Horasis
The Global Visions Community

Global China Business Meeting

17-19 November 2008, Barcelona, Spain

a Horasis-leadership event

Report






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Casa Asia, with Ajuntament de Barcelona, COPCA, ICEX, INTERES Invest in Spain
China Federation of Industrial Economics

Co-organizers:

2005 Committee, China Entrepreneurs Club, China Kingdom Club

Co-chairs:

César Alierta	Chairman, Telefonica, Spain
Léo Apotheker	Co-Chief Executive Officer, SAP, Germany
Claude Beglé	Chairman, Swiss Post, Switzerland
Chang Dae-whan	Chairman, Maeil, Korea
Chen Feng	Chairman, Hainan Airlines, China
Fu Chengyu	Chief Executive Officer, CNOOC, China
Jim Goodnight	Chief Executive Officer, SAS, USA
Li Dongsheng	Chairman, TCL, China
Li Ruogu	Chairman, China Exim Bank, China
Liu Changle	Chairman, Phoenix TV, China
Natalya Kaspersky	Chairman, Kaspersky Lab Group of Companies, Russia
Munir Majid	Chairman, Malaysia Airlines, Malaysia
Naushad Merali	Chairman, Sameer Group, Kenya
Eduardo Montes	Chairman, FerroAtlantica, Spain
Juan Maria Nin	Chief Executive Officer, La Caixa, Spain
Josep Piqué	Chairman, Vueling, Spain
Anthony Salim	President, Salim Group, Indonesia
S. Sandilya	Chairman, Eicher Group, India
Shao Bo	Chairman, Novamed Pharmaceuticals, China
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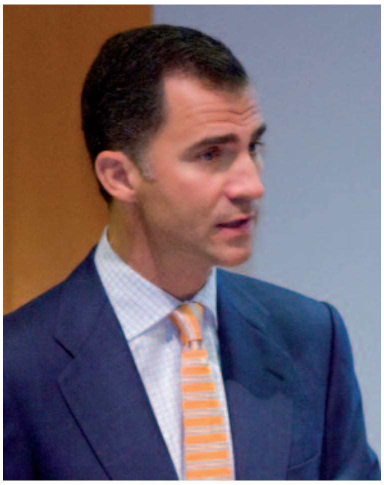

The Spanish Crown Prince putting forward his vision to nurture a new global partnership

Miguel Angel Moratinos, Minister of Foreign Affairs, Spain, on China's Olympic Momentum

Miguel Angel Moratinos, Minister of Foreign Affairs, Spain, on China's Olympic Momentum

Frank-Jürgen Richter, President, Horasis, welcoming participants

Jesus Sanz, Director General, Casa Asia - the Co-host of the 2008 Global China Business Meeting

Co-hosts, co-organizers and partners during the opening ceremony

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Foreword

The fourth China Europe Business Meeting of Horasis convened in Barcelona on 17-19 November 2008 under the theme 'Globalizing Chinese Firms'. This theme reflected the increased emphasis of Chinese firms to build global and sustainable brands. With more than 400 business and governmental leaders taking part in the event, the Global China Business Meeting once again provided the leadership platform for China, Europe and the rest of the world to discuss Chinese firms' rise to global eminence.

As the current financial crisis intensifies, participants examined the current state of the global economy and China's role in warding off a global recession. With the melting down of the global financial system participants conceptualized the characteristics of the Chinese economic model and its merits to ensure long-term growth. They also addressed Chinese firms' contributions to curtail the financial crisis. 'China could avoid much of the fallout from the slowing world economy, as it has accumulated foreign reserves in recent decades and has laid a solid foundation for future growth', said **Yan Bingzhu**, Chairman, Bank of Beijing, China. 'Also, the government will enact a two-year stimulus plan to offset the impact of slowing global growth and unlock the spending power of China's vast middle class population. The Chinese economy's fundamentals remain to be very strong', continued **Claude Beglé**, Chairman, Swiss Post. 'China's banks are in good shape, also because the government has prevented them from lending aggressively.'

A major theme discussed at the meeting was whether the Chinese economy has been decoupling from the rest of the world. Participants were addressing over the extent to which China could escape the effects of a global slowdown. The decoupling theory holds that the Chinese economy's performance has being driven increasingly by domestic activity and by trade with other emerging markets. The economy should therefore be insulated to some extent from the problems in the developed markets.

