

THURSDAY 12 FEBRUARY 2009

Present

Anderson of Swansea, L
Hamilton of Epsom, L
Inge, L
Jones, L
Swinfen, L
Symons of Vernham Dean, B
Teverson, L (Chairman)

Witnesses: **Mr Stephen Lillie**, Head of Far Eastern Group, and **Ms Louise Nicol**, China External Desk Officer in the East Asia Regional Team, Far Eastern Group, Foreign and Commonwealth Office, examined.

Q1 Chairman: Mr Lillie, I do apologise that we have kept you waiting outside for rather a long time. Please accept my apologies for that. I remind you that this session is being recorded. If there is anything in the transcript that you will see that you do not think reflects what you have said, please come back to us. You are, in fact, the first of our witnesses giving oral evidence in terms of our China EU study, so we are very grateful for your presence and we are looking forward to moving ourselves into understanding China EU. I do not know whether there is anything that you wanted to say as an introduction or whether you would like us to start with the questions.

Mr Lillie: No, thank you very much for inviting us, but we would be very happy to go straight into questions.

Q2 Chairman: Good. A very straightforward one, and very broad, as to how China and the European Union view each other and what you feel should be the primary objectives of European policy towards China?

Mr Lillie: Since 2003 we and China have referred to the EU China relationship as a comprehensive strategic partnership which, I think, reflects the importance that both sides attach to it. From the European perspective, the relationship starts from trade and economy but in recent years has broadened out considerably, and we see China as crucial to solving a wide range of global problems, whether it be related to proliferation, to climate change, to energy security and the current economic and financial crisis, and, therefore, our European engagement with China now very much extends to all those areas. From a Chinese perspective, I would say that China has a quite sophisticated understanding of the European Union. There are very large numbers of Chinese academics and researchers who work on Europe and whose analysis goes into the Chinese Government and leadership. They too start from trade. The European Union single market is China's largest trade market, but I think also Europe and the European Union appeals to China's vision of what they call a multi-polar world, having a number of significant poles of power and influence rather than a single superpower, and so they see it as very important that the European Union should develop politically on the world stage. Comprehensive strategic partnership does not, of course, mean that there are not differences and divergence of opinion between the two sides, and I am sure you will come on to that. In terms of what should be our priorities, the Commission, on behalf of the European Union, is currently negotiating with China a Partnership and Co-operation Agreement. That is extremely wide-ranging, reflecting the breadth of the relationship. So in many ways one might conclude that the Partnership and Co-operation Agreement is the top priority for the European Union. But I think, if we are looking at this year, we would see developing the co-operation between Europe and China to respond to the global financial situation as a very high priority. Getting China in the right place for the Copenhagen Climate Change Conference would also be a top priority. I would also at this

stage say that the EU continues to attach considerable importance to its dialogue and interactions with China on human right issues.

Q3 Lord Anderson of Swansea: Obviously a constant theme of China is railing against the hegemon, the US, so you are confident that they see the EU in this context. The question really is this. Obviously trade is mainly EU, so they look to the EU in that context, but do they, overall, increasingly look to the European Union as such or do they prefer to go through the channels of individual countries with bilateral arrangements?

Mr Lillie: I would say that it is both to some extent.

Q4 Lord Anderson of Swansea: Is the balance shifting?

Mr Lillie: There is certainly an increasing value placed on interaction with the European Union. But I would not say that trumps their relationships with individual members of the Security Council. Obviously they have a very distinct relationship with ourselves and with France on issues that are relevant to the Security Council, but I do think that they see the European Union as a block that they can deal with on many issues that go beyond trade and investment.

Q5 Chairman: One of the debates I have had recently is whether China would ever see the European Union as a first division relationship? America and China maybe; individual European states, do you think?

Mr Lillie: I think it could be said to be a first division relationship, but, of course, it is not necessarily top of the league.

Q6 Baroness Symons of Vernham Green: Might it not be first division in some respects like trade, because I am sure Europe is the largest single market, but I was very interested in

what you said about wanting Europe to be more of a balance in the political stage, and clearly it is not there yet?

