

Deepen Bilateral Free Trade Cooperation and Jointly Achieve a Mutual Beneficial and Win-Win Outcome

**Address by H.E. Xi Jinping
Vice President of People's Republic of China
At the Opening Ceremony of the China-New Zealand FTA Seminar
Auckland, 17 June 2010**

Hon Minister Groser,

Ladies and Gentlemen,

Dear Friends,

I am delighted to join you in the beautiful city of Auckland for the opening ceremony of the China-New Zealand FTA Seminar. I wish to begin by extending, on behalf of the Chinese government and the Chinese people, best regards and heartfelt appreciations to friends from the business sector of New Zealand and, through you, to all friends who have been long contributing to the development of China-New Zealand economic and trade relations.

Based on the theme of A New Chapter of Mutual Beneficial and Win-Win, tasked with deepening regional cooperation and promoting harmonious development, this seminar meets the fundamental interests of both peoples and will play an important role in promoting closer industry exchange, exploring potential cooperation, deepening economic and trade cooperation and jointly achieving a mutual beneficial and win-win outcome.

Although China and New Zealand are located in two different hemispheres, such long distance doesn't prevent the two peoples from forging a profound friendship through long time friendly exchanges. Since the establishment of diplomatic relations between the two nations, our bilateral relation has seen a healthy and stable development. New Zealand has always been the pioneer among developed countries in promoting bilateral relation with China. It is the first developed country to sign bilateral agreement on China's entry into the World Trade Organization, the first developed country to recognize China's full market economy status, the first developed country to start the bilateral FTA negotiations with China, and the first developed country to sign FTA with China and Hong Kong Special Administrative Region of China.

Since China-New Zealand bilateral FTA entered into force in October 2008, tariffs of goods of the two nations have been gradually reduced, markets for trade in services have been opened and expended, investment environment has become more standardized and transparent, and bilateral economic and trade environment has been improved dramatically. Particularly in 2009, supported by the FTA, bilateral trade between China and New Zealand enjoyed a 3.6% growth when global trade

volumes slumped by 23%. From January to May this year, total volume of bilateral trade surged by 47.9%, of which China exported a total of 0.94 billion US dollars, up by 25.8%, and imported a value of 1.54 billion US dollars, up by 65.5%. Now, China has become New Zealand's second largest trading partner, the third largest export market, the second largest source of imports, and the largest dairy export market.

Two-way investments between China and New Zealand have continued to grow since the implementation of the bilateral FTA two year ago. By the end of 2009, New Zealand's investment in China exceeded 0.9 billion US dollars and China's investment in New Zealand reached 82.06 million US dollars, both increasing rapidly. By unleashing industrial advantages in agriculture, husbandry, forestry, mechanic and electric industry, and apparels, the two nations have been pressing ahead mutually beneficial cooperation and continuously expanding cooperation in new fields, such as traditional Chinese medicine, education, environment, etc. Facts indicate that the role of China-New Zealand FTA in promoting a mutually beneficial cooperation and achieving a mutual benefit and win-win outcome becomes increasingly evident.

Ladies and Gentlemen

As two important countries in the Asia-Pacific region, under the new circumstances, China and New Zealand should enhance our friendly exchanges and mutually beneficial cooperation in various fields, which will enable us to fully play our comparative advantages so as to provide more well-beings to both peoples, enhance the vitality of economic growth in the Asia-Pacific region and promote world economic development. We have a number of advantages for deepening bilateral economic and trade cooperation and jointly achieving mutual benefit and win-win.

First, high-level contacts between the two countries are frequent and the political foundation of bilateral relations is solid. Examples include, last year, Prime Minister John Key visited China and Vice Premier Li Keqiang of the State Council of China paid a visit to New Zealand, not to mention leaders of the two countries met with each other on other multilateral occasions. The good political mutual trust between the two countries provides a strong guarantee for deepening bilateral economic and trade cooperation and jointly achieving mutual benefit and win-win.

Second, the two economies are highly complementary and economic and trade cooperation has a great potential. New Zealand is a developed agriculture and husbandry -based economy. Its dairy products, wood, wood pulp and raw leather and other raw materials are very popular among Chinese customers. China's apparels, light industry and mechanical and electrical products enjoy a good reputation in New Zealand. Deepening bilateral economic and trade cooperation can further complement each other.

