation, not just within China, but also in its relations with African countries;

59. Calls on the EU to encourage all Members States and China to participate in current global initiatives to facilitate asset recovery under section V of the UN Convention on Corruption, including the joint Stolen Asset Recovery Initiative (StAR) recently launched by the World Bank and the United Nations Office on Drugs and Crime (UNODC);

60. Calls on the EU to encourage China to ratify the ILO Conventions it has not yet adopted and ensure their implementation in developing countries wherever Chinese investments, companies, experts or workers are involved, namely in Africa;

61. Calls on the EU to encourage the development of international and legally binding codes of conduct on good governance, safe and equitable working conditions, corporate social responsibility and environmental protection practices, as well as to support corporate accountability;

Peace and security

62. Calls on the EU to pursue a legally binding instrument on the export of arms at a global level;

63. Calls on the EU to encourage China to increase the transparency of its national arms export control regime, namely by ensuring complete reporting on exports to the UN Register on Conventional Arms Exports and upgrading its arms export control rules in order to block arms transfers to countries and regions, particularly in Africa, where international human rights and humanitarian law are systematically violated;

64. Calls on the EU to maintain its arms embargo on China, as long as China continues to export arms to armed forces and armed groups in countries, many of them in Africa, that fuel and perpetuate conflicts and perpetrate gross violations of human rights;

65. Calls on the EU and China to suspend arms trade deals with those governments that are responsible for human rights violations, are involved in conflicts or are on the brink of war, such as the governments of Kenya, Zimbabwe, Sudan, Chad, the Democratic Republic of the Congo, Ethiopia, Eritrea and Somalia; calls on the EU and China to stop, prevent and prohibit arms transfers to armed non-state actors that threaten human rights, political stability and sustainable development on the African continent;

66. Calls on the EU to continue advocating an international legally binding Arms Trade Treaty on all conventional weapons, negotiated at UN level;

67. Calls on the EU and China to support African-led initiatives, such as a stand-by force and the use of regional organisations as security pillars:

68. Calls on the EU to encourage China to continue increasing its participation in UN and AU peacekeeping missions in Africa, and to expand that contribution by also supplying combat troops, when necessary and in accordance with UN mandates;

69. Calls on the EU to engage China in the development of common approaches to human security, namely in the fields of conventional disarmament, disarmament, demobilization and reintegration (DDR), traceability of arms, de-mining and security sector reform (SSR); urges engagement in non-traditional security issues, such as prevention of natural

disasters, climate or economic refugees, displaced persons and migrants, drugs and communicable diseases;

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70. Instructs its President to forward this resolution to the Commission and the Council, the governments and parliaments of the Member States, the government of the People's Republic of China and the Chinese National People's Congress, the African Union, NEPAD, PAP and FOCAC.

EXPLANATORY STATEMENT

China's rise and its 'go out' policy

China's impressive economic rise, with an average economic growth of 10% since 1990, has turned it into the fourth largest economy in the world and the largest official holder of foreign exchange reserves. At the same time, China is still a developing country, with vast socio-economic disparities, undemocratic governance, lack of fundamental freedoms and basic human rights and serious environmental problems.

To meet the needs created by its rise, China adopted a 'go-out' policy. Is China's scramble in Africa a driver for prosperity based on «win-win cooperation» or is it reaping African natural resources for Chinese profit and undermining sustainable development? Also, while expanding, China may be exporting some of its worst home practices, including corruption, bad lending, lack of labour rights and environmental standards. What, then, should the EU do?

"Beijing's Safari": looking for natural resources

Chinese involvement in Africa accelerated in the 1990s. In 2000, the newly created Forum on China-Africa Cooperation agreed on ambitious plans. 2006 was dubbed China's "Year of Africa" because of investment and aid announcements made by Beijing.

For instance, in DR Congo alone (holding one of the world's richest assortment of minerals), China promised a 5 billion USD loan to build roads, railways, hospitals and universities.

