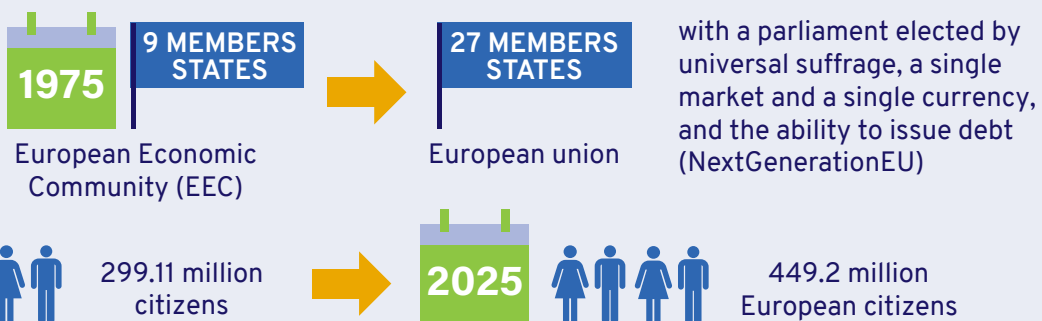


2025: 50 years of diplomatic relations between the European Union and China and the 25th EU China Summit on 24-25 July

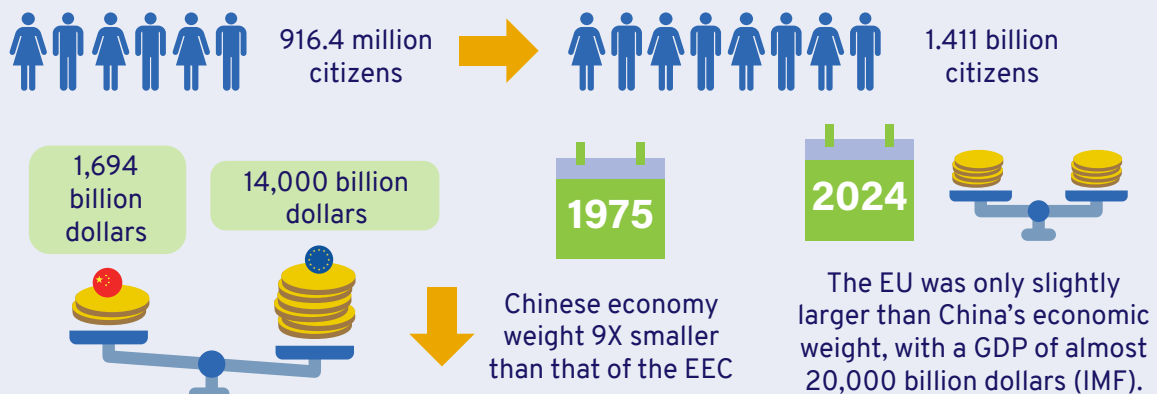
In 50 years, Europe and China have changed a great deal



