

New opportunities created by China's adherence to reform and opening up under the current global situation

Ladies and gentlemen, dear friends from Binzhou,

It is a pleasure to be back again in Binzhou!

Today I would like to give a frank overview of the world economy, international trade and the challenges for China.

Already in 2019 we saw a mounting economic slowdown and then the US-China Trade war made things more difficult.

After negotiations China and the USA reached the Phase 1 Trade Agreement. Already in early 2020 it seemed very difficult for China to fulfill its promises.

Then COVID-19 hit China and the whole world.

There is a wide and lasting impact of the virus outbreak on many sectors. To name some, tourism, events and exhibitions, trade seminars and conferences, consumer spending, air transportation and cruises, restaurants and many more.

Many smaller businesses are facing closure or bankruptcy, there are dramatic income and job losses in many segments of society, in China as well as in most countries.

Recovery and "back to normal" seems far away, unlikely before 2022, in the best case.

Industry and some segments of the tourism and service sector are restarting in China. However demand from overseas markets has dropped, exports struggle, business meetings and international exchanges are still at a standstill. ZOOM and Wechat meetings cannot fully compensate for direct contacts, see the case of Yiwu in Zhejiang where personal contacts are so important.

China is facing an increasingly hostile international environment and many barriers in international trade and international relations.

While the USA is to blame to a large extent, China's strategy in international relations is considered by many as not being helpful.

We have to wait for the outcome of the U.S. elections in November to have a clearer outlook.

The EU is adapting a more careful approach even when it has voiced mounting criticism against China since a few years.

Overall, despite the early mistakes with the outbreak of the virus in Wuhan, China has made impressive progress in controlling the virus epidemic and we can say China is today the safest place to be.

Foreign countries have been incompetent in controlling the epidemic. They ignored early warnings and lacked strategy and vision to prepare themselves. The USA and Brazil stand out for their disastrous handling. As a result we cannot be optimistic that COVID-19 will be controlled in the near future. Only if vaccines are widely available and effective will international travel become more normal.

The challenges today for China are many.

China tries to compensate for the loss of exports by increasing sales in the domestic market but many consumers face financial difficulties.

Industry and trade must adapt to the new world and changes and innovation are urgently required.

To be successful, China needs well trained workers, high levels of education, expertise and an open business environment. Authorities should refrain from making life difficult for private business but instead help them through favorable policies.

The Coronavirus pandemic is having a significant impact on e-commerce and the retail sector worldwide. Businesses have had to adapt as never before. Has consumer behavior changed and, if so, by how much? How did COVID-19 affect Chinese and international e-commerce businesses? How can you adapt your branding and marketing in this fast-changing environment? Is the change irrevocable? Many questions indeed.

There are also positives. Cross-border e-commerce offers foreign businesses an opportunity to fast-track their launch in China without the long registration process. For Chinese companies there are also opportunities but in some countries China is less welcome than before. This will need a review of the Chinese image abroad. Chinese soft power – or call it Public Relations – needs a new approach. Wolf warrior diplomacy by Chinese diplomats is not helping at all.

Many foreigners feel China is closing its borders instead of opening up. Nasty international political disputes make it all worse.

China should not just pay lip service about opening its borders when actually it is often turning nationalistic and even xenophobic. A number of foreigners are disappointed by a trend of unfair discrimination. Many will sadly abandon China or turn against their former Chinese connections. Several of my foreign friends have decided to leave.

China is probably by far the country in the world with the smallest percentage of foreigners. Still some Chinese complain there are too many foreigners here.

Foreign investors in China have long cried out for a level-playing field. The new foreign investment law, passed in March last year, has promised to offer foreign investors equal treatment, greater market access and better legal protection.

But, in reality, foreign businesses are still concerned about the industry-specific laws and local administrative approvals which could impede their market access.

International exchanges bring new ideas, technologies and expertise. Simply look at the USA, a country built by immigrants.

Sticking to Deng Xiaoping's path of reforms and opening up is as vital as ever. To build an innovative economy and achieve enterprise and technological innovation China needs a flow of ideas and opinions. It is vital to drive innovation in an environment where people are encouraged to nurture independent thought and critical thinking.

As such young people are very important, and education is the key. They are the future of China.

They must be open for new ideas, communicate with the world, improve China's international standing. Learning foreign languages is of course important but skills on how to deal with the world are even more important. They will hopefully be the bridge between a self-confident and strong China and the rest of the world.

Binzhou has an important role to play as it is a major center of education.

Right now the topic of Belt and Road Initiative (BRI), formerly called the One Belt One Road (OBOR) receives less attention. One reason is that international travel is at a standstill.

Another reason is the need for Chinese companies to reassess their management and operating style when doing international projects. There have been examples of mismanagement, corruption, ignoring local laws, and neglecting the interest of the local population. The Chinese government has tried to improve the situation but in some countries it will take time to show China is a reliable and respectful partner.

China has carried out great projects in the BRI countries, where Western countries always talked a lot but did little or nothing. China should build on those successes and it will need qualified people educated and trained in Binzhou.

We should all cooperate to overcome the challenges we face today. Let's make China greater than ever!

Thank you for your attention!