

Mandelson in China to discuss new High Level Trade Mechanism - Brussels, 22 February 2008

EU Trade Commissioner Peter Mandelson will travel to China today to begin a three day visit, where he will have his first meeting with the new Chinese Minister of Commerce Mr. Chen Deming. They will take forward the establishment of an EU-China High Level Economic and Trade Mechanism, which was agreed at the last EU-China Summit. This new group will bring together senior decision-makers from the Chinese leadership and their counterparts from the European Commission, to address issues that concern trade and the economy and that have a strategic dimension. Mandelson will also meet other key Chinese authorities and European businesses operating in China.

Speaking ahead of the visit, Commissioner Mandelson said: "The EU wants to build an engagement with China that focuses on our joint strategic interests and deepens the trust required to raise and resolve trade differences constructively and quickly. This sense of partnership built on mutual interest will underlie the new High Level Mechanism."

The creation of a High Level Economic and Trade Mechanism was proposed by the Chinese and agreed at the EU-China Summit in Beijing in November 2007. The Mechanism will join the European Commission and the State Council of China, at the level of Vice-Premier. It will deal with both short and long-term issues in EU-China trade, investment and economic cooperation. The Mechanism is expected to be formally launched in the spring.

Commissioner Mandelson and Minister Chen will discuss the scope of the mechanism's work and its initial focus. The Mechanism will provide a new tool for tackling the problems European companies face in trying to operate in China – especially in the areas of investment, market access and intellectual property rights protection.

The EU is strongly committed to China's success. The High Level Mechanism is only one of a number of dialogues between the EU and China focused on the successful integration of China into the global trading system and the machinery of global governance and the management of the environmental, social and economic impact of China's growth.

EU-China Trade

Europe's imports from China have grown by around 27% per year for the last five years. In 2006, the EU imported €191 billion worth of goods from China. China is Europe's biggest source of manufactured imports. Two decades ago China and Europe traded almost nothing. At the same time, China is Europe's fastest growing export market. Europe exported €63 billion worth of goods to China in 2006. Exports from the EU to China grew by 100% between 2002 and 2006. Although a large consumer market is developing in China, the EU still exports more to the 7.5 million people who live in Switzerland than the 1.3 billion people who live in China.

Europe's trade deficit with China is growing at €17 million every hour. In 2006 it was €131 billion euros. In 2007 it is likely to be about €170 billion euros. The trade deficit is focussed in office and telecom equipment, textiles and light manufacturing. Although imports from China have surged, Asia's share of total EU imports has increased only very moderately by 10% over the last decade as there has been a shift within the economies of Asia to focus production in China. But the deficit still reflects the considerable problems EU businesses have accessing the Chinese market.

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