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### **Translated keynote speech by H.E. Li Keqiang, Premier of the People's Republic of China at the 10<sup>th</sup> EU- China Business Summit<sup>1</sup>**

Esteemed President Juncker, friends from industries and businesses, ladies and gentlemen:

President Juncker has been constantly apologising for the delay of our meeting in his speech, I am also very sorry that the meeting with all of you has been delayed for a few hours.

However, it has somehow demonstrated a Chinese proverb: Good things require time and effort. China and Europe have a history of 40 years. Their relationship is mature. However, we have noted quite consciously that there are some challenges ahead of all of us.

My visit to Europe coincides with a critical phase of Europe, that is to say, the problem regarding Greece. I would like to emphasise, on behalf of the Chinese government, the Chinese government wholeheartedly supports the unification of Europe. We always hope to see a Europe that is prosperous, a European Union of solidarity and a euro that is strong. This being said, the problem regarding Greece is regional.

The question of "Grexit" concerns not only the stability of the euro, but also the Euro-China relationship. It concerns both the stability of international finance and the recovery of the world economy. Regarding the relationship between China and Greece, we firmly believe that it is closely connected to the relationship between China and Europe. China helped Greece during its sovereign debt crisis.

From a larger point of view, China has been working hard to respond to Greece's concerns and demands with real actions. All in all, we would like to see Greece remain in the Euro-area. Furthermore, we would like to urge international creditors to reach an agreement as soon as possible to help Greece and Europe get out of the crisis. China is a real friend of the EU and is willing to offer constructive help in this situation.

As President Juncker said, China and Europe not only have 40 years of history, they also have a very deep economic partnership. The EU, as the biggest group of developed countries and the biggest economic entity in the world, is an important player on the world political scene. The cooperation between China and Europe will bring great well-being to both regions.

China is the biggest developing country in the world. The cooperation between us will definitely be beneficial to the world. There are many valuable experiences that could

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<sup>1</sup> As delivered at the Business Summit.



serve as references in the future. We do not shy away from our differences. But cooperation and win-win have been a major trend. For 40 years, China and Europe have been able to respect each other and view each other as equals. There have been no territorial conflicts between China and Europe. That is to say, there have been no fundamental conflicts between us.

China and Europe are both in favour of a multi-polar world and diverse cultures. They both like to solve problems through negotiations. Therefore, the relationship between China and Europe is a 'stabiliser' for world peace. For 40 years, China and Europe have been mutual supporters. Europe has provided many advanced techniques for the modernisation of China. Trade between China and Europe has become an important source of economic growth in Europe (even in the world).

As President Juncker said, many may not know that the daily amount of trade between China and Europe (if I remember clearly) (as of last year) is 1.7 bn USD. Therefore, the yearly amount is over 600 bn USD. Let's take a moment to think about it: whilst the recovery of the world economy lacks strength, what sort of support this could be for the world economy!

For 40 years, China and Europe have facilitated dialogues between cultures. Chinese and European cultures both have the attribute of openness and tolerance. Presently, the humanistic mechanism between China and Europe is even more mature. We are having many conversations, which include conversations about human rights. These have been continual and frank conversations. Tonight, Mr Juncker, you have the opportunity to ask any kind of questions. I will definitely answer your questions frankly.

However, what is more important to me is the frequent exchanges of human resources between China and Europe. Hard to imagine: there are 70 flights connecting China and Europe every day. Every year, China sends out one thousand billion tourists. One of their favourite destinations is Europe, which includes the EU headquarters. Here we could see a landmark, a bronze statue that brings the water of life.

When facing new situations, the leaders of China and Europe will have to keep their feet on the ground to consolidate the tradition of mutual political trust. China will still be a holder of long-term euro debt. There is no question about that. Furthermore, China hopes to see a recovery of Europe as soon as possible. China supports Europe resolving politically its regional conflicts through negotiation.

China also wishes to see the EU respect the principle of sovereignty to solve some problems peacefully. Hand in hand, China and Europe could facilitate peace and prosperity in the world.

Ladies and gentlemen, the world economy is under deep adjustment. The pressure is obvious. To fully recover from the world financial crisis, we need to rely on the real economy. Introspectively, we have to facilitate structural reform, outwardly, we have to enhance international cooperation, thereby maximising mutual benefits so as to establish a new model of co-development.



The “One Belt, One Road” proposed by China is compatible with plans of investment of Europe. It also lives up to its name as developing countries are fostering industrialisation and urbanisation, while developed countries are implementing ‘re-industrialisation’. Every country has huge needs for infrastructure development and industrial investment.

