

## Global China Business Meeting

10-11 November 2013, The Hague, The Netherlands

a Horasis-leadership event

# Report



**Upcoming Horasis events:**

Global Russia Business Meeting Valencia, Spain, 6-7 April 2014

Global India Business Meeting Liverpool, United Kingdom, 22-23 June 2014

Global China Business Meeting location and dates tbc

Horasis is a global visions community committed to enact visions for a sustainable future  
(<http://www.horasis.org>)

# Global China Business Meeting

10-11 November 2013, The Hague, The Netherlands

a Horasis leadership event

## ■ **Co-hosts:**

City of The Hague

Netherlands Council for Trade Promotion

China Federation of Industrial Economics

## ■ **Co-chairs:**

Dirk Jan van den Berg	President, Delft University of Technology, The Netherlands
Peter Chen	Chief Executive Officer, Forest Power & Energy Holdings, USA
Alan Hassenfeld	Chairman, Hasbro, USA
Huang Nubo	Chairman, Zhongkun Investment Group, China
Jia Yanlin	Chairman, Baosteel Metal, China
John M Neill	Chairman and Group Chief Executive, Unipart Group, United Kingdom
Ben Noteboom	Chief Executive Officer, Randstad Holding, The Netherlands
Vachara Phanchet	Chairman, Sittipol Holdings, Thailand
Tan Chin Nam	Chairman, Temasek Management Services, Singapore
Alfonso Vegara	Chief Executive Officer, Fundacion Metropoli, Spain
Wilfred Wong Ying-Wai	Chairman, Hsin Chong Construction Group, Hong Kong SAR
Xia Hua	President, Eve Group, China
Xu Heyi	Chairman, Beijing Automotive Group, China
Yan Xiaoyan	President, Bank of Beijing, China

## ■ **Co-organizers:**

China Entrepreneur Magazine

Committee 2005

International Chamber of Commerce – Hong Kong, China

Pacific Basin Economic Council (PBEC)

China Women School

World Eminence Chinese Business Association

## ■ **Strategic Partner:**

Rabobank

## ■ **Knowledge Partners:**

Baker & McKenzie

EY

TMF Group



*The Steigenberger Kurhaus Hotel, venue of the Global China Business Meeting*

# Table of Contents

<b>Foreword</b>	<b>6</b>
<b>The Netherlands and China: Trade is Part of our DNA</b>	<b>26</b>
<b>China Headed for Another Massive Social Experiment?</b>	<b>30</b>



*The 'Kurzaal' – central venue of the Global China Business Meeting*

# Foreword

On 10-11 November 2013, the 9th Horasis Global China Business Meeting took place in The Hague, The Netherlands. The event gathered a collective audience of 350 entrepreneurs and government officials. The Meeting was organised by Horasis in partnership with the **Netherlands Council for Trade Promotion**, the **City of The Hague**, and the **China Federation of Industrial Economics**.

The Global China Business Meeting, Horasis' flagship event on China, brings together eminent leaders – from China and beyond – for an engaging discourse on the current state of the economy, and to evolve a road-map for leveraging entrepreneurship for growth and development. With this yearly meeting on China, we aim to present an interdisciplinary and systemic view of the major economic, societal and technological drivers currently at work in China and the world. Also, participants engage in various business-to-business meetings on the sidelines of the event.

This report – which builds on the outcome of the meeting – shall add insights on the way forward. When summing up the Global China Business Meeting, this report's



*Lilianne Ploumen, Dutch Minister for Foreign Trade, addressing participants*



*Ribbon cutting ceremony*

purpose is twofold: first and foremost, its aim is to document the events and debates and to provide a comprehensive overview of the conversations by the business leaders present at the meeting. Second, the report shall unveil the general mood in China and the world, embedding the Global China Business Meeting in the context of today's most relevant debates.

At the outset of the meeting, participants elaborated on the Third Plenary Session of China's Communist Party's Central Committee which took place at the same time as the Global China Business Meeting. Chinese government leaders concluded that liberalization will serve as a new engine for economic growth. The country's leadership change and latest round of State Council administrative reforms are part of a changing business environment. In the past, China has relied on its strong export and manufacturing sectors to boost growth. The Chinese government is now trying to shift the economic mix and gear it more to consumption.

In August 2013, the government approved the establishment of the Shanghai Free Trade Zone. It also released supporting policies, the most notable of which is the convertibility of capital accounts in Chinese yuan.



*Jia Yanlin, Chairman, Baosteel Metal, China*



*Ding Zuofeng, Chairman, Fuyang Hospital, China*



Opening Plenary – China and World Economic Outlook

The Shanghai Free Trade Zone is regarded as a testing ground for broader reforms that will help upgrade China's economy and have particular significance for finance.



Ge Jian, President, Zhongji Investment Co., China

The 2013 Global China Business Meeting set out to highlight China's economic future against a background of profound global challenges. China is making an important contribution to the world economy – it has been a source of dynamism in a weak and hesitant global recovery. Even in the face of economic upheaval in much of the world, investors are generally bullish in their approach to China.

While the economies of Europe and the U.S. languish, China still enjoys relatively high growth rates and profitability. Anxieties of a slowing to about 8 to 7.5% growth pale in comparison with the challenges of the developed markets of the west. China's economic growth rebounded in the third quarter 2013, easing pressure on the leadership for more stimulus and allowing them to focus on the country's long-term economic transformation.



Peter Chen, CEO, Forest Power & Energy Holdings, USA

**Jochum Haakma**, Chairman, Netherlands Council for Trade Promotion, The Netherlands, said during the opening reception

that 'I see China as the main source of optimism in the global economy.' According to **Jan Peter Balkenende**, Former Dutch Prime Minister, 'the Netherlands take the rise of China and other developing countries as an opportunity, and will closely cooperate with China to meet global challenges and establish sustainable partnerships.'

We were honoured by the presence of the leaders of some of the foremost Chinese and global companies to take a forthright look at China and the world, generating a wealth of discussions, proposals, and solutions. The gathering was joined by the following meeting co-chairs: **Dirk Jan van den Berg**, President, Delft University of



Liu Haiyan, Executive Vice Chairman, China Federation of Industrial Economics – China is confident of achieving its economic targets

Technology, The Netherlands; **Peter Chen**, Chief Executive Officer, Forest Power & Energy Holdings, USA; **Alan Hassenfeld**, Chairman, Hasbro, USA; **Huang Nubo**, Chairman, Zhongkun Investment Group, China; **Jia Yanlin**, Chairman, Baosteel Metal, China; **John M Neill**, Chairman and Group Chief Executive, Unipart Group, United Kingdom; **Ben Noteboom**, Chief Executive Officer, Randstad Holding, The Netherlands; **Vachara Phanchet**, Chairman, Sittipol Holdings, Thailand; **Tan Chin Nam**, Chairman, Temasek Management Services, Singapore; **Alfonso Vegara**, Chief Executive Officer, Fundacion Metropoli, Spain; **Wilfred Wong Ying-Wai**, Chairman, Hsin Chong Construction Group, Hong Kong SAR; **Xia Hua**, President, Eve Group, China; **Xu Heyi**, Chairman, Beijing Automotive Group, China; **Yan Xiaoyan**, President, Bank of Beijing, China.

Participants reached consensus that

- China's economic growth is still robust but it is slowing. Yet as plans unfold for another wave of urbanization and the economy transitions toward greater consumption there will be many opportunities.
- China will take innovation as the main theme and focus on transforming the economic development pattern at a faster pace. Social stability and qualitative economic growth are key.