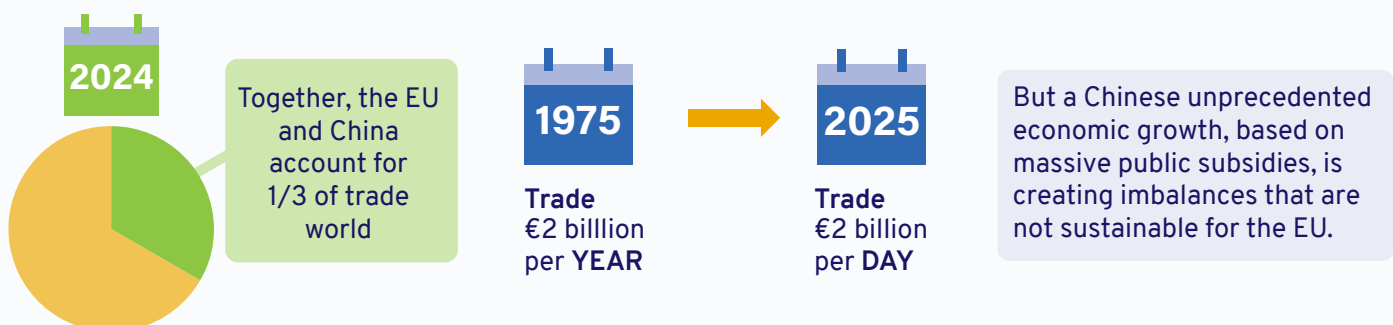
A deeper and wider Europe



Unprecedented economic growth



1 The evolution of the EU and China in 50 years

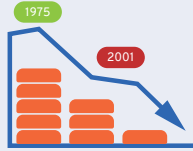


An increasingly unbalanced trade



The EU's balance of trade in services remains positive

€15.7 billion



But the EU's positive trade balance in goods in 1975 turned into a growing trade deficit from 2001 onwards.

2001

€39.6 billion

2010

€168 billion

2024

up to €304.5 billion

● 2001 ● 2024

6-8%

12-13%

EU share of total Chinese goods exports

8-10%

10-12%

EU share of total Chinese goods imports

8,3%

19,8%

China's share of total European exports of goods

7%

21,3%

China's share of total European imports of goods

Trade in 2024

● Goods ● Services

European imports

€519 bn

€45.5 bn

European exports

€213.2 bn

€67,3 bn

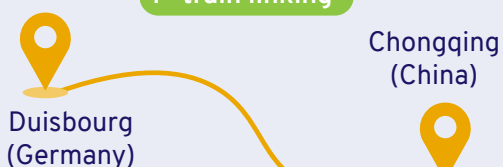
Source: Eurostat



2011

China Railway Express

1st train linking



China, a manufacturing and logistics powerhouse, is now "twice as close" to Europe

average freight time:



30-40 days by sea



12-18 days by rail in 2024

the number of trains running between China and the EU each year



1,702 in 2016

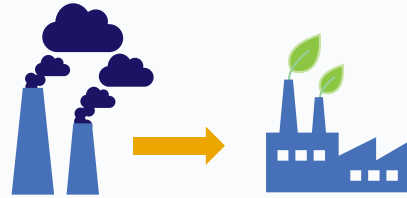


19,392 in 2024

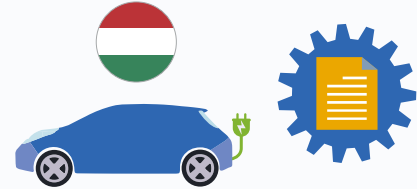
Rail freight accounted for 7% of the value of bilateral trade in 2023.

Chinese foreign direct investment in the EU: from acquisition to establishment

Up until the peak in 2016, Chinese investment in the EU was focused mainly on acquisitions (*brownfield*). Since then, greenfield investment has risen from **2% in 2017 to 78% of Chinese FDI in 2023**.

