

**ASIAN-EU BUSINESS RELATIONS AS  
A HOT SPOT OF WORLD ECONOMICS  
- and why we are not aware of it**

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## VON ZANTHIER & SCHULZ

### Our offices in Germany - first German law firm in Poznań

- Our law firm was established in 1992 in Berlin
- 1995 we opened a branch office in Poznań
- Since 2013 we have another German office in Cologne
- Cooperation partner in Warsaw

### Services in Germany and Poland

- Completion of all legal and tax matters in both Germany and Poland
- Services for enterprises - from founding to expanding a company
- Management of cross-border investment
- Due Diligence
- Introduction to property acquisition
- Legal issues such as corporate law, tax law, labor law, IT-law, real estate law and renewable energy law

**Motto: Your success is our goal**



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# What is Asia?

- **Area:** ★ **44.5 million km<sup>2</sup>** (30 % of the world's land area)
- **Population:** ★ **4.4 billion people** (60 % of the total world population)
- **Countries:** **48 countries, 6 other regions**

UN members: Afghanistan, Armenia, Azerbaijan, Bahrain, Bangladesh, Bhutan, Brunei, Cambodia, **China**, Cyprus, Georgia, **India**, **Indonesia**, Iran, Iraq, **Israel**, **Japan**, Jordan, Kazakhstan, North Korea, South Korea, Kuwait, Kyrgyzstan, Laos, Lebanon, **Malaysia**, Maldives, Mongolia, Myanmar, Nepal, Oman, Pakistan, **Philippines**, Qatar, Russia, Saudi Arabia, **Singapore**, Sri Lanka, Syria, Tajikistan, **Thailand**, East Timor, Turkey, Turkmenistan, United Arab Emirates, Uzbekistan, Vietnam, Yemen  
Regions: Abkhazia, Nagorno-Karabakh, Northern Cyprus, Palestine, South Ossetia, Taiwan



Source: Wikipedia

- The largest and most populous continent of the world
- Economic dynamism (particularly East Asia)
  - Robust population growth during the 20th century ★  
(1950: 1.4 bn, 1980: 2.6 bn, 1990: 3.2 bn, 2000: 3.7 bn) ★

# What is Europe?

- **Area:** 10,2 million km<sup>2</sup>      **EU: over 4 million km<sup>2</sup>**
- **Population:** 740 million people      **EU: 508 million people**
- **Countries** 50 countries      **EU: 28 member states**

Albania, Andorra, Armenia, [Austria](#), Azerbaijan, Belarus, [Belgium](#), Bosnia and Herzegovina, [Bulgaria](#), [Croatia](#), [Cyprus](#), [Czech Republic](#), [Denmark](#), [Estonia](#), [Finland](#), [France](#), Georgia, [Germany](#), [Greece](#), [Hungary](#), Iceland, [Ireland](#), [Italy](#), Kazakhstan, [Latvia](#), Liechtenstein, [Lithuania](#), [Luxembourg](#), Macedonia, [Malta](#), Moldova, Monaco, Montenegro, [Netherlands](#), Norway, [Poland](#), [Portugal](#), [Romania](#), Russia, San Marino, Serbia, [Slovakia](#), [Slovenia](#), [Spain](#), [Sweden](#), Switzerland, Turkey, Ukraine, [United Kingdom](#), Vatican City










- **European Union for business lawyers:**

- No custom barriers
- One single market: “four freedoms” - the free movement of people, goods, services and capital
- 80 % of business law formed by EU legislature
- European Court of Justice - safeguarding the rule of law and unifying the law within the EU
- Population growth - 1950: 550 m, 1980: 690 m, 1990: 720 m, 2000: 730 m