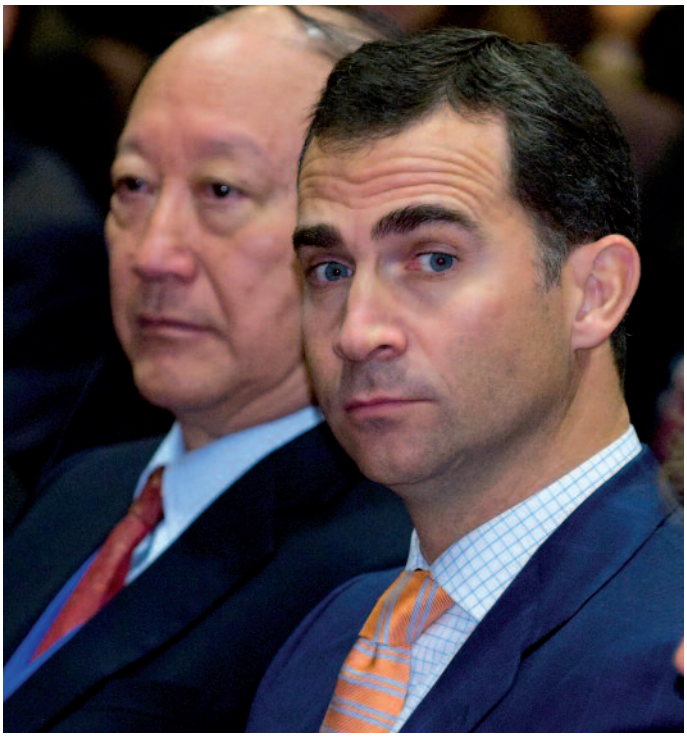
> ***'China could avoid much of the fallout from the slowing world economy, as it has accumulated foreign reserves in recent decades and has laid a solid foundation for future growth'***
> *Yan Bingzhu, Chairman, Bank of Beijing*

'The impact of the global crisis on China has just started to appear as China has already seen a slowdown in industrial profit growth', argued **Fu Chengyu**, Chief Executive Officer, CNOOC, China. 'The global crisis will surely have a negative impact on the Chinese economy, but we can continue to improve the economy's trade mix and take advantage of rising demand and supply from developing countries and regions, particularly Africa.' According to **Chang Dae-whan**, Chairman, Maeil, Korea 'there are

Yan Bingzhu, Chairman, Bank of Beijing, reflecting on the Chinese financial industry

Juan Maria Nin, CEO, la Caixa, talking about Spanish investments in China

Chen Feng, Chairman, Hainan Airlines summarizing the discussion



H.R.H. The Prince of Asturias and Xu Kuangdi, Vice Chairman, CPPCC

great prospects for growth still in China and other parts of Asia, despite the recession in North America and Europe.' Participants reached consensus that China has been 'semi-decoupling' from the rest of the world. While most western economies face recession, the Chinese economy can stay strong.

In his special address, **H.R.H. The Prince of Asturias**, the Spanish Crown Prince, called for a new global partnership. The economic partnership between China, Spain and the world has extensive synergies - especially during the current global financial crisis. He called on leaders from business and government to exercise leadership to solve the crisis in a quick but sustainable way. He also stressed that Spain considers China as a stable and key partner as frequent high-level visits between the two sides have deepened mutual trust and understanding. Furthermore he also predicted the great potentials for future bilateral economic and trade cooperation, which has been developing quickly over the recent years.

Gao Hucheng, Vice Minister of Commerce, Ministry of Commerce, China argued that the Chinese government is committed to support the creation of a new global financial system which can help to solve the current crisis. He also stressed that the Chinese government encourages the rising of wages, boosting domestic spending and improving quality of life. 'Rising production costs are helping to eliminate low-value-added factories'.

The Global China Business Meeting has been held in the recognition that visions within the Sino-global economic sphere require thought leadership and mutually beneficial peer-to-peer networks. As one of the participants, **Anthony Salim**, President, Salim Group, Indonesia put it: 'Horasis has been using its unrivalled history of partnership with Chinese and global firms to create a powerful platform for cooperation between China and the rest of the world.'