Mr Lillie: Clearly it is a very important relationship. I would find it difficult to say that it is yet in a position where it is more important to China than the United States on any one specific issue, but it is in a similar area, and that is why, whether you describe it as “first division” or “premier league”, then it is up there near the top.

Chairman: I am probably using the wrong term. I am obviously not into football enough!
Lord Hamilton.

Q7 Lord Hamilton of Epsom: I think you have really answered this second question. Tell me about the postponement of the December EU China Summit. Should we be getting that back on track?

Mr Lillie: It was postponed at Chinese decision, I suppose, rather than request, reflecting their bilateral differences with France, and that in a sense goes back to this question of how the European and bilateral relationships rub up against each other. I think we are now moving back on to track. The Premier of China has recently visited Europe - he was in Germany, Spain and Brussels, where he met not only the Commission but also the Czech Prime Minister, and was then in London. The Chinese described this as a confidence-building visit. Crucially, when he was in Brussels he did reach agreement in principle with the Commission and with the Presidency to reinstate the Summit perhaps for May. So I think things are moving back on to track at the European level; perhaps not so quickly at the French level.

Q8 Lord Hamilton of Epsom: What is the problem with France?

Mr Lillie: President Sarkozy had attended a ceremony in Gdansk involving the Dalai Lama and the Chinese took offence.

Q9 Lord Anderson of Swansea: So he had to deal with the Czechs rather than the French. Classically China has dealt with its potential internal tensions, managing those tensions by economic growth. That economic growth may be diminishing fast. Does that mean that we are likely to see an increase in tension? We are told the 20 million people who have returned to the countryside may not be able to return to their jobs in the dynamic areas. Are those tensions/challenges likely to increase, and what effect, if any, will that have on their external policy?

Mr Lillie: I think it is a very real worry for the Chinese leadership. They have clearly over the past 30 years predicated their leadership on delivering very high growth to produce the necessary levels of employment and, as growth falls to perhaps seven per cent this year, it is clear that they cannot generate all the jobs that they need, and that is why, as you say, people are returning to the countryside; so they do worry about the implications for social stability of that. I think our assessment would be that they are able to manage those in the short-term. Social unrest is nothing new in China. There are many incidents every year which are controlled. We would hope that in some ways the slow down does act as a catalyst for China to accelerate its efforts to rebalance its economy so that its economy is less dependent on export-oriented jobs in the future and they need to boost domestic consumption in order to build long-term jobs. So over a longer term there is perhaps a silver lining for China, but there is no doubt that in the short-term it poses real challenges. How will that affect China's external action? I think we have to accept that they will be more inwardly focused. Having said that, we see them very much as part of the multilateral solution to the global crisis: they will be an important part of the London summit in April and we are working very closely with them to achieve multilateral solutions, including in the area of reform of international financial institutions.

Q10 Lord Anderson of Swansea: I can provide a platform for colleagues if I ask on Africa: does this mean that there will be fewer resources available for investments in Africa? Does it mean that in your judgment China is likely to be more of a team player in key areas?

Mr Lillie: We have had a process of engagement with China on African issues anyway over the last few years, and increasingly we do see China as taking a more constructively engaged role in Africa. Actually this is an area where the European Union has a maturing dialogue with China. A Commission Communication was published---

Ms Nicol: In November last year.

Mr Lillie: ---in November last year on the opportunities for European, Chinese and African trilateral co-operation in dealing with development and other challenges in Africa.

Q11 Lord Swinfen: What is the Government's assessment of the current institutional architecture for relations between the EU and China, including the Summit meetings, and sectoral partnerships and dialogues? What are the main areas of convergence and disagreement between the EU and China in the negotiations on a Partner and Co-operation Agreement?

