Horasis

The Global Visions Community

Global China Business Meeting

21-22 November 2010, Luxembourg

a Horasis-leadership event

Report

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

Co-hosts:

Luxembourg for Business, China Federation of Industrial Economics

Co-organizers:

Asia Pacific CEO Association, Caixin Media, CEO Clubs UAE, China CEO Roundtable, Future China Society, World Eminence Chinese Business Association, Young Presidents' Organization (YPO)

Co-chairs:

Jeffrey Chen	Chief Executive Officer, Neopac Lighting Group, China, Taiwan
Carla Cico	Chairman, Rivoli S.P.A., Italy
Boris F.J. Collardi	Chief Executive Officer, Julius Baer Group, Switzerland
Kolapo Lawson	Group Chairman, Ecobank Transnational, Togo
Liang Xinjun	Vice Chairman and Chief Executive Officer, Fosun Group, China
Nan Cunhui	Chairman, Chint Group, China
Juan María Nin	President and Chief Executive Officer, La Caixa, Spain
Patrick O'Basuyi	Chairman, Obax Group, USA
Dinesh C. Paliwal	Chairman and Chief Executive Officer, Harman International, USA
Salman Al Jishi	Chairman, Salman Group, Saudi Arabia
Yat Siu	Chief Executive Officer, Outblaze, Hong Kong SAR
John Tan	Chief Executive Officer, Asia Capital Reinsurance Group, Singapore
Xiang Wenbo	President, Sany Heavy Industry Co., China
Zhang Yue	Chairman, Broad Air Conditioning, China
Zhang Jianwei	President, Sinotrans, China
Zhou Xin	Chairman, E-HOUSE China Holdings, China
Zhu Jimin	Chairman, Shougang Group, China

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Participants arrive for the opening dinner

At the Luxembourg Congress Center

The Castel of Septfontaine - venue of the opening dinner

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

Foreword

At the sixth Horasis Global China Business Meeting, Luxembourg, 21-23 November 2010, business and government leaders set the customary positive tone. The Global China Business Meeting brought together a large number of CEOs from China with leaders from around the globe to discuss China's and the world's current economic state. Given China's critical importance in the global recovery process, Horasis is working closely with its Chinese partners to ensure that the Global China Business Meeting plays a major role in restoring confidence and reviving growth.

> ***'The Chinese economy's response to its government stimulus has provided impetus for the rest of the world'***
>
> *Kolapo Lawson, Group Chairman, Ecobank Transnational, Togo*

The Global China Business Meeting was a meeting of many powerful minds. What emerged was the thought that the next decade was a tipping point for both China and the world. This report shall distil the outcomes and observations that emerged from the meeting. We hope you find this report to be an insightful and timely guide to how the Chinese and global leaders being present in Luxembourg addressed the implications of the current economic, political and social challenges.

At a time of great uncertainty in world markets, the 6th Global China Business Meeting gave foreign observers a unique opportunity to hear firsthand about the latest changes across China, and to identify the most promising trade and investment opportunities the country has to offer, while providing Chinese organisations with a high profile platform to continue to reach out to international investors and partners. Over 400 business leaders from 45 countries, including CEOs from the Middle East, Asia, Latin America, as well as Europe and North America came together for one and a half day retreat to debate the critical requirements for Chinese firms to

Co-chairs during the opening plenary

Ding Lieming, Chairman, Zhejiang Beta Pharma Co. - Orchestrating Effective Human Resources

Jeffrey Chen, Chief Executive Officer, Neopac Lighting Group, China, Taiwan

Carla Cico, Chairman, Rivoli S.P.A., Italy

Kolapo Lawson, Group Chairman, Ecobank Transnational, Togo

successfully expand their operations towards a global level-playing field. The **Horasis Gobal China Business Meeting** was co-hosted by **Luxembourg for Business**, an entity under the Grand Duchy's Ministry of Commerce as well as the **China Federation of Industrial Economics** - and supported by a group of co-organizers, strategic partners, knowledge partners and media partners. **Ding Lieming**, Chairman, Zhejiang Beta Pharma Co., China, told participants that 'the Global China Business Meeting provides an excellent platform to discuss Chinese firms' strategies, challenges and contributions to overcome the global economic crisis and to develop into truly globalized corporations.'

The following co-chairs represented the meeting vis-a-vis to the government authorities from China, Luxembourg and the world: **Jeffrey Chen**, Chief Executive Officer, Neopac Lighting Group, China, Taiwan; **Carla Cico**, Chairman, Rivoli S.P.A., Italy; **Boris F.J. Collardi**, Chief Executive Officer, Julius Baer Group, Switzerland; **Kolapo Lawson**, Group Chairman, Ecobank Transnational, Togo; **Liang Xinjun**, Vice Chairman and Chief Executive Officer, Fosun Group, China; **Nan Cunhui**, Chairman, Chint Group, China; **Juan María Nin**, President and Chief Executive Officer, La Caixa, Spain; **Patrick O'Basuyi**, Chairman, Obax Group, USA; **Dinesh C. Paliwal**, Chairman and Chief Executive Officer, Harman International, USA; **Salman Al Jishi**, Chairman, Salman Group, Saudi Arabia; **Yat Siu**, Chief Executive Officer, Outblaze, Hong Kong SAR; **John Tan**, Chief Executive Officer, Asia Capital Reinsurance Group, Singapore; **Xiang Wenbo**, President, Sany Heavy Industry Co., China; **Zhang Yue**, Chairman, Broad Air Conditioning, China;

Zhu Jimin, Chairman, Shougang Group - 'we are trying very hard to learn from the US's mistakes

John Tan, Capital Reinsurance Group

Yat Siu, Chief Executive Officer, Outblaze, Hong Kong

Zhang Jianwei, President, Sinotrans, China; **Zhou Xin**, Chairman, E-HOUSE China Holdings, China; **Zhu Jimin**, Chairman, Shougang Group, China

As Chinese and world leaders flew into Luxembourg for this Horasis leadership event, China's economic growth was surging. Ironically, the more developed nations - especially some member countries of the European Union - were at a less certain stage, with many encountering deep structural problems. The global economy remains fragile amid slowdowns in the U.S. and Japan and worsening imbalances in the euro zone. Given the fragilities of the world economy, **Li Dongrong**, Assistant Governor, People's Bank of China, China, said that it was essential for developed and emerging countries to continue to support a stable recovery. He echoed the outcomes of the G20 Summit which took place 10 days prior to the Global China Business Meeting. 'Cooperation on global and region levels is key,' he said. 'The broader message from the G20 meeting was a powerful recognition of the shift in economic power to emerging nations like China - away from the western industrial powers,' added **Hu Shuli**, Editor-in-Chief, Caixin Media, China. **Liang Xinjun**, Vice Chairman and Chief Executive Officer, Fosun Group, China suggested that the G-20 process needed to be made more inclusive.

In what areas can government, academia and the private sector collaborate to deliver the next generation of business leaders?

From the Opening Reception to the Closing Dinner, participants expressed their commitment to cooperating toward a strong and fast recovery and a more stable global financial order.

> ***'Cooperation on global and region levels is key'***
>
> ***Li Dongrong, Assistant Governor, People's Bank of China, China***

Jeannot Krecké, Minister for the Economy and Foreign Trade, Luxembourg, opened the meeting in a dinner session that was informative and candid. He pointed out how the government of Luxembourg is engaging with China, highlighting ongoing projects in the area of urban planning, transportation and the 'green' economy. He cited Luxembourg's pavilion at the 2010 Shanghai World Expo as successful example of this fruitful

Xu Kuangdi, Chairman, China Federation of Industrial Economics - China and World Economic Outlook

Liu Haiyan, Senior Vice-Chairman, China Federation of Industrial Economics

Jeannot Krecké, Minister of the Economy and Foreign Trade, Luxembourg, reflecting on the success of the Shanghai World Expo

Yin Min, Chairman, Zhengda Shanghai International Group, China

Lu Hongwei, General Manager, Baiyi Group

Alyce Su, Managing Partner, China Queen Capital, USA

cooperation. 'The effect of the World Expo is expected to favourably impact China for the years to come,' he said. Minister Krecké made positive remarks on China's contributions to tackling the global economic crisis and indicated that Luxembourg and China enjoy wide common interest. 'To develop trade relations with China is a priority of Luxembourg's economic policy,' he concluded.

> ***'Made-in-China is increasingly perceived as guarantee for reliability and advanced intellectual property'***
>
> ***Alyce Su, Managing Partner, China Queen Capital, USA***

Speaking for the Chinese government, **Xu Kuangdi**, Vice Chairman, 10th National Committee of the Chinese People's Political Consultative Conference, Chairman, China Federation of Industrial Economics, painted a lucid vision for the future of the Chinese economy. He talked about his government's plans to make China one of the most competitive economies. On growth prospect he said that the Chinese economy would grow at anticipated rate of over 8 per cent in the current fiscal year despite the sluggish state of some of China's trading partners' economies. Xu Kuangdi also expressed confidence that foreign direct investments into China will continue to grow in coming years. He pledged that the government of the People's Republic would hold steady to the policies it put place to address the crisis. On China's progress toward recovery, he noted that domestic consumption was showing encouraging growth, led by a focus on employment opportunities.

