

(Translation)

Deepen Friendship for Common Development

Address by H.E. Song Tao

Vice Foreign Minister of the People's Republic of China
At the China-Central and Eastern Europe Symposium

Foreign Minister Janos Martonyi and Minister Matolcsy György,
Friends from the academia,
Ladies and Gentlemen.

Good morning. Let me begin by extending congratulations on the opening of the first China-Central and Eastern Europe Symposium and expressing thanks to the Hungarian Foreign Ministry for its hard work for this event. I would also like to pay tribute to you, friends from the academia, who have long been devoted to the studies on cooperation between China and central and eastern Europe.

People in China, especially those of my generation, have a special sentiment toward central and eastern Europe. It brings to mind a beautiful and richly-endowed land with the Danube river flowing through, its splendid and unique culture, melodious music and the people who have long been friendly to China. Today, with the same sentiment, I am here in the beautiful city of Budapest, ready for a friendly, candid and results-oriented dialogue with you on what can be done to deepen friendship for common development of China and central and eastern European countries.

The international financial crisis and the European debt crisis have shed light on the fact that in an era of deepening globalization, no model or system could remain unchanged or more advanced. There is no perfect model or system in this world. All countries have to conduct continued reforms and institutional and structural improvement in order to meet the new challenges brought by globalization and realize sustainable development. For decades, China and central and eastern European countries have never relented in their effort to explore development paths in light of their national conditions. The path of socialism with Chinese characteristics is the one we have found fitting for China's national

conditions, and we have made remarkable progress by staying on this path. We are also heartened to see the success made by central and eastern European countries in pursuing their own development. Globalization has made countries more interdependent and the world more like a global village than ever before. As the world's second largest economy, China can not afford to focus on Asia alone. And similarly, the central and eastern European countries can not pay attention to Europe only. In the complex and changing era of globalization, only by strengthening cooperation and pursuing win-win outcomes can we seize development opportunities and realize better and faster development.

We are pleased to see the rapid growth of relations in recent years between China and central and eastern European countries, particularly the continued breakthroughs in bilateral business practical cooperation. It has brought tangible benefits to both sides and our peoples. In 2000, two-way trade between China and the 16 central and eastern European countries totaled only US\$3 billion, but the number surged to US\$53 billion last year. And China's imports from central and eastern Europe have risen at an annual average rate of 40%, pushing up the total exports of central and eastern European countries and their employment in related sectors by a large margin. In addition, a large number of competitive Chinese companies have invested and started business in this region, creating plenty of job opportunities for the local communities and deepening common interests and cooperation.

These facts speak to the expanding common interests and growing mutual needs between China and central and eastern European countries. They also suggest stronger aspiration of both sides for cooperation, because deepening cooperation follows the trend of the world and serves our respective interests. In this context, I would like to make the following proposals for further strengthening mutually beneficial cooperation between our two sides.

First, strengthen political mutual trust. There has been traditional friendship between China and central and eastern European countries. More than 60 years ago, the central and eastern European countries were among the first to recognize and establish diplomatic relations with the People's Republic of China. Today, China and most central and eastern European countries respect each other's choice of development path, and understand and support each other on issues concerning our respective core interests. This serves as an important foundation for us to advance cooperation. We are glad to see an even bigger role played by central and eastern European countries in Europe and beyond. In future, China stands

ready to further consolidate our traditional friendship and deepen political mutual trust with central and eastern European countries so that we will become close friends enjoying mutual trust and mutual support.

Second, expand economic cooperation. Last year, Premier Wen Jiabao visited Hungary and attended the first China-Central and Eastern European Countries Economic and Trade Forum, drawing extensive attention. To demonstrate that China is keen to enhance relations and deepen cooperation with central and eastern Europe, we are considering holding another session of the Economic and Trade Forum during the visit by a Chinese leader to this region sometime this year, in an effort to enhance our two-way trade and investment both in depth and in breadth.

With more than thirty years of reforms and opening-up, China has entered a new stage of adjusting the economic structure and shifting the growth pattern. To boost domestic consumption and speed up outbound investment is a must for our future development strategy. Now, China's foreign exchange reserve has topped US\$3 trillion and many countries welcome Chinese investment. But capital is flowing like running water. It flows to the flat, low-lying and spatial land. Where Chinese companies invest will be decided by whether there is political friendliness, good economic conditions and favorable public opinion for our cooperation.

The central and eastern Europe connects Europe with Asia. It boasts superb geographical location, rich resources endowment, well-educated labor force, fast economic growth and lower investment costs than western Europe. Countries here are generally friendly to China and ready to play the role as a bridgehead for Chinese companies' investment in Europe. That is why China hopes make this region an important investment destination. If central and eastern European bring into full play the aforementioned advantages and provide more favorable political, business and public opinion environment than other parts of Europe, I am sure that more and more capable Chinese companies will come here for investment. Their arrival will in turn add fresh impetus to the prosperity and development of the region, and it will help central and eastern Europe overcome the difficulties brought by financial crisis and the European debt crisis, boost economic growth and also bring benefits to people at both sides.

Third, strengthen coordination in international affairs, China and central and eastern European countries share broad consensus and common interests in international and regional affairs. We've had the tradition of coordination and mutual support in international affairs. In

the coming years, China will further intensify coordination and cooperation in international affairs with central and eastern European countries, so that we all will be able to play a constructive role in contributing to world peace and development, as well as the tranquility and prosperity of our respective regions.

Fourth, build closer bonds through people-to-people and cultural exchanges, which are essential for better understanding and win-win cooperation between our two sides. Most of the Chinese embassies in central and eastern European countries have diplomats speaking local languages. And we are glad to see that there are more and more diplomats from central and eastern Europe who understand Chinese. We sincerely hope that there will be more "China hands" in the academia, business and media communities in your countries, and that our young people and various sectors of society from both sides can communicate with each other as much as possible. This will enable us to know more about and have stronger trust in each other, and therefore consolidate the popular support for the friendship between China and central and eastern European countries and make our cooperation more fruitful.

Ladies and Gentlemen,

China has always valued its relations with central and eastern European countries. We stand ready to become a good partner of mutual benefit and shared prosperity with central and eastern European countries on the basis of mutual respect, equality, mutual benefit and non-interference in each other's internal affairs. We will work together with the central and eastern European countries with the greatest sincerity and the utmost efforts to deepen our cooperation and make it a new highlight and area of growth in China-Europe cooperation as a whole, with a view to realizing mutual benefit and common development.

Thank you.