Jozias van Aartsen, Mayor of The Hague, welcoming participants



Chinese and Dutch authorities gather at the townhall

- China and the world need to deepen policy exchanges to share expertise, to learn from one another, and to build cooperative solutions at the global level.

**Jozias van Aartsen**, Mayor of The Hague, The Netherlands, welcomed participants during a lavish and colourful opening ceremony held at Nieuwe Kerk. 'The Hague is delighted to co-host this ninth Global China Business Meeting,' he told participants. 'The Hague will serve as important base for Chinese firms to explore Europe.'

*'China is confident of achieving its economic targets'*

*Liu Haiyan, Executive Vice Chairman, China Federation of Industrial Economics, China*

**Liu Haiyan**, Executive Vice Chairman, China Federation of Industrial Economics, China, said during the dinner function that 'China is confident of achieving its economic targets and will strengthen its cooperation with the international community to ensure global economic growth.' He illustrated the government's plans on moving an economy depending on big projects to an economy dependent on consumer spending. 'To boost domestic consumption, we will tackle issues



Shi Zhanwei, General Manager, Xuchang Rongxin Real Estate Co., China



Diana Chou, Managing Director, Sino Private Aviation





During the welcome dinner



S. A. Blok, Minister for Housing and Civil Service, The Netherlands

of immediate concern to Chinese citizens such as employment, education, health care, housing and environmental protection,' he told participants. 'The continuous growth of China's economy not only concerns the wellbeing of China but is also a contribution to the world economy,' he added.



Vincent Zheng, Managing Partner, Capital First Partners, China

'The discussions at the Global China Business Meeting highlight China as a new centre of globalization, and provide insights on the best practices in managing our corporations,' said **Chen Xu**, Ambassador of China to The Netherlands, China.

*'Our approach to restoring economic growth is based on innovation and open markets'*

*S. A. Blok, Minister for Housing and the Central Government Sector, The Netherlands*

in the mid-term, and a long-term growth strategy based on innovation and open markets.'

Participants had a rare opportunity to explore China's development from a variety of points of view. An intensive programme of plenary sessions and boardroom dialogue discussions were devoted to a variety of key themes, including China's role in the new global governance system. Also on the agenda were sessions on selected industrial sectors, including logistics, financial services, urbanization, food and energy, as well as more conceptual themes covering trade and investment, entrepreneurship, branding and technology.



Wen Qiguo, President, Tianju Happy Group, China

At the same function, **S. A. Blok**, Minister for Housing and the Central Government Sector, The Netherlands, emphasized the importance of the economic relations between China and The Netherlands. On Europe's current economic woes, the Minister said that 'our approach to restoring economic growth is based on austerity in the short-term, reforms to prevent any future crisis



Jochum Haakma, Chairman, Netherlands Council for Trade Promotion, The Netherlands



Jan Peter Balkenende, Former Dutch Prime Minister



Vachara Phanchet, Chairman, Sittipol Holdings, Thailand



Henk Kool, Vice Mayor, City of The Hague

**‘China’s development is an opportunity for the world’**

*Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation, The Netherlands*

At the packed opening plenary, **Lilianne Ploumen**, Minister for Foreign Trade and Development Cooperation, The Netherlands, told participants that ‘China’s development is an opportunity for the world.’ She reviewed The Netherlands’s economic relations with China and affirmed that ‘trade relations between China and The Netherlands have been growing steadily. ‘We now have to find new avenues to strengthen our working relationship even further,’ she said. On the Netherlands, The Minister reported

that consumer confidence hit its highest level in more than two years, suggesting that the country’s recession is easing further.

**‘The fundamentals of China’s economy are turning for the better’**

*Xiang Bing, Founding Dean, Cheung Kong Graduate School of Business, China*

‘The slowing world economy had a negative effect on China’s economic output. Market volatilities worldwide confirm how integrated the global economy has come. But the fundamentals of China’s economy are turning for the better,’ said **Xiang Bing**, Founding Dean, Cheung Kong Graduate School of Business, China. ‘The Chinese economy advanced at a faster pace in recent months,’ **Xu Heyi**, Chairman, Beijing Automotive Group, China, added, allaying fears that China was headed for a downturn.



Mei Yan, Senior Partner, Brunswick – getting ready for brands from China



Chen Xu, Ambassador of China to The Netherlands

**‘The Chinese economy advanced at a faster pace in recent months’**

*Xu Heyi, Chairman, Beijing Automotive Group, China*

According to **Ben Noteboom**, Chief Executive Officer, Randstad Holding, The Netherlands, ‘the economic crisis in Europe is here to stay for a few more months. Deflation pressure will last. But I see light



Karin van Rooyen, Co-founder, Federation Business Women, The Netherlands



Xu Heyi, Chairman, Beijing Automotive Group and Xiang Bing, Dean, Cheung Kong Graduate School of Business



Wilfred Wong Ying-Wai, Chairman, Hsin Chong Construction Group

at the end of the tunnel.’ On the U.S.’ economic prospects, **Peter Chen**, Chief Executive Officer, Forest Power & Energy Holdings, USA, maintained that the last-minute U.S. debt deal is only postponing the decline of global confidence in the U.S. financial system. ‘We need a strong U.S. economy. And we need a strong China,’ he said. **Wilfred Wong Ying-Wai**, Chairman, Hsin Chong Construction Group, Hong Kong SAR, concluded by stating that ‘China’s recent economic advance stems from continued but modest government stimulus efforts, tax cuts, more production output and higher consumption.’ Panelists agreed that China is lifting the global economy.



Chayan H. Shah, Managing Director, Premier’s Tea, India

certainly envisioning a century which is different from the Washington Consensus – let’s call it The China Century. But we have no vision for what a post-American world order should be,’ said **Alan Hassenfeld**, Chairman, Hasbro, USA. ‘China’s role in the global arena is evolving. China will emerge as economic and political superpower,’ reasoned **Vachara Phanchet**, Chairman, Sittipol Holdings, Thailand. ‘China’s deepened cooperation with its Southeast Asian neighbours as well as with the U.S. shall serve as a wake-up call for Europe. We risk being left behind. We need to increase our engagement with China,’ said **Dirk Jan van den Berg**, President, Delft University of Technology, The Netherlands. According to **Jia Yanlin**, Chairman, Baosteel Metal,

*‘China’s recent economic advance stems from continued but modest government stimulus efforts, tax cuts, more production output and higher consumption’*

*Wilfred Wong Ying-Wai, Chairman, Hsin Chong Construction Group, Hong Kong SAR*



Mao Donglai, Chairman, Shenxiancao Co., China

Europe’s sovereign debt crisis and the U.S. fiscal crisis leave their impact on the world’s power equation. Meanwhile, China is rising as an economic super power. ‘Are we on the cusp of The China Century?’ asked **Jean-Christophe Iseux Baron von Pftten**, President, Royal Institute for East-West, United Kingdom. ‘We are



Alan Hassenfeld, Chairman, Hasbro, USA – are we on the cusp of The China Century?



Dirk Jan van den Berg, President, Delft University of Technology, The Netherlands



Xu Weili, Chairwomen, Touping Group Corporation, China



He Zhenhong, President, China Entrepreneur Magazine, hosting a panel on entrepreneurship

China, ‘China won’t overthrow the existing order – but it will become a part of it.’ ‘The rise of China does not have to trigger a tweaking power transition,’ concluded **Xia Hua**, President, Eve Group, China. ‘We are a stable and reliable member of the international community,’ she added.

