Horasis

The Global Visions Community

Horasis China Meeting

22-23 October 2015, Cascais, Portugal

a Horasis leadership event

Report

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

Horasis China Meeting

22-23 October 2015, Cascais, Portugal

a Horasis leadership event

Co-hosts:

City of Cascais
Government of Portugal
China Federation of Industrial Economics

Co-chairs:

Guan Jianzhong	Chairman, Dagong Global Credit Rating, China
William Haseltine	Chairman, ACCESS Health International, USA
Alan Hassenfeld	Chairman, Hasbro, USA
Paul Judge	Alderman of the City of London, United Kingdom
Liu Ruiqi	Chairman, Heng Yuan Xiang Group, China
António Mexia	Chief Executive Officer, EDP, Portugal
Ray Ng	General Director, Industry and Commerce Association of Macau, Macau SAR
Vachara Phanchet	Chairman, Sittipol Holdings, Thailand
Charles Tang	Chairman, Brazil-China Chamber of Commerce & Industry, Brazil
Michael Taylor	Managing Director Asia Pacific, Moody's Investors Service, Hong Kong SAR
Wayne W. Wang	Chairman, CDP Group, China
Yan Jiehe	Chairman, China Pacific Construction Group, China
Michael Yeoh	Chief Executive Officer, Asian Strategy & Leadership Institute, Malaysia
Zhang Xiaodong	Chairman, Winhopes Investment Co., China
Zhang Zhigang	President, China National Aviation Fuel Group, China

Co-organizers:

Committee 2005
Industry and Commerce Association of Macau
Pacific Basin Economic Council (PBEC)
Tonghehui Entrepreneurs Business Club (TEBC)

Strategic Partner:

Estoril Sol

Media Partner:

Plataforma Macau

Knowledge Partners:

aicep Portugal Global
Edeluc
EDP

Delegates of the China Federation of Industrial Economics in front of the townhall of Cascais

Table of Contents

Estoril Congress Center

Foreword

On 22-23 October 2015, the 11th Horasis China Meeting took place in Cascais, Portugal. The event gathered a collective audience of 300 entrepreneurs and government officials. With this Horasis China Meeting, Horasis aims to present an interdisciplinary and systemic view of the major economic, societal and technological drivers currently at work in China and the world. The location of the meeting rotates annually, and was held so far in Geneva (2005, 2006), Frankfurt (2007), Barcelona (2008), Lisbon (2009), Luxembourg (2010), Valencia (2011), Riga (2012), The Hague (2013) and Lake Como (2014). The 2015 meeting was organised by Horasis in partnership with the Government of Portugal, the City of Cascais, and the China Federation of Industrial Economics.

This report – which builds on the outcome of the meeting – is an attempt to summarise the discussions which took place at the Horasis China Meeting. The report shall serve as a catalyst to stimulate further thinking on the issues and questions that were raised. Being a business-focused gathering, valuable opportunities for businesses were identified during the various panels as well as on the side-lines of the event.

Carlos Carreiras, President of Cascais, during the welcome reception

Virtual Ribbon Cutting Ceremony, with the co-hosts and co-organizers

The Horasis China Meeting brings together eminent leaders – from China and beyond – for an engaging discourse on the current state of the economy and to evolve a roadmap for leveraging innovation for growth and development. The 2015 Horasis China Meeting set out to highlight China's economic future against a background of profound global and national challenges.

Investors in the Chinese stock market have experienced a negative hit to their net asset positions in recent months. With the biggest fall since 2007, the Chinese government instituted measures to boost equity prices, and they temporarily stymied stocks' fall. But that strategy appeared to succeed only partially – the value of shares fell by more than 50% in just a few weeks. The Chinese stock market is one of the most volatile ones in the world because it is still a young institution with liquidity issues, government intervention and a majority of trading coming from retail investors. Participants at the Horasis China Meeting were divided in their analysis of the turbulences: some noted that there is a risk of spill-over into the real economy that could even turn into a global downturn. Others were convinced that the fall in share prices is just one of the usual panics to which young financial markets are more prone than established ones.

Opening plenary session

With China's household sector holding a relatively small share of equities compared to real estate, the current stock-market slump is unlikely to derail the economy.

Despite the turbulences of the stock market, China is making an important contribution to the world economy – it has been a source of dynamism in a weak and hesitant global economic climate. Through the new normal of a lower growth rate, there is still enormous room for development to take place internally and internationally. Even in the face of economic upheaval in much of the world, investors rest generally bullish in their approach to China – the country remains the world's growth engine. China is already the world's second largest economy and its economy seems to continue to grow at around 7% annually. China's outward engagement in terms of trade and investment with the rest of the world advances, and it is viewed as a land of opportunities.

The Chinese government has embarked on a process of rebalancing the economy, increasing consumer spending and domestic demand and reducing the roles of exports and investment in heavy industry. The Horasis China Meeting focused on the government's new policies and the related changing paradigm of the Chinese economy. Sustained structural reforms aimed at enhancing competitiveness will be necessary to bolster and boost China's economic growth and ensure the rising prosperity of its population going into the future.

The star contingent of participants has become the trademark of the Horasis China Meeting. The gathering was joined by the following meeting co-chairs: **Guan Jianzhong**, Chairman, Dagong Global Credit Rating, China; **William Haseltine**, Chairman, ACCESS Health International, USA; **Alan Hassenfeld**, Chairman, Hasbro, USA; **Paul Judge**, Alderman of the City of London, United Kingdom; **Liu Ruiqi**, Chairman, Heng Yuan Xiang Group, China; **António Mexia**, Chief Executive Officer, EDP, Portugal; **Ray Ng**, General Director, Industry and Commerce Association of Macau, Macau SAR; **Vachara Phanchet**, Chairman, Sittipol Holdings, Thailand; **Charles Tang**, Chairman, Brazil-China Chamber of Commerce & Industry, Brazil; **Michael Taylor**, Managing Director Asia Pacific, Moody's Investors Service, Hong Kong SAR; **Wayne W. Wang**, Chairman, CDP Group, China; **Yan Jiehe**, Chairman, China Pacific Construction Group, China; **Michael Yeoh**, Chief Executive Officer, Asian Strategy & Leadership

Institute, Malaysia; **Zhang Xiaodong**, Chairman, Winhopes Investment Co., China; **Zhang Zhigang**, President, China National Aviation Fuel Group, China.

Participants reached consensus that

- After the dramatic decline of equity prices, the government needs to convince investors and consumers that the real economy is stabilising and is going to be improving. Monetary and fiscal stimulus is necessary get the economy on an upward track again.
- Overall, China's economic growth is still very 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. The country will need to invest in cutting-edge research, emerging technologies and innovative business models Qualitative economic growth is key.
- 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.

Consolidation of two-way relations between China and Portugal will open up a range of new possibilities, and China could be Portugal's chosen gateway to Asia and vice

Rui Machete, Portuguese Minister of Foreign Affairs, keynoting the meeting

Listening to the welcome speeches

versa,' **Carlos Carreiras**, President of Cascais, Portugal, said during his welcoming speech. 'Cascais exemplifies the close partnership between China and Portugal that can be traced back for centuries and has been underpinned by profound ties over the last decades,' he continued.

