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UK government confirms £14bn of Chinese trade and investment deals after state visit

Major trade agreements between energy companies BP and Shell and Chinese state energy company China National Offshore Oil Company (CNOOC) are among £14 billion worth of trade and investment deals agreed between the two countries, prime minister David Cameron has announced. 18 Jun 2014

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The announcements came during a visit to the UK by Chinese premier Li Keqiang. Other deals announced during the visit included the signing of a 'memorandum of understanding' on rail design and construction; a new collaboration to develop professional qualifications in the environmental and sustainability sectors between Shenzhen Xingcheng Holdings, BRE and Nottingham University; and the appointment of China Construction Bank (CCB) in London as the first clearing house outside Asia for the Chinese currency, renminbi (RMB).

Cameron said that creating stronger links between the UK and China was "central" to the

government's long-term plans for economic recovery.

"In the last few years we have made a huge difference and built a much stronger bilateral trading relationship between our countries," he said. "The figures tell the story – bilateral trade at record levels, our exports to China up 15% in 2013, they have more than doubled in the last five years and at £1 billion a month, they are growing faster than France or Germany."

"These figures prove once again that Britain is the most open economy in the EU, the most welcoming to Chinese investment including in our nuclear industry and our infrastructure and I'm determined to keep it that way. The UK will continue to stand for opening up trade in the EU, for progress towards an EU-China trade deal, and for free trade within the G20 and the WTO," he said.

The UK has been actively courting Chinese investment in recent years, and last year Cameron led what the government said was the largest ever trade delegation to China. The UK is currently the most popular destination for Chinese investment, but much of this growth has come more recently. According to the government, there has been more investment into the UK from China in the last 18 months than in the previous 30 years, with over £8bn in 2013/14 alone.

The agreement signed between the Chinese government and Department for Transport (DfT) covers all modes of rail transportation, including high speed rail. The agreement is designed to encourage closer cooperation between the two countries on areas such as rail design, engineering, construction, supply, operation and maintenance. Potential developments covered by the agreement include the development of new build and upgrading existing rail infrastructure, the supply of products and services to third countries and closer collaboration on rail sector research and development.

Under the terms of the deal between BP and CNOOC, the UK energy company will supply China with 1.5 million tonnes of liquefied natural gas per year over the next 20 years, starting in 2019. The agreement is worth £12bn, according to the UK government. Shell has also signed a 'global strategic alliance agreement' with CNOOC, reconfirming the existing partnership between the two firms both in China and around the world and committing them to "exploring potential cooperation opportunities in upstream, midstream and downstream".

To help secure more inward investment from China into the UK, Lloyds Banking Group has signed an agreement with the China Development Bank Corporation. This agreement will have a particular focus on securing investment into UK infrastructure and energy projects, and will also provide further support to UK companies seeking to do business in China. China's largest private sector investment group, China Minsheng Investment Corporation (CMI), has also announced that it will open its European headquarters in London.

The London office of CCB, one of China's 'big four' banks, has been appointed as the first RMB clearing bank outside Asia, complementing existing clearing and settlement infrastructure in Hong Kong by making it easier to transfer funds in Western time. The Chinese government will also grant further licences to UK firms to enable them to invest directly into the Chinese markets, and allow direct trading between sterling and RMB for the first time, it announced.

Other deals included a research collaboration agreement between UK and Chinese life sciences businesses, with a particular focus on cancer, asthma, stroke and eye condition drug

development programmes; a new arrangement by Chinese financial services group Nord Engine to invest up to £150m in UK and European SMEs; and a joint venture between the UK's MAP Environmental and Chinese manufacturer Z N Shine to purchase, develop and manage £400m of UK solar panel assets.

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