*‘China won’t overthrow the existing order – but it will become a part of it’*  
Jia Yanlin, Chairman, Baosteel Metal, China

The Global China Business Meeting put a spotlight on China’s dynamic private sector. ‘Chinese private firms are usually very versatile – they show a high level of flexibility to adapt to rapidly changing consumer and market trends,’ said **He Zhenhong**, Presi-



Xia Hua, President, Eve Group – the rise of China does not have to trigger a tweaking power transition

dent, China Entrepreneur Magazine, China. ‘They are often more nimble and flexible than their Western counterparts, exploiting rapidly evolving market trends,’ added **Rodria Laline**, Chair, Intrabond Holdings Asia, Hong Kong SAR. Ambitious Chinese private firms want to leave behind the role of mere manufacturers to become branded players. ‘We need to establish leading global brands,’ emphasized **Shi Zhanwei**, General Manager, Xuchang Rongxin Real Estate Co., China. ‘China can foster vibrant entrepreneurship while sticking to top-down economic planning and entrepreneurship are not a contradiction,’ said **Xu Weili**, Chairwomen, Touping Group Corporation, China.

*‘The rise of China does not have to trigger a tweaking power transition’*  
Xia Hua, President, Eve Group, China

China is now not only a key destination of foreign investment, but Chinese companies have themselves also become major international investors increasingly looking beyond Chinese borders. ‘Key emerging economies are becoming important destinations for Chinese firms investing abroad,’ said **Adnan Akfirat**, Chairman, TUCEM, Turkey. According to **Charles Tang**, Chairman, Brazil-China Chamber of Commerce &



Rajiv Biswas, Senior Director and Asia Chief Economist, IHS, Singapore



Rodria Laline, Chair, Intrabond Holdings Asia, Hong Kong SAR



Hellen Song, General Manager, La China Capital, China



Charles Tang, Chairman, Brazil-China Chamber of Commerce & Industry



Thomas Gilles, Partner, Baker & McKenzie, Germany, hosting the session 'Going Global – The New Imperative'

Industry, Brazil, China and Latin America have the potential to set up a significant business partnerships.' On the other hand, some Chinese firms have encountered difficulties with direct investment in the US and Europe. According to **Ge Ming**, Vice Chairman, China M&A Alliance, China, 'acquisitions of foreign companies sound like an easy journey towards globalization but in reality they are rather difficult to accomplish.' 'Most acquisitions conducted in the last years failed as the Chinese buyers have little experience in M&A, much less of the complexities involved in cross-border M&A,' **Jin Zhongli**, Deputy President, Chint Group Corp., China, added.

'However, business is booming like never before, thanks to a combination of bigger and more ambitious Chinese firms, fiercer competition and a slowing economy at home,' maintained **Thomas Gilles**, Partner, Baker & McKenzie, Germany. 'I believe that having roots in China will help us to globalize,' said **Vincent Zheng**, Managing Partner, Capital First Partners, China. 'In China we are in two markets at the same time. We have the developed markets in first-tier cities and we operate on the country side – a developing market environment,' opined **Hellen Song**, General Manager, La China Capital, China. 'This combination of experiences in developed and developing markets gives us a good advantage when

internationalizing our operations,' **Liang Haiping**, Chairman, Wansheng Group, China, reasoned. 'Going global is Chinese firms' new imperative,' concluded **Ed Hotard**, Partner, HAO Capital, China.



Sergei Millian, President, Russian-American Chamber of Commerce in the USA

*'Deflation pressure will last. But I see light at the end of the tunnel'*

*Ben Noteboom, Chief Executive Officer, Randstad Holding, The Netherlands*

China is the world's largest manufacturing power – the country accounts for more as a fifth of global manufacturing. But the era of cheap China may be drawing to a close. 'Costs are steadily rising and maintaining satisfactory levels of profitability is increasingly difficult – for both foreign investors as well



Adnan Akfirat, Chairman, TUCEM, Turkey



Ed Hotard, Partner, HAO Capital, China, asking a question



*JP Sharp, Managing Director China, TMF Group, China*



*Feng Leiming, Secretary General, Tianjin Institute for International Development Studies*



*Henry Birdseye Weil, Professor, Sloan School of Management, MIT, USA*

as indigenous firms,’ said **Feng Leiming**, Secretary General, Tianjin Institute for International Development Studies, China. Chinese authorities have raised the minimum wages in many provinces and localities over the last couple of years. Labor costs are also increasing due to demographic factors – labor cost pressures are being exacerbated by a shrinking labor supply. ‘It is not cheap like it used to be. Wages, which make up a third our costs, have doubled in the past four years at our factories,’ lamented **Paolo Ferrario**, Chief Executive Officer, SIAD Macchine Impianti, Italy. ‘Productivity gains are now a priority,’ added **John Leggate**, Founding Partner, Quintal Partners, United Kingdom.



*Ben Noteboom, CEO, Randstad Holding, The Netherlands*

**JP Sharp**, Managing Director China, TMF Group, China, observed that some low-tech, labour-intensive industries such as clothing have already left China. ‘A number of emerging markets in South East Asia like Indonesia and – potentially – Myanmar provide alternatives,’ **Ping Chen**, President, China Investment Partners, China, said. ‘India is appealing as well, and may represent the next frontier for manufacturing,’ added **Gour Saraff**, Founder, Solar Global Services, Spain. ‘China is still the place to be,’ juxtaposed **Markus Gärtner**, Director, Gapa News Agency, Canada. ‘China is huge. The country’s labour pool is large and flexible enough to accommodate manpower for low-tech industries as well,’ pinpointed **Roger Parodi**, Managing Partner, Silverhorn Principal Investors, China. ‘China’s rising labour costs are a blessing in disguise – as the economy is moving up the value-chain. The old stereotype about low-wage sweatshops is out-of-date – China’s future competitiveness lies in high-tech,’ reasoned **Jin Zhongli**, Deputy President, Chint Group Corp., China. Also, the rise of China’s service-sector output signals that this sector continues to offset slowing manufacturing activity,’ concluded **Henry Birdseye Weil**, Professor, Sloan School of Management, MIT, USA.



*Roger Parodi, Managing Partner, Silverhorn Principal Investors, China*



*Ping Chen, President, China Investment Partners, China*



*Ge Ming, Vice Chairman, China M&A Association, China*



*Liang Haiping, Chairman, Wansheng Group, China*



*Hans Bruning, Executive Director, Netherlands Institute for Multiparty Democracy*

For Multinationals, the current Chinese economic environment is a time of transition. The government is no longer solely concentrating on GDP growth, and policies towards foreign investment have become less favourable than some years ago.

‘Navigating changes, the mixed pattern of both threats and opportunities, is the call of the day,’ said **Silvano Coletti**, Chief Executive Officer, Chelonia, Switzerland. Many Multinationals find themselves in a strained environment with a growing importance of product safety issues, environmental issues, labour unrest and disputes arising from partnerships with local companies. According to **Harald Einsmann**, Member of the Supervisory Board, Tesco, United Kingdom, ‘managing disputes with local partners and authorities can be very sensitive.’ Indeed, there is an increasing number of Multinationals finding themselves in public disputes with Chinese partners and competitors. Schneider Electric, Danone and ConocoPhillips are examples of companies that experienced public disputes in past years. ‘Success still depends upon the ability to develop local partnerships that are productive and meaningful,’ opined **Kimball J. Andrews**, Executive Chairman, Asia Star Capital, Australia. Given that China is now the world’s second biggest R&D market, there is a shift in Multinationals’ attitudes to innovation in China. A preference

for the protection of intellectual property rights is giving way towards open innovation models. ‘Innovation in China is thriving,’ said **Stacy Kenworthy**, Chief Executive Officer, OptiGlobal, USA. ‘We want to take advantage of China’s talent,’ he continued.

