**Guidelines**

1. Articles should not be numbered. ( Editor will do it)
2. The article title should be centered and capitalize each word . (European Union and China Relations)-Cambria 14 font size and bold
3. Author names should be written over the article’s title.
4. Abstract and Introduction will be in lowercase, capitalize first letter and left justified. (Cambria 12 font size and bold)
5. Other Titles and subtitles will be in lowercase ,capitalize first letter left justified. (Cambria 12 font size and bold)
6. Page Set Up should be top-bottom-left-right:2,5 cm and Cambria 11 font size should be used in body text and line spacing should be single.
7. After the title, the first paragraph is not indented but the following are indented. All of them should be written in justify.
8. There should be no space between paragraphs. Also there should be a space before and after the titles.
9. If the quotations are more than 3 lines, the quote should be written within 2 indentation from right and left s and italics.
10. Notes should be written after the result before the bibliography.
11. APA style should be used for references in body text.
12. There is no gap between resources in bibliography. References should be used from 1.25 cm from inside if each source has second and more lines.
13. The font size for the titles of Tables, Figures, Charts will be Cambria 10 and bold. The font size of the inner letter of the table will be Cambira 9 and not bold. If the table does not fit, it can be 8 font size. The title of the figures will be align left and below the shape.

Prof. Dr. Zheng Lu, Assoc. Prof. Dr. Tiangin Yu, and Assist. Prof. Xiang Deng

**European Union and China Relations**

**Abstract**

EU-China economic interactions became more and more frequent in the past decades, nowadays EU and China are main trade partner for each other. This paper analyzed EU-China economic interactions from three dimensions: bilateral governmental interactions, trade and investment flows as well as barriers to trade and investment. Findings show that EU-China close relationship is particularly based on goods trade especially on intra-industrial trade of manufacturing industrial products, and trade imbalance is arising from trade in Machinery and Transport Equipment and Other Manufactured Goods (e.g., Clothing and clothing accessories); This paper also found that there exist a myriad of trade and investment barriers to EU-China interactions, including both tariff and non-tariff obstacles. Therefore, this paper argued that if EU and China want to handle the trade imbalance efficiently, they must improve composition of trade in goods, while essentially, it requires lessening or eliminating EU-China trade barriers which hampered trade composition improvement.

**Keywords**: EU-China relations, trade, trade barriers, FDI (Max. 5 keywords)

**1 Introduction**

China’s development in the past decades has attracted world-wide. As a country that has more than 1.3 billion population, its annual average economic growth is over 10% (real GDP growth) from 1980s to 2000s. Undoubtedly, China’s Reform and Opening-up policies initiated in the end of 1970s have contributed much to the economic boom particularly gains. In the third plenary session of 11th central committee of CCP held in 1978, Chinese central government decided to quit the idea of “economy being subordinated to politics”. Accordingly, China began to reform the economic system and open its gate to the outside world. Since then, promoting economic development began to be regarded as the paramount task of the central government. The Opening-up policy was firstly experimented in eastern coastal regions in 1980s, and then it was gradually applied to the entire country in early 1990s. Later, CCP proposed to partially give up the Planned Economic System and tried to build a Socialist Market Economic System in 1992. So far as the labor force is concerned, the central government and various enterprises realize that China has an obvious advantage over other countries. What is more, because of insufficient domestic demand, export-oriented strategy was considered to be the most fundamental tactic to promote economic development.

China is able to produce merchandises with much lower cost. But the EU doubts that Chinese government supports export through subsidy, exchange regulation and some other policies, and some industries are still not open to foreign investment. Similarly, the EU also sets up some barriers to trade and investment, and also keeps some restriction on sensitive products; the main instruments are technical barrier to trade (TBT) and anti-dumping measures (Brülhart & Matthews, 2007).

This paper will briefly investigate the general situation of EU-China economic relations by introducing the status quo and barriers of EU-China trade and investment. The first section will introduce the bilateral governmental interactions, and the second section will analyze the status quo of EU-China trade and investment, and it will mainly focus on the industrial structure of EU-China trade. The third section will discuss some typical cases to illustrate various trade and investment barriers to EU-China. And the final part is the conclusions and remarks.

