

A deal between European Union & China after 7 years in making

December 31, 2020

In news

Recently, the European Union and China have agreed in principle on a business investment deal after seven years of discussions.

The key feature of the Comprehensive Agreement on Investment

- It includes provisions for settling disputes and outlines clear rules against the forced transfer of technologies a practice in which a government requires foreign investors to share their technology in exchange for market access.
- As per EU's previous statement, the agreement should increase the transparency of Chinese state subsidies and make sustainable development a key element of the relationship between the two trading blocs.
- The proposed deal focuses on institutional opening up with market access as the key principle of the deal, which will mean more investment opportunities for businesses on both sides and "a better business environment
- Under the agreement, European firms will gain permission to operate in China in sectors including electric cars, private hospitals, real estate, advertising, the maritime industry, telecom cloud services, airline reservation systems and ground handling.
- Some requirements that companies operate as part of joint ventures with Chinese partners will be lifted.
- In turn, China will ban the forced transfer of

technology from foreign companies and has pledged to be more transparent on subsidies and bar state-owned enterprises from discriminating against foreign investors.

- The deal is predicted to make the economies of the EU and China more interdependent, with foreign investment in sectors including telecoms, private hospitals and electric vehicles likely to open up.
- Once in effect, the CAI (Comprehensive Agreement on Investment) will help rebalance the trade and investment relationship between the EU and China

The economic status of china

After the US, China is currently already ranked as the EU's second-biggest partner for trade with goods commerce between the two countries representing more than €1 billion per day.

EU on China's Human Rights violation

- As per the report, the EU expressed concerns about the restrictions on freedom of expression, on access to information, and intimidation and surveillance of journalists, as well as detentions, trials and sentencing of human rights defenders, lawyers, and intellectuals in China
- The issue of human rights could prove to be a sticking point for the deal clearing the EU Parliament, with critics drawing attention to reports of forced labour in some regions of China.