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FACT SHEET

EU-China Relations

As two of the three biggest economies and leading traders in the world, the EU and China have a strong interest in a deep and comprehensive partnership. Having established official diplomatic ties in 1975, the EU and China can now build on a broad-based framework of bilateral relations. Under the umbrella of the annual EU-China Summit, EU-China relations today encompass over sixty substantive and sectoral dialogues. The EU-China 2020 Agenda for Cooperation, adopted in 2013, is the highest-level joint document in EU-China relations, setting out cooperation in the areas of peace, prosperity, sustainable development and people-to-people exchanges.

Both the EU and China have changed considerably in the past decades. The rise of China has happened with unprecedented scale and speed and has not only changed the country internally but has also given it more weight on the international stage. This presents major opportunities for EU-China cooperation, in particular in creating jobs and growth in the EU and in supporting China's own economic reform programme. The Joint Communication on elements for a new EU strategy on China, adopted by the High Representative and the European Commission on 22 June 2016, sets out how both sides can take advantage of these openings in order to promote long-term benefits for EU and Chinese citizens.

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Prosperity

Two decades ago China and Europe traded much less with each other. Today, the **EU is China's biggest trading partner**, while **China is the EU's second largest trading partner** after the United States. Trade in goods between the EU and China is worth well over €1.5 billion a day, with EU exports amounting to €170 billion and imports to €350 billion in 2015. The EU and China therefore have a significant stake in each other's prosperity and sustainable growth.

Under the umbrella of the **annual High-Level Economic and Trade Dialogue** the EU works together with China on key issues of mutual interest, including investment, services, procurement and intellectual property rights. **Reciprocity** as well as **progress in China's announced economic reform programme**, particularly those reforms aimed at giving the market a more decisive role and levelling the playing field, is key for the EU. China needs to engage constructively in international dialogue and information exchanges on capacity developments, government policies and support measures in overcapacity sectors, notably in steel. A global forum on steel to work on global restructuring issues should provide an opportunity for such engagement.

In 2014, the EU accounted for nearly 16% of total Foreign Direct Investment (FDI) inflows into China, making it one of the top five FDI providers to the country. There is scope for much more, as China is the destination of only 4.5% of total EU FDI outflows. China's investment in the EU has grown exponentially in the past decade. In 2014 China's FDI flows into the EU amounted to €12.1 billion, and by 2015 the EU share of total Chinese FDI flows grew to 19%. This makes the EU the most important destination for Chinese outward investment. The **Comprehensive Agreement on Investment**, which is currently being negotiated between the two sides, aims to improve the protection of investments, market access and the investment climate for EU investors in China and vice versa.

At the 17th EU-China Summit, the EU and China confirmed their strong interest in each other's investment flagship initiatives, namely the Investment Plan for Europe, and the "One Belt, One Road" initiative. The EU and China also support efforts to improve connectivity in Asia for the benefit of all European and Asian partners. The **EU-China Connectivity Platform**, established in 2015, promotes cooperation in infrastructure, encompassing financing,

interoperability, logistics, and maritime and rail links across the Eurasian continent.

Strengthening research and innovation cooperation is central to [EU-China](#) relations. The EU and China are working towards ensuring reciprocal access to their research and innovation funding programmes. Developing [co-funding mechanisms](#) and flagship initiatives in the context of the EU's [Horizon 2020](#) is helping promote long-term joint research and innovation partnerships in strategic areas of common interest.

Active **people-to-people engagement** between the EU and China contributes to fostering inter-cultural dialogue, promoting cultural diversity and civil society participation. Tourism from China to the EU has increased significantly in the past decade, and more than 30,000 people have already benefitted from scholarships to study, work or conduct research in the EU and China. Under the auspices of the **annual High-Level People-to-People Dialogue**, the EU and China promote the upgrading of their people-to-people exchanges through youth and culture projects, festivals and dialogues. Furthermore, the first steps to facilitate mobility and combat illegal migration have successfully been taken in the context of the EU-China Migration and Mobility Dialogue. The Dialogue is now aiming to move ahead with negotiating agreements on visa facilitation and co-operation against illegal migration.