Despite China’s unprecedented economic success, the country has many inherent risks. The Chinese economy is consolidating, anti-trust investigations are becoming more frequent and the new administration has launched a series of anti-corruption campaigns. ‘Risk profiles are certainly changing,’ **Hans Bruning**, Executive Director, Netherlands Institute for Multiparty Democracy, The Netherlands observed.



*Paolo Ferrario, Chief Executive Officer, SIAD Macchine Impianti, Italy*



*Jin Zhongli, Deputy President, Chint Group Corp., China*



*Harald Einsmann, Member of the Supervisory Board, Tesco*



David R. Young, Chairman, Oxford Analytica, United Kingdom



The meeting gathered participants from all around the world

‘What economic, political and social risks might threaten the Chinese economy in the coming years? How to mitigate those risks?’ **David R. Young**, Chairman, Oxford Analytica, United Kingdom, asked. Some risk exposure is internal to firms resulting from years of high growth. ‘Internal risk management systems and processes are often not solidified,’ **Colin Hill**, Chairman, CDH Group, Hong Kong SAR, maintained.

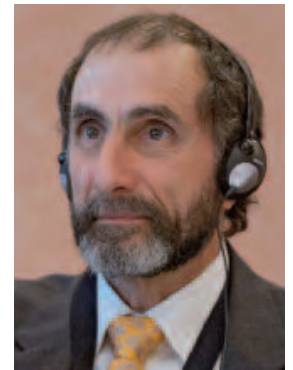
Traditional business development strategies based on *guanxi* (relationships) are increasingly obsolescent as China’s bureaucracy becomes more professional. The local management of Multinationals should not take the special conditions of the Chinese market as an excuse for corruption and non-compliant business behaviour,’ said



Lulu Zhou, Managing Partner, China Foundation for Global Partnership, USA

**David Clive Price**, Author of ‘The Master Key to Asian Business Success’, United Kingdom. ‘We have to allow our economy to become leaner and more modern,’ conveyed **Annie Zhan**, Chief Executive Officer, SkyBridge, China. ‘Historically, Confucian influence has reinforced the central role of entrepreneurship in Chinese society, with China leading the world in the number of company founders, both in Mainland China and overseas – where the *huaqiao* (overseas Chinese) lead the way,’ said **Michael Yeoh**, Chief Executive Officer, Asian Strategy & Leadership Institute, Malaysia. ‘Chinese philosophy and customs shape indeed the fabric of China’s society and economy,’ commented **Lou Marinoff**, Professor of Philosophy, The City College of New York, USA. According to **Lu Ang**, President, Artrade Auction Co, China, ‘the Confucian norm of harmony is unconventional by Western standards. In Western management practice, there is often a feeling of opposition between upper and lower positions. Confucian values promote the establishment of contacts that build up social capital within an organization. ‘This, in turn, can become a resource for innovation,’ concluded **Jose Maria Muñoz**, Founding Partner, MCH Private Equity, Spain.

An ancient Chinese proverb says that women hold up half the sky. Participants debated



Lou Marinoff, Professor of Philosophy, The City College of New York, USA



Michael Yeoh, CEO, Asian Strategy & Leadership Institute, Malaysia





Annie Zhan, Chief Executive Officer, SkyBridge, China



Karen Tang, Executive Director, The Better Hong Kong Foundation



Sergey Demin, Chairman, Synergy Development, Russia

how female entrepreneurs are shaping China's economy. 'Given salary disparities and still-persistent discrimination, the ideal put forward by the proverb is still far from reality,' commented **Christina Boutrup**, Journalist, Denmark. 'How can women be empowered to achieve gender equity?' asked **Jackie Wang**, Founder and President, China Women School and Future China Society, China. An increasing number of Chinese women have indeed created their own companies. A variety of factors has led to the success of female Chinese entrepreneurs,' said **Kang Haishu**, Director, Minzu Securities, China. 'Chinese women are relatively ambitious. And society is finally rewarding them for their endeavors and hard work,' said **Lulu Zhou**, Managing Partner, China Foundation for Global Partnership, USA. China's rise to global eminence is a direct result of women's economic empowerment,' concluded **Maja Bacovic**, Professor, University of Montenegro, Montenegro.



Wayne W. Wang, Chairman, CDP Group, China



Maja Bacovic, Professor, University of Montenegro

China is in need of well-groomed managers with good university degrees, able to take on responsibility and fluent in English. While the number of graduates is increasing, the churn out is still far from the ever-growing needs of Chinese firms – as well as foreign firms operating in China. 'There is such a high need for talent,' said **Wayne W. Wang**,

Chairman, CDP Group, China. The crucial consequence of this talent shortage is a high staff turnover. 'Young employees look for a good salary, job offering security, a career plan and opportunities,' explained **Tian Yuan**, Director, Golder Ciming Health Management, China.

China's education system is being made ready for the challenges of globalization. 'How will the country's educational institutions nurture the talent resources necessary to sustain the next wave of economic growth?' asked **Hamira Riaz**, Managing Director, H Riaz Consults, United Kingdom. 'Education is a very hot topic here,' said **Jason L. Ma**, Founder and Chief Executive Officer, ThreeEQ, USA. 'Everybody wants to get the best education offered on the



Jason L. Ma, Founder and Chief Executive Officer, ThreeEQ, USA



Plenary – Envisioning The China Century

market. Costs are rising. And new institutions are emerging. I am observing a real boom,’ **Kai Vettel**, Managing Director, Pack Performance, Germany, continued. ‘The trick is to link supply and demand, and to nurture the type of graduates the Chinese economy urgently needs,’ claimed **Zhao Lei**, Chairman, Wangxing Group, China. ‘We must keep learning to integrate global resources,’ pinpointed **Li Guanghui**, Chairman, Xi’an Typical Industries Co., China.

China increasingly attracts plenty of bright young returnees who would like to act as entrepreneurs within the world’s most promising entrepreneurial hotbed. Every year, thousands of Chinese who have studied or worked abroad return home. Many have

mixed with the world’s best entrepreneurs in the Silicon Valley, having seen first-hand how the Valley works,’ said **Stan Fung**, Managing Director, FarSight Ventures, USA. Indeed, Silicon Valley veterans have founded some of China’s most interesting firms, such as Tencent and Baidu. According to **Wang Jincheng**, Professor, Tianjin Foreign Studies University, China, Chinese firms are ‘increasingly pursuing technology-driven innovation strategies.’ ‘How can they leverage major shifts in the global economy to ensure that innovation and technology increase corporate performance?’ asked **J.T. Li**, Associate Dean, The Hong Kong University of Science and Technology, Hong Kong SAR. ‘The emergence of new tech firms and a new system for financing represent a key opportunity in China’s transition,’ said **Henk Schulte Nordholt**, Managing Director, Hofung Technology, The Netherlands. ‘I wish for China to be seen as a land of tech opportunity not a black hole of theft of intellectual property and cybercrime,’ concluded **Scott E Rickert**, Chairman, Nanofilm, USA.