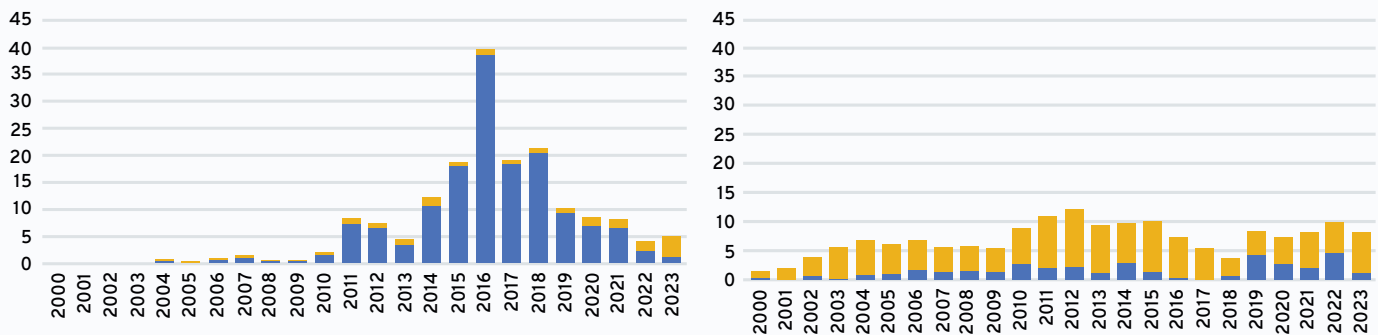


The rise in Chinese greenfield investment (CATL, Tencent, BYD, AESC, Huayou Cobalt, etc.) is now aimed at circumventing the new customs duties on Chinese electric vehicles and is heavily concentrated in Hungary (31%, i.e. more than the combined total of Chinese FDI in Germany, France and the UK).



