



13 July 2016

11TH EU-CHINA BUSINESS SUMMIT BUSINESS LEADERS' PLENARY SESSION

GREAT HALL OF THE PEOPLE

SPEECH TIME AROUND 10-12 MINUTES

Ladies and Gentlemen,
Business leaders, colleagues, friends,

- I am very pleased to be here today and am honoured to address a crowd of distinguished advocates for close and prosperous bilateral economic relations between China and Europe.
- Last year we celebrated 40 years of bilateral relations between the EU and China. This was both a moment of celebration and a moment of reflection. Over the course of 40 years China became the EU's 2nd largest trading partner following the United States, and the EU became China's largest trading partner. And last year we focused on how to take our partnership forward.
- We concluded that China and the EU are indispensable partners. And as Premier Li Keqiang said last year, we do not shy away from our differences. One of the features of a mature partnership is that we treat each other respectfully and speak directly, and honestly.
- China and Europe are two of the most prosperous parts of the world, Europe being the largest economic region and China as the world's third largest economy. And although each of us has its own challenges, we are confronted by even bigger global challenges. We can tackle them only through our



utmost efforts, and this requires close cooperation between China and Europe.

- We live in an interconnected world, in which events on one side of the world have a profound impact on other parts of the world. We have seen this in the aftermath of the financial crisis in 2008, and we see this today when growth in advanced and emerging economies is under pressure. Against this background, the stability of China is important for Europe, and the stability and unity of Europe is important for China.

China's challenges

- Nevertheless, tackling global challenges begins at home. By creating stable, sustainable and prosperous societies we contribute to a more stable and prosperous world. The European Union has drawn a number of lessons from the recent financial crisis and come up with a number of policies to strengthen our Union. We are currently facing even bigger challenges but I am confident that we will be able to overcome them and use this opportunity to make Europe progress.
- China also faces a number of challenges, but these challenges also bring opportunities. China's so called "new normal" – an era of slower economic growth, could be seized as an opportunity to ensure sustainable growth. This, however, requires a number of reforms and a high degree of commitment and responsibility.
- One of the most important issues China should address is the overcapacity affecting many industries. Overcapacity harms both domestic industry and industry abroad, it depresses global prices in sectors already struggling with other issues, and harms the environment. We are aware that China is taking measures to try to reduce overcapacity, but the figures show that overcapacity is still growing in a number of sectors.



- China is still an attractive market for European business, but as the European Union Chamber of Commerce's business confidence survey shows, we are worried about the slow pace of reform. China should take these signals seriously and address its domestic challenges in a way that does not impede the activities of foreign business.
- Several recent initiatives give cause for concern among the European business community. One example is the Draft Regulation on Secure and Controllable ICT, and another is the Draft Foreign NGO Management Law.
- We encourage China's initiative to introduce a nationwide negative list for foreign investment, though it is important that China creates real market access opportunities by reducing this list to a minimum. The EUCCC's business confidence survey shows that around 50% of European companies currently present in China would increase their investments if they are granted greater market access. It is therefore beneficial to the Chinese economy to expand market access to foreign companies.

EU-China

- There are many opportunities in our bilateral relationship. The most important initiative are the negotiations for the Comprehensive Agreement on Investment. It is important for businesses on both sides that this is an ambitious agreement that removes market access barriers and provides a high level of protection to investors and investments in the EU and China.
- Investment is also one of the key topics of discussion of today's business summit. Both Europe and China have launched ambitious investment initiatives, the European Fund for Strategic Investments and the "One Belt, One Road". We encourage both sides to explore ways of linking these two



initiatives, bearing in mind the importance of fair and objective participation criteria for European and Chinese companies.

Multilateral

- This year China chairs the G20. This is a unique opportunity for China to show leadership and engagement in addressing key world challenges from trade to infrastructure or digital economy.
- We also expect China to play a key role in the WTO. China is still in the process of joining the Government Procurement Agreement, and we call on China to redouble its efforts in this area. Effective public procurement provisions strengthen government services as they can procure the best items the market can provide.
- This year is also the 15th anniversary of China's WTO membership, meaning that part of China's accession protocol will expire by the end of 2016. There has been a lot of discussion in many WTO member countries about what this will mean. Although this is not a bilateral issue, the European business community believes that while the consequences of the expiry are not entirely clear, the question should be treated in accordance with WTO and EU rules.
- In an era of increasing globalisation, it is also important that Europe maintains strong trade defence instruments to deal with unfair trade practices no matter where they occur. The discussion about China's protocol of accession is not just about China, it is a discussion that *involves* China. We need clear policy signals from China that it remains committed to reform, committed to its obligations under the WTO, and that it addresses the issues that give such rise for concern in the debate on its accession protocol.



- Countries are also seeking the best way forward after the WTO Ministerial Meeting in Nairobi last year. The WTO needs a fresh impetus, and we sense that many WTO members are willing to move forward in key areas. Digital Trade is one important area which could yield a lot of opportunity for business worldwide, and it plays an indispensable role in the future of manufacturing.
- The digital economy is part of a global ecosystem, which thrives under free flows of data, and joint development of technology and innovation. Governments should oppose data localisation, as this undermines the digital economy's global nature and business integration in global value chains. The global dimension of the digital economy also means that international standards, upholding cybersecurity and fair procurement rules are ever more important. Openness and competition are two important elements that drive innovation.
- Another opportunity where BUSINESSEUROPE sees large opportunities for further bilateral cooperation between the EU and China is on climate change, in particular the implementation of the Paris Agreement at COP21. China, which accounts for about a quarter of the world's greenhouse gas emissions, has great potential to join the EU in being a leader to address climate change, one of the key pillars in the EU-China 2020 Strategic Agenda for Cooperation.
- Just recently (on 28 June) both sides agreed on a 10 million EUR cooperation project to further roll out China's national emission trading scheme as planned for 2017. BUSINESSEUROPE believes that a strong cooperation between the world's two largest emission trading systems will send a strong signal to others in light of the Paris Agreement.

Conclusion



- Both of us must take the responsibility to tackle global challenges, work together to create mutual prosperity, and reflect deeply upon how we can *each* be a source of stability and prosperity for the other and for the world.
- I am sure today's discussions will be fruitful bringing many ideas of areas where China and Europe can cooperate further fostering growth and jobs and helping to promote a more sustainable environment for our citizens.

Thank you!