Wang Jincheng, Professor, Tianjin Foreign Studies University



Tan Chin Nam, Chairman, Temasek Management Services, Singapore – how do Chinese firms drive the next wave of internationalization?

*‘How can Chinese and European cities join forces to meet the demands of the world’s urban population?’*

*Tan Chin Nam, Chairman, Temasek Management Services, Singapore*



Scott E Rickert, Chairman, Nanofilm, USA



J. T. Li, Associate Dean, The Hong Kong University of Science and Technology



Felix Zhang, Founder, Envision Energy, China



meeting co-chair Alfonso Vegara, CEO, Fundacion Metropoli, Spain

During the panel on Sustainable Urbanisation, participants examined the key infrastructure challenges and opportunities facing modern cities. In terms of physical infrastructure, China's most dynamic cities – such as Beijing, Shanghai and Shenzhen – already resemble Western metropolises like New York and London. 'But how can Chinese and European cities join forces to meet the demands of the world's urban population?' asked **Tan Chin Nam**, Chairman, Temasek Management Services, Singapore. 'Sustainable urbanization is a prerequisite for China's modernization,' stated **Karen Tang**, Executive Director, The Better Hong Kong Foundation, Hong Kong SAR. Housing needs are the imperative to building a modern city. Aesthetic architecture, on the other hand, is a nice add-on,' claimed **Liu Thai Ker**, Chairman, Centre for Liveable Cities, Singapore. 'After all, China's cities must be attractive to attract and retain talent,' argued **Alfonso Vegara**, President Fundacion Metropoli. 'I see ideal Chinese cities having a pleasant environment, with a smooth traffic and being pollution free,' added **Gijs van den Boomen**, Executive Director, Kuiper Compagnons, The Netherlands. **Sergey Demin**, Chairman, Synergy Development, Russia, emphasized that 'China's urban development had often been at the expense of the environment.'



Valentin Romanov, Executive Director, SUN Capital Partners, Russia



Sein-Way Tan, Chairman, Green World City Organisation, Australia

'Developing the economy and fighting pollution in big cities are not mutually exclusive, declared **Sein-Way Tan**, Chairman, Green World City Organisation, Australia. And 'we need to achieve real goals that ignite faster change toward truly sustainable cities,' concluded **Chin Phei Chen**, Chief Executive Officer, Sino-Singapore Guangzhou Knowledge City Investment and Development Co, Singapore.

According to **Felix Zhang**, Founder and Executive Director, Envision Energy, China today is at a crossroads. 'The country's high consumption, high pollution and high carbon emission path is no longer adequate,' he said. 'The nation must adopt a green and low carbon path,' stipulated **Ron Kok**, Founder,



Liu Thai Ker, Chairman, Centre for Liveable Cities, Singapore, making a point on globalization



Li Xuejun, Chairman, Beijing Hainachuan Automotive Parts Co., China



Anthony Chan, Chairman, New Line Capital Investment



Jean-Christophe Iseux Baron von Pfetten, President, Royal Institute for East-West Strategic Studies

ODME and OTB Group, The Netherlands. Indeed, ‘China increasingly invests in green energy projects and is moving rapidly on renewable technologies,’ stated **Ren Xiaotong**, Deputy General Manager, Gemeng International Energy, China. ‘And the country is right to do so,’ pronounced **Valentin Romanov**, Executive Director, SUN Capital Partners, Russia. ‘Living in some big Chinese cities is still rather unhealthy.’ Air pollution broke records in early 2013, reaching a level nearly 40 times what the World Health Organization considers safe. ‘Increased focus on the environment has become a political imperative,’ said **Gao Chaohong**, Chief Editor, China Petroleum Enterprise Association, China.

‘The Chinese government is committed to spend huge amounts countering air and water pollution, in addition to funds for energy conservation and renewable energy,’ continued **Herman Mulder**, Chairman, Global Reporting Initiative, The Netherlands. According to **Jan Peter Balkenende**, Former Dutch Prime Minister, The Netherlands, ‘Chinese firms and their global counterparts need to join hands to forge a sustainable growth coalition.’

*‘The Netherlands take the rise of China and other developing countries as an opportunity’*

*Jan Peter Balkenende, Former Dutch Prime Minister, The Netherlands*



Chin Phei Chen, CEO, Sino-Singapore Guangzhou Knowledge City Investment Co.



Wim Boonstra, Chief Economist, Rabobank, hosting the finance panel

Financial services in China have reached a global level-playing field. ‘Still, China’s financial sector is plagued by bad loans,’ said **Wim Boonstra**, Chief Economist, Rabobank, The Netherlands. ‘Indeed, China got a debt problem, **Anthony Chan**, Chairman, New Line Capital Investment, Hong Kong SAR, voiced. ‘The country is struggling to contain growing local government debt, the result of easy credit and stimulus measures,’ he continued. ‘And a growing number of debt defaults by private companies has spurred regulatory crack-downs on the unofficial lending sector,



Jose Maria Munoz, Founding Partner, MCH Private Equity, Spain



*Gijs van den Boomen, Executive Director, Kuiper Compagnons, The Netherlands*



*Roger King, Member of the Supervisory Board, Orient Overseas, Hong Kong*



*John M Neill, CEO, Unipart Group, UK  
– China has an important role to play*

called ‘shadow banking’ in China, explained **Ernst Jan Kruis**, Chief Executive Officer, Solveigh Greater China HK, Hong Kong SAR. According to **Zhang Xingqiang**, President, Zoucheng Yuxing Investment Co., China, ‘small and medium-sized companies have to find ways to break out of the cramped financing space securing alternative ways of financing.’



*Jan Fongers, Managing Director Asia, Wageningen University & Research Centre, The Netherlands*

Ports, railways and other means of supply-chain oriented infrastructures are important drivers of economic growth. ‘China’s growth story has entailed the orchestration of increasingly efficient supply chains,’ commented **Claude Bégle**, Chairman, SymbioSwiss, Switzerland. ‘Now, how can China benefit from supply chains offered by its global trading partners?’ asked **Philip Bowring**, International Columnist, Hong Kong SAR. ‘New investments in logistics and supply-chain related infrastructure will open up China’s vast interior and bring access to hundreds of millions of potential new customers,’ said **Wolfgang Lehmacher**, Managing Director, CVA, Hong Kong SAR. ‘That’s a necessary step,’ said **Han Dehua**, President, Aojian Construction Engineering, China, ‘as in many industries domestic supply chains are still largely under-developed.’ The picture is different for the shipping industry – China’s shipping industry accounts for more than half of the global



*Philip Bowring, International Columnist, Hong Kong*

total and Shanghai as well as Hong Kong are amongst the world’s largest ports,’ said **Roger King**, Member of the Supervisory Board, Orient Overseas (Int.), Hong Kong SAR.