What are the strategic drivers for China's 'go out' policy in Africa? First and foremost, oil. China became the world's second-largest oil consumer in 2003 and Chinese demand is expected to double by 2025. Some 30% of China's crude oil imports now come from Africa and oil accounts to 50% of Africa's exports to China. Angola was, in 2006, China's top African supplier, followed by Sudan and Congo-Brazzaville. China is also looking for other natural resources (uranium, copper, cobalt, ore and timber, etc.) and new markets. Finally, China seeks to reinforce political leverage, gather endorsement for the "one China policy" and profile itself as a global power.

Africa is particularly attractive because most African states lack the capacity to explore and control national resources, often rely on foreign expertise and investment and there are only limited regulatory constraints and competition.

'South-south cooperation' or 'neo-colonialism'? China's impact in Africa

Beijing presents Sino-African relations as economic "win-win cooperation" between equal partners. With a record of lifting millions of its own citizens out of poverty, China promotes an alternative state-directed model for development, which can be alluring in a continent where neo-liberal reforms imposed by the West failed and where many rulers are keen on centralising powers.

So far, China's footprint in Africa has led to an increase in Chinese demand for raw materials, which pushed up commodity prices, and increased competition. Moreover, China has made African friends with investments in the construction of badly-needed infrastructures. But there are also growing complaints about lost manufacturing capacity, low salaries, dire working conditions and lack of safety standards in Chinese-owned companies operating in Africa.

Chinese interest seems confined to resource-rich (or "resource-cursed") countries, bypassing a large number of other African nations. Moreover, soaring commodity prices benefit resource-rich countries but make life harder for the rest of the continent – and prices will not remain high forever.

Chinese cheap products are reaching African markets, allowing people to make use of new technologies (e.g. mobile phones) and save on basic expenses (e.g. clothes) but also hampering African industries, with bankrupted factories aggravating unemployment, particularly in the textile sector (the so-called Chinese "textile tsunami"), through unfair competition caused by environmental and social dumping.

On aid and investment, Chinese assistance would often not qualify as aid according to DAC criteria. The much trumpeted 5 billion USD China-Africa Development Fund is indeed mostly aimed at supporting Chinese enterprises and their projects in the continent. Chinese aid and investments are often tied and normally involve Chinese workers. Chinese loans, frustrating efforts to link aid to human rights, democracy, and good governance, can also create difficulties for African governments, by tying up resources in the long term and reducing eligibility for IFI financing.

China's investments and aid plans are obviously attractive to African partners. So is China's veto power at the UNSC. But this partnership can be much more beneficial if Africa is able to determine conditions: fair deals and proper management of the capital generated. African countries can increase their bargaining power by negotiating jointly, hence the importance of organisations such as the AU or NEPAD.

Illegal practices in resource exploitation, aggravated by the lack of capacity of African governments to supervise extractive activities, require greater transparency and accountability. Africa should support the expansion of the scope of the EITI, moving from 'publish what you pay' to 'publish what you damage'.

As for environmental impact, China continues to import illegal timber and ivory from African countries, and serious environmental damage is caused by Chinese projects, such as the Merowe dam in Sudan.

In the field of security and peace, China has extended military cooperation to several African regimes. Sudan and Zimbabwe are major recipients of Chinese arms. In view of its responsibilities as a permanent member of the UN Security Council, China must be urged to move from favouring state-centred security to supporting "human security". With more troops on the ground, China may better understand why it is necessary to assume the "responsibility to protect".

Many of the criticisms made against China mirror, to a certain extent, Western mistakes, past

and present: trade rules and protective subsidies, supplying weapons, double standards, etc. Moreover, the Western appetite for cheap “made in China” products also contributes to China’s - today’s world factory - bulimia for natural resources. Europeans should not pretend to be the “good player” in this triangular relationship, for African countries have reasons to be frustrated and suspicious of them, as much as of China. African leaders invoke the right to catch up with industrialisation, with the inherent pollution costs. Africans also argue that assisting Africa is a matter of justice, not charity. Instead of entering the blame game, the EU, Africa and China should engage and cooperate for the sustainable development of Africa. China has shown itself to be sensitive to international expectations.