Mr Lillie: There is quite an extensive institutional architecture involving the annual Summits and then what is called the High-Level Mechanism Dialogue, which is led by the Trade Commissioner on our side and by the Chinese Vice Premier responsible for financial and economic affairs, and then there is a Joint Commission and something like 27 sectoral dialogues; so there is a huge architecture which reflects the breadth of the relationship. I think from our perspective the important thing is to use the Summits effectively. We were concerned when the Summit was postponed in December. We are pleased that it will be reinstated, and our concern is that it should actually address the real priorities, such as the economic situation and climate change. In terms of the Partnership and Co-operation Agreement, this is being pursued as two parallel negotiations, one relating to the trade aspect

of the agreement, and overall I would say that that is moving somewhat more slowly, and then the other negotiation covers co-operation in a very wide range of areas, including environment, tourism, culture, transport and many different areas. That is moving slightly faster. We probably have agreement on half the articles under that. In terms of the points of divergence, as I have suggested, I think fundamentally there are still many difficult market access issues viewed from a European perspective. From a Chinese perspective, one of most difficult and sensitive negotiations is over language which they want to include on the subject of Taiwan, which for them is, obviously, politically very important but raises various difficulties for the European side.

Q12 Lord Anderson of Swansea: Most commentators would say that the dialogue with China on human rights is a ritual which has had very few outcomes but is probably worth continuing with. Nevertheless, I would like you to refute this and tell me that there are significant improvements in Chinese human rights. What is the view of the FCO? Are there differences between ourselves and our European partners in terms of the human rights dialogue? In your judgment has it been successful? Is it essentially a ritual?

Mr Lillie: I would not accept at all that it was a ritual. We have, first of all, a series of bilateral human rights dialogues, including the UK/China human rights dialogue which met last month, and then we have the European dialogue, which I think met at the end of November. We see all these dialogues as really important in a number of respects. First of all, they are very important symbols of European concern about the human rights situation in China and we use them to raise cases of concern of individuals. They are also important in actually building up what they say they are - a dialogue - to help China address issues of institutional, political and legal reform. In our recent bilateral dialogue in January we had discussions around different aspects of judicial reform, also around rights of the disabled, but we would also say that we are not satisfied with the overall progress which particularly the

European dialogue is making, and I think there was widespread disappointment within the European Union at the lack of progress at the November dialogue. We are currently reviewing, within the EU, what we can do to get better engagement and to move things forward.

Q13 Lord Anderson of Swansea: With respect, you seem to be saying mainly it is symbolic and any political activities possibly were due to be released in any event, so what are the practical benefits?

Mr Lillie: It is not only symbolic. Symbolism is one part; that is reflecting the level of concern in Europe. The second element is the practical dialogue to help China address needs which it recognises it has, particularly in the area of improving the judiciary and the administration of justice and, in the case of individuals, I think there is evidence to show that those individuals whose cases are regularly raised by European governments or by the United States or by others are ultimately progressed.

Q14 Lord Anderson of Swansea: On legal exchanges, I recall there was a programme 10, 15 years ago for exchange of lawyers, and we were rather hoping that state Chinese practitioners in criminal law would come. Mostly they sent commercial lawyers to see how we do things. Does this programme still exist and is there a serious exchange on human rights? I accept legal judicial procedures are important also in terms of establishing human rights.

Mr Lillie: There are a number of judicial training schemes which continue and which are financed by the Ministry of Justice here and, yes, of course they focus on judges and they focus on prosecutors because we believe we need to raise the capacity and quality of that. However, just last week I met a delegation of Chinese defence lawyers who were here on a programme organised by the Human Rights Practice, and we would certainly like to see what

the opportunities are to improve the capacity of defence lawyers in China, not least because last year a new lawyers' law was passed there.

Q15 Baroness Symons of Vernham Green: My Lord Chairman, it does occur to me on that it is quite difficult to conduct an inquiry when we are not able to zip over to certain parts of Europe to have discussions, but, maybe when you do have such officials over here in the next little while there could be some informal exchanges between the Committee. It would help us, I think, in thickening up some of the substance of our inquiry. Perhaps we could lodge that point with you. I am sure the Clerk would be very happy to try and arrange for some of us to see such people. What I am not clear about on this human rights issue is this. Is their basic pointer, 'Yes, of course we will talk to you about human rights', but when it really comes down to it telling us to mind our own business, which is really what I used to encounter with the Chinese over these things? It was not that we had disagreed, it was that we did not actually really talk about it because every time it was on the table we would raise it and they would say, 'Thank you for that', and go on to the next thing. Are you telling us that there is more engagement but we disagree, or are you telling us that there is still a position of saying, 'Thank you for that, but actually it is really not your concern'?