> ***'Consolidation of two-way relations between China and Portugal will open up a range of new possibilities'***
>
> ***Carlos Carreiras, President of Cascais, Portugal***

According to **Jorge Torres-Pereira**, Ambassador of Portugal to China, Portugal, 'Portugal and China share similar challenges, namely finding ways to create sustainable growth and prosperous societies, establishing a stable environment for their business communities, and creating a global trade order that is conducive for the political and economic framework of the 21st century. 'We are ready to cooperate with Portugal to make this happen,' added **Cai Run**, Ambassador of China to Portugal. The Ambassador also highlighted the enhanced relationship between China and Portugal over the past few years and said he looks forward to more cooperation.

During the welcome dinner

Cai Run, Ambassador of China to Portugal

Vincent Zheng, Managing Partner, Capital First Partners, on China's capital markets

Richard Li, Managing Partner, Success Mark

'We hope that more Chinese enterprises venture to Portugal and more Portuguese enterprises come to China'

Rui Machete, Minister of Foreign Affairs, Portugal

Portugal is expected to grow strongly over the next couple of years,' **Rui Machete**, Minister of Foreign Affairs, Portugal, said in his welcome speech. 'Portugal is delighted to host this eleventh Horasis China Meeting.' The Minister looked to the future with optimism: 'We feel encouraged that China is pursuing a series of economic and social reforms that will further open China's economy and give a greater role to market forces,' he said. 'We hope that more Chinese enterprises venture to Portugal and more Portuguese enterprises come to China,' he concluded.

'Following the tradition of Sino-European trade cooperation and fuelled by modern technology and logistics the new silk roads will further connect Asia and Europe'

Xiong Meng, Executive Vice Chairman, China Federation of Industrial Economics, China

During the opening dinner, **Xiong Meng**, Executive Vice Chairman, China Federation of Industrial Economics, China, said that China is currently undergoing considerable change – 'we will push for more economic reforms in the months ahead.' 'China is in an important period where reform is being intensified, upgraded and transformed; the services industry is being developed and service trade has become the key strategic force. The government is forging a strong skills base, which will not only meet China's future needs but also help bridge the global skills in the future,' he told guests. He also mentioned that the China Federation of Industrial Economics is currently preparing for the establishment of an international cooperation mechanism called the *Belt& Road Industrial and Commercial Alliance (BRICA)*, with a purpose of leveraging the collective

Xiong Meng, Executive Vice Chairman, China Federation of Industrial Economics

Meeting co-chair António Mexia, Chief Executive Officer, EDP, Portugal

Paulo Rego, Chief Executive Officer, Plataforma Macau

Daniel David, CEO, Grupo SOICO, Mozambique

advantages of leading industrial and commercial organizations worldwide. Through the future BRICA network, companies of member organizations would achieve better inter-connectivity of business and investment information by way of the online and offline platforms for investment and financing projects. Chairman Xiong also expressed his hope that the discussions at the Horasis China Meeting provide insights on the best practices in managing Chinese corporations. He concluded by saying that 'following the tradition of Sino-European trade cooperation and fuelled by modern technology and logistics the new silk roads will further connect Asia and Europe with roads, railways and ocean shipping routes.'

António Mexia, Chief Executive Officer, EDP, Portugal, illustrated how Portugal can become a hub for Chinese investments. 'Portugal is an attractive country for Chinese businesses to set up European operations. The partnership between EDP – Portugal's largest company – and its shareholder China Three Gorges (CTG) is a good example of a successful partnership.'

Jorge Torres-Pereira, Ambassador of Portugal to China, welcoming delegates

> ***'Portugal is an attractive country for Chinese businesses to set up European operations'***
>
> ***António Mexia, Chief Executive Officer, EDP, Portugal***

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 financial services, urbanization and education, as well as more conceptual themes covering trade and investment, entrepreneurship, innovation, branding and technology.

China's relations with Portuguese speaking countries are burgeoning. How can China and the Lusophone countries work together to address global and regional issues, and which would be the countries priorities?

Si Hong, Deputy Director General, China Center for SME Cooperation Development and Promotion

Shazia Ilmi, Brand Ambassador, Swachh Bharat, India

Pedro Cortés, Partner, Rato, Ling, Lei & Cortés, Macau

Ray Ng, General Director, Industry and Commerce Association of Macau

Jorge Braga de Macedo, former Minister of Finance, Portugal

Diana Chou, Managing Director, L'VOYAGE

Hao Yabin, Vice Chairman, China Video Industry Association

'Portugal's privileged partnership with China,' said **Jorge Braga de Macedo**, Professor, Nova School of Business and Economics; former Minister of Finance, Portugal, would be a 'significant change in the way Portugal understands its strategic geography,' and the 'strategic triangle between Portugal, Brazil and Portuguese-speaking African countries would be complemented with a fourth angle in China. The interest of Chinese companies in Portugal is certainly also driven by ties with Brazil and Africa.'

Daniel David, Chief Executive Officer, Grupo SOICO, Mozambique, indicated that 'bilateral relations between China and Mozambique have been developing in a comprehensive and steady manner, with the two nations conducting exchange and cooperation effectively in various fields. And 'China is the leading trading partner and investor in Mozambique. In this context, the administration of Macau is determined to serve as bridge between China, Portugal and the other Portuguese speaking countries,' concluded **Gabriela César**, Head, Macau Economic and Trade Office in Lisbon, Macau SAR.

Macau is one of the fastest developing tourism and investment destinations in Asia, transforming itself into a vibrant cosmopolitan city that features ample attractions for entertainment and business. According to **Pedro Cortés**, Partner, Rato, Ling, Lei & Cortés, Macau SAR, Macau is now also famous as the gaming capital of the world.' 'What are the government's priorities and strategies? And how can investors and entrepreneurs embrace Macau's economic future?' asked **Paulo Rego**, Chief Executive Officer, Plataforma Macau, Macau SAR.

'The government of Macau is planning to boost economic growth and is encouraging spending by a newly enriched middle class,' said **Sou Chio Fai**, Director, Tertiary Education Services Office, Macau SAR. 'We are experiencing here in Macau in one of the biggest economic consumer experiments in the world,' added **Ray Ng**,

Gabriela César, Head, Macao Economic and Trade Office in Lisbon

Alan Hassenfeld, Chairman, Hasbro, USA – one of the co-chairs

Pedro Cardoso, Chief Executive Officer, Banco Nacional Ultramarino, Macau

Sou Chio Fai, Director, Tertiary Education Services Office, Macau SAR

General Director, Industry and Commerce Association of Macau, Macau SAR. Amid the uncertainty of Chinese tourists traditionally coming to Macau for gambling, some investors glimpse opportunity. Macau will be transformed into an entertainment center like Las Vegas,' **Pedro Cardoso**, Chief Executive Officer, Banco Nacional Ultramarino, Macau SAR, was convinced. Macau's history shows the gaming industry and the economy can change with accelerated speed. 'Such was the case during the global financial crisis. When the recovery comes, it will be pretty sharp,' **Afonso Camoes**, Director, Jornal de Notícias, Portugal, concluded.

Recent stock market turbulence will not have a major spill-over effect on China's real economy,' **Guan Jianzhong**, Chairman, Dagong Global Credit Rating, China, said on the opening plenary. He added that 'China's economy is growing at about 7% in 2015 with inflation kept below 3 percent.'