Many developing countries wanting to purchase advanced technology as well as equipment from western countries often fail to do so due to the high cost of such technology and equipment. Many developed countries have difficulties in finding appropriate markets for high value-added products. We therefore have the illusion that the market is bearish. China, with its comprehensive industrial system, adroit congregation of supply chains and advanced technology acquired from the West, still purchases many components from developed countries. For example, 10% of nuclear equipment and 30% of high-speed railway equipment are purchased from developed countries.

On the other hand, Chinese products, being excellent value for money, have also found their way in developing countries that desire such products. In turn, these trades have also facilitated the export of equipment to developed countries. In my opinion, it combines the demand of countries with nascent industrialisation, the demand of China, a country with intermediate industrialisation and the demands of countries in post-industrialisation era. This could create a ‘triple-win’ situation for these countries, thereby effectively fighting against the downward pressure on the world economy and boosting the demand on the world market.

We are willing not only to cooperate and co-invest with Europe, but also explore third markets together. We could imagine what a gigantic market all developing countries (encompassing almost 6 bn. people) would make. The key is how to find the right path to explore the market.

In my opinion, China and Europe - as the two most prominent economies - should cooperate. First of all, China is willing to work with Europe’s strategic investment plan, thereby achieving breakthroughs based on the infrastructure of both regions. The EU has just published an investment plan amounting to 315bn euros.

China is willing to contribute to such project with its expertise in techniques and management of infrastructure. I will discuss with President Juncker how China could participate in such a project. Our consideration of joining your project is magnificent, and I hope you have an appetite for it.

Secondly, China could achieve breakthroughs in terms of third-party cooperation with emphasis on the production of equipment. China could develop projects in developing countries and central and eastern European countries. China could not only exhibit its strength in good value for money quality in the middle and end of supply chains, but should also advance its technology and conform to environmental standards.

China is willing not only to engage in third-party cooperation with Europe, but also to learn tried and tested models of achieving such standards. These include investment cooperation, PPP (public-private partnership) and franchising.



Thirdly, we have to achieve breakthroughs in finance to meet industrial investment needs. China, as is known by many, has plenty of foreign exchange reserve. China is willing to participate in the development of Europe through the purchase of European debt. China-Europe cooperation should focus on real economy. With regard to Europe's investment plans, China is considering establishing a China-Europe mutual investment fund. China is also willing to buy debt from the European Investment Bank, thereby realising the full potential of pan-European financial arrangements. At the same time we would also realise the full potential of clearing banks for renminbi, enhancing the system of **\*\*ACOFI II\*\***. Financial cooperation could form a close connection between the interests of both regions.

Lastly, I would like to see breakthroughs in trade liberalisation between China and Europe. It is an 'open' cooperation, enabling liberalisation and facilitation of trade and investment. China and Europe should resolve the problems of trade frictions based on the principles of "mutual benefits".

Of course, it is hardly imaginable that trade amounting to 600 bn. USD should be frictionless. However, China and Europe are wise. They are capable of resolving frictions appropriately. We hope that by 2020, trade between China and Europe could reach 1000 bn. USD. It is possible that I have been overly conservative in my estimate. The amount might very well exceed 1000 bn USD. However, we hope to see institutional developments that include dialogues about regulations, the carrying out of BIT negotiations and research on the feasibility of FTA.

After all these 'economic talks', it is imperative that we talk about humanity, as humanity is core to the exchanges between China and Europe. Both should continue high-level humanity exchanges to achieve synergy. We should also continue so as to foster multidisciplinary cooperation.

China has also agreed to the establishment of European visa services in 15 Chinese cities without European embassies. This is a very special arrangement and could be regarded as a result of mutual expression of goodwill between China and Europe. This could help Chinese citizens who are travelling to Europe.

China and Europe are also planning to jointly publish a statement on responding to climate change. We have agreed to enhance dialogue and negotiation. We work very hard with Europe and international society in establishing a fair and 'win-win' global governing system.

In 'Writings on China' by the famous European philosopher Leibniz, it is noted that "Chinese people are good observers whilst Europeans are good thinkers, together, we could draw upon each other's strength." Many wise thinkers in ancient China have said: "it is better to rise and take action than to sit and talk", and that one "one should honour his words with deeds". These are the principles of the Chinese people.

Many of you here today have witnessed the magnificent history of China-Europe cooperation.



We should not only be observers and thinkers, but also be doers and creators.

I believe that we would have an even more magnificent 40 years to come.

I hope Mr Juncker can continue to participate in such conversations.