Barry Kellman, President, International Security & Biopolicy Institute, USA

Kheng Hwa, CEO, Singbridge International Singapore

Geoff Cutmore, Anchor, CNBC, moderating the session on China-Africa

Jerry Zhang, Chief Executive Officer, Neocomm Broadband, China - on education

At the same dinner, **José Luis Guterres**, Deputy Prime Minister of Timor Leste, stated that 'China is the leading trading partner and investor in Timor Leste. We are delighted to continue this fruitful cooperation.' José Luis Guterres added that the two countries should expand cooperation in agriculture, oil and gas exploration, mining and investment to benefit their people. The Deputy Prime Minister also hailed China as an example for developing countries. He thanked China for its support in economic development, welcoming even more cooperation with China.

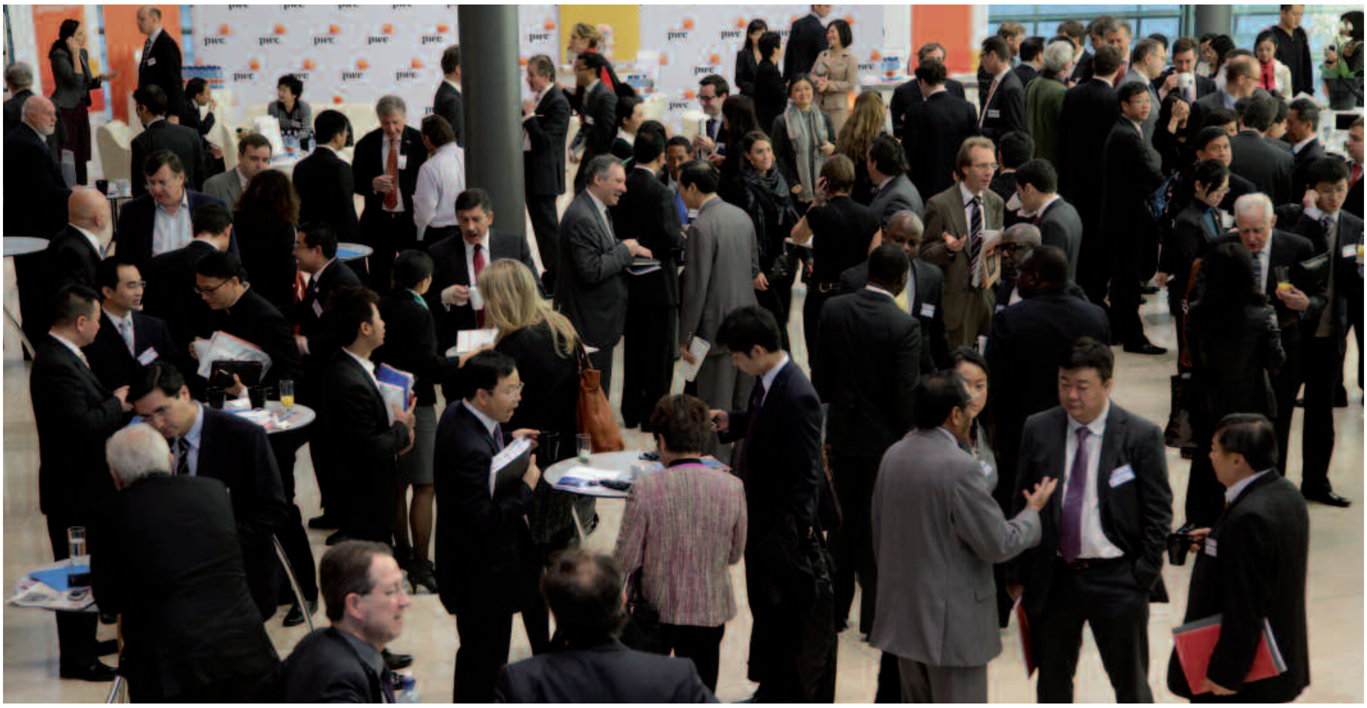
Lulu Zhou, President, Friendship Across Frontier, China

Jose Luis Guterres, Deputy Prime Minister, Timor-Leste

> ***'China is the leading trading partner and investor in Timor Leste. We are delighted to continue this fruitful cooperation'***
>
> *José Luis Guterres, Deputy Prime Minister of Timor Leste*

The general sentiment of panelists on the opening plenary was that China is emerging stronger from the current global crisis. The broad consensus was that the global economic recovery will be led by Asia and the emerging markets, with significant growth coming from China. **Boris F.J. Collardi**, Chief Executive Officer, Julius Baer Group, Switzerland, predicted that by 2040 China will account for one-third of the world's growth. **Nan Cunhui**, Chairman, Chint Group, China, stressed that growth expectations need to be moderately adjusted downward to ensure that growth is sustainable: 'China cannot enjoy the double-digit growth rates of the pre-crisis times.'

Can China manage to continue its impressive economic growth? Will China and its companies play a more pronounced role in this



Community Building at the Global China Business Meeting

Boris F.J. Collardi, CEO, Julius Baer Group

Li Dongrong, Assistant Governor, People's Bank of China.

new emerging global order? And will this open up new opportunities for foreign players to shape and define economic development and hence to reposition themselves a world stage with China at the core? These were only a few of many questions that were raised during the opening plenary on the economic outlook. Senior business executives also debated the pace of China's integration with its neighbouring Asian economies, China's security concerns and the country's growing demands for energy. A number of key conclusions emerged over the day and a half dedicated to the Global China Business Meeting. Participants reached consensus that

- The Chinese economy is expected to perform strongly in the years ahead. The growth prospects in China are generally more compelling than what is being observed in the developed world. While the mood in China is certainly upbeat, complacency must be avoided.
- Investments in education, healthcare, technology and infrastructure will be the key drivers to ensure long-term and inclusive growth.
- China's influence as an international investor and reliable partner of the G20 is growing. A new generation of Chinese entrepreneurs is driving innovation and growth - not only in China but on a global scale.

Most participants agreed that economic conditions in the OECD-countries are worsening. Risks from European sovereign debt have increased factors of instability in the course of global economic recovery. Growth is uneven - a split between the developed and developing world is unsettling - and it is the developed world facing the big challenges. But China still offers hope. 'The Chinese economy's response to its government stimulus has provided impetus for the rest of the world,' as **Kolapo Lawson**, Group Chairman, Ecobank Transnational, Togo, put it. 'China's demand for commodities has helped countries like Brazil, Russia and many African nations,' added Raymond Lo Cheuk Kwong, Chief Executive Officer, GMT Shipping Group, Hong Kong SAR. **Raymond Lo Cheuk Kwong** also said that controlling inflation and has become the Chinese government's top priority recently - a preemptive measure to prevent an increase of commodity prices.' Still, Europe, Japan and North America benefited a great deal, as China increased its imports

Wu Jianmiao, Chairman, Miaoshang Group, China

Rupert Hoogewerf, Publisher, Hurun Report

Myles Lu, Chief Executive Officer, Roxbeam, China, on China's Technology Pioneers

Meng Xianzhong, Secretary General, China Association for Exhibition Centers

Raquel Lucia Perez Brito, General Director, Sofitesa, Spain

Daniel Duku, Chief Executive Officer, Venture Capital Trust Fund, Ghana

Claude Beglé, Special Adviser, Government of the State of Geneva, Switzerland

of highly-valued added products and services. 'The right way out for Europe is should be a political assurance of solidarity. Also we have to keep interest rates low so that we can pay off debts without too much cost', explained **Juan María Nin**, President and Chief Executive Officer, La Caixa, Spain.

> ***'The right way out for Europe is should be a political assurance of solidarity'***
>
> ***Juan María Nin, President and Chief Executive Officer, La Caixa, Spain***

On Chinese real estate, some participants expressed their fear that China is sitting on a massive bubble. According to **Gao Dekang**, Chairman, Bosideng International Holding, China, 'it seems the Chinese housing bubble is at the root of inflation.' **Kate Westgarth**, Visiting Scholar, CASS, China, said 'the Chinese government is very aware of that risk and is trying to take the air out of the bubble. **Zhu Jimin**, Chairman, Shougang Group, China, added that 'we are trying very hard to learn from the US's mistakes. Besides, the Chinese government has a lot more control over its financial sector than the US and Europe. 'It can simply tell banks not to give loans for a second or third home. Luckily for the Chinese economy, the government decided to curb speculation,' argued **Meng Xianzhong**, Secretary General, China Association for Exhibition Centers, China. **Jacques Tourel**, Chief Executive Officer, World Trade Center Warsaw, Poland, punctured the fears of a bursting bubble. 'As with any economy,

The opening plenary panel

China has cyclical risks,' he noted. 'But China is not a bubble and a hard landing in the foreseeable future is rather unlikely.'

In a special plenary session on the EU-China Agenda, Luxembourg's Prime Minister **Jean-Claude Juncker** stated that 'China's relation with the European Union are burgeoning.' He examined how China and the European Union can work together to address global and regional issues. He also laid out the strategic implications for trade and investment flows. Jean-Claude Juncker, who is also Chairman of the forum of euro zone finance ministers, voiced concern about the euro's speeding decline. He also told participants that 'foreign-exchange rates should reflect economic fundamentals. Global imbalances were increasing once more after the economic crisis.'

In the same session, **Zeng Xianqi**, Ambassador of China to Luxembourg, explained that 'while actively coping with the global economic crisis, China attaches great importance to strengthening coordination and cooperation with the European Union. A strong and stable European Union is beneficial to China and the world at large.' Ambassador Zeng indicated that China is willing to make joint efforts with the European Union to stimulate the

Zeng Xianqi, Ambassador of China to Luxembourg

balanced and sustained development of bilateral economic and trade relations.