Guan Jianzhong, Chairman, Dagong Global Credit Rating

> ***'Recent stock market turbulence will not have a major spill-over effect on China's real economy'***
>
> ***Guan Jianzhong, Chairman, Dagong Global Credit Rating, China***

Afonso Camoes, Director, Jornal de Notícia

Doubts about the Chinese economy's imbalances and vulnerabilities tend to neglect some of the positive elements of its structural evolution, particularly the government's track record of corrective intervention, and the substantial state balance sheet that can be deployed,' said **Alan Hassenfeld**, Chairman, Hasbro, USA. Consumption and the labour market are holding up well, and the global recovery is expected to support activity going forward. Industrial productivity is only one-fourth to one-fifth of the productivity in Portugal, which is a problem. Panellists agreed that higher productivity rates can be achieved by improving management, innovation, and by the horizontal and vertical integration of industry. 'Undoubtedly, China's economy is demonstrating a drop in growth. The turbulences of stock markets are frightening,'

Liu Wei, Chairman, Wenhao Baoer Technology Co.

Michael Taylor, Managing Director Asia Pacific, Moody's Investors Service

Zhang Zhigang, President, China National Aviation Fuel Group, on China's economic outlook

Liu Ruiqi, Chairman, Heng Yuan Xiang Group, making a point during the opening plenary

Ulrich Bierbaum, General Manager, Dagong Europe Credit Rating, Italy

Stan Fung, Managing Director, FarSight Ventures, USA

noted **Michael Taylor**, Managing Director Asia Pacific, Moody's Investors Service, Hong Kong SAR. 'But there is little chance that China's market woes will directly affect the global financial system,' explained **Liu Ruiqi**, Chairman, Heng Yuan Xiang Group, China. 'Still, China needs to change its reliance on foreign demand, and should focus on domestic demand,' **Zhang Zhigang**, President, China National Aviation Fuel Group, China, suggested.

> ***'But there is little chance that China's market woes will directly affect the global financial system'***
> ***Liu Ruiqi, Chairman, Heng Yuan Xiang Group, China***

Structural reforms and liberalization are easing China's reliance on growth through investments and exports mainly driven by manufacturing. Instead, an economic development model based on domestic consumption and services, and strongly driven by innovation, is emerging. According to **Gail Fosler**, President, The GailFosler Group, USA, 'China's development model will, and has to, change to meet the new realities of the world. China will no longer just be a source of cheap labour for exports. 'China will be a new source of innovation as its investment in R&D is going to continue to grow at a pace that is higher than any other major economy in the world,' explained **Janusz Pietkiewicz**, Vice President, Employers of Poland, Poland. China is still 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 – China is not a cheap country anymore.

China's growth has slowed in recent years, although it is still very high. The expected growth rate of about 7% p.a. will double the size of its economy over the next decade, effectively resulting in another China. After 30 years of unprecedented growth, China is now moving into patterns of single digit growth. 'China is certainly moving toward becoming a more consumer-driven economy,' explained **Jürgen Kracht**, Chairman,

Gail Fosler, President, The GailFosler Group, USA

Sergey Millian, Chairman, Millian Group, Russia

Jürgen Kracht, Chairman, Fiducia, Hong Kong

Adnan Akfirat, Chairman, TUCEM, Turkey

Fiducia, Hong Kong SAR. 'China's economic development model has to bolster this trend,' **Sergey Millian**, Chairman, Millian Group, Russia, opined. However, 'China's ongoing shift away from investment and real estate toward consumption is beginning to hurt the more commodity-oriented segments of both the Chinese and the world economies,' said **Rong Yuanlian**, Chairman, Rong Group, China. According to **Charles Tang**, Chairman, Brazil-China Chamber of Commerce & Industry, Brazil, 'China needs to continue its drive for economic restructuring to maintain stable economic growth.' 'The longer China waits to push economic-policy changes, the bigger the long-term cost in growth could be,' said **Rodrigo Costa**, President, REN – Rede Electrica Nacional, Portugal.

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

China's new silk road-project focuses on bringing together China, Central Asia, Russia and Europe; linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and the Indian Ocean. The 21st-Century Maritime Silk Road is designed to go from China's coast to Europe (with Portugal as the final point) through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other. 'China's 'one belt and one road' initiative could usher in a new era that sees China as the new economic and geopolitical powerhouse in the region,' said **Henk Kool**, Managing Director, BIZ-Platform Netherlands, The Netherlands. World regions from the Atlantic to the Pacific are to be connected through hyper-efficient infrastructure and new institutional linkages, as **Adnan Akfirat**, Chairman, TUCEM, Turkey, proposed. Indeed, 'The purpose of the 'one belt, one road' initiative is to promote China's economic integration with the conjoined continents of Asia and Europe,' said **Shazia Ilmi**, Brand Ambassador, Swachh Bharat, India.

China's economic competitiveness relies on a well-developed and sophisticated financial market that can channel financial resources to a good use. According to **Bernard Pouliot**, Chairman, Quam

Henk Kool, Managing Director,
BIZ-Platform Netherlands

Rong Yuanlian, Chairman,
Rong Group

Plenary on China as the 21st Century's Superpower

Daniele Schilirò, Professor of Economics, University of Messina, Italy

Dai Wei, on Bank of Beijing's approach towards capital markets

Bernard Pouliot, Chairman, Quam Limited, Hong Kong SAR

Limited, Hong Kong SAR, the country's shadow banking markets for instances are a big threat to China's financial system. 'Further reforms, including marketization of the interest rate, relaxation of capital flows under the capital account and financing of small and medium-sized companies, are key to transforming China's economic growth model,' conveyed **Michael Roux**, Chairman, Roux International, Australia. Referring to the current market turbulences, **Daniele Schilirò**, Professor of Economics, University of Messina, Italy, opined that Chinese authorities should focus on regulatory and institutional development, while following through on their commitment to allow markets to play the decisive role in allocating resources. 'The ongoing turmoil won't derail the RMB reserve-currency decision, but it may take longer,' said **Richard Li**, Managing Partner, Success Mark, Hong Kong SAR. **Dai Wei**, Deputy General Manager, Bank of Beijing, China, added that financial reforms should 'focus on internationalization of the RMB.' And: 'the Chinese government needs to help state-run lenders battling rising bad loans caused by the slowing economy, rising interest rates and project delays.' 'We now need to develop and improve domestic capital markets,' added **Ulrich Bierbaum**, General Manager, Dagong Europe Credit Rating, Italy. According to **Vincent Zheng**, Managing Partner, Capital First Partners, China, 'the decline in inflation, more particularly non-food manufacturing inflation, will create more space for China's monetary policy to support growth. 'China needs to offer financial solutions to previously unbanked consumers,' opined **Siegfried Verstappen**, Director, Invest Hong Kong, Hong Kong SAR. At the same time, as the country becomes an increasingly important part of the global economy and more Chinese companies conduct business overseas, the Chinese financial sector is required to globalize,' concluded **Xiao Zhiyin**, Deputy General Manager, Bank of Beijing, China.