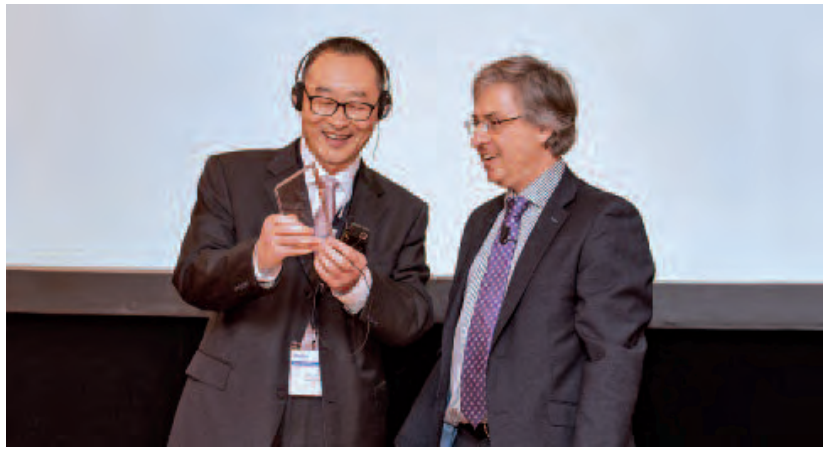
The agricultural and food sector is amongst the ten industries identified as key growth drivers by the Dutch government. Participants examined how China can benefit from the Dutch experience and what partnerships are needed to redefine food systems in China. ‘Nutrition is essential, and food safety should be a top priority in China,’ said **Jan Fongers**, Managing Director Asia, Wageningen University & Research Centre, The Netherlands. ‘The



*Huang Nubo, Chairman, Zhongkun Investment Group  
– we need a new period of enlightenment*



*Xia Hua, President, Eve Group, awarded by Jan Siemons as Chinese Business Leader of the Year*



*Jia Yanlin, Chairman, Baosteel Metal – Chinese Business Leaders of the Year*

2008 milk scandal received world-wide attention,’ reported **Edgar Bullecer**, Co-Founder and Managing Trustee, The Paglas Group, Philippines. According to **Liu Weidong**, Chairman, Xinjiang Bai Hua Cun Co., China, ‘changes in the country food production system are generating an awareness of food safety problems. New regulations standardize food production and restrict illegal activity in the industry.’ ‘I am observing the growth of sustainable agricultural products in shopping baskets is increasing. Farmers’ markets are appearing in major urban centres. A promising signal,’ said **Rick Xu**, President, Beijing Time Beauty Trading Co., China.

*‘I see China as the main source of optimism in the global economy’*  
*Jochum Haakma, Chairman, Netherlands Council for Trade Promotion, The Netherlands*

The panel ‘Investing in The Netherlands’ was hosted by **Jochum Haakma**, Chairman, Netherlands Council for Trade Promotion, The Netherlands. ‘The Global China Business Meeting and this panel is a chance to know how we work here in The Netherlands. It is also a good opportunity for Chinese firms to get to know potential partner firms in order to establish their regional subsidiaries here,’ said **Edwin Visser**, Deputy Director-

General, Ministry of Finance, The Netherlands. ‘Despite Europe’s current economic woes, the Dutch economy is expected to grow in the years to come,’ voiced **Jacques Kemp**, Chairman, ToBecome, Netherlands ‘The country’s investment landscape is promising – the Netherlands will become an European hub for Chinese investments,’ said **Liu Jiaming**, Director, Bairun Investment Management, China. ‘To an increasing extent, Chinese firms choose the Netherlands as their springboard to Europe. More trade with China and more investment from China means more business and more jobs for The Netherlands,’ estimated **Henk Kool**, Vice Mayor, City of The Hague, The Netherlands. ‘We view the Netherlands as a perfect base to penetrate European markets,’ said **Li Xuejun**, Chairman, Beijing Hainachuan Automotive Parts Co., China. ‘A proactive attitude toward Chinese investments has been the major motivational factor for our commitment to the Netherlands,’ concluded **Zhang Xiaodong**, Chairman, Winhopes Investment Co., China.

*‘More trade with China and more investment from China means more business and more jobs for The Netherlands’*  
*Henk Kool, Vice Mayor, City of The Hague, The Netherlands*



*Edgar Bullecer, Co-Founder and Managing Trustee, The Paglas Group, Philippines*



*Rick Xu, President, Beijing Time Beauty Trading Co., China*



The Chinese Business Leaders of the Year, with Jochum Haakma and Jan Siemons

Announcing the 2013 Chinese Business Leaders of the Year, Horasis – together with the **Netherlands Council for Trade Promotion** celebrated two outstanding entrepreneurs who have been building and leading successful Chinese firms:

**Jia Yanlin**, Chairman, Baosteel Metal, and **Xia Hua**, President, Eve Group. We recognized and honoured those business leaders as the excel in entrepreneurship, innovation and leadership. ‘The chosen business leaders have impacted the economic development and global integration of China,’ said **Jan Siemons**, Managing Director, Netherlands Council for Trade Promotion, The Netherlands.



Zhang Xiaodong, Chairman, Winhopes Investment Co.

In a reception on China-Africa economic ties, **Noel Akpata**, Chairman, Stratex Pro, Nigeria, announced that ‘Nigeria is keen to become a hub for Chinese firms in Africa. China is supporting infrastructure projects in Nigeria, particularly in energy, housing and transportation.’ ‘African nations can learn a lot from China in key areas of economic developmental strategy,’ added **Niyi Meka Olowola**, Chief Executive Officer, Zenera, Nigeria. ‘China has big economic plans and ambitions in Africa that go beyond oil and minerals.’



Noel Akpata, Chairman, Stratex Pro, Nigeria

*‘We shall reflect on the state of globalization and China’s contribution to globalization. And we need a new period of enlightenment to fully appraise universal concepts of humanity’*

*Huang Nubo, Chairman, Zhongkun Investment Group, China*

The meeting ended on a note of optimism and called for an increased collaboration between China and its trading partners. Participants agreed protectionism is not the way out of the current economic imbalances. Under this background, **John M Neill**, Chairman and Group Chief Executive, Unipart Group, United Kingdom, suggested ‘China has an important role to play as one of the largest trading nations to advance global trade.’ Participants called for more global dialogue. And, as **Yan Xiaoyan**, President, Bank of Beijing, China, put it – ‘we shall seek harmony but not uniformity.’ ‘We shall reflect on the state of globalization and China’s contribution to globalization,’ added **Huang Nubo**, Chairman, Zhongkun Investment Group, China. ‘We need a new period of enlightenment to fully appraise universal concepts of humanity,’ he concluded.



Frans Weekers, State Secretary for Finance, The Netherlands, speaking during the closing dinner



Markus Gärtner, Director, Gapa News Agency, Canada

***‘We shall seek harmony but not uniformity’***

*Yan Xiaoyan, President, Bank of Beijing, China*

As with the previous editions of the Global China Business Meeting, delegates headed for the closing dinner during the evening hours. An occasion to revel in newly-forged networks and friendships, the dinner offered further debates and reflections. The dinner session was framed under the title ‘Exploring New Models of Growth’. According to **Rong Jianying**, Secretary General, China Federation of Industrial Economics, China, ‘we need to drive new models of

growth in China and elsewhere.’ ‘And we have to ensure competitiveness for long-term growth,’ added **Frans Weekers**, State Secretary for Finance, The Netherlands.

China’s impact on the global economy is on the rise. ‘Less obvious to observers, perhaps, is the scale and scope of the power shift from the West to China,’ stated **Ivan Tselichtchev**, Professor, Niigata University of Management, Japan, during a nightcap session. ‘China’s ascend might ultimately mean the West’s descend,’ added **Juan Pablo Cardenal**, Author of ‘China’s Silent Army’, Spain. ‘The industriousness of Chinese citizens around the world is accelerating China’s rise to global eminence,’ **Anson Chan**, Chairman, Bonds Group of Companies, Hong Kong SAR, summarized.



