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Chinese Foreign Direct Investment To The EU

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Abstract

With the rapid development of China's economy, China has made great achievements in foreign trade and foreign investment. In 2000, as the Chinese government encouraged domestic enterprises to go global and positioned this strategy as a national strategy, China's foreign investment developed rapidly. On the EU side, China is the EU's second-largest trading partner. Economic exchanges between China and Europe are very close. Due to the EU financial crisis and the European debt crisis in 2008, the EU economy was hit hard, and the EU economy was in a downturn for a time. Therefore, for the recovery of the EU economy, Chinese investment in the EU is very important. China's investment in the EU can not only obtain the advanced technologies of the EU but also obtain more natural resources, for the transformation and better development of many domestic enterprises, investing in the EU is undoubtedly a correct choice. However, the global warming effect is imminent. In 2019, the European Union announced the launch of the Green New Deal, which proposes to achieve a zero-carbon goal by 2050. With the promulgation of the EU Green New Deal, the EU has subsequently adopted a series of green policy measures to further deepen the Green New Deal. So what impact and enlightenment has the Green New Deal brought to China? The launch of the agreement not only brings many obstacles to China's investment in the EU, such as the review of sustainable chemicals, non-tariff trade barriers such as adjustment taxes on carbon borders but also exerted considerable pressure on China in terms of climate negotiations. At the same time, the promulgation of the EU's Green New Deal has also made China deeply aware that green investment is an inevitable investment path. In order to better invest in the EU, President Xi Jinping clearly pointed out that the "Road and Belt" initiative will be in the direction of green investment and made commitments will reach zero carbon emissions by 2060. Although the promulgation of the Green New Deal has brought many obstacles to Chinese investors, it has also brought many emerging investment markets for China, such as energy transition and digital investment, as well as transportation and construction fields. These are industries that the EU expects to reduce carbon quickly. However, the coronavirus pandemic has once again brought obstacles to the EU economy. At the same time, it is also a test of how China will invest in the EU after the covid-19 virus while taking into account the EU Green New Deal measures and vigorously helping the EU to recover its economy.

Keywords: Chinese investment in the EU; Green New Deal; impact and enlightenment; Emerging markets.

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Introduction

It can be seen from the development history of countries in the world, especially from developed countries, that the economic development of a country will inevitably change from the country’s foreign trade to foreign investment in the process of opening up to the outside world, and further expand the scope of the country’s transnational of production and operation. To strengthen cooperation with the world's markets and better respond to international competition. At the same time, history also shows the truth that a country’s economic power is highly correlated with the development level of the country’s foreign direct investment.

Driven by economic globalization in the 21st century, with the rapid economic growth of developing countries and emerging economies, they are more involved in the global flow of capital. However, unlike the 20th century, developing countries are now gradually taking on the leading role of foreign investment, no longer passively accepting investment from developed countries, but actively adopting the model of foreign investment, which also includes direct investment in developed countries. As of the end of 2018, the report showed that 9 of the world's top 20 foreign investment sources were developing countries[1]. After China raised its ‘going out’ strategy to the national strategic level for the first time in the Third Session of the Ninth National People’s Congress in March 2000, the development speed of China’s foreign direct investment has been greatly improved. According to the statistics of China's Outward Direct Investment Statistical Bulletin in 2019, at the end of 2019, China's cumulative non-financial outward direct investment flow was 116.96 billion dollars, and foreign investment drove exports of 116.7 billion dollars, accounting for 4.7% of China's total export value of goods; overseas enterprises realized sales revenue was $2.512 billion. Also, the stock of foreign non-financial direct investment was US$1944.35 billion, and the total assets of overseas enterprises were $4.4 trillion. As for investment in the European region in 2019, investment in Europe was 10.52 billion dollars, a year-on-year increase of 59.6%, accounting for 7.7% of the foreign direct investment flow in that year, an increase of 3.1 percentage points from the previous year. Mainly flows to the Netherlands ($3.89 billion), Sweden ($1.92 billion), Germany ($1.46 billion), the United Kingdom ($1.1 billion), Luxembourg ($690 million), Switzerland ($680 million), Italy ($650 million)[2].

Since Europe encountered the financial crisis and the sovereign debt crisis, the EU economy has been in a long-term downturn from 2008 until the second quarter of 2013. Although the European economy is currently in a slow recovery period and the overall economic growth rate is still at a low level. It has been achieved sustained economic growth. In addition, the intricacies of the global economic market and the COVID-19 pandemic have brought heavy losses to the EU economy.

[1]Date from“World Investment Report 2019”, top 20 exporting economies for FDI outflows in 2018.

[2]Resource released by “2019 Statistical Bulletin of China’s Outward Foreign Direct Investment”, China Commerce And Trade Press.

There are still many uncertainties in the EU's economic recovery plan[3]. Since 2008, China's investment in foreign companies has become increasingly enthusiastic. The scale of foreign investment has grown at a rapid rate of 18% annually, providing many precious cases and materials for China's foreign direct investment theory-related research. The EU is the world's largest economy and an important trading partner of China. Although Chinese companies' investment in Europe accounts for only 6%, the growth rate is very fast. This is a challenge to the traditional investment theory emphasizes that "outbound investments are more tend from developed countries flow to developing countries". For the EU, China is the fourth largest country and quite an important trade partner for them and China's economic exchanges with the EU have developed very closely. It is very necessary to absorb foreign capital to boost the economy, stabilize the economy's recovery, and alleviate the social and economic contradictions within the EU. However, the flow and stock of China's FDI to the EU are still at a low level relative to the total trade volume between China and Europe, so China still has huge space for the development of FDI to the EU. In 2019, the European Union launched the Green New Deal, and immediately attracted the attention of the world after the launch of the deal. The purpose is to achieve the goal of carbon neutrality, and China has also paid high attention and expressed a positive attitude toward cooperation. At present, China is planning to vigorously implement green investment in the EU, actively cooperate and achieve the goal of zero pollution.

Therefore, it is of great significance to study how to further strengthen China's FDI to the EU and put forward effective suggestions. This paper will study how the change of the environmental regulations in the European countries will affect the type of investments from China to Europe, and possible green investments from China: trends and emerging aspects. With the two aspects, this article will combine relevant empirical studies from 2008 to 2020 to specifically analyze the motives, changes, impacts, future trends, and some possible recommendations of China's direct investment in the EU.

Research Background

Since the financial crisis and the European debt crisis, the European economy has been in a long-term economic downturn. Except for Germany and some Eastern European economies, where the trend is relatively good, most European countries have a bad economy due to high unemployment and high sovereign debt and the pace of recovery is very slow. Under the influence of various policies, Europe has attracted many foreign investments to improve the local economy and employment pressure in Europe. And China's direct investment in Europe has also reached the highest peak since China implemented the "going out" policy domestically. However, China's investment in Europe is also facing many challenges. Especially after

[3]Data from Germany's Federal Statistics Office in August 2021 showed that Inflation in Germany, Europe's largest economy, rose to 3.1 percent in 2021, the highest since 1993. In November of 2021, Poland's inflation rate jumped to a 20-year high. Alessandro Poli, a professor of economic statistics at the University of Rome in Italy, said in an interview with Xinhua News Agency in 2021 that soaring prices may inhibit Italy's economic recovery.

Europe's newly promulgated European Green New Deal at the end of 2019, Europe has decided to achieve the zero-carbon goal by 2050, which will be a breakthrough in global history. In addition, the COVID-19 virus caused a heavy blow to the global economy. As far as the current situation is concerned, the European Green New Deal and the epidemic of the COVID-19 virus have had many impacts on China's investment in Europe. But at the same time, with the issuance of the Green New Deal, a new investment market will be also opened. Analyzing and studying China's investment in European emerging markets has great significance.

Research Content And Method

The first part is the introduction, including the research background, research content and research methods. The first part of the thesis is the theoretical analysis part, which analyzes the motivation of China's investment in Europe and the current achievements of China's investment in the European Union. The second part is about the Green New Deal launched by Europe, including the background and a series of policies related to the green new deal issued by Europe. The third part describes the impacts and enlightenments of the introduction of the Green New Deal on China and Chinese investment in the EU. The fourth part is China's green actions in response to global climate change. The fifth part is about the emerging investment markets that may take place in the EU with the launch of the European Green New Deal. The main research method used in this paper is the literature research method. Since China's investment in the EU in the 21st century, through collecting and referring to domestic and foreign news and information, as well as research on China's direct investment in the European Union and other documents, analyze and interpret the state of China's investment in Europe.

1 Investment Of China In The EU

Since China officially joined the WTO, China's foreign trade has entered a golden decade, and both the trading system and the investment system have developed by leaps and bounds. Since China adjusted its strategy in 2001, going out as a domestic national strategy has improved the Chinese economy. The increasing strength has greatly encouraged the confidence and motivation of Chinese companies to invest in overseas mergers and acquisitions. In addition, China has continued to relax the policy threshold for companies to invest directly in overseas markets. China's foreign trade has continued to grow increasingly, and its foreign exchange reserves have become abundant. The flow of foreign investment has doubled. However, for the EU market, although China's investment in the EU market does not account for a large proportion, it is developing rapidly every year, and the cooperation between China and the EU is getting closer.

This part will focus on explaining China's motivations for investment in the EU, what are the industries that China mainly invests in Europe and the development process of its investment in the EU as well as what is the status of China's investment in the EU until the end of 2019.

1.1 Motivations

In the global economic format, developed countries are traditionally the main body of foreign direct investment, while developing countries are often the absorbers of foreign direct investment. However, China has a relatively low degree of economic development, in a relatively short period of time. From a developing country that attracts foreign investment to a major foreign direct investment country. In 2011, China became the sixth-largest foreign investor in the world. Just one year later, the scale of China’s foreign direct investment in 2012 has ranked third in the world after the United States and Japan. What has attracted more attention from the international community is that China’s important targets for foreign direct investment have rapidly expanded to developed countries in Europe and the United States from the previous focus on developing countries and resource-based countries. Especially in the context of the European debt crisis, China’s growth rate of EU direct investment can be described as "jumping". As a developing country, why does China make rapid-growing direct investment in a highly mature developed economy such as the EU that has a much higher degree of economic development than its own? It is well known that China’s foreign investment is mainly concentrated in Asia and In Latin America and other regions, the scale and structure of China’s direct investments in the EU are mainly due to the fact that the government formally proposed the "Going Global" strategy of Chinese companies in 2000. Chinese companies’ direct investment in the EU has maintained a steady growth trend, while since the European debt crisis there has been a "leapfrog" growth.

According to the "Statistical Bulletin of China's Outward Direct Investment in 2004" and “Statistical Bulletin of China's Outward Direct Investment in 2019", the flow and stock of China's direct investment in the EU in 2004 were only US$170 million and US$750 million, but in 2019 they reached $10.7 billion and $93.91 billion, has increased dozens of times in less than twenty years. However, it is worth pondering that the EU is a highly developed economy while China is still a developing country. Why is China's investment in the EU increasing?

Index / Classification	Flow			Stock	
	Value(billion)	Year-on-year(%)	Proportion(%)	Value(billion)	Proportion(%)
Total(2004)	0.17	1.5	3.1	0.75	1.7
Total(2019)	10.7	20.7	7.8	93.91	4.3

Table 1: Comparison of China's foreign direct investment in the EU flow and stock in 2004 and 2019

1.1.1 Open Up The EU Market

Since the reform and opening up, China has accumulated more than 30 years of development, has basically completed the process of industrialization, and formed a complete industrial chain that includes all industrial sectors. According to a research report published by HIS Global Insight, a Boston economic research and consulting company, in 2010, China surpassed the United States for the first time to become the world's largest manufacturing country. In the production of crude steel, cement, electrolytic aluminum, refined copper, carbon coal, fertilizer, chemical fiber, and other products, China currently ranks first in the world; in the field of industrial products, the output of automobiles and ships also ranks first in the world. However, compared with production and supply, China's consumption demand growth has been slower. Taking the steel industry as an example, although the steel industry remains profitable, its overall profitability is still very low compared to other industries, and market supply exceeds demand. Therefore, finding new outlets for many domestic excess production capacities has become an urgent matter. Although China's foreign investments have greatly benefited from Asia and Latin America, their per capita GDP is very low compared to the EU, and their consumption and demand cannot compare with the EU.