Key to China's changing growth pattern is the renewed focus on innovation. 'I foresee a

Siegfried Verstappen, Director, Invest Hong Kong

Martin Haemmig, Visiting Professor, Renmin University, China

Xiao Zhiyin, Deputy General Manager, Bank of Beijing

John Cook, Chairman, Rock Lake Associates

fundamental shift in the way China generates its wealth. To find new routes to growth and solutions to the challenges it faces, the nation will move gradually towards becoming an economy in which innovation is central,' noted **Martin Haemmig**, Visiting Professor, Renmin University, China. China's leadership has been determined to understand that it cannot rely only on existing strengths to determine the nation's future. It is already taking bold steps to instil a culture of innovation and sustainability at all levels. 'These will enable the country to consolidate its remarkable gains and reap the opportunities that lie ahead,' said **Mark Turrell**, Founder and Chief Executive Officer, Orcasci, USA. **Clas Neumann**, Senior Vice President, SAP, Germany, explained that Chinese firms are re-defining approaches toward innovation to take part in the promise of a networked global economy. China's IT and other new technology firms are emerging as global players in their own right. China is now a mature economy, and 'we are experiencing a trickle-down effect due to the impressive technology output the country has been creating over the last couple of years,' noted **Jerry Zhang**, Chief Executive Officer, Neocomm Broadband, China. 'China's future growth will depend increasingly on the knowledge economy. The country needs to create an even more dynamic environment to unlock the entrepreneurship potential,' opined **J.T. Li**, Senior Associate Dean, The Hong Kong University of Science and Technology, Hong Kong SAR.

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

Jerry Zhang, Chief Executive Officer, Neocomm Broadband, China

John Cook, Chairman, Rock Lake Associates, Switzerland, claimed that China needs to develop its venture capital industry to harvest the fruits of innovation. Going forward, 'we need to ensure that innovative firms have easy access to finance at an early stage of development,' **Stan Fung**, Managing Director, FarSight Ventures, USA, added. Also, the distinction will be between high-innovation economies and low-innovation ones. China's challenge is to become a high-innovation economy,' **Liu Wei**, Chairman, Wenhao Baoer Technology Co.,

He Qingyuan, Chairman, Wuchang Property Co.

Walter Palma, Principal, Caixa Capital

Donny Huang, Founder and Managing Director, 4stones, China

Andrew Tiernan, Managing Director, Silvermark Holdings

Scott Rickert, Chairman, PEN Inc., USA

Clas Neumann, Senior Vice President, SAP, Germany

China, said. And, according to **Walter Palma**, Principal, Caixa Capital, Portugal, collaboration is essential to driving innovation – and China can derive significant benefits from sharing its expertise. Expanded trade and investment abroad could stimulate growth domestically. 'Infrastructure has been and will continue to be an area in which China can make a major contribution, especially in countries where it has strong business interests,' maintained **Scott Rickert**, Chairman, PEN Inc., USA.

China's reform programme has helped build trust in the government among investors and the public. 'The country embraced widespread reforms to make its market economy stronger, **Jacques Tourel**, President, World Trade Centre Warsaw, Poland, reported. 'The task is to turn what was once a lumbering command economy into a dynamic society of innovators and entrepreneurs,' suggested **Ivan Tselichtchev**, Professor, Niigata University of Management, Japan. 'While China's state-owned enterprises remain the dominant players in the economy, the private sector is on the rise,' said **Johan Nylen**, Partner, United Bankers, Sweden. According to **Donny Huang**, Founder and Managing Director, 4stones, China, 'state-owned enterprises can still be innovative, if left alone to compete in the global market.' Moves to upgrade corporate governance, such as the inclusion of independent directors from outside the country, could be a way to improve company performance,' **Andrew Tiernan**, Managing Director, Silvermark Holdings, Hong Kong SAR, added.

The entrepreneurial drive of Chinese entrepreneurs is one of the most important factors in China's economic success. This drive will continue to keep China at the forefront. According to **Hao Yabin**, Vice Chairman, China Video Industry Association, China, 'private entrepreneurs are well positioned to accelerate economic growth.' 'Chinese entrepreneurs increasingly focus less on what the government could do for them – they see how they can help

Ivan Tselichtchev, Professor, Niigata University of Management, Japan

Vachara Phanchet, Chairman, Sittipol Holdings, Thailand, on China's economic rise

Anson Chan, Chairman, Bonds Group of Companies, moderating a plenary

Fan Yaju, Chairperson, Suizhidao Jewellery Co.

themselves,' observed **Harbeen Arora**, Chancellor, Rai University, India. 'The next decade will be a very good time for Chinese entrepreneurs,' reasoned **Yan Changming**, President, Jiada Investment, China. 'Chinese entrepreneurs generally exhibit a high degree of curiosity and willingness to learn. China is unique in this regard and has an open-mindedness about innovation,' concluded **Fan Yaju**, Chairperson, Suizhidao Jewellery Co., China.

China is in the midst of profound changes that will shape the course of business and geopolitics for the rest of the 21st century. 'What does China's rise mean for regional and global stability? What are the opportunities and challenges for Portugal and other nations?' asked **Anson Chan**, Chairman, Bonds Group of Companies, Hong Kong SAR. Participants warned that the rise of populism across East Asia is fueling tensions that could lead to conflict or an unintended escalation. 'Yet, signs have appeared that conflicting parties – like China and Japan – want to mend ties, including the scheduling of visits by officials,' stated **Vachara Phanchet**, Chairman, Sittipol Holdings, Thailand. 'China's economic rise doesn't mean it will dominate the 21st century. China's rise is a peaceful one,' conveyed **Yan Jiehe**, Chairman, China Pacific Construction Group, China. The formation of the Asian Infrastructure Investment Bank (AIIB) nations along with the formation of the New Development Bank (NDB) by the BRICS (Brazil, Russia, India, China, South Africa) will break the monopoly of the IMF and World Bank and make their functioning more transparent,' opined **Wayne W. Wang**, Chairman, CDP Group, China. 'China is taking a lead role in those initiatives – the country will surely become the 21st century's superpower,' added **Charles Tang**, Chairman, Brazil-China Chamber of Commerce & Industry, Brazil.

Wayne W. Wang, Chairman, CDP Group

'China's economic rise doesn't mean it will dominate the 21st century. China's rise is a peaceful one'

Yan Jiehe, Chairman,
China Pacific Construction Group, China

Harbeen Arora, Chancellor, Rai University, India

Michael Roux, Chairman, Roux International, Australia

Nicholas Parker, Managing Partner, Global Acceleration Partners, Canada

Chitra Narayanan, Associate Fellow, Geneva Centre for Security Policy

Discussing geopolitics – Yan Jiehe, Chairman, China Pacific Construction Group

Noel Akpata, Chief Executive Officer, Stratex Pro, Nigeria

Stacy Kenworthy, Chief Executive Officer, OptiGlobal, USA

China has taken steps to widen and deepen engagement with its trading partners, **Noel Akpata**, Chief Executive Officer, Stratex Pro, Nigeria, observed. It reached a broad agreement on an economic partnership with its Asian neighbours. 'Once the One Belt, One Road vision is realized, it will create the most promising economic corridor, directly benefiting almost two thirds of the global population,' said **Chitra Narayanan**, Associate Fellow, Geneva Centre for Security Policy, Switzerland. 'With the Doha Round stalled, the future directions of international trade will be largely determined by the initiatives of China and its economic partners,' said **James Fierro**, Chief Executive Officer, Recipco Holdings, United Kingdom. 'The rise of China will kick-start global supply chains and trade,' stated **Stacy Kenworthy**, Chief Executive Officer, OptiGlobal, USA. 'Chinese firms will hugely benefit from this trade stimulus,' **Liang Shaohui**, Member of the Board, Daqing Oilfield, China, said. 'China's successful integration into the global economy is the single biggest challenge – as well as opportunity – facing the West,' concluded **Nicholas Parker**, Co-founder & Managing Partner, Global Acceleration Partners, Canada.