Mr Lillie: I think I am saying both of those things.

Baroness Symons of Vernham Green: A good diplomat.

Lord Inge: A very typical Foreign Office answer!

Q16 Baroness Symons of Vernham Green: An excellent Foreign Office answer!

Mr Lillie: It is clear that China considers its human rights and issues related particularly to individual cases to be an internal affair which it does not really wish the rest of the world to be taking a position on. It recognises the interest that the rest of the world has and that it is in China's own interests, therefore, to talk about it, but, ultimately, the most fruitful areas and

where our interests do overlap is when we are talking about the areas of institutional reform - so all these areas about the judiciary or areas about disabled rights, for example - but, obviously, when we move on to areas such as Tibet, then I am afraid that there is simply no convergence in our positions.

Q17 Lord Hamilton of Epsom: I have not heard much about Falun Gong recently. Have things changed between the Chinese Government and Falun Gong?

Mr Lillie: No, Falun Gong remains a proscribed organisation and has now been, I think, very largely suppressed. We and other European governments remain concerned about the reports that we have received of the treatment of its members who have been detained.

Q18 Lord Hamilton of Epsom: Is there a rational reason why they want to suppress Falun Gong? I thought they were a lot of people who stood in parks waving their arms about, which seems extraordinarily harmless to me, but have I got it wrong?

Mr Lillie: The Falun Gong was very prominent about ten years ago. I cannot remember whether it is ten or 11 years since it was proscribed. But it had turned into a very large organisation, completely outwith the control or leadership of the Chinese Communist Party, and the Chinese Communist Party does not, ultimately, allow mass organisations that are not part of its own franchise.

Q19 Lord Swinfen: China is no large area, and you have already mentioned Tibet briefly, but there are other minority and ethnic groups such as the Uighurs which may not be ethnic but are certainly a religious minority? What is the EU's position on the situation of the minority groups in China?

Mr Lillie: We are concerned about the situation in the so-called autonomous regions, Tibet and Xinjiang, and we are concerned in particular about the limits on the exercise of religious

freedom and on freedom of expression there. In the case of the Uighurs in Xinjiang, the particular complexity is around separatist terrorist activity, of which there is some in Xinjiang, but in China terrorism and separatism tend to be automatically conflated and, therefore, people who peacefully express what might be seen as separatist views in Xinjiang tend automatically to be categorised as terrorists and, therefore, treated harshly, and we are concerned about that. We were concerned about reports from Xinjiang last year which suggested that severe controls were being placed on the exercise of religious activities, including during Ramadan, and these are issues which we have raised both in our own human rights dialogue and at the European level.

Q20 Lord Anderson of Swansea: With the Uighurs, am I correct to say it is not just a separatist issue, but some of the Uighurs have been active in a number of terrorist hotspots, including Chechnya, for example? Is this correct and does this cause the Chinese to discuss with the international community questions of terrorism because of their concern about the Uighurs and Xinjiang and the other Muslim minorities?

Mr Lillie: I think it is clear that one of the reasons that China was keen to collaborate with the United States and with the international community more generally after September 11 was because of their own concerns about what they see as Islamist terrorism within their own borders. From a Chinese perspective, they would feel that perhaps the international community does not take their terrorist problem as seriously as they feel that we should. There is discussion going on about this with China but it is obviously a very sensitive area for European governments because of the specific way that China handles these issues, which for us raises real human rights concerns.