As the largest economy in the world, the European Union has a population of approximately 500 million and a consumer market with a GDP of US$1.7 billion (2014). It has attracted companies from developed countries such as the United States and Japan to invest a very long time ago. In addition, China's "Road and Belt" initiative is committed to maintaining a global free trade system and an open world economy, and is committed to the interconnection of Asia, Europe and Africa and the adjacent oceans. This initiative encourages more domestic enterprises to go global. while Europe is a very mature market, many people would think with the growth of investments from USA and Japan. there are many markets are already reached saturation. But if we think in a different way. There is no saturation market, only with saturation thoughts. In the case of abundant products, people first choose high-quality and low-cost products. when the quality and price are almost the same, people start to choose brands as well as aim at the best service. In short, companies should focus on consumption because of these endless demands which determine that there are always entrances for products in the market. Also with the continuous expansion of EU member states, from the previous 15 countries to the present 28 member states, it means that both the market size and the number and level of consumers are constantly expanding and growing. The demand for the number of types of products is also increasing. It is undoubtedly a great opportunity for Chinese companies to explore the market. For example, in medical health products and raw material products, the EU is the second-largest consumer and demand market after the United States, which shows the huge demand for health products in EU countries. At the same time, after the cultural exchanges between China and Europe have increased in recent years, more and more European countries have begun to recognize and accept Chinese traditional medicine and related products, which has promoted the export of Chinese traditional medicine products and the European Market development[4]. The implementation of uniform market access standards and trade rules of the EU member states provides convenience for Chinese companies to enter the market while also reducing costs. In addition, the newly joined Eastern European countries, such as Hungary and Bulgaria, are relatively closer to each other in geographical location, and at the same time have better political and economic ties because of historical reasons, so it is easier for Chinese products to enter Eastern European countries and open the EU market in the periphery. Then Chinese companies can penetrate into other EU countries step by step, which is also the main investment strategy for Chinese companies to open the door to the EU. This shows that in recent years, China has increased its investment in developed economies, such as the EU and the United States, to open up their consumer markets, hoping to evacuate surplus domestic supply by exporting products to the EU, so that Chinese products can enter the national market and increase enterprises international competitiveness at the same time can reduce domestic production pressure so that the domestic economy can develop better and steadily.

1.1.2 Obtain High Technologies

Compared with developed countries, some Chinese companies still lag behind in terms of technical level, financial strength, and management level. In the past, China hoped to introduce foreign advanced core technology and management experience by exchanging technology for the market. But in fact, after the Chinese market is occupied by many foreign-funded companies, Chinese companies were only responsible for lower value-added work such as foundry and processing, and the benefits they obtained were very weak, let alone the introduction of technology and the improvement of management.

[4]On April 30, 2004, the European Union promulgated the "Traditional Botanical Medicine Registration Procedure Directive", which stipulated that all Chinese patent medicines sold in the EU market must complete the registration according to the new regulations before April 30, 2011, and obtain a marketing license.

If China enters the European market and merges with EU companies, to a large extent, China can obtain advanced technology and management experience. After all, European technology is relatively complete and stable compared to China, and it also has a high degree of recognition in the international market. This can be proved in the data provided by the American research institute HIS in 2019. This study shows that about 60% of China's equipment investment depends on imports and the dependence on imports of optical fibre manufacturing equipment has reached 100%. Secondly, although China's overall R&D investment index is close to the EU level, there is still a big gap compared with the EU-developed countries.

China’s R&D investment accounted for 1.75% of GDP in 2010 and increased to 2% in 2013. However, the average level of EU countries already reached 2% in 2010. Nordic countries such as Finland, Denmark, and Sweden accounted for R&D investment in 2013 more than 3.6%. Therefore, it can be seen that the level of research and development in Europe and the United States has long exceeded our reach. The reason why China has gradually increased its investment in the EU is not only for the stable development of domestic companies but also for obtaining EU core technology and management experience. By learning the technology of the European Union, improve its position in the global value chain, and apply these technologies to global operations. For instance, in recent years, China has acquired more and more companies in Germany. After nearly 20 years of accumulated experience in the European Union, due to the Covid-19 epidemic and the economic downturn in Europe and America, especially in the European market, the original market is fatigued and emerging markets did not develop well in the case of invisible obstacles, many shareholders cashed out and left Industry 4.0 to China, and went to do Industry 5.0 by themselves. Many German companies filed for bankruptcy. At this time, Chinese companies took advantage of their years of experience in the EU market and acquired many German companies on the verge of bankruptcy. For many Chinese companies, it’s time to acquire technology companies. Domestic labour costs continue to rise, and the reality of being at the low end of the product value chain for a long time is the driving force for transformation and upgrading. On the other hand, Germany’s advanced technologies are very popular in the world. Chinese companies have been trying to deal with German companies for years. Before the European economic crisis, the prospects of the European market were very good and the EU’s capital control over China was very strict. It was difficult for Chinese companies to take action. Now due to the economic downturn in Europe and America, German companies are undoubtedly a good choice for Chinese companies, and it is also suitable for the current situation of China's manufacturing industry. Also this is not only happening in Germany, China intends to learn high technologies from all the Europe. And China is good at combining multiple technologies, which all belong to the upward extension of the production chain.

Country	2020	2019	2018	2017	2016	2015	2014	2013	2012
Germany	14	16	22	45	49	14	8	2	10
Netherlands	2	8	2	4	11	6	4	2	3
Finland	0	2	2	1	5	0	1	0	0
Sweden	0	8	7	9	4	5	2	3	3
Italy	3	4	9	13	10	5	8	0	2
France	6	4	13	17	17	8	6	1	2
Spain	3	6	4	8	7	5	0	1	1
Belgium	0	0	0	1	2	2	1	1	0
Austria	0	1	1	2	3	2	1	1	1
Denmark	2	0	1	0	3	2	1	0	2
Switzerland	1	4	7	5	10	6	2	1	2
Poland	1	2	0	3	3	1	1	3	1
Hungary	0	0	0	1	2	0	0	0	0
Romania	0	3	0	2	1	0	0	0	1
Greece	1	2	0	3	1	0	0	0	0
Serbia	0	0	1	0	0	0	0	1	0
Croatia	0	0	1	1	0	0	0	0	0
Slovenia	0	0	1	0	0	0	0	0	0
Portugal	1	1	1	1	1	1	2	2	1
Ireland	0	0	1	0	2	1	0	0	0
Norway	2	0	2	0	3	1	1	0	1
Czech	1	0	0	1	3	2	0	0	0
Bulgaria	0	0	0	1	0	0	0	0	0

Table 2: Numbers of Chinese acquisitions in the EU,2012-2020

Source: FDI Radar from Datenna.

1.1.3 Searching For New Resources

In terms of resources, China has a variety of resources, some of which are even the largest in the world. However, China has a large population, and in terms of per capita occupation, China is seriously below the world average. At present, China has discovered 171 types of resources, and 158 types of resources have been identified. The total identified mineral resources account for about 12% of the world's total, ranking third in the world, second only to the United States and Russia, but per capita only is 58% of the world level, ranking 53rd in the world. Therefore, in order to satisfy the adequacy of domestic resources, a large part of China's overseas investment is also to seek overseas resources. In 2013, China's mining industry made 43 mergers and acquisitions with a total value of 32.3 billion US dollars, accounting for about 65% of the total mergers and acquisitions in that year. This shows that

China's demand for overseas resources is huge. Studies have shown that taking mineral resources as an example, although the EU is a net importer of industrial minerals[5], its own industrial mineral production still accounts for 20% of global production. At present, EU members have about 650 mines and quarries and more than 600 factories for mining and processing industrial minerals. These factories handle about 100 million tons per year and produce about 13 billion per year. At the same time, the EU's feldspar and perlite, Kaolin is also one of the regions with the highest production in the world.

At present, China's energy consumption per capita is estimated to last only about 20 years, so it is urgent to seek overseas energy. Two years ago, China had purchased 5 billion yuan of total natural gas from Russia, but this is only one of the energy sources that China lacks. As China's energy structure reform during the "Twelfth Five-Year Plan" further changes the previous coal-based energy consumption structure, which is similar to the world energy structure, Chinese companies especially large state-owned resource companies need to explore more international markets[6]. Using trade and investment methods to make up for domestic resource shortages. It is believed that EU resource investment and trade will always maintain a certain scale.

1.2 Development History Of Chinese FDI to EU

China's investment in Europe began in the late 1990s. Before the euro-era in the European Union, China's investment flow in the European Union was very small, almost negligible. Until the European Union officially entered the euro-era China officially began its direct investment in the European Union and it rose rapidly to break through hundreds of millions of dollars in a short period of time, and then remained at the level of about 300 million dollars per year. After 2004, China's domestic implementation of the "going out" policy, and the EU's eastward expansion of its member states, this has further promoted China's direct investment in the EU.

As we all know, the EU is a developed economy with a high-level consumer market, and it has always been one of the main markets that capitalist countries pay attention to. According to the Statistical Bulletin of China's Outward Direct Investment in 2020(as can be seen below), the share of global foreign investment in the EU in 2020 accounted for as high as 40.3%. In contrast, China's flow of direct investment in the EU in 2020 was only 10%, and

[5]Date from Soho, "Mining Investment Guide · Europe" The article mentioned: Central and Eastern Europe has a long history of developing mineral resources, rich in energy minerals coal, oil and natural gas; metal minerals copper, lead, zinc, gold, silver, chromium, etc., coal Resources are mainly distributed in Poland, Serbia, Czech Republic, Hungary, Bulgaria and other countries. Metal minerals: The reserves of many metal minerals in Central and Eastern Europe are among the top in the world. Oil and gas: most are concentrated in Poland, Romania, Croatia, Slovenia, Montenegro and Albania.

[6]Anthony J. Venables, in his March 2012 article, International Trade in Natural Resources: Practice and Policy, discusses the value of imported natural resources between 2000 and 2008 with an average annual growth rate of 30%, China ranks first in the world.

the distribution of the stock as of 2020 was only 5%. This is probably due to the Covid-19 pandemic but also shows that although China’s foreign investment flows and stock levels are growing at a high level, China’s direct investment in the EU is still at a very low level. According to a joint report by consultancy Rhodium Group and German think tank Mercator Institute for China, Chinese foreign direct investment in the UK and EU-27 fell by 45% to 6.5 billion euros from 11.7 billion euros in 2019. Apart from the uncertainty caused by Covid-19, there are multiple reasons for the decline, the report said. These reasons include increased regulatory scrutiny of Chinese investments in Europe. However, if the political relationship between China and Europe strengthens, in the next few years, I believe that a rebound in Chinese investment in Europe is just around the corner. After all, the EU technology and resource market is the main investment destination of global funds, and its market and technological effects will affect and are very attractive to a lot of domestic companies of China.