Gao Hucheng, Vice Minister, Ministry of Commerce, on the Chinese approach of sustainable growth

Anthony Salim, President, Salim Group, Indonesia

Xu Kuangdi, Vice Chairman, CPPCC, explaining the Chinese character 'ren'

Business leaders from over 40 countries, including CEOs from Brazil, India, Russia (the BRICs), Latin America, Africa, Middle East 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 successfully expand their operations towards a global level-playing field. The **Horasis Global China Business Meeting** was co-hosted by the **China Federation of Industrial Economics** and **Casa Asia** - an institution under the Spanish government - with Ajuntament de Barcelona, COPCA, ICEX and INTERES, and supported by a group of private sector partners led by Deloitte and La Caixa. **Xu Kuangdi**, Vice Chairman, 10th CPPCC National Committee, China told participants at the opening dinner that 'the current global financial crisis highlights a need for global governmental involvement to reposition our economies. The Global China Business Meeting provides an excellent platform to discuss the Chinese government's contributions in this regards.'

Chinese firm's corporate globalization was at the heart of the agenda, with a joining of forces among an engaged community of business leaders, led by the co-chairs: **César Alierta**, Chairman, Telefonica, Spain; **Léo Apotheker**, Co-Chief Executive Officer, SAP, Germany; **Claude Beglé**, Chairman, Swiss Post, Switzerland; **Chang Dae-whan**, Chairman, Maeil, Korea; **Chen Feng**, Chairman, Hainan Airlines, China; **Fu Chengyu**, Chief Executive Officer, CNOOC, China; **Jim Goodnight**, Chief Executive Officer, SAS, USA; **Li Dongsheng**, Chairman, TCL, China; **Li Ruogu**, Chairman, China Exim Bank, China; **Liu Changle**, Chairman, Phoenix TV, China; **Natalya Kaspersky**, Chairman, Kaspersky Lab Group of Companies, Russia; **Munir Majid**, Chairman, Malaysia Airlines, Malaysia; **Naushad Merali**, Chairman, Sameer Group, Kenya; **Eduardo Montes**, Chairman, FerroAtlantica, Spain; **Juan Maria Nin**, Chief Executive Officer, La Caixa, Spain; **Josep Piqué**, Chairman, Vueling, Spain; **Anthony Salim**, President, Salim Group, Indonesia; **S. Sandilya**, Chairman, Eicher Group, India; **Shao Bo**, Chairman, Novamed Pharmaceuticals, China; **Yan Bingzhu**, Chairman, Bank of Beijing, China and **Zhang Yue**, Chairman, Broad Air Conditioning, China.

Fu Chengyu, CEO, CNOOC gives his view on the financing of growth in the years ahead

Shao Bo, Chairman, Novamed Pharmaceuticals


Further discussion topics for the meeting included China's Olympic momentum and the country’s role in global trade, as well as a specific focus on themes like private equity, merger & acquisitions, corporate governance, branding, listing (IPOs), natural resources, and the efforts to ensure sustainable growth – all rather practical topics to support Chinese firms’ efforts to internationalize their operations. Becoming a truly global company means much more than establishing a portfolio of units in different countries around the world. ‘When aspiring to develop into true global champions, Chinese firms have to engage with competitors, suppliers and costumers from other parts of the world’, said **Shao Bo**, Chairman, Novamed Pharmaceuticals, China. ‘We have to build global firms of Chinese origin by creating intrinsic business models leading to lasting success.’

‘China's banks are in good shape, also because the government has prevented them from lending aggressively.’

Claude Beglé, Chairman, Swiss Post.

After all, participants encountered multiple business opportunities while voicing suggestions and making appeals at the various sessions. They concluded that China is assuming a greater leadership role in world affairs, especially within the current financial crisis According to **Chen Feng**, Chairman, Hainan Airlines, China, ‘we are going to see over the next two years some changes to the multilateral system with China taking on more responsibilities.’ ‘The global economic and financial crisis has brought to the fore an underlying reality not sufficiently acknowledged, that is, the emergence of China as a major world power’, **Munir Majid**, Chairman, Malaysia Airlines, Malaysia added. ‘China must be brought into play in addressing global structural imbalances and not just asked to come up with the money or to expand domestic consumption. China is not going to throw in good money after bad or just sit back to see its stock of investments fall in value in domestic currency terms, against underlying economies, currencies and returns that are weak and deteriorating, ’ he concluded.

Munir Majid, Chairman, Malaysian Airlines, Malaysia and Anthony Salim, President, Salim Group, Indonesia

'China has to be directly involved in the setting of standards in financial regulation', argued **Natalya Kaspersky**, Chairman, Kaspersky Lab Group of Companies, Russia. 'China and India have been a crucial engine of growth for the world economy, and continued strong economic growth in these two countries would be vital to help restore market confidence during the global financial meltdown', **S. Sandilya**, Chairman, Eicher Group, India, told participants.

