



“The Hamburg Summit: China meets Europe”

“Co-operation, Complementarity, and Commitment
for a Win-Win Strategy in Europe-China Relations”

by

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– Check Against Delivery –

Hamburg Chamber of Commerce

October 10, 2014



Hamburg
Chamber of Commerce

First Mayor Scholz,
President Melsheimer,
Chairman Schües,
Director Li,
Excellencies, ladies and gentlemen,

I am extremely pleased to be able to meet with all of you here today: the Free and Hanseatic City of Hamburg, from where shipping companies have been sailing to the entire world for centuries, is an auspicious place for us to meet, as previous Summits have doubtlessly proven. At the outset, let me thank and congratulate the Hamburg Chamber of Commerce for convening the 6th Hamburg EU-China Summit, which has developed into a unique forum for exchanging ideas, fostering cooperation and strengthening ties between China and Europe.

The Sino-European relationship has already reached important milestones and we are the largest trading partners in the world. Over the past decades, China and the EU have developed a comprehensive strategic partnership and we have established dialogue and consultation mechanisms. People on the two continents have developed increased interest for each other. Tourism between China and Europe is booming. I can witness this every day when numerous Chinese tourist groups are strolling through the city. We are very happy to welcome our guests! Their increasing numbers are yet another sign how fast China, its economy and its society change.

Having said that, I do believe that there is still enormous potential for the deepening of China-EU relations, which is yet to be fully tapped. To move our relationship forward, Europe needs to know more about China, and China needs to know more about Europe. And this is exactly what we are doing today. We need to further improve our understanding of each other's history and culture. The Olympics in 2008 and especially the Shanghai Expo in 2010, where I had the pleasure to be personally present at the most impressive opening ceremony, were landmark undertakings in this regard: China hosted the World and the World came to see China.

But there is more. On both sides, we look back to thousands of years of civilization which have molded our societies and shaped our ways of thinking. Talking and listening to each other in a frank and open minded way will help us to continue building an even stronger relationship based on trust and respect.

The differences between European countries and China should not be seen as obstacles: on the contrary, they should be seen as a mutually reinforcing strength in a global world where countries become increasingly interdependent. This counts equally for small countries like mine, or very large countries like China. Luxembourg has always been dependent on good-neighborly relations and cooperation and has been a founding member of the European Communities which has developed into the European Union.

Over the past decades, China has achieved unprecedented progress in economic development and has lifted millions of people out of poverty. More and more young people have access to education and will contribute to further develop the country.

Modern communication technology allows for an almost instant exchange of knowledge, information and opinion all over the globe.

Our young generations grow up in an interconnected global and often unfair world, which sometimes leads to discontent and frustration. Political leaders need to embrace these new realities in our societies and ensure that people can live their lives in a free, fair and secure environment, without discrimination of any kind.

Two world wars taught Europe a very painful lesson and if we have enjoyed peace and unprecedented economic development on our continent for the last 70 years, it is based on the vision of the founding fathers of European integration process. They managed to broker a common understanding between European people and thus embarked us on a truly unique road towards democracy, economic prosperity, security and peace.

The European Union is committed to open trading relations with China, based on principles of fairness, respect for intellectual property rights and WTO obligations. This was clearly stated on the occasion of the 16th EU-China Summit last November, which also celebrated the 10th anniversary of the EU-China Comprehensive Strategic Partnership.

The scope of this partnership spans from high-level policy commitments to people working closely together on the ground to foster better understanding and closer cooperation. Ultimately, strategic partnerships do not rely on contacts between officials and policy commitments alone. They rely on people.

People like you from the business community. People who translate political will into tangible actions and results. This is why I very much appreciate this interaction between the political level and the practitioners, the doers: those who create, by their initiative, jobs and growth, both for China and for the European Union. Without concrete action the political visions will never make a difference. Trade and investment are vital parts of our relationship because they link our economies on a daily basis and make a difference in peoples' daily lives.

Today's global economy is a highly interwoven system. Countries around the globe are connected by arteries of trade and investment. Such a system cannot be managed by individual governments alone. Instead, cooperation between partners is essential. Cooperation between the European Union and China is particularly essential in this respect as we represent two major players in the global system: we cover more than a third of global GDP and almost a third of global trade. This gives us strength, but this strength comes with responsibilities.

This is why European countries and China are engaged in serious economic reforms. In Europe we are strengthening the governance of the euro area and working to boost competitiveness at national level. We have achieved financial stability and the Euro remains a strong, stable and credible currency. Economic recovery has started and the political leadership is strongly committed to sustain it.

China on its side is also seeking to rebalance its economy, into a more domestic, sustainable and market driven growth. We feel encouraged that China is pursuing a series of economic and social reforms that will further open China's economy and give a greater role to market forces. Deep and ambitious reforms will support sustainable growth in China, contribute to upgrading the economy and give more

opportunities for private economic operators in China, as well as Chinese and foreign operators.

Our starting points are not the same, be it in terms of size, situation, development, and many other aspects. Yet this allows for a dynamic complementarity. Our respective growth strategies are mutually supportive and we have a common interest in each other's success. This is and should be seen as a win-win relationship. We have a stake in Chinese future and China has also a stake in Europe's future. Our trade relationship has expanded a hundredfold since 1979. It is now worth around 3.6 trillion Yuan a year, or 430 billion euro a year. Our domestic policies affect each other more and more. This also includes Green growth. Such innovative and future-oriented sectors, where both sides can learn from one another, should become key areas of our strategic bilateral cooperation.