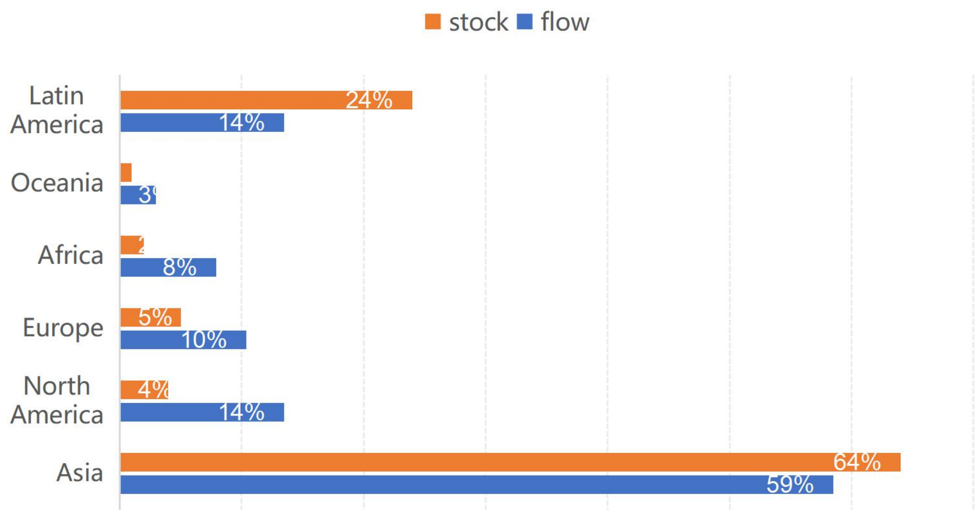

Figure 1: Distribution of China’s foreign direct investment in 2020

Source: The data from the "Statistical Bulletin of China's Foreign Direct Investment 2020".

By collating and analyzing the data of China's direct investment in the EU from 2003 to 2020, it can be clearly seen from the flow situation that China's direct investment in the EU as a whole is still relatively stable and has a significant growth, which can be seen from the following histogram. From 2003 to 2006, China’s investment in the EU was still around 100 million dollars. However, with a significant increase in 2007, China’s investment in the EU surged to 1 billion dollars. Investment in non-financial assets occupies more than half, which is largely due to the prosperity of the Chinese market and the relaxation of the investment environment policies in China from 2006 to 2007. But in 2008, under the influence of the global financial crisis, investment in the European Union fell sharply that year. But after 2008, China's investment in the EU has entered a period of substantial rapid growth, almost doubling every year, reaching a level of 8.25 billion dollars in 2011. Since then, due to the

European debt crisis, the European Union is concerned about the EU economic environment, and Chinese companies' enthusiasm for direct investment in the EU has also declined. It has restarted to enter the stage of rapid growth, and even reached a new height in 2016. It can be seen that Chinese domestic enterprises are looking for breakthroughs in transformation. The EU's market and technology are becoming more and more attractive to Chinese companies. In addition, since the EU has just entered a period of recovery, its asset value is still in a historical depression and has a strong investment value. Therefore, China's investment in the EU will continue a high-speed growth[7].

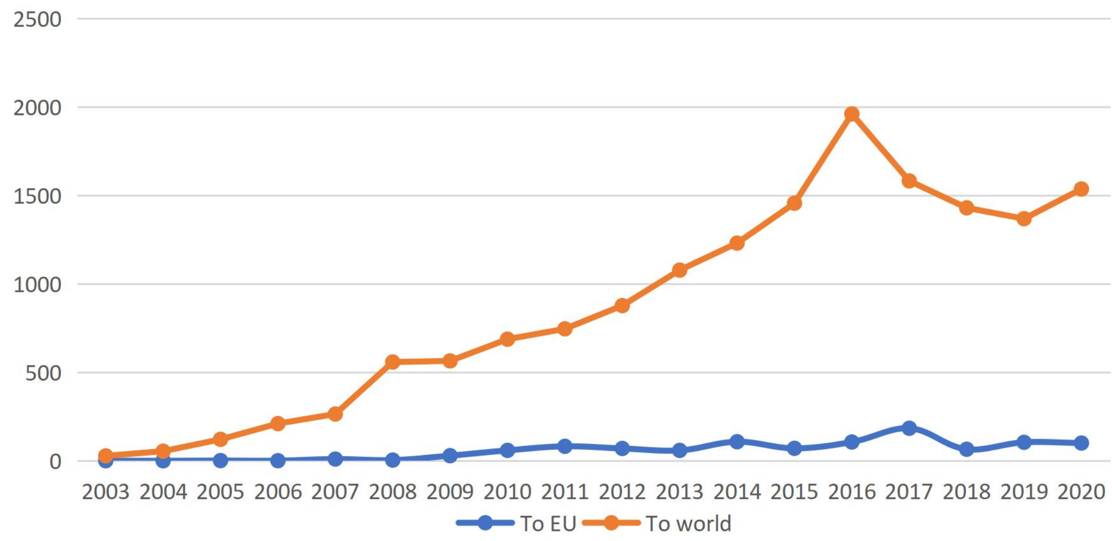

Figure 2: 2003-2020 China's direct investment flows to the EU and the world (unit: hundred million dollars)

Source: Statistical Bulletin of China's Outward Direct Investment from 2003 to 2020.

1.3 Current Situation Of Chinese FDI to EU

With the rapid development of China's economy, China's investment in the EU is also growing sharply. As many domestic enterprises are in a transitional period, the demand for investment in the EU is also increasing. Nowadays, China's investment in Europe has achieved a leap in the quantity and quality of investment, and the scale of investment is in a stage of rapid growth.

Generally speaking, the main method for China to invest in Europe is through cross-border

[7]Handelsblatt said in a December 2021 report that the European tech economy is expected to at least double over the next decade and increase its value by trillions of dollars. Meanwhile, Europe's expanding tech industry has attracted more investment, especially from the US and China.

mergers and acquisitions. In 2019, China's foreign direct investment flow hit an all-time high of 10.69 billion dollars, making an outstanding contribution to the world economy. Although Asia is still the area with the largest direct investment flow of China, Europe has become the direct investment stock in Europe reached $114.38 billion dollars, accounting for 5.2% of China's total foreign direct investment stock.

According to the "Statistical Bulletin of China's Foreign Direct Investment in 2019", in 2019, China's investment flow to the EU reached 10.699 billion dollars, a year-on-year increase of 20.7%, accounting for 7.8% of the total flow. At the end of 2019, China had established more than 3,200 direct investment enterprises in the EU, covering all 28 EU member states, and employing more than 260,000 foreign employees. From the perspective of major countries, China’s direct investment in Europe is mainly concentrated in Luxembourg, the United Kingdom, Germany, followed by the Netherlands, France and other established EU countries. Among them, the Netherlands ranked first, with a flow of 3.893 billion dollars, 3.75 times that of the previous year, accounting for 36.4% of EU investment flows, mainly invested in manufacturing, information transmission and software, mining, etc.; followed by Sweden 1.916 billion dollars, a year-on-year increase of 80.1%, accounting for 17.9%, mainly invested in manufacturing, scientific research and technical services, accommodation and catering, etc.; Germany ranked third with 1.459 billion dollars, down 0.6% year-on-year, accounting for 13.6%, mainly invested in manufacturing and retail industry, financial industry, etc. In addition, China’s investment in the UK has also exceeded 1 billion dollars, investment in the UK is mainly real estate, finance, business services, wholesale and retail. It can be seen that China mainly invests in traditional European industries.

In the chapter on China’s motivation to invest in the European market, I have stated that the industries that China invests in the European Union are mainly concentrated in Europe’s advantageous industries to obtain high technologies and management experience. Through investment in the European Union’s advantageous industries, China can obtain advanced technology and realize the self-development of domestic enterprises. Transformation and upgrading to expand the share of domestic enterprises in the EU's developed markets. According to the data from "Statistical Bulletin of China's Foreign Direct Investment in 2019" released by the Ministry of Commerce, the industries that China invests in the EU are mainly leasing, business services, manufacturing and financial industries. These industries account for 85% of the total investment. Among them, the manufacturing and leasing industry has the largest investment scale accounting for 50%.

The distribution of China’s FDI in the European Union is very extensive. More than a dozen of these industries have investment scales of more than $1 billion. The following figure shows the distribution of Chinese companies’ investments in the EU in 2019. China’s investment in manufacturing and financial services has always been at the highest proportion, occupying the largest share in stock, followed by the mining industry and leasing and business services. The financial industry ranks second in China’s investment in the EU, which is also consistent with the trend of investment of worldwide in the EU.

Industry	Flow	Proportion(%)	Stock	Proportion(%)
Manufacturing	569,636	53.2	3,082,680	32.8
Financial	44,113	4.1	1,647,991	17.5
Mining Industry	39,469	3.7	1,480,689	15.8
Leasing/ Business	98,555	9.2	1,128,717	12.0
Retail	62,773	5.9	529,966	5.6
Information Transfer	84,987	7.9	323,560	3.4
Scientific Research	73,533	6.9	305,357	3.3
Electricity/Heat	3,311	0.3	217,330	2.3
Transportation	4,752	0.4	176,379	1.9
Real estate	25,644	2.4	126,699	1.3
Entertainment	2,006	0.2	118,336	1.3
Accommodation	35,083	3.3	95,009	1.0
agriculture	8,413	0.8	78,731	0.8
Resident Services	6,389	0.6	39,119	0.4
Construction	7,466	0.7	17,414	0.2
Other Industry	3,787	0.4	23,272	0.4
Total	1,069,917	100.0	9,391,249	100.0

Table 3: Industry distribution of China’s direct investment in Europe in 2019(unit:ten thousand dollars)

Source: Statistical Bulletin of China's Foreign Direct Investment in 2019

2 The European Green New Deal

With the new president of the European Union Executive Committee Ursula von der Leyen taking office in 2019, the European Union immediately launched a major development strategy the "European Green New Deal". The purpose of the policy is that the EU will become the first 'carbon neutral' economic area in 2050. The new president of the executive committee expressed that the agreement will take into account the prevention of climate warming and economic development, and minimize transportation emissions, improve building energy efficiency, increase the use of renewable energy, protect biodiversity, and achieve net-zero emissions by 2050. It can be seen that the core element of the European Union is to promote the transformation of European society in the direction of all-around greening, industrial recycling, and carbon neutralization through this agreement, so as to achieve sustainable development. In the next 30 years, the carbon-neutral target will run through all EU policy areas, and promote EU policy innovation and development, covering energy, industry, production and consumption, infrastructure, transportation, food and agriculture, construction, taxation, and social welfare fields, especially high-carbon emission industries such as industry, energy, and construction.

Next, we will specifically analyze the background of the EU's Green New Deal and what measures the EU has taken to implement the Green New Deal.