Chinese FDI in the EU (left) and EU in China (right) in billions of euros

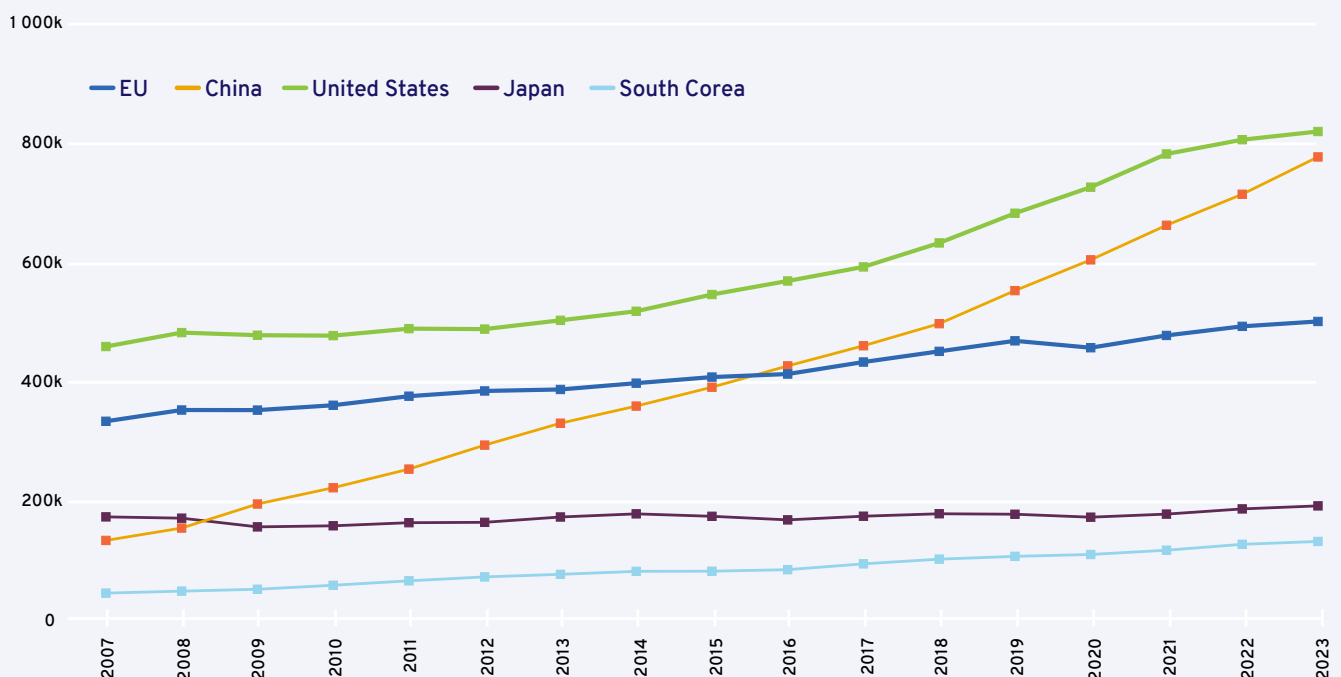
● Acquisitions ● Establishments



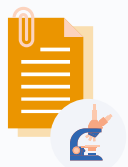
Source: Rhodium & Merics

From (forced) technology transfer to China to Chinese technological leadership

R&D spending by country, in millions of constant PPP dollars

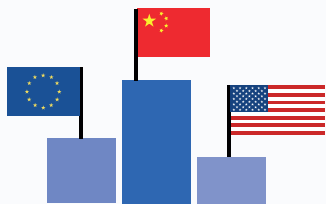


Source: OECD, Main Science and Technology Indicators, March 2025, <https://oe.cd/mstit>



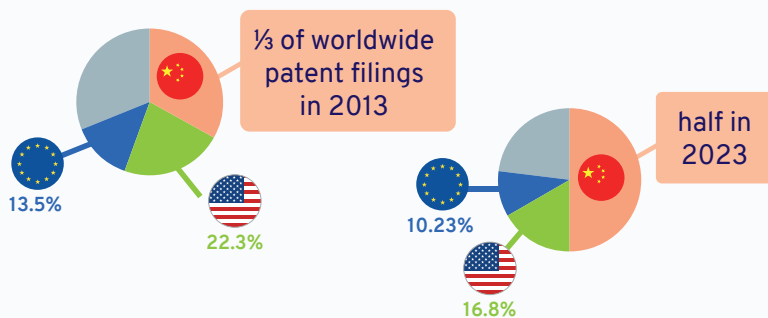
China: leading source of scientific publications

2019



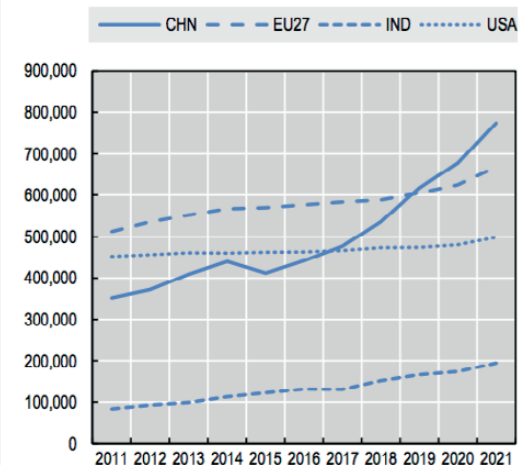
after overtaking the United States in 2017

China is very active in patent filings



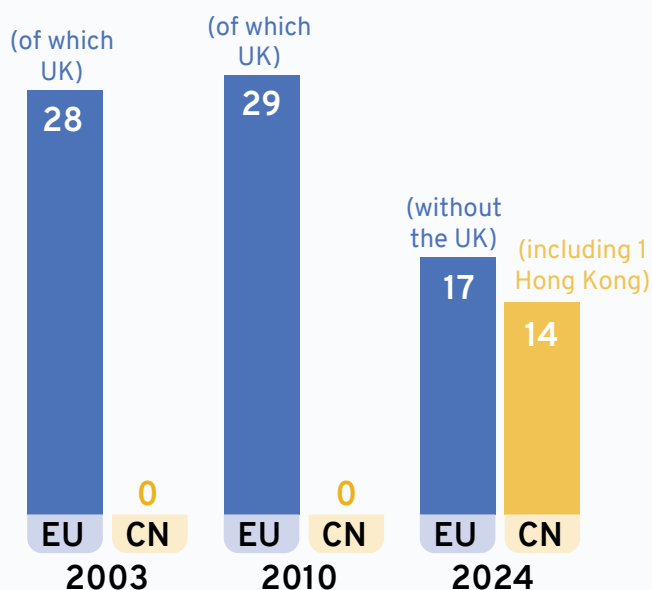
Trends in scientific publications, 2011

A. Scientific publication output trends, major economies



Source: OECD, 2023. OECD calculations based on Scopus Custom Data, Elsevier, Version 1.2023, March 2023; and Scimago journal rankings.

