



“The Hamburg Summit: China meets Europe”

Keynote Speech

by

Gerhard Schröder

Former Chancellor of the Federal Republic of Germany

Hamburg Chamber of Commerce

November 25, 2010



Ladies and Gentlemen,

Thank you very much for your invitation. It is not just a pleasure, but also an honour for me, to participate in the Hamburg Summit.

At the beginning of this century, we are witnesses to ever faster, ever more dramatic changes in our world.

Faced with ever faster change in our global economic system, the global financial crisis has made it abundantly clear, that we really need a reliable set of rules and agreements, we can all abide by.

We must do all we can to involve all countries in the global network of economic activity.

A multilateral approach is the only one geared to letting many people feel and see the tangible benefits arising from globalization.

And in an increasingly multilateral world, we need China in order to cope with major international challenges.

Such challenges include for example the climate change and the non-proliferation of weapons of mass destruction. These challenges can only be mastered together with China.

You are probably aware that I placed great importance on the deepening of a strategic partnership between Europe and China during my term in office. The existence of a stable and successful China is in our global interest. This is why we Europeans must intensify the strategic partnership with China in all areas – in politics and culture, as well as in the economy and civil society.

Ladies and Gentlemen,

There was a turning point that occurred in the course of the global economic and financial crisis, that I welcome:

The time has come to recognize the international importance newly industrialized countries have come to enjoy.

Countries, particularly the BRIC states - Brazil, Russia, India and China -, have become economically and politically more powerful in the last years.

The emerging markets and developing countries now account for slightly more than half the world economy.

Even more importantly, they were growing two to three times as fast as the high-income countries prior to the crisis. They will increasingly dominate the global output totals as they have already come to dominate global growth.

Asia is of course central to this dramatic change in the structure of the global economy. China is now the second largest national economy.

Along with an increase in power comes a greater international responsibility. Demanding this is one side of the coin. The other is putting an end to the two-class politics in the community of states.

These countries must be allowed to have more influence in international institutions. This applies to financial institutions such as the IMF in addition to other international committees.

The most noteworthy systemic impact of the crisis to date, reflecting this dramatic shift in global economic power, has been the replacement of the G-7 by the G-20 as the chief steering committee for the world economy.

Fully half of the G-20 is emerging or developing countries. It includes five Asian countries - China, India, Indonesia, Japan, Korea.

This shift in the locus of decision-making power was inevitable, in light of the rapid and dramatic shift in economic weights, but the crisis probably accelerated its realization by 5 to 10 years.

We are witnesses of a historical turning point, the international recognition of the newly industrialized countries.

Ladies and Gentlemen,

As we know, economic and financial power can turn a great country into a world power – China is currently the most outstanding example.

It has replaced Germany as the world's export champion. Its increasing demand for oil, gas and resources of all kind has a momentous influence on the world market prices.

And China has accumulated an unprecedented amount of huge currency reserves.

I see two important political developments that have characterized the last sixty years – the unification of Europe and the re-strengthening of China.

Both of these regions can look back on great and tradition-rich histories in which they have enjoyed a decisive influence on the world's economic, scientific and cultural development.

Both regions have, nonetheless, experienced phases of decline, characterized by war, foreign rule and impoverishment.

Yet Europe and China have both reestablished themselves since 1945. In Europe we have managed to overcome centuries of bloody history.

Following the end of the Second World War, the countries of Western Europe united to form an economic and political union.

In 2004 the Eastern European countries joined this European Union; a step that marked the final conquest of the division of the European continent into East and West.

The European Union is now an economic power, which still must learn how to make use of its political possibilities.

The second decisive development is the new rise of China, which began making steps towards the country's political unification and stabilization after 1949. This development was continued with the country's economic opening up after 1978.

We recognize that China has experienced an extremely positive development over the past thirty years.

Since the first major wave of reforms started in 1978, China has achieved growth rates much larger than any other economy worldwide.

In recent years, the Gross Domestic Product growth rates more or less have constantly reached at least 10 percent per year.

In the past three decades, the country has freed approximately 400 million people from desperate poverty and hunger.

There has been a massive job creation, and the per capita income has risen from below 200 to more than 2000 US-Dollars per year.

One of the greatest successes of civilization in the past century has been China's modernization and the fact that it has simultaneously maintained stability.

The opening up and modernization of the country's interior was accompanied by a balancing role outwards.

In dealing with all conflicts along the country's borders the Chinese leadership had insisted on peaceful solutions and on negotiation.

This demonstrates that China is a reliable player in international politics.

Ladies and Gentlemen,

What are the prospects, that have grown out of these developments for us as Europeans and for the Chinese?

The existence of a stable and successful China is in Europe's interest. This is why we must intensify the strategic partnership with China in all areas – in politics and culture, as well as in the economy and civil society.

This can only happen, however, if both partners meet each other with mutual respect for their different cultures and if they establish a bond of trust.

I regard the following points as important to this end:

First of all: Economic involvement must be intensified. Following a quick expansion in trade, steps must now be made to increase the number of joint ventures.

China is looking for strategic partners for its companies. The fact that China's home market will grow over the next years, could have interesting prospects for European companies.

We are well aware, that investment and openness are the elements that drive our economy forward. Without them we cannot advance. Europe should therefore not take a defensive approach to Chinese investment in the European economy.

Because the European economy is dependent not only on foreign investment, but also on foreign knowledge and know-how.

Secondly: Ecological problems are multiplying in China as a result of economic dynamics – particularly those related to air and water pollution.

The Chinese government is aware of this and attaches ever-increasing importance to environmental protection and the country's sustainable development. In this respect Europe can be an important partner for China.

Additionally, China needs help in improving its energy efficiency and in developing renewable sources of energy.

European and, above all, German companies can provide both, their technological and service know-how, thanks to our leading position with regard to the technology of renewable energy sources and the efficient use of fossil fuels.

It is only when we take this path, that we will be able to reach the common international goal of combating climate change.

Thirdly: We must continue to intensify exchanges in the area of civil society and culture. We have made important advancements on this front in the past years.

The inter-cultural youth exchange between China and Europe must also be improved.

It is only when young Chinese and Europeans meet each other, that a mutual interest can develop, as well as a better understanding of each other and a sense of the importance of European-Chinese relations.

Ladies and Gentlemen,

I am convinced that the way the international community of states come to grips with the great global challenges of the 21st century will determine how our global cohabitation develops - politically, economically and culturally.

We must resume on the path of partnership in international politics. For this we need to make use of dialogue and cooperation.

Only when we are active and committed participants can we also create new perspectives for our world, build a future for all.

We Europeans must meet with China on equal footing and engage in a fair and trusting dialogue with the country.

And let me add that this approach will not tolerate sanctions of any kind. The goal of sanctions is to isolate and discriminate. We must instead strive for cooperation, integration and change.

A policy that stresses broad cooperation and the common handling of global challenges is in both, Europe and China's interest.

Germany and EU need constructive relations with China – for the mutual benefit of our people and to increase peace and stability.

International relations and economic cooperation begin and end not with governments, but with people. And

I hope that the Hamburg Summit is able to build bridges between our countries.

Thank you for your attention.