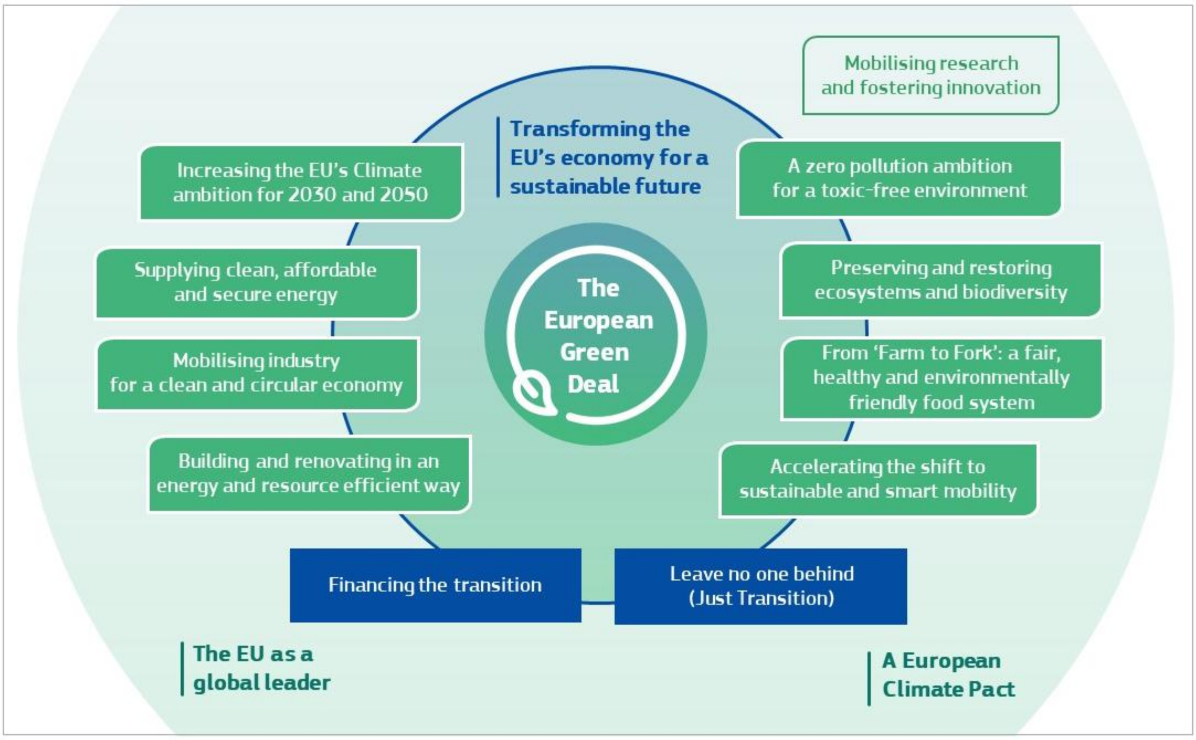

Figure 3: Green New Deal

2.1 The Origin Of The Green New Deal

An important reason for the origin of the EU's Green New Deal is global climate change.

Climate change is a major challenge facing the development of human society today. The EU has always been an advocate, promoter, and leader in actively responding to global climate change. The European Green Deal is a collective term for environmentally friendly, mainly involving environmental protection, energy-saving policies, climate change, and other human and nature policies. The Green New Deal has three significant strategic meanings: one is to develop a green economy as a new growth engine to stimulate economic recovery and the global economy; the other is to seek a relationship between stable growth and resource consumption, and maintain a long-term "green" new economic development model; the third is to strive to occupy the dominance of new global topics and the global economic revolution. On September 25, 2019, the United Nations Conference on Trade and Development (UNCTAD) released the "2019 Global Economic and Economic Development Report" with the theme "Financing the Global Green New Deal". The report predicted that the global economic depression would continue and the global economy rate would drop from 3% in 2018 to 2.3% in 2019. It is said that some developed economies are only one step away from the recession. The "recession wind " would sweep through the developed economies in 2020. The report advocated the implementation of the "Global Green New Deal" and put forward a series of measures to promote debt, capital and banks to serve development. It is also believed that under the correct policy frameworks, it could completely end the years of austerity and insecurity after the global financial crisis in 2008, helping achieve a more equitable income distribution and reverse decades of environmental degradation.

On December 12 of 2019, the President of the European Commission Von der Leyen announced the outline of the European Green Deal Communication of the new climate change deal in Brussels, aiming to achieve the first global “carbon neutrality” in Europe by 2050, and reducing net carbon dioxide emissions to zero and building Europe into a global leader in combating climate change, thereby promoting the stable and sustainable development of the European economy, improving people's health and quality of life, and protecting the natural environment. Therefore, it is proposed that the EU's carbon dioxide emissions in 2030 will be reduced by about 50% to 55% on the basis of 1990, which is higher than the goal of the previous European Commission's “Reduce greenhouse gas emissions by 20% in 2020 and at least 40% in 2030”. After a cost-benefit analysis, a comprehensive implementation plan to reduce emissions by 55% in 2030 will be announced in the summer of 2020. In addition to the main goals, the European Green New Deal also provides a specific action roadmap. The main content can be summarized as "1+6+4", which includes one main goal, six green action plans, and four supporting measures. More than 50 specific policies are listed in it, which involve almost all economic fields, especially multiple industries such as transportation, energy, and construction industries.

Figure 4: Von der Leyen’s speech on rules-based trade key tenet for EU

In the face of the continuing depression, major developed countries and regions such as Europe, the United States, Japan, and many developing countries have vigorously implemented green actions, trying to promote economic transformation through the green economy and the Green New Deal[8]. So as to achieve its own sustainable development. Regarding the action aspects, the Green New Deal is divided into two parts which are short-term and medium and long-term strategies. In the short term, it formulates and promotes policies to promote economic recoveries, such as reducing improper subsidies (such as fossil fuel subsidies), encouraging energy-efficient buildings, sustainable transportation, and renewable energy. For the plans of the medium and long term, it focuses on addressing climate change and transition to a low-carbon economy, seizing the new round of green industrial revolution, sustaining and creating job opportunities, promoting inclusive growth, and realizing the United Nations Millennium Development Goals (MDGs). The plans and measures of the European Green New Deal will be further refined, and after the approval of the EU's internal approval procedures, it will have complete legal effect after obtaining the consent of the member states. Due to differences in climate change, energy structure, and economic development levels between different European countries and regions, there are also differences within the European Commission, and its final entry into force and implementation still face many challenges. However, the new European Commission under the leadership of Von der Leyen has completely released its green new policy implementation policy. The green policies will affect various economic fields such as transportation, agriculture, and energy production in Europe. It is expected to completely reform the economic system of the European continent. It will have a major impact on the global response to climate change, green development strategies, and international trade rules.
The EU is the main birthplace of the Green New Deal and a global leader in advocating the development of a low-carbon economy, taking into account the three themes of environmental protection, economic growth and social fair development.

[8]There are several green new deals. Not only the European Union, but also the United States, England, Japan, South Korea and other developed regions are all pushing for the Green New Deal.

2.2 Policy Essentials

The EU Green New Deal describes a long-term vision of the EU's economic and social green transformation. It is also an action plan that covers all aspects of economic and social development. The specific contents can be summarized into three parts: strategic objectives, key actions and safeguard measures.

2.2.1 Put Forward Clear Goals

The launch of the European Green New Deal is a comprehensive economic strategy for Europe to achieve long-term sustainable growth. This strategy comes with clear goals and tasks. Firstly is for raising the EU's climate change targets in 2030 and 2050. The European Union has established the goal of achieving climate neutrality by 2050 and plans to write the '2050 net-zero carbon goal' into the first European "Climate Law." with regards to this, the EU will also raise its interim goals: in 2030, the EU's greenhouse gas emissions will be reduced by 50%-55% from 1990 levels, an increase of 10 percentage points from the originally planned target. In addition, this policy also clarifies seven key tasks such as energy, industry, transportation, construction, and biodiversity.

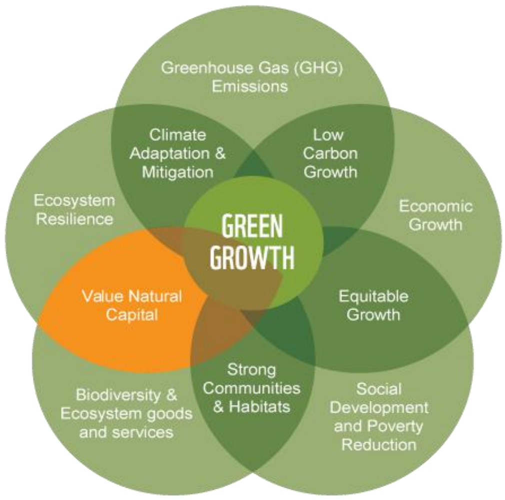

Figure 5: Green Growth

The first is to build a clean, economic and safe energy supply system, including the development of renewable energy, the elimination of coal power, and the construction of smart energy facilities. The second is to promote the clean and cyclical transformation of industrial enterprises, including accelerating the decarbonization of energy-intensive industries, vigorously supporting the R&D and commercialization of breakthrough technologies such as hydrogen energy, promoting strategic value chain investment in the battery industry, and developing sustainable digital industries. The third is to form a building renovation method for the efficient use of resources and energy, including increasing the building renovation rate, exploring a building carbon emission trading system, and launching building energy performance contract management. The fourth is to accelerate the establishment of a sustainable smart travel system, including the development of multimodal transport, the construction of intelligent transportation systems, the improvement of air pollutant emission and carbon dioxide emission standards for ships and aircrafts, and the exploration of the maritime sector carbon trading system. The fifth is to establish a fair, healthy, and environmental friendly food supply system, including conducting agro-ecological performance assessment, reducing the use of pesticides and fertilizers, and strengthening the management and control of the entire food supply chain. The sixth is to protect and restore ecosystems and biodiversity, including the introduction of legislation to strengthen biodiversity, the introduction of EU forest strategies, and the development of a sustainable "blue economy". Zero water and soil pollution actions, sustainable chemical management, etc. The seventh is to implement a zero-pollution development strategy for a non-toxic environment, including the implementation of zero-pollution actions for air, water and soil, and sustainable chemical management.

2.2.2 Formulate A Series Of Green Policies

With the promulgation of the European Green New Deal, the government has also adopted a series of green policies. The most important three points are the implementation of green investment and financing policies, the green fiscal and taxation policies, and the green technology and talent policies.

For the implementation of green investment and financing policies, one is to increase the green investment of public funds and increase the proportion of climate projects in the EU investment budget, "Invest in Europe" funds and European Investment Bank financing to 25%, 30% and 50%. The second is to unblock the private sector’s green financing channels, classify and disclose environmentally sustainable development activities, improve the standards for sustainable investment products such as green bonds, and incorporate climate and environmental risks into the EU prudential regulatory framework, so as to guide the flow of private funds to respond to the climate Change areas. The third is to advocate fair transformation. For the groups most affected by the green transition, the EU has increased its assistance to high-carbon emission regions and industries through the establishment of a just transition mechanism such as a just transition fund, and provided reemployment training for those most affected by the transition, without letting anyone Lagging behind.

Regarding the implementation of the green fiscal and taxation policies, one is to increase the priority of green projects in public investment. The second is to accelerate tax reforms such as energy taxes, abolish tax exemptions for air and maritime transport, abolish subsidies for fossil fuels, and increase incentives for environmental protection and value-added tax in response to climate change. The third is to evaluate the EU's environmental and energy assistance guidelines, phase out fossil energy assistance, and remove barriers to market access for clean products.

Regard for Implementing policies such as green technology and talents. The first is to increase the support of the "European Horizon" scientific research funding project in areas such as climate change and sustainable energy, with a focus on supporting the R&D and commercialization of breakthrough technologies such as hydrogen energy and fuel cells. The second is to start from school to improve students' ability to acquire knowledge about climate change and sustainable development. The third is to accelerate the construction of digital infrastructure such as supercomputers, develop global digital models, and enhance the EU's ability to predict and respond to environmental disasters.

2.2.3 Committed To Becoming A Global Leader In Climate Politics

The European Union hopes to become a strong advocate by setting green diplomacy to respond the global climate change. In 2021 the Glasgow climate change conference is an important opportunity for them to ensure the Paris agreement continues to serve as a multilateral response to the climate change frame. In addition, they strengthen cooperating with G20 countries, neighboring countries, and Africa, making those countries take more actions to deal with climate change. Moreover, the European Union improves the role of climate change in trade policy and promotes the improvement of global policies to address climate change.

In terms of improving the status of climate change in trade policies, the EU hopes that through trade policies, it can incorporate green policies while cooperating with other countries. For example, formulate a carbon adjustment mechanism for specific industries, and impose a carbon adjustment tax on imported products from countries with loose climate policies (for instance, no carbon trading market or no carbon tax countries). In addition, the EU has also raised the access standards for imported products such as food, chemicals and materials, increased environmental footprint and other information disclosure requirements, strengthened the assessment and review of the endocrine-disrupting properties of chemicals, and promoted supply chain review to ensure the production chain and value chain of imported products does not involve deforestation and forest degradation.