The plenary sessions in the main hall were followed by a unique and intensive boardroom dialogue sessions, where delegates interacted with the panellists on a variety of fundamental issues. More than 20 themed panels across the one and half days embraced a wide variety of topics, some focussing on specific sectors such as energy, infrastructure, or financial services, to others featuring discussions reflecting on the diversification of the Chinese economy and the country's emerging leadership role in the world.

'China's relation with the European Union are burgeoning'
Jean-Claude Juncker, Prime Minister of Luxembourg

Premier Jean-Claude Juncker - 'Chinas relation with the European Union are burgeoning'

A special boardroom discussion was dedicated to China's relations with Africa. **Daniel Duku**, Chief Executive Officer, Venture Capital Trust Fund, Ghana, said that the continent's investment environment has greatly improved in recent years, and many African nations have introduced preferential policies including lower tax rates to attract foreign capital. 'Africa is China's largest supplier of oil, accounting for 75 percent of China's total imports from the continent,' said **Li Ruogu**,

Debates at one of the boardroom sessions

Chairman, China Eximbank, China. 'But there are abound investment areas in Africa and Chinese companies can explore more opportunities in sectors like agriculture and manufacturing, apart from the current focus on infrastructure and energy resources,' said **Kola Karim**, Chief Executive Officer, Shoreline Energy International, Nigeria. 'Most products bought by Africa from China are for infrastructure needs. The number of consumer goods imported from China is also increasing,' explained **Paul Judge**, Member of the Board of Directors, Standard Bank Group, South Africa, adding that cooperation between China and Africa is mutually beneficial. 'We are now creating special economic zones (SEZs) in targeted African economies. There are currently six such Chinese government-endorsed zones in Africa, with more to come,' said **Cao Songlin**, Chairman, Yaxin Petroleum & Chemical Construction Co., China. It is hoped that these hubs for Chinese-capital investment may stimulate growth in their recipient economies in the same way they did in China in the 1980s and 1990s.

A major issue at the meeting has been the need to alleviate China's impending labour shortage and the need for education. **Zhang Qianbing**, Vice Chairman & General Manager, North China Pharmaceutical Group Corporation, China, unveiled China's solution to the problem: the industrialization of Chinese agriculture, the creation of scores of new cities to absorb the 800 million farmers who will migrate to those cities and a holistic and efficient system of education.

'Historically, Confucianist influence has reinforced education's central role in the Chinese society, with China leading the world in the number of university graduates'

Richard Hung, President, Confucius Ni Shan Education, China

Annette Nijs, Dutch Minister (ret.) of Education; Executive Director, Global Initiative, CEIBS, China, chaired the session 'Education: The Currency of the Future'.

Annette Nijs, Dutch Minister (ret.) of Education; Executive Director, Global Initiative, CEIBS, China, with Kai Vettel, Managing Director, Klimatech, Germany

Cao Songlin, Chairman,Yaxin Petroleum & Chemical Construction Co.

Richard Hung, President, Confucius Ni Shan Education - direct descendent of philosopher Confucius

Paul Judge, Member of the Board of Directors, Standard Bank Group, South Africa

'The dynamism of Chinese entrepreneurship and innovation will largely be dependent on both the pace of government education reforms and the quality of training programmes, both in-house and as provided by China's emerging business schools. A close relationship with industry in curricula development and internships is needed,' he said. 'Historically, Confucianist influence has reinforced education's central role in the Chinese society, with China leading the world in the number of university graduates, added **Richard Hung**, President, Confucius Ni Shan Education, China - who is a 78th direct descendent of the revered philosopher and educator, Confucius. **Mao Zhenhua**, Chairman, China Chengxin International Credit Rating Co., China emphasized that 'we have to place greater emphasis on having students develop creative solutions rather than promoting role learning.' 'Overseas exposure will make Chinese graduates more competitive,' concluded **Harvey Chen**, Chief Executive Officer, First Light.

Participants exchanging business cards

Chinese firm's corporate globalization was at the heart of the agenda. Dominant themes of the meeting proved to be China's influence as an international investor and the emergence of a new generation of entrepreneurs who are driving global innovation and growth in a number of new sectors. Most participants agreed that Chinese firms will have to develop a long-term strategy in internationalization, and move beyond mere cost competitiveness. 'Compliance with international best practices, the projection of cultural values embedded in the societies we will operate in and globally valuable HR-practices will require sophisticated management experience,' said **Mikael Makinen**, Chief Executive Officer, Cargotec Corporation, Finland. In a session on the rise of global firms of Chinese origin, **Chen Ping**, Chairman, China Investment Partners Group, China, called on Chinese firms to start assessing implications and strategies for internationalization, as well as determining the sequence of markets to enter. Compared to achieving success in

John M. Probandt, Vice Chairman, CITIC Rising Star; Chen Ping, Chairman, China Investment Partners Group

Timothy Beardson, Chairman, Albert Place Holdings, Hong Kong

Mikael Makinen, Chief Executive Officer, Cargotec Corporation, Finland, on managing globalization

their domestic market, global Chinese firms 'will have to adopt to a more complex operating environment that presents critical uncertainties', opined **John M. Probandt**, Vice Chairman, CITIC Rising Star, China.

'Chinese firms are emerging as global corporations, reaching a level playing field with the established Multinationals of the West,' **Jon Koplovitz**, Managing Partner, Blackstone Advisory Partners, United Kingdom, continued. The expansion of Chinese companies into Europe and North America is yet another facet of the globalized economy. As these companies get bigger, they need to start thinking about global positioning - they are seeing Europe and North America as more than just a places to trade their products and services. 'Made-in-China is increasingly perceived as guarantee for reliability and advanced intellectual property,' stated **Alyce Su**, Managing Partner, China Queen Capital, USA. 'China has the potential to improve its competitiveness in value-added services like IT and other high-content industries. We will build global firms of Chinese origin, also in areas beyond mere manufacturing,' added **Karohy Shi**, Chairman, Newcom Group, China. 'Chinese firms are fast emerging as global leaders in technology sectors,' he said.

> ***'Compliance with international best practices, the projection of cultural values embedded in the societies we will operate in and globally valuable HR-practices will require sophisticated management experience'***
>
> ***Mikael Makinen, Chief Executive Officer, Cargotec Corporation, Finland***

'The acceleration in the emergence of Chinese Multinationals will have significant, competitive implications for global firms, but there are also potential opportunities for collaboration,' explained **Michael Barbalas**,

Harald Einsmann, Member of the Board of Directors, Tesco, listening to his co-panelists

Johan Staël von Holstein, Chief Executive Officer, Mycube, Singapore - on Investments in China

Thomas Homberg, Corporate Vice President, EADS

Michael Barbalas, President China, Goodrich, China and Karohy Shi, Chairman, Newcom Group, China

Professor Lou Marinoff and Mottie Kessler, Chairman, Banner Chemicals

President China, Goodrich, China. Given the mixed success of Multinational's operations in China, 'the question arises as to what challenges are facing global investors and what strategies will boost success in China' asked **Mottie Kessler**, Chairman, Banner Chemicals, United Kingdom. 'China is not an easy market. We have to move the Chinese market to the centre of our global strategy, pinpointed **Thomas Homberg**, Corporate Vice

Mao Zhenhua, Chairman, Chengxin International andYao Zhijun, Chairman,Yaosheng Steelwork

President, EADS, Germany. 'Even with many years' experience and knowledge in developing business in China, we recognized very well that there is no company in the world today that has enough resources to reach and fully tap a market as large as that of China. Many of the challenges, though not all, relate to the problem of how to establish effective and efficient distribution channels,' **Harald Einsmann**, Member of the Board of Directors, Tesco, United Kingdom, added. 'Western companies want to compete in China,' **Hong Nguyen**, Managing Director, GC Millenium Group, Hong Kong SAR, said. 'We want to sell goods made globally to Chinese consumers with rising income and increasing demand.' 'China represents our single largest opportunity today outside the US,' **Dinesh C. Paliwal**, Chairman and Chief Executive Officer, Harman International, USA, added. 'It is going to remain that way and will extend that lead. I am travelling to China at least once a year - visiting not only the usual destinations for an executive - Beijing and Shanghai - but also the cities in the West, North and South. I want to demonstrate how important China is to Harman.'

During the plenary session on the post-crisis economic order, the meeting co-chairs debated China's potential role in the world's economic and political governance. The consensus of the panelists was that a new global financial and economic order is inevitable - with China playing a key role in this future global infrastructure. China's active participation in recent G20 meetings

Dinesh C. Paliwal, Chairman, Harman International, USA - leading change in a globalized world

led some panelists to place faith in the country's ability and willingness to help resolve the global economic crisis. 'China's increasing global engagement underlines the shift in the balance of power between the members of the G8 and the emerging economies like China,' said **Carla Cico**, Chairman, Rivoli S.P.A., Italy. 'While the economic crisis arose from the imperfections in the financial regulations in the West, spreading from there to the rest of the world, those same countries are no longer able to manage such problems on their own,' **Jeffrey Chen**, Chief Executive Officer, Neopac Lighting Group, China Taiwan, argued. 'China's role in the post crisis economic order has to be more assertive'. His main concern expressed during the discussion with his co-panelists was the threat of protectionism: 'unfortunately, we have seen a new wave of protectionism in the wake of the financial turmoil. We must help the world move back on the track of free trade, to the World Trade Organization's Doha round.' 'And, of course, we need to involve China,' added **John Tan**, Chief Executive Officer, Asia Capital Reinsurance Group, Singapore.