China’s foreign policy: From ‘business is business’ to ‘quiet revolution’

China proclaims an “independent foreign policy”, based on the principles of “sovereignty and non-interference**”** and presents its involvement in Africa as strictly business. This means that aid and loans are provided to African governments on a supposedly *"no-strings attached"* basis - but, of course, there is always a “Taiwan clause” and pressure to shun the Dalai Lama. In fact, China’s presence in Africa does have political impact. Its *‘trade only, no politics’* approach, rather than ensuring neutrality, provides some African dictators with political and financial support to stay in power.

For instance, Sudan and Zimbabwe turned to China when international criticism increased on the regimes. In 2004, Angola broke off negotiations with the IMF, when China offered a 2 billion USD loan, without conditions on corruption or transparency: a cash flow which represents a financial boost to the ruling party in the run up to forthcoming elections.

Criticism of Chinese ‘intervention’ in Africa is thus becoming stronger. Chinese agents have been attacked in Nigeria, Ethiopia and Niger. In the worst case to date, nine Chinese workers and at least 65 Ethiopians were killed in April 2007, when Ogaden guerrillas attacked an oil installation in Eastern Ethiopia; foreign companies were warned against working with the Ethiopian government to exploit the region's natural resources. Various other incidents are making China realise that there is no such thing as *“politics-free”* oil or mineral contracts. A number of anti-Chinese riots have also occurred in Africa.

Due to such mounting problems, China is understanding that it must adapt. The best example is Sudan: China threatened to veto UNSC resolutions on Darfur, in order to protect its economic interests in Khartoum; but, when international threats to boycott the Olympic Games were heard, Beijing named a special representative (April 2007) and Chinese pressure led to Khartoum's acceptance of the Annan plan. Beijing is also scaling down relations with Zimbabwe: in 2007, Harare was not included in the African tour of President Hu and, in the meantime, Beijing announced withdrawal of all assistance except humanitarian aid.

International reactions to the Darfur crisis and the recent brutal repression in Burma may be making China realise that unconditional support to oppressive regimes and international isolation are not in its best interest. Also the risks of investing in failing economies and fragile states may be becoming clearer to Beijing: oil fields in Sudan coinciding with conflict zones show that investing in pipelines is only profitable and sustainable if security is ensured. And security is not long-lasting where there is conflict associated either with human rights violations or bad governance.

Despite what some already call a “quiet revolution” in China’s foreign policy, limits are to be expected on how much Beijing will be willing to adapt: limits determined by the poor level of basic rights, freedoms and accountability enacted at home. The EU should, therefore, not only consider how to encourage China to assume a more responsible engagement in Africa, but also what to do in case China does not respond to international demands.

Competition or win-win partnership? Challenges for the EU

The EU needs to develop a common approach towards China, overcoming divergences caused by national interests, which undermine Europe's ability to influence Chinese foreign policy.

A common EU approach should be based on engagement. The EU should encourage China to play a bigger role in conflict mediation, peace-keeping and donor roundtables.

When engagement does not work, the EU should not underestimate the power of privately and publicly criticising China. EU Member States and UNSC members should also not hesitate, if necessary, to let China veto UNSC resolutions alone, putting in evidence its isolation.

The EU should also stop romanticising its relationship with Africa, based on historic or cultural links and common languages. Europe needs to turn its huge potential of influence in Africa into real political and diplomatic clout working for sustainable development in Africa. It is vital that the EU sticks to its policy of conditional engagement, while also expanding "positive conditionality" by increasing support to governments, institutions, civil society organisations and media that promote human rights, democracy and accountable governance in African countries.

While engaging with China on Africa, the EU should not overlook relations with other major and emerging players, namely the USA, Brazil and India.