Chinese firms are increasingly looking to invest abroad to accomplish its motives of acquiring technology, resources or market share. As the Chinese economy evolves, the country is beginning to see massive growth in its cross-border capital flows. Chinese investment abroad exceeded $100 billion for the first time in 2014, and a lot more investment is on the way. The majority of it will go into investments under the 'one belt, one road' program. China's emerging global financial role will be decisively shaped by its experience with Eurasian economic integration. Financing has been the lifeblood of the going-out initiative, which expanded over the past year with the rollout of the government's silk-road infrastructure and trade investment plans as well as the Asian Infrastructure Investment Bank. Many global investments by

James Fierro, Chief Executive Officer, Recipco Holdings

Ge Ming, Vice Chairman, China M&A Association

Alf Erik Lundgrenn, Chairman, Nordic Invest SIA, Latvia

Philippe Monnier, Member of the Board, WayRay

Chinese firms have been supported by the country's policy lenders and state-owned banks. '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,' said **Ge Ming**, Vice Chairman, China M&A Association, China.

Ji Bo, Assistant Dean, CKGSB, China, stated that 'Chinese firms have been using distinct ways to advance their presence on the world map. According to **Philippe Monnier**, Member of the Board, WayRay, Switzerland, 'Chinese firms have achieved only the first step towards global integration. 'They now need to shift from a traditional domestic strategy to a broader global approach,' **Alf Erik Lundgrenn**, Chairman, Nordic Invest SIA, Latvia, said. Furthermore, as **Eduardo Catroga**, Chairman, EDP, Portugal, explained, 'they have to ensure they incorporate global values into their thinking to create a globalized way of doing business.' 'This is an important step for the continued healthy development of Chinese firms,' concluded **Zhao Liping**, Director General, China Association of Pharmaceutical Commerce, China.

Eduardo Catroga, Chairman, EDP, Portugal

Alastair Campbel, Director, Asian Capital Partners Group, Hong Kong SAR, judged that 'Chinese firms are rapidly gaining confidence and are themselves now major players in globalization through international expansion. 'But China's depth of globalization is still lower than one would expect based on a cross-country estimates,' juxtaposed **Erwin Feldhaus**, Chief Executive Officer, Roeder Praezision, Germany. 'Globalization is a two-way street. But I see China on the winning side,' concluded **Jose Maria Muñoz**, Founding Partner, MCH Private Equity, Spain.

Commenting on the decelerating growth of foreign companies in China, **Walter Levy**, Chief Executive Officer, NCH Corporation, USA, put a positive spin on the challenges foreign investors companies currently face

Ji Bo, Assistant Dean, CKGSB, China

Alastair Campbel, Director, Asian Capital Partners Group

Erwin Feldhaus, Chief Executive Officer, Roeder Praezision, Germany

Harald Einsmann, Member of the Supervisory Board, Tesco, United Kingdom

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

Jan Siemons, President, SILC Global, The Netherlands

Hu Yue, Chief Executive Officer, NOC Media

in the Chinese market. 'Market expansion and success is always something that needs to be earned. We cannot blame the Chinese government or the Chinese consumer for reduced growth. We need to adjust our strategies,' he said. Indeed, 'for many companies the Chinese market remains confusing and complex to grasp,' asserted **Ned Cloonan**, President, Ned Cloonan Associates, USA. 'For sure, the current Chinese economic environment is a time of adjustment and consolidation,' explained **Hou Kun**, Vice Chairman, Harbin Power Equipment Industrial Base Association, China. 'If European firms want to pursue the China opportunity, then it must reach out to China more confidently,' maintained **Jan Siemons**, President, SILC Global, The Netherlands. 'The opportunity set in China for European businesses is large and significant,' said **Jacques Gravereau**, Chair, HEC Eurasia Institute, France. 'China is growing – we are very focused on doing business with China,' **Sergey Demin**, President, Rosatom Eastern Asia, Russia. To close the discussion, the turned to a very topical subject: Intellectual property rights (IPR) protection in China. 'Despite increasingly stronger statutory protection, China continues to be a haven for counter-feiters and pirates,' he said. According to **Harald Einsmann**, Member of the Supervisory Board, Tesco, United Kingdom, China's legal system needs to be improved, so economic disputes can be solved in a better manner. But,as more and more Chinese companies become patent holders, 'they will then have a vested interest in protecting their technology, just like their international counterparts, **Feng Leiming**, Secretary General, Tianjin Institute for International Development Studies, China, concluded. More than any other factor, this trend will drive the future of IPR protection in China.

Despite China's continued economic success, the country has many inherent risks. Participants identified several challenges for China including rising debt, volatile stock markets, pollution, social stability,

Sergey Demin, President, Rosatom Eastern Asia, Russia

Ravi K Mehrotra, Executive Chairman, Foresight Limited, United Kingdom

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

Natalie Samovich, Co-founder, Energopark Group, Portugal

modernisation of the rural sector, more substantial investment in education and skills development, and a need to liberalise the sector of professional services including banking. China's future economic growth is pressing for those millions of people in rural areas, who have benefited comparatively less from the economic growth and prosperity. According to **Ravi K Mehrotra**, Executive Chairman, Foresight Limited, United Kingdom, 'it is necessary to focus on the country's poor who are not part of the formal economy. 'The challenge is to reduce the vulnerabilities that have built up, and transit to more sustainable economic development,' voiced **Marina Ferreira**, President, Port of Lisbon, Portugal.

Greater efforts are needed to boost energy efficiency. Because energy security is the

Felix Zhang, Founder, Envision Energy, China

country's biggest existential challenge – it depends largely on imported sources of fuel – China has had to explore ways to make consumption efficient and to find alternatives to fossil fuels, such as geothermal energy for power. While China has maintained growth, resource and environmental problems have become increasingly pertinent. 'The country's environmental problems are one of the drivers behind the planned shift towards a greener and more sustainable model of economic development;' stated **João Ribeira da Fonseca**, President, Cascais Dinâmina, Portugal. As more cities face urban pollution related to fossil fuels, there is an urgent need to develop cleaner energy sources that are more sustainable in the long run,' added **Felix Zhang**, Founder and Executive Director, Envision Energy, China, in a panel discussion called 'Greening the Chinese Economy'. 'Indeed, China's high consumption, high pollution and high carbon emission path is no longer adequate,' suggested **Rob Morrison**, Chairman, H.R.L. Morrison & Co, New Zealand on the same panel. According to **Sein-Way Tan**, Chairman, Green World City Organisation, Australia, 'power stations, manufacturers, and construction firms are preparing to adopt cleaner technology to prepare for tougher emissions standards.'