Natalya Kaspersky, Chairman, Kaspersky Lab, Russia - one of the co-chairs of the 2008 Global China Business Meeting

S. Sandilya, Chairman, Eicher, comparing the Chinese with the Indian economy

'This outstanding reunion is a summit of true leaders. I didn't expected this year's Global China Business Meeting to have such a great impact.'
Liu Changle, Chairman, Phoenix TV

In the closing plenary session, panellists reflected on the key take-aways of the Global China Business Meeting and discussed how to build global firms of Chinese origin: according to **Liu Changle**, Chairman, Phoenix TV, China: 'This outstanding reunion is a summit of true leaders. I didn't expected this year's Global China Business Meeting to have such a great impact. Some people might say that the globalization of markets led to the current financial crisis. But the 'globalized dialogue' we are having today is very positive. The meeting is like a crash course on branding, governance and corporate social responsibility. Those themes really matter for the future of Chinese firms.'

'Aspiring global Chinese firms have to increase their interactions on all levels with their counterparts from foreign countries', said **Zhang Yue**, Chairman, Broad Air Conditioning, China. 'And we need to learn to explore the future and be able to prepare

Arrival of the Spanish Crown Prince Felipe projects with a longer term horizon.' 'The two key points to face the global financial crisis are: first, to reduce costs in order to prioritize our investments; and secondly, to develop a strong focus on our customers' needs', added **Li Dongsheng**, Chairman, TCL, China.

> *'China and India have been a crucial engine of growth for the world economy, and continued strong economic growth in these two countries would be vital to help restore market confidence during the global financial meltdown.'*
>
> *S. Sandilya, Chairman, Eicher Group*

'One of the most important conclusions to come out of this meeting is the Chinese government's vision to increase the capability to create intellectual property within the next 10 to 15 years,' added **Jim Goodnight**, Chairman, SAS, USA. 'China is on the right way – the education system is world leading. We should follow the lead of China to produce more and better graduates in the U.S. as well.'

Horasis' creates the Global China Business Meeting bringing together CEOs from emerging markets – with China at the core – and business leaders from the developed world. We envision to attract leading Chinese and global CEOs year after year, creating a community of leaders from business and government. Chinese CEOs see Horasis providing them with a global platform for engaged dialogue with leaders from other world regions.

China is a fast growing economy and may lead the world economy in the future. Our hope is that the meeting will encourage a close partnership between China and the world in order to stabilize the global financial system through entrepreneurship, innovation and internationalization. In short, to allow both China and the world to better face the challenges of globalization in these turbulent times.

Horasis looks forward to welcoming you back to next year's edition of the Global China Business Meeting.

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

Liu Changle, Chairman, Phoenix TV - what are the intrinsic business models leading to success

Zhang Yue, Chairman, Broad Air Conditioning - on the quest for sustainability

Jim Goodnight, Chairman, SAS, USA, during the closing plenary

Chinese Business Leaders Of The Year

By Timothy Klatte, Deloitte

From November 17-19, Deloitte participated as a strategic partner of the Global China Business Meeting in Barcelona, Spain. More than 400 CEO's and leaders in the business community from around the world gathered to address key issues of the day, relating to their China strategy, under the theme of "Globalizing Chinese Companies".

Deloitte, who sent a delegation of more than 20 partners and professionals, hosted the Lunch Session on November 18th. At this time, the **Chinese Business Leader of the Year** award was presented. In the "State Owned Enterprises" category, Mr. **Fu Chengyu** of CNOOC received the award. Chairman Fu studied both in China and in the U.S., where he got his masters degree in petroleum engineering, at the University of Southern California. Mr. Fu joined CNOOC in 1982 and assumed the title as President in 2003. Since then, his work has been outstanding and he is most famous for the internationalization of CNOOC, creating important ties with Africa, the Middle East and Latin America.

In the "Private Enterprise" category, the award went to Mr. **Guo Guangchang**, president of FOSUN International Limited and Representative of the 10th National People's Congress. Chairman Guo graduated from the Department of Philosophy at Fudan University in Shanghai. Since its foundation in 1995, Fosun has grown under Chairman Guo's leadership; he transformed the company from a small business investing in product development in genetic engineering into an international holding with businesses in other sectors such as real state, retailing, securities and steel and gold mining. Now, Fosun is now the largest conglomerate company in China and the groups' business can be divided into three branches: stock market investments, industry operations and venture capital investments. Fosun can be described as a "quasi-family business", because the principal executives of the group are still the same team of Fudan graduates who have managed the company from the beginning.

