Economic relations EU-China - the mechanism that the European Union outlines the position of the economic actor

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Abstract

Both the EU and China face a number of challenges. The EU has reached the pinnacle of international identity and is going through a rather difficult process of rethinking it. Regarding China, this actor goes through a phase of rethinking its economic growth model, namely the transition from an economy based, in greater extent on exports and investment to an economic growth based on stimulating domestic consumption. In this context, in order to meet the challenges of the third millennium and beyond, the two actors need to strengthen their cooperative relations as they are vital in solving the challenges of this millennium. This paper aims to provide an overview of EU-China economic relations and to analyse the impact of these relations on the EU economy.

Keywords: foreign direct investment, economic actor, EU-China cooperation relations

Introduction

The European Union is one of the most important players in the world economy, holding a leading position in certain sectors of the economy (exports of goods, exports and imports of services, supply of development aid, etc.). However, the EU is currently facing a number of problems, such as the slow recovery from the financial and economic crisis from 2008, the mismanagement of migratory flows, the terrorist attacks, the Brexit, etc. In this context, in order to meet the challenges and to maintain its position as an economic actor, implicitly global, the EU should pay more attention to the cooperation relations with the great powers, and not only, because international cooperation is the only way to find pertinent solutions to the problems of the third millennium.

The role of international cooperation has been highlighted by the Charter of the United Nations (1945) - "in our time no state can live in total isolation and it is necessary that each State's efforts for multilateral development to be combined with the efforts of other states in active cooperation, the only way to solve the major problems of contemporary times" - and by the European Commission

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(2012) - "no country has ever been able to sustain long-term growth without joining the world economy". In this regard, this paper aims to provide an overview of the EU-China cooperation relations. Choosing China was not a coincidence that being the world's second largest power and the EU's second trading partner after the United States. In addition, the EU has been enjoying harmonious co-operation relations with China for more than four decades. Moreover, Federica Mogherini, EU High Representative, said in an interview with the Xinhua News Agency that "the People's Republic of China is essential to achieving a better global governance" (Xinhua, 2016).

Also, after the collapse of the Soviet Empire, "the Chinese people began to dream of a multipolar world, in which it would work with the European Union to tame American superpower" (Holslag, 2011, p.293). This dream became a reality because China and the EU are the two centres of power in a multipolar world that are "essential for peace and global development and should work together to address challenges such as: climate change, terrorism, nuclear proliferation and piracy, giving an example of international cooperation" (Hailong, 2013, p.2).

The EU-China cooperation relations established in 1975 have evolved over the years towards a Strategic Partnership that has several facets. In this paper, we have studied one of these aspects, namely economic relations, as they represent the pillar segment of the EU-China Strategic Partnership. In this context, we propose to answer the following questions: (1) What are the main factors influencing the development of EU-China economic relations? (2) What are the particularities of EU-China economic relations? (3) How can EU-China economic relations help to maintain the EU's global actor role? (4) What is China's perceptions of economic relations with the EU?

The purpose of the present research is to analyse the EU-China economic relations and the impact of these relations on the European Union's economy. In this sense, this research has the following structure: Section 1 - Methodology; Section 2 - EU-China economic relations - where we will review the main aspects of EU-China trade relations and EU-China foreign direct investment; Section 3 - Quantitative analysis of the impact of economic relations on the EU economy - where we will apply linear correlation and regression; Section 4 - Conclusions.

1. Methodology

This paper is a fundamental research based on both qualitative and quantitative methods. In the second section, we used the analysis of documents. The documents used in this research are both specialized articles dealing with the EU-China economic relations obtained by querying the ProQuest database through the ANELIS program, as well as reports and communications from the European

Commission on EU relations with China. In selecting and analysing the documents, we considered the following key elements: EU-China economic relations, China's perception of the EU, EU economic player, EU-China trade relations, mutual foreign direct investment. In the third section, we used the statistical analysis, namely the correlation and multiple linear regression; we used the correlation to show the direct and significant link between the variables defined in Section 3 and the regression to show that EU GDP can be explained by the simultaneous variation of EU-China trade, EU-China import, EU-China export and the flows of EU foreign direct investment with China. The data used in the present research were obtained from book-based documentary analysis, EU agreements with China, European Commission communications, statistics, specialist articles and other documents.