Participants exchanged views on financial services and the reform of the financial supervision system. Delegates heard from **Chen Hui**, Chairman, Xiangyun Investment Co., China, that 'the last decade has seen many positive developments in the Chinese financial services sector. Banking is developing into a Chinese success story and is one of the most advanced users of information technology.' Commenting on the current debate about currencies, **Lord Davidson**, Advocate General for Scotland, United Kingdom, exclaimed that 'an international role for the renminbi is more important than a revaluation. China's financial sector will play a much bigger role in the global monetary and financial system than today.' 'I wish the US Federal Reserve displayed the same understanding of the role of regulation that the PBOC has done,' added **Jacques Kemp**, Non-Executive Director, KB Financial Group, Korea. **Francois Barrault**, Chairman and Founder, FDB Partners, France, argued that 'if China wants the renminbi to stick with the dollar, it must have an interest rate that remains as low as its US counterpart.'

Jiao Xuding, Chairman, SCP Oilfield Services Co, China

Danny Constantinis, Chief Executive Officer, EM&I, UK, on low-carbon energy

Lord Davidson, Member, House of Lords, United Kingdom

Hellen Song, General Manager, La China Capital making a point as Albert Teo looks on

Per Olofsson, CEO, ClimateWell, Sweden

Jan-Olaf Willums, Chairman, Inspireinvest, Norway

On climate change and sustainable development, participants engaged in a heated debate. 'The Chinese government's argument that the country cannot compromise its development seems justified,' said **Danny Constantinis**, Chief Executive Officer, EM&I, United Kingdom. Simply because the developed countries of Europe and North America polluted more in the past, they do not have the right to do so in future.' Many participants pointed to the latent potential in renewable energy. 'We need to take advantage of green technology as we have to address global warming', said **Zhang Yue**, Chairman, Broad Air Conditioning, China. 'And we have to promote the new industries clustered around green. However, we need clear incentives for the Chinese private sector to develop renewable energy,' added **Jiao Xuding**, Chairman, Copower Enterprise, China. **Jan-Olaf Willums**, Chairman, Inspireinvest, Norway, told participants that renewable energy offers a real win-win for China and Europe, in terms of energy security, economic and social development, and the welfare of our planet. 'In renewables, the revolution is just beginning,' he said. **Zhang Xingsheng**, Managing Director, North Asia, The Nature Conservancy, China, explained that 'the Chinese government will launch a pilot programme to provide subsidies to buyers of electric and hybrid cars, as the government steps up efforts to cut emissions in the world's biggest auto market.'

'Renewable energy offers a real win-win for China and Europe, in terms of energy security, economic and social development, and the welfare of our planet'

Jan-Olaf Willums, Chairman, Inspireinvest, Norway

Participants pointed out that urbanization, the environment, health challenges, the digital divide and social responsibility are now mainstream topics in Chinese business circles, and rightly so. In a session on globalization and urbanization, participants discussed what it will take to shape the sustainable cities of tomorrow. **Jennifer Angenend**, Director, WaterFilled Barrier Systems, USA, started the discussion by saying that cities in China and abroad are on the front line of global challenges such as migration, climate change and energy efficiency. 'Urban planners in China are trying to help cities become more environmentally and economically sustainable,' said **Mark Minevich**, President, Going Global Ventures, USA. **Ko Kheng Hwa**, Chief Executive Officer, Singbridge International Singapore, Singapore, reported back from the successful Shanghai Expo. 'With the theme 'Better City, Better Life,' the 2010 World Expo incorporated visitors into environmentally friendly and environmentally sensitive urban systems that are not only equipped with the latest life-facilitating products and processes, but are also prepared for sustainable urbanization,' he said. 'The Shanghai World Expo will transform the way we live and play,' concluded **Laurent Mosar**, President, Chamber of Deputies, Luxembourg. 'And the Expo will fuel new business opportunities for China and the world.'

> ***'The Global China Business Meeting provides an excellent platform to discuss Chinese firms' strategies, challenges and contributions to overcome the global economic crisis and to develop into truly globalized corporations'***
>
> ***Ding Lieming, Chairman, Zhejiang Beta Pharma Co., China***

At a packed session, panellists agreed that the age of the Chinese consumer is in reach. As the emerging middle class in China seeks to consume more products and services, powerful brands of Chinese origin are in the making. At many other sessions, participants emphasized the importance of sustainable brands in the Chinese context. Traditionally, Chinese firms focused on manufacturing - they are now realizing that they are not making the highest margins. At that point they try to build brands. 'Expectations have always been that developing countries cannot build brands because their comparative advantage is in manufacturing costs,' said **Steve Tappin**, Chief Executive Officer, Xinfu, United Kingdom. 'So the fact that Chinese firms are building brands is quite amazing,' emphasized **Claire Chung**, Chief Executive Officer and Founder, Touch2give.com, Portugal. 'I expect to see brands from China spreading globally,' **Shao Wenguang**, President Europe, Phoenix TV, United Kingdom, added.

Continuing discussions over lunch.

Zheng Xiongwei, Executive Chairman, Asia Pacific CEO Association, China

Matthias Kamp, Editor China, WirtschaftsWoche, Germany

Mark Minevich, President, Going Global Ventures, USA, on sustainable cities

Jennifer Angenend, Director,WaterFilled Barrier Systems, USA

'China is growing, and may Chinese are becoming prosperous.' reckoned **Salman Al Jishi**, Chairman, Salman Group, Saudi Arabia. 'But the question remains as to whether China is becoming more competitive.' With all the resources it has, China must find ways to exploit its richest better and more efficiently. What has to be done? Foreign exchange reserves, bank saving and the country's technological expertise should all be employed to make China more competitive, **Yat Siu**, Chief Executive Officer, Outblaze, Hong Kong SAR, concluded. 'China has money, markets, technology, and global brands that didn't exist 10 years ago,' added **Edgar Bullecer**, Chief Operating Officer, Paglas Group of Companies, Philippines. The shift to the East is not likely to end soon. 'While Europe struggles to rein in gaping budget deficits and the U.S. continues to suffer from high unemployment, China has weathered the economic downturn better. China is tapping into growing domestic markets, fuelled by its emerging middle classes eager to spend their renminbi,' opined **Wu Qi**, Senior Partner and Vice President, Roland Berger Strategy Consultants, China.

> ***'We are trying very hard to learn from the US's mistakes'***
>
> ***Zhu Jimin, Chairman, Shougang Group, China***

In short, China is expanding and engaging the world. At the close of the Sixth Global China Business Meeting, a panel of business leaders called for fundamental shifts in business models and government policies to address the post-crisis economic order - where China is at the core. They recommended partnerships between the private and public sectors to translate fiscal

Laurent Mosar, President, Chamber of Deputies, Luxembourg

Steve Tappin, CEO, Xinfu, United Kingdom, on what it takes to establish sustainable brands

Salman Al Jishi, Chairman, Salman Group, Saudi Arabia - about the intrinsic business models leading to success


Claire Chung, Founder, Touch2give.com, Portugal


Edgar Bullecer, Chief Operating Officer, Paglas Group of Companies, Philippines


Shao Wenguang, President Europe, Phoenix TV, on future brands of Chinese origin

stimulus into real economic growth. They also suggested a concerted strategy to invest in sectors other than manufacturing - a strategy which shall lead to massive technological innovation and a 'green approach towards growth', as **He Dongdong**, President International, Sany Heavy Industry Co., China, put it. And third, they encouraged global firms to cooperate with emerging Chinese multinationals creating win-win frameworks which could benefit all players. 'Globalization isn't a zero-sum game where one country or one company gains only if another other loses. As China grows, it will become an even larger market for our goods and services. It's also likely to be a continuing source of capital for us,' said **Wajdi Maalouf**, President, Consolidated Contractors Company, Greece. **Robert Dennewald**, Chairman, Fedil, Luxembourg, added that 'China has adopted a strategic and gradual approach to globalization where the government plays a key role.'

The closing plenary was followed in the evening with the Gala Dinner at the Hotel Sofitel, which once again featured the format that Horasis introduced since the inception of the Global China Business Meeting - structured discussions to provide a maximum amount of knowledge exchange and interaction in a variety of formal and informal settings. **Zhang Weijiong**, Vice President and Co-Dean, CEIBS, China, told participants during the gala dinner: 'Education and innovation are the driving forces of China's rise.' **Jean-Christophe Iseux von Pfetten**, President, The Royal Institute of East-West Strategic Studies, United Kingdom added that 'China's leadership in the global recovery is evident.


Jean-Christophe Iseux von Pfetten, Special Invited Delegate, CPPCC, China


Hu Shuli, Editor-in-Chief, Caixin Media, China


Robert Dennewald, Chairman, Fedil, Luxembourg in discussion with Xu Kuangdi, Chairman, CFIE

Zhou Heping, Chairman, Ruisitong Real Estate Co., China

Wu Qi, Vice President, Roland Berger Strategy Consultants, China

Patricia Iserte, Representative of the Mayor of Valencia, announcing the 2011 Global China Business Meeting

Zhang Weijiong, Vice President and Co-Dean, CEIBS, China - hosting the gala dinner

Iseux von Pfetten also underscored that China gives high priority to intellectual property protection and has made this a national strategy. In conclusion: 'The frank discussions at the meeting - whether on the post-crisis economic order, sustainable growth or China's firms increasing competitiveness - are the basis for mutual trust and joint actions that will help ensure the global recovery,' as **Liu Haiyan**, Senior Vice-Chairman, China Federation of Industrial Economics, China observed.
On behalf of Horasis, I would like to personally thank the rapporteurs of the 2010 Global China Business Meeting for their efforts in capturing the spirit of constructive dialogue in their contributions for this report. The Global China Business Meeting was a unique experience which would not have been possible without the dedication and enthusiasm of our partners from China, Luxembourg and the world.

