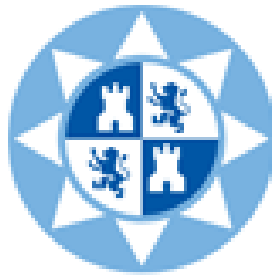


UNIVERSIDAD POLITÉCNICA DE CARTAGENA

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China and EU trade relations, trade status analysis



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Abstract

In recent years, economic globalization is being further deepened, International trade has become an important component of the financial progress of all countries. The terms of trade is an important measure of a country's trade interests in the international market. Both sides attach great importance to maintaining bilateral cooperative partnership. China's traditional comparative advantages have not completely changed, but with the increase of capital stock and the improvement of technology level, high-skilled labor has gradually emerged in Sino-EUropean trade, This will promote the further development of both sides. Since 2008, The China-EU partnership has undergone new changes. At that time, the problems of the economic crisis had pushed the world economy close to or into recession. The world market is shrinking sharply, consumption is sluggish, and China-EU economic and trade patterns will also face new changes.

China is one of the developing countries, the economic and trade cooperation with the EU has achieved the strategic goal of long-term development and win-win cooperation, and it has become of global strategic significance. China and the EU are embarking on a new period of structural adjustment in their relations. Due to the accelerated changes in the power balance, the different policy orientations of each and the influence of the external environment, China and the EU have undergone major adjustments in their mutual understanding and policies. The comprehensiveness and initiative of China's European policy have been strengthened, the economic and trade structure has become more balanced, and cooperation in new areas has been expanded. The structural changes in China-EU relations are long-term, gradual and cumulative processes. Both sides need to carefully handle strategic, political mutual trust, and economic and trade friction issues, and deal with various impacts brought about by the external environment. Although China and the EU still have many differences in the

political and economic fields, but in the long run, China-EU economic and trade relations are moving forward in a positive direction. China and the EU are each starting a new reform agenda. Based on effective management and control of differences, by expanding the convergence of mutual interests and creating growth points for regional cooperation, the two sides can better adapt to and jointly shape the prospect of structural changes.

Keywords: Trade relation China-EU, Exports, Imports

Introduction

China and the EU are two important pillars of overall progress on the world financial stage. It is part of China's outward development path to develop long-term, digital and mutually beneficial cooperative relations with the EU and its member states in an all-round way. The establishment of the China-EU Comprehensive Economic and Trade Partnership in 2004 has laid a solid foundation for the development of China-EU trade. The scope and scope of china-EU economic and trade cooperation have been deepening. On the basis of examining the overall changes of China-EU trade relations, this paper will analyze the background, characteristics and prospects of the structural changes of China-EU relations based on the analysis of internal and external factors such as politics, strategy, economy and trade, cognition, policy and environment.

1. China-EU trade Relations: background

As major developing countries and one of the important forces in regional economic blocs, China and the EU are two important parts of international efforts to promote peace and development. Since 2004, the EU has been one of China's largest financial partners, and China is the EU's second largest financial partner. At the same time, the EU is one of the most important sources of resources and technology for China's foreign trade. The scope and scope of bilateral economic and trade cooperation have been continuously deepened (Du Li, 2010).

Since the establishment of friendly relations of cooperation between China and the European Community in May 1975, China-EU cooperative partnership has opened a new chapter. Over the past 44 years (Shen Boming, Wu Fang ,2010), China-EU cooperation has developed at three levels: Comprehensive partnership, comprehensive strategic partnership. In the course of the development of bilateral economic relations, bilateral relations have become a pillar and stabilizer. Economic and trade cooperation between the two sides has been developing rapidly , and trade and investment cooperation has become closer and more balanced. Win-win cooperation has become the main theme of China-EU cooperative relations.

At that time, in 2018, trade between the two sides hit a new high, with total import and export volume reaching us \$682.2 billion. At the beginning of this year, bilateral trade cooperation has maintained a good momentum of growth and two-way investment has grown steadily. By February 2020, The EU invested US \$132.18 billion, making it the third largest source of overseas investment for China. China has injected \$95.2 billion into the EU, making the EU China's second largest outbound investment destination. In addition to trade, investment, finance, infrastructure, third-party market cooperation and other related fields, the prospect of bilateral economic cooperation in

the future is very broad, environmental protection, science and technology and other emerging economic fields.

The two sides should strengthen mutually beneficial cooperation and promote international cooperation on the Belt and Road. As an important partner of China in international cooperation, the EU has been making steady progress and strengthening strategic communication, looking for wider interests, cultivate the interests of the community, and increase trade policy coordination, maintain the rules-based multilateral trading system, and jointly cope with the unilateralism and trade protectionism. Both China and the EU cannot develop without a free and open multilateral trading system. Against the backdrop of rising trade protectionism, exchanges and cooperation in upholding multilateralism and free trade should be enhanced.

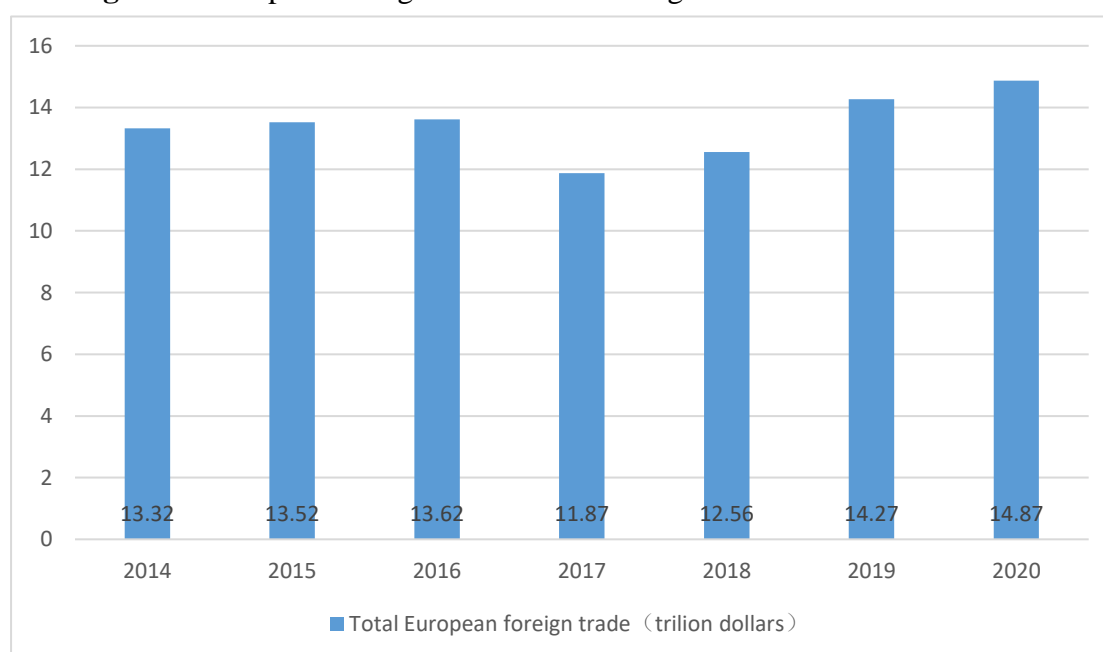
Looking back at the past development of China-EU trade partnership, the more difficult The Times are, the closer our cooperation is and the more consistent our coordination is. The interaction between China and Europe during the global financial and debt crisis is a case in point. The two sides should follow the principle of mutual respect and mutual benefit, continue to deepen pragmatic cooperation in all areas and jointly uphold multilateralism and free trade, the bilateral economic and trade cooperation with more effort to prove, globalization and trade and investment liberalization is the tolerance, win-win and development of the meaning.

2. Analysis of trade flows between China and Europe

In 2019, Europe's overseas economic trade reached US \$14 trillion, accounting for 36.6 percent of the world's total. For China, the bilateral trade relationship between China and Europe is very important. At present, China's main trading partners in Europe, including Germany, the Netherlands, Russia, Britain, France, Italy, Switzerland, Spain, Belgium, Poland, the Czech Republic, Hungary, Ireland, Sweden, Denmark, Ukraine, Finland. Among them, in 2019, China's largest economic partner in Europe is Germany, while Russia has the highest relative dependence on foreign economy and trade (Avery, S. 2019).

From 2014 to 2020, Europe's total foreign trade fluctuated, 35.5 to 37.5 percent of the world economy, and the overall proportion increased. In 2020, Europe's foreign trade stood at \$14.87 trillion, that compares with a rise of 9.4 percent, accounting for 36.6 percent of all global trade.

