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Federal Minister for Foreign Affairs

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of the German Asia-Pacific Business Association

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City Hall of the Free and Hanseatic City of Hamburg

Mr Frey,  
Mr Horch,  
Members of the Hamburg City Parliament and the German Bundestag,  
Excellencies,  
Ladies and gentlemen,

First I would like to thank you, Mr Frey, for what was my second invitation to the *Liebesmahl* of the German Asia-Pacific Business Association!

I had the privilege of being your guest once before, in 2009. On that occasion it took place in the port. Today, of course, the port looks rather different than it did at the start of the 20th century, when your association was founded. The port of Hamburg has become one of the most modern in Europe. It has always been Hamburg's and indeed even Germany's gateway to the world. And this world is increasingly being shaped by Asia.

The businesspeople in the German Asia-Pacific Business Association have been aware of this for 117 years. One of the reasons your association was established was because, according to the official chronicles, the significance of East Asia in Germany's politically and socially influential circles was still constantly underestimated.

I fear that there is still considerable truth in this analysis even today, although much has been achieved. The future of Europe, transatlantic relations, the crises around us, in Ukraine, in Syria - all these issues are huge foreign policy and domestic policy concerns. And rightly so. Yet amid all this, we cannot afford to lose sight of Asia, and the opportunities for cooperation with this region.

I firmly believe that Asia is and remains a crucial region for the future of both Germany and Europe. It isn't just about our country. Europe's prospects are also at stake. However, that means that Europe needs to become stronger. After all, we have to admit that Asia, Washington, Moscow don't look quite so closely at Europe, they focus more on Germany. Yet we will only have a voice in the world of tomorrow if it is a single European voice. And even the loud voice of Germany will not be heard in the world of tomorrow, in which Asia, Latin America and Africa are growing and we are shrinking. Our children's future will depend on us holding this Europe

together - and I think that is also an important message when we turn our eyes towards the East.

That is why in Germany and Europe we need to redefine our policy on Asia. We want to intensify our relations with Asia. And above all we want to organise them strategically. We can also learn from others in this area. China, for example, has a strategy. And we are of course part of this strategy. That isn't a bad thing. It would just be good if Europe were also involved. We, too, ought to develop our own strategic perspective, not only with regard to China but for the entire continent. That is what we need to do now.

Ladies and gentlemen,

When we look towards Asia, a world of superlatives opens up.

- Asia is home to the world's largest economies, the most rapidly growing markets.
- Four and a half billion people live in Asia, making it the most densely populated region of the earth.
- Half of all goods shipped worldwide are loaded or unloaded in Asia. Nine of the ten largest container terminals are located in Asia. European ports only feature in the top 20 - and of course Hamburg is one of them!

Ladies and gentlemen,

these statistics are impressive. And they testify to the fact that we are witnessing the recalibration of the world as we know it. The economic centre of gravity is shifting further and further towards Asia.

Yet we should not allow these figures to tempt us to paint a simplistic picture of this region. Ladies and gentlemen, as specialists on Asia you know that the Asia-Pacific region is not homogeneous. It is full of dynamism and diversity. That is its hallmark.

- Asia is the largest investor in green energy - and at the same time the world's greatest carbon consumer!
- Asia has the largest number of internet users - yet only 37 percent of the population have access to the internet, compared to 77 percent in Europe.

- Over the past few decades, more people in Asia have been released from poverty than ever before - yet Asia is still home to 60 percent of the world's poor.
- The same is true of urbanisation: the majority of the urban population lives in Asia - yet the majority of Asians still live in rural areas.
- Asia is home to 60 percent of the global population - and this figure is rising, whereas population levels in Europe are shrinking. Yet that also means, for example, that India has to create around 10 million jobs each year to cater for the generations of people pouring into the labour market.

Ladies and gentlemen,

we need to sharpen and refine our view of Asia so that we are better able to understand this complexity and diversity and draw conclusions from it. To this end we need to undertake some radical adjustments in some areas. To dispense with some of our familiar ideas about Asia.