Ranking of the world's top 100 universities (Shanghai Jiaotong):



2

The EU-China relationship in 15 key dates (1975-2025)

6 May 1975

Diplomatic relations begin with a visit to China by Christopher Soames, Vice-President of the European Commission.



1983

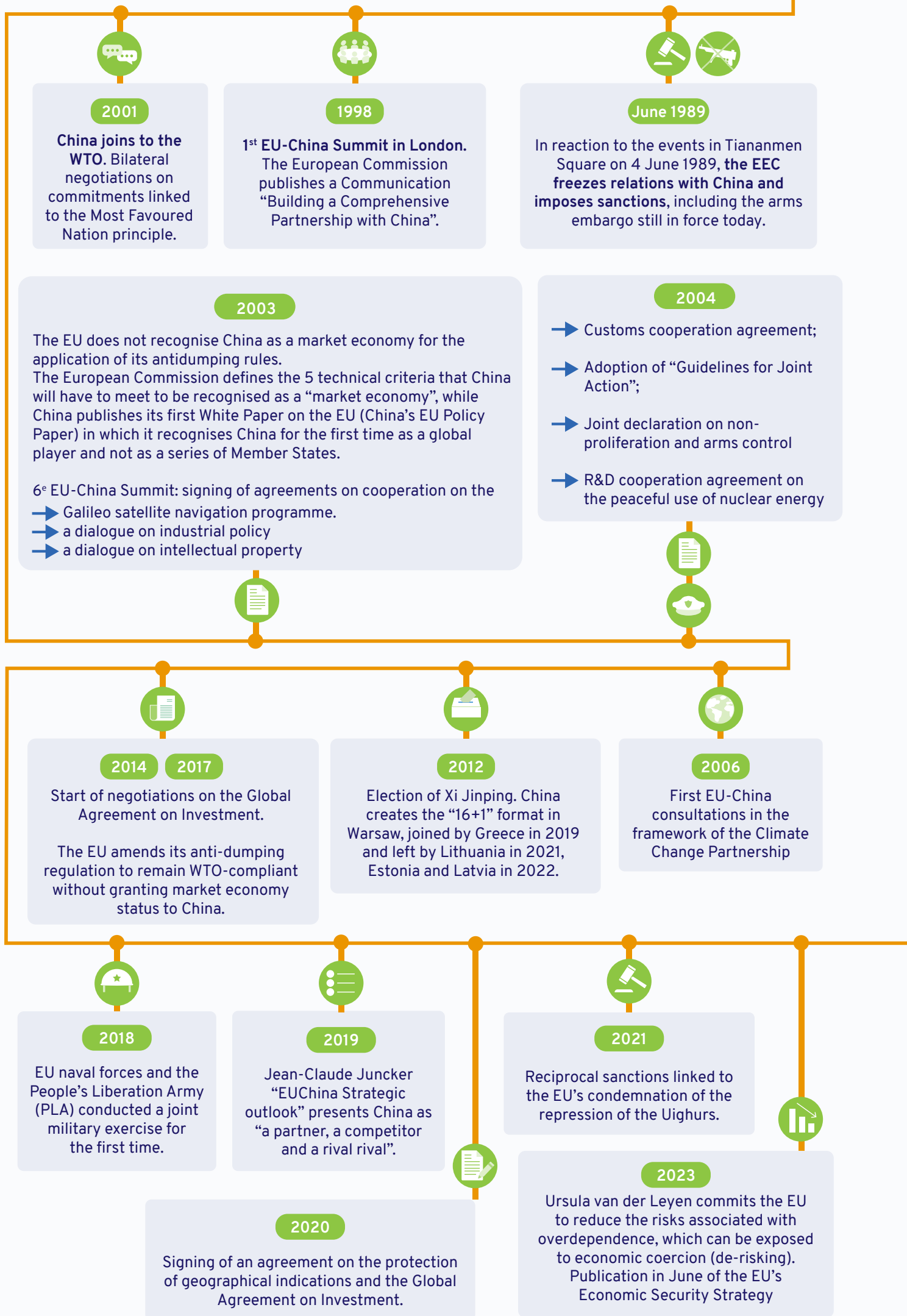
First cooperation agreement in science and technology (renewed in 2004), establishing links between universities and laboratories.



