



AEGIS Europe calls on the European Union to stop playing into China's hands

EU Industry urges the European Commission to be more cautious in negotiations on the EU-China Comprehensive Agreement on Investment

Brussels, 14 January 2021 – The outline of the [EU-China Comprehensive Agreement on Investment](#) (CAI), agreed in principle on 30 December 2020 appears, at first sight, to be a missed opportunity. While the CAI is not a trade agreement, AEGIS believes it could have included more level playing field provisions to counter import substitution policies, policies fuelling overcapacities that distort global markets and government micromanagement of not only state-owned enterprises (SOEs) but of all enterprises. Adequate provisions to ensure fair access to public contracts also seem to be missing.

“You have to wonder what makes the Commission think that China’s commitments will be honoured and that this is the right time to secure an agreement on investment while the basic conditions for free and fair trade are not met. The Chinese government and companies have a dismal track record of massive WTO and EU trade law violations, resulting in substantial distortions to the global playing field. These distortions impact our opportunities to be active in China, our daily business in the EU and harm our exports to third country markets”, said Inès Van Lierde, Chair of AEGIS Europe.

As history has shown, enforcement will be a challenge at all government levels due to systemic differences between the EU’s market-driven economy and China’s state-led economy.

AEGIS Europe is a strong defender of free trade as long as trade is fair and according to international trade laws. While we recognise the Commission’s ambition to normalise trade relations with China, the CAI’s adoption should certainly not induce a systemic change in the EU’s position vis-à-vis China. AEGIS Europe is deeply concerned the agreement will reduce the EU’s willingness and leverage to address distortions through other tools such as the EU foreign investment screening mechanism, Instrument on Foreign Subsidies, International Procurement Instrument, and open the door for circumvention.

“If ratified, the agreement’s harmful consequences could deliver yet another blow to European industries, which are already suffering from the impact of the corona crisis. Now more than ever, it is time for the Commission to stop playing into China’s hands”, concluded Van Lierde.

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About AEGIS Europe:

AEGIS Europe is an industry alliance that brings together more than 20 European manufacturing associations from metals and ceramics to energy and transportation industries committed to manufacturing in the EU on a truly level playing field ensured by a rules-based free and fair international trade. Our members account for more than €500 billion in annual turnover, as well as for millions of jobs across the EU.