



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

Keynote Speech

by

**Jyrki Katainen**

**Vice President of the European Commission**

*– Check Against Delivery –*

Hamburg Chamber of Commerce

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Madame Vice Premier, Minister Steinmeier, First Mayor,

Today, on the other side of the Atlantic, our American friends are celebrating 'Thanksgiving'. Here in Europe we also have a lot to be thankful for.

Mr Steinmeier, you have been a great Ambassador for your country as Foreign Minister and we all wish you well in your future role. Vice Premier Liu, welcome to you and to our Chinese friends here today. Thank you for being with us today. And Mayor Scholz, thank you for welcoming us to this historic city.

The riches of Hamburg have been built on trade. Well over one hundred million tonnes of goods pass through this port every year. The links that trade creates build stronger communities – regional, national and global. These links in turn foster collaboration – on education, research, cultural and social exchange. All these are part of what makes Hamburg the vibrant, outward-looking city it is today. Trade – in goods, services and ideas - can lay the foundations for stronger and more meaningful relationships. To give just one example, the close collaborations built on the foundation of Baltic trade over centuries can now be seen in the Baltic Science Network, or the collaboration on architecture and urban planning between Hamburg HafenCity University and Aalto University in Helsinki. The Hanseatic League was a concept ahead of its time – an ambitious network of collaboration through trade stretching across the Baltic and into the North Sea. As the world's largest trading bloc, the EU is taking forward the legacy of the Hanseatic League, seeking to build those relationships not just between cities and nations but also between communities and cultures on the global scale. We are committed to an ambitious, robust and rules-based free trade agenda. Rules are the way to govern globalisation. This is in the bones, the DNA of the European Union. Our relationships and agreements with trade partners must be fair, balanced and inclusive. And one of the relationships we are very keen to grow is our relationship with China.

China is an important partner for us – bilaterally, and on the global stage. This was clearly seen in China's successful G20 Presidency which made important progress. Madame Liu, we congratulate your Government's role in shaping the agenda and welcomed your focus on an innovative, invigorated, interconnected and inclusive world economy. This is a goal we share. You have raised the bar for the next Presidency, Germany, who will take over next week for the year to come and who will host the next summit here in Hamburg. China is looking outwards, with ambitious initiatives like One Belt, One Road. This is an enormous commitment to strengthen connectivity across Asia and into Europe. We are standing here in Hamburg, at the end of what will be one continuous interconnected belt stretching halfway around the world, shadowing and eclipsing the old 'Silk Road'.

Many years ago, China built a very famous wall – to keep out barbarians. But in the 21<sup>st</sup> century, China is building roads – land roads, sea roads and digital roads – connections that bring us together. I recently co-chaired with your colleague Vice Premier Ma Kai the EU-China High-Level Economic Dialogue in Brussels. We strongly value these opportunities to have an open and frank exchange, and together to seek collaborative, win-win outcomes. True friendship means honesty – sometimes we disagree, but we listen to each other and we find a way forwards. So I am here to speak but also to listen.

We highly value our economic relationship with China. We are already doing a lot together. We want our relationship to grow stronger. And not just in economic terms, but the broader collaboration that follows trade. In research and innovation, in science and technology, in education and exchange of ideas, in culture – we are two ancient civilisations with very different histories. There is much we can learn from one another. Mme Liu, your work on the People 2 People programme is just one example of how we can use our relationships at global level to bring people together at an individual level – changing lives, exchanging ideas and driving innovation. The big picture is very positive. We want to celebrate what we have already achieved, and what is working well.

Now we must turn our attention to the specific challenges. We want to work together to tackle those issues where we disagree, in the spirit of mutual respect and understanding. Here I will touch on two key areas for us, trade and investment.

For both the EU and Chinese economies, investment is critical for unlocking jobs and growth. Chinese investment in the EU could reach over 28 billion EUR this year, and we welcome that. It reflects both the underlying strength of the EU economy and contributes to our further development. We want to ensure that our investment relationship is mutual and reciprocal. We want to do more but EU investment in China is now flat-lining. By some measures it is now at a seven year low. This is bad for both sides. This is why we need a comprehensive agreement on investment, to allow us both to invest in each other with confidence. After twenty rounds of negotiations it is time to move towards an exchange of market access offers – we hope in Spring next year. This also means, of course, providing confidence and clarity for Chinese investors in Europe who are coming in greater numbers. We have seen some sensitivities around individual business deals. A comprehensive and balanced agreement can offer enormous benefits to both of us.

The same is true of our trade. China and the EU trade more than €1.4bn in goods alone every day. Some of that is being unloaded as we speak just a few kilometres from here at the

port which I will visit shortly. Since joining the WTO in 2001, China has increased its share of world exports from 5% to 15% but historically this has not come at the expense of the EU. This shows that our trade has overall been very complementary. We welcome China's commitment to introduce market economy disciplines. But not all the necessary economic reforms have yet been implemented. In the meantime, excess capacity in certain sectors is leading to unfair trade and dumping of below-cost products. This is hurting EU producers and costing jobs. Let us be clear. We are talking about 0.1% of our total trade. We should not let this cloud our view of the overall picture. But trade must be fair – or it has very damaging consequences in terms of job losses and undermines support for open markets. It must be fair for you and it must be fair for us. This is a very important point for the EU. In order to ensure fairness we have recently proposed updates to our trade defence instruments to make them fit for the 21<sup>st</sup> century, and we will apply them in a fair, transparent and country-neutral way. The proposals will bring us fully in line with our international obligations under the WTO. The EU is a union based on the rule of law, and free and fair competition. We take our international obligations very seriously. But we also need to tackle root causes of unfair trade. And we believe the way to achieve that is through dialogue at both bilateral and multilateral levels. We should work together to resolve the challenge of excess capacity, to listen to each other's concerns, and to find a way forwards to a stable and prosperous global marketplace.

In conclusion, the EU's economic relationship with China is overall very positive. But we have some specific issues still to resolve. In a sense, it is a bit like a garden. Some seeds we planted years ago, and are now enjoying the fruits of the harvest. Some seeds we planted more recently and these are just beginning to blossom. We should indeed together 'give thanks' for this great achievement. But our work is not finished. There are some corners which need our attention, where weeds still grow. Let us not allow some prickly plants to discourage us, but go right to the roots of problems, and grasp the nettle together. And let us do so without trampling the delicate buds we have worked so hard to cultivate. The two-way flow of trade and investment as embodied by the great port of Hamburg has underpinned our growing relationship as partners on the global stage.

Vice Premier, Minister, First Mayor, We look forward to working ever closer and more collaboratively, so that we can continue to build broader, deeper and stronger partnership. Thank you for your attention