It is also true that we do not always share the same approach. Interdependence and increased exchange can sometimes lead to friction. But this shall not be a reason to lose sight of the broader strategic picture and to seek solutions through communication and negotiation. Therefore meetings like this one are key to fostering dialogue, to correct misperceptions and to contribute to solutions that work both for politics and business.

One area that requires our attention is foreign direct investment. While the value of our trade sees a strong development, our investment ties still lag behind. Europe's investments in China add up to less than two per cent of the EU's total investments abroad. At the same time, China's investments in the EU, while growing, still account for less than one per cent of EU's total Foreign Direct Investment inflows. That means that the potential here is immense.

I welcome that the EU-China negotiations on an investment agreement, covering both investment protection and market access, are now on track. This will lead to progressive liberalization of investment and towards reciprocity in access for EU and Chinese investors to each other's markets. Companies operating in Europe and China will be able to work on a more level playing field – regardless of their origin or ownership structure. Investors from either side will have a simpler and more secure legal framework. We all know that enhanced legal security and predictability are essential for a long term investment relationship. This is very important for companies and business.

Coming from a country with cutting edge expertise in the service sector, I do believe that this sector is very important for China's continuing economic development and we are willing to contribute. I welcome China's interest in contributing to the Trade in Services Agreement. It is not only by goods or infrastructure, but as well by services, that we shall be able to ensure a better connectivity between the EU, China and Asia overall. Because services – in transport, in information and telecommunications, in financial technology – are the enablers of what we produce, what we create, what we want to share.

Ladies and gentlemen,

As the Prime Minister of Luxembourg, I would also like to say a few words about our bilateral cooperation with China. While our countries are obviously very different in

size, Luxembourg continues to strengthen its ties with China year by year. Luxembourg and China have indeed, over many decades, built up a very solid relationship which has its foundation in mutual friendship and respect.

Long before we established diplomatic relations, in 1894, when Luxembourg had just started building up its own steel industry, a group of engineers from Luxembourg helped building China's first blast furnace in Wuhan. This was the first step in our partnership which helped China to set up the industrial backbone for its economic growth.

120 years later, we have today numerous joint ventures between companies from our two countries. Furthermore, Chinese companies have chosen to set up their European hub in Luxembourg. That is for instance the case for China's largest car producer, Shanghai Automotive Industrial Corporation, which manages out of Luxembourg its European network of clients and providers. The same company has invested together with Hiwing from Beijing into a Luxembourgish high-tech car component producer, developing sensors for safety belts or airbags.

If we talk goods, we talk as well logistics. Another major Chinese investment was concluded this year by the Henan Province Aviation and Investment Authority into Luxembourg's flagship carrier Cargolux. This all-cargo airline will now extend its China routes by using Zhengzhou as a hub and contribute to the development of a sophisticated central logistics hub in China. Luxembourg serves as a gateway to Europe and Zhengzhou to China.

These and many other investments were concluded successfully in large part because of Luxembourg's very open and welcoming stance towards foreign investments. As a major financial center in Europe, Luxembourg acts as a center of excellence for international finance, offering fiscal and regulatory stability and predictability.

This has led a number of Chinese banks to choose Luxembourg as their central platform in Europe. From Luxembourg they manage their European network and thus help their Chinese clients in their European trade deals or investments.

35 years ago, in 1979, the Chinese authorities chose Luxembourg as the very first international presence for a bank, the Bank of China. Since then, two other banks, ICBC, which in the meantime has been designated as clearing bank, and CCB, have also set up their European Headquarters in Luxembourg and run their continental European operations out of Luxembourg. Two other major Chinese banks have applied to follow in their footsteps.

The presence of China's three largest banks in Luxembourg explains also why my country plays such an important role in the internationalization of the Chinese currency. Renminbi deposits and loans are indeed the highest in Luxembourg compared to any other European financial center.

As Europe's most important investment fund distribution center, second only to the United States, many of the major international asset managers, including Chinese players, have launched Renminbi denominated investment funds in Luxembourg. We host the largest volumes of Renminbi denominated investment funds in Europe.

The Luxembourg's Stock Exchange was indeed the very first Stock Exchange outside Greater China to list a bond denominated in Renminbi. That was in May 2011. Since then, 46 multinational companies and sovereigns have used the Luxembourg Stock Exchange to fulfill their Renminbi liquidity needs. One of the most recent ones is the so-called Schengen Bond, listed by the Bank of China, the first listing in the Eurozone by a mainland Chinese corporation.

In the Renminbi business, as in many other business areas, Luxembourg has proven to be a major partner to China. We serve as an entry gate into the much larger European market and as a hub within Europe's Single market, not only for Chinese companies but for companies from around the world.

Ladies and gentlemen,

China's development in the past 30 years has been one of the most impressive success stories of our age. The aspirations of several generations have come true. Europe, with its open markets and through increased cooperation, stands ready to continue to contribute to the Chinese success story.

I can assure you that Europe and European companies will be reliable and trustful partners and that together we can realize new important achievements in the decades to come.

Thank you for your attention.