2. EU-China economic relations during 1978-2016

Although the relations of cooperation between China and Europe existed 2000 years ago, "when the two major civilizations were linked by the Silk Road" (Xiaotong, 2014), the diplomatic relations between the two global actors were launched in 1975, by signing the first commercial agreement in 1978. It was replaced in 1985 by the Trade and Cooperation Agreement, which was updated in 1994 and 2002. To highlight the development of cooperation relations, the Strategic Partnership was launched in 2003, and in 2008 it was the start for the High Level Economic Dialogue. If we consider the EU member countries individually, they have established diplomatic relations with China before 1975. For example, Romania established official diplomatic relations in 1949, France in 1964, the United Kingdom, the Netherlands and Denmark in 1950, etc.

The economic relations between the two powers, which are reflected in trade and investment, are one of the most representative economic relations in the world, with an important impact on the world economy. To support this statement, we take into account that together they "accomplish one third of the world GDP" (Hailong, 2013, p.2), "include for more than a quarter of the world's population, achieves more than two-fifths of global exports and imports" (Inotai, 2013, p. 48).

Moreover, these relationships have evolved at a fast pace, going beyond the "traditional form of trade, thus encompassing a series of more complex economic problems, such as capital flows, financial cooperation, economic security issues and a series of interdisciplinary topics, with a mixture of economic, social, cultural and political elements" (Inotai, 2013, p. 48).

Although the EU and China have extended their cooperation relations covering more areas of activity, trade relations remain the vital elements of bilateral cooperation. To underline the importance of trade relations with China, the EU has formulated a number of policy documents on trade with this actor. Table 1 highlights the main EU official documents on trade relations with China and China's first document on the EU.

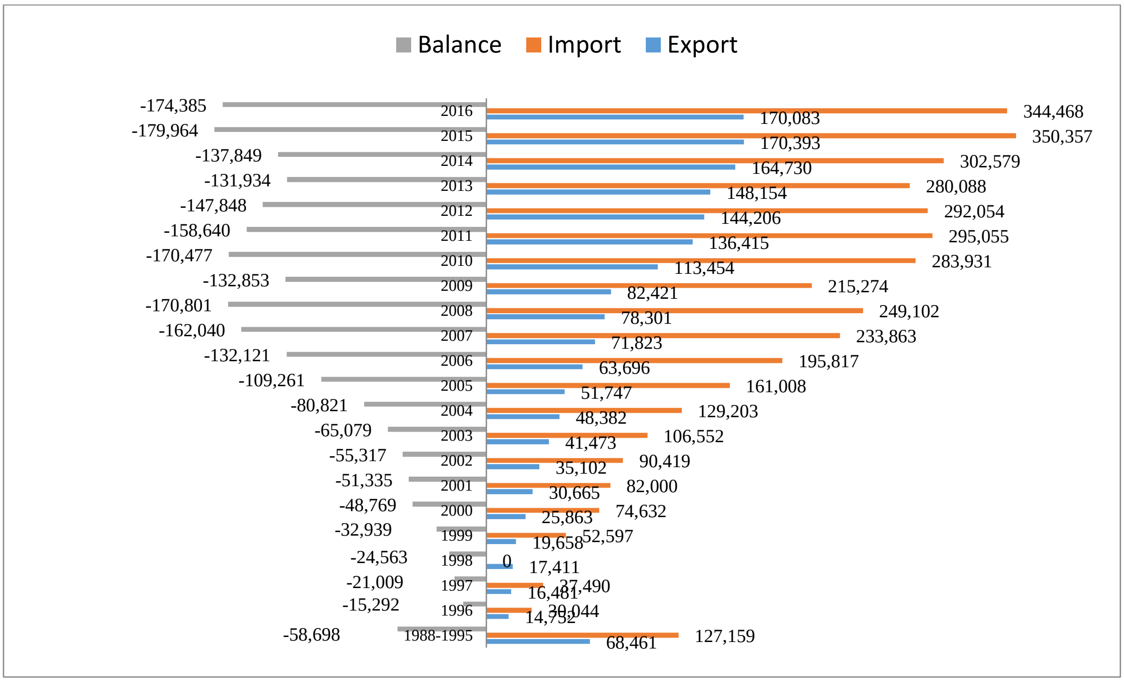
Table 1. The main documents on EU-China trade developed by the EU and China between 1978 and 2016

