



Introduction by
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It gives me great pleasure to introduce this special FIRST report to mark the Prime Minister's visit to the People's Republic of China.

The top priority of the United Kingdom's coalition government is to restore the UK's economy to full strength by reducing public spending and stimulating the private sector to create wealth and employment. Expanding our international trade and investment links will play a key role in the government's economic and financial strategy. Personally I need no reminder of the fascination of China past, present and future. It was my first posting after I entered the Diplomatic Service in 1954. I also accompanied Sir Edward Heath and Margaret Thatcher at what was for them both their first visit to China.

The Prime Minister's visit to China comes at the right time. We have a new Government looking at the world with fresh eyes. They see clearly the importance of building bilateral economic relationships with the emerging countries and most particularly with China. This strategic partnership has also been underlined by the visits to China of both the Chancellor, George Osborne, and the Foreign Secretary, William Hague, this year. There is no doubt of the importance of the bilateral economic relationship.

China has become the world's second largest economy, the biggest exporter and the world's second largest importer of goods and services, accounting for some 9 per cent of the total world trade. China's significant growth record has continued in 2010, recording 11.9 per cent growth in the first quarter leading to increasing domestic demand. China also offers a rapidly improving investment climate for foreign investors.

As China moves into the next stage of development there will be important opportunities for further strengthening the bilateral business relationship. Our high technology and research-based industries will find opportunities to co-operate further with Chinese partners. Britain's financial and

banking services, as well as the retail and creative sectors, will identify enormous opportunities as China's consumers increase their purchasing power. Both countries also share the desire to move to low-carbon, sustainable economies. To Chinese business leaders the United Kingdom represents an ideal gateway to Europe for Chinese exports and investment.

The strategic partnership with China also covers significant co-operation in education – some 85,000 Chinese students study in Britain and an increasing number of British students are attending courses in China. These links in education are paving the way for greater cultural and scientific exchange for our mutual benefit.

Co-operation with China must be based on our shared interests. Both countries have a responsibility to fight protectionism and economic nationalism. We must also work together on major international issues of common concern including global security, climate change and the global financial crisis.

As part of the visit, the UK & China Business Summit, entitled 'Partners for Growth' will provide an exceptional opportunity to build relationships between UK and Chinese businesses. The Summit will highlight fine examples of UK businesses in top-level manufacturing, financial, professional and legal services, digital media and those involved in creating low-carbon cities. The Summit will also explore how UK and Chinese businesses can work more closely together and secure new commercial opportunities.

The Prime Minister's visit to China and the UK & China Business Summit, while providing an opportunity for private discussions, will give us all an opportunity to study what is happening in China and to weigh carefully the opportunities for our two countries to work together even more closely.

We at FIRST are delighted to have been asked to produce this official publication to mark the visit and hope that it contributes, in a small way, to its success and the further development of the bilateral relationship, especially in the trade and investment spheres. **F**