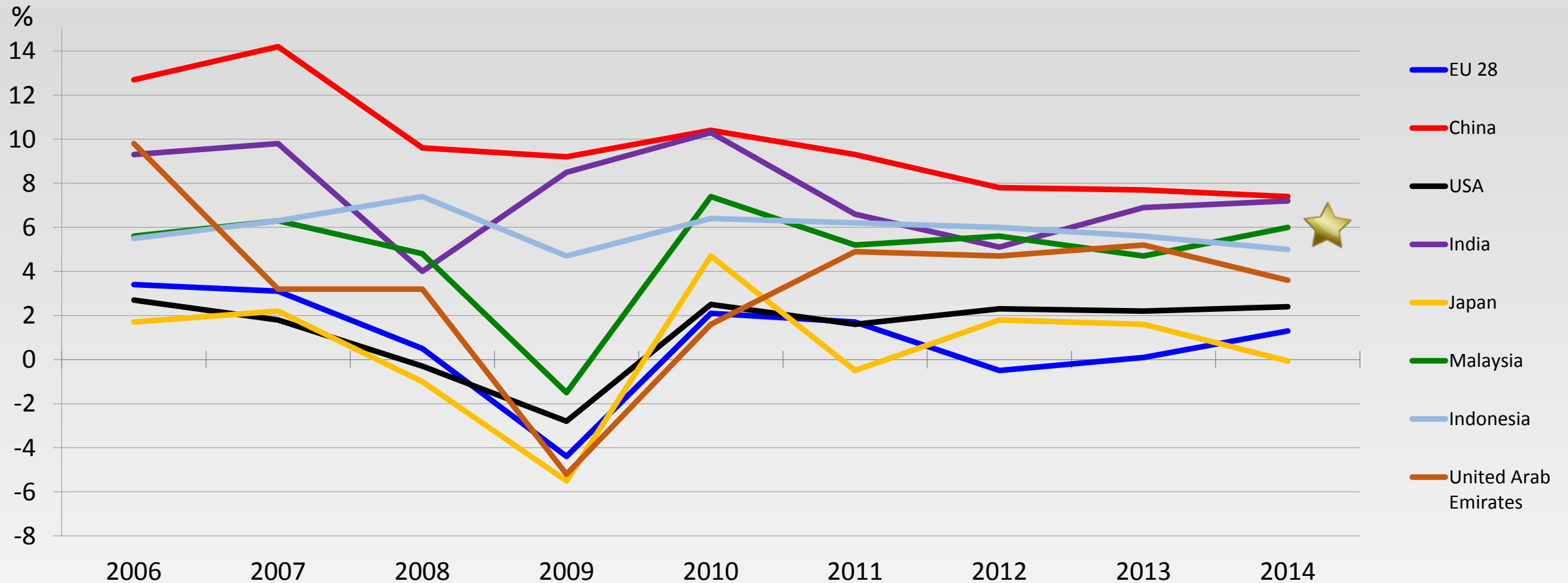
Source: Wikipedia

## II. Economic hot spots ★ on the globe in GDP

The world's largest markets by GDP in total in 2014		Value: Trillion of US dollars
	World	77.9
	Asia	27.6 (approx.) ★
1.	 European Union	18.5 ★
2.	 United States	17.4
3.	 China	10.4
4.	 Japan	4.6
5.	 Germany	3.9
6.	 United Kingdom	3.0
7.	 France	2.8
8.	 Brazil	2.4
9.	 Italy	2.1
10.	 India	2.0