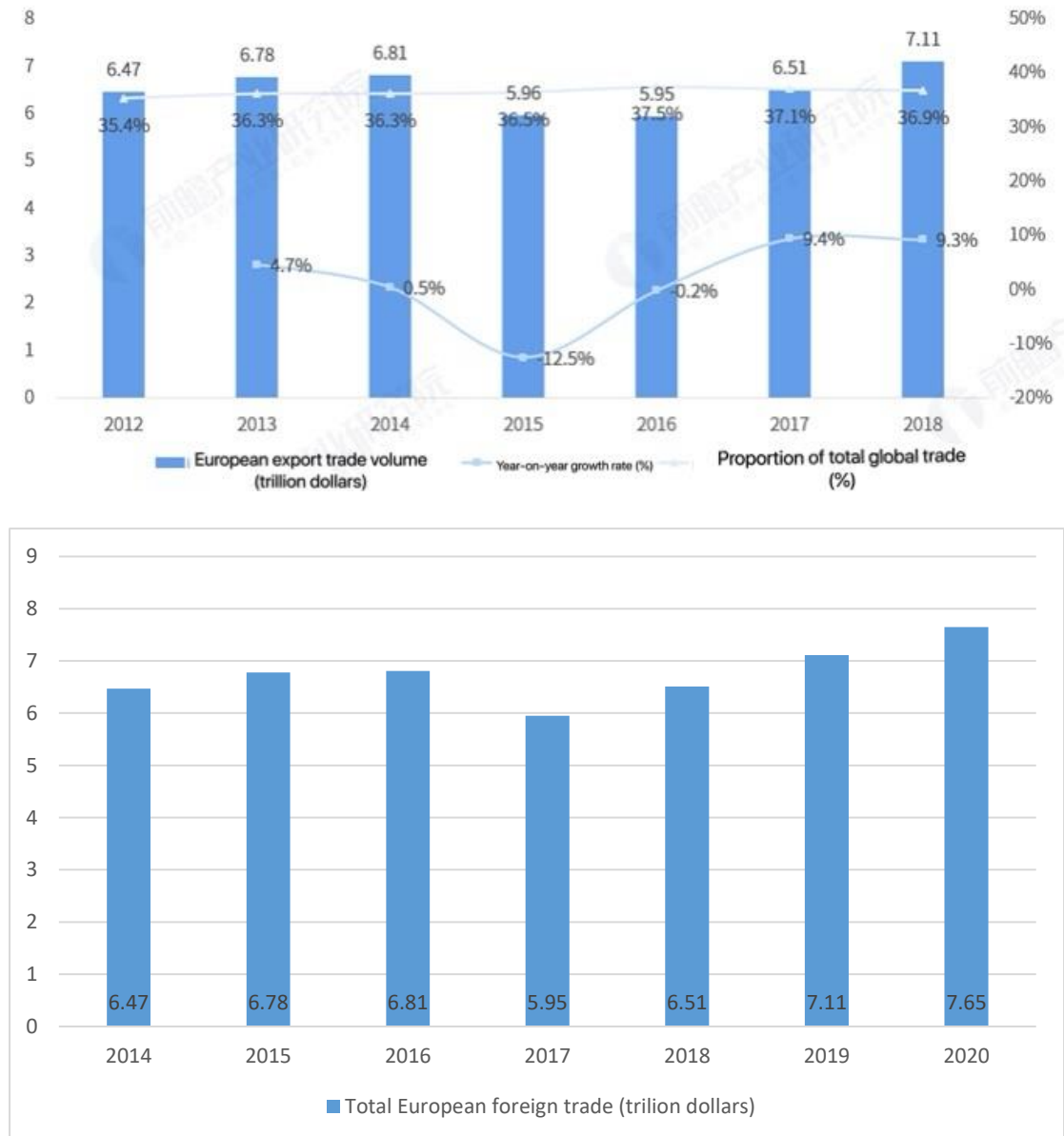
Figure 1: European foreign trade volume and growth rate in 2020



Source: WTO Industry Research Institute

In 2020 Europe's export trade volume accounted for 37.1% of global exports trade. In 2012-2018, Europe's export trade volume fluctuations in growth increased the proportion of the total share of global exports from 35.4% to 37.1%, reaching \$7.11 trillion, a record high (see Figure 2).

Figure 2: European Export volume and growth rate from December to 2020



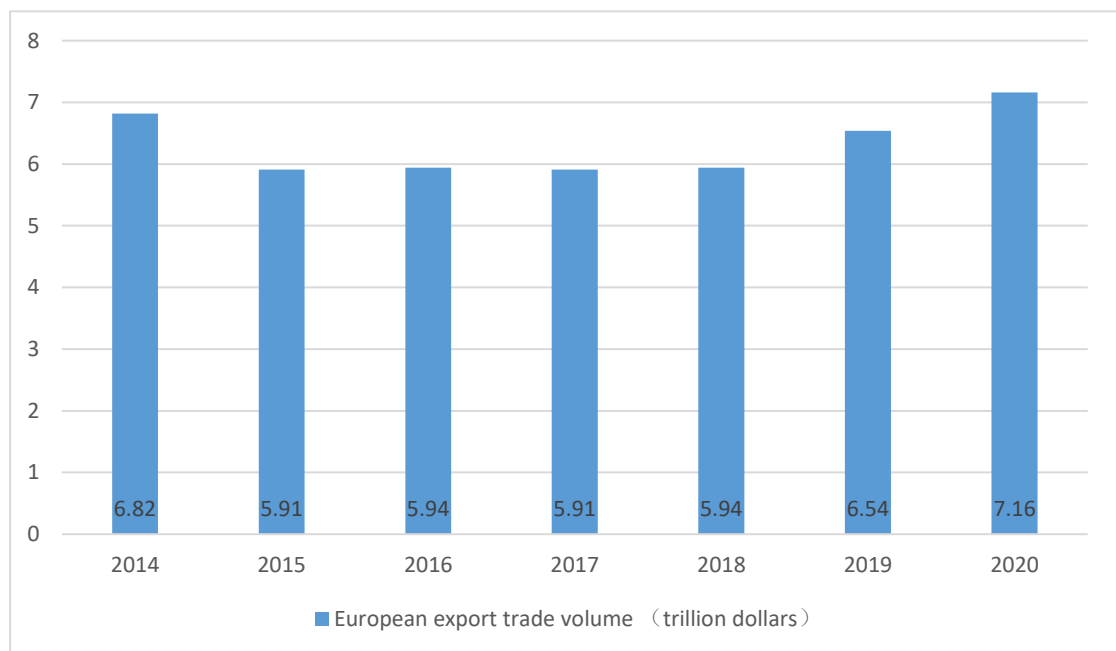
Source: WTO Industry Research Institute

In terms of imports, Europe's import volume fluctuated from 2014 to 2020, more than 35.5% of the world's total (see Figure 3). In 2018, Europe's import volume stood

at \$7.16 trillion, It grew by the same 9.5 percent, accounting for 36.2 percent of global imports.

Within Europe, Germany's foreign trade volume ranks the first in 2020. Economies as a whole and represented by the European Union countries are more developed, the national foreign trade openness is high at present, foreign trade mainly European countries including Germany, the Netherlands, Russia, Britain, France, Italy, Switzerland, Spain, Belgium, Poland, the Czech republic, Hungary, Ireland, Sweden, Denmark, Ukraine, Finland, etc. (see Figure 4).

Figure 3: European foreign trade volume and growth rate in 2020



Source: WTO Industry Research Institute

In 2020, trade between China and European countries, China and Germany took the lead in trade, as high as 199.66 billion US dollars, it is much higher than other countries. In addition, this trend shows that the trade volume between China and major foreign trading countries in Europe has been on the rise in 2020. Meanwhile, the

financial trade between China and Russia, Czech Republic and Ukraine also increased rapidly, with an average growth rate of more than 20%.

Figure 4: Total foreign trade volume and growth rate of major European countries in 2020.



Source: Eurostat, customs and other industry institutes

Figure 5: Bilateral trade volume and growth rate between China and major European countries in 2020



Source: Eurostat, customs and other industry institutes

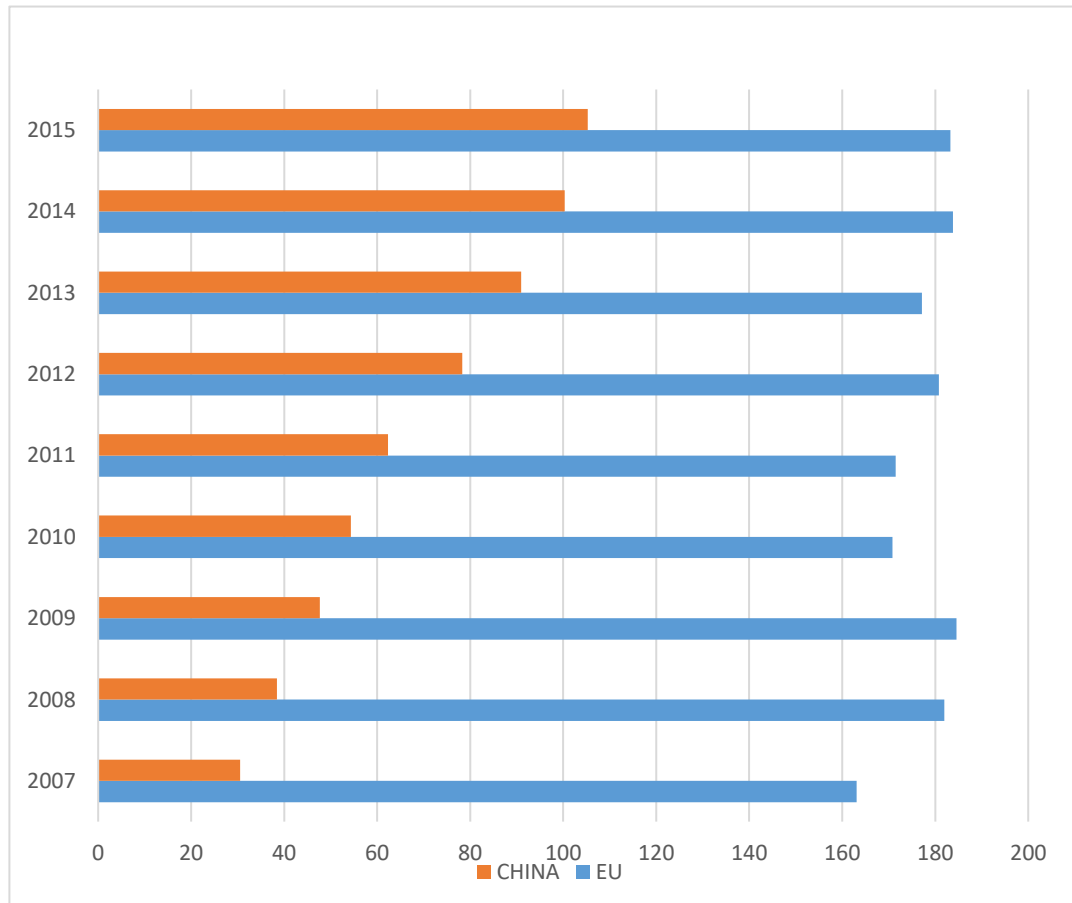
Chinese mechatronics trade also has advantages in the European market, the demand must be different, each is not the same, resulting in the structure of imported products in the main foreign trading countries in Europe, the country from the global and from China imports the product structure of the difference, no five categories of imported products are completely consistent. Longitudinal, mechanical and electrical products are one of the top five categories of imports from China by major European countries, followed by base metals and products.