That is definitely the case with regard to *business*. For decades, we thought of Asia, and especially China, as the place to sell our goods, as cheap production sites. That is not fundamentally wrong - Volkswagen, for example, now sells 40 percent of all its vehicles in China. But China has long been on track to become an exporter of technology. And rightly so. The country doesn't merely want to be a market place, but also wants to guarantee its people growth, prosperity and increasing social security. But that can only happen if the country unleashes its own power. Other Asian countries are following the same route. They are partners, but also competitors.

That is also true in the field of *politics*. For a long time we focused particularly closely on China – which is without question a key player. But here, too, we need to become more aware of Asia's variety and take account of this in our policies. For Asia is also home to

- the world's largest democracy, India;
- the world's largest Muslim democracy, Indonesia.

In the Asia-Pacific region we are witnessing reforms moving in the direction of democracy but also fragile transformation processes and sometimes even setbacks.

This political diversity is unfolding in a region full of security policy challenges.

The situation on the Korean Peninsula, of course, is particularly critical. There, the North Korean regime is pursuing irresponsible and inhumane policies and exacerbating conflict.

A glance at arms spending in the Asia-Pacific region also speaks volumes: it has increased by 62 percent in the last ten years. That can undoubtedly also be attributed to the fact that tensions arising from territorial disputes, among other things, are leading to mounting insecurity and unease in the region.

At the same time, Asia is developing its own regional network of institutions, the most prominent being ASEAN, the Association of Southeast Asian Nations.

Ladies and gentlemen,

This is, of course, just a rough sketch of the developments we are observing in Asia.

And we cannot now say *precisely* what consequences the interaction of political, economic, ecological and social developments in the region will have.

Neither can we predict *exactly* what global impact the rise of major Asian countries such as India and China will have.

Yet amid all uncertainties, one thing is clear: the dramatic upheaval that Asia is currently experiencing will have a significant effect on us in Germany and in Europe.

For us, that means that Asia is a crucial region for our future here at home. For it will no longer be possible to map out the ways to resolve our global challenges merely on the basis of the old structures from the period after the Second World War. Instead, the ways to resolve our global challenges pass through Asia.

Ladies and gentlemen, that is why I am convinced that we need to give our policy on Asia a new strategic focus.

For we cannot and do not wish just to observe the developments there and simply assume that we will automatically benefit from them - as we have so often done in the past. After all, that isn't a feasible policy! We want to get involved, take an active role and not leave it to others to determine how the dawning century of Asia will develop as far as we are concerned.

The new focus that we need cannot take the form of a straitjacket in view of the dynamics, uncertainties and multiple facets of Asia I have just mentioned. On the contrary, we will have to respond flexibly to change. And nonetheless follow clear guidelines - based on our values and our interests.

And it is also clear that no European Member State - not even a large one - has enough power and influence in the long term to hold its own against the players in Asia and on the global stage.

Or to put it more positively, by joining forces we as Europeans have the best chance of promoting our interests in Asia - together with our Asian partners.

Of course, there is stiff competition among Europeans particularly with regard to our trade relations with Asia. It would be naive to pretend otherwise. But at the same time there are enough interests that unite us in this area: for example, the quest for open markets, for the elimination of trade barriers, for rules-based free but fair trade.

I therefore don't view Asia as a continent that threatens the coherence of the European Union. Even if there are some interesting developments. There is a group of 16 countries, some of which are European Union Member States, which cooperate with China. In Europe this group is known as "16 plus 1". In China the group is called "1 plus 16". That shows that we aren't the only ones who have reason for self-confidence, others do too. We need to recognise that fact to be able to define common interests.

In the context of Asia particularly it is clear that we as Europeans are taken seriously when we act together. That should be an incentive for us always to anchor our activities in Asia in a European framework. Because we will only have a voice in the world of tomorrow if it is a single European voice.

