



**Margaret Thatcher Conference on China and Britain  
Guildhall, London  
Tuesday 19 June 2018**

**Keynote speeches from Minister Zhu Qin, Deputy Head of the Chinese Embassy in the UK, and Dr Andy Palmer, President and CEO, Aston Martin**

The video recording of these remarks is available on the [CPS YouTube channel](#).

Zhu Qin:

Lord Saatchi, distinguished guests, ladies and gentlemen, good afternoon.

I'm delighted to join you at the Margaret Thatcher Conference on China and Britain held by the Centre for Policy Studies. I think the theme of this conference bears unique significance.

34 years ago, when the then Prime Minister Mrs. Thatcher visited Beijing for a third time, China and the United Kingdom signed the joint declaration on the question of Hong Kong. The proper settlement of the question of Hong Kong cleared the obstacles for the development of China-UK relations. It also set a fine example of resolving issues left over by history between states through peaceful negotiations.

Last year marks the 20th anniversary of the return of Hong Kong. Over the past 20-odd years, One Country, Two Systems has been a remarkable success in Hong Kong. Hong Kong remains the most competitive and vigorous global centre of finance, shipping and trade, and the Hong people continues to enjoy freedom and the rule of law in all aspects. It has increasingly become a bridge and bond between China and the United Kingdom.

34 years ago, China just embarked on a great journey of reform and opening-up. In fact, 2018 is the 40th anniversary of China's reform and opening-up. This policy has brought profound and historic changes both to China itself and to China's relations with the rest of the world.

It has opened three doors for China-UK relations. First, it opened the door for constantly upgrading our financial relations. Over the past 40 years, China has successfully transformed from the closed and the semi-closed society to the one that is open, the one that has achieved all-around development and a deep cooperation with the world.

This has provided a historic opportunity for China-UK relationship to leapfrog from a comprehensive partnership to a comprehensive strategic partnership and then to a global comprehensive strategic partnership for the 21st Century.

President Xi Jinping's state visit to this country in 2015 ushered in the China-UK Golden Era. Prime Minister Theresa May paid a fruitful visit to China at the



beginning of the year, which gave our bilateral relationship new impetus for further growth.

Second, it has opened the door for ever increasing exchange and cooperation between our two countries. Through the reform and opening-up, we have learned to keep our minds open, stay true to the facts and keep abreast with the trend of the times and to be pioneering and innovative. It was in this spirit the China-UK exchanges and cooperation have taken the fast lane.

In 1978, trade between China and the UK was less than 1 billion US dollars, while last year, the figure was 79 billion US dollars, growing by nearly 80%... 80 times. In 1978, mutual investment between our two countries was close to none, while by the end of 2017 Chinese direct investment in the UK was 19.1 billion US dollars, the British investment in China surged to 22.5 billion US dollars.

China-UK relationship has been a pioneer of win-win cooperation between eastern and the western countries. Among major western nations, the UK is the first to issue EIB sovereign bond, the first to apply to join EIB, the first to appoint a Belt and Road special envoy and to set up an export board, and UK was the first to issue with China the Joint Strategy for Science, Technology and Innovation Cooperation.

Certainly, the reform and opening-up of China has opened the door for mutual understanding between China and the UK. 40 years ago, few British people had been to the Forbidden City or the Great Wall in China and few Chinese people had visited the Palace of Westminster. 40 years ago, less than 100 students studied in each other's country.

Now, there are 4,000 mutual visits every day and 150 flights between our two countries every week. There are over 170,000 Chinese students in Britain and nearly 10,000 UK students studying in China. Across the United Kingdom, there are 29 Confucius institutes and 156 Confucius classrooms which enrolled more than 160,000 students last year alone.

Recently, the Duke of York and the Earl of Wessex visited China, and the party and the government leaders from Beijing, Shanghai, Shenzhen, Sichuan and [Guizhou 00:06:45] visited UK. These visits have brought China-UK cultural people to people and the regional exchanges to a new high.

Ladies and gentlemen, China has entered a new era in building socialism with Chinese characteristics, and the UK is embracing a global Britain. This is a time of new and historic opportunities. Our two countries need to seize the opportunities to deepen our mutually beneficial cooperation and shift the China-UK Golden Era into a higher gear.

First, we need to keep the larger picture in mind and consolidate the strategic foundation for our financial relations. That means we must aim high, look far and think big. We must have a strategic vision for our relations. We need to put



China-UK relations in a context, our respective development strategies and our efforts to building a community with a shared future for mankind.