Nowadays, nobody doubts the importance of globalization as well as the uncertainties it can bring to the global economy. We've all seen the financial crisis, which began in the U.S., metamorphose globally, due to the

Li Dongsheng - winner of the award on globalization interdependencies of the banking systems and the extensive use of various financial instruments. This has spread throughout all parts of the economy, pushing many countries into a recession. It's now clear that old institutions, who used to watch and control economic issues at a country level, have the potential to lose sustainability and security overnight, and more powerful entities need to be developed. Developing economies, such as China, are becoming more important in the world economic field and we all need to work together to overcome such difficult times.

Under this scope, Deloitte also granted the "Globalization Award" to Mr. **Li Dongsheng**, Chairman of TCL. This company is well known for his outstanding performance as a pioneer for Chinese enterprise globalization and its performance around the world has increased awareness of the Chinese enterprise, not only as a low price manufacturer and exporter of goods, but also as high quality and high-end producer.

Breakfast session on 'Managing Risks'

Deloitte is also convinced of the importance of developing these multinational companies to become part of the global world, and thus has developed the Global China Services Group. This group, with presence in more than 70 countries around the world, is dedicated to ensure an efficient level of services to Chinese companies investing abroad, and to international companies willing to invest in China. Our presence and sponsorship of the Global China Business Meeting is more than a single sponsorship event, but part of a global strategy of the most importance for Deloitte.

The Chinese Business Leaders of the Year - Fu Chengyu, CEO, CNOOC; Guo Guangchang, Chairman, Fosun

China and Spain: Forging Closer Links

by Phil Moore, Special Projects Writer for BusinessWeek

Recent years have seen a conspicuous rise in trade and investment flows between China and Spain, with closer commercial links between the two nations having been identified as a key priority at the highest level. A key landmark in bilateral relations between the two countries came in November 2005 when China's President Hu Jintao and King Juan Carlos at Spain attended the opening ceremony of the first China-Spain business summit in Madrid.

That meeting has been followed by a series of other initiatives aimed at fostering closer ties between the two economies, such as the opening of the Cervantes Institute in Beijing in 2006 and the designation of 2007 as the Year of Spain in China. "China is a priority market for Spain, which is why Spanish central, regional and local administrations have jointly drawn up the China Market Development Plan," says **Carlos Pascual**, Spain's Economic and Commercial Consul in Shanghai. "This Plan aims at building sound economic, trade and investment relations between both nations through a range of financial support programs, as well as encouraging full government support for Spanish companies entering the Chinese market."

'China is a priority market for Spain, which is why Spanish central, regional and local administrations have jointly drawn up the China Market Development Plan'

Carlos Pascual, Spain's Economic and Commercial Consul in Shangha

Spain has compelling reasons for wanting to bolster its trading links with China. A Plan of Action for Spanish Foreign Policy in Asia, published by Spain's Ministry of Foreign Affairs in October 2005, commented that "just…250 medium-sized Spanish companies are located in China, and investment there continues to be insignificant despite the growing interest of large Spanish companies and financial entities in that country." The same report noted that although Spanish exports to China expanded from €680m in 1995 to €1.5bn in 2005, over that 10 year period China's share in Spain's total exports

Fernando Rodes-Vila, CEO, Havas Group.JPG

Post the Olympics - Communicating the Future

was virtually unchanged, inching ahead from 0.97% to 0.98% of the total. Since then, although Spain's exports to China have continued to grow, reaching just over €2bn in 2007, these remained dwarfed by Spain's imports from China, which rose by almost 30% to €18.65bn in 2007. In total, according to Pascual, China is now Spain's fourth largest trading partner outside the EU, behind Morocco, the US and Mexico.

The longer term prospects for increasingly close and balanced economic ties between China and Spain are bright, with a number of leading Spanish companies in a range of industrial sectors having recently signed key agreements with Chinese partners. In the energy sector, for example, Spain's Endesa signed an agreement with the Huaneng Group, China's largest electric utility, to acquire emission reduction certificates (ERC) equivalent to 2.6m tonnes from three Chinese wind farms. That agreement was seen as paving the way for the two companies to explore other technological co-operation agreements.

Jordi Hereu, Lord Mayor, City of Barcelona, welcoming participants to Barcelona

Another sector that has seen a series of important alliances between Spanish and Chinese partners is financial services. In 2007, BBVA – which has had operations in China since 1985 – became the first Spanish bank to conclude a strategic alliance with one of the top Chinese banks when it invested just over €500m in a 4.83% stake in CITIC Bank (CNCB), the third largest commercial bank in China. At the same time, the Spanish bank acquired a stake of approximately 15% in CITIC's international arm, CITIC International Financial Holdings. More recently, in October 2008, CITIC announced that it had approved a proposal from BBVA to increase its stake in the bank to 10.07%.

