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**CONFERENCE ON EU-CHINA TRADE AND INVESTMENT
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**ADDRESS BY MR MICHEL BRICOUT
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“FOR A BALANCED BUSINESS RELATIONSHIP WITH CHINA”**

Commissioner Mandelson,
Vice-Minister Yu Guangzhou,
Excellencies,
Ladies and Gentlemen,

I am very honoured to be with you here today in this Conference on EU-China relations. I would like to thank the European Commission for having organised it and for having invited UNICE to participate. UNICE welcomes this opportunity and hopes that it can contribute defining a strategic and more coordinated vision of EU-China economic relations.

I will not repeat what the excellent speakers have said before me. What we have heard confirms and reinforces the magnitude of EU-China economic relations. From the European business side, China is undoubtedly recognised as a hugely important and rapidly growing market. This is certainly confirmed by the large participation today.

Before entering the core of my presentation, let me say a few words about UNICE. The Confederation of European Business, UNICE, is the voice of European business vis-à-vis the European institutions. It comprises 39 central industrial and employers' federations from 33 European countries and, through them, around 20 million companies. Its main mission is to promote the interests of European companies with a view to EU policy and legislation which contribute to their competitiveness.

Competition in China is the premise for economic growth

Competitiveness, increased competition is crucial for economic development. This is recognised internationally by all partners and notably China through its impressive record of economic reforms in the last 25 years. Competition from all around the world is not new for EU business, although maybe not at the trade volume coming from China.

Moreover, China is also developing competitive industries in high- technology products. It has specialised in a range of production activities which compete with a broad variety of companies in several industrial sectors.

What is crucial is that competition in China is fair and based on the full implementation of economic and trade rules. European companies are committed to China, but the more China is a key partner playing by the rules, the more European business will commit to the Chinese market.

Increased competition in China is key for the support of its economic model, increasing production and consumption.

These internal developments in China, must go hand in hand with better access for EU products, services and investments in that country. European companies have long been and are strongly committed to China and have participated in its economic development. They are committed to continuing doing so at an even faster pace.

However, European companies are still facing a number of trade barriers and legal uncertainties. The European Commission is in a unique position to ensure that EU business can benefit from opportunities in China. EU-China bilateral relations are mature enough to deal with any disagreement in a responsible way and with mutual respect. UNICE hopes the EU and China work constructively towards tackling some of the main issues for EU companies, even at the risk of repeating what has already been said, such as:

- 1- A transparent and predictable legal and administrative framework,
- 2- Consistent implementation of rules at provincial or local level,
- 3- Further opening of services sectors in line with China's WTO commitments,
- 4- Transparency in investment legislation and consistent enforcement without restrictions on equity ownership,
- 5- Access to public procurement projects at all levels,
- 6- Effective enforcement of IPR (intellectual property rights), which has been raised by the previous speakers and which is increasingly a demand by Chinese companies as they move up the technology ladder.

This being said, UNICE welcomes the impressive progress in economic reforms in China towards more transparent business legislation and implementation, and encourages China to pursue transformation actively. Increased competition in China should help ensure a fully functioning market economy.

At the international level, and considering the key role of China in the world economy and its position in international trade, China has further responsibilities in supporting open markets and applying trade and investment rules.

China has to pursue its full contribution to adoption and implementation of the rules of globalisation and international trade.

Chinese membership of the WTO has encouraged economic and social reforms and improved the business climate in China through greater predictability, stability and transparency. In addition, China should take its WTO commitments more actively.

China should further contribute to strengthening the multilateral trading system by engaging in the WTO negotiation process and market liberalization, and setting the example for other emerging countries – notably by promoting South-South trade and providing preferential trade access to Least Developed Countries' exports to its market. China should not act in the DDA as a recently acceded member but as a major player.

On this issue, UNICE is very concerned about the situation of WTO negotiations in Geneva after the lack of results of the Ministerial meeting this last weekend. It once again urges all WTO members to achieve successful and ambitious results in the NAMA, services and Trade Facilitation negotiations before the end of the year.

UNICE's support for the Round is conditional on achieving significant new commercial opportunities. European business could not support a DDA Round with little contribution by emerging countries. This of course does not apply to Least Developed Countries (LDCs).

UNICE also supports further efforts by the EU and China to increase regulatory cooperation. The objective should be to tackle non-tariff barriers and make local standards in China (for example: technical regulations, safety and environmental, accounting and financial standards) compatible with international standards and regulations.

In addition, EU business encourages China to pursue the gradual adjustment of the Chinese currency (yuan) to market forces, while ensuring that the financial stability is preserved.

Ladies and gentlemen, looking to the medium term, if China is to ensure the sustainability of its economic growth, it is key that it strengthens its domestic market of more than a billion consumers, not only focusing on export-oriented economic growth. Asia is now evolving into a massive consumer market, fostering intraregional trade and reducing the region's vulnerability to external economic cycles.

The further development of the Chinese internal market should help ensure the sustainability of its impressive economic growth while favouring a more balanced relationship with the EU and other main Chinese trading partners, based on open markets and fair competition.

As for the EU's response to the new environment shaped by China and other emerging economies, UNICE believes that the EU must take up to the challenge of globalisation and compete. Europe needs policies turned in the right direction to overcome its challenges.

In the face of continuously increasing competition, the EU has to be ready to pursue reforms to maintain its economic competitiveness and social model. Reforms could be hard but sometimes there is no alternative. The EU cannot close itself off from globalisation.

I would like to conclude my intervention, ladies and gentlemen, by underlining that UNICE expects that all the opportunities for closer economic cooperation with China will be fully exploited. UNICE hopes that the EU will ensure the conditions are in place for European companies to benefit from Chinese economic opportunities and contribute to the economic development and social welfare of Chinese people. The EU

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

Balanced trading relations between China and the EU are key for the economic development of both sides. To this end, UNICE is committed to continue its action, as business must play an important part in reinforcing links between the EU and China. One major event in this respect will be the next EU-China Business Summit, to take place in Helsinki on 12 September, and to which I am pleased to invite you.

I thank you for your attention and wish great success to the European Commission initiative.