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

Alfonso Vegara, President, Fundación Metropoli, Spain

Liu Hongchuan, Partner, Broad & Bright, China

João de Jesus Ferreira, Managing Director, Vivapower, Portugal

Rob Morrison, Chairman, H.R.L. Morrison & Co, New Zealand

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

‘China has been lagging behind other nations in the use of renewables,’ revealed **Henry Weil**, Professor, MIT Sloan School of Management, USA. ‘The country’s need to promote more widespread adoption of renewable energy to help displace fossil power generation and, in turn, limit greenhouse gas emissions that accelerate climate change,’ claimed **Natalie Samovich**, Co-founder, Energopark Group, Portugal. **Rick Xu**, President, Beijing Energy Efficiency Technical Co., China, proposed the Chinese government can learn from the European experience of ecological development, implementing best practices in China. At the same time, according to **João de Jesus Ferreira**, Managing Director, Vivapower, Portugal, ‘China can share its experiences in green technologies with other Asian countries and the rest of the world through technology transfers or exchanges.’

Rick Xu, President, Beijing Energy Efficiency Technical Co.

With five of the world’s 10 most populous cities, China is well known for its urban landscape. The scale of urbanization in China is without precedent in human history. ‘The urbanization that took almost two centuries in Europe is occurring in a decade in China,’ reported **Liu Hongchuan**, Partner, Broad & Bright, China. In 2014, 55 percent of Chinese lived in cities, up from less than 20 percent in 1980. **Alfonso Vegara**, President, Fundación Metropoli, Spain, pointed out that ‘sustainable urbanization is now very much needed for China’s modernization.’ **Zhang Xiaodong**, Chairman, Winhopes Investment Co., China, believed that urbanization should protect the environment, support conservation, and attract more investment. China has to face up to a re-build and a new-build program for 300 million people in the next two decades – demanding great fiscal and managerial resolve. ‘The improvement in welfare of households is contingent on the kind of infrastructure that is put in place on the countryside,’ proposed **Steve Lewis**, Chief Executive Officer, Living PlanIT, Portugal. According to **Lydia Long**, Managing Director, EA Pacific Group, China, ‘sustainable urbanization also means greater recognition for China’s migrant workers as urban residents.’

Zhang Xiaodong, Chairman, Winhopes Investment

Liu Yiman, Managing Director, Huashang Education Group

Pieter Perrett, Professor, University of Applied Sciences Northwestern Switzerland

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

Youth is changing the way, in China and elsewhere. Where is China's youth headed? And how can China's new generation make the most of its potential and resources? Ambitious young people who pursue careers with traditional companies are starting to change them from within. **Liu Yiman**, Managing Director, Huashang Education Group, China, noted that young employees are not interested in working seven days a week to get their work done. Working attitudes are changing in China as well. 'Foreign firms need to get inside the psyche of young and modern China,' added **Li Mingyi**, Chairman, Tonghehui Entrepreneurs Business Club, China.

Quality education systems will provide young people with the skills they need to play a part in China's economic transformation and help boost innovation and productivity. 'Education is key for innovation-based growth,' said **Dimosthenis Manginas**, Chairman, Manginas and Partners, Greece. **Pieter Perrett**, Professor, University of Applied Sciences Northwestern Switzerland, Switzerland, stressed the importance of China's commitment towards higher education building on an already strong technical base. **José Pedro Freitas**, President, Mota-Engil, Portugal, added that a key attribute of youth was having no burden of the past and hence their ability to look forward to the future. 'Education is a country's most valuable asset,' **Zheng Suhui**, Vice Dean, Graduate School of Communication University of China, China, continued. According to **Edgar Bullecer**, Co-Founder and Managing Trustee, The Paglas Group, Philippines, China needs more focused efforts to match the skills that are needed in fast evolving labour markets with the type of education on offer in the country.' 'China needs talent,' said **Michael A. Gurevich**, Managing Partner, MSV Partners, USA, 'Businesses need to work closely with universities to define the skills the country will need,' he added.

In China, consumer behaviour – especially among the younger generation – is changing rapidly. 'Concurrently, ambitious Chinese

Li Mingyi, Chairman, Tonghehui Entrepreneurs Business Club

Zheng Suhui, Vice Dean, Graduate School of Communication University of China

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

Steve Lewis, Chief Executive Officer, Living PlanIT

Zhang Ying, Associate Dean, Rotterdam School of Management, The Netherlands

Michael A. Gurevich, Managing Partner, MSV Partners, hosting the youth panel

Janusz Pietkiewicz, Vice President, Employers of Poland

Lydia Long, Managing Director, EA Pacific Group, China

firms want to become globally branded players,' said **Diana Chou**, Managing Director, L'VOYAGE, Hong Kong SAR. 'How are tastes changing in China and in the world,' asked **Zhang Ying**, Associate Dean, Rotterdam School of Management, The Netherlands, on a panel called 'Meet the Future Chinese Consumer'. Some Chinese firms have done the right things in terms of branding, from advertising to Olympic sponsorships to logo design to the manufacturing of endurable goods. 'But this has not been enough to enable them to make the transformation from local to global brands', opined **Zhu Li**, Director, Confucius Institute, Portugal. According to **Cui Wanyou**, Executive Vice Chairman, Langfang Federation of Industrial Economics, China, 'not many Chinese brands yet have figured out a way to play on the world stage, despite the exponential growth of many Chinese firms.' 'A reason could be that when Chinese firms have such an immense home-based market, there is not as much pressure to move beyond the country's borders. The local market is sufficient enough to fuel exponential growth,' explained **Lou Marinoff**, Professor of Philosophy, The City College of New York, USA.

Chinese firms are said to be different from their global counterparts. How the world sees China and Chinese firms, and how China and Chinese entrepreneurs see the world, asked **Liu Jingyi**, Editor-in-Chief, Global China Insights, The Netherlands, on a breakfast panel. Despite the dynamic economic relations between China and its global partners, the knowledge gaps about economy, society, culture remain large. With China's growing influence on the global stage, domestic and international perceptions might be changing. What role do culture and values play in advancing corporate globalization? How do Chinese entrepreneurs succeed amid rapid cultural, technological and economic shifts? 'Many Chinese citizens dream of advancing China based on the respect for culture, family, and nature,' stated **Albert Teo**, Vice President, Asia Pacific CEO Association, China. 'And China's cultural legacy is beginning to

Cui Wanyou, Executive Vice Chairman, Langfang Federation of Industrial Economics

On Kit Tam, Member of the Board, Australia China Business Council

Katarzyna Nawrot, Professor, Poznan University of Economics, Poland

Gregor Heinecke, CEO, Transcontinental M&A Advisory, Germany

impact the world,' affirmed **On Kit Tam**, Member of the Board, Australia China Business Council, Australia.

According to **Katarzyna Nawrot**, Professor, Poznan University of Economics, Poland, 'there is not such a concept as a Chinese style corporate culture or a typical Chinese leadership style. While there are some similarities between Chinese companies, each has its own unique corporate culture.' 'Some companies move very slowly, but others move very, very fast,' confirmed **Gregor Heinecke**, Chief Executive Officer, Transcontinental M&A Advisory, Germany. **Mirjana D. Perko**, Chairperson, inCon, Slovenia noted that 'Chinese firms start to delegate authority to preserve flexibility and accelerate product innovation. **Choi Man Hin**, Director, Estoril Sol, Portugal, brought a further concept into the discussion: diversity. 'Chinese firms need to embrace more diversity. When its potential is tapped, diversity is a powerful tool that increases their wealth,' he said.