Year	Document	Objective
1978	The first trade agreement	- Strengthening and legalizing economic and trade relations; - Promoting and stepping up trade between the EU and China; - Harmonized expansion of mutual trade (Official Journal of the European Communities, 1975).
1985	Trade and Economic Cooperation Agreement between the EU and China	- To encourage the development of industry and agriculture in the European Economic Community and the People's Republic of China; - To diversify their economic ties, to encourage scientific and technological progress; - To diversify access to new sources of supply and to new markets; - To contribute to the development of their economies and to raise their standard of living; - To develop economic cooperation in all areas agreed upon, and particularly in: industry and mining, agriculture, including agroindustry, science and technology, energy, transport and communications; Environment protection; Cooperation with third countries (Official Journal of the European Communities, 1985).
1995	A long-term policy for the relations between China and Europe	- To encourage China to become fully integrated into the international community; - To Contribute to reforming China; - To Strengthen relations between the EU and China (Xiaotong, 2014, p.12).
1998	Building a comprehensive partnership with China	- Continued engagement of China, through a modernized political dialogue, into the International community; - Supporting China's transition to an open society based on the rule of law and respect for human rights - China's further integration into the world economy by integrating it into the global trading system and by supporting the process of ongoing economic and social reform; - Supporting European funds; - Increasing the EU profile in China (European Commission, 1998).
2001	EU strategy towards China	It sets out the same objectives as the 1998 European Commission communication; The Communication recommended the intensification of economic dialogue and cooperation (European Commission, 2001).
2003	A mature partnership - common interests and challenges in the EU-China relations.	- Updating the objectives set out in the 1998 European Commission Communication and the action plan established in 2001 in the EU Strategy towards China; - Its aim is to give an additional boost to the relationship and to guide EU policy and action over the next two to three years, also taking into account the EU's policy towards the Asian region as expressed in the 2001 Asian Strategy of the Commission (European Commission, 2003).
2003	China's policy paper on relations with the EU	- Highlights the objectives of Chinese policy towards the EU, the areas of cooperation and the related measures for five years; - Enhancing and strengthening China-EU relations is a component of China's foreign policy (...) China is committed to a long-term stable and full partnership with the EU (...). It wants to promote a healthy development of economic and trade relations with the EU, based on mutual respect and trust ... and that this partnership will contribute to global peace and stability (People's Dayly Online, 2003)
2006	EU - China: closer partners, increased responsibilities	- It aims to strengthen cooperation between the EU and China (European Commission, 2006).

2016	Elements of a new EU strategy on China	- To value the new opportunities of strengthening its relations with China; - To involve China in its reform process through practical ways of achieving mutual benefits for our economic, trade, investment, social, environmental and other sectors; - To promote reciprocity, fair conditions of competition and fair competition in all areas of cooperation; - To insist on the need to conclude timely negotiations on a comprehensive investment agreement and an ambitious approach to opening up new market opportunities; - To promote respect for the rule of law and human rights in China and at international level; - To maximize the cohesion and effectiveness of the EU in its relations with China (European Commission, 2016).

In terms of trade, the value of bilateral trade increased from €4 billion in 1978 to €514 billion in 2016. In addition, "at the 2013 Summit, the two powers pledged to raise the bilateral trade volume to $ 1,000 billion by 2020" (Anderlini, 2013). This remarkable increase was due to several factors, but most to EU enlargement.

