

**EU-CHINA BUSINESS SUMMIT
5 SEPTEMBER 2005
SESSION 1 (15:30 - 15:40)**

**INTERVENTION BY MR PHILIPPE DE BUCK
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Commissioner Verheugen,
Excellencies,
Ladies and Gentlemen,

- What we have heard throughout this afternoon confirms and reinforces the magnitude of EU-China economic relations. From the European side, the importance of China is clearly recognised: China has changed and is continuing to change the world economy, accounting for almost one third of world economic growth.
- China's impressive record of economic reforms and growth in the last 25 years has led to your country's emergence as a major economic power in a world characterised by increasing interdependence of economies. We have to acknowledge the success of intelligent and pragmatic reforms, which have lifted millions of people out of poverty.
- This phenomenon is what brings us together here in this EU-China Business Summit, a business meeting, to discuss issues of common interest for the two business communities and to work together to strengthen business relations.
- China is a major priority for European business. China's gradual integration in the world economy and its increasing interdependence with the EU offers significant and promising perspectives for the development of strengthened bilateral relations. The importance of trading relations between the EU and China is fundamental for economic development on both sides.
- As we have seen in the different interventions, the figures for our economic relations are massive: total EU-China bilateral trade has reached € 175 billion, making China the EU's second largest trading partner, while Europe is the main partner for China. EU foreign direct investment in China is also increasing with more than € 23 billion of FDI stocks (17% of total EU FDI). On the other hand, Chinese companies are increasingly investing in Europe, and the potential for that is impressive. The EU and

NOTE TO THE EDITOR

UNICE is the voice of more than 20 million small, medium and large companies. Active in European affairs since 1958, UNICE's members are 39 central industrial and employers federations from 33 countries, working together to achieve growth and competitiveness in Europe.

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China should work to make sure that conditions are created for a win-win situation for all.

- Moreover, China and the EU are bound by a number of sectoral dialogues and agreements and by a large number of cooperation projects, which shows the fluidity and multi-faceted character of our relations.
- As in any strong relationship, we have difficulties of course. However, our bilateral relations are mature enough to deal with any disagreement in a responsible way, avoiding one or two issues derailing our overall relationship.
- Cooperation and dialogue has to lead to mutually acceptable solutions to sensitive issues. We need to work constructively with each other. UNICE is ready to cooperate on that.
- In UNICE's opinion, there are still many obstacles to trade and investment and legal uncertainties for business which should be fully addressed. This being said, European business welcomes the impressive progress in economic reforms in China towards more transparent business legislation and implementation. Therefore, UNICE, while recognising Chinese efforts and important progress, encourages you to pursue actively transformation.
- The issues on which we in UNICE see room for further improvement are:
 - China should pursue its very courageous reforms towards a full market economy. UNICE has identified six priority areas for further progress:
 1. financial sector reform: Granting of loans by banks need to be in full conformity with market economy requirements.
 2. company law and international accounting standards, which need to be effectively enforced in order to provide the necessary transparency to economic operators.
 3. government intervention in the market, which should not interfere in companies' decision-making.
 4. freedom to trade, without discrimination or unjustified restrictions, both for domestic and foreign operators.
 5. fiscal instruments: all operators should benefit from the same advantages in the Chinese domestic market.
 6. enforcement of basic legal principles in areas of concern to companies (standardisation or certification, services).
- Moreover, China should pursue implementation of its WTO accession commitments. Particular attention should be paid to transparency, the elimination of burdensome regulations in some sectors and the dismantling of non-tariff barriers to trade in goods and services, which limit the benefits of Chinese market opening.
- Another area in which China should step up its action is the effective protection of intellectual property rights. IPR violations inflict serious harm on consumers and on business. Although progress has been made, UNICE believes that the EU and

China should increase cooperation in this field towards an effective protection of intellectual property rights. Joint work should be based on strict enforcement of intellectual property, stronger penalties and the promotion of public awareness of the dangers of IPR violations.

- However, as previous speakers have underlined, let me insist that China is a big opportunity for European business. China's prosperity creates new chances and offers new market openings for EU companies.
- Now, with the 30th anniversary of EU-China relations, UNICE believes it is a key opportunity to develop the strategic partnership even further. The huge expansion of EU-China bilateral relations in the last twenty-five years has shown the need to adapt the framework of relations to the new reality of one of the most intense economic relationships in the world. Therefore, UNICE supports the proposals in last year's bilateral Summit for a new EU-China Framework Agreement.
- Developing a strong, cooperative and mutually beneficial relationship between China and the EU is in the interest of both parties, which should strengthen their cooperation with that aim. Priority has to be given to promoting the effectiveness of dialogue, particularly on economic issues, while ensuring that new challenges for the bilateral relationship are fully addressed. Relations should grow in quantitative and qualitative terms.
- For UNICE, any new initiative should include WTO+ commitments, going beyond at bilateral level of commitments made in the WTO on issues that are essential for competitiveness such as: trade facilitation, services, public procurement, investment and intellectual property. It is an ambitious objective which should be based on the strong support of the two partners to strengthen their bilateral cooperation to promote trade and investment liberalisation at the multilateral level.
- However, and with a view to the forthcoming WTO Hong Kong ministerial, it is crucial that any new development in EU-China bilateral relations complements and supports the multilateral trading system. China is a key player in the WTO Doha Development Agenda negotiations and should make commitments in line with its position and with the level of economic development and competitiveness of certain sectors. China and the EU share many common interests in the DDA – to significantly reduce applied tariffs and remove non-tariff barriers, to open services markets and to conclude an ambitious trade facilitation agreement. China and the EU should cooperate closely to achieve those aims in the WTO. The success of the DDA is in all WTO members' full interest.
- UNICE is leading work with partner organisations from around the world to build up business support for a successful Hong Kong Ministerial conference, presenting global business views for Hong Kong. The objective is to stress strong support for the DDA and multilateral trade liberalisation, to oppose protectionism and to support significant progress in all areas of the DDA negotiations to achieve an ambitious and balanced outcome. We hope that the Chinese business community can join this initiative.
- Lastly, there are a number of global issues which will ask for EU and China increased cooperation, such as climate change, and access to energy and natural

resources, which is having an increasing impact on global markets leading to access difficulties for business. The EU and China have to work together and with other partners to find appropriate solutions at international level to improve energy efficiency and policy strategies against climate change.

- Cooperation between business organisations in the EU and China should be strengthened to facilitate exchange of experiences and best practices and to enhance industrial cooperation. In UNICE, we have very positive relations with Serge Janssens de Varebeke and his team in the EU Chamber of Commerce in China (EUCCC). We are as well interested to develop further relations with Chinese business.
- At this point, I would like to express a word of thanks to the EUCCC, Chinese and British partners for the excellent organisation of this event, and to CBI and UKTI for arranging the delegation coming from Europe.
- UNICE hopes that all the opportunities for closer economic cooperation with China will be fully exploited. To this end, UNICE is committed to continue its action, as business must play an important part in strengthening links between the EU and China.

I thank you for your attention.