Q21 Baroness Symons of Vernham Green: Can we turn to issues around the foreign and security policy. We often come up against very different opinions about internationally

sensitive issues on the Security Council, for example. The Chinese seem to take a view, very often, that territorial sovereignty is everything, and a lot of what you have just been describing in terms of their own internal difficulties would substantiate that, but what sort of co-operation is there at present between the EU and China on these sorts of policies, particularly things like crisis management, peace-keeping and, of course, the all-important question of non-proliferation, and on that last point perhaps you could say a word or two about the respective positions on Iran?

Mr Lillie: Let me start with Iran, because that is probably the most concrete area. China is part of the E3+3 formation on Iran, it shares the same ultimate objective as Europe, which is that it does not wish to see a nuclear armed Iran. It has worked co-operatively with us in the United Nations and has supported the UN processes. Where we differ is, firstly, I think there are differences in how we and the Chinese perceive the urgency of the problem, so, being blunt, how long we have until Iran acquires the ultimate capability, and, secondly, there is a difference over the issue of sanctions. Generally speaking, China does not favour sanctions in any situation. It has gone along with the UN sanctions so far, but it does not go as far as Europe does in additional sanctions. The Chinese will always emphasise more dialogue as the way to resolve the underlying problem. Otherwise, in terms of foreign policy co-operation, broadly speaking, there is much more of that still in terms of discussions at the bilateral level or within the United Nations, not least because China is the largestⁱ supplier of peace-keeping troops amongst the permanent members of the Security Council. The international community though, as a whole, has an expanded dialogue with China on international issues, because China's external interests have become so much greater in recent years as a result of China's overseas investments, particularly strikingly in Africa. Obviously it has a very big economic interest in Burma, for example; so on countries like Burma, Sudan, Zimbabwe, there is a very intensive dialogue between individual countries and China on these

where we would like China to exercise its economic influence in helpful ways, and these issues are discussed at the European Union level too. For example during Summits or during each Presidency there is normally a visit by the political directors of the Troika or normally by Troika foreign ministers, so these all provide opportunities to engage China.

Baroness Symons of Vernham Green: Could you send us a note on the numbers that China has got on peace-keeping and the operations where, say, in the last two or three years they have been actively engaged? I think that would be very helpful.

Q22 Lord Inge: Turning to the military, and we have touched on some of the military side with Baroness Symons. China has spent a lot of additional money on defence. How clever has the EU been in trying to clarify what its ambitions are for that increased expenditure: why have they done it? That is the first question I would ask you. Do you think we should be now trying to support the lifting of the arms embargo that was imposed on China in about 1989? The final question you probably cannot answer, but what do you think the attitude of the new administration in America might be to China?

Mr Lillie: On the first question, the question of China's military transparency or, rather, the lack of transparency is a concern to many countries, including to the UK and the US. Given that defence is not an area of Community competence, it is not in fact an issue that I think is very much discussed at the EU level, but it is something that we have spent a lot of time on at our own level, and trying to understand that remains a real challenge for all of us. In terms of the arms embargo, it has been technically under review since 2003 and remains so. The Chinese would clearly like to see it lifted, but it remains an intensely sensitive subject, not only in Europe and with China, but with other interested parties, notably the United States and Japan. I think at the moment we remain of the view that it would be difficult to achieve lift of the embargo. The US relationship - was that with respect to the embargo or more generally?

Q23 Lord Inge: More generally.

Mr Lillie: Truthfully, it is difficult to say exactly what the new administration have in mind for China, but the fact that Secretary of State Clinton is visiting there next week shows, as one would expect, that they will continue to place very great emphasis on that relationship. There has been considerable continuity in US policy through successive administrations from President Nixon, and I think we would not, therefore, expect a significant change under the new administration. I think many people in the US from both sides of the political divide believe that the Bush administration handled China effectively with its idea of engaging China as a responsible international stakeholder, and while inevitably there may be differences of emphasis and the particular day-to-day challenges will be different in the year ahead, therefore, I think there is good reason to expect continuity of US policy.

Q24 Lord Inge: Even if you have not got an EU position on why it has increased its defence expenditure, what is the Foreign Office view? You do not spend all this money on defence normally without some purpose behind it.