Figure 1. Evolution of EU-China trade between 1988 and 2016 (million euro)



Source: Authors' representation based on data from Eurostat

After analysing the statistical data, we can observe the following:

1. The EU is net importer of goods during the period 1988-2016;
2. China is the EU's second trading partner after the US;
3. The EU has a growing trade deficit in its relationship with China; Increasing from € 1.201 million in 1988 to € 174.385 million in 2016;

4. According to statistics, "EU-China trade flows exceed one billion euros a day, resulting in an increase in the EU trade deficit in relation to China by EUR 17 million each hour" (Delegation of the European Union to China 2016);
5. The share of EU exports in trade with China increased after 2011, reaching a weight of 33.05% in 2016, thus reducing the trade deficit;
6. While EU exports to major partners stagnated during the economic and financial crisis, those in China experienced an upward trend;
7. The main goods exported by the EU to China are cars, transport equipment and chemicals, and the main imported goods are manufactured goods;
8. If we are considering EU-China trade by partner countries, we can see that in 2016 the main partners were Germany, which accounted for 28.61% of total trade, followed by the UK with a share of 13.51% and Italy with a weight of 7.46%;
9. Most EU Member States have a trade deficit with China, with the exception of Germany from 2011, Finland from 2013 and Ireland from 2016;
10. In 2016, the largest trade deficits were recorded by the Netherlands, with a value of 53,687 million euros and the UK with a value of 36,954 million euros. According to Intoi (2013, p.59), this high trade deficit is "largely explained by the fact that the two countries represent the position of the redistribution centre for Chinese goods in other EU countries";
11. According to statistics, 60% of Chinese exports are made by European companies based in China.

In terms of foreign direct investment, we can say that mutual relations in this area are "at the beginning of the road". This is mainly due to the fact that "neither of the two powers considered the other power a prime destination for investment" (Xin, 2014, p.45). Against this background, "in 2013, the EU invested only between 2% and 4% of its total foreign investment in China, compared to 30% of that total made in the US. Similarly, most of China's foreign investment stock concentrated in Asia (68%) and less in Europe" (Xu *et al*, 2013). Comparing trade relations with mutual investments we can see a clear asymmetry between the two components of economic relations. "After China introduced the Joint Venture Law in 1979, the first European investor appeared in 1980. After hesitations and stagnation in the 1980s, CEE investments in China marked a leap in 1992 and peaked in 1995, when the contractual value was $ 8 billion" (Câmpeanu and Pencea, 2009, p.102).

According to statistical data, in 2012 the EU became the main destination for Chinese foreign direct investment. In addition, Europe is expected to record a 375 billion-euro FDI attracted from China by 2020.

According to Inotoi (2013), “the increase in the flow of Chinese FDI to the EU was due, on the one hand, to the geographic changes in capital exports to developed countries and, on the other, to China's negative experience in the US (for example, in 2005, on security reasons, the US has prevented a Chinese oil company from acquiring Unocal)”. Another factor that has led to increasing Chinese foreign direct investment in the EU was China's interest in gaining access to high technology. At the same time, the rise in Chinese FDI in the EU also has disadvantages. First of all, Chinese investment practices are not transparent. It is also important to note that European laws and regulations differ from Chinese ones, leading to their violation by Chinese investors and the failure of investment.

In order to remove obstacles to mutual investment, to simplify existing rules and regulations in the two entities, in order to improve European investors' access to the Chinese market and vice versa, in 2013, the two actors launched negotiations to conclude the EU-China Investment Agreement. This agreement would replace the 25 Bilateral Investment Agreements (BIA) concluded by EU Members States with China (Ireland and Croatia have not concluded such an agreement, and Belgium and Luxembourg have a common BIA with China). Unfortunately, negotiations on this agreement have not yet been finalized.

It is important to note that the evolution of economic relations is influenced by certain factors. In the following, we will review some of these factors. A first factor that has led to the development of EU-China economic relations is the economic crisis. In the crisis period, according to Prime Minister Wen, "China has helped Europe and stimulated investment in Europe." China also was holding and still holds huge financial reserves, "which led to the transformation of this actor into a key creditor for the global financial system" (Fox and Godement, 2009, p.12).