**2 EU-China Bilateral Governmental Interactions**

China and EEC established diplomatic relations in 1975, and in 1985, EEC and China signed the first trade and economic cooperation agreement, namely, the “Agreement on Trade and Economic Cooperation between European Economic Community and the People’s Republic of China”. What is more, the two parts also established a joint committee to manage the cooperation relationship (Council of EEC & Government of P. R. China, 1985). Trade cooperation targets on creating favorable conditions for bilateral trade and grants each other most-favored nation treatment, such as lower customs duties and charges, simplifying regulation, procedures and formalities. This bilateral agreement continues to be the main legal framework of EU-China trade and economic relations (Griese, 2006), and it is updated on the 9th EU-China Summit held in Helsinki in 2006. Upon signing the agreement in1985, the trade volume between EU-China increased remarkably, especially in 1990s.1

In 1990s, there were some remarkable changes in China’s economy reform and development, for instance, China started to transform a centrally-planned and largely closed economy into an increasingly market-driven economy after 1992 when CCP proposed and tried to build a Socialist Market Economic System (EU Commission, 1998). The EU acknowledges that China has made considerable efforts to reform and develop market economy, and China is more and more responsible in foreign affairs. Meanwhile, it is not sure whether China can continue to reform in post-Deng Xiaoping era and handle the shock from Asian financial crisis exploded in 1997. In order to amend its approach to China based on new assessments (Smith & Xie, 2010), the EU commission made a new policy, namely “Comprehensive Partnership with China” in March 1998.2

*To deal with China’s forthcoming accession to WTO, EU made a new policy—”Strategy towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy” On 15 May 2001, (EU Commission, 2001). This strategy includes two parts, the first one evaluates the implementation outcomes of building comprehensive partnership with China, and the second one is a supplement to the old policies based on new situation. With China’s accession to WTO on 11 December 2001, the comprehensive partnership was formally established.*

On the 9th EU-China Summit (Helsinki, 9 September, 2006), the EU and China decided to open negotiations on a PCA (EU-China Partnership & Cooperation Agreement); PCA will cover both political and economic dimension of EU-China relations. The 9th EU-China Summit also involves an upgrade of “Trade and Economic Cooperation Agreement” launched in 1985.

**2.1 EU-China Key Govermental Interactions**

**2.2 EU-China Key Govermental Issues**

**Conclusion**

In sum, our research reveals that: the EU and China are each other’s main trade partner and the bilateral economic and trade relation are getting much closer; and the close relationship is particularly based on the intra-industrial trade of manufacturing industrial products, especially machinery and transport equipment products. Trade in services and FDI only account for a small part of EU-China economic exchanges. However, from the EU’s perspective, the quantity of manufacturing industrial products exported to China is much less than that of the similar products imported from China, which can well explain EU’s trade deficit with China. So, if the EU and China want to handle the huge trade deficit, they must improve Composition of Trade to the best of their ability.

Undoubtedly, the above analysis is just a rough introduction of EU-China economic and trade relations (“Economic Partnership”), and it does not introduce the “Economic Competition” between EU and China. According to the EU commission, the relations between EU and China in both economic field and political field are of both Competition and Partnership (EU Commission, 2006). What should be noted is that this paper just focused on the bilateral relations at the supranational level; but in fact, as argued by Dai(2006), relations between the EU and China involves not only bilateral relations at supranational level (EU-China) but also bilateral relations at national level (relation between EU’s every member state and China). Thus, if one wants to better understand EU-China economic and trade relations, he/she should also consider the bilateral relations at national level.

**Notes**

1 Trade between EU and China grew slowly in the latter half of the 1980s due to the political instability.

2 Actually, in July, 1995, European Commission published its first Communication “A Long-term Policy for China-Europe Relations” which made a detail policy framework and measures involving all dimensions such as political, trade, investment, economic cooperation, science and technology cooperation, and so on(EU Commission, 1995).

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**Tab. 1: Reasons of China’s Periods of Growth**

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**Source**: (Keidel, 2008:3).



**Fig.1: China vs. World: Annual GDP Growth in % (1980-2017)**

**Source**: (World Bank Data).

**Rules for APA in Body Test and Referances**

1. **Books:**

**Single Author**

**In Text:**

(Helvey, 2004:28)

**In Referances**:

Helvey, Ronald, (2004), **On Strategic Nonviolent Conflict: Thinking About the Fundamentals**, USA: Cannie Grice Memorial Fund.

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1. **Secondary Sources**

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**In Referances:**

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BBCNews, (2011), “The 38-Year Connection between Irish Republicans and Gaddafi”, <http://www.bbc.com/news/uk-northern-ireland-12539372>, (19.04.2017).

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For Example:

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2-BBCNews, (2011), “Russian Foreign Policy”

1. **In Text:** (BBCNewsa, 2011)

**In Referances:**

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1. **In Text:** (BBCNewsb, 2011)

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