Furthermore, the European Green New Deal is also a policy tool to promote the improvement of the global response to climate change. On the one hand, it actively promotes the establishment of a global zero-carbon market; on the other hand, it promotes the EU's green standards and sets global standards in the global value chain that meet the EU's environmental and climate goals. In addition, this deal improves the global sustainable financing platform and builds a globally unified climate change classification, disclosure, standard and labelling system. The European Union’s ambitions and major strategic trends in dealing with climate change demonstrated by this deal have aroused great attention from the international community. The representative of the United States to the WTO pointed out at the 14th trade policy review meeting for the EU held by the WTO in 2020 that the EU’s proposal of this deal requires an adjustment tax on carbon emissions, which may cause negative effects on global trade, affect and destroy the global supply chain system.

3 Impacts And Enlightenment On China

The "European Green New Deal" is an innovative growth strategy launched by the new EU presidency. The EU's ambitious goal of no CO_2 by 2050 has clarified a series of policies to promote green investment and financing, green finance, and determined the direction of green diplomacy and trade policies. After the global outbreak of the COVID-19 epidemic, the content of the Green New Deal will become an important starting point for the EU to restore its economy. The launch and implementation of the Green New Deal will not only affect the direction of the development of Europe, but also directly or indirectly affect China's participation in international trade, global climate negotiations, and global green finance. The following important conclusions that China should pay highly attention to: The Green New Deal may become "Europe's banner for responding to climate change," which will have a significant impact on the global response to climate change; The green agreement may become European green development and the new signal of the European Union, which has a major impact on the global green development strategy; The green agreement may form a new EU trade model, which has a significant impact on international trade rules.

3.1 Impact China In International Climate Negotiations

Von der Leyen has repeatedly emphasized that the primary task during her tenure is to resolve the climate crisis. The European Green New Deal would be the EU's new development strategy, and pointed out that although there is still no complete answer to how to deal with climate change, it is for the EU, Issuing a green agreement is comparable to the starting point of "landing on the moon". The implementation of the green agreement still needs to match the legal effect, and it may attract strong opposition from Eastern European countries that are highly dependent on coal. However, in the context of the withdrawal of the United States from the Paris Agreement, the European Union issued a green agreement during the 25th Conference of the Parties of the United Nations Framework Convention on Climate Change[9], demonstrating that it is competing for global climate governance discourse. China is one of the countries with the largest carbon emissions, but it is also the country with the largest energy-saving and emission reduction efforts[10]. China's propositions and ideas have been recognized by more and more countries, and its actions and practices have also been recognized by the world. China should further follow the latest trends of the European Green Agreement, compare and sort out China and Europe's actions and propositions on climate change, share responsibilities in common but differentiated ways, and highlight its role as a

[9]On October 8, 2019, the preparatory meeting for the 2019 United Nations Climate Change Conference (the 25th Conference of the Parties to the United Nations Framework Convention on Climate Change) opened in San Jose. More than 1,500 representatives from 100 parties attended the meeting, focusing on discussing and exchanging how to accelerate the "decarbonization" of the world economy. The conference was organized around three themes: cities and e-mobility, nature-based solutions and the "blue economy".

[10]Charity China(PUBCHN.COM) published the article in December 2012"China's total carbon emissions ranks first in the world" mentioned that China is the country with the largest carbon emissions in the world. China will become the largest energy-saving and emission-reduction country by increasing policy efforts in the fields of industry, transportation, and energy.

leader with Chinese characteristics. In addition, the Green New Deal has greatly increased the EU's climate change targets in 2030 and 2050, and is promoting the inclusion of the 2050 net-zero emission target in the first "Climate Law." Therefore, the EU may put higher requirements on China in future international climate negotiations, and will also put greater pressure on China's carbon emissions and fossil fuel subsidies in bilateral or multilateral exchanges such as the G20.

3.2 Impact On trade Of China To The EU

In the long run, the new European Commission will be committed to expanding the development and growth momentum of the EU economy, taking into account the threat of global climate change. No matter which one is its final foothold, there is one thing that is certain which is with the implementation of reform measures such as the EU carbon border regulation tax, emission trading system and energy efficiency directives, will surely bring about a "new EU trade model", and intensify global competition in the green and low-carbon field, triggering a new round of "environmental protection storm", which has a major impact on international trade rules. On the one hand, it will increase the tariff barriers for Chinese products to enter the EU market. The Green New Deal proposes to impose a certain percentage of carbon border adjustment tax on imported products from countries and regions that do not control carbon emissions. As China's non-carbon tax emission reduction measures are not recognized by the EU, high-carbon products such as steel exported from China to the EU are very likely to be subject to carbon border adjustment taxes, which will have a greater impact on China's exports. Moreover, it may increase the non-tariff barriers for Chinese products to enter the EU market. The Green New Deal proposes that the EU will raise environmental standards for imported foods and require the disclosure of environmental footprint and other information to consumers. The EU will strengthen the endocrine-disrupting review of imported chemicals in accordance with REACH[11] Regulation, and the EU will require the supply chain of imported products. Deforestation and forest degradation must not be involved. The increase of these non-tariff barriers will have a significant impact on China's exports of agricultural products, food, mechanical and electrical products, textiles and raw materials, furniture and toys[12] to Europe.

3.3 Enlightenment On China

Although the proposal of the draft of the Green New Deal has increased the global

[11]REACH regulation, that is, the "Registration, Evaluation, Authorization and Restriction of Chemicals" was issued by the European Union in 2007. The regulation has published 22 batches of 205 high concern chemicals list (SVHC list), which aims to strengthen the protection of biological toxicity, persistent or cumulative environmental impact, internal management of three categories of chemicals that have environmental or health effects, such as secretion-disrupting properties. In the published SVHC list, 80% are biological toxicity.

[12]In 2018, the EU's imports from China were mainly mechanical and electrical products, textiles and raw materials, furniture and toys and other products, accounting for more than 65%.

Expectation for major economies to improve their strength, it has invisibly increased the pressure on China to introduce such policies. Not only the carbon border adjustment mechanism to be adopted by the EU may bring green barriers to the related industries in China. On the other hand, the EU's considerations and debates in formulating such policies, especially the experience and practices related to the relationship between climate change and economic growth, provide a significant reference for China.

3.3.1 Focus On Economic Development And Climate Protection

The core of the Green New Deal draft is to balance the contradiction between economic development, climate, and environmental protection through the green transformation of the economy and society, that is “turning urgent challenges into unique opportunities for economic growth”. In the draft of the Green New Deal, the EU put forward the goals and policy roadmap for the transformation of the whole economy to a climate and environment-friendly direction and required that all policies in the macro-field must be corrected and coordinated according to the goals of the Green New Deal, while actively cultivating green and environmental protection industries and seizing the global competitive advantage. At present, China is in the critical period of formulating a medium and long term low-emission strategy and the "14th Five-Year Plan", and has fully realized that strengthening the construction of ecological civilization and actively responding to climate change and environmental protection are inevitable requirements for China's sustainable economic and social development. In the process of formulating relevant plans, China can fully learn from the experience of the EU, organically combine ecological civilization construction, response to climate change, environmental protection, and transformation of economic development methods, take a green and low-carbon development path and establish an economic system for green, low-carbon, and circular development. promoting the sustainable and high-quality development of China's economy, and achieving a win-win situation in economic development, environmental protection, and climate change.

3.3.2 Focus On Green Growth Through Technology And Innovation

New technologies, sustainable solutions and disruptive innovations are critical to achieving the goals of the European Green New Deal. In the draft of the new policies, the EU clearly stated that it is necessary to deploy and promote new technology research and demonstration on a large scale in various industries and various markets and create a new innovative value chain to maintain the EU's global competitive advantage in clean technology. Potential startups and SMEs breakthrough innovation. For example, in the field of digital technology, the EU will vigorously promote the integration of supercomputers, cloud technology, ultra-fast networks and artificial intelligence solutions to improve the ability to understand and respond to environmental problems. In the current process of formulating relevant plans and strategies for the "14th Five-Year Plan" in China, innovation should also be placed at the core of high-quality growth, and technological research and development and development of sunrise industries such as artificial intelligence, electronic communications, electrification, and digital technology should be strengthened. Cultivating industries to seize technological advantages and markets in the green and low-carbon transformation of the world economy.

3.3.3 Increase Public Participation

The participation and contribution of all stakeholders are paramount to the successful realization of the European Green New Deal. Green transformation is not only a transformation of the entire economy but also a major reform in social production methods, lifestyles and consumption patterns, which cannot be separated from the active participation of the market and the public. The Green New Deal lists a number of measures to improve public participation to gather public opinion and create a good atmosphere for social consensus and participation for the implementation of the Green New Deal. In the current formulation of China's "14th Five-Year Plan", stakeholders and public participation should be included in the policy vision, and the public's awareness of participating in climate change and green and low-carbon development should be increased through various means, and a mechanism for public participation should be developed. Design, promote the disclosure of information in the decision-making process, enhance the public's right to know about climate change work, and constantly innovate the forms and ways of public participation.

4 China's Action

China is one of the largest carbon emissions countries in the world, after the EU issued the European Green New Deal and reformed and improved a series of green policies and measures. those measures have brought a lot of obstacles to Chinese investments in Europe. At present, all of the world have paid high attention to what measure China would take and what new policies China would issue to improve green development.

4.1 Why China Matters

The world's attention may have been dominated by the recovery of the pandemic, but in the long run, 2021 might be remembered as a critical and unique dangerous moment for the climate as well as the COVID-19 pandemic. The impact of global warming is growing, and the key mobilizations, actions, and diplomacy required for mitigation continue to be affected until the United Nations Conference of the Parties on Climate Change (COP26) in Glasgow, Scotland, in November 2021. Scientists from the Intergovernmental Panel on Climate Change (IPCC) are observing changes in the Earth's climate in each region and the entire climate system. According to the latest IPCC report, unless greenhouse gas emissions are reduced immediately, quickly and on a large scale, the temperature rise will be limited to a target that is close to 1.5°C higher than the pre-industrial level-the "Paris Target" defined by COP21 in 2015 will be out of reach. Consistent with the IPCC predictions, extreme weather events are becoming more intense and frequent. In July 2021, a devastating flood occurred in Europe, and at least 184 people died in Germany. After Hurricane Ida in August 2021, flash floods hit the eastern United States, flooding infrastructure and causing casualties. In October 2021, severe flooding occurred in Shanxi Province, the largest coal-producing region in northern China, and more than 1.76 million people were displaced, resulting in a nationwide power shortage. At the same time, Australia has experienced record-breaking temperatures and severe droughts in recent years. According to data from the World Weather Attribution Coalition, climate change is believed to increase the risk of at least 30% bushfires, as Australia has seen during the 2019-2020 fire season.

Figure 6: Climate Change: Vital Signs Of The Planet

The climate negotiations hosted by the United Kingdom and Italy represent an opportunity for countries to strengthen the commitments in their pledges, known as the Nationally Determined Contributions (NDC), for the first time since the signing of the Paris Agreement six years ago. If we are to reach the 1.5°C targets, countries need to increase by a factor of five on their existing commitments to reduce greenhouse gas emissions. According to the "Paris Agreement", the cost of renewable energy fall, and the world's changing energy policies are accelerating the transition to a low-carbon economy, the post-pandemic global recovery efforts also provide an appropriate time to renew calls for green growth. Many leaders, countries and regions have responded to this call. The European Union's Green Agreement is an ambitious set of integrated green industry, digital and circular economy frameworks. It has been proposed as a driving force for the economic recovery of the European Union after COVID and has been used to create a "Fit for 55" series of Interrelated policy recommendations aimed at achieving carbon neutrality in the EU by 2050. The United States held a leadership summit on Earth Day in 2021, committed to achieving the net-zero goal of the mid-century, and is now trying to pass ambitious infrastructure and budget legislation with a special focus on decarbonization.

