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EU relations with China

The fifteenth EU-China summit, being held in Brussels on 20 September 2012, will be another building block to strengthen the EU-China relationship. The EU will be represented by Herman Van Rompuy, President of the European Council, and by José Manuel Barroso, President of the European Commission, accompanied by EU High Representative for Foreign Affairs and Security Policy Catherine Ashton. The People's Republic of China will be represented by Prime Minister Wen Jiabao, for whom this will be the last summit with the EU. European Commissioner for Trade, Karel de Gucht, as well as Máire Geoghegan-Quinn, Commissioner for Research, Innovation and Science, will also attend.

The parties are expected to discuss the following issues:

- the EU-China strategic partnership;
- the economic situation in China and in the eurozone;
- bilateral issues and cooperation, including the follow-up to initiatives launched at the February summit and new areas for partnership;
- global issues, in particular the G20 and climate change;
- regional and international issues such as developments in Africa/Middle East, including Syria, the Middle East Peace Process, Iran as well as development in Asia, including the Democratic People's Republic of Korea, Afghanistan, Burma/Myanmar and ASEM 9.

In the margins of the summit, several agreements will be signed:

- a declaration on an innovation cooperation dialogue: This dialogue will act as an official platform for exchanges in the area of innovation. It should meet annually and its first meeting is to be held before the next EU-China summit in 2013;
- a memorandum of understanding on cooperation in the area of anti-monopoly law enforcement. It is designed to strengthen the exchange of views between the two sides in the area of competition legislation, and in particular in the area of anti-monopoly legislation, so as to increase mutual understanding;
- an agreement on an EU-China low carbon, urbanisation and environmental sustainability programme: €25 million from the EU will go towards projects supporting the design and implementation of emissions trading systems in China, sustainable urbanisation and environmental sustainability; and
- a joint statement on a EU-China/European Space Agency dialogue on space technology cooperation.

Background

EU diplomatic relations with China were established in 1975 and have evolved into a comprehensive partnership resting on a rich web of bilateral dialogues (more than 50). Besides the Leaders' annual meeting, the main three pillars are the High Level Economic and Trade Dialogue (launched 2007), the Strategic Dialogue (2010) and the High Level People-to-People Dialogue (2012).

China has emerged as the world's third economy, after the EU and the US, the biggest trading power in the global economy (accounting for 12% of world trade in goods), and an increasingly important political power. Rising trade and financial flows between the EU and China in the last decade have considerably heightened their economic interdependence. The EU remains China's biggest trading partner while China is the EU's second largest trading partner.

Strategic partnership

The new dimension acquired by the EU-China relationship and the potential to develop it further led, in 2003, to the launch of a comprehensive EU-China strategic partnership whose overall rationale and objectives were captured in the title of the 2006 Communication "EU-China: closer partners, growing responsibilities". This still characterises the main direction of the EU-China relationship towards an ever-stronger and more comprehensive partnership, bilaterally and in international affairs and global issues.

A third pillar of EU-China cooperation on people-to-people issues was launched at the EU-China summit in February 2012.. The first meeting of the High-level People to People Dialogue was held in Brussels in April. It takes the same format as the existing EU-China high level dialogues on economy and trade and on strategic issues.

Trade and investment

Since bilateral ties between the EU and China were established thirty-seven years ago, trade relations have expanded from €4 billion in 1978 to €428 billion in 2011. Today, the EU is the biggest destination for China's exports and the second supplier to China, after Japan. For the EU, China is the second trading partner, after the United States, and is close to the level of trade with the US.

From 2007 to 2011, the average annual growth of EU trade with China was 8.9% while EU trade with the world grew by 4.7% per year. In 2010 alone, total trade between the EU and China rose by €30 billion.

In 2011, the EU imported €292 billion worth of goods from China, up from €282 billion in 2010. This amounts to 17% of EU imports. China thus remains Europe's biggest source of manufactured goods. At the same time, the EU exported goods to the value of €136 billion to China in 2011 (8.8% of EU exports), one fifth more than in 2010. 60% of EU exports to China concern machinery and transport equipment.

Europe is one of the top-five sources of foreign direct investment to China (€17.8 billion in 2011). Chinese investment in Europe has grown rapidly since the 2008 crisis and amounted to €3.1 billion in 2011.

Human rights

The EU-China human rights dialogue was set up in 1995. The EU attaches great importance to human rights in China, and dialogue on this issue is an integral part of the EU-China partnership. The most recent session was held on 29 May 2012. The topics discussed in this session included minority rights; the rule of law; freedom of expression and the treatment of civil society; criminal punishment and deprivation of liberty.

Sustainable development

The EU and China established a partnership on climate change at the 2005 EU-China summit. The focus of the partnership is on clean energy technology. One major objective is the development and demonstration of advanced, "zero emissions" coal technology based on CO₂ capture and geological storage.

A partnership on sustainable urbanisation was launched at the summit in February 2012. It aims at strengthening cooperation and dialogue on urban planning, energy supply for cities and energy demand management in cities, developing "green digital cities", urban mobility, water and air quality, waste management, as well as the social inclusion of migrants into cities. As a consequence, the first EU-China Mayors' Forum will take place in the margins of this summit.

The Europe-China clean energy centre EC2 in Beijing (€10m) and the international institute for clean and renewable energy in Wuhan (€15m) are other channels for cooperation in the field of energy and sustainable development (launched in April 2010).

Science and research

The EU-China agreement signed in 1998 governs bilateral science and technology cooperation. The 12th EU-China summit in Nanjing endorsed its renewal for another five years. The 7th research framework programme (2007-2013) is the main EU financial tool to support joint research. China is the EU's third largest partner after the United States and Russia; 285 Chinese researchers have so far taken part in the 7th research framework programme, with grants for a value of €26.3 million. At the same time, 413 Chinese researchers and 171 institutions have so far taken part in Marie Skłodowska-Curie actions, which support career development and training of researchers through worldwide mobility and skills development.

Education and culture

The 2012 EU-China Year of intercultural dialogue, officially launched on 1 February, aims to enhance cultural relations and cooperation. Activities include not only artistic exchanges, but all forms of people-to-people contacts and mobility contributing to mutual understanding.

More information: http://ec.europa.eu/culture/eu-china/intercultural-dialogue-2012_en.htm

China is also a beneficiary of Erasmus Mundus funding, with a specific "China window" that has funded more than 1.100 Chinese students to go to study in Europe since 2004. A budget of €35 million is available between 2005 and 2013.

Agriculture and rural development

In June 2012, Commissioner Ciolos and the China Minister for Agriculture Han Changfu signed an EU-China cooperation plan on agriculture and rural development. It is meant to enhance mutual understanding of each other's policies through the exchange of best practices and research for innovative solutions.

The EU and China are also working together on protected names for agricultural products, or ("geographical indications"). Both parties have committed to reciprocal protection on each other's territories of ten European and ten Chinese agricultural product names – in the framework of the successful '10+10' pilot project – for which registration procedures have nearly been completed. A fifth round of on-going negotiations on an EU-China bilateral agreement on geographical indications was held in Brussels on 13 and 14 September 2012.

International security cooperation

On the occasion of the last session of the Strategic Dialogue between High Representative Catherine Ashton and State Councillor Dai Binguo in July 2012, the EU and China agreed to hold a regular dialogue on defence and security policy, as well as regular contacts between special representatives and special envoys. In addition, regular consultations at expert level on non-proliferation and conventional arms exports as well as an EU-China dialogue on small arms and light weapons have been established. The EU and China have also joined efforts in fighting piracy in the Gulf of Aden.