Another factor that has deepened and strengthened mutual relations was China's positive perception of the EU. This actor sees the EU as "an increasingly important force in world politics, in international affairs, in promoting multipolarity" (Xiaotong, 2014, p.7), "a useful economic partner and a stability factor" (Dai, 2006, p.14). This is also supported by Rees (2009, p.38) - "The EU is a major force in the world that will play an increasingly important role both in regional affairs and in international affairs".

China's formidable economic growth, WTO membership in 2001, and the growing importance of this actor on the international scene were factors that led to the strengthening and deepening of EU-China economic relations.

Unfortunately, there are also factors that have affected economic relations, thus not allowing the development of mutual relations to their maximum potential. Among these are: restricting access to the Chinese market to European companies, human rights, the EU arms embargo of China in 1989, the lack of unity of the EU member countries in the cooperation with China.

Regarding the lack of unity of the EU member states in the cooperation relations with China, Fox and Godement (2009, p.3) compares the EU-China cooperation relationship "with a game of chess with 27 opponents arguing about the piece that needs to be moved". In this context, China takes advantage of the fact that EU countries do not have a common approach to the cooperation relationship with this global actor. In addition, Wouters (2011, p.8) emphasized in his paper that "non-compliance with intellectual property rights, cash subsidies to Chinese companies, unrealistic demands and restrictive bureaucracy constitute very strong obstacles to European business opportunities on the Chinese market" and implicitly on mutual economic relations. On the subject of intellectual property rights, "In 2012, four out of five European companies operating in China felt that the implementation of Beijing's intellectual property laws and regulations is inadequate" (European External Action Service, 2014).

Hu *et al*. (1999, p.154) also underlined that "cultural and political differences, incompatible statistical records have prevented trade relations between the two actors from reaching their full potential". However, the two actors want to deepen and strengthen cooperative relations.

By systematizing the above, we can conclude that EU-China economic relations, although not reaching the maximum cooperation potential, are vital to the good performance of economic activity and not only globally.

3. Quantitative analysis of the impact of economic relations on the EU economy

Given that the EU has been confronted with difficult economic conditions and is still confronted, "trade is an important means for the EU both to achieve economic development and to create jobs without damaging public finances" (European Commission, 2013b, p.1). According to European Commissioner on Trade-Cecilia Malmström "31 million jobs in the EU (1 of 7 jobs) depend on sales to the rest of the world" (European Commission, 2016), which means an increase of about 10 million since 1995. These are found in large and small companies, available both in urban areas and in rural areas, across the continent of Europe. Foreign direct investment also has a positive impact on economic growth. In this context, we considered a real necessity to study the link between EU GDP and EU-China trade, EU-China exports, EU-China imports, the flow of EU FDI (foreign direct investment) with China between 1995 and 2015. Entry data were provided by the World Bank website and Eurostat. The structure of the SPSS database contains 21 records, the analysis period being 1995-2015 and is presented in table A1 and A2 in Appendix.

In this case, the variables considered are displayed in Table 2.

Table 2. Establishing dependent and independent variables

Dependent variable	Independent variables
GDP (Euro)	Export (Euro)
	Import (Euro)
	Trade (Euro)
	Unemployment_Rate (%)
	Employment_Rate (%)
	Foreign Direct Investment (Euro)

Notes: GDP, employment rates and unemployment rates refer to EU. Trade between China and the EU are between 1995 and 2015. The value of FDI represents the flow of EU foreign direct investment with China over the period 1995-2015.
Source: Authors

As stated above, international trade has an important role in the economic growth process and can be considered "a true driver of economic growth". This is also supported by the Communication "Trade for All", which emphasizes that "trade relations will be an even more important source of growth in the future. Approximately 90% of global economic growth over the next 10-15 years is expected to be generated outside Europe" (European Commission, 2015, p.8). In addition, "international trade contributes to the sustainable development goals set out in Agenda 2030 on Sustainable Development" (European Commission, 2015, p.7).