Rule of Law and Human Rights

The EU is committed to the **promotion of human rights** around the world and regularly voices concerns over the human rights situation in China. The EU and its Member States will continue to work with China and its people to promote human rights and to foster the rule of law and civil society. A dedicated **EU-China Human Rights dialogue** is held every year. EU Special Representative for Human Rights Lambrinidis paid his [second official visit](#) to China in 2015.

The EU and China also have a common interest in better understanding their respective legal systems. The 17th EU-China Summit agreed to set up an **EU-China Legal Affairs Dialogue** with a view to further enhance EU-China cooperation on a broad range of issues using mutual learning and exchanges of best practices on the rule of law. The first dialogue was held in Beijing on 20-21 June 2016.

Foreign and Security Policy

The EU sees many opportunities to channel China's increasingly active participation in **global governance, security and defence issues** in areas of common interest. For example, Africa offers significant potential for EU-China cooperation. Working together on crisis settlement, building African peace and security capacities, and fostering economic development and environmental protection are key priorities for the continent and can be better achieved if the EU and China combine their efforts. Successful offshore **cooperation on counter-piracy** between European and Chinese maritime vessels since 2011 could lay the ground for extending cooperation on peacekeeping and capacity-building onshore.

China's constructive engagement during the recent **Iran nuclear deal** sets the tone for further active cooperation in the **Middle East**. As a permanent member of the **United Nations Security Council**, China is an important partner for the EU in finding the solution to many conflicts in the region. Working together on tackling conflicts in Afghanistan, Syria and Libya, addressing the migration challenge and cooperating in the fight against terrorism are priorities, therefore, for EU-China relations.

The EU seeks a regular and substantial dialogue with China on **export control, disarmament and non-proliferation issues**. Both sides agree that the denuclearisation of the Korean Peninsula is essential to ensure stability in the East Asia region. Such cooperation creates a more secure world for us all.

Global Governance

The EU encourages China to **support global standards and institutions**, while promoting **effective multilateralism** with the United Nations at its core. International institutions such as the G20 and the WTO, in which both the EU and China play important roles, are the key fora to work together to find solutions to global challenges such as the world's financial and economic crises. The EU encourages China to play a more engaged and active part in the WTO and in multilateral and plurilateral initiatives, assuming responsibilities in line with the benefits it draws from an open trading system and strengthening the ambition of these initiatives.

China plays an increasingly important role in **international development cooperation**. The development dialogue between the EU and China should be enhanced to advance bilateral and multilateral cooperation on development and to support the implementation of the **2030 Agenda for Sustainable Development**, including the promotion of development effectiveness and donor coordination, and also promote practical engagement in multilateral fora and on the ground, for example in Africa and Asia.

There is much to be gained from developing cooperation on issues of global concern, in particular **climate change, energy and resource efficiency**, in which both sides have significant stakes. Based on the recent **COP21** international climate negotiations and the [2015 EU-China joint statement on climate change](#), there is solid ground for more bilateral and international climate cooperation, in such areas as domestic mitigation policies, carbon markets, low-carbon cities, greenhouse-gas emissions from aviation and maritime industries, and hydrofluorocarbons (HFC). The on-going cooperation on emissions trading will be expanded in view of the planned nationwide **Emissions Trading System (ETS)** to be rolled out in China in 2017. There is a shared commitment to accelerate the transition to a low-carbon or carbon-neutral economy.

The EU and China are working together on **sustainable environmental governance**. China faces huge challenges in terms of air, soil and water pollution, increasing urbanisation and rural underdevelopment. The [EU-China Water Platform](#), the [Cooperation Plan in Agriculture and Rural Development](#) as well as the EU-China Urbanisation Partnership are examples of successful cooperation between the EU and China to tackle the economic, social and environmental challenges. There is considerable scope to strengthen cooperation on tackling global concerns such as **deforestation, illegal logging and wildlife trafficking**.