China’s involvement in Africa has already had the positive effect of creating a renewed interest in Africa, contributing to a shift in perceptions: from a land of poverty and a destination for charity, Africa’s success stories are being recognised and there is increasing realisation in Europe that Africa’s resources could reduce the West’s dependence on risky Middle Eastern oil supplies and that Africa offers great potential for business. It is absolutely crucial to bear in mind that the best African resource is the African people. Empowering women, civil society organisations, free and plural media must be priorities of the EU and other partners working for the development of Africa.

Helping to build scrutinising capacities of the Pan African Parliament and African national parliaments should be a priority for the European Parliament, as well as in engaging with China’s NPC on the impact of the EU’s and China’s policies in Africa.

26.2.2008

OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on Development

on China's policy and its effects on Africa
(2007/2255(INI))

Draftsman: Bastiaan Belder

SUGGESTIONS

The Committee on Foreign Affairs calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that China's growing economic and political power is resulting in its becoming increasingly involved in Africa; believes that the European Union should view its relations with both Africa and China in a global context; would welcome a common, multilateral EU position in this regard;

2. Notes that Africa is a very heterogeneous region in terms of political, social and economic development, and is home to countless regional organisations; therefore considers that a differentiated approach to the region on the part of China is necessary;

3. Notes that China's predominantly bilateral approach to Africa runs counter to the EU's primarily multilateral approach and that its policy of non-interference and its lenient attitude towards questionable regimes such as those in Sudan and Zimbabwe may give cause for concern; nevertheless, welcomes and encourages the recent trends in China's policy towards Africa, as China seems to grow more aware of its responsibilities as a major player on the global scene;

4. Urges the Chinese authorities to respect principles of democracy, good governance and human rights in their relations with Africa;

5. Notes that in November 2006 the third summit of the Forum on China-Africa Cooperation (FOCAC) took place in Beijing and that it adopted a declaration proclaiming the establishment of "a new type of strategic partnership" between China and Africa; welcomes this cooperation, which both meets the challenge of economic globalisation and promotes common development, but regrets that a number of African states that have

recognised Taiwan are excluded from it;

6. Takes the view that, given China's engagement in Africa, cooperation with Africa in the field of EU external energy policy should be given greater significance; would like to see active cooperation on energy policy between the region and the EU;

7. Considers it desirable for China's engagement in Africa to include not only nations that are of interest from the point of view of energy policy but for consideration to be given to cooperation with all the African states;

8. Welcomes China's willingness to provide practical cooperation to African countries without patronising them; notes that such cooperation is of a pragmatic nature; regrets in this regard China's cooperation with repressive regimes in Africa; points out that it would be desirable for political conditions to be attached to cooperation and that human rights and environmental standards should play a greater role;

9. Notes the ecological impact of China's presence in Africa; urges China to act as a responsible steward of the environment, both in China and in Africa;

10. Suggests that the Commission launch a specific dialogue with the Chinese authorities with the aim of: (a) harmonising the pressures exerted on Africa by the European Union and China for it to better respect the international conventions, agreements and treaties that it has signed on arms sales, human rights, good governance and respect for the environment; and (b) studying the feasibility of a three-way partnership between China, the European Union and the countries of Africa in order to intensify development aid, increase the number of projects supported and better integrate them with the Millennium Development Goals and compliance with United Nations rules and conventions;

11. Supports the Lisbon EU-Africa Strategy; calls also for an enhanced inclusive political dialogue on Africa between the EU**,** China and Africa;

12. Considers that the role of new external players and political powers emerging in Africa, particularly China, has also forced a re-evaluation of the EU-Africa "strategic partnership";

13. Considers that Chinese engagement in Africa, on the one hand, and the newly launched EU-Africa strategic partnership, on the other, should be compatible with each other;

14. Notes that China is seen as strongly pursuing trade relations with African countries; urges China in this context to respect basic working standards, inasmuch as Chinese companies engaged in Africa are often accused of not respecting ILO standards;

15. Calls for the EU and China to invest in training and education in Africa, as skilled workers form the pillars of a more independent development;

