



“The Hamburg Summit: China meets Europe”

Keynote Speech

by

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A Galloping China –Focus of the World

Capt. Wei Jiafu at “China in 2010” Seminar

Mr. Chairman, Ladies and Gentlemen:

Good afternoon. I am very pleased to have this opportunity to exchange views with all distinguished guests present at “China of 2010” Seminar. First of all, I wish to extend my warmest greetings on behalf of China Federation of Industrial Economics (CFIE) and COSCO Group. As a senior executive with many years’ experiences in business management in China, I am very optimistic about China’s development and today, I would like to share my views with you on China’s future.

(China, a miracle in world economy)

Since twenty-five years after China’s reform and opening-up to the outside world, China’s political and social environment has maintained a long-term stability and China’s economy has also maintained an “ultra high speed” development. Growth rate of China’s GDP is as high as 9.1% in 2003, the highest among all economic powers around the world, the country’s total GDP reached as high as RMB 11,700 billion Yuan in 2003, ranking 6th in the world and accounting for 3.9% of total GDP worldwide, compared with 2.4% in 1978. It is beyond doubt that China’s economy will maintain a higher growth rate this year, hopefully by 9%. In addition, China’s import and export experienced an average growth rate of 16% during last 25 years and its trade volume ranked 4th in the world in 2003, compared with 32nd in 1978. Its import and export volume reached as high as USD 851.2 billion last year, increased by 37.1%. It is expected that China’s import and export volume will reach USD 1.1 trillion, increasing by over 30% and possibly ranking 3rd in the world. Utilized

foreign investment in China ranks 1st among developing countries for 11 consecutive years and further ranks 2nd in the world in the last two years. China's foreign exchange reserve ranks No. 2 in the world. In particular, China maintained an average economic growth rate of 8.8% during past 15 years from 1989 to 2003 despite of Asian financial crisis, global economic slump and outbreak of SARS. China is galloping and becoming the focus of attention of the world. As a result of its continuous economic growth, China's per capita GDP reached a higher stage in 2003 by exceeding USD 1,000. According to UNCTAD, China's integration with the global economy, measured by whichever standard, constitutes the most eye-catching and appealing development process in the world in the last several decades. It can be concluded that China is becoming an important activator of world's economic growth.

China's continuous economic development in the last 25 years can be regarded as an economic miracle in the world history. Such an economic miracle should be accredited to China's opening to the outside world, which has brought positive and all-around impacts on China's economy. Experiences show that open policy is pivotal for China's development. After China's accession to WTO, China has turned from policy-oriented opening into system-oriented opening under legal framework, China will forge ahead with opening to the outside world step by step and enhance its exchanges with other countries by fully utilizing both domestic and international markets and resources. It is only two years ago that some argued whether China could become the "Factory of the World", however, it is beyond doubt today that China has already become an important "Factory of the World" with the support of its open policy, huge domestic market and highly efficient human resources. China's manufacturing industry is currently ranking 4th in the world and China is steadily turning from a large producing country into a producing power with the steady improvement of quality of human resources and national competitiveness.

With the support of China's rapid economic development, COSCO has also achieved a sustained growth. As a large size multinational shipping

group, COSCO is currently owning and operating the second largest fleet in the world with over 600 ships and 34 million deadweight tonnage and ranked 7th in terms of total container capacity.

(China will enter into a new round of golden development)

The first decade of the new century will be an golden period for China's economic and social development, during which, China will show its huge development potentials and bright prospect with the sustained, coordinated and healthy development of its national economy and remain the focus of attention of the whole world with a faster economic take-off. China has entered into a new period of long-term, rapid and stable development as a result of adherence to the reform and opening-up policy by Chinese government. Especially after the new generation of central leadership headed by secretary-general Hu Jintao took office, Chinese government proposed the new concept of building a well-off society in an all-round way, ensuring coordinated development and emphasizing on people, it can be expected that China's economy will maintain a higher growth rate in a long run with the guidance of these new concepts and policies.

China's "Eleventh Five-year Plan" period started from 2006 (2006-2010) will form a connecting link between the preceding and the following for China's modernization and building a well-off society in an all-round way.

Firstly, China's average economic growth rate will be maintained over 7% in the next several years and its position in the world economy will be on a steady rise. According to the estimates of some Chinese experts and scholars, China will maintain an economic growth rate of approximately 7.5% during 2006 to 2010. Under the assumption that current exchange rate of Renminbi will remain unchanged, China's GDP will soar to USD

2.3 trillion by 2010 from USD 1.4 trillion in 2003 and percentage of China's economy in the world's economic aggregate will also increase to over 5% from 3.9% in 2003. As a result, overall national strength and international competitiveness of China will be greatly improved and China will rank 4th in the world economy by 2010 as compared with 6th in 2003, only next to the United States and Japan, and basically on a par with Germany.