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Ladies and gentlemen,

In my opinion our policy on Asia should be guided by the following principles:

Firstly, *establishing reliable regulations for free trade.*

For you as businesspeople it goes without saying that a reliable and legally binding framework is what allows you to tap the massive potential of the Asian economies in cooperation with the region. The ties between our economies are already considerable: in Germany more than two million jobs depend directly on trade with Asia.

Admittedly, for a while it looked as if we Europeans had been left out in discussions on trade policy with Asia. But now the United States has decided to shelve the Trans-Pacific Partnership, TPP. And instead just to do deals with individual states. That is not our policy! Rather, we want to place our trade relations with Asia on a reliable and permanent footing. It is also true that if one partner turns away, there are always others who can replace them. And I believe that is exactly what we should be doing now. Turning towards one another and not getting cold feet about free trade agreements. The European Member States should really be asking the EU Commissioner for Trade how many members of staff she needs and make them available to her so that we can make swifter progress on concluding free trade agreements with Asian countries.

In Germany we had an intensive debate on the free trade agreement with Canada. Just imagine if, in this situation, Germany had hindered the agreement and the European Union had pulled out. We would have become a laughing stock in the global economy and nobody would regard us as a serious partner. That just shows how important it was to conclude this agreement with Canada.

In spite of this, so far we only have a free trade agreement with Korea. We need to make progress in this area, we need to move forward much more quickly.

The European Union has already concluded negotiations with Singapore and with Viet Nam. We are eager to rapidly conclude talks with Japan. With Indonesia and India we are still in the early stages, but here, too, we want to make progress.

And last but not least, we quickly need the investment agreement with China, which will allow fair market access for companies on both sides. For that is what it's about: free and fair trade! If that comes about, it could form the basis for progress on creating major joint free trade prospects for the European Union at the moment in which others are turning their backs on free trade.

Essentially, our policy on trade relations with Asia is also concerned with regulating globalisation. But not at the expense of the environment, not at the expense of workers' rights, not at the expense of social security and cultural diversity.

Ladies and gentlemen,

It is always better to set standards ourselves than to wait for others to do so and then have to comply with their standards.

But it isn't the case that we as Europeans only have to formulate our wishes and everything else falls into place. We also need to be prepared to stand up for our interests with "firm politeness", if I may put it that way. A clear stance may initially make our discussion partners uneasy. But formulating interests is necessary if we are ultimately to find a balance of interests.

*Secondly*, ladies and gentlemen, our new focus should promote *peaceful ways to resolve disputes* in Asia.

For in Europe we can currently feel the shock waves that unilateral and violent attempts to demarcate new borders are sending across the entire continent.

We as Europeans therefore need to work particularly in connection with Asia to ensure that tensions are defused through dialogue and simmering conflicts are contained by means of international mechanisms and legal instruments such as courts of justice and arbitral tribunals.



We therefore encourage all players in the region not only to use these peaceful tools but also to recognise decisions made by independent international institutions.

We also want to help strengthen maritime security in Asia. This is important for shipping but also for the stability of the entire region.

We Europeans in particular have learned that bringing large and small countries together in a regional alliance is a successful recipe for peace and prosperity.

That is why we want, *thirdly, to strengthen the regional institutions in Asia and at the same time expand Asian ownership in global institutions.*

In Europe we have taken decades to establish such institutions - the EU founding fathers had a vision of a united Europe, but we have only gradually developed the relevant instruments. Germany is willing to support Asian efforts and to play an active role, for instance as a privileged partner of ASEAN.

However, we also need to firmly anchor the Asian countries in our global structures. For without Asia, we will be unable to make any progress in the fight against climate change, poverty and starvation and for global equality.

But we also have to realise that the global order that was developed after 1945 is no longer taken for granted by all countries, particularly in Asia. I can understand that to some extent. After all, the world has changed over the last few decades. It is therefore perfectly normal that growing regions are articulating their desire for participation and co-determination much more clearly, and have every right to do so.