16. In the light of the recent constitutional reform by the Chinese authorities, which confers on the Supreme Court exclusive jurisdiction to impose the death penalty (previously any local judge could impose such a sentence), hopes that the new dimension of the Chinese presence in Africa will exert a generally positively influence on the reinforcement of human rights standards in Africa.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	25.2.2008
Result of final vote	+: 28 –: 1 0: 2
Members present for the final vote	Angelika Beer, Colm Burke, Véronique De Keyser, Giorgos Dimitrakopoulos, Michael Gahler, Alfred Gomolka, Klaus Hänsch, Jana Hybášková, Anna Ibrisagic, Jelko Kacin, Metin Kazak, Maria Eleni Koppa, Helmut Kuhne, Vytautas Landsbergis, Johannes Lebech, Francisco José Millán Mon, Philippe Morillon, Annemie Neyts-Uyttebroeck, Ioan Mircea Paşcu, Alojz Peterle, Samuli Pohjamo, Libor Rouček, Jacek Saryusz-Wolski, Hannes Swoboda, István Szent-Iványi, Ari Vatanen
Substitute(s) present for the final vote	Laima Liucija Andrikienė, Árpád Duka-Zólyomi, Marie Anne Isler Béguin, Evgeni Kirilov, Józef Pinior, Inger Segelström

25.2.2008

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Development

on China's policy and its effects on Africa
(2007/2255(INI))

Draftswoman: Erika Mann

SUGGESTIONS

The Committee on International Trade calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

A. having regard to the Africa-EU Strategic Partnership, and the Joint Africa-EU Strategy and Action Plan (2007)and to the Africa-EU Partnership on Trade and Regional Integration as well as on Science, Information Society and Space,

B. having regard to the launch of the EU-Africa Partnership on Infrastructure (2007), which reflects the need to invest in infrastructure connections (transport, energy, water and ICT) to facilitate sustainable development,

C. having regard to the statement of the EU-Africa Business Forum on the occasion of the Second EU-Africa Summit (2007),

1. Points out that Africa accounts for almost 9% of EU imports; half of them being energy-related products, 23% manufactured products and 11% food and agricultural products; Africa absorbs 8.3% of EU exports, 78% of which are related to machinery, chemicals and manufactured goods; South Africa is the EU's largest trading partner (import and export); regrets that European trade with Africa continues to decline, although the EU remains its most important trading partner;

2. Points out that China’s rapid economic development in the past twenty years has had a significant impact on EU-China trade and economic relations in general: total two-way trade has increased more than sixty-fold since 1978 and was worth EUR 210 billion in 2005; the EU has gone from a trade surplus at the beginning of the 1980s to a deficit of EUR 106 billion in 2005, its largest trade deficit with any partner, and China is now the EU’s second largest trading partner after the US; in 2000 the EU concluded a bilateral

market access agreement with China, which was an essential milestone in China's WTO accession process, and its accession changed global trade patterns in many different ways;

3. Points out that some 3.6% of Chinese imports come from Africa and that Africa absorbs 2.8% of Chinese exports; points out that the value of Chinese trade with Africa increased from USD 2 billion in 1999 to roughly USD 39.7 billion in 2005; China is now Africa's third most important trading partner; Africa is clearly becoming the economic frontier for China, which is very effective in coupling aid-for-oil strategies with foreign policy tools;

4. Notes the fact that China is investing in infrastructure, which is key to accelerating growth, reducing poverty and increasing trade capacity; recommends that the EU redirect more of its current aid budget towards infrastructure projects that are unable to attract foreign direct investment;

5. Points out that China has seen explosive economic growth in the last few years, on average 9% per annum, and has become a leading exporter; emphasises that China's re-emergence as a major world economy has fundamentally changed the status quo of trade flows and international markets; observes that, to sustain this expansion, China has become a net importer of oil as well as of many other raw materials and commodities, and its demand has created major price increases in all sorts of mineral and agricultural commodities;

