

Jointly Pursuing Harmonious Win-Win by Deepening China-US Business Collaboration

--Capt. Wei Speaks at CGCC Dialog with US Congressmen

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Thank you, Mr. Don Bonker.

Recently, a friend's daughter who lives in the US asked me: "Capt. Wei, what do you do for a living?" Trying to explain this to a small child is really difficult. I thought and I told this little girl: "I make sure all children in the world have fun". The child looked at me puzzled. Then I said to her "In today's world, so many toys are made in China, well I am making sure these toys get from the factory in China to your house". With this the child's eyes lit up, I was now no longer just Capt. Wei but also a Chinese Santa Clause.

Distinguished US congressmen, respected business leaders from China, ladies and gentlemen:

It is my great pleasure, as a representative of the Chinese business community, to join this group of distinguished US congressmen and other Chinese business leaders in this special meeting.

As a key and active member of the China General Chamber of Commerce USA, COSCO is a China-based international shipping company that operates the world's second largest ocean-going commercial fleet with a total 41 million deadweight tonnage. It is the mission of COSCO that we provide refined, efficient, secure and reliant shipping and logistics services to contribute to the sustainable growth of global trade.

As an important transpacific carrier, COSCO has always played a vital role in China-US trade, which has experienced a sharp increase of over 80 folds

from 2.4 billion US dollars in 1979 to 211.6 billion US dollars in 2005. In fact, it was COSCO that had reopened the China-US maritime trade in April 1979 by sending the first ever PRC commercial ship, *M.V. Liu Lin Hai* from China to Seattle. The historical visit by *Liu Lin Hai* to a US port, after 30 years of absence of US-China trade, marks the beginning of a new era of the world's most important trade relationship.

While rapidly growing our global competitiveness, COSCO, as a strong supporter to the UN launched Global Compact Initiative, is making enormous efforts to realize sustainable development and to be a good corporate citizen, and I am happy to let you know that COSCO's 2005 annual report on sustainable development has just passed the joint audit of the Norwegian DNV and China Classification Society.

COSCO's case of sustainable development represents a strong commitment of the Chinese business community to contribute to the formation of a harmonious world, which is a goal set by Chinese President Hu Jintao towards the development of World Peace. The relationship between China and the United States is among the most important relations in the world. As strong mutual interests and synchronicities do exist between the business communities of China and the US, we believe that win-win business cooperation between our two nations can greatly contribute to the building of a harmonious world.

COSCO founded COSCO Charity Funds and donated 1.25 million US dollars for the relief of Indian Ocean Tsunami disaster. COSCO also made donation to save Alaskan sea life and helped many others. We are one of the first members of C-TPAT, and we cooperate with US government agencies and World Shipping Council in security and a wide range of projects. In a recent letter to me, US congressman James Oberstar said that COSCO's commitment to stay in touch with Congressional leaders and our government agencies, particularly on matters relating to port security, is quite valuable.

COSCO has operated our business in the US market for 27 years, and along with the growth path of our US business, we have benefited greatly from our long-term strategy to establish win-win situation with our American business partners, customers, and suppliers.

The outstanding partnership that COSCO has built with the Massachusetts Port Authority sets a perfect example for Chinese businesses seeking growth in US market.

At the end of 2001, I received a letter from Governor of Massachusetts saying that the port of Boston was facing a serious challenge and thousands of workers with the port were about to lose their jobs. After doing careful studies and evaluations, I decided it was a good opportunity to reestablish a trade bridge between China and Boston by opening up a direct container line service there. The volume of import containers in our first year of operation at Boston registered a growth of four times, and export container two times. Because of COSCO's presence, the trade between the six states in New England and China was stimulated, 9,000 port-related local jobs were saved, shippers benefited tremendously from the convenience brought by direct liner service, and COSCO also benefited from rising profits of our liner operations.

COSCO's collaboration with Massport has set a good path that other Chinese companies can follow on their way of searching for win-win. Recently China's Hainan Airlines is working to set up direct airline service between Beijing and Boston, and on March 7, 2007, Hainan Airline will launch a cargo service from Shanghai to Boston, and this will open new doors for trade and educations partnerships for the future.

Statistics and facts have proved that the mutual business presence of China and the US have greatly benefited both countries. COSCO is one of the more

than 800 Chinese companies that have invested in the United States, and the healthy growth of all China-invested business in the US has undoubtedly contributed to the growth of US economy and employment.

Meanwhile, the rapid growing investments from the US multinationals in China have also benefited both countries. By doing business with China, US companies have made good profits, enhanced their global competitiveness, and strengthened their positions in the US market. According to the American Chamber of Commerce in China, the 2005 total revenue of US-invested companies in China reached 107.6 billion US dollars, and 42% of these companies registered higher profit returns than their global average. Through a bullish and well-regulated capital market, these US companies can generate dividends to millions of US public investors who can indirectly benefit from the success of US companies in China.

The rising bilateral trade between China and the US has also created huge benefits for people of both countries. According to Morgan Stanley, in 2004 alone, quality yet inexpensive Chinese goods saved US consumers 100 billion US dollars, and trading with China created over four million jobs in the United States.

China's economy is now in a new period of growth. China's development goal for the next 15 years is to increase its GDP to about four trillion US dollars, averaging 3,000 US dollars per head. China's development will present enormous business opportunities to the United States, because China has a huge market and big demand for America's advanced technologies and management expertise.

Ladies and gentlemen, distinguished congressmen. Given the rapid growth, sheer size and wide scope of our business ties, it is hardly avoidable that some problems have occurred. It is our common hope that these problems can be properly addressed through consultation and dialogue on an equal

footing, as we work to expand our business ties.

The US Congress is playing a crucial role in guaranteeing the sound development of bilateral business and trade relationship between our two nations. Without the support of members of the US congress, COSCO could not have been successful with our partnerships. I want to quote one of the greatest innovators of the United States, Henry Ford, when he said:

“Coming together is a beginning”

“Keeping together is progress”

“Working together is a success”

It is our wish that the US policies on commerce and trade will encourage more Chinese companies to invest in the US and will allow more US companies to enhance their business ties with China. Taking this opportunity, I would like to ask for the continued support of the Congressmen who are with us today to make efforts towards a more solid, and win-win based business relationship between China and the United States.

Finally, I wish to see all of you in China.

Thank you very much.