

Bold Steps, Bright Future

The first CIIE offers an opportunity for foreign players to reach more Chinese consumers By Deng Yaqing

U.S. food and agricultural giant Cargill attracted a steady stream of visitors to its booth at the first China International Import Expo. For many, the temptation of quality beef was hard to resist.

During the event, held in Shanghai on Nov. 5-10, the company signed cooperative agreements worth more than \$2.4 billion with Chinese partners, covering beef, grain, food ingredients, cotton and iron ore.

"The Chinese market is vital to Cargill," said Liu Jun, President of Cargill China, adding that in the past seven years, Cargill's investment in China has doubled.

"As far as Cargill is concerned, the first CIIE helped us strengthen ties with our stakeholders and gain a better knowledge of the Chinese market," said Liu, who confirmed that the company will continuously scale up its investment in China and join hands with its

Chinese partners to provide local consumers with safe, healthy food.

To balance its foreign trade and pursue high-quality development, China has activated a new round of opening up, and expanding imports is a top priority. The first CIIE, which will be held on an annual basis, attracted 172 countries, regions and international organizations, more than 3,600 companies and some 400,000 domestic and foreign purchasers.

Common aspirations

The CIIE is China's first import expo held at the national level, and an innovation in the history of global trade. The list of products that traveled across borders and were on display was all-encompassing, ranging from the largest—a 200-ton planer milling machine—to the smallest—a cardiac pacemaker the size of a vitamin capsule; from the most luxurious—

an Italian-made helicopter with a price tag of 200 million yuan (\$28.87 million)—to the most common: Iberian ham. Besides tangible goods, various services also found their way to the expo, including logistics, tourism and smart home solutions, among others.

At the expo's opening ceremony on Nov. 5, Chinese President Xi Jinping announced that the country will further its opening-up initiative in five ways: stimulate the potential for increased imports; continue to broaden market access; foster a world-class business environment; explore new horizons for opening up; and promote international cooperation at the multilateral and bilateral levels.

"The CIIE demonstrates China's consistent position of supporting the multilateral trading system and promoting free trade. It is a concrete action by China to advance an open world economy and support economic globalization," said Xi, whose views on openness, free trade and globalization received extensive applause from attendees.

"What we need today is not more borders but less borders," said World Trade Organization Director General Roberto Azevêdo. "We need countries to leverage their potential to help each other and to give more opportunities to business and growth."

In a statement, Simon Birmingham, Australian Minister for Trade, Tourism and Investment, praised Xi's strong commitment to China's ongoing reform and opening up, and his remarks on the need to preserve and strengthen the rules-based multilateral trading system.

Liam Fox, U.K. Secretary of State for International Trade, said it was "fantastic" to hear more from Xi on China further opening

up its market to imports and investment, adding that the British government is "delighted to be supporting the event."

"President Xi gave an important speech," said Dhia Khaled, Tunisian Ambassador to China. "He gave direction to China's future in terms of economic and commercial interactions with foreign countries. I think the future is bright, not only for China, but also for its partners."

Aziz Mekouar, Morocco's Ambassador to China, said free trade has lifted hundreds of millions of people out of poverty. "President Xi announced new measures to open the market and expressed support for free trade, which can bring enormous wealth to human society," he said.

"In the future, China's market will become bigger as per-capita income continues to grow. China's further opening up will lead to more cooperation," said Mekouar.

Trade creating wealth

Among the experts and entrepreneurs present at the expo, most agreed that free trade generates wealth for people around the world and is an indispensable element to ensure peace and prosperity.

"This is a moment for China to take a leadership role in multilateralism," said John Denton, Secretary General of the International Chamber of Commerce (ICC), referring to the Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative as one example of China pushing forward openness.

Denton said almost one in three workers in the world relies on the success of ICC member businesses to ensure their prosperity, and—looking through the eyes of ICC members and those who work for them—they want free trade to continue.

"Today, globalization is facing substantive difficulties, and an open mindset and continuous innovation are necessary to deal with current difficulties," said Ding Lei, founder and CEO of Chinese tech company NetEase, who believes that is the only way growth momentum can be sustained among countries and enterprises.

Long Guoqiang, a research fellow with the Development Research Center of the State Council, China's cabinet, pointed out that the ultimate purpose of international trade is to benefit as many people as possible. To this end, efforts should be made in three ways:

First, an open, inclusive and stable international environment for trade and economy needs to be put in place, which makes the existence of a multilateral trading system necessary.

Second, concerted efforts should be made

to ensure that businesses and people from less developed countries can be integrated into trade. Consideration should be given to the gap between developed and developing countries, and preferential treatment should be extended to the latter.

Third, the best use of technological progress needs to be made, and innovation in business models and technologies should be fully leveraged.

"To benefit more people, we should be cautious with the employment of protectionist measures such as tariffs," Long said.

A huge market

As the world's largest platform focused on imports, the CIIE was extremely popular among enterprises from around the world.

"The Chinese market accounts for 20 percent of our sales. Today, our largest market outside of the United States is Germany, and we expect China to equal what we are selling in Europe," said Joseph A. Braun, Vice President of Hurco Companies, Inc., an Indianapolis-based global industrial automation company that designs and produces interactive computer controls, software and computerized machine systems for metal cutting and metal forming industries.

"The parts that Chinese workers are making today are very sophisticated. They require advanced solutions," Braun said. Typically, a highly trained operator is needed to run a sophisticated machine tool. But for Hurco machines, anyone can work as an operator after receiving 15 minutes of training, which makes such machines more likely to be widely used in the ongoing upgrading of China's manufacturing industry.

As supply-side structural reform keeps deepening in China, the country's home appliance industry is restructuring under the influence of digital and intelligent technologies. Against this backdrop, Whirlpool Corporation, a U.S. multinational home appliances manufacturer, opened a smart factory in Hefei, in east China's Anhui Province, in November 2017.

"Chinese people's power of consumption has been growing recently. To fulfill demands arising from consumption upgrading, some new and advanced products should be developed to match specific demands," said Samuel Wu, President of Whirlpool Asia, noting that the company customizes its products to meet Chinese consumer needs.

A recently unveiled refrigerator named Frozen Age is one example. A special compartment is designed to store skincare products like facial masks, while the temperature in different compartments can be adjusted to accommodate different types of foods.

Deals Signed at CIIE (\$bn)

Deals for intended purchase of goods and services within a year totaled

\$57.83 bn



\$16.46

High-end intelligent equipment

\$12.68

Food & agriculture products

\$11.99

Automobiles

\$5.76

Medical equipment & healthcare products

\$4.33

Consumer electronics & appliances

\$3.37

Apparel, accessories & consumer goods

\$3.24

Services

(Source: China International Import Expo Bureau; designed by Pamela Tobey)



Visitors experience flying a passenger jet at the Boeing Corporation booth during the first China International Import Expo in Shanghai on Nov. 6



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