6. Points out that China accounted for roughly 40% of total growth in global demand for oil in the last four years; emphasises that 30% of China's crude oil imports come from Africa; underlines the fact that China's dependence on imported oil, minerals and other raw materials seems likely to continue to grow, and that by 2010 it is expected to import 45% of its oil needs; stresses that its rising demand for energy and its desire to broaden its energy imports have led it to seek oil suppliers in African States; considers it of the utmost importance that the EU call on all political powers and international investors operating in Africa to firmly respect the social and environmental safeguard rules established in 2002 by the World Bank for the extractive industries;

7. Wishes to see an approach centred on "More Europe in Africa" arising from EU policies in general; wishes for greater European visibility (the strengthening of Europe's image as a region) and a stronger presence of European intermediary institutions throughout Africa (more bilateral chambers of commerce, a European chamber abroad, more European business fora, strong contacts with the European and African diasporas), which are essential to create stronger economic ties between the EU and Africa;

8. Points out that China’s aggressive trading policy is having a considerable impact on European interests on the African continent, as well as on the EU’s access to commodities, and that the EU, while remaining Africa’s biggest donor, has not managed in the past decade to combine the aid granted with a substantial expansion in its trading relations with African countries;

9. Stresses the importance for Africa of developing its own strategy for China; notes that such a strategy is of great importance in enhancing the reciprocal nature of trade relations between China and Africa; stresses that this strategy must focus on greater participation by African workers in Chinese projects in Africa, more willingness on the part of China

to transfer technology and better access to Chinese markets for typical African exports such as coffee, cocoa and leather goods;

10. Recognises that the implementation of the Economic Partnership Agreements (EPAs), especially the sustainable development elements, and the conclusion of the Doha Round could benefit both the EU and African countries, through greater trading opportunities; recommends that the Commission help with concrete capacity building and trade facilitation programmes in Africa; in particular, the EU could help the private sector to set up effective laboratories for product/food testing; which would improve export opportunities to the EU (and possibly to China) and ensure more reliable testing on local markets;

11. Notes that, unlike the EU strategy, China's trading policy approach to Africa is based on one-to-one relations between States and neglects references to human rights, corporate social responsibility, and environmental and social standards, thus giving China quite a considerable comparative advantage in Africa;

12. Sees a distortion of international competition, since the new competitors from emerging markets are not subject to the strict OECD regulations on environmental, social and ethical standards, which have subsequently been transposed into the national laws of OECD members; recommends that the Commission muster international support for those standards;

13. Points out that the keen attention which China is focusing on the African continent and the success of its policy show that Africa has potential, especially as a supplier of commodities and energy sources; believes that there is ample scope to expand trading relations between the EU and Africa, with unquestionable advantages for both partners;

14. Recommends strongly that the Commission evaluate the so called "Economic Partnership Interim Agreements", the 'Everything but Arms' (EBA) - and the Least Developed Countries (LDC) Agreement with a view to understanding whether, and if so how, Chinese companies operating from Africa might profit in a disturbing, disproportionate or unintended way from the favourable market access given by those agreements;

15. Recognises that Africa's future economic development is rightly a priority issue for the European Union; recognizes that "trade and regional integration" is one of the four policy priorities defined in the Joint EU-Africa Strategy;

16. Points out that a diversification of trade in general is a key factor for Africa to bring about reliable economic growth in all African States; underlines the fact that Chinese exports of products towards Africa should not hinder the development of African industries or destroy the competitiveness of such industries;

17. Calls on the Commission and the Member States to develop in the short term with the African States a strategy for the exploitation of their raw materials, since it is in their own long-term interests to control the extraction of their own raw materials and to market their own raw materials and processed products on the world markets;

18. Calls on the Commission to evaluate to what extent qualitative parameters for international trade relations can be effectively negotiated within the WTO, especially

with regard to the possibility of distinguishing between "like-products" by measuring and labelling the ecological footprint of Processing and Production Methods (PPM), and how the monitoring of WTO trade policy through the offices of Multilateral Environmental Agreements can be strengthened;