Also, the importance of international trade results from the fact that it imports and exports the most innovative ideas, the latest cutting-edge technologies and, last but not least, the results of the latest research. In this respect, we are asking ourselves to test the following hypotheses:

H1: There is a strong link between EU-China exports and EU GDP.

H2: There is a strong link between EU-China imports and EU GDP.

H3: There is a strong link between EU-China trade and EU GDP.

H4: There is a strong link between EU-China investment and EU GDP.

To see if there is a link between the above mentioned variables, we will apply the correlation method. We note that in Table 3, entitled Matrix of correlations, the coefficients obtained for some variables have high values (greater than 0.5), which shows that there are statistically significant links between the variables. For example, a strong and direct link can be seen between the GDP and trade variables, GDP and exports, GDP and imports. In this case, the correlation coefficients obtained for these variables have the following values: 0.960, 0.793 and 0.911, respectively. Which means that these values are very close to one, which corresponds to a perfect correlation. There is also a direct and strong link between import and investment (0.848), trade and investment (0.800), unemployment and employment rates (0.869). At the same time, we note that in the Table 3 entitled Matrix of correlations there are no direct and strong links between the variables: unemployment and investment (0,107), trade and unemployment (0,133), export and unemployment rate (0,27), import and unemployment (0,235). This is due to the structure of export, import, trade and foreign direct investment.

Table 3. Matrix of correlations

		Export	Import	Trade	GDP	FDI	Employment_rate	Unemployment_rate
Export	Pearson Correlation	1	,604**	,868**	,793**	,543*	,357	,027
	Sig. (2-tailed)		,004	,000	,000	,011	,112	,906
	N	21	21	21	21	21	21	21
Import	Pearson Correlation	,604**	1	,917**	,911**	,848**	,634**	-,235
	Sig. (2-tailed)	,004		,000	,000	,000	,002	,306
	N	21	21	21	21	21	21	21
Trade	Pearson Correlation	,868**	,917**	1	,960**	,800**	,574**	-,133
	Sig. (2-tailed)	,000	,000		,000	,000	,007	,567
	N	21	21	21	21	21	21	21
GDP	Pearson Correlation	,793**	,911**	,960**	1	,737**	,727**	-,357
	Sig. (2-tailed)	,000	,000	,000		,000	,000	,112
	N	21	21	21	21	21	21	21
FDI	Pearson Correlation	,543*	,848**	,800**	,737**	1	,287	,107
	Sig. (2-tailed)	,011	,000	,000	,000		,207	,644
	N	21	21	21	21	21	21	21
Employment_rate	Pearson Correlation	,357	,634**	,574**	,727**	,287	1	-,869**
	Sig. (2-tailed)	,112	,002	,007	,000	,207		,000
	N	21	21	21	21	21	21	21
Unemployment_rate	Pearson Correlation	,027	-,235	-,133	-,357	,107	-,869**	1
	Sig. (2-tailed)	,906	,306	,567	,112	,644	,000	
	N	21	21	21	21	21	21	21

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Legend:

Strong relationship r = [0.75, 1]

Moderate relationship r = [0.5, 0.75]

Poor relationship r = [0.25, 0.5]

There is no relationship r = [-0.25, 0.25]

Source: Authors' calculations based on data processed with SPSS

Next, we apply the linear multiple regression method. In this analysis, the regression model aims to see if GDP can be explained by the simultaneous variation of exports, imports, trade and investments. In this case, we have proposed to test the hypotheses mentioned above. In the present study we will use the following regression equation:

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon \quad (1)$$

Where:

Y= PIB	dependent variable
X_1 = export	independent variable
X_2 =import	independent variable
X_3=trade	independent variable
X_4=FDI	independent variable
$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$	regression coefficients

After processing the data with SPSS software, we obtained the following results:

Table 4. Estimates of calculated correlation coefficients

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,969[a]	,939	,923	619158350711,77900

Notes: a. Predictors: (Constant), FDI, Export, Import, Trade; b. Dependent Variable: GDP
Source: Authors' calculations based on data processed with SPSS

In Table 4, entitled Estimates of calculated correlation coefficients, we note that the value of the correlation ratio has a high and positive value (R = 0.969), which indicates that there is a strong and direct link between the GDP value and the explanatory variables considered. The coefficient of determination (R Square) shows that 93.9% of the variation of the dependent variable is explained by the simultaneous variation of investment, export, trade and import variables.

