



Frequently Asked Questions on EU-China relations

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Why is China important for the EU, and why is the EU important for China?

Over the past decade, the rise of China has happened with unprecedented speed and scale. Internally, China aims to shift away from its old economic and social model to a more balanced path of development. On the international stage China is now a heavyweight, both economically and financially. China is the EU's second biggest trading partner and, looking for a stable and legally secure environment, Europe is now the most important destination for Chinese companies' foreign direct investment. China is also ever more present in all regions of the world with regard to its international political and military presence. As a consequence, China's political, economic and social development matter to the EU more than ever. They present major opportunities for the EU, especially in creating jobs and growth in Europe, but need to be addressed in a coordinated and effective way in order to produce the best possible outcomes for both the EU and China.

China matters to the EU, and the EU also matters to China. In its aim to develop into a sustainable economy, China needs to move up the value-chain and boost its domestic, consumption-driven market. Standing at this critical juncture of reforming and opening up - a process that is complex and may not always be smooth - China needs all the support it can get. Furthermore, the EU is a key partner for China with regard to trade - the EU is China's largest partner in trade, both with regard to imports and exports - and investment, as a destination and source of Foreign Direct Investment. China also stands to gain a lot from the European Union's own experience. The EU can support China's economic reform programme with its know-how and use its many dialogues with China to share ideas and experience.

What about the EU Strategy on China?

The EU's China policy is defined by the 'Elements for a new EU Strategy on China' which, together with the 'Council Conclusions EU Strategy on China', form the **EU Strategy on China**. The Strategy reflects the fundamental premises of the EU's engagement: the promotion of democracy, the rule of law, human rights, and respect for the principles of the UN Charter and international law, with the aim of achieving reciprocal benefits in political and economic relations.

The EU Strategy on China states that the EU's engagement with China will be principled, practical and pragmatic, staying true to its interests and values. The EU's approach is based on a positive agenda of partnership coupled with the constructive management of differences. The strategy directs the EU to find practical ways to engage China in its reform process so as to achieve mutual benefits in political, economic, trade and investment, social, environmental, and other relations. Reciprocity, a level playing field and fair competition across all areas of cooperation should be strengthened, especially as the EU and China work towards the completion of a Comprehensive Agreement on Investment, in order to create new market opportunities. In addition, infrastructure, trading, digital, and people-to-people connectivity between Europe and China should be improved so as to deliver benefits for all countries involved. In line with the EU and China's UN and G20 responsibilities, the EU and China should promote global public goods, sustainable development, and international security, and advance respect for the rule of law and human rights within China and internationally. The EU will seek to maximise its internal cohesion and effectiveness in its dealings with China.

The 'EU-China 2020 Strategic Agenda for Cooperation', jointly agreed by the EU and China in 2013, covers the areas of: peace and security, prosperity, sustainable development, and people-to-people exchanges. Bilateral relations are conducted at the highest level through the annual EU-China Summit.

What does the EU want to achieve with China on foreign and security policy?

The EU and China hold an annual Strategic Dialogue to discuss bilateral relations with a focus on foreign and security policy, at the level of the High Representative/Vice President on the EU side, and the State Councillor for Foreign Affairs on the Chinese side. The EU aims to reinforce its engagement with China on foreign policy and security issues. In particular, it will continue to encourage China to mobilise its diplomatic and other resources to support international security, including engagement on the Democratic People's Republic of Korea, Afghanistan and Syria; contribute to peace and security in the EU's neighbourhood in line with international law; ensure freedom of navigation and overflight in the East and South China Seas; settle disputes peacefully and in accordance with the rule of law; seek

common ground with China on disarmament, non-proliferation, counter-terrorism and cyberspace; and work with China to support capacity-building and peacekeeping operations on the African continent.

How can we work together on issues of climate change and environmental protection?

China is a key partner for the European Union with regard to tackling climate change and global environmental challenges. As the biggest emitter in the world, contributing a quarter of global greenhouse gas emissions, China is an essential partner in international negotiations on climate change. Following the [2015 EU-China Joint Statement on climate change](#), the EU aims to pursue further joint approaches with China to speed up the implementation of the Paris agreement of 2015. Specifically, the EU aims to work together with China to establish or deepen cooperation in areas such as clean energy, renewable energy production and energy efficiency, carbon markets, low-carbon cities, and hydrofluorocarbons. EU know-how can also support China's efforts to develop appropriate policies and regulatory frameworks to move towards a green, low carbon and circular economy, and to help China tackle its domestic environmental challenges of air, water, and soil pollution. Established bilateral dialogues, such as the Environment Policy Dialogue and the Climate Change cooperation will continue to be important fora of exchange and cooperation. Internationally, frameworks such as the G20 can function as platforms for the EU and China to work together to find sustainable solutions to global concerns such as deforestation, illegal logging and wildlife trafficking.

What are the trade and investment priorities for the EU and China?

As part of the EU's objective of deepening and rebalancing its relationship with China, an immediate priority is a Comprehensive Agreement on Investment, negotiations on which have been ongoing for about two years. The conclusion of such an agreement should create a more level playing field for business, open new market opportunities for both sides and, provided China advances its economic reforms and gives the market a more decisive role, could pave the way for broader trade ambitions when the conditions are right. The EU welcomes Chinese investment in Europe, provided it is in line with EU law and regulations. The EU aims to work with China to open its market for more investment from the EU. A common framework of norms and standards is also central to a prospering economic relationship, for example with regard to intellectual property rights or food and consumer product safety. It is an EU priority to pursue dialogues with China to promote international standards that can reduce costs and barriers as well as shield EU companies and citizens from Chinese products that do not live up to EU requirements.