May 1985

Signing of the Trade and Economic Cooperation Agreement, under the presidency of Jacques Delors.





One success and one failure in the bilateral relationship



A SUCCESS: dialogue on environmental protection and the fight against climate change.

This bilateral cooperation has fostered China's constructive commitment to national objectives and international agreements.

2005

EU-China partnership on climate change (bilateral cooperation on climate policies, preparations for international negotiations, improving energy intensity, developing lowemission technologies and reducing the cost of key energy technologies).



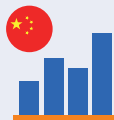
2015

China creates a carbon market inspired by the European model.



2014

The EU supports China in setting up its own Emissions Trading Scheme (ETS).



2015

China commits to peak CO₂ emissions by 2030 and to a 20% share of non-fossil fuels in the energy mix by 2030. Close cooperation to bring the Paris Agreement to a successful conclusion.



2018

Discussion on bilateral cooperation on green finance.



2020

Launch of the high-level dialogue on the environment and climate.



2021

Bilateral coordination ahead of COP26 in Glasgow.



December 2022

Bilateral discussions on reducing methane emissions.



July 2023

Dialogue on the European border carbon adjustment mechanism (ECAM) and on the sustainable blue economy (protection of the oceans).



14 July 2025

High-level dialogue on climate and the environment.



FOCUS ON A FAILURE: the bilateral agreement on investment



The CAI (Comprehensive Agreement on Investment)

The CAI was an ambitious project which, after being signed in 2020, was never ratified by Parliament due to controversy and political opposition, particularly because of concerns about human rights in China.





OBJECTIVES



To improve market access for European investors in China



Establish a level playing field



To facilitate the operations of European companies



To promote sustainable development



Replace 25 bilateral investment treaties with a treaty with the EU

Reasons for the suspension of ratification:

Despite the signing of the agreement at the end of 2020 after 35 rounds of negotiations, the CAI has not been ratified, due to:



European sanctions related to Human Rights and Chinese counter-sanctions targeting Members of the European Parliament.



Scepticism from the European Parliament



Changing geopolitical context (election of Joe Biden and pressure from the United States to derail the agreement)



Lack of a dispute settlement mechanism for investment protection

3

Agenda of the EU-China Summit on 24-25 July 2025



Since the first EU-China Summit in 1998, the aim has been to strengthen economic exchanges and cooperation on global issues (climate, security), and to deepen ties in areas such as research, education and technology.

Review 2024



The 2024 Summit led to agreements on climate change and energy transition, while highlighting tensions over human rights and the development of emerging technologies (5G, AI).

2025: A difficult alignment?

The 25th EU-China Summit in Beijing, 24-25 July in a tense geopolitical context.



Since the invasion of Ukraine and the application of economic sanctions against Russia



