

THE BIG DEAL: CHINA AND THE EUROZONE

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China is the world's most populous country and has progressively become a nation characterised by its rising economic power. As the world's fastest-growing economy, China is now undergoing a second industrial revolution, which the EU has contributed to significantly.

The economic relations between China and Europe are going from strength-to strength and trade between these two economies is steadily rising, having benefitted from a number of deals and agreements. As a result of increased trade talks between the two territories, a range of sectors, including the shipping industry, have continued to profit.

The EU is China's biggest trading partner, while the Dragon Economy is the second largest two-way trading partner with the EU, behind the United States. Such strategic relationships lead both nations to cooperate on key international and regional issues, in order to improve the fluidity of imports and exports.

For China, continuing to increase trade is vital in order to maintain strong economic growth and improve the standard of living for the nation's citizens. This in turn can provide a basis for the country to secure further agreements with a range of other economies.

This edition of the Big Deal report will analyse the trading process between China and the Eurozone.

THE IMPACT OF CHINA-EUROZONE DEALS

Aware of the impact that agreements between China and the EU can have on both nations and the global economy, an increasing number of industries and markets are opening up to foster greater international relations. One of the most significant deals of the last few years to have served as a benchmark for international talks with China is the EU-China Strategic Partnership.

Following the 1985 EU-China trade and cooperation agreement, this project was devised to address foreign affairs management, security matters and international challenges, such as climate change and global economy governance. The involvement of both nations in tackling fundamental global issues, not only contributes to the development of trade and investment between China and the EU, but also reinforces their standing as influential economic powers.

Manifesting a strong appetite for European commerce, Chinese companies announced 79 takeover deals in Europe during 2014, compared to 54 European deals in China. Chinese investors consequently proved their ability to do large deals, announcing agreements worth \$390 million on average, compared to \$181 million for European investors in China. In addition, the five largest deals secured by Chinese firms were worth \$6.6 billion in 2014, compared to \$2.2 billion for European companies.

These staggering figures indicate the value that China and Europe place on each other's economy, as their respective assets can lead to considerable opportunities in a range of sectors including technology, manufactured goods, machinery and transport equipment as well as renewable energy.

Trade between the two territories also continued to increase throughout 2014, with EU-China imports rising 8% and exports climbing 11%. This demonstrates the partnership's capacity to be more globally competitive in the future, with the potential to maintain strategic economic ties.

BENEFICIAL OUTCOMES FOR BOTH NATIONS

The performance and efficiency of the China-EU relationship was recently emphasised at the latest EU-China summit. This iteration of the conference led to the decision to launch negotiations towards a new investment agreement that could change the face of trade between the two economic giants.

This new agreement could offer significant bilateral opportunities for investment and contribute to strengthening and enhancing trade, which could boost the shipping industry as a result.

Economic cooperation pacts of this scale are incredibly valuable for bilateral China-EU trade deals, which have generated thousands of jobs in the shipping sector and a wealth of new revenue streams. Moreover, an additional trade agreement between both countries is said to be gaining traction, as a recovering European economy looks to boost its exports and shipping industry.