Mr Lillie: At one level, fundamentally this reflects China's emergence as an economic and political power, and they believe in their right as a major political and economic power to have a military which is commensurate with that.

Q25 Lord Inge: A military that will actually have a real capability to project power.

Mr Lillie: It will have a capability to project power. As to whether they have a reason to project that power, their immediate interest, their core interest, remains around Taiwan and their ability to use the threat of military intervention to deter a Taiwanese declaration of independence. They also have a significant interest in power projection within the South China Sea, again in defence of their territorial claims.

Chairman: I think we will come on to that in just a minute and cover both those issues.

Q26 Lord Hamilton of Epsom: I am rather inclined to follow up on that, because they have not actually got any carrier ability, have they, at the moment?

Mr Lillie: No.

Q27 Lord Hamilton of Epsom: Which is one of the key elements of projecting power. So perhaps we are rather anticipating something that might happen in the future but is not there yet. On the arms embargo, people are not influenced by the fact that this embargo has not in any way worked. China, I think you will probably agree, has virtual monopoly now on the export of anti-personnel mines and seems to be able to sell arms to anybody that it wants to. Are people not influenced by the fact that the embargos do not work?

Mr Lillie: The arms embargo was a political act in response to what happened in Tiananmen Square in 1989, and it has a huge symbolic value in that respect. In terms of actually regulating the sale of defence related equipment to China from the European Union, the embargo has not been the vehicle for doing that, it has been the EU Code of Conduct which has recently changed its name to the Common Position Defining Common Rules Governing the Control of Exports and Military Technology and Equipmentⁱⁱ. So, to be frank, the issue with the embargo now is about the political symbolism that would be involved in lifting the embargo, and it is clear that that symbolism is felt very keenly, as we saw in 2005 with the US and Japanese reactions.

Q28 Chairman: Is there anywhere near a consensus within the Council of Ministers around whether what should happen on the arms embargo, forgetting, as you cannot, obviously, the United State's position, but what is the United Kingdom's position on it?

Mr Lillie: The United Kingdom's position is that the time is not yet right to lift this but that it should rightly remain under review, and there is a broad consensus within the European Union on that.

Chairman: Baroness Symons.

Baroness Symons of Vernham Green: The point that has been made about the arms embargo is that it is a political mechanism and that it is the symbolism of it rather than the effectiveness of it that is what people want to maintain. That is what I have taken from the answers.

Chairman: We move on to East Asia and the position in Taiwan, Lord Swinfen.

Q29 Lord Swinfen: Mr Lillie, what is the EU and our Government's assessment of China's role in East Asia with particular regard to India, Japan and Russia?

Mr Lillie: China has greatly increased its influence, largely as a result of its economic strength in the area, and the vivid illustration of that is the way that it replaced the United States as South Korea's number one trade and investment partner. As its economic influence has grown, so it carries a greater political weight. From our own perspective, it's most valuable influence has been with respect to North Korea, where China has taken a leading role in the Six-Party Talks process and a constructive and helpful role in convening North Korea and the other interested parties, and so we welcome that. In terms of its relations with the countries that you refer to, history continues to weigh very heavily on the relationship with Japan, and also to some degree on the relationship with India, and historical tensions are always just below the surface, particularly with Japan. Despite that, over the past two and a bit years since Prime Minister Koizumi resigned in Japan, relations between Japan and China have steadily improved. Relations with India also, I think, reflecting the growth of both countries as economic powers, have thickened up, but still there is quite a degree of political caution there. Of course, China's closest ally in South Asia is Pakistan, which obviously has implications for the relationship with India. The relationship with Russia is in quite good shape; it is a complex relationship and there are various difficulties within it but China and Russia have taken a leading role in the development of the Shanghai Co-operation

Organisation and, again, if I come back to my opening comments about China's view of a multi-polar world, it is in China's interests for Russia to be playing a strong role in its own right.

Q30 Lord Swinfen: Have we looked at the EU/Russian relationship? There was a certain amount of migration from China into the empty spaces of Siberia. Is that still going on and is it affecting relations between the two countries?