Elsewhere in the banking sector, meanwhile, in September 2007 Spain's La Caixa acquired a 4% holding in the fifth largest bank in Hong Kong, Bank of East Asia (BEA). La Caixa opened a representative office in Beijing in 2006, and the acquisition of the BEA stake clearly marked another important step in its expansion in the Chinese market: BEA has 50 branches in China, making it one of the largest overseas banks in the country.

In another key sector, telecommunications, a more recent initiative by a leading Spanish company in the Chinese market came at the start of September, when Spain's Telefonica announced that it was increasing its stake in China Netcom from 5% to 7.2%. In October, China Netcom merged with China Unicom, creating a powerhouse that is active in fixed line as well as mobile and broadband services, giving Telefonica a foothold in a booming market with very exciting growth potential. Although China has around half a billion mobile telephone subscribers, the penetration rate is still below 50%, compared with well over 100% in Hong Kong.

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Crisis Could Mean Bargains For China

By Paul Haven, Associated Press

Chinese companies are shopping for companies in Europe and around the world, undeterred by the global financial crisis. In fact, they are hunting for bargains. Analysts and business leaders say the economic meltdown that has pummelled global stock markets may be bad news for the West, but it could be a boon to Chinese companies flush with cash and looking for places to put it – despite being burned on earlier investments.

"Business people from China have quite a high level of confidence that we will recover from the impact, and they see more opportunities through this crisis," said **Fu Chengyu**, Chairman of China's third largest state-owned oil company, CNOOC. "We feel more confident than we did six months ago, but this all depends on how we manage this opportunity … We are looking forward to the next six months."

The optimism comes despite fears that China's economy is slowing, and that the government will be less enthusiastic about big Chinese companies sending investment overseas. Cheap prices, low interest rates and China's insatiable appetite for raw materials are all likely to keep Chinese pocketbooks open, good news for capital-hungry Western companies that have seen their profits dwindle and their access to credit tighten.

'Business people from China have quite a high level of confidence that we will recover from the impact, and they see more opportunities through this crisis,'
Fu Chengyu, Chairman, CNOOC

"Cash is king, and China has a lot of cash, and the whole world is for sale at a discount," said **Charles Tang**, the Chairman of the Brazil-China Chamber of Commerce. "China should wait a few more months and then go on a shopping spree, to secure what it needs at a super discount."

Jason Sun-Yatsen Li, Managing Partner, RI Group and Jean Rosanvallon, CEO, Dassault Falcon Jet

Feng Jun, President, Aigo - on Chinese firms' branding strategies

Where trade restrictions once prevented some high profile deals from getting done, some see progress. "Things are changing," said **Frank-Jürgen Richter**, president of **Horasis**, a Geneva, Switzerland-based group that organized the Global Chinese Business Meeting, a conference here bringing Chinese and global business leaders together. "The U.S. and Europe realize that they need Chinese investment" to help ward off a recession.

GeorgeYeoh, Minister of Foreign Affairs, Singapore

Chinese companies invested $34.16 billion overseas in the first half of 2008, including $25.66 billion in non-financial institutions. That last figure represents a 229 percent increase over the same period in 2007, according to Chinese government figures. With their balance sheets loaded with cash, and with interest rates falling, many believe the upward investment trend will continue, despite the risks.

'Cash is king, and China has a lot of cash, and the whole world is for sale at a discount'

Charles Tang, Chairman, Brazil-China Chamber of Commerce

The Chinese financial system has avoided the turmoil that has paralyzed Western markets, thanks to far stricter regulations. And the Chinese economy, while slowed considerable by the global downturn, is still expected to grow at an enviable 8 percent rate in 2009, helped in part by a $586 billion government stimulus package announced earlier this month.

Most Chinese investment overseas has so far focused on the banking and oil sectors. In August, China's largest offshore oil-services provider, China Oilfield Services, announced it was buying Norway's Awilco Offshore in a deal valued at $2.5 billion. And in March, the Industrial & Commercial Bank of China Ltd. finalized the US$5 billion purchase of a 20 percent stake in South Africa's Standard bank, the biggest overseas investment ever by a Chinese investment institution.

