

# EU-China relations

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.