The 2011 Global China Business Meeting will take place in Valencia, Spain, 7-8 November 2011. Horasis looks forward to welcoming you again next year to an even more fruitful edition of the Global China Business Meeting.

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

Participants sharing a light moment

Musicians welcoming participants

China: Inside out – Outside In

By John B. Kidd,
Lecturer, Aston Business School

The sixth global China Business meeting was this year centred on the Sofitel Hotel, the Castel of Septfontaine and the Luxembourg Conference centre, but there was also a pre-conference workshop organised by the Cheung Kong Graduate Business School (CKGBS). The Workshop reviewed the present and future state of China Business from the viewpoints of successful Chinese business leaders and politicians with dialogs undertaken with members of the audience. We also learned details of the change of emphasis of the Chinese government with its consensus arising in its recently held 12th Five-year Plan which will be published early in 2011. Notable in this new Plan is the renewed pressure by the government to undertake radical changes in its infrastructure - to strongly reduce pollution and to use much greater levels of renewable resources such as wind and solar power. The Plan will introduce enforceable reductions based on new targets to be met at province, township and firm levels. These will not be expressed as wishes but as measured changes in levels. Following this interesting workshop we convened at the Sofitel reception to wait for our shuttle transport to Castel Septfontaine and the opening of the conference with its reception and its welcome dinner.

HRH Crown Prince Guillaume of Luxembourg welcomng participants

At the Castel we were greeted by the music of a jazz quartet, who provided background music during the reception and throughout the dinner. During the reception we were warmly welcomed by **HRH Crown Prince Guillaume of Luxembourg** and **Lui Haiyan**, Senior Vice Chairman of the China Federation of Industrial Economics. They expressed their pleasure of hosting this meeting of over 400 delegates from 45 countries. They also stressed the many years of formal relationships between the small but ideally centred Luxembourg and the large rapidly developing China whose firms are more and more looking to outward investment. After the 'virtual ribbon cutting ceremony' we were invited to dinner where there were speeches by **Jeannot Krecké**, the Luxembourg Minister for the Economy & Foreign Trade (and incidentally the longest serving Foreign Trade minister within the EU); **Xu Kuangdi**, Vice Chairman of the 10th National Committee of the Chinese People's Political Consultative Conference and **Jose Luis Guterres**, Deputy Prime Minster of Timor-Leste. All stressed in their different ways the need to be ecological in the trades undertaken, not only between each of their countries, but to maintain full awareness of global resource management.

Liu Haiyan, Senior Vice-Chairman, China Federation of Industrial Economics, during the welcome reception

The working sessions through Monday 22nd November were undertaken in the Luxemburg Conference Centre a few hundred meters distant from the Sofitel Hotel. The four parallel Breakfast Sessions took place over 07:30 until 09:00: I chose to attend

‘The Quest for Sustainability’ chaired by **Iván Máñez**, publisher of Global Asia magazine. **Dorian Bishop**, Chief Executive Officer, BV Capital Group, Andorra spoke of his firm’s inclination to conduct 25% of its new project investment on projects focused on sustainability. He was worried about many projects that apparently were concerned to recognise ecological factors but which were effectively being ‘green washed’ to meet current global needs. From his work he thought that customers could discern if the supplier was offering socially responsible products. In effect this could be translated to a subjective measure of the public safety or public health of the product – thus perceived safer products would sell well. **Edgar Bullecer**, Chief Operating Officer, Paglas Group of Companies, Philippines raised the ancillary question of the supply of resources to a product also need careful measurement of their eco-impact. For instance the water demand and supply to often exceed the potential of surface or shallow reservoirs and demand to much from deep aquifers if sparse rainfall is not captured well for later use. Furthermore excessive pesticide use is not sustainable either. **Ron Kok**, Founder and Chairman, ODME and OTB Group, Netherlands remarked that although business in China related to renewables were growing in absolute terms very quickly even they were driven by a profit motive – however there was cross-reference to the new 5-year plan that will strongly focus all businesses on ecological matters in the future. Nevertheless he agreed with Bishop that the judgement of the ethics was a complex task both for the supplier and the customer. **Zhang Xingsheng**, Managing Director, North Asia, The Nature Conservancy, China, stressed the notion of ‘China Inc’ and that after 30 years of the Chinese government stress on GDP growth it was now time to slow this and to concentrate on better ecological performance. This we will all see as the next 5-Year Plan is published. However, the state-owned enterprises would take longer to move as they had a heavy inertia due to many factors, but the private firms will immediately be able to move to new targets concerning a very strong reduction in CO2 emission. **Albrecht Graf Matuschka**, President, Matuschka Group, Germany, suggested we need also to consider ‘sustainable sustainability’ to promise longer-term benefits and though more profit can be made where there is a current gross

HRH Grand Duke Henri of Luxembourg with members of the Chinese delegation inefficiency we must look at all projects and use whatever technology we have. An example might be to use solar power for desalination – but China my lack a full spectrum of technologies to combat all inefficiencies. **Charles Moore**, Executive Director, Committee Encouraging Corporate Philanthropy, USA supported earlier speakers and stressed that corporate social responsibility ought to be a business strategy for all firms while **Karen Tang**, Executive Director, The Better Hong Kong Foundation, Hong Kong SAR, looked to the 'one world' in which government and private firms ought work more closely together helped by the broader introduction of incentives, both financial and non-financial, for start-ups and novel eco-projects. Finally **Ben Cotton**, Partner, Earth Capital Partners, United Kingdom, noted that we have to strive to make the not-yet-invented goods sustainable from conception. This may be much easier in China as it creates new machinery, systems and other goods, but difficult in Europe with its stock of legacy equipment which generate much waste.

> ***'Domestic consumption is showing encouraging growth, led by a focus on employment opportunities'***
>
> ***Xu Kuangdi, Vice Chairman, 10th National Committee of the Chinese People's Political Consultative Conference, China***

Xu Kuangdi, Vice Chairman, 10th CPPCC, on China's global momentum

The Opening Plenary addressed the question of the probably weak global 2011 growth prospects although China seems not to have suffered greatly. We were addressed first by **Xu Kuangdi** who accepted the global variations in growth prospects. He noted that China's recovery has not benefited all its population equally as there remained large disparities between the rural and urban incomes but also China ought not to remain as a producer of low-level consumer goods. **Li Ruogu**, Chairman, China Exim-bank, China supported those observations, adding global growth remain important but is confounded by the heavy debt burden in many western countries, especially the US. These create an imbalance that will take some time to resolve. Yet **Juan María Nin**,

Iván Máñez , Publisher, Global Asia Magazine, Spain, moderating the session on sustainabilty

Alastair Campbell, Chairman, Conservation Finance International, China

Anthony Chan, Chairman, International Chamber of Commerce - Hong Kong

Han Xiaoli, President, Erdos Mengshanglijun

Connecting China and the World

President and Chief Executive Officer, La Caixa, Spain thought that China would shape the European and US futures, but it will not be a one-way pressure – development needs to be co-operative with an understanding of fair competition. **Kolapo Lawson**, Group Chairman, Ecobank Transnational, Togo reminded us of the African investments by China who are represented in 31 of the 38 central African nations with investments in telecoms, mining, oil, railways and banking. There are even two 'China-towns' in Lagos and possibly over all Africa there may be over 2000 active Chinese firms. **Zhu Jimin**, Chairman, Shougang Group, China said that there may be 10% grown in outwards china investment and it must get the US to be less anxious (Europe though is calmer). Dialogue is the answer. **Boris F.J. Collardi**, Chief Executive Officer, Julius Baer Group, Switzerland, said he is a careful optimist for 2001, though Ireland seems to have caused a problem just at this time; and there may be other unknown issues in the future. Thus, in a similar vein, China must control its inflationary inclination. Always one must challenge current views to balance overly optimistic and pessimistic views thus gaining confidence for the future. **Li Dongrong**, Assistant Governor, People's Bank of China, China, noted that China's financial markets have improved over the years which gives more confidence to investors – and incidentally, from other panel discussions, ought to allow easier start-up ventures from inward investing overseas firms.

After the coffee and contact break we came to the five parallel Boardroom Dialogue sessions – herein I note the session on 'Orchestrating Effective Human Resources' focusing on the question of Chinese firms entering global markets so the panellists were asked to discuss stumbling blocks to such ventures. The session was chaired by me: **John Kidd**. Initially the panel were asked to offer brief assessments, then hopefully more in-depth coverage involving the audience members. First, **Noel Akpata**, President, Take the Lead Economic Development, Nigeria firmly stated that that the Chinese firms must look carefully at the human side of management. **Ding Lieming**, Chairman, Zhejiang Beta Pharma Co., China, noted the difficulties in insider start-ups, and in his high-science R&D

centred pharmaceutical firm he allocated company shares to his staff to help them further identify in 'their own firm', rather than having them believing they were only hired staff: however, these staff were mostly returning Chinese with high expectations of a continuance of a western life-style, so an equity share might be a normal expectation. **Li Wei**, Member of the Executive Committee, Chinese Entrepreneur Global, United Kingdom, shared with us some of her research findings from the Chinese staff in Chinese representative offices. Again there was an expectation that local staff might have needs unlike Chinese staff back in China, so outsider start-ups must take care how they built up their staff. **Andreas E Mach**, Chief Executive Officer, International Family Entrepreneur Network, Germany, was very firm on the need to carefully consider staff needs openly, transparently and with truth thus generating trust between members. **Karohy Shi**, Chairman, Newcom Group, China, was an active outsider investor in human resources, not only in terms of sales staff, but in developing an outsider manufacturing presence: his brief advice was to pay the market rate, or more, to retain staff. Of course they ought to be engaged in interesting work. And on that point **Jacques Tourel**, Chief Executive Officer, World Trade Center Warsaw, Poland, discussed the tedium of entering a new country: the need to be patient and fill in all the forms that bureaucracy demand. In his experience in Poland there are two

Arrival of Jean-Claude Juncker, Prime Minister of Luxembourg

main issues – getting the country to issue work permits (it can take time for this process to be undertaken); and dealing with the many aspects of acquisition of land or legal rights involved with the start-up (again time is noteworthy, as well as the need for good legal representation able to understand the needs of both sides, but trusted by the Chinese).

