

Building on historic ties

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GAO HUCHENG graduated from Beijing International Studies University, majoring in French. He received his Doctorate in Sociology from the Université Paris VII, France in 1985, and is also a qualified senior economist. Having served successively as Assistant Minister at the Ministry of Foreign Trade and Economic Cooperation, Vice Chairman of Guangxi Zhuang Autonomous Region and Vice Minister of Commerce, he was appointed China International Trade Representative and Vice Minister of MOFCOM in July 2010. He assumed his current position as Minister of Commerce in March 2013.

Workers assemble a Range Rover Evoque at Jaguar Land Rover's £1 billion factory in Changshu

In a few days' time President Xi Jinping will visit the UK. Both sides have high expectations of his visit as it is the first visit by the President of China to the UK in a decade, and will become a new milestone in our bilateral relations. Through the visit, the two sides will set forth new directions for the future and enhance practical cooperation in various sectors so as to bring the bilateral trade and economic relationship to a new level. Although lying at the opposite ends of the Eurasian continent, China and the UK developed commercial ties a long time ago. The two sides began trading in large volumes in tea, spices and silk as early as the 17th century. After the founding of the People's Republic of China, Western countries were hostile towards China and imposed a trade embargo. However, in the summer of 1953, a group of visionary British entrepreneurs came all the way to China, overcoming great obstacles and the 'Cold War Divide', to sign the first trade agreement with the New China, thus marking the inception of the 48 Group Club. It reopened two-way trade and built a bridge of economic cooperation between the two countries. This trip, hailed as the 'Icebreaker Mission', has now become part of the history of China-UK relations.

Over the past 62 years, with strong commitment and support from the two governments and business communities, our commercial ties have flourished, with numerous new bright spots. Our trade and economic exchanges have made substantial progress in various areas, playing an increasingly important role in ensuring healthy and stable bilateral relations. In recent years, this economic relationship has not only withstood the test of the eurozone debt crisis and the weak and unbalanced recovery of the world economy, but also yielded fruitful results, becoming a major driving force for the development of our bilateral relations.

Presently the UK is China's second largest trading partner in the EU, second largest source of actualised investment and second largest investment

destination, whereas China is the UK's fourth largest trading partner. Our two-way trade increases year by year. In 2014, it reached US\$80.87 billion, doubling the US\$39.16 billion five years ago and registering a 15.3 per cent year-on-year growth rate, the fastest in any of China's bilateral trade with its major trading partners in the EU. In the first eight months of this year, despite the marked decline in trade between China and other European partners, China-UK trade remained steady, which shows how stable and sustainable this commercial relationship has become. The stock of the UK direct investment in China rises steadily. By the end of August 2015, the UK had 7,992 investment projects in China, with an actualised investment of US\$19.61 billion; the stock of China's direct investment in the UK had also risen rapidly from US\$1.35 billion by the end of 2010 to US\$12.8 billion by the end of 2014. Over 500 Chinese-funded enterprises have established a presence in the UK. Meanwhile, the two countries have conducted productive cooperation in technological innovation, trade in services, regional cooperation and joint exploration of third markets. The China-UK commercial relationship has shown a positive momentum characterised by steady growth in two-way trade, deepened two-way investment and expansion into new areas of cooperation.

The UK was the first developed country to realise industrialisation, while China is the world's largest



developing country. China and the UK share strong economic complementarity, compatible cooperation philosophies and enormous cooperation potential. At present, China is drafting its 13th Five-Year Plan for Economic and Social Development, with a focus on a new round of opening up at a higher level, and establishing a new, open economic system in an expeditious way. The UK, always a champion of free trade, has a highly open market and is committed to promoting sustained economic growth. China's Belt and Road Initiative, the Asian Infrastructure Investment Bank (AIIB), which the UK joined as a founding member, and the Northern Powerhouse Plan in England will all create more opportunities for cooperation between enterprises of the two countries.

To seize this historic opportunity, further promote bilateral trade ties and realise win-win cooperation based on the complementarity between our two business communities, the two sides need to strengthen cooperation in the following areas:

1. Fully tap into the trade potential of the two countries. We shall encourage Chinese export of high value-added products to the UK, leverage Britain's advantages in high-end manufacturing, high technology and R&D, and identify new growth areas in trade in goods. In the meantime, both sides should further promote cooperation in trade in services such as technological innovation, e-commerce, financial and legal services, medicine and health, and creative industries, so that trade in goods and services can grow at the same pace.

2. Deepen cooperation in investment and big projects. The Belt and Road Initiative and the establishment of the AIIB will further spur business cooperation in infrastructure. Beginning with high-speed railway and nuclear projects, the two sides should step up cooperation in emerging industries such as life sciences, satellite applications, new energies, new-

energy automobile and information technology, and focus on accomplishing some demonstrative landmark projects, so as to deepen cooperation in two-way investment.

3. Strengthen cooperation between regional governments and in third markets. The two governments should establish a long-term mechanism for regional cooperation and explore chances for business cooperation in the Northern Powerhouse initiative. Also, we need to combine China's advantage in equipment manufacturing and financing with Britain's advantage in innovation, management and financial services, so as to boost cooperation between our businesses in third countries and open up new space for commercial cooperation.

4. Create a better environment for trade and investment. I hope that the UK can continue to be a proponent within the EU of high-tech exports to China, an early conclusion of the China-EU bilateral investment agreement and the early launching of a joint feasibility study into a China-EU FTA, so as to achieve sustainable growth in trade and investment.

The 'Icebreaker Mission' 62 years ago created a close connection between China and the UK through trade and economic cooperation. Six decades on, the two countries have forged an all-dimensional, wide-ranging and multi-tiered commercial relationship. As an ancient Chinese poem goes, "When you hoist the sails to cross the sea, you will ride the winds and cleave the waves." I hope that the entrepreneurs from the two countries could carry forward the "Icebreaker Spirit", and in today's world where profound changes are taking place on the economic landscape, that they join hands to advance together, reap the dividends that arise from China's continued reform and opening up and Britain's sustained economic recovery, and jointly embrace a "Golden Era" in China-UK trade and economic relations. E

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Huawei Technologies' UK headquarters near Reading: the company is at the forefront of Chinese investment in the United Kingdom