Rong Jianying, Secretary General, China Federation of Industrial Economics



The international and Chinese media covered the meeting

We at Horasis are very pleased with the results of the 2013 Global China Business Meeting and the feedback we have received from participants in the event. ‘The 2013 Global China Business Meeting delivered analysis and insights needed to address risks and opportunities and achieve durable financial stability and more even, sustainable economic growth,’ summarized **Xu Wenying**, Vice Chairman, China National Textile & Apparel Council, China.



Xu Wenying, Vice Chairman, China National Textile & Apparel Council, China





*The meeting ended on a note of optimism.*

On behalf of Horasis, I would like to personally thank the **Netherlands Council for Trade Promotion**, the **City of The Hague** and the **China Federation of Industrial Economics** as well as the co-chairs, co-organizers, and all participants. My special thanks go to our partners from the private sector, namely **Rabobank**, **Baker & McKenzie**, **EY** and the **TMF Group**. This Global China Business Meeting was a unique experience which would not have been possible without the dedication and enthusiasm of our friends and partners.

It is our hope that the meeting will continue to serve as an important platform for stimulating thought and creative solutions. Horasis looks forward to welcoming you back to next year's edition of the Global China Business Meeting.

We also take great pleasure to invite you to take part in our other upcoming meetings, namely the Global Russia Business Meeting, Global India Business Meeting, Global Arab Business Meeting as well as the Horasis Annual Meeting.



*Nightcap with Juan Pablo Cardenal, Author of 'China's Silent Army'; Ivan Tselichtchev, Author of 'China Versus the West' and Anson Chan, CEO, Bonds Group*

Dr. Frank-Jürgen Richter  
Chairman  
Horasis: The Global Visions Community

# The Netherlands and China: Trade is Part of our DNA

*By Jan Siemons, Managing Director, Netherlands Council for Trade Promotion*

More than ever, Dutch companies are involved in the Chinese economy and Chinese enterprises are investing in The Netherlands. More than 500 Dutch companies have set up 950 establishments in China. They are not only seeking opportunities in the economically-developed coastal regions (Shanghai, Beijing), but also in the rapidly-developing western part of the country. In 2012, the Netherlands was the eighth-largest investor in the Chinese economy. Less well-known cities, such as Chongqing, Chengdu and Qingdao will soon be sky rocketing in terms of growth and business potential. Moreover, in the past decade, bilateral trade relations have been growing steadily, creating employment in both countries. Exports of Dutch goods to China and Hong Kong have grown significantly in the last 10 years, from EUR 1.5 billion in 2003 to EUR 9.5 billion in 2012. Exports increased in 2012 for the 14th consecutive year. China, including Hong Kong and Macau, is the eighth-largest export destination for Dutch goods. China is the highest-ranking non-Western destination for Dutch exports and the strongest climber. In 2010 over 3,500 companies in the Netherlands exported goods to China. Dutch companies are doing well in China. The majority of the companies are profitable. Dutch companies foresee an increase in turnover (70%), profitability (60%) and investment (53%) in the coming years. Companies in certain sectors can be considered out-performers, for example those in agro-food and trading, medical technology, and real estate. Large companies show somewhat better results than small and medium-sized Dutch companies.

As far as Chinese investment in The Netherlands is concerned, it is expected that the number of Chinese companies in The Netherlands (some 350) will double or even triple in the next 5 years. Chinese clients of The Netherlands Council for Trade Promotion (NCH) regard the Netherlands as a good country to invest in. Its Gateway to Europe-function, its good geographic location, advanced knowledge infrastructure, its talent pool, the favorable tax climate, highly educated workforce and language skills are just a few of the many advantages the Netherlands has to offer. Other attractive features are an already existing Chinese community in the area and many Chinese companies. The Netherlands is very well aware of what potential Chinese investors can bring in terms of future developments and is therefore more than willing to compete with other European countries for China's attention.



*Jan Siemons, Managing Director, Netherlands Council for Trade Promotion, The Netherlands*



*Making the Chinese Dream a Reality*

These facts are well-known to the Dutch business community and we embrace and are proud of the more than 350 Chinese companies already located in The Netherlands, which serves as the gateway to Europe due to its excellent infrastructure with Europe's largest port – Rotterdam – and fourth largest airport – Amsterdam Schiphol Airport. Transportation costs for intercontinental sources through these main ports are low and connections to other European regions by land and water are excellent. Fiscal incentives and a strongly skilled labor force are important, too. The Netherlands offers a low corporate tax rate and has signed the largest number of tax treaties with countries around the world. Dutch workers are highly educated, multi-lingual and flexible.

For the Dutch business community, China is on the rise and is a growing and interesting market to do business with. Many government and private organizations, such as NCH, the largest private trade promotion organization, have been looking into how to best benefit from the Chinese opportunities in Europe and particularly those in The Netherlands.

In order to get the most benefits from the intensified cooperation with China, it is key to aim high by not focusing on small projects but instead, to aim for large and contributing projects. Another approach would be to strengthen the cooperation between individual organizations with China. There is a need to fundamentally establish a strong Chinese-Dutch cooperation which would

result in a new and improved human, scientific and cultural harmony between our countries. In this regard, together with Horasis, NCH stimulates the exchange of experiences and insights between Chinese and Dutch decision makers. NCH organizes many trade and investment missions to China, guides many Chinese companies to The Netherlands and has been successful in matchmaking between Chinese and Dutch companies. NCH has also identified many opportunities for foreign companies and institutes in the field of knowledge transfer and innovation. Generally speaking, closer cooperation on a pan-European level will bring better understanding of the opportunities presenting themselves in the various different European countries. Only then, will we truly benefit in Europe as a whole and in The Netherlands and China in particular from the growing opportunities that lie in front of us.

It is our firm belief that if entrepreneurs from both countries continue to capitalize on trade and investment opportunities over the past few decades, the best days of Sino-

Dutch economic relations are yet to come. The extensive networks of NCH, its clients and business partners, which cover almost all the main growth areas in China, are available to help both Chinese and Dutch businesses to team up with potential partners. China is now well on its way to realizing the ‘Chinese dream’ in the decade to come.

The Netherlands Council for Trade Promotion (NCH) is the largest Dutch organization for improving trade and investment with foreign countries. Its mandate is to support current and potential exporters to enter foreign markets, facilitate direct investment by Dutch companies in foreign markets and assist the foreign and Dutch business community to liaise with officials, knowledge centers and politicians. NCH-teams support companies with entering into new foreign markets, making use of a unique and strong network. One of these unique networks is an NCH-group of more than 30 associated bilateral business councils including the China Chamber.