**Trend: Asia accounts for 35 % and the EU for 24 % of World GDP**

# Global real GDP growth

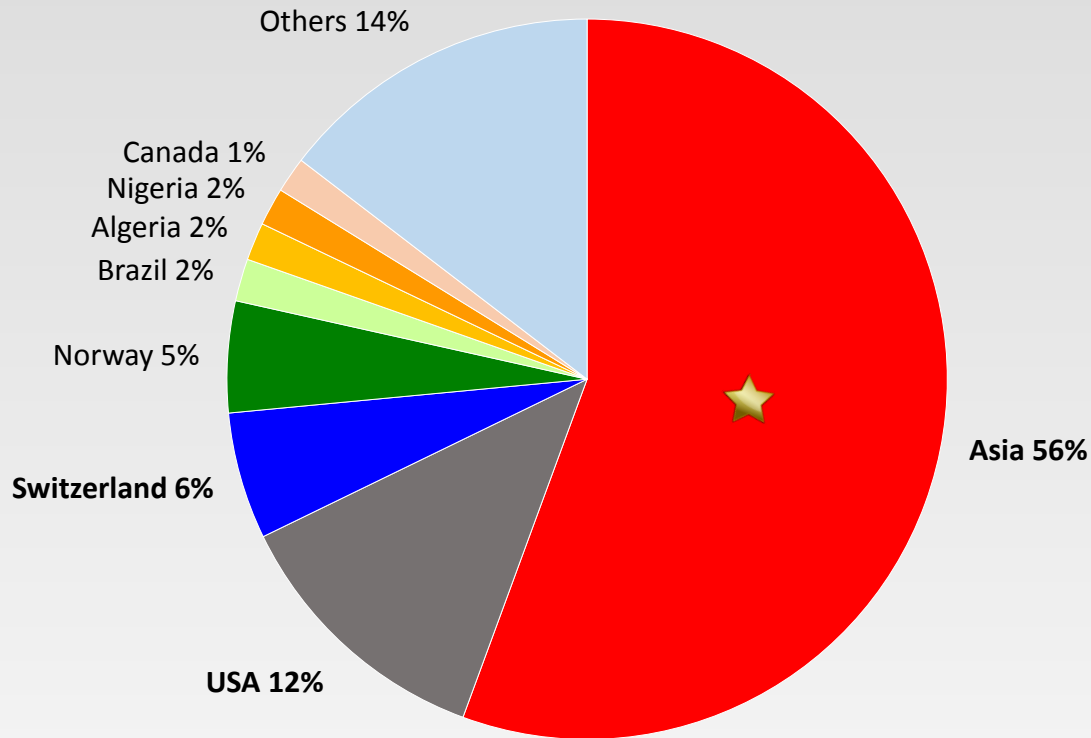


## Trends:

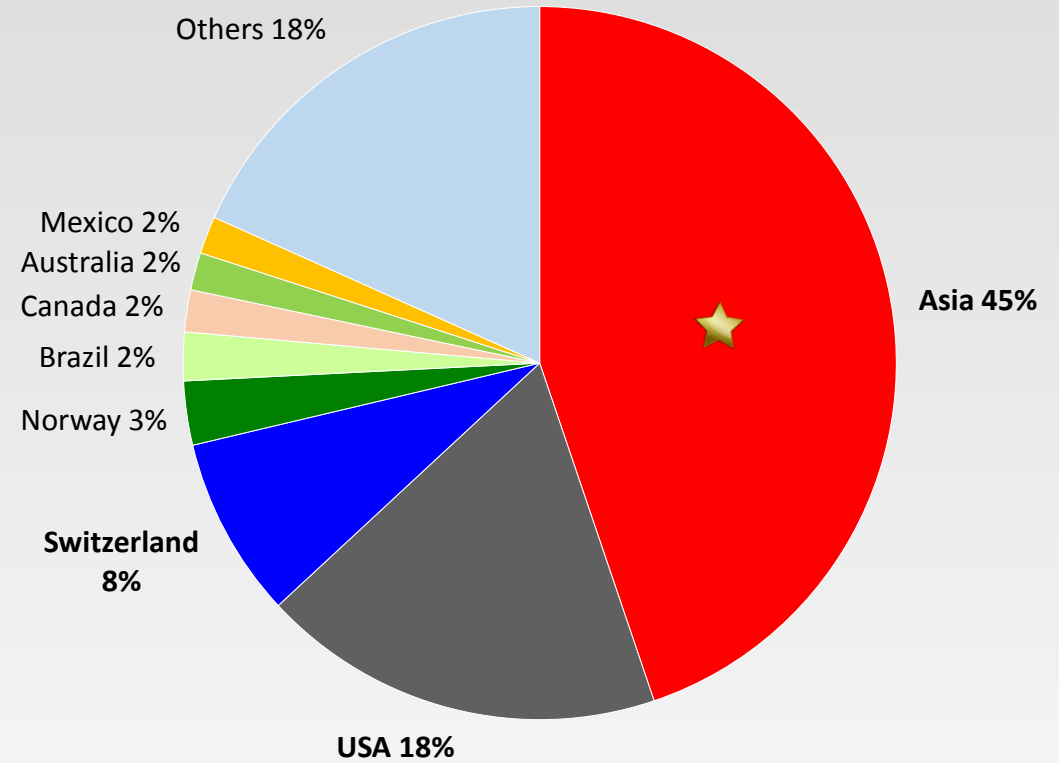
- highest growth in Asian countries
- EU needs more dynamic growth

