



Boao Forum for Asia Annual Conference 2016

Session Summary (No. 65)

Boao Forum for Asia Institute

March 24, 2016

EU-China CEO Dialogue 11

Time: 17:15-18:30, March 24, 2016

Venue: Dongyu Island Hotel, Hesheng Ballroom

Chairman on the Chinese side: LI Ruogu, Former President, Export-Import Bank of China

Chairman on the European side: Jean-Pierre RAFFARIN, Former Prime Minister of France

Chinese representatives:

DING Lei, Chairman, NetEase

Fred HU, Chairman and Founder, Primavera Capital Group

HE Dongdong, Senior Vice President, Sany

YAO Dafeng, Vice President, Anbang Group

LI Yong, Chairman of the Board of Directors, Chinayong Investment Group

LIU Yonghao, President, New Hope Group

QIN Shuo, Founder, Commercial Civilization Research Center of



China & Chin@Moments

REN Quan, Co-founder, Star VC

SUN Yanchao, Baota Petrochemical Group

WANG Huiyao, Counselor of the State Council; President of Center for China and Globalization (CCG)

YE Ning, CEO, Huayi Brothers

YANG Xiaozhong, Vice CEO, Trina Solar

ZHENG Chao, CEO, Zhejiang Jingu Company Limited

ZHAO Xu, Executive Director of Board & CEO

ZHOU Jiangong, CEO, CBN News

ZHOU Hang, CEO, Yidao

European Representatives:

Jean-Pierre Raffarin, Former Prime Minister of France

Christophe BAVIERE, CEO, Indivist

Bernard CHARLES, President & CEO, Dassault Systemes

Denis DEPOUX, Deputy Chairman of the Supervisory Board, Roland Berger

Marc FRAPPIER, Managing Director, Eurazeo

Marc HORN, Regional Chief Financial Officer Eastern Asia, Merck Group

Shukhrat IBRAGIMOV, Head of Business Development, Eurasian Resources Group



Elizabeth NELSON, Vice President&CRO, European Bank for Reconstruction and Development

Michel STRUYS, Vice President&CRO, European Bank for Reconstruction and Development

Michael TRESCHOW, Chairman, Unilever

Key Points:

- China-European cooperation should seek a new model.
- Culture should be the lubricant for cooperation as well as a new growth point.
- Honesty and mutual respect is the guarantee for smooth cooperation between Chinese and European enterprises.

Synopsis:

The cooperation between China and Europe has made huge progress in recent years, and the prospect for future expansion is bright. The participants believed that the bilateral cooperation is not deep enough, considering the huge size of the Chinese or European economy. Due to factors such as labor security and information confidentiality, Chinese enterprises face many obstacles in gaining access to the European market. European enterprises also face difficulties as they enter the Chinese market.



Exploring the New Model between China-European Cooperation

Bernard CHARLES expressed his view as follows: The constant improvement of production instruments made it possible for Chinese and European enterprises to develop a new cooperation model. This model should look beyond simple cooperation in production; it should pay attention to cooperation in design. China was once seen as the “world factory”, now it faces new opportunities. Green development and emission reduction and energy conservation will become the new development goals. The cooperation between the two sides can also make good use of the Internet, and thus benefit more small-and-medium sized enterprises.

QIN Shuo noted that Europe can seize the two opportunities of Chinese capital and Chinese market. The cooperation between Chinese and European enterprises can bring both economic and social benefits, and contribute to the employment and the protection of intellectual property rights.

LI Ruogu said that every country should uphold the principle of seeking mutual benefits when doing trade with other countries. It should seek its own benefits at the cost of others. as long as countries keep in mind this principle they can succeed in cooperation.

Christophe BAVIERE said that he couldn't agree more with Mr. Li Ruogu's argument of “upholding the mutual benefit principle and finding ways for mutual benefit”. Even though the European market is quite free, Chinese capital will not be free from obstacles when it tries to access the European market. Thus, choosing an outstanding partner is very important.



DAI Pu said that China's business model is more digitized, which provides huge room for European companies to bring into play their technological advantages.

Marc HORN agreed with this view and added that European companies, while providing advanced technologies, should learn more from this business model.

SUN Yanchao said Chinese enterprises should conduct cooperation with European advantageous industries, especially the bilateral cooperation concerning people's livelihood.

Michael TRESCHOW said that cultural exchanges can help Chinese enterprises and European enterprises to achieve win-win cooperation. While conducting cooperation, enterprises on both sides should seek a model acceptable by both sides and overcome the difficulties caused by cultural differences. In corporate acquisition and mergers in particular, they should make it a point to ensure cultural integration instead of rushing for quick results and ignoring this issue. China is equipped with highly advanced digitized models and has many successful cases that Europe can learn from.

YE Ning expressed his point as follows: as is known to all, China's box office increases significantly each year. Chinese people's enthusiasm for consuming cultural products has become an increasingly important engine for world entertainment and culture. The momentum for cooperation in cultural consumption and entertainment market between the two sides is unstoppable. This will be a huge opportunity for film-makers in Europe.



REN Quan made his point as follows: China's fan economy has huge potentials. To many young entrepreneurs in France, China is a huge market. He hopes that more cultural and fashionable products can be brought from France to China and that entrepreneurs between China and France can have more exchanges.

LI Yong noted that Chinese enterprises investing in Europe face many problems, such as obstacles concerning labor and information. Besides, the two sides have huge differences in national, social and even corporate cultures. After they have entered the European market, Chinese enterprise must take into full consideration the effective operation following merger and acquisition.

Fred HU expressed the following point: European enterprises already started to complain about China's trade protectionism tendency and the increasing restrictions on market access. Some of these complaints arise from misunderstandings and are not reasonable. To address the concerns on both sides, enterprises and even governments on both sides need to have frank exchanges with each other and dissolve the concerns.

DING Lei made the following point: if some European enterprises remain arrogant, they are bound to lose the Chinese market. Quite a few European enterprises do not value the Chinese market. The embassies and consulates of many European countries are not enthusiastic about organizing communication activities between enterprises on both sides. If European enterprises want to succeed in the Chinese market, they need to fully respect this huge market.



RAFFARIN expressed the following view: now China is able to realize high-end manufacturing and present sophisticated views. Some Chinese products are already on a par with Europe's high-end luxuries, for example, China's grape wine is comparable to that produced in Bordeaux. Chinese people are smart, hard-working and willing to share the fruits of development. This speaks volumes about the professionalism of Chinese people.

RAFFARIN added the following point: French president Hollande and prime minister Valls have expressed their welcome for Chinese investment on multiple occasions. In his speech this morning, Premier Li Keqiang also expressed his welcome for foreign investment in China and hoped that China and Europe can do more in terms of investment.

RAFFARIN said that China Development Bank and France's Deposits and Consignments Fund set up a joint development fund. This fund can provide financing for Chinese enterprises investing in Europe especially in France as well as French enterprises investing in China. Many representatives of private funds are also involved in this process. He hopes that European and Chinese enterprises will help each other with investment and entrepreneurship, and that the two sides can be more professional and successful in bilateral investment to achieve a win-win outcome.

LI Ruogu noted that Chinese enterprises and European enterprises should value cultural integration in their interactions. In addition, technological transfers are two-way transfers. Thus, there is no need to be fearful of technological transfers. For example, you transfer your technologies to me, then I will further develop these technologies and return them to you. You



can further develop the technologies that I give back to you. This is a spiraling upward process and technologies are improved continuously during this process. Therefore, transfer is more beneficial to the technological development.