2.1 Changes in economic power in China and Europe

The most obvious sign of the changing forces in China and Europe is the shift in development forces and the narrowing of the gap. The EU used to exceed China's GDP. However, the economic growth has continued at a high speed, the gap between the two sides is narrowing. After 2008, the impact of the global financial crisis on China was relatively small, while the European Union was impacted by the financial debt crisis. The economic gap between the two countries has narrowed further. The beginning of 2009 and the euro area's financial debt crisis, and China's emergence as the world's second largest economy in 2011, accelerated and amplified the shift in the balance

between China and the EU. In 2008, before the outbreak of the Eurozone debt crisis, the EU's GDP was 19.029 trillion US dollars.

Figure 6: Comparison of GDP between China and EU from 2007 to 2015 (dollar billion)



Source: Eurostat

In 2009, the initial outbreak of the crisis, it dropped sharply to 17.021 trillion US dollars. In 2015, after the debt crisis gradually subsided and the recession came out, it was 16.229 trillion US dollars (excluding the UK). China's the total amount of financial over the same period was \$4.558 trillion, \$5.059 trillion and \$10.866 trillion, respectively. The GDP ratio of China's and Europe's dropped form 24:100 in 2008 to

30:100 in 2009 and 67:100 in 2015. During the same period, in 2013, China surpassed the United States for the first time to become the world's largest trader of goods, with a share second only to that of the European Union as a trading block. In 2014, the share of China's total exports and imports in world trade rose to 12.33% and 10.3% respectively, further narrowing the gap between China and the EU, which were 15.0% and 14.7% respectively. Although the above is just according to the analysis of economy, there is a lack of comparison in the quality of growth, energy consumption and growth sustainability, which is limited to the relatively short period since 2008. The most immediate impact of the change in the balance of economic power is that Competition for financial cooperation between the two sides is likely to intensify, but so will the demand for closer cooperation in the field of global economic governance.(Xing Hua ,2010)

2.2 China-EU trade cooperation covers a wide range of areas

Further development and strengthening of bilateral cooperation in finance, science and technology, culture and other fields have been promoted over time and formed a positive momentum of interaction. China-EU exchanges in science, education and other fields have gone through a process of gradual improvement from less to more. The most important types of trading products between China and Europe include machinery, transportation, food and raw materials. At present, China has become the EU's second largest trading partner, while the EU is China's largest trading partner. Among them, Italy is China's third largest trading partner in Europe. Even Europe is still in a trade deficit with China, but China has brought considerable gains in services and investment. In the long run, the overall export volume of Europe is increasing, and the future balance of payments trend will also develop in a balanced direction (Avery, 2019). In the fields of humanities and social sciences, the research departments of the Chinese Academy of Social Sciences have a sound foundation for exchanges and

cooperation with the EU and its related institutions. The two sides completed the "China-EU Higher Education Cooperation Project". In recent years, the Chinese government and the European Commission have signed a series of treaties of friendship and cooperation, which designate the Chinese Academy of Social Sciences as an administrative organ of the People's Republic of China. The Chinese Academy of Social Sciences has reached more than 30 cooperation and exchange agreements with relevant research departments of the European Union and other countries and established the European Association in China. Over the decades, trade relations have grown steadily and promoted exchanges in various fields. With the deepening of economic and trade cooperation, the areas of cooperation between the two sides will also change.

2.3 After the financial crisis, China-EU trade relations gradually warmed

On January 21, 2010, the European Commission released its survey results, indicating that the consumer confidence index of the European Union and the Euro area improved in January 2010, indicating that consumption, an important engine of economic growth, was expected to pick up. Although the European economy was not going to be able to fully recover from the financial crisis in the short term, we can see that in the post-crisis period, with the continuous recovery of the economy, Bilateral financial cooperation has been improved. In the first quarter of 2010, trade reached US \$101.47 billion, up 35.1% year on year, including a 31% increase in exports. Trade frictions between China and Europe eased to some extent. In January 2009, Premier Wen Jiabao paid an official visit to the EU headquarters. In April of the same year, President Hu Jintao attended the Second G20 Financial Summit in London and delivered an important speech. On May 13, Chairman Wu Bangguo paid a friendly visit to Russia, Austria and Italy. In January 2010, Vice Premier Li Keqiang gave a positive answer to the question of overseas exchange rate at the Davos Dialogue with

prominent entrepreneurs, he said China is committed to maintaining the stability and progress of its financial exchange rate.

The structural changes in China-EU relations will have an important impact on the relations between the two regions of Asia and Europe. China's initiative to jointly build the "One Belt and One Road" will offer new opportunities and broader space for cooperation between China and Europe. There is no doubt that China-Europe cooperation will provide impetus for cooperation under the "One Belt and One Road" framework "by expanding interests overlap each other (Xing, 2010), China and the EU should create regional cooperation, further enrich and expand the connotation of china-EU relations strategy", this will be the China-EU relationship with the rich connotation of structural changes in the real path on the level of Asia-Europe cooperation. Not only can strong cooperation effectively restrain the uncertainty of each region, but it can better avoid negative effects due to competition.

3. Trade between China and the EU

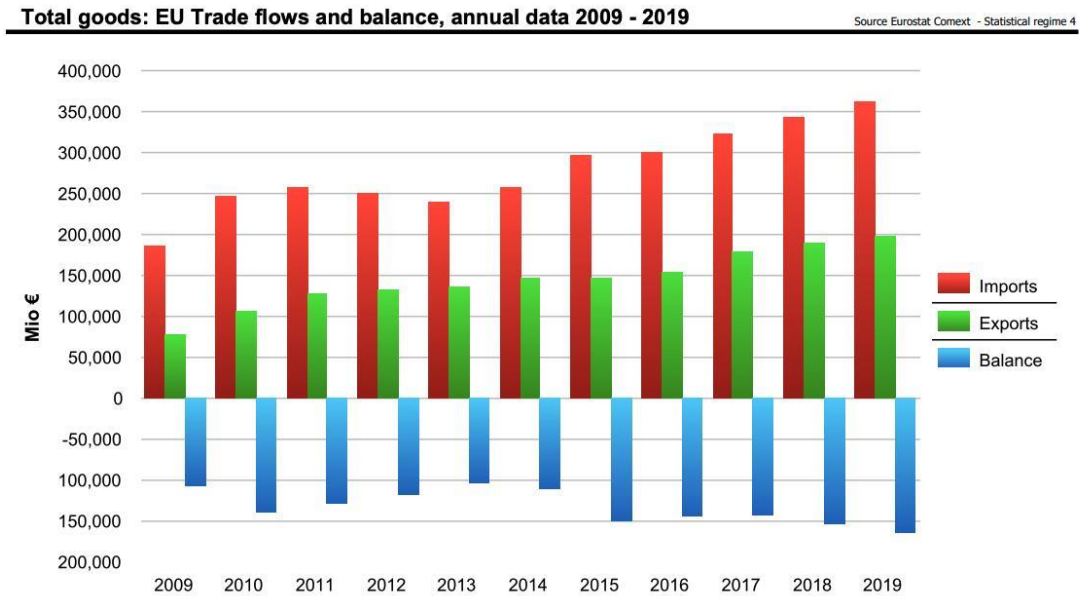
Both are important trade pillars and major players in international relations. The structural changes in our relations will have far-reaching and far-reaching implications at the bilateral, regional and global levels. The structural changes in China-EU relations will also affect the development prospects of China's relations with the West and a multi-polar world. (Viet H. Nguyen, Jiao Wang ,2019)Based on the principle of equality, friendship and win-win cooperation, the structural changes in China-EU relations will help Europe rebuild its partnership and broaden its horizons. The Chinese practice of the policy objectives of the construction of global partnership network, objectively may contribute to the development of world political multi-polarization.

3.1 Bilateral cooperative relations between China and Europe have been developing steadily

Trade between China and Europe has developed by leaps and bounds on the previous basis, doubling every three years or so. According to the statistics of Chinese customs authorities, from 2004 to 2007, China's import and export to the EU grew at an average annual rate of over 27%, making the EU the largest trading partner of China. In 2007, two-way imports and exports totaled nearly US \$356.15 billion, that's up 27.5 percent from this time last year. Exports reached \$245.2 billion, up 29.2 percent. Imports reached US \$110.96 billion, an increase of nearly 22.5 percent. The EU's share of China's trade rose to 16 percent, accounting for nearly 20 percent of total exports.

In 2009, the value of trade between China and Europe reached US \$425.58 billion, an increase of 19.5%, surpassing the trade volume between China and the US and much higher than that between China and Japan. The data from 2009 to 2019 are generally stable, although there are fluctuations, but the gap is not large. It shows that the relationship between the two sides is developing steadily.

Figure 7: Total value and growth of Imports and exports of Goods between China and Europe from 2009 to 2019