# III.1. Main EU-28 trading partners 2014 outside EU-countries

### EU Imports from:



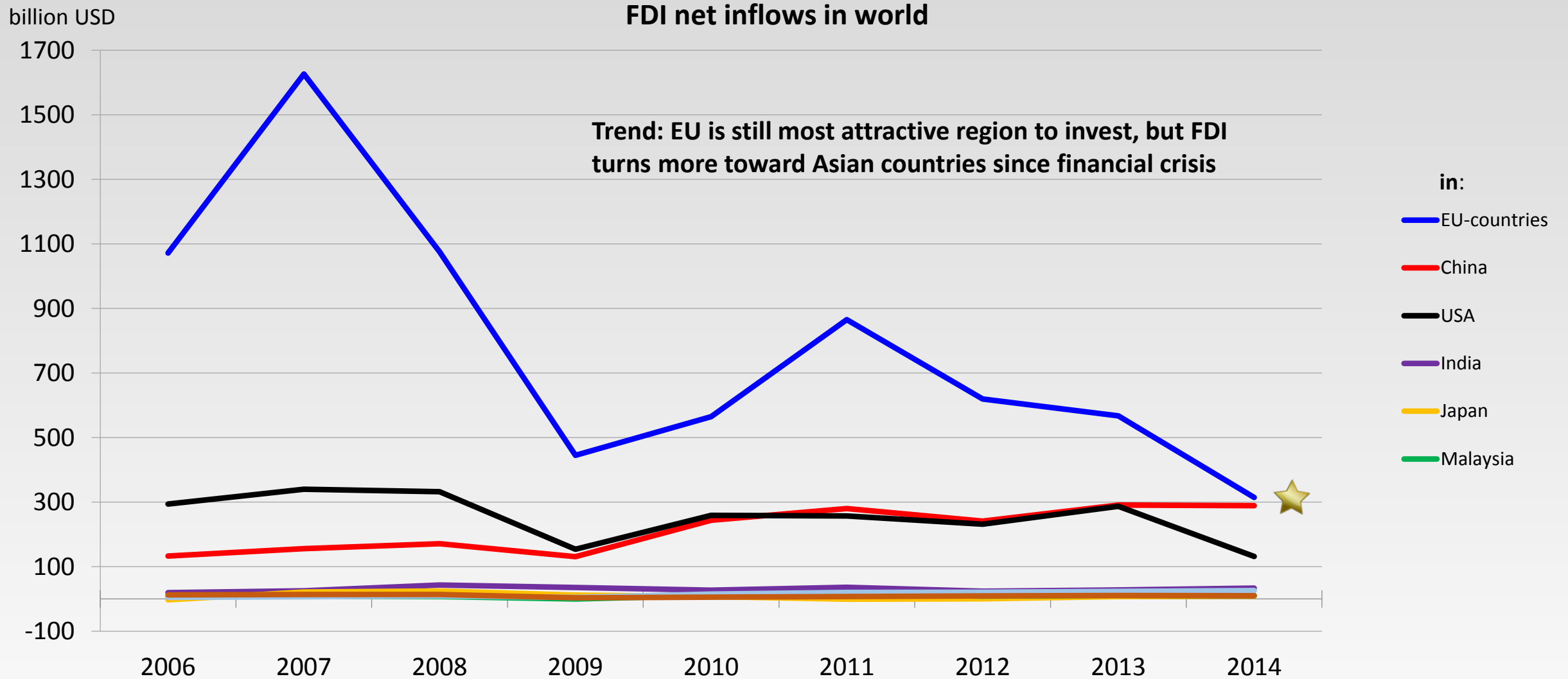
### EU Exports to:



For EU, Asia is by far the most important trade partner

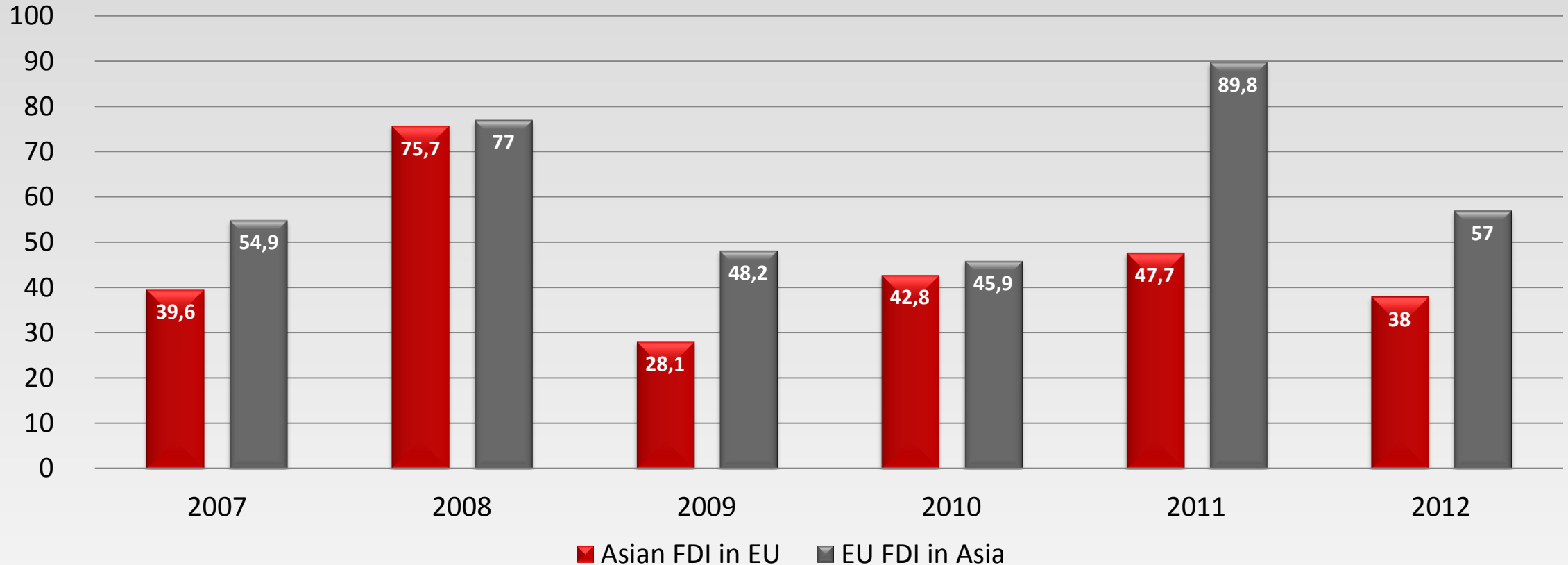


## III.2. Why to invest in Asia?



## III.2. Mutual EU / Asia FDI (development 2007-2012)

Billion EUR



### Trend:

- mutual interest in the other continent
- more EU-investment in Asia than of Asian countries in EU

## IV. Similarities & differences: a comparison of wages

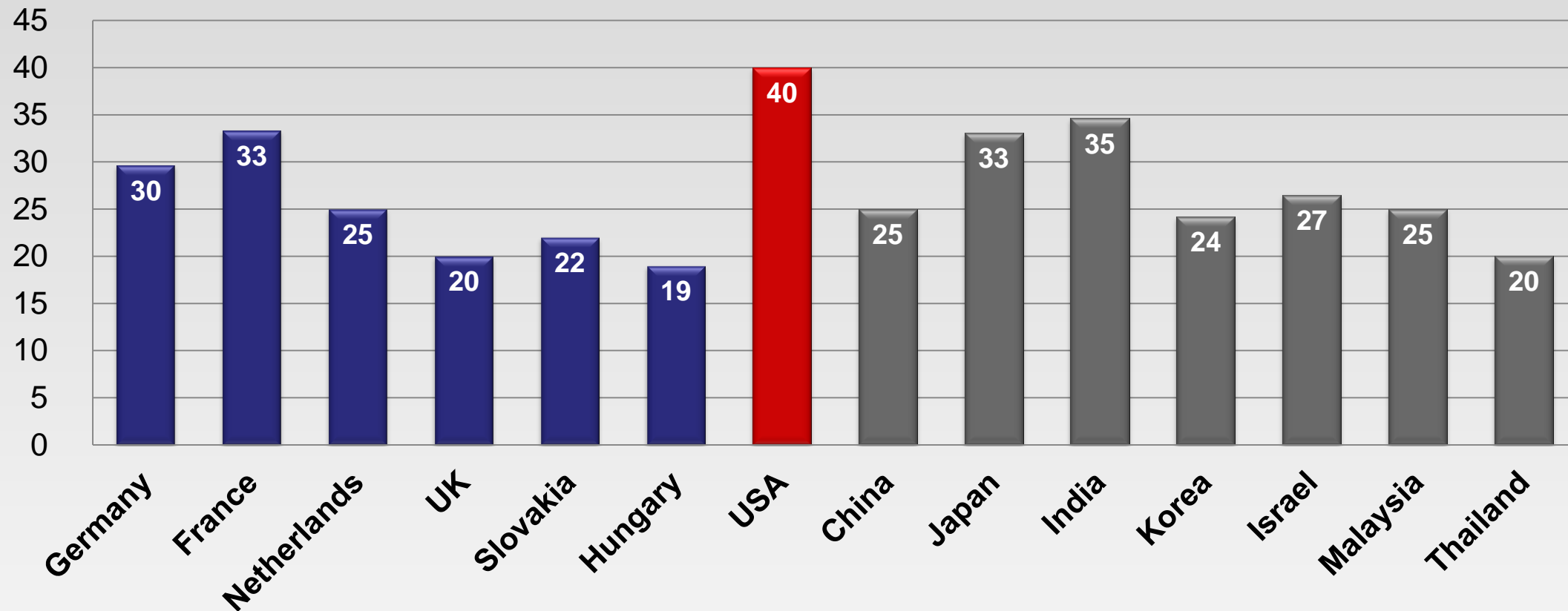
Country	Average annual wages 2014 (in USD)
Germany	48 479
France	47 885
UK	54 350
Slovakia	16 225
Hungary	13 305
USA	57 139
China	8 403
Korea	31 614
Japan	37 988
Israel	36 109
Malaysia	8 597
Thailand	4 373

