



# EU CHINA RELATIONS



As two of the three biggest economies and leading traders in the world, the EU and China have 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 Strategic 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](#), together with the Council Conclusions adopted on 18 July 2016, form the EU Strategy on China which sets out how both sides can take advantage of these openings in order to promote long-term benefits for EU and Chinese citizens.

## 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 €345 billion in 2016. 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 last meeting of which [happened in October 2016](#), the EU works together with China on key economic and trade issues of mutual interest, including investment, services, procurement and intellectual property rights. **Reciprocity**, as well as **progress in China's announced economic reform programme**, and in particular those reforms aimed at giving the market a more decisive role and levelling the playing field, are key for our bilateral relationship.

With respect to sectors in overcapacity, notably, the steel sector, China needs to engage constructively in international dialogue and information exchanges on capacity developments, government policies and support measures. The Global Forum on steel overcapacity provides an opportunity to increase transparency and engage constructively with a view to finding sustainable solutions. The EU offers to complement this multilateral avenue of discussion by sharing its wealth of experience in restructuring the steel sector and support China's on-going efforts in the context of a bilateral steel platform.

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 level the playing field.

The EU and China share 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. In the framework of the High Level Innovation Cooperation Dialogue, 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 [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. On 11 October 2016 the first [China-EU Education Ministers Conference](#) took place in Beijing, with the [Sino-Europe Forum on Education Policy Think Tanks](#) held in the margins. Many topics were discussed, including the progress in the participation of China in the EU-led [U-Multirank](#) and [Tunin](#) initiatives. Furthermore, steps towards facilitating the use of the legal channels of mobility and to combating irregular migration continue to be successfully taken in the context of the EU-China Mobility and Migration Dialogue, the third meeting of which took place on 17 March 2016. Under the Dialogue the EU is now aiming to soon launch the parallel negotiation of the agreements on visa facilitation and on co-operation in combating 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 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 has paid regular visits to China.

The EU and China also have a common interest in better understanding their respective legal systems. In 2015 the EU and China 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 **Iran nuclear deal** has set 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.

**EU-China relations**  
Joining forces in the world

- Engaging as partners within the international system
- Migration is a global challenge that we need to tackle together
- EU welcomes China's growing role in helping resolve international crises
- Climate change and environment are top priorities for both of us

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.

When it comes to cooperation on cyber security, the EU and China have established the EU-China Cyber Taskforce in 2012, which addresses economic aspects of cyber security and international cyber issues. The Taskforce has discussed the development of cyber norms and application of international law in cyberspace, internet governance, human rights online, ICT standardization and other economic aspects of cyber security.

### 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's active and constructive engagement is key to ensure that the WTO remains at the centre of the multilateral trading system.

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**, and facilitating trade in environmental goods in which both sides have significant stakes. Based on the **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 has been expanded in view of the planned nationwide **Emissions Trading System (ETS)** to be rolled out in China in 2017.

## EU-China relations

What the EU wants to see from China

- Become a market-led economy
- Greater respect for human rights and the rule of law
- Adhere to international rules and norms
- Ensure a level playing field for domestic and foreign companies
- Cut its industrial over-capacity to ensure fair competition

There is a shared commitment to accelerate the transition to a low-carbon or carbon-neutral economy. The [EU-China Energy Roadmap](#) was signed in 2016.

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 and the Cooperation Plan in Agriculture and Rural Development 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**. Work to deepen the cooperation on ocean governance has commenced in 2017 in the framework of the EU-China Blue Year.