The solid momentum of our bilateral relations has not come easily. Therefore, it is all the more important and imperative that we implement the consensus reached by the leaders of our two countries, deepen political trust, strengthen strategic communications and expand shared interests. That will ensure the sustained and the steady development of our relations.

Second, we need to appreciate the overall historical trend and take the lead in the open and inclusive cooperation among countries in the world. In today's world, interests of all countries are intertwined and countries have a shared future. Openness, connectivity and the win-win cooperation are the trend of our times and point to the way forward. By contrast, Cold War mentality, zero-sum game and protectionism are unpopular and, eventually, will lead to nowhere.

Both China and UK support economic globalization, practice trade liberalization and uphold to the multilateral trade regime. It is important that our two countries shoulder our historic responsibilities, uphold open, inclusive, mutually beneficial cooperation and advocate multilateralism and open economy. We need to take the lead in economic globalization and trade liberalization and continue to make our contribution to world peace and prosperity.

Thirdly, we need to set grand goals and achieve win-win cooperation. Opening-up is China's basic national policy and we'll continue to uphold that policy in the years to come. The policy will remain unchanged I'm certain for years to come. Looking ahead, China will only open its doors even wider to the world.

At the annual conference 2018 of the Boao Forum for Asia last April, President Xi announced the important measures for further opening up. To follow up, detailed measures were announced recently to further open up China's financial insurance markets and to cut tariffs on automobiles and consumer goods.

China-UK trade and economic cooperation already enjoys high complementarity and a solid foundation. This latest opening-up measures of China will in no doubt promise even broader prospects. Our two countries need to make full use of the China-UK economic and financial dialogue and other platforms to deepen our cooperation in areas such as infrastructure, equipment, manufacturing, high tech and financial services. We need to expand our cooperation on the Belt and Road initiative and we need to explore opportunities for further cooperation in the new areas such as artificial intelligence, digital economy and big data.

This coming November, the first China International Import Expo will take place in Shanghai. This will be a major event to further open up China's market. We



encourage British enterprises to take an active part in the expo and share the opportunities of China's open development.

Fourth, we need to show big wisdom in addressing the differences between our two countries. China and UK differ in history, culture, social system and the development stage. It is only natural that our two countries see things differently from time to time. This is hardly avoidable even between the best of friends. One quality of the ever-maturing and a stable relationship between our two countries is that we can approach and address our differences properly.

The development of China-UK relations over the past four decades and more has not always been smooth. We have seen ups and downs. However, I believe the majority of the people in our two countries believe to develop a friendly and a win-win relationship between our two countries are in the interests of our two countries, our two peoples, as well as in the interests of the world at large.

As long as we uphold the spirit of mutual respect, equality and a win-win cooperation, as long as we keep to the right direction and use wisdom, enhance mutual trust through dialogue, bridge differences through consultation, I'm sure we can always keep our bilateral relationship on the right track.

Ladies and gentlemen, a poet of China's Song Dynasty wrote this. "I do not fear that floating clouds may block my vision for where I stand is the top of the mountain." China's reform and opening-up promises a grand vision just as we stand on the top of the mountain. Mrs. Thatcher saw this vision on her visit to China in 1982. She said she was deeply impressed by the reform and the opening-up launched in China a few years earlier.

Another lady prime minister, Mrs. May, also saw this vision. During her visit to China at the beginning of this years, she spoke highly of the huge achievements of four decades of reform and opening-up in China. She also welcomed the significant opportunities that the Belt and Road initiative offers for further prosperity and the sustainable development across Asia and the wider world and reiterated that China and UK is a natural partner for the Belt and Road [building 00:15:09].

The world is experiencing a new round of profound and development and transformation. President Xi Jinping has called on both China and the United Kingdom to give our bilateral relationship a new meaning in this new era and make our relationship more strategic, more practical, more global and more inclusive.

I believe that as long as China and the UK follow the international trend of development and progress and advance our bilateral relations with a strategic vision, with political wisdom, we will be able to write a new chapter for China-UK win-win cooperation and take the Golden Era to a new high.



Thank you very much.

Robert Colvile:

Thank you, Minister.

Before our final speech of the morning session, a quick housekeeping note, after this session, there will be refreshments available at the back of the room, and if you could then please reconvene at 20 past for the second panel discussion on doing business in China, but for now, I will introduce our final speaker of the ... early afternoon session rather ... Dr. ... so let me just get this straight ... Dr. Andy Palmer, who is president and CEO of Aston Martin Lagonda.