19. Recommends that the Commission and the Member States find an agreement with China to establish common standards in Africa with regard to the employment and training of the local workforce in accordance with internationally recognised labour standards; recommends cooperation with local contractors and suppliers and the transfer of technical know-how; recommends respect for and protection of the environment through the recycling of waste and used materials and energy efficiency measures;

20. Considers that cooperation and technical assistance in the extraction and marketing of raw materials should be an important feature of any European offer to Africa; calls, therefore, for more training programmes to be provided in these areas, particularly in the context of development cooperation;

21. Recommends that the Commission insist, within the framework of the ongoing negotiations with China, on a new trade chapter in the Partnership and Cooperation Agreement (PCA), on binding language with respect to ILO core labour standards, corporate social and environmental responsibility, provisions against social and environmental dumping, ILO recommendations for decent work and the upholding of requirements deriving from international human rights covenants;

22. Recommends efforts to ensure that European contractors use local manpower and the local private sector for projects and ensure sustainability over a project's life cycle; emphasises the importance of an enhanced and diversified private sector for sustainable development and the alleviation of poverty on the African continent;

23. Considers the setting-up of regional economic frameworks and increased regional cooperation among African States to be of the utmost importance for the sustainable economic development of Africa; points out that China's engagement in Africa should lead to greater support for regional trade cooperation among African States;

24. Recommends that the Commission more generally initiate a high-level exchange of views with its Chinese counterparts on the development policies followed by China and by the EU and how to improve mutual cooperation;

25. Understands that the urgent fulfilment of the Millennium Development Goals demands a sustainable development in African countries, with more revenues generated at the local level; believes that, among other things, this should encompass economic diversification away from commodity export dependence and strengthen regional integration,

26. Recognises that European economic investment is at a competitive disadvantage in Africa due to open or hidden subsidising of Chinese projects and offers made by the Chinese government (or wholly State-owned companies), due to higher costs caused by social and economic standards which Chinese competitors do not apply, due to tied Chinese aid which prevents European companies from joining the projects financed by Chinese aid and due to limited access to financing and investment risk coverage instruments for European companies;

27. Welcomes the fact that China is a member of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora); recommends that China, while trading with Africa, fully respect CITESas it aims to ensure that international trade in specimens of wild animals and plants does not threaten their survival; welcomes, in this regard, the signature of the 9-year-moratorium on ivory trading in June 2007;

28. Calls on the Commission to launch discussions with China on concrete support for the 'Extractive Industries Transparency Initiative', which has already been approved by China;

29. Is critical of Chinese "tied aid" soft loans and the systematic subsidising of its State-owned construction companies in international competition; conversely, China protects its domestic market through a discriminatory qualification system which has crushed, according to a study commissioned by the Directorate General for Trade, the market share of foreign contractors from 6% prior to China's accession to the WTO to less than 1% today;

30. Recalls that in 2007 China established China Investment Cooperation Ltd with assets of USD 200 000 000 000, which currently constitutes the 6th largest sovereign wealth fund worldwide;

31. Recalls that State-owned Chinese companies can obviously take great risks in investing in Africa ; notes that the Chinese energy company CNOOC Ltd announced that it would buy a 45% stake in an offshore oil field in Nigeria for USD 2 270 000 000;

32. Recognises that the Africa-EU Strategic Partnership has identified the development of domestic markets and of regional integration as a strategic priority; this strategy will be supported through an Africa-EU Partnership on Trade and Regional Integration; in this context, the First Action Plan (2008-2010) calls for the implementation of the EU-Africa Infrastructure Partnership as a priority to support investment in a sustainable infrastructure in all relevant sectors;

33. Recognises a sharp reduction of the share of resources allocated to infrastructure during the 1990s by African governments and development aid agencies; recognises also that the Member States' support for economic infrastructure and services has declined over the last decade, mainly in transport and partly in energy;

34. Recommends that the Commission create faster operating EU development aid procedures when it comes to infrastructure; this could level the playing field with Chinese companies that benefit from the very rapid response of Chinese Government aid or government-backed loan procedures;