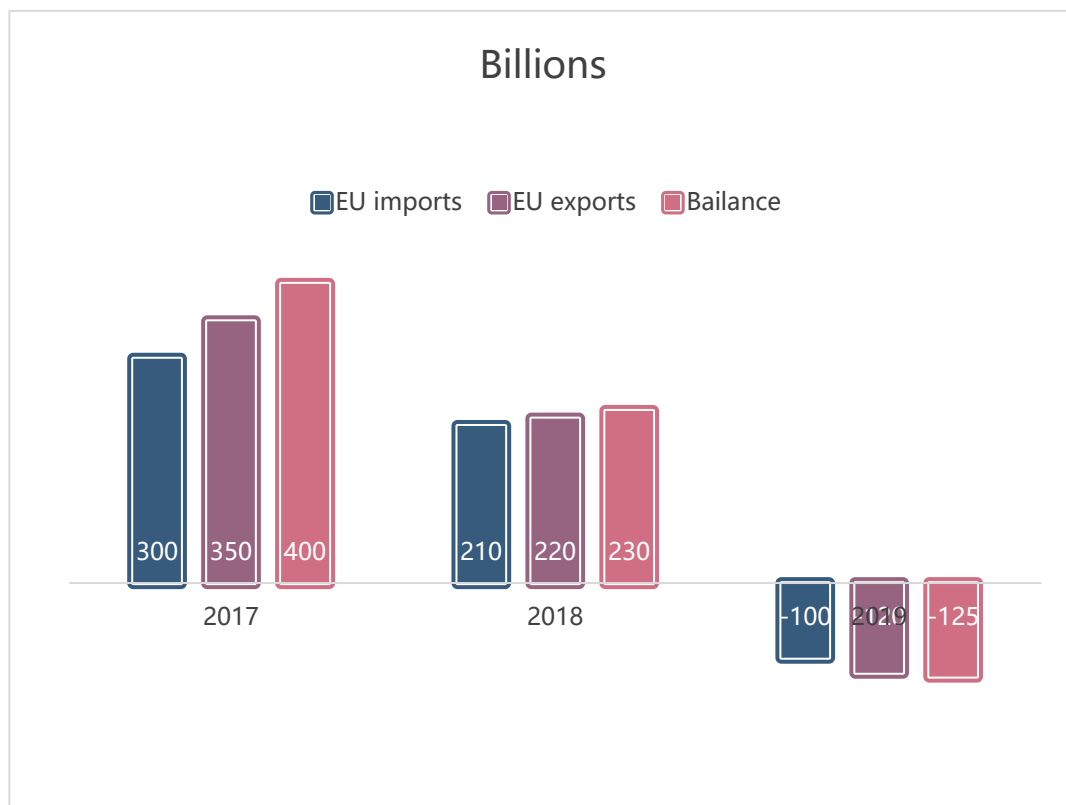
Source: Eurostat

3.2 China-EU direct investment cooperation has been fruitful.

The EU's traditional strengths are its strong economic system, advanced mechanical technology and capital base strength, as well as its position on the world economic stage. For all countries in the world, attracting foreign direct investment (FDI) plays a decisive role, and China is no exception. Over the years, EU direct investment in China has played a huge role in China's reform, opening up and rapid economic development. China is the EU's largest source of imports and second largest export market. The average daily trade volume between China and Europe exceeds 1 billion Euros. Trade in services between China and Europe accounts for more than 10% of the total trade in goods, and the EU's service exports account for 19% of the EU's total

export of goods. According to the statistics agency of the European Union, more than 20 EU countries invested US \$6.9 billion in China in 2014, an increase of 31.98 percent over 2012. During the same period (Wen, 2015), China's investment in the EU reached US \$9.85 billion, a 52-fold increase over 10 years ago. The EU is by far the fourth largest source of cumulative FDI to China.

Figure 8: China and Europe: Trade in goods



Source: European Bureau of Statistics

So far, China's economic development is progressing. As the Chinese government vigorously promotes the "going global" approach, large and medium-sized Chinese companies such as Huawei, Zte or Haier, both state-owned and private, which have

begun to invest in more than 20 countries in the EU , and make China's direct investment in the past two years for EU countries seen explosive growth.

4. Salient features of China-EU economic and trade cooperation

4.1 Bilateral trade presents asymmetry

Looking at the growth rate of bilateral trade, for the past decade, China's exports to the EU have been growing faster than similar global measures. especially for most of the years since China joined the World Trade Organisation. In contrast, Over the same period, compared with the world import growth rate, the growth rate of China's import from the EU is far from the same (Zhang, 2011). It can be seen that part of the cooperation between the two countries is highly asymmetrical. In terms of these two market shares, the EU accounts for about 20 percent of China's total exports, while China accounts for about 8 percent of the EU's total exports. From the perspective of the geographical distribution of the partnership, the distribution of trade is still mainly concentrated in a handful of member states of the European Union, especially in Germany, France, the UK, the Netherlands, Italy and other five countries. Trade with the first five countries accounts for more than 70 percent of all bilateral trade between China and Europe. Among all EU countries, China's largest trade partner is Germany, accounting for nearly 30% of the total, which is the largest among EU countries. Most of the trade areas between the two sides are concentrated in the prosperous coastal areas of China.

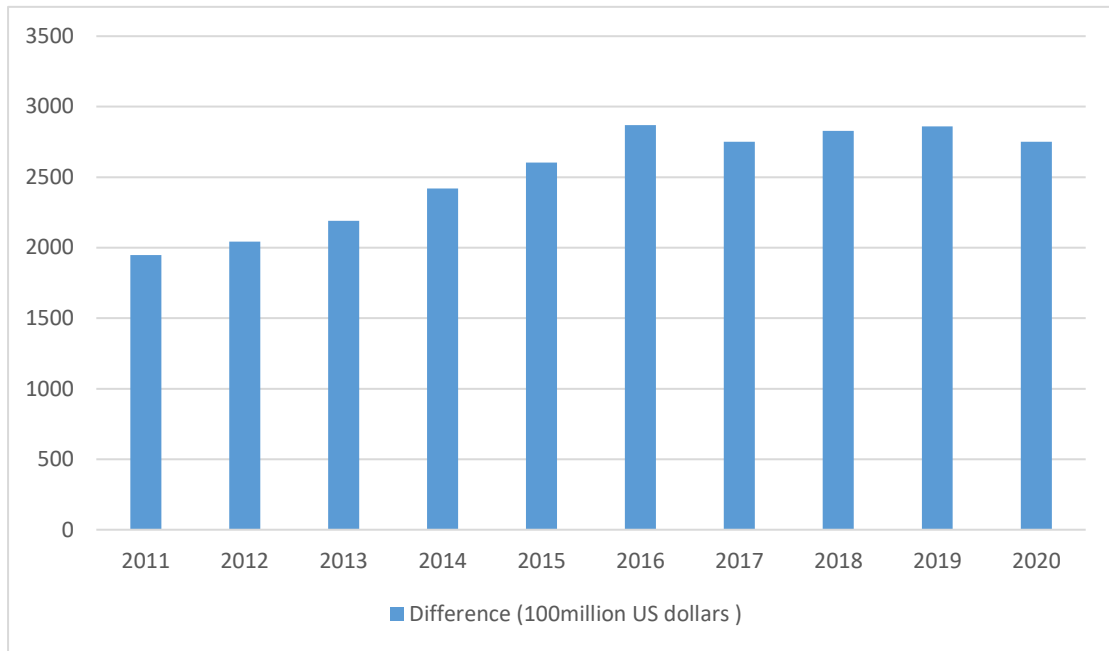
5. Major problems in current China-EU economic and trade relations

5.1. The trade imbalance between China and the EU cannot be ignored

China and the EU have established friendly relations for more than a decade. According to the statistics of Chinese authorities, the EU has maintained a surplus (us \$42 million) with China until 1996. It was not until 1997 that China's trade balance with the EU turned from its previous balance with China into a surplus. Since 2002, China's surplus with the EU has been increasing at an accelerating pace. According to the statistics of Chinese customs, in 2005, the trade surplus between the two sides was US \$70.1 billion, accounting for 32.3 percent of the trade surplus, a comparative increase of 89%. From 2006 to 2007, the trade surplus between China and Europe increased sharply (Hu, 2012), reaching about us \$80.5 billion and US \$101.4 billion respectively. Analysis of the trade imbalance between China and the EU shows that the main reasons are the international competitiveness of China's in textile and other industrial products, and the process of investment of the EU in Chinese companies.

According to the European Union's statistics agency, the trade deficit with China increased more than 33 times in 17 years. Even considering the differences between the two sides, China's trade surplus stood at \$118.95 billion in 2018. The huge trade imbalance has greatly inflamed the EU's already sensitive nerves. China is also aware of the serious impact of this issue on the negative impact on bilateral economic and trade relations and is actively seeking appropriate measures.

Figure 9: Import and Export, China and EU, 2011- 2020 (US \$100 million)

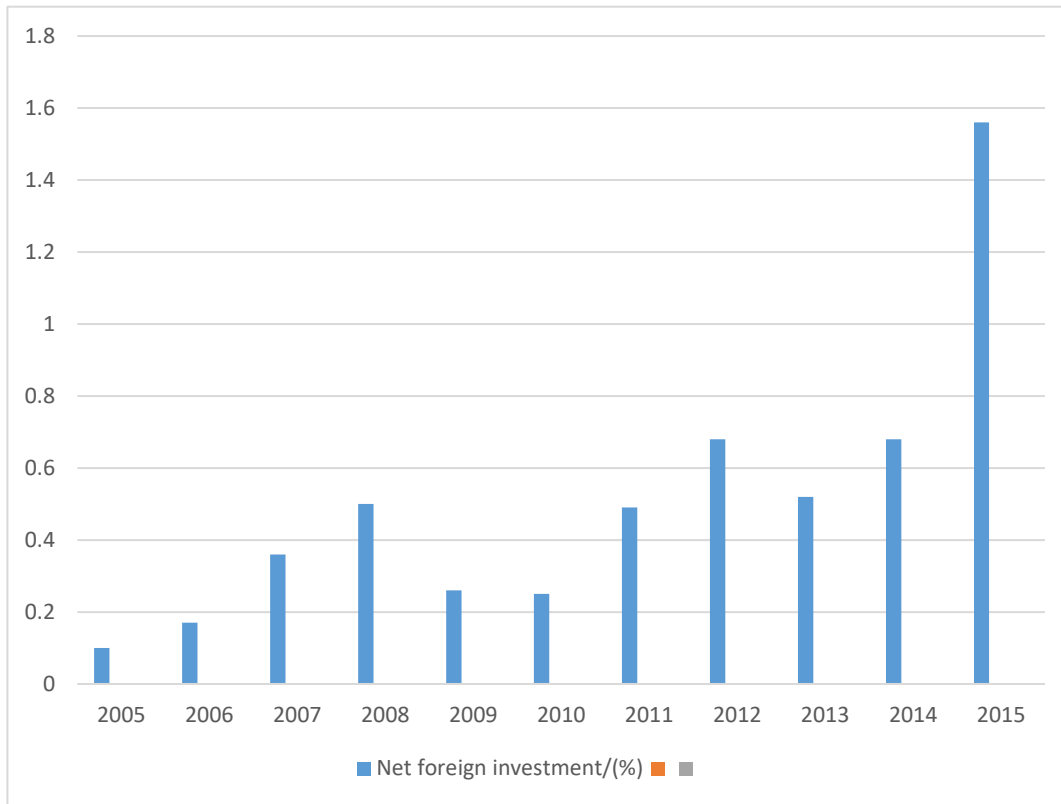


Source: Eurostat

5.2. Bilateral investment has grown rapidly, but the overall scale remains small.

First, EU investment in China have grown rapidly. In addition to the single annual decline in EU's annual investment in China in 2006 and 2010, in the ten years from 2011 to 2020, total investment increased from \$5.2 billion in 2006 to \$6.9 billion in 2020, a 32 percent increase. Because of this crisis, the amount of investment reached a low of \$2.29 billion in 2010, showing a sharp and temporary decline. In terms of individual countries, Germany, the UK, France, Italy and Switzerland are among the major EU countries investing in China.