Andy Palmer:

Good afternoon, ladies and gentlemen. As I have already been introduced, my name is Andy Palmer and I'm president and CEO of Aston Martin Lagonda, and I'm extremely honoured to be with you today among such esteemed company.

Over the course of my career, I've worked with a number of Chinese companies and institutions, not least in my previous role as chief operating officer of Nissan, where I was part of the team that launched Nissan into China and established Nissan's premium brand of Infiniti in its current headquarters in Hong Kong, and I was the longest serving foreign director of [Dong Fang 00:17:47] Motors Corporation.

This experience has given me at least a clearer understanding of what collaboration between the UK and China can offer to both parties, but, for context, let me briefly tell you why Aston Martin, my current and last company, why a relationship with China has never been so exciting.

At Aston Martin, we are proud to be a great British brand. We stand for beauty and handmade craftsmanship in everything that we do. Developing Aston Martin customer base in new and existing markets around the world has been one of the core tasks of what we call our 2nd Century Plan, in other words, our seven-year corporate plan. Let me give you a brief snapshot of what we're doing.

In 2015, we set about embarking on the implementation of this 2nd Century Plan, which consists of three distinct phases. The first phase is one of stabilization; the second, of course, strengthening; and, the third, a portfolio expansion.

Across these phases, we'll replace every single car in our range, expand our range from four to at least seven different cars over that seven-year period, launch on average a new derivative approximately every three months, develop two modern manufacturing plants, doubling our current production capacity to a capacity of eventually 14,000 cars a year. We'll launch the first electric Aston Martin next year. We'll launch the first mid-engined Aston Martin in 2021, and we'll relaunch our Lagonda brand as the first luxury EV brand.



Our ambitious plans have already started to have a very positive impact on our business. We are now three years into the plan and, earlier this year, we announced 105% increase in profits, and we've been recognized as the fastest growing brand of all brands in the UK and the fastest growing automotive brand in the world.

I'd like to think it's proof that our plan is working. We're successfully expanding our business, developing new products and building new partnerships around the world, so, now, to my point, at the heart of each of these key areas, China has been an integral driving force, and I'd like to explain why.

Our business in China is expanding significantly. We've seen an 89% increase in sales year-on-year in China, meaning, that, in 2018 year to date, we're number one in terms of sales in the high luxury sports segment. Yes, that means beating Ferrari, not always on the F1 track, but certainly in China.

Because of this, we've been able to launch our dealer investment program which will see £20 million direct investment into new dealerships in China. In fact, I was fortunate enough to travel with the prime minister at the start of this year as part of the UK business delegation to China and, whilst I was there, I was able to set out our five-year plan for China which, in the first instance, will see us open 10 new showrooms by the end of this year.

While I was there, I also announced the five-year trade and investment drive in China which is worth £620 million, which includes amongst many other things those new dealers, a new design studio in Shanghai, and a new technical and training partnership with Sinomach Automobiles. Of course, all of this would not have been possible without firstly providing the right product offerings.

Understanding your customer is a key today, as it's always been, and it's key for our increased presence in China, providing us with greater contact with our Chinese customers so that we're better able to develop products with them in mind.

These new products launched over the course of the 2nd Century Plan will both replace and expand our current portfolio in areas new to the company. They're being created with a greater appeal to our customers around the world by listening to our customers and what our customers want from an Aston Martin or, indeed, a Lagonda, and nowhere more so than in China. Of these products, our first SUV, which we call the DBX, and our first electric vehicle offerings, which we call Lagondas, we hope will resonate with customers in China.

Next year, we'll introduce the company's first ever SUV, the Aston Martin DBX, a product that we believe is important to the Chinese market because, firstly, SUVs are the fastest growing automotive segment in the world today, meaning, there's a huge opportunity in that segment. 72% of Aston Martin customers also own an SUV, so we know our customers appreciate the utility of SUVs, as SUVs



are traditionally favoured by women for their higher driving position, utility and safety features. This allows us to address the different segment of the society which we traditionally sell to and, in fact, today, 50% of Aston Martins sold in China are sold to women, so this product is being launched to tap into a growing market and address the needs of the Chinese consumer.

As well as style, we're also introducing new electric powertrain technologies. By mid-2020, all of our products, all of our products across the Aston Martin range and the Lagonda range will be electrified, whether that be by hybrid electric motors or pure electric.