I introduced a model that the Chinese may be facing – that is, firms inside China will be carrying all their Chinese concepts learned naturally from childhood that may grate on members of a target host nation and the staff of a target acquisition. Alternatively the Chinese who have been educated overseas at undergraduate, masters or doctorate levels will have acquired a broader range of cultural views – yet may

John B. Kidd, Lecturer, Aston Business School, UK, debating with participants

Chen Yihong, Chairman of China Dongxiang, listening to the panelists

Richard Jian Li, Executive Director, Golden Concord Holdings, Hong Kong SAR suffer from ethnic confusion. For instance they may identify with their Chinese-ness but may not speak or read Mandarin having been born overseas and declined to learn Mandarin. Nevertheless they will be desirable recruits to the overseas investing Chinese firm because of their overseas education. I further suggested the inevitability of the new wave of Chinese outward investment being compared by academic researchers with the historic Japanese investments - first in the near-east (relative to Japan), then in the US, later in Europe and once more in their near-east. There will be lessons to learn and others to discard as the Chinese will not behave like the Japanese. At this stage the panellists reaffirmed their views and the audience also contributed – noting their worry that the Chinese firm might view their human resources not as a strategic force but as a cost. In which case the Chinese firm may experience great resistance overseas as some non-Chinese individuals will quickly resign their staff position if they perceive an unusual management style. After all, leadership is acquired by being gifted from the support staff, not by the head acting from a position of authority: to get to that relationship good Human Resource Management is required at all staff levels operating with trust and transparency. Some in the audience expressed their doubts that early Chinese overseas venturing might not undertake open management, and so severe conflict may occur, damaging the venture.

A half-hour Plenary followed with Luxembourg's Prime Minister **Jean-Claude Junker** and the Chinese Ambassador to Luxembourg **Zeng Xianqi** expressing their views on the EU-China Agenda. The Prime Minister was confident that China was and will be very important for all of us in the 21st century, and after 35 years of EU/China relationships the former ought not now to be lecturing China on a daily basis. He looked forward to increasing links between Luxembourg and China. In response Zeng offered his optimism and suggested that the EU will be more competitive in the future. Also the 12th 5-Year Plan will pave the way for China and the rest to move forward, and of course Luxembourg will be high in their regards at the centre of Europe that offers many benefits, not least a stable government.

Immediately before lunch **Didier Mouget**, PwC's Managing Partner in Luxembourg, presented awards to three outstanding Chinese business leaders over 2010. Their achievements are detailed in another section of the report on this 6th Global China Business Meeting.

The Plenary following lunch discussed the Post Crisis world economy. All panel members were in broad agreement – that China had played a major role in the global recovery - and there was a hope expressed that China never itself had a financial crisis. While even smaller countries like Luxembourg or Singapore could expect to

Luis Gómez Cobo, Chairman and Founding Partner, SinoLatin Capital, China

Frank-Jürgen Richter, Chairman, Horasis, welcoming particpants

During a coffee break

grow in the next 3 to 4 years China would also be growing its internal market and by 10 years hence it is most likely that China would have the globe's largest domestic market. So, if western firms wished individually to grow they must think of jointly venturing with a Chinese partner first in China, and then jointly venturing overseas from its solid Chinese base. It was noted that China must learn to abide by international rules and engage in transparency.

> ***'Liquefied natural gas (LNG) could offer much for the future wherein the pollution of many gases, not only CO2, will have to be reduced'***
>
> ***Danny Constantinis, Chief Executive Officer, EM&I, United Kingdom***

Five parallel Boardroom Dialogue sessions took place before the afternoon coffee break: I attended the session on 'China's aspiration for low carbon energy while sustaining growth' chaired by **Andreas Schweitzer**, Managing Director, Investissements Mistral, Switzerland. **Danny Constantinis**, Chief Executive Officer, EM&I, United Kingdom, noted that liquefied natural gas (LNG) was plentiful and polluted much less than coal or oil fuels so could offer much for the future wherein the pollution of many gases, not only CO2, will have to be reduced.

Robert Dennewald, Chairman, Fedil, Luxembourg, presented some findings from the International Energy Agency (IEA) held in Beijing in mid-November 2010. They suggested that China will (1) have impact on climate change, (2) it will benefit from a 'golden age' for gas, (3) fuel pricing reforms in China will beneficially reduce CO2 emissions, (4) China's leadership decisions and perhaps its large internal market will reduce the costs of alternative fuels or systems, and (5) more inter-connection will link China to the rest of the globe. **Jiao Xuding**, SCP Oilfield Services Co, China, said that China can move more to using renewables, but needs larger inward technology investment. **Li Yi**, Chairman, Trony Solar Holding Co., Hong Kong SAR agreed and also said that state-

Didier Mouget, Managing Partner, PwC, Luxembourg, announcing the Chinese business leaders of the year

Sylvie Ouziel, Chief Operating Officer, Accenture

Boris Levin, Managing Partner, Stargate Capital, Germany

owned firms are slower to change than smaller private firms – however all spend less on R&D than the west as there was less chance of financial reward in research compared with an acquisition with ready sales outlooks. On a slightly different but related theme, **Waji Maalouf**, President, Consolidated Contractors Company, Greece, said that China needs to invest in 'smart grid' technology and in research in power storage, perhaps supported by increased subsidies. **Per Olofssen**, Group Chief Executive Officer, ClimateWell, Sweden, reminded us that China has a large market and some form of partnering with internal firms is needed. Once done, and after internal market consolidation, the new venture can export its goods but in the short-term complex regulations hinder progress. **Jeffery Chen**, Chief Executive Officer, Neopac Lighting Group, China, Taiwan, presented an interesting thesis – that China produces affordable technology partly because of its low-wage economy but also because the goods designed in the US or Europe are over-engineered thereby increasing costs. The interesting trick is to accurately assess risk, then build to that measure. In this aspect the design process needs to be investigated as excessive regulation may not be the cause of high prices or delivery time over-runs.

After the coffee break the final five parallel sessions got underway. I will report on the session considering how China might design its new entrepreneur system to move towards global business chaired by **S Roy**, Founder and Chairman, Asean Affairs, Thailand. **Richard Jian Li**, Executive Director, Golden Concord Holdings, Hong Kong SAR noted that many small firms were self-developed and having accepted advice went public and continued their profit taking – often doing as **Stacy Kenworthy**, President, Asymsys, USA, suggested investing in multi-projects across multiple markets. In this complex state the workload is intense and fast moving so gaining for the Chinese entrepreneur a 'Fast-mover' tag. Even so, these firms need to attract new technical talent as well as new sources of capital. **Zhou Li**, Assistant Dean, Cheung Kong GSB, China, contradicted the idea that there were 1.3 billion entrepreneurs in China – they ought to be curbed he said. Having been released 30 years ago to develop growth for China these people do not wish to work in teams: they all wish to be the boss, which restricts their new development perspectives. **Wolfgang Lehmacher**, Chief Executive Officer (ret.), GeoPost Intercontinental, France, thought the Chinese entrepreneurs were being re-developed to meet international standards, but in comparison the EU lack dynamism.

S Roy, Founder and Chairman, Asean Affairs, Thailand

He Dongdong, President International, Sany Heavy Industry, with participants

The Chinese firm on the other hand needs perhaps an EU or US partner to help with their movement towards globalisation, and also the Chinese need to pay attention to their Human Resource Management (echoing an earlier panel's findings). **Jing Ding**, Member of the Board, Sino Private Aviation, Hong Kong SAR, also stressed that the Chinese ought to respect cultural differences, though good leadership will allow the staff to acknowledge the leader's wishes so there is some danger of ignoring the cultural differences through a general lack of outsider knowledge. Finally, **Oliver Nyumbu**, Chief Executive, Caret, United Kingdom, considered that the entrepreneur firms ought to balance soft/hard aspects paying attention to culture and branding as soft aspects while being concerned to maintain a strong technological advance thereby becoming more attractive to global partners. Several of the panel and delegates in the audience mentioned that the leading partner had considerable difficulty in sharing his knowledge so restricting natural growth. This may be alleviated by employing European of US managers tasked with this broader task – but one further hurdle is the general lack of Venture Capital funds, though the State may help in this respect.