Country	Minimum wages 2015 (in USD/hour)
Germany	11.3
France	12.8
UK	10.8
Slovakia	2.5
Hungary	2.6
USA	7.2
China	1.9
Korea	5.3
Japan	7.3
Israel	6.5
Malaysia	1.75
Thailand	1.5

### Trends:

- higher wages in EU than in Asia
- diverse wages depending on the region
- higher protection of wage in EU than in Asia and USA

## IV. Similarities & differences: Corporate Tax Rate 2015 in %



### Trend:

- Similar in EU and Asia, in the USA the rate is higher
- No state intervention in business in USA is a tax regime myth

# IV. Similarities & differences between Asia and Europe

## 2. Soft factors

### 1. Similarities

- ✓ Traditional societies as opposed to immigrants societies such as America
- ✓ No ambitions of regions or countries to world governance, but rather the integration of neighbouring countries within ASEAN, EU
- ✓ Political systems
  - Asia: most countries are democratic
  - Europe: almost all countries are democratic

### 2. Differences in culture

- ✓ **Mother tongue abilities**
  - Asia: the most widely spoken mother tongue: Mandarin, Hindi, Russian, Indonesian, Arabic, Bengali, Japanese
  - Europe: German, Russian, French, Italian, English, Spanish, Polish, Ukrainian
- ✓ **Religion**
  - Asia: wide variety of different religions (largest: 26 % Islam, 25 % Hinduism, 12 % Buddhism, 10 % Christianity)
  - Europe: 76 % of Europeans considered themselves Christians (others: 6 % Islam (EU: 4 %), 0,3 % Judaism, other)

# IV. Similarities & differences

## 2. Soft factors

### 3. Models of integration of neighbouring countries – a case study

#### Business integration in NAFTA since 1994

##### USA – MEXICO

- Mexico 2000 - GDP per capita: 6775,5 USD
- Visa to USA is required today
- Hundred of migrant deaths by attempts of illegal crossing of the USA – Mexico border (ca. 6000 people since 2000)
- Custom barriers
- Bureaucratic barriers for free trade
- USA - praise of independent decisions and emphasis on strong military resources
- Preferred: bilateral agreements