It can be seen from the above-mentioned disasters that have occurred around the world and the fact that leaders of various countries have responded to the call for decarbonization, the global decarbonization plan cannot be delayed. In support of the Paris Agreement's goal of jointly preventing global warming, the Chinese government has pledged to peak carbon emissions by 2030 and achieve carbon neutrality by 2060. China is the world's largest source of carbon emissions, accounting for nearly 30% of global carbon dioxide emissions in 2019. Its contribution to reducing global carbon emissions will be crucial to controlling global temperature rise. However, achieving net-zero carbon emissions in just the next 40 years will be an extremely challenging task for China. China has only 30 years to achieve the goal of carbon peaking and carbon neutrality. The steeper the carbon reduction curve, the more radical the transformation of China's economy and energy structure is required. In addition, China's participation in the decarbonization plan has significant meaning both internationally and domestically.

From the international side, for China, carbon neutrality is a great step towards realizing China's rejuvenation. When the dual carbon goal is achieved, China's international status will be greatly improved. Gaining an advantage in the process of achieving carbon neutrality means gaining a talking qualification in future energy trade and political diplomacy. Throughout the history of the two energy revolutions, the United Kingdom built an empire relying on steam engines, and the United States developed oil and natural gas energy starting with the internal combustion engine, leading to the electrical age and the information age. The third clean energy revolution has arrived, and China is confident enough to lead the world and rebuild international relations at this stage. The production technology of China's clean energy equipment has reached the world's advanced level, and there is also a broad space for growth in the energy transmission and consumption ends. Under the "carbon neutral" reform, China will serve as an international center to shape international cooperation and guide international capital flows. China will have more confidence to compete with developed countries and increase the international discourse power and influence of socialism.

Domestically, "carbon neutrality" will promote China to accelerate the establishment and improvement of a green, low-carbon, and circular development economy, and to reconstruct the social and economic system. On October 24, 2021, the Central Committee of the Communist Party of China and the State Council has issued the "Carbon Neutrality" top-level design document "Opinions on Completely Accurately Implementing the New Development Concept and Carbon Neutrality". China's economic production model will be a Top-to-bottom transformation and upgrading.With the further advancement of reform, China will more accurately grasp the situation of carbon emission reduction, accumulate rich experience, build an internal circulation market economy system based on clean energy, and develop a domestic and international dual-circulation strategy with internal circulation as the main body.

4.2 China’s Environmental Policies

The present era of environmental decision-making in China began with the United Nations Conference on the Human Environment held in Stockholm in 1972. China temporarily passed the "Environmental Protection Law" in 1979 and obtained permanent UN status in 1989. Later, in 2002, President Jiang Zemin listed sustainable development as a Xiaokang society (the moderately prosperous society). This is an iconic theme under his leadership. The National People’s Congress is China’s "rubber stamp" parliament and has passed a large number of environmental laws in the past three decades. These include:

-Cleaner Production Promotion Law(29.6.2002);

-Circular Economy Promotion Law(29.8.2008);

-Air Pollution Prevention and Control Law(29.4.2000);

-Marine Environment Protection Law(25.12.1999);

-Water Pollution Prevention and Control Law(15.5.1996);

-Solid Wastes Pollution Prevention and Control Law(29.12.2004);

-Soil Pollution Prevention and Control Law(31.8.2001);

-Environmental Noise Pollution Prevention and Control Law(29.10.1996);

-Radioactive Pollution Prevention and Control Law(28.6.2003);

-Grassland Law(18.6.1985);

-Forestry Law(20.9.1984);

-Water Law(11.5.1984).

Many of these regulations are carefully formulated, but they are cumbersome to implement. The Ministry of Ecology and Environment (MEE) is now a "super ministry". After the reorganization in 2018, the Ministry of Ecology and Environment has taken over the responsibility of climate change policy formulation and other important areas from the National Development and Reform Commission, China's highest economic planning agency. The high level of the country’s commitment to pollution and climate change actions is clear. The national self-interest behind this is also obvious. Since the first decade of this century, the official academy has issued a national climate change assessment. Many of China's major economic centers are built in low-elevation coastal areas and are extremely vulnerable to changes in coastlines and rising sea levels. Flooding poses a disaster risk to the south, as seen between June and September. Irrigation water is unreliable, especially in the north, where the number of agricultural pests has surged, the summer is hot, and the growing season is earlier and shorter, threatening China's food security-this is a core political issue. For 18 consecutive years, the first annual policy statement issued by the Chinese Central Government, known as "Document No. 1," has always been on food and rural affairs.

In addition, policymakers clearly recognize that climate action is aligned with domestic economic priorities. In the past ten years, China has adopted active low-carbon industrial policies in its five-year plan and long-term strategies such as "Made in China 2025" which was released by 2015, positioning itself as the world's leading clean technology supplier. By 2020, China accounts for 80% of the global solar photovoltaic power generation and 90% of the newly installed wind power capacity in Asia. China has strengthened energy security through electrification and decarbonization; policymakers have long been worried about the "Malacca dilemma" where China's oil supply relies on a single choke point, so from their perspective, diversification of energy supply is conducive to long-term geopolitical resilience. China has also used the shift from pollution and energy-intensive industries to shift the economy to "upstream of the value chain" to innovation and services, and in the process helped alleviate air pollution—a major issue of general concern—and strengthened the legitimacy of the party in this process.

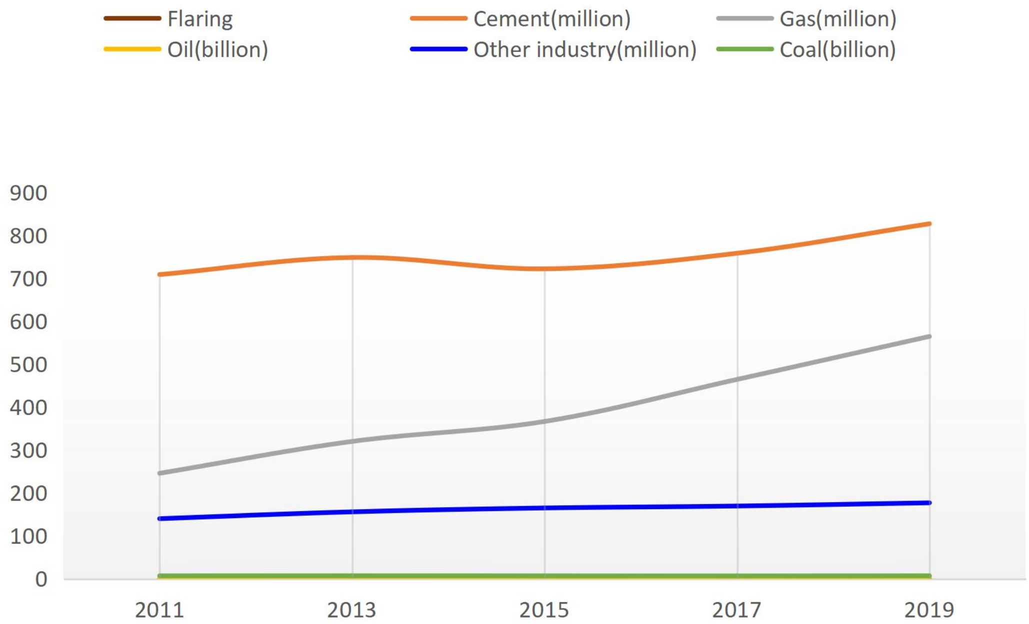

Figure 7: Annual CO_2 emissions from different fuel types in China, measured in tonnes per year

Source: Global Carbon Project. https://doi.org/10.18160/gcp-2021

4.3 Towards 2060

President Xi Jinping made two important commitments in his two recent speeches to the UN General Assembly. In September 2020, he announced that China would achieve carbon neutrality by 2060; in September 2021, he announced that China would stop funding overseas coal power. These are unilateral announcements and announced by Xi Jinping personally, giving these signals even greater significance. Aiming to become carbon-neutral by 2060, either by completely eliminating carbon dioxide emissions or balancing them through carbon removal. This is very significant. The Climate Action Tracker found that this commitment alone reduced the global warming forecast by 0.2-0.3°C—the largest single change it recorded. In doing so, President Xi not only hinted that China intends to position itself as an environmental leader on the world stage, but also sent a domestic signal. This signal even surprised environmental officials. Planners soon began to incorporate this target into existing commitments to reach the country's peak carbon emissions by 2030. A few weeks after the announcement, an influential research team at Tsinghua University drew up a roadmap for the carbon neutrality goal, using one of the leaders' words to confirm that "achieving carbon neutrality by 2060 essentially means taking 1.5° C is the target long-term deep decarbonization process", and there is a road to peak coal.

In March 2021, the government announced the overall goals of the "14th Five-Year Plan" and formulated a centralized and comprehensive decision-making framework for 2021-2025. The previous plan focused on pollution and energy intensity, while this plan is more focused on carbon. However, it is not as ambitious as many hoped. Environmentalists called for the inclusion of an absolute carbon emission cap for the first time, but the plan did not include this content; instead, it continued the previous five-year plan by setting energy intensity and carbon intensity targets per unit of GDP. The plan sets the following goals for China:

-By 2025, reduce energy intensity (energy consumed per unit of economic output) by 13.5% from the 2020 level.

-By 2025, with 2020 as the benchmark, reduce carbon intensity (the amount of carbon dioxide emissions per unit of economic output) by 18%.

-By the end of the plan, increase the share of non-fossil energy in its energy structure to "about 20%" and increase the total forest coverage rate from 23.04% in 2020 to 24.1% by the end of 2025.

In the next year or so, these high-level goals will be fleshed out in departmental and provincial plans. For example, there is a strict target for limiting steel emissions. But it is encouraging that none of the overall goals are for GDP growth, which may give institutions greater flexibility to pursue other goals and avoid a growth mentality at all costs. China has also recently taken more stringent measures against polluting industries. In March 2021, Tangshan city authorities stated that if steel manufacturers continue to violate environmental regulations, they will force steel manufacturers to reduce production by as much as 50%. Chinese officials imposed restrictions on aluminum smelting in Inner Mongolia and relocated factories to areas rich in renewable energy resources. After a long delay, China's energy sector's Emissions Trading Program (ETS) has recently started trading. The program will reward energy producers with higher efficiency and lower carbon emissions. So far, the carbon price has basically remained within a credible range, and there seems to be enthusiasm for the mechanism.