Several of the discussions in earlier panels were repeated in the final plenary which considered the building blocks that would help Chinese firms become globalised. **Dinesh C Paliwal**, Chairman and Chief Executive Officer, Harman International, USA, noted that often managers thought that developing trust within the firm would lead to a loss of their control, but this need not be so. He said it was also very important to exchange staff, with the outsider firms sending to the Chinese partner staffs who are A+ in technical skills and also E+ in emotional skills so they will be flexible in all respects in their new learning environment inside China. **Salman Al Jishi**, Chairman, Salman Group, Saudi Arabia, said the Chinese firm must attempt to join in more parts of the supply chain so raising their general abilities beyond that of the 'assembler'. **Yat Siu**, Chief Executive Officer, Outblaze, Hong Kong SAR, stressed that there were vast opportunities at all levels in China and the outside world, and there was Venture Capital if one looked for it. **He Dongdong**, President International, Sany Heavy Industry Co., China, expected the sensitive entrepreneurial Chinese firm would operate as a 'glocalising' firm – being global in reach and respecting local aspects everywhere. **Zhang Yue**, Chairman, Broad Air Conditioning, China, as the final speaker noted that China had learned much from the west but ought to integrate the western concepts of strategic management

'China can move more to using renewables, but needs larger inward technology investment'

Jiao Xuding, SCP Oilfield Services Co, China

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

Stan Fung, Managing Director, FarSight Ventures, China, on Reviving Economic Growth

Guy Spier, Chief Executive Officer, Aquamarine Capital, Switzerland

Ivan Tselichtchev, Professor, Niigata University of Management, Japan - Reviving Economic Growth

Andreas Schweitzer, Managing Director, Investissements Mistral, Switzerland

Zhang Yue, Chairman, Broad Air Conditioning, on urbanization and globalization

to strengthen their planning, accounting and general management to increase tproductivity. In his own case he had studied how to assemble low cost buildings and to do this quickly. We were pleased to view a short video showing in time-lapse form how he constructed a 15 story building in 2 days and finished off the building within one week (the Ark Hotel). This is a high-tech thermal and sound insulated building resisting earthquakes to level 9. Zhang Yue implied that if he could make this happen, others could be equally as successful in their sectors.

> ***'China had learned much from the west but ought to integrate the western concepts of strategic management to strengthen their planning, accounting and general management to increase productivity'***
>
> ***Zhang Yue, Chairman, Broad Air Conditioning, China***

There were several points that were often re-emphasized during the panel and plenary sessions: the primary point being that the 12th 5-year Plan will stress China's move towards ecological development with measures being put in place from Beijing down to firm-level to strongly reduce CO2 emissions as well as embracing more and more renewable energy sources. Coincident within this plan are more opportunities to acquire new financial grants to develop new ventures, especially if these ventures inclined to eco-protection.

Second, we understood that many Chinese firms were poised to open contacts in the outside world. There have been notable developments in mining and some other sectors, but now many firms were considering becoming global entities. We had discussed several factors they need to take into account – the most serious being the need to treat their staff as assets, not just as a cost. To aid their internationalization process it was suggested that they join with an outside partner: this might be described as 'Inside-out'.

Thirdly we noted that time may be ripe for more inwards investment by outside firms to join with a Chinese partner to exploit the huge Chinese market existing within many sectors. This development may later result in a new outwards development by the one-time inwards investor having gained strength from its extensions within China so could be called 'Outside-in/out'.

Finally the outwards investment flows will inevitably invite academic comparisons to be made with those earlier undertaken by Japanese firms. We know that the Chinese person and the Chinese firm cannot be compared in detail with their Japanese equivalents – but there is a strong history of academic investigation of 'entry modes' of internationalizing firms, and new data is always attractive to the academic. An understanding of this literature might aid the Chinese firm in their new quests in the globalised marketplace.

China Exim Bank Eyes Africa Loans, Commodity Focus

By Juliane von Reppert-Bismarck, Reuters, 22 November 2010

The Export-Import Bank of China sees plenty of opportunity to extend loans in Africa, focussing on raw materials and oil, while commercial banks are steering clear of the risk, its chief executive said on Monday at the Global China Business Meeting.

'There are a lot of areas to operate - particularly in the raw materials and oil sector. Certainly this is the area we will focus on,' Exim Bank Chairman **Li Ruogu** told European and Chinese executives, bankers and officials meeting in Luxembourg.

This month European Union trade chief **Karel De Gucht** rejected what he called China's 'cheque book' approach to doing business with Africa, saying the EU would continue demanding good governance and transparent use of funds from its trading partners.

'China does not interfere in the internal affairs of Africa. What we want to do is foster their own development capacity,' Li told the conference. 'Democracy and human rights, these are fantastical terms. Without economic governance they are nothing,' he added.

Exim Bank is one of China's three policy banks that extend credit in line with government initiatives. 'Very few foreign commercial banks are considering providing finance in Africa. They may see the risk aspects more than they see the benefits,' Li told Reuters.

'We take a long-term view. We don't expect profits this year or next year; we see things in decades,' he said. If the Europeans follow the Chinese example they may have an opportunity in Africa,' Li added.

> ***'There are a lot of areas to operate - particularly in the raw materials and oil sector. Certainly this is the area we will focus on'***
> ***Li Ruogu, China Exim Bank, China***

He said Exim Bank would also focus on Africa's agriculture sector, where it sees a potential for recovery and future exports, potentially supplying China's booming demand for basic commodities.

'Africa has very good agricultural land and yet they've been importing food from other

Lu Xingyu, President, Future Leader's Club, and Ninel Seniuk, CEO, Business Partnership Kiev-Beijing

Frank Adu, Managing Director, CAL Bank Ghana, Ghana, listening to his co-panelists

Zhang Xiaodong, Chairman,Winhopes Investment, China

Kola Karim, CEO, Shoreline Energy Int., Nigeria; Li Rugu, Chairman, China Exim Bank

Studying the programme

countries. We are going to develop agriculture cooperation so that the Africans can rely on themselves for food and even export, maybe to China.'

An EU-Africa summit scheduled for next week in Tripoli is expected to include European attempts to improve commercial and diplomatic relations with Africa, which were damaged by a long-standing row over regional trade accords.

China's presence in Africa has revived European interest in a continent with 1.4 billion inhabitants and an average GDP growth rate of 8 percent, said **Kolapo Lawson**, Chairman of pan-African banking group Ecobank Transnational.

'The Chinese have taken advantage of Africa's growing middle class by supplying the needs of consumers,' Lawson said. Europe's growing interest, following on the heels of China, is allowing African governments to demand better terms in negotiations, Lawson said.

Ecobank, west and central Africa's leading regional banking group, has entered a cooperation agreement with the Bank of China to deepen trade relations, he said. 'One would say it's a very happy relationship, and it's a relationship that one has a great deal of optimism in contemplating.'

What kind of recovery can we expect in 2011 in a global economic landscape that has been fundamentally changed by the crisis?

China's Fosun Laments EU Protectionism

By Juliane von Reppert-Bismarck, Reuters, 22 November 2010

Premier Juncker in discussion with Xu Kuangdi and Frank-Jürgen Richter

Shrinking European demand and rising protectionism are leading Chinese firms to turn to domestic markets, the head of Fosun International, China's largest private conglomerate, said on Monday. While others look to home, Fosun is planning to tackle the issues faced by Chinese firms in Europe by establishing a new investment platform in the European Union -- which, with 500 million people, is the world's largest trading bloc.

Fosun has interests in pharmaceuticals, mining and real estate and recently announced plans to spend up to $2 billion to buy financial services companies as it bets on China's domestic consumption booming in the coming years. Fosun's Chief Executive Liang Xinjun said Europe's generally lacklustre growth and increasing urge to raise levies on certain imports from China had made it all the more pressing to develop markets among China's 1.3 billion people.

'The challenge is in the weakening of demand coupled with protectionism in Europe,' he told Reuters on Monday. 'Most Chinese companies have noticed these problems so the first thing to cope with is to sell products on the domestic market,' he said, speaking through an interpreter at the Global China Business Meeting.

> ***'We want to establish an investment platform in Europe, to better access the market'***
>
> *Liang Xinjun, Chief Executive Officer, Fosun Group*

As the European Union began to rebound from recession this year, China has seen booming exports of car wheels, electronics

Anson Chan, Chairman and CEO, Bonds Group of Companies, Hong Kong SAR, making a point on the globalization of Chinese firms

He Dongdong, President International, Sany Heavy Industry Co.

Xiang Bing, Dean, Cheung Kong GSB

Carla Cico, Chairman, Rivoli S.P.A., Italy, sharing a laughter with Liang Xinjun, CEO, Fosun Group

Liu Hongchuan, Senior Partner, Broad & Bright, China

and construction materials. At more or less the same time, the EU began imposing import tariffs on a range of Chinese goods. The EU denies it is being protectionist, saying it is taxing Chinese imports that are illegally priced and subsidised.

Liang rejected moves by European policy-makers to challenge the legality of Chinese state subsidies, including cheap bank loans and preferential property leases. 'This is nonsense. We Chinese companies don't receive anything. There are no subsidies for the steel sector,' he said.

Fosun, founded in 1992 by Liang and three other graduates of Shanghai's Fudan University with initial capital of $4,000, is now worth $5 billion with five main businesses: pharmaceuticals, real estate, steel making, mining and consumer services. Besides focusing on China's domestic market, Fosun aimed to set up operations in Europe in the hope of avoiding high EU duties, Liang said.

'We want to establish an investment platform in Europe, to better access the market,' he said, adding Fosun was in talks with an EU private equity firm 'with great knowledge of the local market' to find acquisition opportunities in the leisure, luxury goods and pharmaceuticals sector.

