

II. Economics

Hainan Conference Shows the Way Out for the German Economy

by Caroline Hartmann

July 20—One of a series of recent business events in Europe, geared toward investment projects in Hainan Province, China, took place July 3 in Frankfurt-am-Main under the motto, “Invest in China—Hainan Free Trade Port Europe Conference.” The perspective of these events is very important to show the way to reverse the decline in the German economy, through cooperation and production, not trade war.

More than 500 people, mainly German businessmen and investors, gathered in Frankfurt to hear various presentations by high-ranking representatives of the Chinese economy, including Ling Ji, the Vice Minister of the Chinese Ministry of Commerce; H.E. Feng Fei, the Secretary of the CPC Hainan Provincial Committee; Zhang Xiaodong, the Deputy Director of the Bank of China; and Zhai Qian, the Economic and Trade Attaché at the Chinese Embassy in Germany. They spoke on the investment opportunities arising from the development of the Hainan Free Trade Port.

On April 13, 2018, Chinese President Xi Jinping, at the celebration of the 30th anniversary of the founding of Hainan Province and Special Economic Zone, had announced the government’s decision to gradually develop and promote Hainan into a free trade port. On June 1, 2020, a master plan was published and a new chapter opened for Hainan: By 2025, a framework is to be created to develop Hainan into a free trade center for investment and trade, thus offering international



EIRNS/C Hartmann

Claudio Celani of the Schiller Institute (with microphone) challenged a recent European complaint of Chinese “overcapacity” in a panel discussion on German-Chinese economic relations at the July 3 conference in Frankfurt.

companies a more open economy in China.

China’s Hainan megaproject is part of the new western land-sea corridor of the Belt and Road Initiative (BRI).

As the Chinese consul in Frankfurt emphasized, the large participation in the Frankfurt event confirms his observations that the German—and European—population, in contrast to politicians and the media, is open to China and wants cooperation instead of a trade war.

This was also highlighted by Carola Paschola, the Representative for International Affairs of the Economic Council of Hesse, as well as by the Vice President of the Belgian-Chinese Chamber of Commerce, Vincent De Saedeleer.

This is truly a great opportunity for the German economy, many of whose representatives were present, because, since the announcement of the “master plan,”

Hainan’s regional GDP growth rate has been the highest in the country, and the number of new market participants and the application of invested foreign capital have exceeded the total for the last 30 years. According to the Hainan Provincial Office of Foreign Affairs, the average annual growth rate of Hainan’s trade in goods over the last five years was 23.4%, and that of services, 17.7%. The average annual growth rate of foreign investment over the last five years even reached 63.5%. This means that more foreign investment has been used in the last five years than in the entire last 30 years after the founding of Hainan Province, which puts Hainan in first place in China in the amount of foreign investment.

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“I am glad that the Consul General and the Economic Attaché of the Chinese Embassy in Germany addressed the issue of ‘overcapacity,’ because in fact we have an industrial ‘undercapacity’ in view of the investment demand in Africa and other countries in the world.” In recent months, both the Economic Attaché of the Chinese Embassy in Germany, Zhai Qian, and the Consul General in Frankfurt, Huang Yiyang, had strongly rejected the accusation of production “overcapacity” made by the West against China and cited the German automobile industry, which exports



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The Hainan Free Trade Port Europe Conference addressed the great investment opportunities arising from the development of the Hainan Free Trade Port, shown here.

Schiller Institute Cites EU ‘Undercapacity’

During the final “Panel Talk,” Claudio Celani, representing the Schiller Institute, was invited to present his views and prospects for future China and international cooperation with the EU, in addition to several business representatives from Hainan and Germany. Celani first addressed the BRI and its importance for the economic development of all people and nations as a community of shared destiny. He denounced the EU’s geopolitical mentality as a relic of the past, especially with regard to the development of Africa. Within this great idea of a Community of Common Destiny, he posed, “we should join the de-

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Celani accused the EU of blocking progress:

It is building roadblocks and walls, where Xi Jinping wants to build bridges. There are two ideas about how relations between states in the world should be conducted. One says that through cooperation and development you can always find win-win solutions for all parties involved. The other is the idea of geopolitics—if state A has an advantage, state B must have a disadvantage. This is based on the Malthusian idea that raw materials are limited, and that is

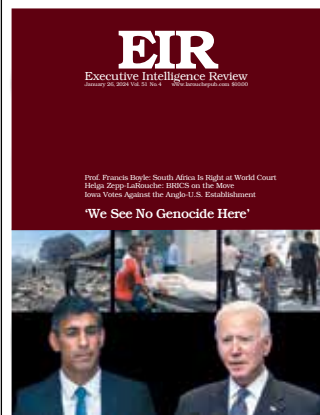
simply wrong, as the industrial revolution has proven many times.

Calling for action against the anachronistic EU policy, Celani said:

Unfortunately, this is the outdated ideology that shapes EU policy today. We must denounce and reject this ideology, because I think that when we leave this room, we will not find a word about this great conference in the media. Instead, they will talk about “overcapacity” and say that the EU will adopt new sanctions against China. My wish is that the voice of the people and the producers and the representatives of the economy who are gathered here will be heard more. And please raise your voice; go beyond your usual function. We must take more responsibility for these things, because the politicians are not doing it.



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Celani’s speech was well received, and some participants confirmed to him after the end of the official part of the conference, that they support his bold statement on EU practices.

Investment Contracts

During the event, several contracts were signed by representatives of the German Chamber of Commerce and Industry, partner companies, and representatives of the Hainan Free Port Authority. The Chinese Chamber of Commerce in Germany, represented by its vice president, Zhou Hongtu, once again emphasized the new opportunities that Hainan offers not only for Chinese companies in Germany, but also for the further expansion of Chinese-German economic relations. Hainan guarantees investment opportunities with low taxes in many areas: tourism, services, and high-tech industries such as semiconductors, computer technology, development of “smart terminals,” research and development, electronics, artificial intelligence, data processing, and satellite internet.

Particular emphasis should be placed on Hainan’s three main areas of focus regarding air, water, and land: technology development in agriculture, shipping, deep-sea research, aerospace, the environment and clean energy production, including nuclear energy, as well as new branches of medical development, including Chinese medicine.

In recent years, Hainan has continuously developed the aerospace industry, with Wenchang, a city in the northeast of Hainan, focusing on the development of industry clusters for space launches and supporting services, and Sanya, on Hainan Island, focusing on industry clusters for satellite remote sensing applications. Deep-sea research and a “technology city” are other major projects. In research, development, and application of deep-sea science and technology, this city aims to develop equipment and technology, communications, materials, exploration, and energy, as well as marine farm research. The general technology industry focuses on smart manufacturing, new-generation information technology, and new materials. The maritime support industry develops ships, marine equipment, and marine public services.

These fascinating and forward-looking projects in many areas can inspire and revive not only the German economy, but also all the young minds bored by current politics.