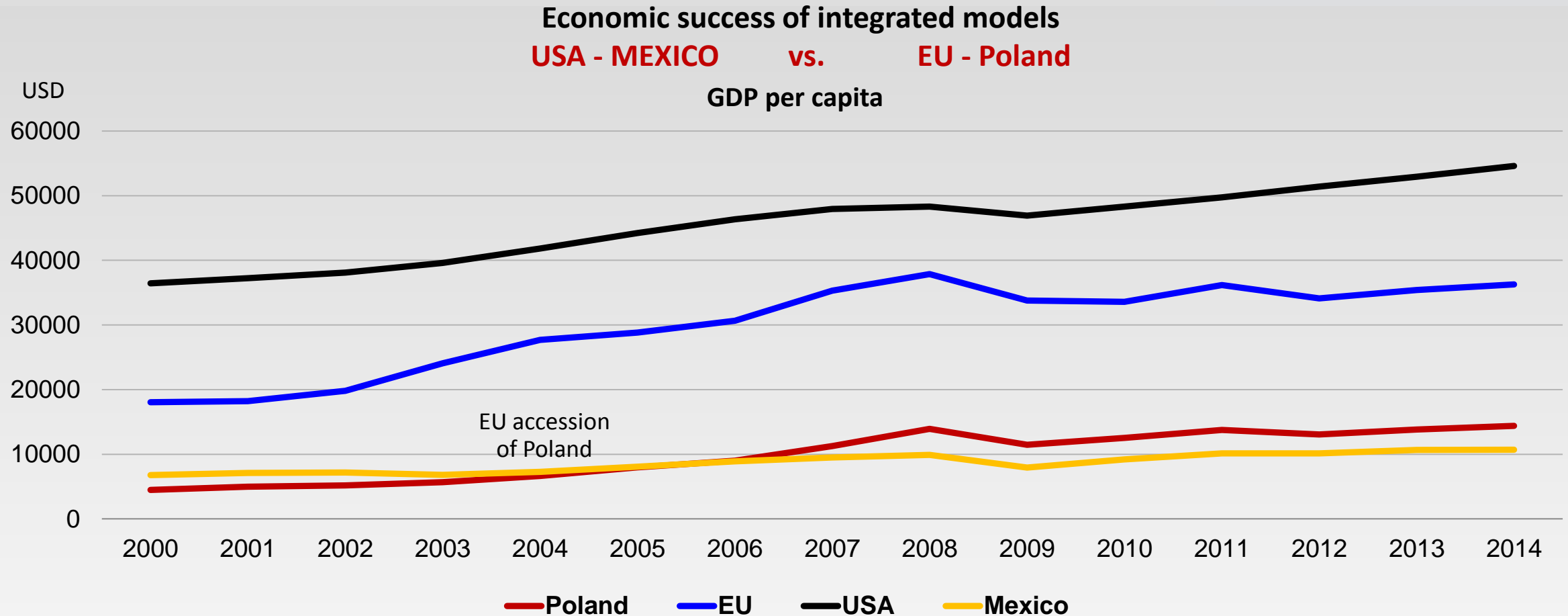
#### Comprehensive integration in EU

##### EU – POLAND

- Poland 2000 - GDP per capita: 4476,2 USD
- No visa requirement since 1991
- Poland's EU accession in 2004
  - Free trade in the whole EU
  - Four freedoms - free movement of people, goods, services and capital
- No custom barriers
- The EU has the same integrated attitude to new EU-members as towards other regions:
  - Global rule of law - confidence in institutions like UN
  - Preferred: multilateral agreements (e.g. International Criminal Court)

# IV. Similarities & differences

## 2. Soft factors



**Trend: even though USA is richer than EU per capita, the EU integration of Poland is also economically more successful than the USA's integration of Mexico**

## 1. Summary

### ➤ Asia

- Asia is big: 4.4 bn people and 44.5 m km<sup>2</sup>
- Asia is economically dynamic: average growth rate (GDP growth in 2014: 3,6 % East Asia & Pacific)
- Asia is technological driven in some regions
- Asia has mostly traditional societies (no immigrant countries)
- Asia looks for integration of neighbouring countries, like in ASEAN & APEC

### ➤ European Union

- EU is small (500 m people und 4 m km<sup>2</sup>)
- EU has high standard of living, but poor growth rate (GDP growth in 2014: 1,4 %)
- EU has only traditional societies, but attractiveness for immigrants
- EU is generating growth from a high level of integration of different countries



## 2. Similarities of EU and Asia

- **Economic conditions of EU and Asia**
  - Large markets in GDP, Export and Import
  - Significant FDI destinations
  - Belief in the protection of labour
  - Similar tax rates

## 3. What can the EU learn/get from Asia?

- Dynamic economies by means of national business friendly policies
- Technology
- Customers - for EU-market
- Investors - FDI from Asia

# V. Conclusion

## 4. What can Asia learn/get from the EU?

- Economic growth potential through comprehensive integration of neighbouring countries
- High standard of living, still more integrated societies
- 500 m comparatively rich consumers
- FDI for Asian countries

## 5. How to promote EU - Asia relations

- Make complementary advantages transparent and take advantage of them
- Exchange of people, like law associations or other professional associational bodies
- Support: business exchange / political integration

**Thank you for your attention!**

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