35. Recommends that the Commission and the Member States prioritise infrastructure projects supported through EU funding, according to their impact on regional integration and development potential for the entire continent ("Trans-African Networks"); recommends that, to qualify for Commission funding, companies should respect environmental, social, financial standards established under the EU acquis communautaire;

36. Recommends that the Commission form an Africa Task Force to address the strategic,

policy, trade and infrastructure challenges and related topics in a more coherent way; such a Task Force could help in addition to create a level playing-field with competitors from other regions; key areas to focus on should include: export financing, export credit insurance, public procurement, and transparency rules and procedures;

37. Understands the profoundly positive role which ICT plays in general in supporting growth, competitiveness and job creation; recommends that the Commission align existing African and European programmes with a stronger focus on building ICT capacity for SMEs through public-private partnerships to ensure that institutions and policies are built to facilitate investment, innovation and technology transfer;

38. Recognises that access to sustainable energy sources is highly relevant for both continents; the European-African partnership should include security of supply, technology transfer in the renewable energy sector, sustainable extraction of resources, and transparency of energy markets;

39. Supports the EU-Africa climate initiative to help African countries to deal with the harmful effects of climate change on their environment and economies; supports a post-2012 international climate regime that improves the clean mevelopment mechanism and establishes sector-related industry approaches to greenhouse gas reduction;

40. Recommends that the Commission improve the investment risk coverage provided by European financial institutions in order to reduce investment risks for the private sector in strategically important areas such as raw materials and key infrastructure sectors (including high tech ones) that will contribute positively to development in African countries; believes that this could certainly level the playing-field vis-à-vis State-owned/backed Chinese companies which carry less risk-management concerns;

41. Recommends that the Commission, the European Development Bank and the European bilateral development agencies pool more financial resources allocated to infrastructure development in Africa into specialised funds; recommends that competition be focused on the quality, the sustainability and the project's life-cycle costs rather than the "lowest evaluated cost" for the construction phase; such long-term contracts would then ensure that the European taxpayer's money actually serves local people for the long-term and also facilitate the transfer of technology to the local construction industry and help to increase local employment;

42. Is sceptical about the shift arising from project aid to budget support and from international Standard Bidding Documents Procurement Rules to Country Procurement Systems undertaken by European and international financial institutions; recommends that the Commission re-evaluate its strategy and report back to Parliament before the next EU-Africa Summit.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	25.2.2008
Result of final vote	+: 18 –: 3 0: 2
Members present for the final vote	Kader Arif, Daniel Caspary, Françoise Castex, Christofer Fjellner, Glyn Ford, Jacky Hénin, Syed Kamall, Marusya Ivanova Lyubcheva, Erika Mann, Helmuth Markov, Cristiana Muscardini, Vural Öger, Georgios Papastamkos, Tokia Saïfi, Iuliu Winkler, Corien Wortmann-Kool
Substitute(s) present for the final vote	Jean-Pierre Audy, Danutė Budreikaitė, Albert Deß, Elisa Ferreira, Carl Schlyter, Zbigniew Zaleski
Substitute(s) under Rule 178(2) present for the final vote	Luigi Cocilovo

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	27.2.2008
Result of final vote	+: 29 –: 1 0: 0
Members present for the final vote	Alessandro Battilocchio, Thijs Berman, Josep Borrell Fontelles, Danutė Budreikaitė, Marie-Arlette Carlotti, Thierry Cornillet, Corina Crețu, Nirj Deva, Koenraad Dillen, Beniamino Donnici, Fernando Fernández Martín, Hélène Goudin, Alain Hutchinson, Filip Kaczmarek, Glenys Kinnock, Maria Martens, Luisa Morgantini, Horst Posdorf, Frithjof Schmidt, Jürgen Schröder, Feleknas Uca, Johan Van Hecke, Luis Yañez-Barnuevo García, Anna Záborská
Substitute(s) present for the final vote	Ana Maria Gomes, Fiona Hall, Manolis Mavrommatis, Linda McAvan, Ralf Walter, Gabriele Zimmer