China supports the Russian economy

Bilateral trade

2021

147 billion dollars



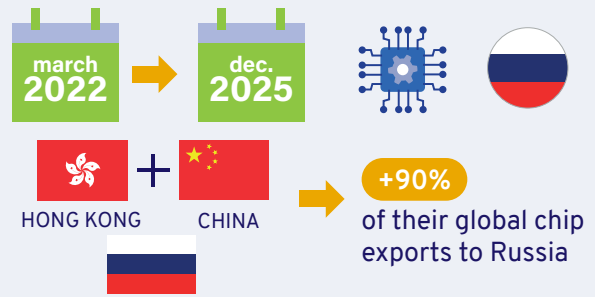
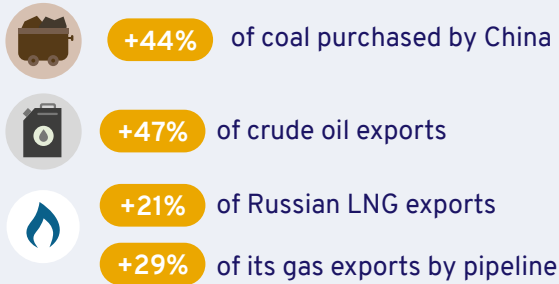
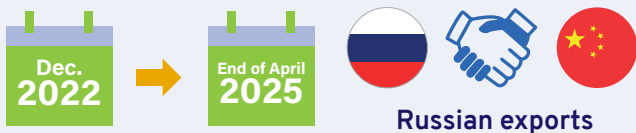
2022

+29%
190 billion dollars



2024

+128%
244.8 billion dollars



Growing tensions

The EU has equipped itself with new trade defence instruments to combat the distortions of competition created by China's system of state aid and the risk of economic coercion. The EU Chamber of Commerce in China (EUCCC) is also observing an increase in barriers to access to the Chinese market (1,580 in 2024) and a deterioration in conditions for European companies established in China.



Of the 12 new cases initiated by the EU, 9 targeted Chinese companies.

2023

10 for dumping

2 for subsidies



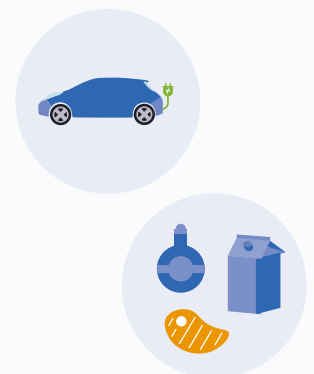
**2023
2024**

Approximately 157 European anti-dumping, antisubsidy and safeguard **investigations** targeting China.

↳ almost half of the investigations of this type launched by the EU during this period



The increase in customs duties on imports of Chinese electric vehicles triggered by the Commission's anti-subsidy investigation has heightened tensions and prompted China to use trade defence instruments as political leverage against the EU (anti-dumping investigations on cognac and pork, antisubsidy investigation on milk).



Bilateral EU-China relations are being affected by Donald Trump's aggressive trade measures.



With Donald Trump's United States no longer a reliable ally, the EU could be encouraged to move closer to China despite China's distortions of competition.

Negotiations between Beijing and Washington have limited the restrictions on exports (particularly of critical minerals) and the increase in US customs duties to an additional 30%. But this does not remove the risk of a redirection of Chinese exports towards the EU and growing tensions between Beijing and Brussels.



➔ Overcapacity and trade diversion number of anti-dumping complaints against China

The EU-China Summit expectation



CHINA IS SEEKING

- ➔ a lowering of European tariff barriers on imports of electric vehicles from China.
- ➔ ratification of the investment agreement (CAI), which would provide a framework for cross-investment.



➔ that Chinese investments in the EU are not subject to conditionality regarding technology transfers or other objectives

➔ that in its bilateral negotiations with the United States on customs duties, the EU does not undertake to align itself with US measures restricting exports to China of certain critical technologies.



THE EUROPEAN UNION WISHES THAT CHINA

- ➔ reduce its support for the Russian economy and for Xi Jinping to put pressure on Vladimir Putin to reach a peace agreement with Ukraine.
- ➔ is committed to the principles of fair competition, while the EU Chamber of Commerce in China (EUCCC) has reported an increase in barriers to access to the Chinese market (1,580 by 2024).
- ➔ does not implement the threat of anti-subsidy measures on imports of European dairy products and pork and lifts its restrictions on imports of European medical equipment.



➔ reduce the export of its overcapacity to Europe caused by the increase in US customs duties, in particular by increasing support for domestic consumption.

➔ undertakes not to apply restrictions on exports of critical minerals.

➔ Cooperates to ensure technology transfers to European companies.