China has also invested heavily elsewhere in Africa and in Latin America, with Aluminum Corp. of China investing more than US$2 billion in a copper mountain in Peru, and others snapping up stakes in mining, commercial farming and construction in Congo, Zimbabwe and Zambia, among other places.

Edan Lee, Managing Director, Olympus Capital, on strategies for success in China

There are risks as well, particularly for companies flush with cash but short on experience in investing. Chinese companies have been burned on investment in Western banking and financial companies. China's Ping An Insurance Co. was the biggest foreign shareholder in Fortis, a Dutch-Belgian bank that got into trouble and had to be taken over by the French and Dutch governments in October. Ping An said recently that it would take a $2.3 billion loss.

> ***'Hold your cash, Don't rush. There will be plenty of opportunities in the future.'***
>
> ***Li Rongrong, Chairman, State-owned Assets Supervision and Administration Commission***

But whatever losses Chinese companies have suffered are dwarfed by the amount of cash they still have on hand. Ping An, for instance, still has $100 billion in assets, and can absorb the Fortis losses with relative ease.

Todd Lee, an analyst and head of the Greater China Group at Global Insight, said the government was likely to put the brakes on companies moving too much wealth overseas.

"On the one hand, assets are cheaper overseas, so for Chinese companies that are doing well that does present an opportunity," he said. "On the other hand, the Chinese government is very concerned about growth and the effect the global recession will have on the economy so they don't want to see capital leaving China on a massive scale."

Jacques Kemp, Vice Chairman, ING and Liu Changle, Chairman, Phoenix TV, on globalization

Indeed, Chinese government leaders have warned the country's business community not to leap too soon into a market still searching for the bottom. **Li Rongrong**, the Chairman of the Chinese agency in charge of big state corporations, had blunt words for those licking their chops at the cut-rate prices of overseas companies.

"Hold your cash," he said last week, according to the China Daily newspaper. "Don't rush. There will be plenty of opportunities in the future."

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Mao Zhenhua, Chairman, Chengxin, talking about best practices in the process of globalization

Kavita Maharaj, Director, Havas Media hosting the session on strategic communications

Emerging Nations Seen As Economic Lifesavers

By Tom Redburn,
International Herald Tribune

The United States may have plunged the world into a sharp economic downturn, but it will take the combined efforts of China and other emerging nations to lead the global economy out of what is likely to be a long and painful recession. That was the view of a number of business executives, government officials and economic experts gathered Monday and Tuesday for a conference on China's role in the global economy.

> *'The emerging countries are the solution to the overall global slump.'*
> ***Josep Piqué, Chairman, Vueling***

"China alone may be only 6 percent of the world economy," said **Josep Piqué**, Chairman of Vueling, a budget airline based in Barcelona. "But together with India, Brazil and other big emerging nations, they represent about 30 percent of global GDP.

Claude Begle, Chairman, Swiss Post - How might the world economy evolve in the next 6 to 12 months?

The emerging countries are the solution to the overall global slump."

His point of view was echoed by **Claude Beglé**, Chairman of Swiss Post, which runs Switzerland's public savings bank, who predicted that developing Asian nations would be the first to recover from the slump, followed by the United States and finally Europe.

But not everybody was so confident in the ability of China and Asia's other fast-growing countries to spur a global economic recovery.

"China cannot replace the U.S. economy as the engine of global growth," said **Chang Dae-whan**, chairman of Maeil, a South Korean newspaper company. "We're going to need a huge stimulus package from the United States, on the order of $2 trillion, to get the global economy out of the financial crisis. So far, we've only seen about $700 billion. As a result, next year I expect to see more pain and fear."

Josep Piqué, Chairman, Vueling, listening to his co-panelists

The **Global China Business Meeting** in Barcelona, sponsored by **Horasis**, a consulting organization based in Geneva, and supported by several business and government organizations in Spain, China and elsewhere, is the fourth annual gathering of the group, whose primary goal is to encourage more trade and business contact between China and Europe.

Chang Dae-whan, Chairman, Maeil - I expect to see more pain and fear

The Chinese economy, for all its success since emerging from economic isolation in the 1980s, was at a major turning point, participants here suggested, that would require a fundamental adjustment in its approach to development.

Timothy Beardson, chairman of Albert Place Holdings in Hong Kong and a leading adviser to companies doing business in China, said that China had lost a number of advantages that powered its phenomenal double-digit growth rates of recent years. "For the last 10 years, China had it good," Beardson said. "For the next 10 years, it won't have it so good at all."