Figure 10: 2005 ~ 2015 China's net foreign investment / (%)



Source: China's macro data

Second, the scale and pace of outbound investment accelerated. EU imports to China are mainly industrial and consumer goods, machinery and equipment, footwear and clothing, while exports to China are mainly machinery and equipment, automobiles, aircraft and chemical products. In 2005, China had only \$185 million and was just beginning to do so. In 2019, China's outbound investment (in Europe) increased 52-fold to \$9.85 billion. In 2019, China made a historic breakthrough in outbound investment, surpassing that of the EU. In 2018, the two sides exchanged preliminary views on market access and discriminatory measures. In 2020, the two sides held multiple meetings and dialogues, identified progress on the level playing field rules, made progress in many areas, identified outstanding issues, highlighted the need for

progress on the commitments made at the 2019 China-EU Summit, and allowed for rapid growth in outbound investment(European Commission ,2021).

5.3. Issues concerning market access between the two sides.

Over the past few years to see, especially the expansion in the east, these two issues have attracted the attention of the EU. (Li ,2012) suggests that the Chinese government take more responsibilities, strengthen international intellectual property protection, remove market access barriers as soon as possible, we should give fair treatment to EU companies and remove obstacles to the development of bilateral cooperation. Over the years, the EU' s international trade balance (i.e., trade deficit) with China has increased significantly. For example, China's economic, trade and electronic markets have not been fully opened to EU companies, and EU enterprises have encountered obstacles such as high capital requirements and complex approval procedures (Li, 2012). Beijing has imposed restrictions on investment by EU companies in manufacturing sectors such as cars, petrochemicals and steel. The Chinese government has failed to open up government procurement and so on.

After China became a member of the WTO, although the degree of opening up of China's overseas market has been greatly increased, the enterprises of the EU have also benefited a lot from the opening up of the Chinese market, which has promoted the relationship between the two sides. But as the industries of some EU member states have grown rapidly in China, as well as the impact of EU member states unbalanced economic development, to continue to explore potential space is not large in area, and multilateral trade liberalization progress slowly, under the joint action of the importance of the world market for the European Union is more and more big, the dynamic Chinese market will naturally become a battleground of the European Union (Taylor, 2007).

6.Trade between China and the EU under the epidemic

The Covid-19 outbreak has had a significant negative impact on economies around the world, but the impact is particularly serious for Europe, which is highly dependent on trade and service industries for economic structural imbalances. The overall Euro zone economy will decline by 7.5%. Eurostat predicted that the Eurozone fiscal deficit would reach 8.5% during 2020. From the industry perspective, the entertainment industry, hotel industry, tourism industry and aviation industry will be the most impacted, and related automobile pillar industries will also be affected.

In the first half of 2020, China's trade with European agricultural products has increased substantially, and imports have increased more than exports. According to China Customs data, From January to June 2020, bilateral trade cooperation in agricultural products reached US \$14.39 billion, that's up 12.8 percent from this time. In the January-June period of 2020, it accounted for 12.3 percent of China's agricultural trade volume. Among them, China's overseas export of agricultural products to the EU reached US \$3.83 billion, down 14.9% year on year, accounting for 10.8% of the total agricultural export funds; imports of agricultural products from the EU were 10.56 billion US dollars, that compares with a 27.8 percent increase in the same year, accounting for 13 percent of all agricultural imports.

From a country perspective, China's trade partners are mostly countries with a relatively high degree of agricultural modernization in the EU, while the trade share of Central and Eastern European countries is relatively small. In the first half of 2020, within the EU, the top five export markets for Chinese agricultural products are Germany, the Netherlands, Spain, Italy and France, accounting for 24.5%, 21.6%, 15.3%, 6.6% and 6.4% of my country's agricultural exports to Europe, respectively. ; The top five sources of imports from the EU are France, Germany, the Netherlands,

Spain and Denmark, accounting for 19.3%, 18.3%, 18%, 16.4% and 10.4% of China's agricultural imports from Europe.

In terms of products, the types of bilateral agricultural trade are diversified. In the first half of 2020, the top five agricultural products exported by China to the EU are fish, vegetable, fruits, nuts and edible, oil, seeds. The total export value is US\$1.68 billion, accounting for 43.8% of the export value of agricultural products to Europe; the top five agricultural products are pig products, dairy products, alcohol and wine, wheat products and hemp, with a total import value of 8.28 billion (US dollars), accounting for 78.5% of the import value of agricultural products from Europe.

Figure 11: Major Agricultural products trade between China and the EU in 2020

| Export commodities | Exports | Accounted for | Imported goods | Imports | Accounted for |
|--------------------|---------|---------------|---------------------|---------|---------------|
| Fish | 6.3 | 16.4% | Pig products | 44.1 | 41.8% |
| Vegetables | 5.5 | 14.4% | Dairy products | 23.4 | 22.2% |
| Fruit | 2.2 | 5.7% | Alcohol and alcohol | 9.2 | 8.7% |
| Nuts | 1.7 | 4.4% | Wheat products | 3.3 | 3.1% |
| Edible oilseeds | 1.1 | 2.9% | Bast fibre plants | 2.8 | 2.7% |

Source: China Customs

Before the outbreak of Coronavirus, the EU had been China's largest cooperative partner for 16 years in a row, and bilateral trade accounted for more than 33% of world trade. If the degree of trade liberalization between China and Europe is further enhanced, it will inject a booster for the development of the world economy. The two sides should cooperate closely on the Second World Economic Forum and promote the Second World Economic Forum so as to play a role in promoting world economic development. Despite the epidemic situation, the China-Europe freight train has continued to operate steadily, becoming an important transport corridor connecting countries on the Eurasian continent and an important vehicle for mutual assistance and cooperation between China and Europe. As of May of this year, the total number of trains operated by China-Europe trains was 1,033, breaking through 1,000 for the first time, sending 93,000 TEUs of goods, and the number of trains and shipments in a single month reached a record high. The “Belt and Road” initiative can still maintain great vitality in the crisis, provide support for global economic development, and demonstrate the important value of enhancing the connectivity between Asia and Europe.

7.The impact of the Belt and Road Initiative on china-eu trade relations

Against the backdrop of increasing uncertainties in the world economy, a stable China-Eu economic and trade relationship is all the more important, especially since China and the EU have established diplomatic ties 45 years ago and the comprehensive strategic partnership is maturing and becoming stable. Europe's perception of the Belt and Road Initiative is becoming more rational. (Wang Yuexiao,2020) More and more EU countries are responding to the Belt and Road Initiative, from Hungary, the Czech Republic and other central and Eastern European countries to Greece, Portugal, Luxembourg and other southwest European countries. China-eu bilateral trade is continuously expanding, making the "area" construction in Europe have shifted from infrastructure unicom to "trade is the basic condition of" higher stage, by building more complementary bilateral trade system in order to attract more European countries joined the timing of the "area" has gradually mature, but considering the eu development difference is bigger, the import and export commodity structure is different also, The policy thinking aimed at improving "unimpeded trade" with EU countries needs to take these differences into account, and promote the expansion of the BELT and Road in Europe by building "complementary economic and trade relations".

Bilateral trade is an important part of each other's foreign trade. China is the second largest goods exporter and largest goods importer of the EU. (Wang Yuexiao,2020) In 2018, the EU exported 209.9 billion euros of goods to China, accounting for nearly 10.7% of its total exports, while the EU imported 394.7 billion euros of goods from China, accounting for 19.9% of its total imports. China is also the third largest eu country in foreign trade in services with a stable surplus. In 2017, the total trade in services between China and the EU accounted for 7.63% of the EU's total trade in services. The EU's exports and imports in services to China were 47 billion euros and 31 billion euros respectively, accounting for 8.12% of the EU's total exports

in services and 6.99% of its total imports. For China, as of November 2019, the EU was the largest source of China's trade in goods with a cumulative value of us \$639.33 billion. In terms of trade growth, apart from ASEAN countries, the EU is one of the major sources of China's foreign trade growth, with a year-on-year increase of 3.1 percent in 2018. Compared with 2010, China's imports of agricultural products, dairy products, jewelry and tourism services to the EU have increased significantly, while the share of electronic and communication products exported to the EU has gradually increased (Xiao Yiming,2020) .

China-eu trade has not only effectively boosted the economic growth of EU member states, but also helped meet the expanding domestic consumer market in China. The contribution of trade to EU economic growth continued to increase, from 60.63% in 1998 to 86.62% in 2019 (source: World Bank). With the gradual transition to high-quality economic development, China is shifting to an economic model driven by domestic demand, and the domestic consumer market is gradually maturing. As a result, the contribution of international trade to economic growth is gradually decreasing, and the contribution of domestic inter-regional trade and consumption to GDP continues to increase. In 2019, international trade accounted for about 18% of China's GDP, while the added value of domestic inter-regional trade reached 11.7 trillion yuan, accounting for about 13% of China's GDP, creating 192 million jobs. On the other hand, the increase in China's per capita income and industrial upgrading have also increased the domestic demand for high-quality consumer products. The proportion of imports in health products such as medicine and high-tech medical equipment has gradually increased. In 2015 and 2020, the proportion of imports in GDP increased significantly. These medicines and precision control instruments are the main products of the EU's

foreign trade. Therefore, in general, the development of bilateral trade between China and the EU can not only strongly support the economic prosperity of EU member states, but also further meet the growing demand of China's domestic consumer market.

"Area" the challenge for the European expansion, due to the development difference, European countries to participate in the "area", the bilateral trade and investment demand have differentiation, among them the eu as a unified open economies (Xiao Yiming,2020) , "area" expansion in Europe is the main object, but due to the complex relationship within the eu member states the need for "area", Further constraining the growth potential of trade and investment.

