



“The Hamburg Summit: China meets Europe”

Keynote speech
Europe and China: partners for a better world

by

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Introduction

Ladies and gentlemen

It's a great honour, to be here at the Hamburg Summit.

I grew up in a little town, not that far from here, in a remote part of the windswept western coast of Denmark. The children of the town spent their summer days playing together - often in the sandpit. And from time to time, the most energetic, restless child in that group would decide to dig a deep hole in the sand. She'd take her red plastic spade, throw aside the top layer of light, dry sand, and continue down into sand that got wetter and heavier, until she reached the hard soil that lay beneath it.

And then one of the adults, alarmed at this persistence, would come over and ask, "Margrethe, what are you doing?" And I would answer, with the determination and conviction that only a four-year-old can muster: "I am digging a hole down to China!"

Now, you might think that story shows I wasn't very good at geography. Or that sometimes, the goals we set ourselves are more challenging than they seem. But for me, it's a reminder of how much Europe's relationship with China has changed, in just a few decades.

When I was playing in that sandbox, China was unimaginably distant. Geographically, perhaps, it wasn't quite on the far side of the world. But for all we knew of each other, it might just as well have been.

And in the decades since then – I won't count exactly how many – things have changed out of all recognition. We're still different in many ways, of course – in our language and culture and much of our perspective on the world.

But we're no longer strangers. Today, we are partners.

The links between Europe and China

We're partners, because what affects one of us affects us both.

Each of us knows the importance of peace, with our borders close to some of the most troubled parts of the world.

Each of us is affected by the same changing climate, by rising sea levels that threaten coastal cities from Shanghai to Copenhagen – and even Hamburg, one hundred kilometres inland.

And our economic future is also closely interlinked. Huge container ships, some of them carrying more than twenty thousand containers, travel all the time between ports like Hamburg and Shanghai. Last year, nearly 375 billion euros worth of goods came from China to Europe – and nearly 200 billion euros of European goods filled those ships as they sailed back to China. Trade between us has grown, with the help of freer trade and the predictability of rules agreed in the World Trade Organization.

But we're not just any partners. We're the two largest economies in the world. Together, we account for more than a third of the world's GDP.

And that makes it even more important that we work together. Because our size give us influence. It means we can make a real difference to the challenges our world faces today.

Working together towards common goals

So it gives me a lot of hope for the future, when I think of all the ways we work together, to make the world a safer, more prosperous place.

We work together to support peace in the world, from one neighbourhood to the other – in Libya and Syria, in Afghanistan and the Korean Peninsula.

We work together to improve connections between Europe and Asia – transport, energy, digital connections – building new infrastructure in a way that’s sustainable and open to competition.

Our work on climate change, and our joint statement in the summer of 2015, played a vital role in preparing the ground for the Paris Agreement.

And I know, from my personal experience as competition commissioner, how well we work together on the things that affect us both.

In both Europe and China, we understand the harm that subsidies can do to our markets. How they can stop companies competing on a level playing field, within our own markets and in the wider world. And how that harms our economies, and stops them doing their best for our people, by favouring the companies that get subsidies – not the ones that can produce the best products at the lowest cost.

So last year, we set up a dialogue, to discuss how to make sure government intervention in the economy doesn’t harm competition. On the EU side, we’re sharing our experiences with our state aid rules. And our counterparts in China are helping us understand how their Fair Competition Review System will try to stop public policies harming competition and support a unified market.

That work builds on the very successful dialogue we’ve had in place for a decade now, to work together on antitrust and merger issues. And I’m very glad that China has been open to going deeper into those discussions – setting up a joint working group, for instance, to discuss the issues that both Chinese and European businesses encounter when they invest in each other’s markets.

Supporting a rules-based international order

But perhaps the most important thing we do together is to stand up for an international trading system based on the World Trade Organization rules.

Because we all know we’re better off when we open up to each other. When we get rid of the barriers that get in the way of trade, stop investment or prevent fair competition. But knowing

that is the easy part. The hard part is putting a fair and reciprocal framework in place for access to each other's markets.

And our multilateral system of rules helps us build that trust. It helps build stable, predictable relationships, where we can plan for the future, knowing what to expect from our partners.

Of course, the WTO rules don't make disagreements go away. None of us could fail to notice how tensions about trade have been growing in recent years. But that doesn't make it any less important to stand up in support of the global trade rules and open trade. Quite the opposite - it's because we're bound to disagree that we need a way to resolve our disputes – without punishing all our people by setting off a trade war.

That's why the EU has been careful to respond to the US tariffs on steel and aluminium in a way that's in line with the WTO rules. We believe that it's vital to defend our rights, pursue our interests and to stand up for the system.

And it's also why China's commitment to supporting the WTO is so very important. Because in the end, the survival of this system – a system that has brought so much prosperity to China and Europe and the world – will depend on the support of the world's biggest economies.

Bringing WTO rules up to date

But the WTO also needs to be able to adapt to new circumstances. And if it can't; if we don't bring the rules up to date, to make sure global trade is fair as well as free, then, slowly but surely, that will eat away at global support for the whole system of rules.

That's why, in September, the EU put forward a series of proposals to modernise the WTO. We've proposed to strengthen its monitoring role; to protect its ability to resolve trade disputes; and to update the rules to address some of the biggest challenges to fair trade today – like the unclear position of state-owned enterprises, and the problem of subsidies.

The EU can't do this alone. So the proposals we've put on the table are there to start a discussion with our partners in the WTO. And few of those partners are as essential as China. Because China holds a vital position in the world trading system. And it has the power to make a pivotal contribution to a true level playing field.

That's why we're so glad that China has accepted our invitation to work together closely on these proposals. At the EU-China Summit in Beijing in July, we agreed to set up a joint working group, which is already discussing our proposals for reform.

Achieving concrete results

So we find ourselves at a moment of great opportunity. We have a shared understanding of the things we need to do, to keep our world prosperous and stable and peaceful. And we have a partnership, built up over many years, that gives us the ability to work together on those issues.

And now, it's time for us to deliver. To show the results, that will make our people better off.

That means we need to push ahead with reforming the WTO - not just discussing the easier issues, but making real progress on bringing the rules up to date, so global trade is fair as well as free.

It means we need to follow up on the statement on climate change which EU and Chinese leaders agreed in Beijing in July. Working together to drive international implementation of the agreement. And cooperating to develop new ways to cut emissions.

And it also means we need to deliver concrete results in our negotiations for a Comprehensive Agreement on Investment. Not just for the sake of an agreement, of course, but because we both have a huge amount to gain. Investment is a vital way to help our trade in services catch up with the huge success of our trade in goods. And European businesses can make a huge contribution to the Chinese economy and its consumers – as long as they have a fair chance to compete.

Conclusion

The little girl who sat in her sandpit trying to dig to China might have set her sights a little too high. But you know, I think she had the right idea.

She thought it would be a good idea to build a link between Europe and China. And today, when those links are multiplying all the time, I think we can see she was right.

The connections have given us the power – and the responsibility – to make a difference to the world around us. They're a source of strength, not just for us and our people, but for the world as a whole.

And it's up to us to turn that potential into reality. It's time that we all picked up our spades, and got digging.

Thank you.