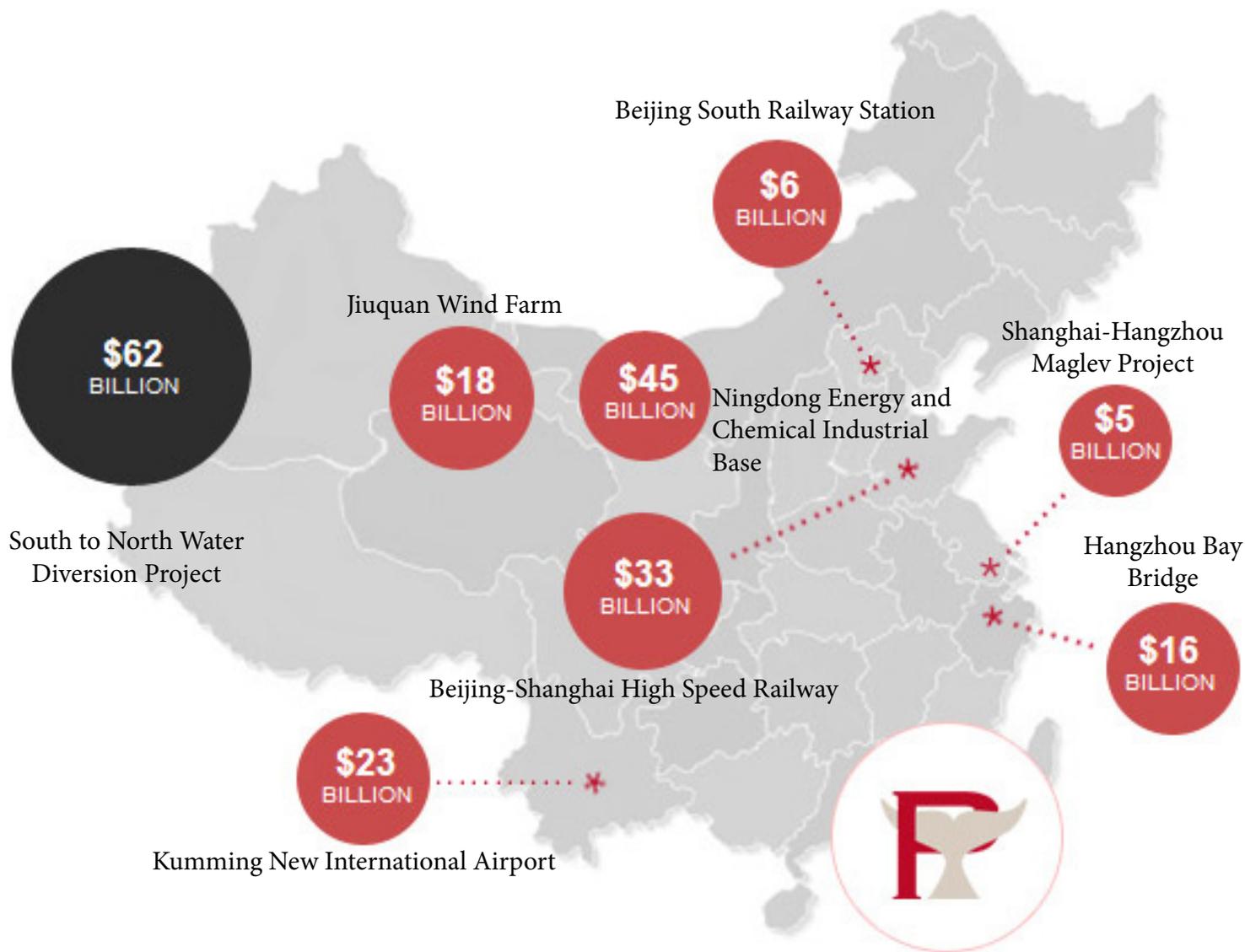
A recent example is the signing of a range of cooperation deals with Belgium worth more than \$20 billion. Chinese Premier Li Keqiang met with the President of the European Parliament, Martin Schulz, to identify ways to deepen and develop relations to mutually benefit China and the EU.

THE FUTURE OF CHINA-EU TRADE

China and the EU form the second-largest economic cooperation pact in the world, with bilateral trade in goods reaching more than \$510 billion. Securing deals and developing trade between China and Europe is a challenging process, especially in sectors like energy, resources and climate change, however it is integral for improving international ties between the two. Both nations are making future strides to support global efforts in green energy and sustainable technologies, which pave the way for more energy efficient transport and trade the world over.

The expansion of trade is highly important to the prospects of both the European and Chinese economies. Advancing economic ties could continue to boost imports and exports between the two regions, encouraging the development of transportation services and creating an increased need for shipping containers in the long term.

Pacific Tycoon's head office is based in Hong Kong, at the heart of the booming East Asian economy. Benefiting from our proximity to the industrial and business-led projects transforming China, we endeavour to monitor and understand each one closely. For further details on the trillion dollar projects shown on this map, visit our website: www.pacifictycoon.com



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