First, the EU has divergent needs for participating in the Belt and Road initiative. The eu member states have two different attitudes towards participating in the belt and Road Initiative, which in fact reflects the sensitive relations among the EU member states. Economically underdeveloped member states are more enthusiastic about participating in the "Belt and Road" initiative. "Infrastructure connectivity" improves the carrying capacity of important railway and port facilities and other infrastructure of participating countries, increasing their foreign trade advantages, and forming competitive pressure for the former trade advantages of eu countries (Xiao Yiming,2020) . In order to maintain existing competitive advantages, economically developed member states such as France and Germany have unified their external discourse power at the EU level, and have always been cautious about participating in the belt and Road Initiative.

Second, there is also a divergence in the size of China-Eu bilateral trade within the EU. At present, the bilateral trade between China and Germany is mostly concentrated in Germany, France, the UK and Belgium. In 2020alone, the total bilateral trade between China and Germany reached 246.18 billion euros, of which the trade in goods was nearly 169.18 billion euros, accounting for 28% of the eu's total imports and

exports. However, by the end of 2019, These EU member states with a large trade scale with China have not yet made clear which mode to join the "Belt and Road" initiative, but mainly seek to carry out third-party market cooperation with China and are still in the stage of "policy communication". On the other hand, Hungary, Poland, the Czech Republic, Spain and other countries that have responded positively to the Belt and Road Initiative have seen rapid growth in their trade with China in recent years, but their trade scale is still relatively small, and there are not many types of goods and services, and their trade potential has not been fully unleashed. In the long run, such trade imbalance among different eu countries is not conducive to the stable development of the Economic and trade relations under the Belt and Road Initiative.

Third, the eu also has a divided view of investment absorption. Due to the needs of their own economic development, less developed EU member states have a higher demand for investment, especially from China. In Portugal, for example, affected by the financial crisis of 2008, Portugal's credit rating downgrade assets, can't absorb enough investment within the eu, but since China and Portugal signed to build "area" memorandum of understanding, Chinese investment in Portugal is increased, by the end of 2018, has more than 9.5 billion euros, become China to invest in the fifth power. Germany and France, on the other hand, believe that the EU should hold uniform standards on fdi absorption and insist on the licensing review of investment from outside the EU. On April 10, 2019, the EU Foreign Investment Review Regulation officially came into force, requiring the review of investment and acquisition by foreign companies aiming at strategic technologies and infrastructure in Europe.

China and the EU have a sound foundation for building "complementary advantages" economic and trade relations Against the backdrop of increasing bilateral

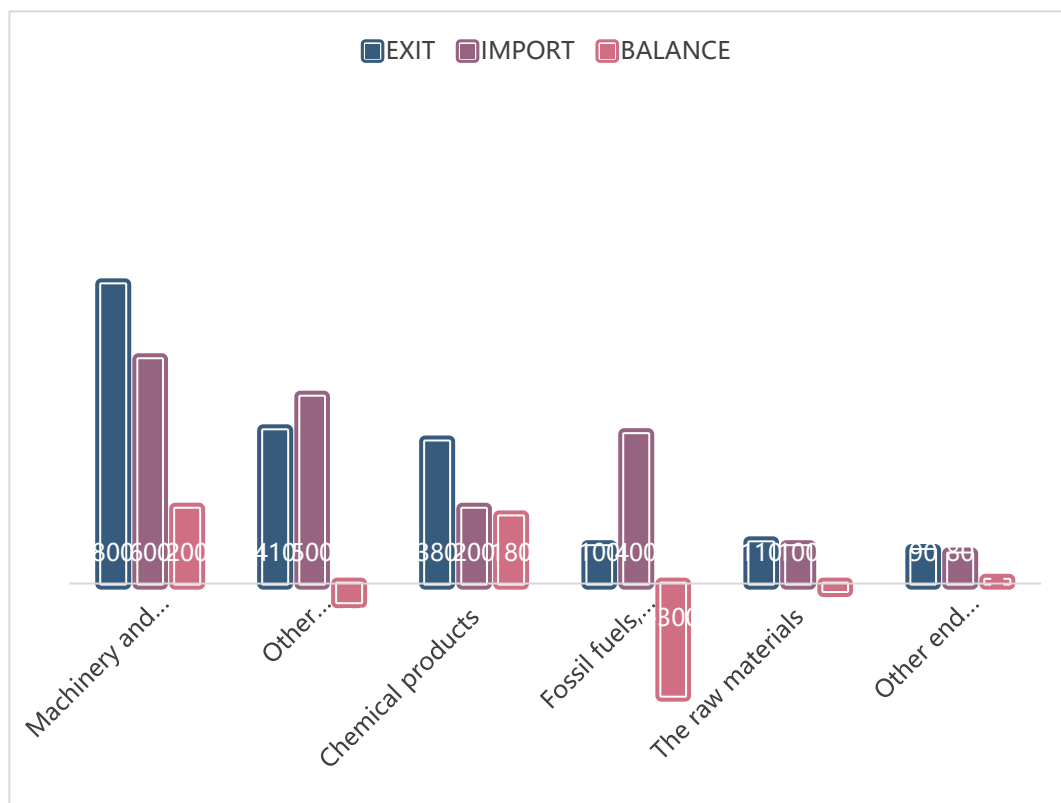
trade between China and the EU, conditions are ripe for EU member states to better participate in the Belt and Road Initiative by further expanding unimpeded trade.

Promoting complementary trade is conducive to the long-term and stable development of China-Eu economic and trade relations. For the EU, trade contributes a relatively high share to economic growth, but the current bilateral trade share between the EU and China is still mainly concentrated in Germany, France and the UK, while the Czech Republic, Hungary and other countries that import a lot of Chinese goods export a relatively small quantity of goods to China. In the long run, such trade imbalance is not conducive to the stable maintenance of the "Belt and Road" economic and trade relations between China and Europe. Different studies show that the current global trade structure is mainly determined by factor endowment and absolute technological difference, and the contribution share of relative technological difference is small. Whether it is the absolute advantage of labor productivity and production cost, or the comparative cost difference caused by the relative difference of technological level of different countries, the trade structure depends on the factors and industries with comparative advantage. The change of trade structure can also drive the change of relevant domestic industrial structure, and then affect the long-term growth of domestic economy. Regions with different comparative advantages choose different industrial chains, forming a global trading system in which product supply and demand complement each other. Therefore, enhancing trade complementarity is the key to ensuring the long-term and stable development of China-Eu trade and economic cooperation.

The EU enjoys strong export advantages in manufacturing industries such as automobiles, aircraft, precision instruments and medicine. The EU has a large import demand for petroleum and other secondary processing mineral fuel products. The EU imports a lot of electronic communication equipment and data processing equipment from China. The import and export volume of eu goods trade is the largest in machinery

and transportation equipment (such as automobile and aircraft manufacturing final goods), followed by chemical and pharmaceutical products, fossil fuels, etc. (This paper selects countries with import and export volume of related industries in EU of more than 1 billion euros. Source: Eurostat - author's note). The export of pharmaceutical products saw the fastest growth, rising from 5.6% of the total export in 2002 to 8.7% in 2020. Imports also increased by 1%. The US is the largest exporter of pharmaceutical products in the EU, and China's share of import and export is about 1/6 of that of the US. The US, Turkey, China and Mexico are the main exporters of steel to the EU, while Russia, China, Ukraine and South Korea are the main importers. Germany is the largest exporter of steel in the EU, while Italy and Belgium are major importers. For the automobile industry, the United States, China and Japan are the main automobile exporters of the EU, but they mainly import intermediate products such as auto parts from Japan, Turkey, South Korea and the United States. Germany and the United Kingdom are the main automobile exporters of the EU, and Belgium and other countries are the main automobile and parts importers of the EU. The EU mainly imports clothing, shoes and socks and other textiles from China, and then exports to other EU member states through Germany, Spain, France and the UK. In terms of bilateral trade between China and the EU, machinery and automobiles (12.4 billion US dollars) and aircraft and related equipment (13.1 billion US dollars) were the largest imports of Goods from China to the EU in 2020, followed by chemical products, food, medicines and measuring and precision instruments, which are mainly exports of the EU's major trade in goods. The most imported goods from The EU to China were telecom equipment such as mobile phones (\$65.4 billion), automatic data processing equipment (\$40.2 billion), electronic equipment (\$14.8 billion), electrical equipment (\$9.4 billion), furniture (\$11.5 billion) and household appliances (\$11.7 billion) \$100 million), textiles (\$10.5 billion) and footwear (\$9.6 billion).

Figure 12: Product mix of TRADE in goods in the EU in 2019 (BILLION euros)