Fosun aimed to buy pharmaceuticals companies in the EU to co-develop generic drugs and sell Fosun's own diabetes drugs, liver treatment and other medicines directly in the EU, he said. Liang has in the past predicted China will become the second- or third-largest drugs market globally within five years, following similar strides in luxury goods, automobiles and financial services.

Participants gather for the opening plenary

Honoring the Chinese Business Leaders of the Year 2010

By Didier Mouget, Managing Partner, PwC Luxembourg

This year, the Global China Business Meeting has been held in Luxembourg, a small but very dynamic country at the heart of Europe. Around 400 business leaders from all over the world gathered here on November 21-22, to share their perspective on China's development, the globalization of Chinese firms, and their strategy towards future China. PwC is proud to be the strategic partner of the 6th Global China Business Meeting and award four Chinese Leaders who have been chosen by a jury led by Horasis. These Chinese decision makers excel in leadership and business strategy. They are highly significant of the economic development of today's China.

Even with the economy subdued, however, the tremendous entrepreneurial spirit of Chinese business leaders has driven the economic growth, the development and the influence of China at worldwide level. Therefore, four business leaders have been awarded for their outstanding performance as business leaders this year and for being an example for all the entrepreneurs.

- **Mr. Li Ruogu** Chairman and President of the Export-Import Bank of China (Exim) since June 2005. China Export-Import Bank Fully is owned by the Chinese government and is under the direct leadership of the State Council. The Bank has 17 domestic business branches and representative offices as well as three overseas representative offices in South Africa, Paris and St. Petersburg.

- **Mr. Nan Cunhui**, Chairman of the Board & Chief Executive Officer of CHINT Group Corporation. CHINT Group Corporation, formerly The Switch Factory, was founded in 1984 and is now one of the first class global electrical product manufacturers with 23,000 employees.

- **Mr. Zhang Jianwei**, President of Sinotrans Limited. He is also the Director of Sinotrans & CSC Group and the Chairman of Sinotrans Air, the managing director and deputy chairman of China Maritime Law Association, as well as vice chairman of China Federation of Logistics & Purchasing (CFLP).

Li Ruogu, Chairman, China Eximbank; Juan Marìa Nin, President and Chief Executive Officer, La Caixa, Spain

Li Ruogu, Chairman, China Eximbank, with Premier Juncker and Didier Mouget.

Award ceremony in honor of Zhang Jianwei, President, Sinotrans, China

Zhang Yue, Chairman, Broad Air, awarded by Didier Mouget, Managing Partner, PwC

Nan Cunhui, Chairman, Chint Group, awarded by Premier Juncker

- **Mr. Zhang Yue**, Chairman of Broad Air Conditioning. He has been granted over 100 patents for his inventions. And he also serves as the Vice Chair of the United Nations Environment Programme's Sustainable Buildings & Climate Initiative (SBCI).

Mr. Zhang Jianwei, who has considerable experience in the transportation and shipping industry, has run Sinotrans since 2002 as President. Sinotrans is one of the key state-owned enterprises in China; it provides integrated logistics service including sea, air and road transportation; storage and terminal services. Due to the quality of the services provided by the company, Sinotrans is one of the largest liner shipping companies in Asia. In 2009, the shipping market had to deal with challenges. The global financial crisis hit the shipping industry hard. Despite the volatile market situation, Mr. Zhang manages to maintain the company at the top. He decided to invest in strategic resources of great potential, such as land for warehouses distribution centers and vessels. This quality driven investment maintains Sinotrans at the top level of services for the coming years. Sinotrans is well involved on the global shipping market but has also expanded its intra China Logistics Business due to the nation's booming economy. Mr. Zhang shows state of the art quality of management.

During his brilliant career, Mr. **Li Ruogu** has strongly supported China's rate policy, especially when he was a Deputy Governor of the People's Bank of China. Now as the Chairman and President of the Export – Import Bank of China (EXIM), he aims at supporting Chinese enterprises' international operations and their imports and exports. Meanwhile, Mr. Li Ruogu is one of the key pioneers of the cooperation between Africa and China. The EXIM bank is involved in financing infrastructures in Africa. It has financed several projects in Africa. For instance, one of the first projects supported by the EXIM was the Sports palace in Cameroun. Another project was to finance the ICT infrastructures to strengthen phone and communications access. Mr. Li Ruogu plays a key role in China as he supports the Chinese enterprises and positions China in the field of the cooperation.

> *'Growth expectations need to be moderately adjusted downward to ensure that growth is sustainable'*
> *Nan Cunhui, Chairman, Chint Group, China*

Mr. **Nan Cunhui** is the Chairman of the Board & Chief Executive Officer of CHINT Group Corporation and has had an outstanding and incredible ascent that brings him at the top. He has started his career as shoe repairer. Now he is one of the most important entrepreneur in China. In a dynamic and ever changing world, CHINT has always adapted its business. With its state of the art technologies, high quality production and spirit of innovation, CHINT is one the China's largest enterprise. Now CHINT group has entered the solar industry and has invested a lot in a project in the Gansu Province. Thanks to his work and his talent, Mr. Nan Cunhui embodies the spirit of entrepreneur in China.

Mr. **Zhang Yue**, the Chairman of Broad Air conditioning, was born in Changsha in 1960 and graduated in 1980 with a degree in fine arts. After working as a teacher and librarian for several years, he founded BROAD in 1988. As an entrepreneur, he poured his innate passion for creative thinking into his company. He has been granted over 100 patents for his inventions, among the most famous, the Vacuum Boiler in 1989, the Direct-fired Chiller (non-electric air conditioning) in 1992, the Cooling, Heating and Power (CHP) System

Celebrating the Chinese Business Leaders of the Year in 1999, the A/C indoor units with electrostatic cleaner in 2005, and the Factory Built Sustainable Building in 2009. Each of his inventions has brought about a revolution in the industry, making BROAD a technological leader in many fields. Facing the urgent situation of climate change, Zhang Yue heartily wishes to turn his electric air conditioning into non-electric air conditioning as the latter saves twice as much energy. But his greatest aspiration is to be 5 times more energy efficient through sustainable buildings, for example.

All the achievements of these 4 Chinese Business Leaders of the year are exceptional and show us the dynamism, the innovation and the excellence of Chinese CEOs. In addition to economic performance, these Leaders are willing to change society. They truly deserved to be honoured as Business Leaders of the year.

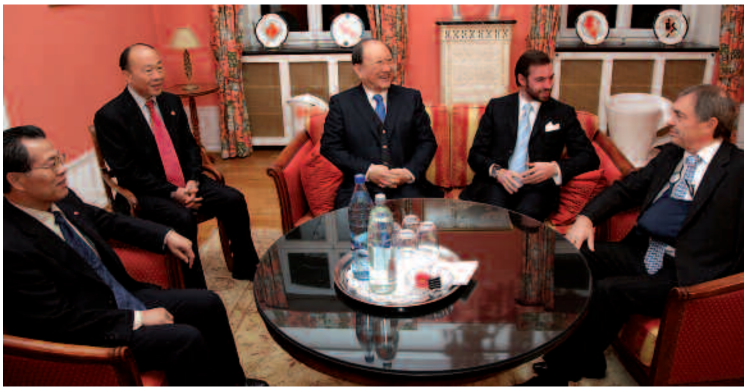
Participants during a boardroom panel

The 6th Global China Business Meeting was attended by a record number of participants, from 45 countries

Discussions during a break

Luxembourg Aims to be EU Gateway for Chinese Firms

By Xinhua News Agency,
23 November 2010



The Crown Prince of Luxembourg hosting representatives of the Chinese delegation

Luxembourg aims at being a gateway for Chinese firms to explore the European Union (EU) markets, the country's top economic official said Tuesday.

Economic ties between China and Luxembourg were becoming 'even stronger because Chinese people have discovered Luxembourg as their possible hub and possible gateway to the internal market in the EU,' Minister for the Economy and Foreign Trade Jeannot Krecké said in an interview with Xinhua on the sidelines of the sixth Global Chinese Business Meeting.

Krecké said the meeting, which attracted more than 400 business leaders from China and elsewhere in the world, was the biggest event of its kind held in his country. 'It is definitely a promotion for us to have so many business leaders in Luxembourg,' he said.

Trade relations between China and Luxembourg have flourished in the past decade, with bilateral trade volume up from around 100 million U.S. dollars before 2002 to nearly 3.3 billion dollars in 2009 despite the international financial crisis, according to official statistics.

Krecké said the close ties between the two countries were built on a long tradition. 'There is a longstanding tradition with China. We started more than a century ago when we helped Chinese steel development,' he said.

Nowadays, Luxembourg has become a major hub for Chinese goods entering Europe by air. Each week, there are about 40 flights from China's mainland, Taiwan and Hong Kong to Luxembourg, according to Krecké. The goods are then dispatched to their European destinations.

Besides transit trade, Luxembourg, a leading financial center of Europe, is searching for cooperation opportunities with Chinese companies in some new areas, notably financial services.

> ***'There is a longstanding tradition with China. We started more than a century ago when we helped Chinese steel development'***
>
> ***Jeannot Krecké, Minister of the Economy and Foreign Trade, Luxembourg***

'We have many banks here. We have really a lot of know-how in this area,' Krecké said. Several top Chinese banks, including the Industrial and Commercial Bank of China and Bank of China, have already opened branches in Luxembourg.

Krecké said his country is providing assistance to Shanghai in the Chinese city's bid to become a top global financial center in the coming years. 'We are contributing to them. We are working together with the (Chinese) central bank and also with banks here,'s he said.

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