



China at 60: Happy Birthday!

The People's Republic of China celebrated its 60th birthday in style last month, and as Beijing once again played host to a nationwide party, it is interesting to reflect just how much has been achieved since the 1st October 1949. The pace of change across China has been simply staggering, especially in the last three decades: emerging in the late 1970's from a period of internal dislocation and inward-looking isolation, China embarked on a programme of radical economic reforms that has achieved in not much more than one generation what it took many of the industrialised powers the better part of 150 years to accomplish. From a predominantly agrarian society, the country has entered the 21st Century as one of the economic powerhouses of the global economy, fuelling the consumer boom of recent years as a manufacturing hub for international logistics networks and worldwide supply chains, through an abundant supply of hard-working and well organised labour resources, linked to an organisational capacity to do things on time, to budget, and as promised. And China looks set to be amongst the first group of nations to emerge successfully from recessionary downturn. To be sure, there remain formidable challenges for the country's leadership to tackle, including marked inequality and income disparity between provinces, ongoing corruption, especially at local levels, and stubbornly persistent levels of environmental pollution. But give credit where credit is due: China's achievements deserve to be celebrated by us all.

Now that the celebrations are over, the abiding question in the West must surely be: what now for the future? The RMB4 trillion stimulus package that helped the country weather this year's economic turmoil is actually just one part of a strategic plan to move China up the production value chain, and is linked to related funding for what is planned as nothing short of a national transformation in the country's economic capabilities. Under the Science and Technology Strategy 2006 – 2020, additional resources are being invested to infuse technological innovation into many business sectors, changing China from being the world's producer and assembler into being its designer and inventor. Concurrently, government funding is being directed at the creation of an insurance-led healthcare and medical services policy, with infrastructure and delivery systems being rolled out over the next few years to bring modern medicine to millions in both urban and rural communities. The green agenda is also pivotal to enabling China to achieve environmental sustainability at the same time as economic expansion, and there is no question that areas such as low carbon energy, water efficiency and food security will shape policies going forward, and the eyes of the world will be on China and the United States at the Copenhagen summit this December.

But what does all this mean for your business? Well, the really exciting news is that local firms are very well placed to capitalise on China's growth and ambitions, offering the technology expertise and product sophistication that Chinese expanding businesses need, whilst also being home to entrepreneurial creators of ideas for the increasingly demanding aspirations of the country's consumer base. In telecommunications, specific synergies are being sought right now by China's mobile operators and content providers, linked to the recent rollout of 3G and industry consolidation. Software services, e-enabled delivery, and the localisation of IT products continue to be areas in which China presents a genuine two-way opportunity, with China's tier one outsourcing firms offering a well-trained pool of resources to help design and build advanced applications, as well as providing managed support for exploiting the voracious corporate demand for the right kind of system. The healthcare and clinical services market also presents distinctive niche entry points for British firms, as wireless-delivered mobile care and monitoring systems are being seen as a major opportunity to move beyond China's current reliance on hospital-centred care and rehabilitation provision.

And yet crafting the right market entry strategy remains crucial for those firms taking their first foray into the Chinese mainland, where issues such as cultural differences, trusted personal networks and a myriad of government regulations can make or break the potential for achieving success. But British firms should look forward to helping China achieve even greater things in the years to come. To explore how your company could benefit from engagement with China, contact Ting Zhang at China Business Solutions on 01223 421968.

About China Business Solutions

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