Mirjana D. Perko, Chairperson, inCon, Slovenia

According to **Luis Filipe de Castro Henriques**, Member of the Board, aicep Portugal Global, Portugal, 'the acquisition of a minority share of EDP by China Three Gorges (CTG) was a special moment for business relations between Portugal and China.' This transaction was followed by State Grid Corporation of China (SGCC) taking a stake in Portugal's national power grid, Redes Energéticas Nacionais (REN). China's largest investment fund Fosun took over Fidelidade, the largest insurance company in Portugal, and Fosun Property has helped to manage its €700 million real estate assets. 'These acquisition are the starting points for more strategic investments by Chinese firms in Portugal,' said **Sergio Martins Alves**, Secretary General, Portuguese-Chinese Chamber of Commerce, Portugal. 'It is reasonable to assume that, if the opportunity appears, the Portuguese government will allow more Chinese investments in other strategic sectors of its economy, such as banking, telecommunications, or transport,' suggested **Francisco Veloso**, Dean, Católica Lisbon School of Business & Economics, Portugal.

Albert Teo, Vice President, Asia Pacific CEO Association

Francisco Veloso, Dean, Católica Lisbon School of Business & Economics

Liu Jingyi, Editor-in-Chief, Global China Insights, chairing a breakfast panel

Hiroki Miyazato, Chairman, Haitong Bank

Mazen Darwazah, Chairman, Hikma Pharmaceuticals, Jordan

Luis Filipe de Castro Henriques, Member of the Board, aicep Portugal Global

Sergio Martins Alves, Secretary General, Portuguese-Chinese Chamber of Commerce

'A positive attitude toward Chinese investments has been the major motivational factor for our commitment to Portugal,' said **Hiroki Miyazato**, Chairman, Haitong Bank, Hongkong SAR. Portugal with its diverse industrial and creative sectors is a natural partner of choice,' reported **Mazen Darwazah**, Chairman, Hikma Pharmaceuticals, Jordan. According to **José Pedro Soares**, Chairman, APS – Administração dos Portos de Sines e do Algarve, Portugal, 'nearshoring to Portugal provides a viable strategic option for Chinese firms, with end users sending processes to locations with a cultural, regulatory and physical proximity.' Geographical proximity definitively translates into easier access and communication,' said **António Mello Campello**, Managing Partner, Bluecrow Capital, Portugal. 'Sizable opportunities exist for Portuguese firms that can provide innovative solutions to support China's growth where the right process can make a huge difference,' **Fernando Freire**, Founder and President, Edeluc, Portugal told participants.

With investors nervously watching the Shanghai stock market, Chinese are the now biggest foreign buyers of Portuguese real estate. 'The country is seeing a huge influx of Chinese buyers, both investors and owner occupants, thanks to low prices and a special schema – the golden visa programme – set up by the Portuguese government to attract Chinese investors,' said **Carlos Vasconcellos**, Chairman, Quantico, Portugal. 'Chinese buyers accounted for more than 80 percent of the resident permits issued under the program last year,' reported **Wang Guanlin**, Chairman, Yusend Property Group, China. As the wider economy struggles to get back on track, the Portugal's tourism and real estate sector – fuelled by Chinese investments – is going from strength to strength. 'Portugal and other geographies around the world have become major destinations for Chinese tourists and investments in tourism related real restate,' said **Kimball J. Andrews**, Executive Chairman, Asia Star Capital, Australia.

Choi Man Hin, Director, Estoril Sol

Award winner Yan Jiehe, Chairman, China Pacific Construction Group

Guan Jianzhong, Chairman, Dagong Global Credit Rating, receiving the award

George Betz, Head of International Business Fine & Country, United Kingdom, conveyed that tourism will play a bigger and better role in both China's and Europe's future. 'Tourism can drive development of other complementary sectors including transport, infrastructure and real estate,' he explained. Panellists debated what takes to thrive on this new wave of outbound tourism and real estate investments.

In the memory of the event, **Ivan Tselichtchev**, Professor, Niigata University of Management, Japan, presented to the City of Cascais the Portuguese translation of his book 'China versus the West' containing a comprehensive analysis of the balance of power and economic relations between China and major Western nations, as well as at insights into the Chinese economic model.

George Betz, Fine & Country, United Kingdom, asking a question

Announcing the 2015 **Chinese Business Leaders of the Year**, Horasis – together with the City of Cascais – celebrated two outstanding entrepreneurs who have been building and leading successful Chinese firms: **Guan Jianzhong**, Chairman, Dagong Global Credit Rating, and **Yan Jiehe**, Chairman, China Pacific Construction Group. We recognized and honoured those business leaders as they excel in entrepreneurship, innovation and leadership. 'The chosen business leaders have impacted the economic development and global integration of China,' said **Miguel Pinto Luz**, Vice Mayor of Cascais, Portugal.

On the closing plenary, participants asked how Chinese firms should prepare for the future. Where are the opportunities for growth? And how do Chinese firms drive the next wave of globalization? 'Chinese entrepreneurs need to recognize and harness the momentum created by global opportunities with business models that fulfil the expectations of global markets,' **Paul Judge**, Alderman of the City of London, United Kingdom said. According to **Michael Yeoh**, Chief Executive Officer, Asian Strategy & Leadership Institute, Malaysia, 'Chinese firms are well advised to prove that they are different in a way that is relevant to the world's consumers.'

Wang Guanlin, Chairman, Yusend Property Group

Fernando Freire, Founder and President, Edeluc

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

William Haseltine, Chairman,
ACCESS Health International, USA

Miguel Pinto Luz, Vice Mayor of Cascais,
speaking during the closing dinner

Kimball J. Andrews,
Executive Chairman,
Asia Star Capital, Australia

'Innovation is most essential to upgrading the Chinese economy and improving its performance,' **William Haseltine**, Chairman, ACCESS Health International, USA, suggested. 'For sure, we will drive the next wave of globalization,' added **Zhang Xiaodong**, Chairman, Winhopes Investment Co., China.

> ***'Innovation is most essential to upgrading the Chinese economy and improving its performance'***
> *William Haseltine, Chairman,*
> *ACCESS Health International, USA*

The 2015 Horasis China Meeting was wrapped up during the gala dinner at the Casino Estoril. The strategic partnership with Portugal is of great importance to China and one in which both countries are continuing to invest. An occasion to revel in newly-forged networks and friendships, the dinner offered further debates and reflections. **Miguel Pinto Luz**, Vice Mayor of Cascais, Portugal , said in his closing remarks thin Cascais exemplifies the spirit of dialogue and global economic growth. And he observed the Horasis China Meeting was witness to a large number of B2B meetings that will pave the way for Portugal's trade with China.

António Mello Campello,
Managing Partner, Bluecrow Capital

The day after the event, participants were invited to join a guided tour of Cascais and its surroundings. The warm climate, beaches, landscapes and array of hotel and culinary options make Cascais one of the most sought after destinations. Participants jointly travelled round the city by coach and strolled through Cascais' colourful old town.

We at Horasis are very pleased with the results of the 2015 Horasis China Meeting and the feedback we have received from participants in the event. The meeting was designed for foreign companies who want to acquire the fundamentals of successful business with China. Also, the meeting broadened the horizon of Chinese firms to the different approaches of doing business in Europe and the world.