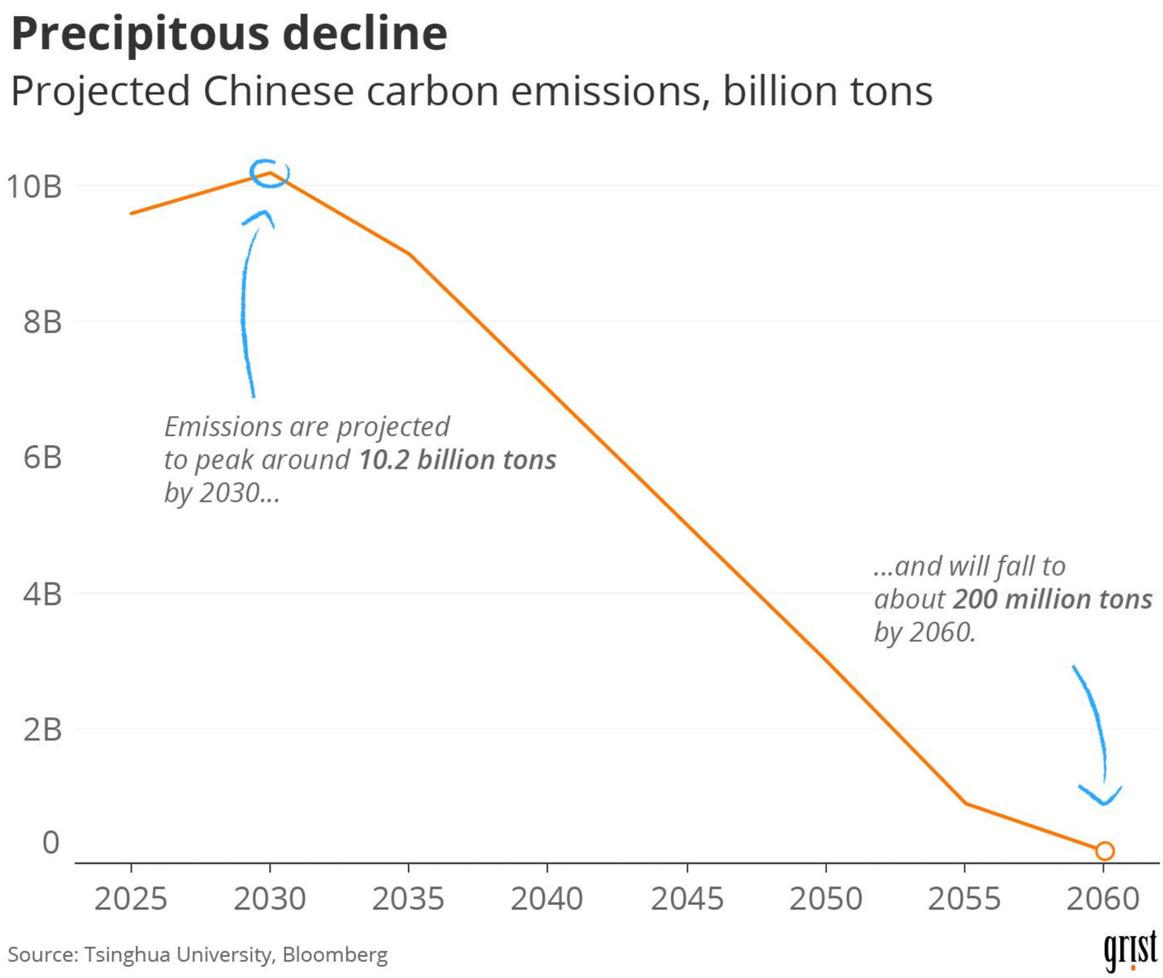

Figure 8: Projected Chinese Carbon Emissions

However, the financial industry is undergoing broader changes. China's financial regulatory agency is one of the country's advanced institutions on climate risk issues. For instance, it has recently tightened the definition of "green debt"[13] - bonds issued to support environmentally friendly corporations -to reduce the greenwashing risk and mark themselves as an environmentally friendly cosmetic. From the best point of view, most of the focus is on structural and systemic changes, included in the medium-to-long-term vision of decarbonization, organized around the so-called "30-60" target, which is the peak in 2030 and carbon neutrality in 2060.

[13]Green debt financing instruments mean debt financing instruments issued by enterprises in the green financial reform and innovation pilot zone in the inter-bank market, and the raised funds are specially used for green projects such as energy conservation and environmental protection, pollution prevention and control, resource conservation and recycling.

4.3.1 The Belt and Road Initiative

"The Belt and Road" is the abbreviation of "Silk Road Economic Belt" and "21st Century Maritime Silk Road". In September and October 2013, Chinese President Xi Jinping proposed the construction of the "New Silk Road Economic Belt" and "21st Century Maritime Silk Road" respectively. Century Maritime Silk Road" cooperation initiative. Relying on the existing bilateral and multilateral mechanisms between China and relevant countries, and with the help of existing and effective regional cooperation platforms, the Belt and Road Initiative aims to borrow the historical symbols of the ancient Silk Road, hold high the banner of peaceful development, and actively develop cooperation with countries along the route as an economic partnership, and jointly build a community of interests, a community of destiny and a community of responsibility for political mutual trust, economic integration, and cultural inclusiveness.

The launch of the European Green New Deal has brought China a great influence both in terms of policy and action, and China has deeply realized that low-carbon life is imminent. At the same time, the epidemic has triggered deep thinking in the international community on the harmonious symbiosis between man and nature. Against the background of the current lack of global economic growth momentum, green recovery has become an important driving force for high-quality economic development after the global epidemic. "the belt and road initiative" Plays an important role in leading the global green recovery.

At the "Belt and Road" International Cooperation Summit Forum held in April 2020, China clearly put forward the development direction of "building the "Belt and Road" into a green road. On September 22, 2020, President Xi Jinping announced at the general debate of the 75th United Nations General Assembly: "China will increase its nationally determined contribution, adopt more powerful policies and measures, and strive to peak carbon dioxide emissions by 2030. Strive to achieve carbon neutrality by 2060." This oath demonstrates China's firm determination to actively respond to climate change and take a green and low-carbon development path and reflects China's responsibility to build a community with a shared future for mankind. It is China's response to climate change. New efforts and contributions. The international community highly appreciates China's climate commitments and believes that it will have a positive impact on the global response to climate change, help drive clean energy investment under the "Belt and Road" initiative, and help developing countries embark on a low-carbon path.

Since the Chinese side has clearly pointed out that the “Belt and Road” will lead to a green road, the essence of the green “Belt and Road” is to integrate green development, ecological protection and environmental protection into all aspects of the “Belt and Road” development and the United Nations Sustainable Development Goals. As one of the main trade and investment partners of countries along the “Belt and Road”, the EU has also proposed a series of proposals to support green and sustainable “Belt and Road” projects, including sustainable urban transport, sustainable urbanization and sustainable industrialization, etc,. China's "Belt and Road" initiative and the EU's "Eurasian Connectivity" strategy[14] complement each other, creating possibilities for greater cooperation. At present, protectionism and individualism are on the rise. The cooperation between China and the EU will build a bridge between the world's second and third largest economies, and will also help drive the development of the wider East Asia region. China and the EU can also use the "Belt and Road" platform to contribute to solving current regional issues and security challenges, so as to fill the current leadership gap in global governance and provide solutions for the sustainable development of the world.

[14]On September 19, the European Commission and the EU's High Representative for Foreign Affairs and Security Policy Federica Mogherini jointly released a policy document entitled "Connecting Europe and Asia - Vision for the EU Strategy", which comprehensively elaborated the EU's realization of "better connect Eurasian" strategic vision plan.

5 New Emerging Markets

The relationship between China and the EU is a key for global efforts to reduce carbon emissions. Although the COVID-19 virus and the Green New Deal have changed many situations where China and the EU can cooperate, it also provides more opportunities for cooperation to build a greener global economy. For the recovery of the economy of the EU, the Green New Deal is an important starting point. China's extensive participation in the energy sector of many European countries has become an important driving force for the country's energy transition.

While emphasizing the protection of the environment and climate, China is likely to dominate the future of green technology. In the "Made in China 2025" strategy, China has emphasized that it will become a global technology leader. Although the EU's Green New Deal sets many obstacles to China's direct investment in the EU in many fields. It also opens a door for China to invest in new technologies. It is undeniable that China produces three-quarters of the world's photovoltaic panels, controlling more than one-third of the global wind turbine market, and is a major producer in the global electric vehicle battery field.

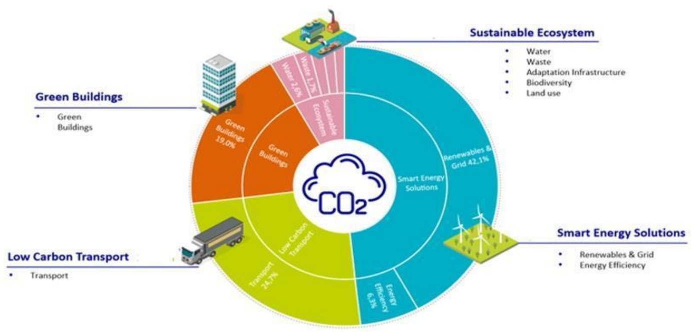

Figure 9: New Emerging Markets

With the launch of the EU's Green Program and the strengthening of climate protection, these markets will become more and more important. If the EU cannot gain a foothold in these areas. It will lose its ability to compete economically with China, and it will also lose its own market. This point can refer to the solar energy industry in Europe. The German wind power industry is facing similar problems. From the perspective of the energy transition, China is likely to become a big winner and will start to open new investments in the EU from this aspect. Next, we will specifically analyze which emerging markets that China could invest in the EU.

5.1 Focus On Energy Transition

The Green New Deal regards the energy supply system as an important part of the EU's response to climate change and proposes specific measures such as the elimination of fossil energy subsidies and the elimination of non-tariff barriers in the field of renewable energy. It is foreseeable that the development of traditional energy industries such as coal in Europe will face greater pressure, and clean energy will face new development opportunities. China's renewable energy has made considerable progress. The installed capacity of wind power and photovoltaic power generation ranks first in the world, and China has many key commercial technologies such as solar photovoltaic panels. Therefore, China can seize the opportunity to participate in the development of clean energy in Europe.

According to a study by the European Council on Foreign Relations (ECFR). While Europe, with its market position and pioneering role, can provide the global standard for the energy transition, at the same time, most of the raw materials needed for the European energy transition come from China, a country that like Russia, is seen as a systemic competitor to the West. China could be the biggest winner of the energy transition. For example, switching to renewable energy would reduce China's strategic vulnerability. 70% of China's oil needs are imported, a vulnerability dubbed the "Malacca Dilemma" in recent years, and switching to renewable energy will reduce this vulnerability. China is currently the world's largest producer of lithium, which is currently an irreplaceable raw material for making batteries for electric vehicles, e-bikes, and e-scooters. According to the ECFR research report, more than 60% of the key raw materials needed for the implementation of the EU's energy transition come from China. China also currently dominates the production chain for core elements of the energy transition, such as 80% of the world's batteries and 70% of solar panels produced in China, according to Daniel Yergin[15]. This means a kind of market dominance.

For instance, in Spain, both the Spanish private companies and the public sector believe that China plays an extremely important role in responding to global climate challenges. Without China's support, it would be difficult for the EU to achieve the green goal of reducing carbon. Spain expects China to help the country deploy the green technologies needed to achieve climate goals. Mario Esteban[16], a well-known Spanish researcher, said that Spain’s climate action goals are largely influenced by EU policy. Spain will translate the EU’s green goals into domestic policies. The Spanish government has recently approved a series of long-term decarbonization strategies, which will increase the share of renewable energy power generation in final consumption to 97% by 2050. Mario Esteban believes that China will become a key player in the future development direction of the Spanish energy recycling market. In view of China's role in reducing low-carbon technology costs and large-scale production, technology synthesis will be indispensable. And China provides most of the raw materials needed for EU decarbonization. China controls the production of rare earth

[15]Daniel Yerkin is one of the most influential figures in the United States with many positions. Yergin paints this new map of the world in his book “The New Map: Energy, Climate and the clash of Nations”. The short summary is: "China will be the big winner, and Russia and the Middle East oil exporters will be the big losers. The U.S. is probably somewhere in between."

[16]Mario Esteban is a principal investigator at the Royal Institute of Elcano and a full professor at the Centre for East Asian Studies at the Universidad Autónoma de Madrid. He is the Principal Investigator of a project funded by the Ministry of Economy, Industry and Competitiveness, the Ministry of Foreign Affairs and the Korea Foundation.

elements[17] necessary for the development of green technologies such as wind power, and to a certain extent is a major producer of graphite. Without China's supply, it would be difficult for the EU to achieve its goal of decarbonization. Therefore, Spain's ecological transformation depends to a large extent on China.