*Yan Xiaoyan, President, Bank of Beijing, China  
– we shall seek harmony but not uniformity*



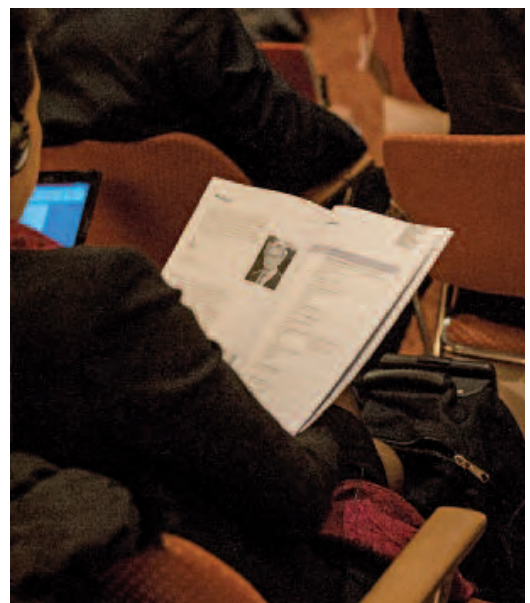
*Welcome dinner at the Nieuwe Kerk*



*Co-hosts and co-organizers during the ribbon cutting*



*Jan Peter Balkenende exchanging business cards with participants*



*Studying the programme*

# China headed for another massive social experiment?

*It's difficult to forecast what China Inc may do, but history shows it's being managed well*

*By Frank-Jürgen Richter, Business Times, October 31, 2013*

In fairy tales, giants are typically lumbering creatures, but the giant that is China is moving fast and rekindling the excitement that followed its opening up in the 1980s. That came as a shock to some observers, but its next moves will be even more momentous. Of course, one perceives “the positive” after the events while ignoring relative failures.

Few would have forecast that Deng Xiaoping’s Southern Tour in the early 1990s after the collapse of the Soviet Union would have bolstered China’s rise into controlled capitalism and into the modern China of today.

China has always had unique management problems, such as attempting to control distant provinces using poor roads and slow transport. Yet, Marco Polo (about 1300 AD) saw for himself the legacy of the Han Dynasty’s messenger system (about 210 BC) wherein messengers would ride flat-out for 200km and then the message would be taken on by fresh riders and horses. Of course, ordinary folk travelled on foot and not far.

Successive emperors built the 1,600-km-long Grand Canal by 600 AD, incorporating pound locks that would not be invented in Europe for another 300 years. The canal’s initial stretches were for wartime supplies, but later it was entirely used for general trade. China prospered and contributed about one-third of global economic output by 1820 before falling into internal and international squabbles.

The Western perception of the emergent People’s Republic was one of backwardness, but later the entrenched family and village economic prowess passed into modern commercial activities, into its diaspora across Asia and the rest of the globe – benefiting many, including hightech startups, in the United States.

China’s four decades of massive growth have brought hundreds of millions out of poverty. The building blocks for China’s future now lie in the opening up of its inner space. This is being done by inducing industry and commerce to move from the coast. Yet direct inducements are not enough: There have to be several other factors in place, notably educated people for new factories and good digital links, as well as good physical communications by air, railway, road and river.



*Participants gather at the welcome reception*



*Horasis meetings – learning, sharing, shaping*

Over the past years, China has ramped up its infrastructure. Its many business schools enrol overseas staff and are entering global rankings. Yet, while the US has about 1,000 MBA programmes with 130,000 students graduating annually, in China only one in 20 of the 420,000 graduate students would get an MBA. Even so, this bodes well for Chinese business management as there is the need to use the best of global methods, though not follow trends slavishly.

Chinese businesses are now better served by a more extensive and capable communication infrastructure. Its telecommunications systems gradually grew in range and quality by the 1970s and the vast installation of fibre-optic cable further increased the use of the Internet and the associated mobile-phone systems. This growth was also apparent across China's physical logistics systems.

Although in rural areas ox carts still haul goods along poorly surfaced dirt roads, during the last decade the government has built a vast network of safe dualcarriageway

roads, speeding the transport of inter-city goods and passengers.

There is a similar story for the rail service: Its capacity was always stretched at holiday times when millions returned home from the places where they worked. Now the railway network boasts almost 10,000 km of high-speed lines, allowing the separation of goods from passenger traffic. This benefits all: Passengers are not held up by slow goods trains, and the latter are not sidelined in favour of passengers, allowing vital flows of minerals and food to pass unhindered. China has further increased its railway investment by 12 per cent over the first nine months of this year.

### **River navigation system**

Perhaps the greatest increase in investment has been associated with rivers, especially Yangtze, and their management and development as logistics routes. Ports have been extended and coordinated with road and railway infrastructure and many have been given the "free zone" status. Many river

navigation systems have been put under a coherent safety policy.

We have seen, month by month, increases in import-export flows with ever larger ships plying upriver, benefiting the short-sea shipping flows. Much larger ports have been constructed for oceanic trade. And the south-north canal system is being built to move water from the wet south-west to the arid northern parts of the country, benefiting agriculture and offering the potential to undertake fracking to exploit their reserves of unconventional oil and gas.

So much for history. What is next? It is never easy to predict what China Inc may do, yet history tells us it is being managed well. Its latest GDP (gross domestic product) growth is 7.8 per cent – lower than the stellar performance of the recent past but still among the highest in the world. I wonder if China is on the verge of yet another massive social experiment. I am sure its leaders are well aware of the developed world's flight of

workers from the countryside to the cities that generated their wealth creation.

Ahead of a potential catastrophe in China, the government has built many cities in its central and western regions that are oddly empty at the moment. Given the new communication infrastructure, I am sure that they will over time be able to accommodate new waves of rural to urban migrants. Businesses will be induced to come inland in greater numbers to absorb the new urbanites in meaningful work rather than allowing them to languish among the unemployed in the coastal regions.

Meanwhile, farmers will benefit from larger fields with fewer workers and more mechanisation. Call it a social experiment if you will, but this is a great example of government forethought that could potentially reap benefits on a huge scale.

*The writer is founder and chairman of Horasis, a global visions community*



*Closing dinner*





*Reception – Building China-Africa Economic Ties*



*Taking notes*



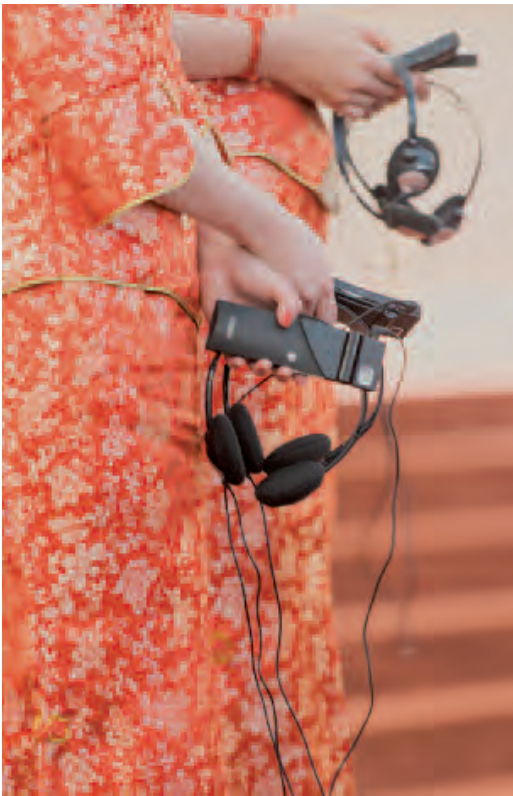
*Panelists sharing a light moment*



*The 2013 Global China Business Meeting drew a collective audience of 350 delegates from 37 countries*



*Discussions during a boardroom session*



*The meeting offered simultaneous interpretation services*



*Registering participants*



*Seashore in front of the conference hotel*

# Horasis

The Global Visions Community

Horasis: The Global Visions Community  
Thurgauerstrasse 40  
CH-8050 Zurich  
Switzerland

phone +41 79 305 3110

fax +41 44 214 6502

[www.horasis.org](http://www.horasis.org)