How can the EU counter unfair competition from China?

A key concern for the EU is China's industrial overcapacity in a number of sectors, notably the steel sector, but also in other sectors such as aluminium. Domestically, the challenge is a big one for China, but it also creates unfair competition for European companies if this results in the EU's market being flooded by dumped Chinese goods. China needs to address this problem rigorously and put in place ambitious, binding, measurable and time-bound plans to reduce capacity. Further strengthening the effectiveness of the EU's Trade Defence Instruments, notably through the swift adoption of the Commission's Trade Defence Instruments modernisation proposal of April 2013, is key. China should also engage in international dialogue and information exchanges on capacity developments, government policies and support measures in overcapacity sectors, starting with steel. In particular, China's constructive engagement in a global steel forum for conducting work on global restructuring issues is crucial. The EU stands ready to work with China bilaterally in the context of a joint bilateral platform on steel. The EU will engage with China at the political level to promote China's adherence to international norms and standards and encourage China to honour its WTO commitments regarding the notification of subsidies.

When is the EU going to change its anti-dumping and anti-subsidy legislation?

On 9 November 2016 the Commission adopted a proposal to change the EU's anti-dumping and anti-subsidy legislation. The changes proposed are designed to update the trade defence instruments to deal with the current realities, such as significant market distortions which exist in the economies of some of our trading partners.

The proposal adopted by the Commission will only become effective once the European Parliament and the Council have adopted the proposal.

What are the EU's and China's plans to connect with each other across the continent?

The EU and China would benefit from connecting the Eurasian continent via physical and digital networks. These would boost trade, investment and people-to-people exchanges for all countries along the way. The Connectivity Platform is an important policy forum established between the EU and China that aims to create synergies between EU policies and projects and China's "Belt & Road" initiative. Specifically, the Platform promotes cooperation on infrastructure, including financing, interoperability and logistics. At the "Belt and Road Forum" held in Beijing on 14-15 May [Vice-President Katainen](#) of the

European Commission set out the [EU's vision for improving Europe-Asia connectivity](#).

Is China welcome in Europe?

The EU welcomes China's engagement in Europe in many different areas such as in trade and investment, tourism and through academic exchanges. It is also in the EU's interest to work with China to ensure that Chinese involvement in Europe, especially in the EU's Eastern and Southern neighbourhoods, in which China is increasingly active, helps reinforce rules-based governance and regional security.

What about other partners of the EU in the Asia-Pacific region?

The EU will continue to develop and deepen its partnership with countries in the Asia-Pacific region. EU policy-making on China will take full account of the EU's relationships with partners such as Japan, Korea, the ASEAN countries, Australia and others. The EU also aims to continue its active contribution to regional security through diplomatic and economic channels. EU-US cooperation will play an important role in this.

What about the issue in the East and South China Seas?

The EU remains concerned about the current situation in the East and South China Seas. With regard to the large volume of international trade passing through the region's waters, the EU has a strong and legitimate interest in the continuation of free navigation and overflight. In line with past statements, the EU will continue to emphasise the peaceful settlement of disputes and uphold its position on compliance with international law by China and all other countries involved.

What about the arms embargo?

The EU continues to uphold the arms embargo vis-à-vis China, which was established by the European Council Conclusions in 1989, as well as the eight criteria established under the Council Common Position on exports of military technology and equipment.

What about Hong Kong and Macao? What about Taiwan?

The EU commits to maintaining strong links with Hong Kong and Macao and supports the continued implementation of the "One Country, Two Systems" principle. The HR/VP and the Commission publish annual reports to the Council and the European Parliament on the implementation of "One Country, Two Systems", most recently in April 2017. The EU is also committed to continuing the development of its relations with Taiwan, supporting the shared values underpinning its system of governance, while confirming its "One China" policy. Constructive cross-Strait relations are part of promoting peace and security in the Asia-Pacific region and the EU supports initiatives aimed at dialogue and confidence-building.

How can we cooperate and engage so closely with China if we take into account its human rights record?

Cooperation with China is crucial to tackle the many challenges that the world is facing today. The EU acknowledges this and aims to cooperate with China through all necessary channels. At the same time, the EU also acknowledges its differences with China. The protection of human rights and fundamental freedoms in China is a core issue for EU-China relations. The EU is committed to working with China and its people to promote human rights and the rule of law and to foster civil society and the freedoms of expression, association and religion. To do so, the EU will use its full range of diplomatic tools and mechanisms on the bilateral and the international level. While cooperating with China in a positive agenda of partnership, the EU will stay true to its core values and principles.

What are the advantages of the Member States in the EU working together vis-à-vis China?

EU coherence and a strong, clear and unified voice, is vital on the big policy issues vis-à-vis China as well as on the maintenance of the rules-based international order. China is a strong partner, pursuing different strategies and goals in its own interest. Dealing with China therefore requires a comprehensive approach, one that ensures maximum impact. Ensuring a high level of coordination and cohesiveness in all areas of engagement is the way forward for the EU and its Member States to deal effectively with China.

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