China has been one of the leaders in pursuing the adoption of electric cars, and it's thanks in part to President Xi Jinping and his focus on increasing the number of electric cars on the road in China and the desire for so many consumers to embrace non-polluting technology, which has meant that the demand for electric vehicles is growing rapidly, so we're driving our design and our technology to satisfy that need, and we'll be delivering the first fully electric Aston Martin, the Rapide, in 2019, followed in 2021 by the rebirth of our Lagonda brand, which will be the world's first truly luxury electric brand.

We believe that this is an investment which will help satisfy the demand for handcrafted electric ... luxury electric vehicles in China. Our investments and experience in this area is already delivering real benefits in China through our Aston Martin consulting business where we're advising a number of Chinese companies, but just as our current growth in the Chinese market has helped us to invest in new dealerships and expand our reach to Chinese consumers, China has a wealth of talents and experience to offer, and we are proud that our team in China, around 40 people, is 100% Chinese staff, no expatriates.

Our ability to grow for the long term and better understand what our future customers in China will want in five years and 10 years is being realized through both our talented regional Chinese team and the Chinese nationals in various partnerships that we've been developing in China such as that with Sinomach Automobiles, where we are collaborating in the areas of electric mobility and connected technologies, and in Tongji University, the college of design and innovation, where our product development and design teams are working with the faculty to develop a better understanding of tastes, desires and future requirements of Chinese customers.

In my opinion, a partnership should mean just that, where both sides have something to share and something to learn, so what about the big picture for automotive between the UK and China? I could honestly say that this is the most exciting point in our industry since we changed from the horse to the motorcar.

The changes we see in the coming years will be simply unparalleled, be it in the area of zero emission, connected cars, ride sharing or autonomous driving, but we may well ask: why should China care? Why should they care about



automotive manufacturers such as Aston Martin and Ferrari, whose, frankly, sales in China is really, really small, and we don't make cars in China?

An Aston Martin that's not made in the UK is simply not an Aston Martin. In automotive Darwinism, our ecosystem, the latest cutting-edge technology is always applied first to luxury and sports cars, and that point has never been more relevant than it is today.

When you think of an electric car, normally, you think about the difficulty of managing the battery and the cells. Frankly, it's a huge oversight, and I speak as somebody that introduced the Nissan Leaf to the world.

There are fundamentally four attributes to any electric vehicle. Yes, it's true, battery and battery management technology are key, and it's frankly true that China leads the world, but the second key attribute is mass reductions, because there's one thing that batteries really hate, and it's weight, and guess what? Sports car makers are really good at mass reduction.

Thirdly, drag reduction. Drag reductions reduces the range of an electric car, aerodynamics, and guess what? Sports car makers are really, really good at aerodynamics; and, lastly, manufacturing. We've been making cars for 105 years, and we make a car and we launch it, we ramp up to full volume in about six weeks, but there are other start-up electric car makers demonstrably unable to ramp up to full production, and you need to know how to make cars to make cars.

The skill sets of a luxury sports car company is second to none in those last three points, mass reduction, drag reduction and manufacturing, and our experience in these areas is something that we can bring to the discussion in partnership in China. It means there's a great deal of potential and opportunity for the UK and China to collaborate more closely than ever before. Even though we don't manufacture in China, even though we sell relatively small volumes in China, we have something to give to China in return for the ability to be able to sell our cars in China, and I hope that that ultimately is fully recognized.

I'd like to leave you with three final thoughts that I think are not just applicable to Aston Martin or even automotive, but can be applied to the UK-Chinese relationship as a whole.

Firstly, be more open to strategic partnerships. Our growth at Aston Martin has been in part down to great collaborations that we have with Chinese universities and businesses. Be open and willing to learn.

Secondly, we in the UK need to get better at showcasing the specialist knowledge that we have that could benefit Chinese organizations like the mass reduction, like the drag reduction that I mentioned. In automotive, this is no more prevalent than in our motor sport and our high performance producers and suppliers, but we need to be willing to share that expertise.





Thirdly, embrace cultural differences. The benefits that we've seen through sharing ideas, different perspectives and preferences, the better able we as a company are to understand the various discerning global customers and, thus, better our sales, so let's ensure that you understand the market.

In closing, it's simple. Partnership. Learning. Understanding. Really simple. I hope you agree. Thank you very much.