Figure 10: Energy Transition

In recent years, China and the EU have carried out extensive cooperation in the field of renewable energy. In terms of offshore wind power, China has established a bilateral cooperation mechanism in the field with Denmark and the Netherlands and has carried out exchanges and docking on policies, plans, technologies and standards. Over the years, Chinese companies such as SDIC Power, Shanghai Electric, and the Three Gorges of the Yangtze River have carried out a number of cooperations with EU companies in equity investment and project cooperation. In terms of photovoltaics, China’s exports of photovoltaic modules to EU countries continue to grow, Jinko Power, China New Energy and other companies have successively won bids for photovoltaic power plant projects in the Netherlands, Spain and other countries, and the two sides cooperate in the field of renewable energy further deepen. In addition, in geothermal energy, biogas, hydropower development, etc., China has also carried out rich and mutually beneficial cooperations with the EU.

5.2 Digital Economy And Green Hydrogen Energy

The European Green Deal proposed that the EU will promote green innovation through the development of a digital economy and green technology. China is relatively leading in the development of the digital industry and can share its experience in digital transformation with

[17]According to Phoenix Information March 10, 2009 report: More than 95% of the world's rare earth metals will be produced and supplied by China. The 17 lanthanides (rare earth elements with atomic numbers between 58 and 81) are widely used in mobile phones, lasers and aviation, and these elements are all produced in China.

European companies. The EU has richer experience in digital economy market supervision, which can be used as a reference for China. The green growth and circular economy proposed in the policy platform can become new areas of China-EU cooperation. The EU will increase its support for the research and development of key commercial technologies such as clean hydrogen energy, carbon storage, and zero-carbon steelmaking. This will bring opportunities for China and the EU to conduct research and development cooperation in the field of green technology.

The Covid-19 epidemic highlights the urgency of accelerating the digital transformation of the economy and society, which is a major issue faced by Europe. China has the world's leading digital technology and the world's largest digital market. The European Union has advantages in cyber security and data protection. China is undoubtedly one of the EU's most important strategic partners in the digital economy. At present, international cooperation and competition in the digital field are complex and complicated. All parties need to establish and improve global digital governance through multilateral cooperation. China and Europe can carry out pragmatic cooperation and healthy competition within a safe and fair institutional framework, so as to achieve mutual benefit and win-win results and contribute to world stability and prosperity. China and the EU have a "common language" in a wide range of areas such as safeguarding the multilateral system, tackling climate change, fighting the Covid-19 epidemic, maintaining biodiversity and promoting sustainable development. The strengthening of cooperation between China and the EU in areas such as economic, trade, investment, and digital transformation in the post-epidemic era will effectively resist strong pressure from the United States and the risk of “decoupling”.

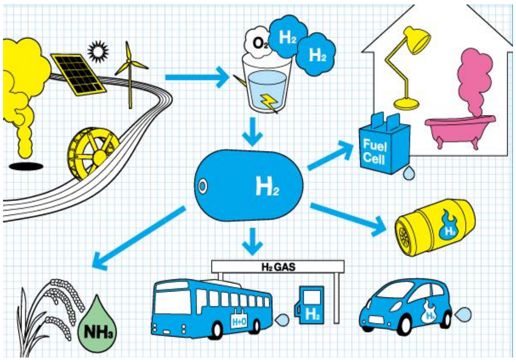

Figure 11: H_2

Moreover, green hydrogen energy is regarded by many experts as the key to achieving the goal of “net zero emissions”. For emission-intensive industries that are particularly difficult to reduce emissions such as heavy industry and aviation, green hydrogen energy is used to produce hydrogen by hydrolysis of renewable energy. Technology is gradually becoming a good way to achieve industrial emission reduction. Frans Timmermans, Vice-Chairman of the European Commission and European Commissioner for Climate Affairs. said at the Hydrogen Energy Strategy Conference in early July 2021: “In view of the current level of technology.

Economic conditions and policy measures in Europe, Europe has the ability to lead the development of global hydrogen energy." He also said that green hydrogen energy has become "a star in the world, especially in the field of new energy in Europe." Green hydrogen energy is the use of renewable electricity to electrolyze water, thereby decomposing water into two basic elements, oxygen and hydrogen. The EU hopes to benefit from this trend by supporting the development of the hydrogen energy industry and bringing more than 1 million jobs to the region in the middle of this century. It is estimated that in the EU alone, the cumulative investment in the hydrogen energy industry will reach 180 to 470 billion euros. Timmermans said: "In the next few years, clean technology will become a global growth engine." It can be seen that China's investment in the EU has opened another door, and China can invest in the EU in this regard.

5.3 Transportation

In the early days, the transportation industry's greenhouse gas emissions accounted for about one-fifth of the EU's total greenhouse gas emissions. Although the European Union was very concerned about the transportation industry's carbon emissions, before 2009, the EU signed a "Voluntary Agreement" with automakers. The average emission standard for new vehicles is restimulated, which is difficult to implement effectively in practice. Therefore, during the period 2009-2014, the European Union supervised and legislated the carbon dioxide emissions of heavy and light vehicles. And truck carbon emission targets-by 2025, the carbon emissions of cars and trucks will both be reduced by 15%; by 2030, the carbon emissions of cars and trucks will be reduced by 37.5% and 31% respectively.

In addition, if China becomes a leader in climate technology, then a new economy will emerge. For example, the key weakness of the German automobile industry is the battery cells. China intends to formulate new international standards in areas related to climate protection. If China imposes its standards. European companies are likely to find it more difficult to enter the market. As Werner von Siemens warned, "who owns the standards, owns the market." Therefore, another issue about the EU is the automobile field and electrification of transportation. Especially in Spain, compared with neighboring countries, Spain lags behind in this field, and its achievements in building charging infrastructure and expanding the electric vehicle market are far behind the EU average.

In January of 2020, Spain and China signed an agreement to promote electric transportation, which envisages a new hub for jointly developing technologies. The representative of the Spanish Industrial Technology Development Center (CDTI) in China, Carlos Quintana believes that "a pretty good growth is beginning", referring to the new phase of technical cooperation between the two countries during President Xi Jinping's visit to Madrid at the end of 2018. He believed that green technology has special significance at this stage. CDTI's plan to unite Spanish and Chinese companies, known as Chineka, supports initiatives related to green transformation. "There are many projects related to new materials, such as graphene, which is essential not only for the production of electric cars but also for the production of lighter and less polluting cars as well as lighter wind turbines that will be more efficiently," he stated. During 2018, the value of venture capital and private equity investments in China's clean technology sector was approximately US$3.57 billion, but such investments are not always regarded as a complete ecological transformation of Chinese politics. In the context of the Paris Agreement, China positions itself as a leader in promoting renewable energy and transforming from a polluting heavy industry to a modern 21st-century economy.

It can be seen that China's investment in Spanish electricity transportation will only increase in the future. Spain helps China achieve its willingness to realize climate protection through green investments, and China helps Spain improve its unsatisfactory electric mobility environment. This can be described as a win-win situation.

5.4 Green Infrastructure

The EU's development goal is to develop a green economy, and green infrastructure is its top priority. Specifically, in addition to the construction of some cross-border railways, highways, ports, airports and other major projects, there are also livelihood projects such as the construction of hospitals, schools, and low-income households. Many infrastructure projects in the EU are the products of the 1950s and 1960s. Therefore, the European Union launched a "new wave of renovations" of buildings last year, with the goal of doubling the current renovation rate of only 1%. Driven by the Recovery Fund, the European Union plans to accelerate the realization of the renovation target through an annual investment of 350 billion euros, and prioritize the renovation of public buildings. European investment in green infrastructure can not only promote the economic recovery of the EU, but also help Europe to fulfill its long-term commitment to combat climate change, achieve the climate goal of "carbon neutrality" by 2050, and increase job rate at the same time. A broadcast by German TV 1 in August introduced that China Building Materials has become more and more popular in European countries. In fact, Chinese building materials can almost be seen in European buildings, such as solar roofs, green paints, granite floors, recyclable exterior wall materials, and even tiles that are "Made in China."

China National Building Materials currently has three ways to participate in Europe's green infrastructure industry. The first is to participate in the bidding projects of the European Union and other governments. If European governments at all levels have any public projects that require large-scale procurement of building materials, they will initiate tenders. Chinese building materials companies can bid individually or with their European partners. They can also participate in the entire project, or they can only participate in the bidding of building materials. The second way is to cooperate with European building materials chain stores. There are many building materials chain stores in European countries, but the real dominance is just a few famous stores. The third way is to merge European companies or set up branches. It is reported that the value of Chinese building materials exported to Europe each year is estimated to exceed 10 billion euros. Although the European building materials industry is inconspicuous due to environmental and resource issues, it is indeed a gold mine.

6 Conclusion

Direct investment from developing countries in developed countries is a reverse investment model, and China's FDI to the EU is such a typical investment model. The motivation for such reverse investment is due to the macro background of economic globalization. It is a manifestation of China's new demand for developed countries during the period of economic transition, especially for the EU market. In addition, this is also the strategic requirement of the Chinese government to actively promote "going out", allowing Chinese enterprises to open up peripheral markets through foreign investment and cultivate China's own truly influential multinational enterprises.

In December 2019, the European Commission released a new growth strategy document, the European Green New Deal. The New Deal proposes to make the EU the world's first carbon-neutral continent by 2050 through the transition to clean energy and a circular economy, in order to prevent climate change and promote the stable and sustainable development of the European economy. This is the first policy agenda of European Commission President von der Leyen since she took office, and it is also a new commitment of the European Commission to address climate and environmental challenges. It is regarded as the next "five-year plan" of the EU. The Green New Deal not only proposes the EU's 2050 carbon neutrality target, but also puts forward a policy roadmap for implementing the target, which will have a profound impact on the EU's economic and social development, and it also has a great significance on China formulate a long-term low-greenhouse gas emission strategy in the mid-21st century.

The implementation of reform measures such as the EU carbon border adjustment tax, the emission trading system and the energy efficiency directive, will surely bring about a "new EU trade model", and intensify the global competition in the green and low-carbon field, triggering a new round of “environmental protection storm”, which has a significant impact on international trade rules. At the enterprise level, it means that if the other continents want to do business with the EU in the future, the EU will examine whether the other party meets the requirements of addressing climate change, and even includes whether the production process and production process of the goods exported to the EU use green and renewable energy. China is the second-largest trading partner of the EU, and the new EU model is bound to have a significant impact on the export of Chinese products to Europe. China should prepare early and make docking as well as planning in advance from the policy level, the enterprise level, and the consumer level. In addition, it has also put pressure on China to introduce climate and environmental protection policies. At the same time, the EU Green New Deal is also a major change in the development concept and development model of human society. Today, the global industry is facing a new generation of technological innovation and industrial upgrading. China must follow the development trend, learn from the experience of the EU, strengthen the concept of green development, and accelerate the promotion of industrial green and low-cost industries. The pace of carbon development, building a resource-saving and environment-friendly industrial system, so as to seize the opportunity of reshaping the international competition pattern.

In September 2020, President Xi proposed at the 75th session of the UN General Assembly that China should achieve carbon neutrality by 2060, which aroused strong repercussions from all the world, believing that during a critical period of covid-19 challenges, this is an important symbol of China's global leadership. The proposal of the carbon neutrality goal has injected the strongest impetus into the global response to climate change and energy transition. The promulgation of the EU's Green New Deal and China's commitment to the zero-carbon goal of 2060 has marked the trend of the world's economic green and the transformation of the global investment direction, although a series of green policies in Europe have had a considerable impact on China's investment in the EU, at the same time, it also opened a new investment door, and the first one is the investment in new energy. Secondly, the transportation industry and high-carbon emission industries such as construction are also the industries that the EU plans to rapidly reduce carbon emissions. China can also increase its investment in these high-carbon emission industries to help them reduce carbon quickly.

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