Secondly, China's market-economy system will keep on improving. Next several years will be important for China's construction of market-economy system, in which, the development of this system will be promoted by opening-up policy. It can be expected that a market-system focusing on allocation of resources by market and indirectly controlled by the government with decision-making power delegated to enterprises will be eventually established by 2010. China's domestic market will be fully internationalized, China's rules of market economy will basically keep in line with those commonly used in the world and China's market-economy system will basically become compatible with international economic system.

Thirdly, great achievements will be made in both economic and social objectives and progresses will be made in all sectors in an all-round way. In the next 5 or 6 years, overall progress will be made in China in various aspects and China will enter into a new period of "Green Development".

Needless to say, there will exist some barriers in the macro environment of China's economic and social development and it is likely that some of them will be prominent. China's economic growth and China's role as the trade hub between East Asia and developed countries will make the dispute over the exchange rate of Renminbi and economic and trade friction more imminent. During recent years, there appeared a number of anti-dumping cases against Chinese enterprises in developed countries,

“anti-dumping” has, to some extent, become a new tool of trade protectionism. We hope that these problems will be solved gradually with the further improvements of WTO rules and deeper participation of China in international trade cycle.

(China will make a greater contribution to the world)

China, as the largest developing country, has made positive contribution to the world. China has also played an important role in the world political stage as a permanent member of the United Nations Security Council. China’s economy has become an important actuator of global economic growth and contributed greatly to the global economic development. It is expected that China will bring about more opportunities and make greater contributions to the world.

Firstly, development of China has provided a huge market for the world. China’s rich human resources has constituted a comparative advantage on human cost and created a domestic market with huge potentials. Average annual growth rate of China’s import is as high as 15% during last 25 years and total import volume reached USD 3 trillion and ranking 3rd in the world. In addition, China is entering into a post industrialization period; progress of urbanization and 2008 Beijing Olympic Games will create huge market demand. China’s human resources have, on one hand, formed a huge consumer product market by expanding consumer demand of all industries, and formed a huge investment market by expanding investment demand on the other. As to date, over 400 out of 500 leading global multinationals made their investment in China. Foreign-owned enterprises, by investing in China, have obtained great advantages in global competition in addition to their huge investment returns. Thirdly, China’s development has increased the investment of Chinese enterprises in foreign countries, which totaled USD 33 billion by

the end of last year. According to latest estimate by UNCTAD, China will become the fifth largest source of direct investment in the world this year.

It can be seen that healthy political, economic and social development of China with a population of 1.3 billion will surely bring about prosperity and stability to the world.

(China will contribute to global economic development along with EU and rest of the world)

Development is a common theme of the whole world, persistence in common and peaceful development of China under the background of interaction of China's internationalized economy and economic globalization showed the serious commitments by Chinese government and Chinese people. By far, EU has become the largest trade partner of China since its expansion; trade volume between China and EU amounted to USD 128 billion in the first 9 months of this year alone, increasing by 35.6%. I firmly believe that cooperation between China and EU in trade and other fields will gain further growth in future.

All Chinese leaders are fully aware of the importance of development and adhering to the principle of "Development is of overriding importance". China is striving to achieve a people-oriented, coordinated and sustainable development under the guideline of scientific development. China will persist in the basic national policy of opening-up to the outside to participate in international economic and technical cooperation in a bigger and extended range and higher level. Chinese people will make our development become the opportunity of prosperity for the whole world and thus to achieve a win-win situation, by inheriting the cultural tradition of advocating peace and mutual benefits. Promotion of common development, enhancement of opening pattern, strengthened

economic cooperation and realization of mutual benefit are essential for international community. Cooperation is the common choice for China, EU and further to the whole world. Exchange visits between leaders of China and European countries since this year have opened a new chapter for Sino-European cooperation. I wish to take this opportunity to express our wishes on behalf of China Federation of Industrial Economics, the largest industrial association in China, for a full recognition of Market Economy Status of China by foreign countries at an earlier date, which will bring about a wider space for future economic cooperation between China and Europe.

I firmly believe that Sino-European cooperation will have a brighter future. As the Executive Chairman of China Federation of Industrial Economics and President and CEO of COSCO Group, I hope the entrepreneurs from Germany and Europe present today will seize the opportunity to further enhance the cooperation with Chinese industrial enterprises and transportation enterprises. I believe that our discussion today will surely become a new starting point for our future cooperation.

Thank you all.