



## **“The Hamburg Summit: China meets Europe”**

Keynote Speech  
"Interdependence, strengthening cooperation –  
how to create a better future"

by

**Lu Yaohua**

**Executive Vice Chairman of the China Federation of Industrial  
Economics (CFIE), P.R. China**

- *Check Against Delivery* -

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Ladies and Gentlemen,

Good morning!

First please allow me to express my heartfelt congratulations on the convening of the 5th Hamburg Summit!

The "Hamburg Summit" has been held for eight years so far. With the unremitting efforts of China and Germany, it has now become a communication platform for the industrial and commercial sectors of China and the EU to achieve mutual understanding, elaborate insights, and reach a consensus. The China Federation of Industrial Economics (CFIE) delegation attends the Hamburg Summit every year to meet friends from different countries. In the conference, we jointly explore the development trends of the world economy and the opportunities and challenges encountered by the EU and China in economic and trade cooperation in the context of globalization. By doing so, we jointly promote the economic cooperation and prosperity of China and the EU. I can say that what we have done is very meaningful.

The just-concluded 18th National Congress of the Communist Party of China (CPC) summed up the new economic and social achievements of China in the past 10 years. In the last decade (2002–2011), China's gross domestic product (GDP) annual growth rate averaged 10.7% and gross domestic product (GDP) per capita rose from \$1000-plus to \$5,432. China's total foreign trade volume rose to the second place in the world and foreign exchange reserves exceeded \$3 trillion, making China the world's second-largest economy. In 2002, the Chinese economy accounted for 4.4% of the world economy but in 2011 this figure had increased to around 10%. China's average annual contribution to world GDP growth has exceeded 20% and it has become an important engine of growth for the world economy.

At present, the profound impact of the international financial crisis is still spreading. The economic growth of both developed economies and emerging economies is generally slowing down. Some countries' sovereign debt crises continue to simmer. The turmoil in the international financial market and the commodity market is intensified and the market is expected to continue to decline. While the risks of the falling global economy should not be underestimated, China's economy is also facing huge pressure. Since 2010, China's economic growth began to fall. In this complex and volatile economic environment, the Chinese government has taken positive and effective measures. The Chinese government's positive macro-control measures made positive progress and China's economy maintained a steady growth momentum. In the first three quarters of 2012, China's GDP reached RMB35.348 trillion yuan, a year-on-year growth of 7.7%. Domestic demand continued to be the main pulling power of economic growth and the contribution of consumption to GDP growth increased to 55%. Total retail sales of social commodities also achieved an actual year-on-year growth of 11.6% and the added value of the services industry accounted for 43.8% of GDP. Judging from a combination of macroeconomic

indicators, China's economy continues to move in the expected direction of macro-control set at the beginning of the year.

The adjustment of the world economic growth mode and the slowdown of trade growth have imposed pressures and challenges on China's industrial development. However, China will take advantage of the world economy's adjustment to accelerate the pace of industrial restructuring, to enhance the coordination of economic development and competitiveness and to form a new mode of economic development. China will also make efforts to stimulate all types of market players to develop new vitality, build a new system for modern industrial development, and nurture new advantages for the development of an open economy. We will actively promote the reform of basic industries, achieve optimal allocation of resources, stimulate the vitality of market players, enhance the sustainability of economic development and build new advantages for international competition. Moreover, we will implement policies and measures that are more conducive to the development of the real economy, promote the healthy development of strategic emerging industries and advanced manufacturing industries, accelerate the transformation and upgrade of traditional industries, and promote the development and growth of the service industry (especially the modern service industry) and support the development of micro and small enterprises (MSEs). At the same time, we will accelerate the construction of a vibrant, highly efficient and more open development mechanism. We shall also establish a long-term mechanism to increase domestic demand and expand the overall size of the domestic market. We shall put emphasis on both exports and imports. Also, we shall utilize foreign capital and make foreign investments. We will encourage, support and guide the development of the non-public sector of the economy, expand access to markets and create a fair, competitive, market environment.

Nowadays, China's household savings rate remains high and social capital is adequate; the mergers and acquisitions of enterprises continue unabatedly; technology development and technology introduction abilities will be further strengthened; while low-end manufacturing industries are moving abroad, high-end manufacturing industries are gradually taking shape; the prospects for the development of public services, modern service industries and other industries are also broad. Progress will also be made in consumption upgrade, private investment activation, transformation and upgrade of export enterprise and improvement of labor productivity.

As the world's largest developing economy, China is still in the process of industrialization, urbanization, internationalization and marketization. These "four processes" will release a huge energy of investment and consumption to support the economic growth of China. It is expected that by 2015, the total retail sales of social commodities in China will reach RMB 32 trillion, or about \$5 trillion, and that the domestic market will be ranked as the largest in the world. It is also expected that by

2015 the total scale of imports will reach \$8 trillion and that foreign investment will exceed \$500 billion. This will bring the world tremendous business opportunities.

China and the EU are mutually important trading partners and widely-shared economic interests help bilateral economic and trade relations maintain a good momentum of development. Over the past 10 years, according to the data released by Eurostat, the value of EU exports to China increased from €26 billion in 2000 to €136 billion in 2011; during the same period, the value of imports from China increased from €75 billion to €293 billion. The rapid growth of bilateral trade has not only brought real benefits to China and the EU, but has also provided an impetus for the development of China-EU relations.

Ladies and Gentlemen,

The world economy has entered into the era of interdependence and the relations between different countries and regions are becoming increasingly close. The economic development has evolved into a situation where “one honors all and one damns all”. At present, China and the EU are in a crucial stage of economic development and restructuring. The two sides are also faced with a series of common challenges, including maintaining economic and employment growth, enhancing competitiveness, and achieving sustainable economic development. These problems need to be solved urgently and China and the EU have high demands and expectations for each other. In addition to continuing to strengthen cooperation in traditional areas, China and the EU should cooperate in renewable energy, high technology, urbanization, intellectual property, informatization and many other areas. The two sides should share development opportunities and the benefits brought by trade and economic prosperity.

The China Federation of Industrial Economics is the largest industry association in China. We are sincerely willing to cooperate with relevant organizations of the European Union and make common efforts to promote pragmatic cooperation between China and the EU in the field of trade and economics.

Finally, I wish the fifth Hamburg Summit complete success.

Thank you!