Paul Judge, Alderman of the City of London

Executive Vice Chairman Xiong Meng and President Carlos Carreiras exchanging gifts

Participants share a light moment

By bringing together leaders from so many different backgrounds, this meeting provided an ideal framework for setting a bold agenda and taking the initiative on the new generation of Investments, innovation and transformational projects. We hope this unparalleled opportunity for dialogue will influence the future course of China and its partners.

On behalf of Horasis, I would like personally to thank the **Government of Portugal**, the **City of Cascais**, the **China Federation of Industrial Economics**, as well as the co-chairs, co-organizers, knowledge partners, and all participants. This Horasis China 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 your continued engagement and to welcoming you to the 2016 Horasis China Meeting. We also take great pleasure to invite you to take part in our other upcoming meetings, namely the Horasis Global Meeting, Horasis Asia Meeting, Horasis India Meeting, Horasis Arab Meeting and the Horasis Russia Meeting.

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

The Horasis China Meeting gathered a collectinve audience of 300 participants

During one of the plenary discussions

Plenary – China's Relations with Lusophone Countries

A Meeting of the Two Largest Economic Powers

By Frank-Jürgen Richter, Business Times, September 23, 2015

Chinese President Xi Jinping is visiting the US and meeting US President Barack Obama in the White House this week. They met in Beijing last November when they agreed on stronger voluntary efforts against atmospheric pollution – hopes again run high for new agreements to be made. Of course there will be a public agenda, but their many aides will hold wide discussions, some will focus on trade and on the Trans-Pacific Trade Agreement.

World trade volumes faltered after the financial crash of seven years ago but there are signs of renewed optimism as earlier initiatives come into operation. The expansion of the Suez and the Panama canals are virtually complete and will allow the largest of ships to pass through. And, well-timed, more ships carrying up to 19,000 containers are being deployed, as well as massive bulk ships and car carriers like the Hoegh Autoliner that can carry 8,500 cars. They epitomise high economies of scale and a belief in the future of global trade.

Up to the 1970s the world was generally in balance with respect to trade and its monetary implications, and then gradually there was massive change. The US achieved a large deficit of US$ 820 billion in 1990 which has now been reduced to US$ 700 billion. In Europe, Germany was long its economic powerhouse and has a national trade surplus of US$50 billion. And China, which was roughly in balance until the 1990s, now has a US$ 90 billion surplus. Most imbalances take a few years to smooth out because they are subject to both national and international forces which take some time to work through their respective economies. National governments, officials and business leaders need to be cajoled into greater efforts, new processes and training needs to be instigated and the processes of marketing, manufacturing, transporting and selling finalised before the national finances are seen to move.

Delegates taking notes

For example, in Germany with its large trade balance (which is very much greater than China's when compared per person) it is suggested that it increase infrastructure spending, raise wages and undertake fiscal reforms to permit greater inward purchases. These changes will take time to enact. Yet we see that China has already undertaken these macro-economic suggestions – it has massively invested in all its transport systems (road, rail and air-, river- and sea-ports across the nation), in river-flow diversions (to bring more fresh water to the dry northern areas) and in housing (200 new large towns are being built). It is allowing greater inward investment and simplifying many regulations. These changes will help balance its money-trade fluctuations. The US, however, is somewhat mired in its internal politics and little will be changed to substantially alter its economic activity (which is still high as it remains the world's largest economy) until perhaps a year after its presidential election in November 2016.

John B. Kidd, Research Fellow, Aston Business School, United Kingdom

Zhao Renfeng, Managing Partner, Kreab Beijing

Discussion on China's firms driving globalization

Participants exchanging views

Lu Ying, Director General of Information, China Association of Pharmaceutical Commerce

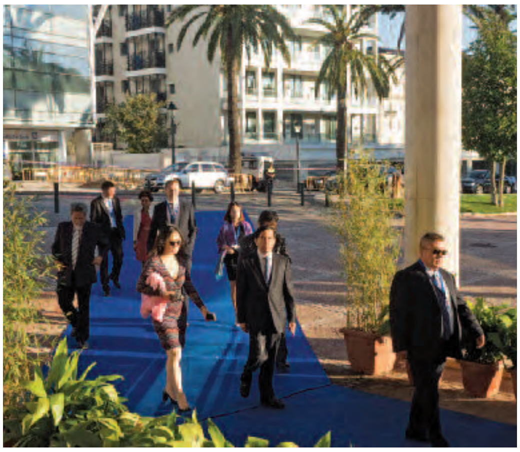
Avi Rabinovich, Chief Executive Officer, Creative Links, Israel

Many economists suggest that it is not the macro but the micro-economy that rules: it is the work of ordinary people that determines local wealth and thus national wealth so benefitting the balance of trade in the longer term. But a nation has to create the massive infrastructures that aid enterprise – China has followed the earlier examples of the US (1960s interstate road building) and Europe (the long-distance road and rail integration from 1990 onwards). We expect now that China will rapidly raise its productivity in its new inland development regions with everyone working smarter to live a richer life.

Total Factor Productivity (TFP) measures output against input and the efficiency of conversion. Of course it is not an exact measure but it is used to measure the relative efficiencies of nations, and over time can be used to judge how smartly entrepreneurs are working. Researching TFP at current purchasing power parity (a useful way of equating monetary exchange rates) and comparing with the US base = 1.0 we find the TFP for Germany rose steadily from the 1950s as it redeveloped after the last World War through youth education and investing in top-class machinery. By 1980 it was as efficient as the US, but has since fallen to 0.82 by 2010 (the last data year reported by FRED in St Louis, US). China on the other hand grew from a low base to reach 0.5 by about 1958, then falls a level between 0.3 and 0.4 to the present day. Last year China was the world's largest market for industrial robots and one factory in Dongguan, perhaps extreme, has reduced its 650 workforce to 60 while its robots produce parts for mobile phones. Moving to smart working will benefit inland China and the wealth of its people.

Germany's wealth derived within its townships and its small and medium enterprises who were administratively guided to be entrepreneurial and export-oriented developing its so-called Mittelstand. China did not permit such private SMEs until after its "opening up" from the late 1980s. The IMF notes Germany's economic growth was almost linear from a modest base of US$ 4,300/capita in 1950 to become US$47,600/cap by 2014.

The meeting was covered by the international media



Delegates arrive for the opening reception

One of the boardroom panels

China in comparison had a GDP of only US$614/cap in 1950 and has grown to US$7,600/cap by 2014 – though its base did not lift much until 1990 when further coastal Special Economic Zones (SEZ) were created. Now, with its vast new infrastructure China is well poised to re-ignite its entrepreneurial spirit, developing more goods truly made in China (not simply assembled). To do this effectively it will need to buy more high-tech engineering goods from, say, Germany so aiding the latter's trade balance.

The meeting this month in the US between the heads of the two largest economic powers will have many beneficial outcomes for all nations. I wonder what surprises the leaders may offer to us.

Carlos Carreiras, President of Cascais meeting with Wu Huatai, Chairman, Shanxi Coking Coal Group

Francisco Mantero, President, Portuguese Association for Economic Development and Cooperation

Participants gather for the opening dinner

David Bevan, Professor, CEIBS, China

A show took participants on a glamorous time travel trip

The evening was framed by traditional Portuguese fado music

A group of participants discover the surroundings of Cascais

Visiting Cascais's colourful old town

Cascais' world-famous seashores

During the welcome reception

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