The estimated value of the adjusted multiplied coefficient of determination obtained (0.923) shows with greater precision the influence of the independent variables on the dependent one, in other words, it shows that the simultaneous variation of the investment, export, trade and import variables explains 92.3% of the change in GDP value. After testing the regression model it was found that the proposed model is statistically significant in order to explain the dependence of the variables, so we obtained (Sig F = 0.000) <(α = 0.05)). Therefore, it can be guaranteed with a probability of 95% that independent variables explain the variance of the dependent variable, GDP.

Table 5. Testing the significance of the model using the Fisher test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	936686065591207 20000000000,000	4	234171516397801 80000000000,000	61,084	,000[b]
	Residual	613371301209808 6000000000,000	16	383357063256130 360000000,000		

Total	998023195712188 00000000000,000	20	

Notes: a. Dependent Variable: GDP; b. Predictors: (Constant), FDI, Export, Import, Trade
Source: Authors' calculations based on data processed with SPSS

Based on the results from the table below obtained with SPSS, the following estimated model is obtained:

$$GDP = 7852139418278{,}428 - 10{,}227\mathbf{X1} - 1{,}999\mathbf{X2} + 21{,}187\mathbf{X3} - 82{,}843\mathbf{X4} \quad (2)$$

Table 6. The result of testing the model parameters Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	78521394182 78,428	280650999 422,030		27,978	,000	7257185877 371,936	8447092959 184,920
Export	-10,227	14,858	-,361	-,688	,501	-41,725	21,271
Import	-1,999	13,874	-,092	-,144	,887	-31,410	27,412
Trade	21,187	14,640	1,524	1,447	,167	-9,848	52,222
FDI	-82,843	47,986	-,208	-1,726	,104	-184,570	18,883

Note: a. Dependent Variable: GDP
Source: Authors' calculations based on data processed with SPSS

The above proposed model was validated by testing a set of four hypotheses on modelling errors, namely: the mean of errors is null, normality, homoscedasticity, and mismatch errors. Taking into account that all the assumptions about the regression model errors are respected, the analysis is considered validated. So, EU-China exports, EU-China imports, foreign direct investment flows and EU-China trade influence EU GDP.

Conclusions

This paper analyses the evolution of EU-China economic relations and the impact of trade and foreign direct investment on the EU economy.

The EU and China have established official diplomatic relations 42 years ago, evolving at a rapid pace, from trade to strategic partnership. It is important to note that these relations are currently taking place in a framework of win-win cooperation based on reciprocity and equality.

As a result of the analysis of the statistical data, it was found that the value of the trade increased in the period 1988-2016 by 40 times, having an upward trend both during the economic and financial crisis and during the sovereign debt crisis. We cannot say the same about reciprocal investments, which are in their infancy. Although the two entities have a different approach to co-operation, they are prepared to learn one from the other, thus promoting world peace, economic development, global cooperation, and last but not least, the establishment of an international more equitable order.

Given that EU-China economic relations have gone beyond the bilateral framework, the two entities need to establish their areas and objectives of cooperation, taking into account what is happening globally. In this respect, the two actors pay increased attention to the problems faced by the entire nation, such as environmental issues, energy security, terrorism, international finances and regional issues related to security, peace and new areas Cooperation. In this context, the EU and China intend to find relevant solutions to the challenges of the third millennium through cooperation. In view of these arguments, we can say that the two countries represent two global and implicit economic actors, with a strong impact on the world economy.

For EU-China economic relations to be developed at their maximum potential, it is advisable to eliminate the factors that negatively affect mutual relations and set "small" but concrete and measurable targets.

Also, in the paper, we have noticed that the EU and China are both partners and competitors; this situation will influence the future of economic relations. In this respect, for the development of harmonious relationships characterized by interdependence, it is advisable to establish a balance between the position of the partners and the position of the competitors.