We saw evidence of this at the G20 Foreign Ministers Meeting in Bonn last month, where six of the 20 participating states came from the Asia-Pacific region.

I think this desire is something we have to embrace. In the United Nations, in formal and informal forums, we have to ensure that Asian states are involved - and are also prepared to do their part to resolve global problems.

At the same time, we need to support newly emerging regional institutions. That is one reason why Germany, like many other European partners, has become a member of the Asian Infrastructure Investment Bank.

*Fourthly*, our new focus needs to be based on the *universal values* we promote and defend. Against the backdrop of the recalibration of the world, we are seeing not only conflicts of interests but also competing ideas of values and order. This has gone so far that some people - I'm not revealing any secrets here - declare the Western system of values obsolete. Some believe "Western values" means double standards and undeclared interests, and it seems they're not always entirely mistaken.

We have to work to counter this trend by credibly disproving that belief through our own policies. We need to make it clear that these so-called "Western" values are not anchored in geography. Sometimes people who fight, not in the West but in other parts of the world, for democracy and freedom live out these values more convincingly than some Western states. And we have to make clear that they do not contradict a multipolar global order. On the contrary, that they are an integral part of our cooperation with the world. That is why I believe that we in Germany, in Europe need to uphold the universality of our values. We shouldn't impose them on anyone. But neither should we hide or downplay them. We need to channel them into our partnership with Asia. Not aggressively, and certainly not in an arrogant or preachy fashion. But wisely and consistently.

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Ladies and gentlemen,

Rules-based trade, a peaceful balance of interests, the strengthening of regional integration, more global responsibility for Asia and the promotion of universal values - these are the hallmarks of the new approach to Germany's, to Europe's policy on Asia.

Indeed, not all of that is completely new. And why should it be? We can already build on a firm foundation of relations with Asia.

And it is also true that “more Asia” doesn’t mean that we will pay less attention to other world regions and other partners. Or that transatlantic relations will lose some of their significance - that’s not the case! Neither is it a “pivot”, as the United States has described its shift towards Asia at times.

Rather, we want to take a more strategic policy approach and intensify our relations with Asia.

To this end we will also create the necessary structural framework. With 38 embassies and consulates, we already have a dense network in Asia. Now we at the Federal Foreign Office in Berlin also want to ensure that our approach is geared even better than before to Asia. Linguistic and cultural competence, as well as regional knowledge and experience are crucially important in our interactions with Asia. That is why we have decided to strengthen these competences at the Federal Foreign Office and to combine them in a new Directorate-General for Asia and the Pacific region.

Ladies and gentlemen,

Our policy on Asia will be successful if we manage to develop our partnerships - in the Asia-Pacific region, in Germany and in Europe.

Ladies and gentlemen, we need a partnership with you, our business partners, here and in Asia. For at the end of the day, you are the ones who have a decisive impact on our relations. You are experiencing economic growth, which is still rapid, but have also been feeling the pressure of competition. And you are the ones grasping the opportunities that Asia offers.

And I hope that we, the Federal Government, are a good partner for you in this context. For example, by promoting strategically important major private sector projects abroad, particularly in Asia, over and above the well-known official export guarantee scheme. In the last few years we have significantly expanded the entire palette of foreign policy instruments.

And we need a closer partnership within Europe on the topic of Asia. For only a common *European* policy on Asia will find a voice.

It is clear to me that ultimately, we can only redefine our approach successfully in cooperation with our Asian partners. What I have just described is therefore first and foremost an offer of cooperation to our Asian friends and partners.

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Ladies and gentlemen,

117 years ago, Hamburg's merchants were not intimidated when they looked to Asia. Today, too, there is no reason to be so. For we have something to offer the world, and to Asia. And Asia has plenty to offer us. Let us embrace this challenge together - as Germans and above all as Europeans.

Thank you very much.