



EU-CHINA BUSINESS SUMMIT BUSINESS LEADERS' PLENARY SESSION, 21 NOVEMBER 2013 GREAT HALL OF THE PEOPLE, BEIJING

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Dear Fellow Business Leaders from the European Union and China,
Ladies and Gentlemen

- I feel very honoured to have the opportunity to address you today in these splendid surroundings! Thanks to our partners and friends from the China Council for the Promotion of International Trade and the European Chamber for their hard work to organise this event here in Beijing so successfully!
- Let me start by saying a few words about BUSINESSEUROPE, as I suppose not everybody in this room has the full knowledge of our association. BUSINESSEUROPE represents small, medium and large companies in Europe from 35 European countries through our 41 national members. Among our member federations are for example the leading horizontal business federations in Germany – BDI and BDA, Italy – Confindustria, or Ireland – IBEC.
- You might know that around 70% of EU legislation has an impact on our companies. And BUSINESSEUROPE is the business lobby in Brussels to ensure that the voice of business is heard clearly and loudly!
- But not only in Brussels, and that's why it is a great pleasure for me to have come to Beijing. In particular as today the European Union and China want to take a decisive step towards stronger and closer cooperation between both sides. We look forward to the remarks by Premier Li Keqiang, President Barroso and President van Rompuy on the start of negotiations for a Bilateral Investment Agreement!
- BUSINESSEUROPE has been pushing for these negotiations for quite some time. We are calling for an agreement with a high-level of ambition, covering both market access and investment protection – creating a genuine level-playing field for European and Chinese companies!



- But before going into detail about this, I would like to give you some impressions about how we are currently doing in Europe.
- A few days ago, BUSINESSEUROPE, presented its Economic Outlook. The overall result is that we are clearly starting to turn the corner. Business confidence slowly picks up. But the recent improvement is obviously not sufficient to raise living standards and make significant inroads into Europe's unacceptably high levels of unemployment.
- Turning to the figures, we see EU output likely to be flat overall this year, but slowly picking up to register 1.4% in 2014 (0.0% in 2013). In the Euro Area, growth is likely to be slightly lower than in the EU (1.1 % in 2014, -0.5% in 2013).
- So we need to avoid complacency. We need to give greater priority to economic competitiveness. Especially because enhancing growth and job creation is the only real answer to reduce unemployment.
- This requires action at all levels – at EU and national level, bilaterally with our trade partners, and globally.
- In our home market, which is the European Union, we must focus growth-enhancing fiscal consolidation upon reductions in public expenditure, rather than tax increases. Ambitious labour market reforms are also needed to overcome labour market rigidities and to increase productivity and employment. In particular, these can help reduce the structurally high levels of youth unemployment. Reforms must also open up product markets to increased competition, including through completion of the single market in areas such as services, energy and the digital economy.
- We also have a very strong and common goal with the European Commission: the re-industrialisation of Europe, which means to increase industry's share of production to 20% by 2020. This would be key not only for the competitiveness of European companies, but it would also create at least 400.000 new jobs a year, reversing the losses of recent years. It is also linked to energy and climate, where we are pushing for a cost-competitive and coordinated energy and climate policy for 2030, stimulating industrial growth and job creation.
- Against this background, nevertheless I would like to underline that Europe remains an interesting place to do business. Just a few figures give you a flavour about this:



- Europe has 503 million citizens, only 7% of the world's population, but 23% of the global GDP.
- The European Single Market adds 600 billion Euros a year to Europe's economy.
- 7 of the top 10 foreign direct investment destinations are European.
- And in 2011, Europe invested 5 trillion Euros abroad, more than the US and Japan together.

So there are huge opportunities! But we also know that we in Europe must work hard in order to keep Europe an attractive place for companies. Global competition is tough, as we all know.

- From the national level let me turn now to our bilateral trade priorities. European companies are successful exporters and investors worldwide. And that's the reason why we are pushing for an ambitious trade and investment agenda. Everybody agrees that we are living in an interconnected global world. This is offering us tremendous new opportunities that we can reap by creating the right framework.
- And when it concerns China, our priority is a Bilateral Investment Agreement. There are a number of very good reasons why this agreement would be beneficial for both sides. Let me highlight a few:
 - An EU-China investment treaty will provide significant legal certainty for investors regarding the general rules of fair treatment for Chinese investments in Europe and European investments in China. This gives investors the certainty they need to make sustainable long term investments.
 - An investment treaty will clarify any limitations to foreign investors – and we, as business, would like to see as few restrictions as possible.
 - Joint ventures will be facilitated by creating very clear rules of the game for settling differences without government interference in business matters.
 - An investment treaty will finally provide important guarantees for investors against unjustified expropriations and for fair payment for justified expropriations. While this is rare in the EU and in China today, given the multitude of different governmental levels regulating business in the EU and in China, it is essential to have an overarching framework of investment protection.



- How does this translate into practice – in other words what must be in the agreement?
 - We want strong provisions to ensure market access for both goods and services: this must happen on a non-discriminatory basis.
 - We want the elimination of technical barriers to trade and the removal of limitations to foreign investors – including joint-venture requirements.
 - We want strong provisions on investment protection: you might know that almost all EU member states have individual Bilateral Investment Treaties with China. We expect that the EU-China agreement will be at least equivalent to the highest level of protection that exists in the existing bilateral treaties.
 - We want the inclusion of an effective investor-to-state dispute settlement. This is not about limiting the ability of a country to regulate. It is an effective way of enforcing the obligations our trading partners agree towards our investors. And we strongly support this which is a standard request by the EU in all its trade negotiations.
 - We want clear rules on transfer of technology which can only take place on commercial terms and by the free decision of a company.
 - We want strong protection and enforcement of Intellectual Property Rights which will be very beneficial to domestic Chinese companies as well.
 - We want the elimination of local content and localisation requirements: it should be up to the individual company to decide where, how and with whom they do their business operations;
 - We want transparency of corporate governance, financial sources and transactions of foreign investors: this is very important, also in the light of increasing public awareness that is given to large scale investments.
- We know that such negotiations will be challenging, but we also know that they will be very valuable to investors in the EU and in China. And in the end everybody will benefit from it, with creation of new jobs and growth by attracting new investments. Additionally, a successful investment agreement might open up the way for an even broader and more comprehensive trade agreement in the future!



- Finally, I would like to say some words about the multilateral trade agenda. BUSINESSEUROPE has always been a strong advocate and supporter of the WTO and the multilateral trading system. And this continues to be the case.
- While we speak, there are very intensive discussions and negotiations in Geneva and a lot of capital cities. We very much appreciate the strong efforts undertaken by Roberto Azevêdo, the new WTO Director General, and many others in order to have a successful WTO Ministerial Conference in about two weeks' time from now.
- BUSINESSEUROPE will travel to the Bali conference with a business delegation in order to show our support. We very much hope that WTO members will be able to agree on some real deliverables, in particular the conclusion of a trade facilitation agreement. And we count both on the European Union and China as globally leading economic powers to show responsibility and leadership!
- Let me conclude by thanking again the China Council for the Promotion of International Trade and the European Chamber for having organised this successful Summit. And I thank all of you for your kind attention.