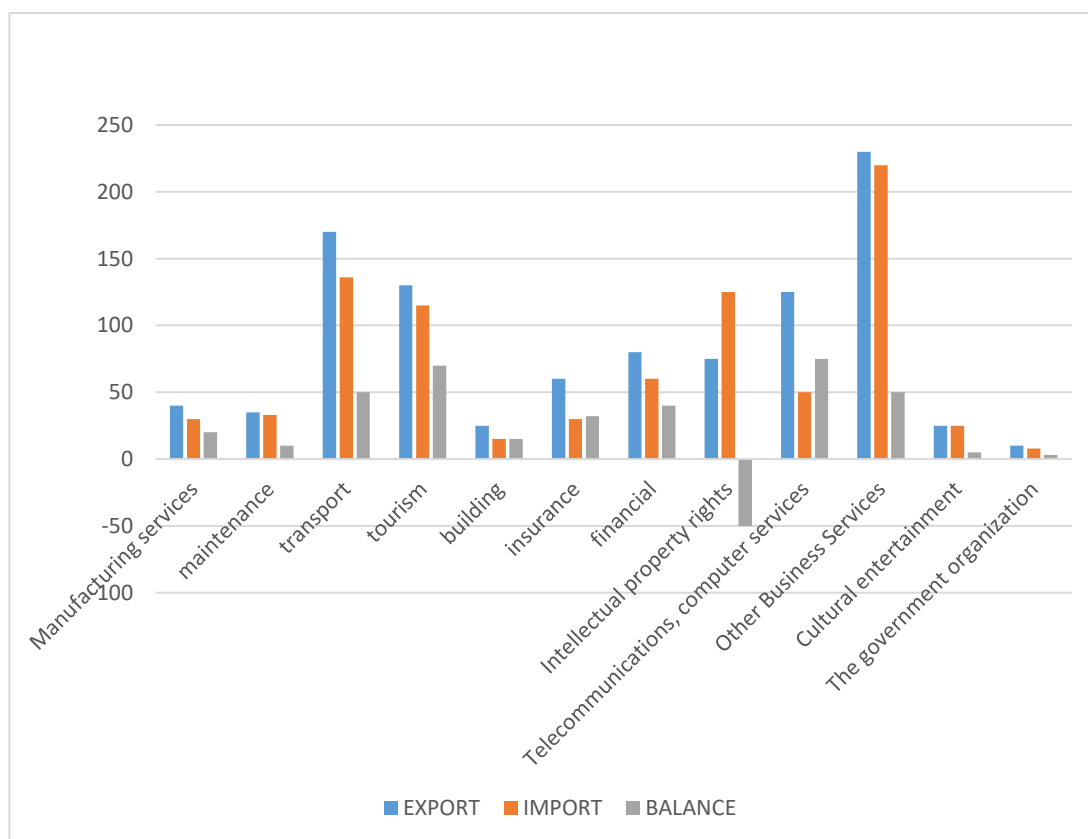


Source: Eurostat

The EU enjoys significant trade advantages in scientific research and technology, transport, finance and tourism, but has a large demand for services such as intellectual property rights. Currently, the EU is the world's largest importer and exporter of services, accounting for 29.7% of the eu's total trade in 2019. In terms of the eu's service trading countries, the MAIN trading partners are the US and Switzerland, and China is the eu's third service trading country with a significant surplus. In terms of trade in services, the trade in services was in surplus except for intellectual property services, which had a deficit of 41.1 billion euros in 2019, with telecommunications and computer services leading the way with a surplus of 81.9 billion euros in 2018. Scientific research and technical services as the main object of business services are the main category of eu import and export service trade. Since 2010, the scale of eu trade in business services has been increasing year by year, and exports are the main

part. In 2019, its exports accounted for 25.5% of the TOTAL EU trade in services exports, while its imports accounted for 29.2% of the total EU trade in services imports. Further breakdown, law, accounting and management consulting accounted for 21.8% of exports and 18.4% of imports of business service trade; R&d and intellectual property service exports accounted for 17.2% of business service exports and 23.5% of imports; Construction engineering design is mainly exported, accounting for 15.8% of commercial service exports. Transport is the second largest service trade in the EU, (Aquino A, 2020) accounting for 17.9% and 18.2% of the eu's total service trade in 2019 respectively. Sea transport accounted for nearly half of the eu's total service trade, followed by air transport, with road and rail transport accounting for a relatively small share. The third is tourism service. In 2018, eu tourism services accounted for 15% of the total trade in services, with the US, Switzerland and China as the main partners. In 2017, the three countries accounted for 19.1%, 13.0% and 7.7% of THE EU's tourism services exports respectively. (Aquino A, 2020) Compared with 2010, the SHARE of the United States decreased by nearly 2% and that of China increased by 4.1%. The fourth and fifth largest services trade in THE EU are computer and information technology services (mainly exported) and intellectual property services (mainly imported), while the rest of the services trade accounts for a relatively small proportion. In terms of the proportion of eu member states' foreign service trade, the UK, Germany and France are the main exporters of EU service trade, while Germany, Ireland and the UK are the main importers of EU service trade respectively. Judging from the bilateral trade in services between China and the EU, the EU has a significant trade surplus in services with China. In 2018, EU service exports to China accounted for 5.1% of the EU's total service exports to China, about one-fifth of that of the US. (Lancaster K, 2019) China's service trade accounted for 4.2% of its total imports, only one-eighth of that of the United States.

Figure 13: Product mix of TRADE in goods in the EU in 2020 (BILLION euros)



Source: Eurostat

The main products and services in China's foreign trade demand are energy and metal raw materials, agricultural products such as soybeans, manufacturing intermediates, pharmaceuticals and precision control instruments, textile products such as clothing, communication equipment and general industrial products. (Aquino A, 2020) As of September 2020, China's biggest import demand is energy and metal raw materials such as oil, natural gas and coal, and manufacturing intermediates such as power machinery parts, precision control instruments, oil crops and pharmaceutical

products. In terms of raw materials, the import and export of natural gas increased by more than 10 percent and the export of coal decreased by 18.4 percent, except petroleum products and raw materials remained stable. Imports and exports of metal ores grew steadily, imports of non-ferrous metals dropped 17.5 percent year on year, and imports of oil crops dropped 14.6 percent year on year. Imports from manufacturing intermediates, electrical and electrical components, primary plastics and scientific and precision control instruments are still in high demand. In addition, the demand for pharmaceutical imports grew at a high rate, up 19.6 percent year-on-year in September 2020. Among the top 10 industries with China's export surplus, manufacturing products, semi-finished goods and textile products are China's main export commodities, among which telecommunications and data processing equipment have the largest surplus, with a cumulative surplus of US \$24.11 billion in September 2020. The rest are office machinery and automatic data processing equipment, general machinery and parts, furniture and parts and furniture products; As of September 2020, the accumulated surplus was \$13.97 billion for apparel, \$8.46 billion for fiber, and \$3.43 billion for footwear. China's trade deficit in services has gradually widened. Transportation, tourism, intellectual property rights, architectural design, financial services are relatively large imports and exports, telecommunications information services and processing services have obvious export advantages. Generally speaking, China's service trade is dominated by imports. In 2019, China's trade in services totaled \$695.7 billion. Compared with 2015, China's trade deficit in services increased year by year, from \$79.7 billion in 2015 to \$239.5 billion in 2019. Trade in imported services grew from us \$281.3 billion in 2012 to US \$467.6 billion in 2015. The tourism services sector grew the fastest, with a deficit of \$216.1 billion in 2019. The proportion of general trade increased gradually. Processing services, maintenance services, construction, finance, telecommunication information services and business services were the main categories of service surplus, while business services accounted for the

largest proportion and the surplus increased significantly. In 2019, China's total imports and exports accounted for 15.01 percent of its total imports and exports, with a surplus of us \$18.6 billion, up from US \$860 million in 2015. It was followed by telecommunications and information services, with a surplus of \$18.6 billion in 2019, and transportation services, with a deficit of \$55.8 billion in 2019. Compared with 2015, the share of processing trade surplus in services declined gradually,

| Service category | 2019yers | | | | Change from 2015 | | | |
|----------------------------------|-------------------|---------|---------|-------------------------------------|-------------------|----------|-----------|---------------------------------------|
| | Import and export | EXI T | IMPOR T | Balance of trade (US \$100 million) | Import and export | EXI T | IMP ORT | Bala nce of trade (US \$100 millio n) |
| Process ing services | 2.63% | 7.94 % | 0.04% | 179 | - 2.73% | - 4.81 % | 0.01 % | 256 |
| Mainte nance and repair services | 1.18% | 2.59 % | 0.49% | 36 | 1.18% | 2.59 % | 0.49 % | 0.1 |
| transpo rt | 18.69% | 16.2 6% | 19.87% | -558 | - 7.16% | - 3.03 % | - 10.67 % | -470 |
| travel | 42.19% | 16.9 7% | 54.49% | -2161 | 10.71 % | - 7.84 % | - 18.23 % | -520 |
| buildin g | 4.67% | 10.5 2% | 1.84% | 154 | 1.38% | 4.47 % | 0.56 % | 86 |
| Insured Pension Service | 2.08% | 1.75 % | 2.22% | -64 | - 2.87% | 0.12 % | - 5.10 % | -173 |
| Financi al services | 0.76% | 1.62 % | 0.34% | 21 | - 0.03% | 0.68 % | - 0.33 % | 0 |

| | | | | | | | | |
|--|---------------|---------------|--------------|-------------|---------------|--------------|---------------|-------------|
| Intellectual property royalties | 4.79% | 2.10% | 6.12% | -238 | 0.89% | 1.61% | -0.18% | -167 |
| Telecommunications, computer and information services | 6.74% | 12.19% | 4.11% | 86 | 2.25% | 4.15% | 2.15% | 107 |
| Other Business Services | 15.01% | 26.69% | 9.17% | 186 | -4.34% | 1.66% | -5.90% | 86 |
| Personal culture and entertainment services | 0.50% | 0.35% | 0.52% | -20 | 0.36% | 0.30% | 0.39% | -5 |
| other | 0.76% | 0.75% | 0.79% | -18 | 0.33% | 0.25% | 0.39% | 0 |

Table: Development of China's service trade by industry category

dropping from us \$25.6 billion in 2012 to US \$17.9 billion.

1. Closer the space distance between China and the EU to facilitate trade

With the planning and implementation of the "One Belt and One Road" strategy, China-Europe freight trains have gradually entered a period of rapid development and normalization. As of August 1, 2015, there were 239 container trains bound for Europe from various parts of China. The opening of many "X New Europe" freight trains, such as Yuxinou, Zhengxinou, Yixinou, etc., will reduce the transportation cycle by at least

15 days compared with the traditional sea transportation. Among the products exported from China to Europe, mechanical and electrical products account for more than half. Among them, electronic communication and information products are small in size, high in value and short in supply cycle. Due to their low sensitivity to unit transportation costs, they can better meet the immediate market demand through china-Europe freight trains.

2. Strengthen china-eu infrastructure and financial cooperation

The five Central Asian countries, located in the middle of the Eurasian continent, are China's close neighbors and important partners in promoting the Belt and Road Initiative. However, the central Asian region is very weak in infrastructure construction, water and electricity supply, transportation and other infrastructure is aging, and the money is too poor to build. Both China and the EU have close trade ties with the five Central Asian countries. The EU is the second largest trading partner in Central Asia after China. Infrastructure connectivity in Central Asia needs to be improved urgently, which provides new opportunities for cooperation between China and the EU in the field of infrastructure construction. In March 2016, The President of the European Bank for Reconstruction and Development, Suma Chakrabarti, expressed the hope of cooperating with China to provide financial support for the implementation of the Belt and Road Initiative.(Zhang ,2020).

