China is one of the largest and fastest growing economies in the world, with a domestic market of 1.4 billion consumers. Increasing EU business relations with China will help boost EU economic growth.

The EU-China Comprehensive Agreement on Investment will:

- guarantee an unprecedented level of access to EU investors in China
- allow EU companies to buy or establish new companies in key sectors
- help level the playing field for EU companies in China
- commit China to rules on state owned enterprises and transparency in subsidies

Market access commitments by China

Manufacturing:

- More than half of EU investment in China is in the manufacturing sector.
- This is the first time China has committed to market access in this sector with a trade partner.
- China’s commitments in this sector include cars (traditional and new energy vehicles), production of transport and health equipment, and production of chemicals among others.

Services:

- Significant, binding commitments in financial services, international maritime services, environmental, construction and computer services.
- Further opening in services related to auxiliary air transport services, cloud services, and private health services.

Commitments on fair competition

State owned enterprises:

- China to ensure that SOEs active in the market take decisions solely based on commercial considerations.
- China to ensure that SOEs do not discriminate European companies when they buy goods or services from them or sell goods or services to them.
- China to share information and consult if the behaviour of SOEs affects EU investors.

Transparency in subsidies:

- Obligations on transparency as regards subsidies provided in the services sector.
- Commitment to share information and to consult on specific subsidies that could have a negative effect on the investment interests of the EU.

Forced technology transfers:

- Clear prohibition of investment requirements that compel transfer of technology.
- No interference in contractual freedom in technology licensing.
- Protection of confidential business information.

Standard setting, authorisations, transparency:

- Equal access to standard setting bodies for EU companies.
- Enhanced predictability in authorisations.
- Stronger legal certainty through transparency rules for regulatory and administrative measures.

Sustainable development + effective implementation and dispute settlement:

- Commitments to respect core ILO principles and to effectively implement the ratified ILO Conventions.
- Specific commitment on the ratification on ILO fundamental Conventions on forced labour.
- Commitment to effectively implement the Paris Climate Agreement.
- Transparent resolution of disagreements by an independent Panel of experts and with the involvement of civil society.

Where do EU companies invest in China?

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>automotive sector</td>
<td>28%</td>
</tr>
<tr>
<td>basic materials including chemicals</td>
<td>22%</td>
</tr>
<tr>
<td>financial services</td>
<td>9%</td>
</tr>
<tr>
<td>agriculture/food</td>
<td>8%</td>
</tr>
<tr>
<td>consumer products</td>
<td>7%</td>
</tr>
<tr>
<td>energy</td>
<td>5%</td>
</tr>
<tr>
<td>industrial machinery</td>
<td>5%</td>
</tr>
<tr>
<td>health/biotech</td>
<td>5% (each)</td>
</tr>
<tr>
<td>Other</td>
<td>11%</td>
</tr>
</tbody>
</table>