In the last part of the paper we used the statistical analysis, namely correlation and regression, through which we could see that there are direct and strong links between EU-China trade, EU-China investments, EU-China imports, EU-China exports, and GDP, and that EU GDP is influenced by the four independent variables.

In conclusion, we can say that bilateral economic relations give to the two actors economic and political influence both at regional and international level.

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Appendix

Table A1. Descriptive variables

years	Export	Import	Trade	GDP	Employment_Rate
1995	14690039992.00	26343301194.00	41033341186.00	7246008900000.00	50.26
1996	14752379835.00	30044353700.00	44796733535.00	7736190600000.00	50.27
1997	16481969770.00	37489680662.00	53971650432.00	8179874200000.00	50.51
1998	17411433585.00	41974265072.00	59385698657.00	8559325300000.00	50.83
1999	19658888189.00	5259592144.00	72255480333.00	8984734800000.00	51.06
2000	25863445870.00	74631931389.00	100495377259.00	9649040300000.00	51.36
2001	30664765961.00	82000005310.00	112664771271.00	10045266400000.00	51.52
2002	35101603926.00	90418918639.00	125520522565.00	10409385900000.00	51.20
2003	41472856957.00	106552436830.00	148025293787.00	10569974800000.00	51.27
2004	48382042139.00	129202747230.00	177584789369.00	11098464100000.00	51.38
2005	51747256739.00	161007711828.00	212754968567.00	11590377700000.00	51.67
2006	63695692961.00	195816950566.00	259512643527.00	12255317200000.00	52.34
2007	71823287676.00	233862918324.00	305686206000.00	12983310000000.00	53.04
2008	78300529491.00	249102060912.00	327402590403.00	13054560500000.00	53.35
2009	82420968954.00	215274099217.00	297695068171.00	12297013400000.00	52.21
2010	113453784390.00	283931014744.00	397384799134.00	12817343100000.00	51.77
2011	136414758418.00	295055122502.00	431469880920.00	13192520400000.00	51.69
2012	144206179822.00	292054169529.00	436260349351.00	13448619500000.00	51.43
2013	148154106569.00	280087937140.00	428242043709.00	13558617400000.00	51.19
2014	164730000000.00	302579000000.00	467309000000.00	14001004100000.00	51.65
2015	350357000000.00	170393000000.00	520750000000.00	14710625900000.00	52.03

Table A2. Descriptive variables

years	Unemployment_rate	FDI	RES_1	Abs_Residual
1995	10.80	787000000.00	-1207413706211.96000	1207413706211.96
1996	10.80	1654000000.00	-717106455088.42700	717106455088.43
1997	10.45	1816000000.00	-421820317455.00800	421820317455.01
1998	9.97	435000000.00	-253013240691.45700	253013240691.46
1999	9.72	2254000000.00	-.04297	.04
2000	9.33	2428000000.00	282535267164.98800	282535267164.99
2001	8.67	2293000000.00	473575747371.29500	473575747371.30
2002	9.01	3103000000.00	694627497682.00000	694627497682.00
2003	9.07	3190000000.00	483023177786.16800	483023177786.17
2004	9.26	3868000000.00	557338879597.09400	557338879597.09

2005	8.95	6137000000.00	590063603983.34800	590063603983.35
2006	8.21	6728000000.00	505085172203.83600	505085172203.84
2007	7.17	7144000000.00	448432077317.21100	448432077317.21
2008	7.00	5946000000.00	57035648246.41990	57035648246.42
2009	8.92	8101000000.00	81950487807.69530	81950487807.70
2010	9.56	10457000000.00	-860056990251.70700	860056990251.71
2011	9.64	16660000000.00	-436105908017.15400	436105908017.15
2012	10.46	16340000000.00	-234327754863.51400	234327754863.51
2013	10.55	20916300000.00	441125566835.02500	441125566835.03
2014	10.19	8826800000.00	-731252547600.85500	731252547600.86
2015	9.36	6002200000.00	246303794185.05300	246303794185.05

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