Beardson pointed to several factors that were going to make it far more difficult for China to rely on booming exports to power its growth and to improve the nation's standard of living at a rapid pace. He said that China spent far less on research and development, as a share of its economy, than Japan, the United States and most other advanced economies, making it difficult for the country to upgrade its industrial structure. He also said that China had a very weak system of higher education, and lacked any substantial social safety net, which made its citizens fearful about their own future and encouraged them to save to excess rather than spend.

The most immediate challenge, he said, was that the Chinese currency, while rising only modestly against the dollar, has strengthened sharply against the currencies of its Asian competitors and against most European currencies, making its exports far less competitive in global markets. "If Chinese companies are to succeed in the

Xu Kuangdi,Vice Chairman, CPPCC, giving his views on the economic outlook

Boardroom dialogue session on the geography of logistics

future," he said, they will have to recognize that "their comparative advantage lies in the domestic market, not the export economy."

> ***'Confidence and cooperation are worth more than money and gold.'***
>
> *Xu Kuangdi, Vice Chairman, CPPCC, China*

Chinese officials here, while acknowledging many difficulties, made clear they were convinced that the nation would weather the first real test of its economic resilience since Beijing adopted a market approach to economic development. But they said that China would need to work more closely with other economies, including the United States and Europe, to overcome the current financial crisis.

"Confidence and cooperation," said **Xu Kuangdi**, chairman of the China Federation of Industrial Economics, "are worth more than money and gold." China's central bank has opened a special facility to help commercial banks overcome fund-raising difficulties in the interbank money market, Reuters reported Tuesday from Shanghai, citing two people in the banking industry with direct knowledge of the decision.

The global financial crisis has made it hard for some foreign banks and some smaller Chinese institutions to borrow money in China's interbank market, since big Chinese banks have become wary of lending to them.

The new "term auction facility," begun in recent days, is intended to provide those cash-short banks with funds and thus reduce pressure on the banking system, said the sources, who declined to be identified because they were not authorized to speak to media on the issue.

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Jean-Christophe Iseux, Special Advisor, CPC Central Committee

Juli Minoves, Minister of Economic Development of Andorra

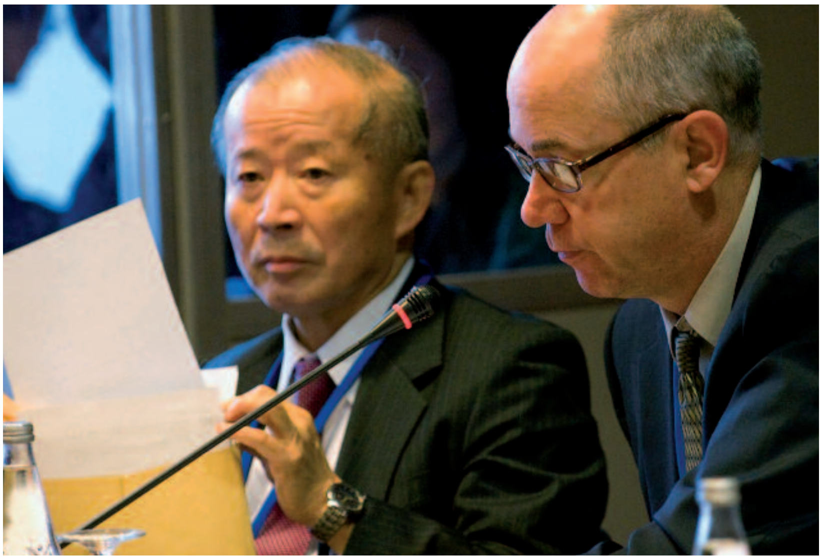
Xu Kuangdi, Vice Chairman, CPPCC with Jesus Sanz, Director General, Casa Asia and Frank-Jürgen Richter, President, Horasis, Switzerland

Alex Wan, President, CEO Roundable

Mark Foster, Group CEO Management Consulting, Accenture

Kang Shaobang, Executive Director, IISS, Central Party School of the Communist Partry

Ambassador Qiu Xiaoqi during the opening ceremony



Noboru Hatakeyama, Chairman, Japan Economic Foundation, on prospects for global trade

Juan Antonio Samaranch, Honorary President, IOC, exchanging namecards with participants

Yang Rui, Anchor, CCTV9, talking about China's country branding

José Montilla, President, Generalitat de Catalunya

Horasis
The Global Visions Community

Horasis: The Global Visions Community
Rue du 31-Décembre 47
CH-1211 Geneva 6
Switzerland

phone +41 79 305 3110
fax +41 22 718 4140

www.horasis.org