Mr Lillie: I believe that it continues, and I cannot remember the exact date, but in the not too distant past the Russians did, I think, repatriate quite a large number of Chinese traders who were said to be illegally in the Russian Far East. My understanding is that there is still a great deal of coming and going, but that would be one of the areas of tension within the relationship.

Q31 Lord Anderson of Swansea: Taiwan. We have an unofficial trade representative in Taipei. Does the European Union similarly have an unofficial representative and, in your judgment, is there any role which the European Union can play in relations between Taiwan and the mainland?

Mr Lillie: The answer to the first question is, yes. The European Commission, along with a number of European countries, has a non-diplomatic trade office in Taiwan to maintain its interests there. In terms of the EU's role, we believe that the EU has a role to play in supporting reconciliation and dialogue across the Taiwan Strait. During the UK Presidency of the European Union in 2005 we adopted what were called the EU---

Ms Nicol: East Asia Policy Guidelines.

Mr Lillie: They are known for shorthand as the EU/East Asia Policy Guidelines, I think it is guidelines on the EU's foreign and security policy issues in East Asia, and that sets out a basic approach for the European Union in respect of Taiwan, which is, effectively, to support

positive moves between the two sides which contribute to stability across the Taiwan Strait and to express concern at moves which would increase tension. Up until the presidential inauguration in Taiwan in May last year the situation was quite tense and the European Union expressed concern about a number of aspects of that at different points. Since May dialogue between the Chinese mainland and Taiwan has increased substantially, including the launching of direct flights and shipping links between the two sides and, again, the EU has publicly welcomed that.

Q32 Chairman: We have dealt with United States. Bilateral co-operation issues, the environment, climate change and energy are something we are all very aware of. Very briefly, what do you see as the main challenges and the main things that should be focused on in that area?

Mr Lillie: In the climate change area, there is a range of EU co-operation activities, including the Near Zero Emission Coal Project, which is a big, technically very important project which we are keen to see go forward as quickly as possible. There is a discussion ongoing with China about a project on establishing what we call Low-Carbon Zones in China, and, again, that will be an important part in helping to provide real solutions for establishing a low carbon economy. I think the key priority politically is to work with China to encourage China to take on ambitious commitments at Copenhagen later this year.

Q33 Chairman: Thank you very much indeed. Ms Nicol, was there anything you wanted to come back on yourself?

Ms Nicol: There was one point particularly going back to earlier comments on counter terrorism. There is actually an article on counter terrorism co-operation within the PCA that is being negotiated, so that is one area that the EU is trying to concentrate on.

Q34 Lord Anderson of Swansea: Can I ask for a note on the level of cultural co-operation between China and the European Union, or something on our own range of bilateral policies we have in the cultural exchange field?

Mr Lillie: Yes.

Chairman: If you can send us a note on that we would be grateful.

Lord Swinfen: Purely as a matter of interest, can you tell me when Taiwan stopped being Formosa? When I was at school, which was a very long time ago, it was Formosa. You may not know the answer.

Baroness Symons of Vernham Green: I am sure he can find a man who does.

Q35 Lord Swinfen: Purely as a matter of interest. It is not important.

Mr Lillie: We will, as a matter of interest, look into it, yes.

Chairman: Good. Mr Lillie, Ms Nicol, thank you very much indeed. Again, on behalf of the committee and myself, I apologise that we kept you waiting for so long, but thank you very much indeed for your evidence.

ⁱ This was the position during 2008. The latest UN official statistics (January 2009) in fact show China to have fallen slightly behind France, with 2146 and 2308 troops respectively. We will provide a more comprehensive note on Chinese peacekeeping separately, as requested by the Committee.

ⁱⁱ The name change occurred as the Common Position is now legally binding on Member States, whereas the Code of Conduct was not. All Member States have 12 months to write the Common Position into their respective national laws, which the UK has already done. The arms embargo covers a limited list of equipment, which is narrowly defined by most Member States. The Code of Conduct, and now the Common Position, are the real means of controlling arms sales to China. The embargo does not control any arms exports that China makes.