Third, two economies continue to grow healthily, providing a solid foundation for economic and trade cooperation. After gaining access to the WTO, China imported a total of 5.8 trillion US dollars worth of goods from 2002 to 2009. The current annual import volume of China is 4.1 times 8 years ago. Last year, New Zealand started to recover. It further accelerated its recovery this year. China targets its growth rate at around 8% this year, while the IMF predicts New Zealand is likely to exceed a 2.9% growth in 2010. Economic growth of China and New Zealand lays a solid foundation for deepening trade cooperation between the two.

Besides, signing of the China-New Zealand FTA two years ago provided a mechanism for deepening a comprehensive bilateral cooperation of mutual benefit

and win-win in the 21st century. The two countries have already established 27 pairs of sister providences and cities and one pair of sister ports. Increasing active cultural exchanges between the two countries offer an assurance for us to jointly pursue a mutual benefit and win-win outcome. Looking into the future, a broader economic and trade cooperation between China and New Zealand is promising. In order to take the comprehensive trade and investment cooperation of our two countries to the next level, I tender the following four proposals

Firstly, we should focus on priorities and explore potentials for cooperation. New Zealand is rich in recourses and has advanced technologies, while China is gifted with a massive market and an inexpensive high-quality labor force. Based on the huge economic structural difference and strong complementarity, the two nations should focus on improving the quality of economic and trade cooperation in the coming years. Adhering to the principles of equality and mutual benefit, complementarity, diversity, and common development, the two sides should consistently explore new ideas, new mechanisms and new measures in a proactive, pragmatic and innovative spirit to enhance our bilateral economic and trade cooperation.

Secondly, we should expand areas of cooperation and enrich cooperation contents. We must seize the opportunity of implementing bilateral FTA and make full use of the favorable system provided by the FTA to develop a comprehensive, wide-ranging and multi-level economic and trade cooperation between China and New Zealand. The two countries should carry out more technological exchanges in the fields of new energy, environmental protection, bio-tech, and new high-tech. We should also enhance communication and collaboration in climate change, and promote the development of service trade in the fields of education, tourism, consulting and finance. We should press ahead trade and investment facilitation to create a favorable environment for mutually beneficial cooperation between the businesses from both countries. We should also support companies from our two countries to explore new approaches to jointly develop third-country markets.

Thirdly, we should deepen regional cooperation and promote multilateral development. Given Asia-Pacific regional economic cooperation becoming increasingly active, China and New Zealand can play a greater role in promoting economic development in this region. The two countries should maintain and strengthen our coordination and cooperation in WTO, APEC, East Asia Summit, and other mechanisms. China will continue to pursue mutually beneficial and win-win strategy of opening up and work with New Zealand to make unremitting efforts for a more fair and rational international economic order.

Fourthly, we should broaden areas of our communications and pursue a harmonious development. China is now New Zealand's largest source of foreign students and the fastest growing market of overseas visitors. Therefore, based on deepening economic and trade cooperation, China and New Zealand should also promote exchanges and cooperation in education, technology, culture, human resources and tourism for a long-term, stable and comprehensive development of China-New Zealand ties.

Ladies and Gentlemen,

Since the founding of the People's Republic of China over 60 years ago and particularly since reform and opening up, earthshaking changes have taken place in China. Yet we are keenly aware that China remains the world's largest developing

country. We still have a very long way to go before we can fully build a moderately prosperous society of a higher level that will benefit over one billion people and achieve basic modernization and bring common prosperity to all our people. We will continue to pursue reform and opening up so that our economy will register greater growth, our democracy will be further enhanced, our science and education will make bigger strides, our culture will get more prosperous, our society will become more harmonious and our people's life will be better-off. China will continue to pursue a mutual beneficial and win-win strategy of opening up. We will expand market access in keeping with established international economic and trading rules, support the improvement of international trading and financial systems and advance trade and investment liberalization and facilitation. China will accelerate the transformation of its economic development pattern. We will make great effort to expand domestic demand and increase household consumption, vigorously promote sound and balanced growth of external trade, and reject protectionism in all manifestations. China will continue to steadily advance the reform of the formation mechanism of the RMB exchange rate under the principle of independent decision-making, controllability and gradual progress. China will remain committed to the path of peaceful development and pursue friendly cooperation with all countries on the basis of the Five Principles of Peaceful Coexistence. We will not interfere in other countries' internal affairs or impose our own will on others. We will work with all other countries to build a harmonious world of enduring peace and common prosperity.

Ladies and Gentlemen,

Let us unite as one and seize the opportunity to deepen our pragmatic cooperation and achieve a mutual beneficial and win-win outcome thus to make greater contribution to the development of China-New Zealand relation.

Thank you.

NB This is an informal translation of the Vice President's address kindly provided to us by the NZ Embassy in Beijing through MFAT.