3.The Belt and Road Initiative has made Trade between China and the EU more interdependent

The EU is China's largest trading partner, while China is the EU's second largest. After the three synergies of the Belt and Road Initiative were reached, the proportion of bilateral trade between China and The EU in their respective foreign trade increased further, and the importance of china-eu trade in the eu trade is more prominent. According to Chinese customs data, in 2017, the bilateral turnover between China and

the EU was 6,169.2 billion US dollars, accounting for 15% of China's foreign trade in 2017, up from 13.4% in 2013. According to eurostat data, the trade volume between Europe and China was 573.02 billion euros in 2017, accounting for 15.3% of the eu's external trade, which increased by nearly 3 percentage points compared with 2013.

4.The Belt and Road initiative has led to rapid development of china-eu trade in services

According to the OFCD database, the import and export volume of china-eu service trade in 2016 was us \$75.09 billion, up 29.7% from 2012. Among them, China exported us \$32.69 billion in services to the EU and imported US \$42.4 billion in services from the EU. From 2012 to 2016, The average annual growth rate of China's service exports and imports to the EU was 66% and 6.9%, respectively, higher than the growth rate of goods imports and exports between China and the EU in the same period. The EU has a surplus in service trade with China. At present, China's service trade exports to the EU and China's service trade imports from the EU account for another 3.9% and 4.5% of the eu's external service trade imports and exports, while the eu's largest service trade partner, the US, accounts for 30.2% and 27.2% of the EU's total service trade imports and exports, respectively. Switzerland ranked second with 13.7% and 14.2%, respectively. Compared with the eu's top two service trade partners, China's service trade with the EU has a large growth potential.

5.The Belt and Road initiative has led to rapid development of china-eu trade in services

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8. Analysis of the future development of bilateral trade cooperation

China and the EU are the world's largest trading economies for developing countries. Under such a special background, the development of bilateral cooperation has become the focus of world attention. The economic development of China-Europe cooperation is mainly influenced by two factors: first, the growth of bilateral trade, capital strength and mutual help; the second aspect is the political and policy support of both sides. These two factors are necessary conditions for the development of bilateral economic and trade cooperation. Therefore, it can be seen that future development prospects of both sides are generally positive.

First, the growth of economic interests and mutual needs is the key to further progress of the bilateral relationship. State-to-state relations, fundamentally speaking, without the support of clear and tangible common interests, any bilateral relationship is fragile and difficult to maintain. China-EU relations are no exception. On the one hand, the trade products are highly complementary and serve as a bridge to promote cooperation and exchanges. In terms of economic and trade system, China's exports to the EU focus on textile crafts, footwear, bags, lamps, hardware tools, furniture and so on. The EU's major exports to China include electronics, cars, ships, which are highly complementary to each other. China's trade with the EU's top five trading partners accounts for 70 percent of its total trade with the EU. The complementary nature of trade makes both sides' internal markets hugely attractive.

Second, political and policy support is the main bridge to further develop economic and trade relations. On the one hand, in recent years, there have been frequent annual meetings between senior leaders of the two sides. A new cooperative political

dialogue mechanism was established in 1994, human rights were restored in 1997, which had been suspended in 1996. Since 1998, there have been 10 China-EU summits. At this critical juncture, at the invitation of European Commission President Jose Manuel Barroso, Premier Wen Jiabao of the State Council visited the EU headquarters on January 30, 2009. Against the backdrop of the continuing spread of international financial and social problems and the tortuous development of bilateral relations, Chinese officials called the visit a "trip of confidence". During their talks, senior leaders of both sides attach great importance to China-EU relations from a global and strategic perspective. They believed that under the current international situation, both sides need to work closely to seek common ground while shelving differences, which is of great significance to world development. At the same time, the two sides jointly issued the China-EU Joint Statement. The statement pointed out that against the background of changes in the global economy, China-EU cooperative relations have gone beyond the bilateral scope and become more and more important in the world. On the other hand, the close economic and trade cooperation between the two sides is supported by sound institutions. Since the mid-1990s, the EU has significantly adjusted its policies, china-EU political relations have developed rapidly, and high-level leaders have exchanged visits frequently. On the institutional front, in July 1995, Europe has issued the "Long-term Policy on China-EU Relations", this is a long-term plan for the all-round development of bilateral cooperative relations. In October 2003, the EU published "Common Interests and Challenges in China-EU Relations: Towards a Mature Partnership", which sets out the guidelines for policies and actions towards China and the framework for recent developments. It also proposes to elevate the EU-China summit mechanism to the highest level. In October 2006, the EU put forward "The EU and China: Closer Partnership and Greater Responsibility", China has further tapped the potential of its partnership with China and announced a series of cooperation plans for the future development of economy and trade. This is the first time that the

Chinese government has drawn up an EU policy document. The document clearly points out that to further strengthen and develop China-EU cooperation is a major component of China's diplomacy. The political measures taken by both sides have achieved positive results and promoted the positive development of bilateral economic and trade relations. As the two countries have different histories, civilizations, traditional cultures, It is normal for the two countries to have other problems and differences on some issues during the stage of political and financial progress. If the two countries properly handle their differences in a spirit of equality and respect, they will not stand in the way of the partnership.

In 2019, the "EU Business Environment Report 2019/2020" issued by the China Council for the Promotion of International Trade showed that China-EU relations continued to be stable and solid in 2019 (Chen, 2019), and China-EU economic and trade cooperation achieved fruitful results. In 2019, China-EU trade volume reached 486 billion yuan, a growth rate Reaching 8%, China has established more than 3,200 companies with direct investment in the EU, employing nearly 260,000 foreign employees, covering all EU alternatives. Chinese companies are making a huge contribution to EU economic growth and employment.

9. Proposals on further deepening and expanding bilateral economic and trade cooperation

In 2020, Zhao Ping, director of the International Trade Research Department of the China Council for the Promotion of International Trade, said that the sudden outbreak of Covid-19 has spread around the world (Zhang, 2020). In the face of the epidemic, China and the EU have chosen to work together to overcome difficulties. In the face of economic development, China and the EU should discard prejudice and deepen cooperation. The EU is committed to building trade relations with China. The EU wants to ensure that China trades fairly, respects intellectual property rights and meets its obligations as a member of the World Trade Organisation (European Commission, 2021).

First, further expand China's influence over the EU. We need to be more importance to the EU and make the EU an object for China to actively "deal" with. At the same time, in the process of reforming the international trading system, China's right to trade information, we should strengthen international discourse power and international rules, enhance international status and expand international influence.

The second, we should properly handle the twists and turns and frictions between China and Europe. The "journey of trust" in Europe will take an opportunity to bring China-EU relations back on track. The two sides will bear in mind the overall interests of establishing a comprehensive strategic partnership and create a favorable environment for more exchanges and cooperation in high-tech products and technologies. At the same time, China should actively optimize its trade structure with

the EU, expand imports from the EU on the basis of mutual benefit and reduce trade imbalance.

Finally, we will create a long-term and environment for our company. While the EU currently runs a trade deficit with China, European exports to other destinations do not. In fact, the EU's overall trade balance is positive. At present, the potential of bilateral trade, investment and technical cooperation is far from being tapped and the prospect is still broad. In order to further develop bilateral economic and trade cooperation, the two countries should make efforts to establish a long-term friendly cooperation mechanism. He suggested that the two sides jointly study the necessity and feasibility of establishing a China-ASEAN free trade area, two-way investment, technological, monetary and financial cooperation as well as a China-EU free trade area at an early date.

Ask canal which get so clear, to have source running water to come. We have full confidence in the future of our cooperation, because in peace and development, and promote cooperation in the trend of The Times, the common interests of central Europe in expanding, Shared responsibility on the increase in global affairs, based in strengthening bilateral cooperation, cooperation and exchange in strengthening, this is the china-EU relations strong vitality of striding towards a better tomorrow(European Commission 2021).

Conclusions

The two sides are also discussing trade and investment issues against the backdrop of great progress and challenges in China-EU economic and trade relations. The two sides are working together, including the mid-year summit and the China-EU High-level Economic and Trade Dialogue. We need to be future-oriented and innovate our ideas, mechanisms and policies. This is not only conducive to the well-being and common interests of the Chinese and European peoples, but also conducive to the overall development of China-EU cooperation and the sustainable development of globalization. (European Commission ,2021)To this end, China and the EU need to think creatively and tap their potential. -- We need to create value by expanding cooperation and shifting the drivers of development. We need to take a long-term view to update the rules and lead globalization. This is not only a major issue facing decision makers and economic communities of the two countries, but also a major issue that needs to be resolved in the study of bilateral relations.

The two sides should adapt to the changes in trade, investment and industrial structure, integrate the principles of "reciprocity and fairness" with the current situation of China-EU economic and trade relations, identify priority areas for cooperation and set pragmatic and sustainable goals for economic and trade cooperation. In 2016, the EU formulated a new strategy on China and mapped out the direction of China-EU relations in the next five years. This strategy aims to promote reciprocity, fair competition and cooperation in all fields. In the context of both sides' pursuit of trade and investment structure optimization and industrial upgrading, how to maintain the original cooperative relationship and promote healthy competition is an important topic that needs to be boldly explored and carefully verified by researchers.

China and the EU should actively explore new areas of cooperation, get rid of the traditional trade and investment model, balance and momentum shift the cooperative trade and investment industry, as soon as possible, we will achieve major cooperation projects, such as the China-EU relations "zero action" and the China-EU complementary link strategy. Put the EU-China Investment Agreement at the heart of the EU-China long-term bilateral relationship, improving investment for investors on both sides by establishing investment rights and guaranteeing non-exclusivity; Improve transparency, licensing and empowerment; Provide space and fair protection for investors and investments.

While adapting to changes in the international economic landscape, China and the EU should be more courageous and able to participate in the updating and improvement of international rules and actively strive for a sound international economic environment. China and the EU are highly dependent on and benefit from the globalized economic ecology and the multilateralist rule system. The EU also supports the export and investment of European SMEs to China and provides specific advice to SMEs on intellectual property issues. The EU side supports China's trade reform and sustainable development agenda through the EU-China Trade Plan and is willing to strengthen exchanges and cooperation in the future. Therefore, the EU-China Investment Agreement and the future should not be limited to the perspective of bilateral free trade agreements, but should focus on how to achieve a sustainable cooperative regional economic hub, how to maintain healthy competition between different economic systems, and how to translate economic influence into institutional strength.

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