Overview of the Chinese Market and Business Opportunities in China

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I. Overview of the Chinese Market
II. Business Opportunities in China
III. SPI’s Experience in China
AGENDA

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III. SPI’s Experience in China
I. Overview of the Chinese Market

CHINA IS NOT ONE SINGLE MARKET

Per capita GDP (in USD) (2012)
- 9000 or above
- 7000 to 9000
- 4000 to 6000
- Below 4000
I. Overview of the Chinese Market

CHINA’S GDP COMPARED TO WORLD

- China’s GDP in 2012 was $12.38 trillion
- China’s GDP per capita in 2012 was $9,100
- One of the largest economies by GDP (Purchasing Power Parity - PPP) and GDP per capita according to International Monetary Fund (IMF), 2012

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (PPP) (billions in USD)</th>
<th>GDP - per capita (current US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(01) United States</td>
<td>15,653</td>
<td>49,800</td>
</tr>
<tr>
<td>(02) China</td>
<td>12,383</td>
<td>9,100</td>
</tr>
<tr>
<td>(03) India</td>
<td>4,711</td>
<td>3,900</td>
</tr>
<tr>
<td>(04) Japan</td>
<td>4,616</td>
<td>36,200</td>
</tr>
<tr>
<td>(05) Germany</td>
<td>3,194</td>
<td>39,100</td>
</tr>
<tr>
<td>(06) Russia</td>
<td>2,512</td>
<td>17,700</td>
</tr>
<tr>
<td>(07) Brazil</td>
<td>2,366</td>
<td>12,000</td>
</tr>
<tr>
<td>(08) United Kingdom</td>
<td>2,316</td>
<td>36,700</td>
</tr>
<tr>
<td>(09) France</td>
<td>2,253</td>
<td>35,500</td>
</tr>
</tbody>
</table>

Source: https://www.cia.gov/index.html
I. Overview of the Chinese Market

INFORMATION AND TECHNOLOGY SECTOR

• IT spending by Chinese end users including both organizations and consumers grew by nearly 14 percent in 2011, versus a little over 5% in the US in the same period. In 2012, spending by IT end users in China reached US$312 billion. The high demand from the education, healthcare and manufacturing fields helps sustain market expansion.

• The Ministry of Finance announced that the import tariff on computers, as well as other electronics devices such as digital cameras, decreased from 20% to 10% in 2011.

• The production of ICT (information and communications technology) based devices in China has expanded at a rate of 14.9% in 2012.

Source:
www.hknews/gartner-china-it-spending-hit-us312b-2012
I. Overview of the Chinese Market

PHARMACEUTICAL SECTOR

• China’s booming economy makes its pharmaceutical market the fifth largest and one of the most attractive in the world.
• The biopharmaceutical market is expected to grow at a rate of 20-25% and reach over USD 35 billion (EUR 26.5) billion by 2015.
• Generic drugs are the backbone of China’s pharmaceutical industry. China has more than 5,000 pharmaceutical companies, about 98% of which produce generic drugs. This sector is worth USD 29.3 billion, accounting for 63 percent of the total pharmaceutical market.
• 12th Five-Year Plan: encouragement for Chinese pharmaceutical companies to achieve more than RMB 100 billion annual sales by 2015.

Source:
China’s pharmaceutical industry – poised for the giant leap, KPMG
I. Overview of the Chinese Market

NEW ENERGY SECTOR

- China has ambitious plans to cut carbon emissions for a greener economy. During the 12th five-year plan period (2011-2015), new energy industries are becoming even more prominent than in the past.
- By 2013, the Chinese green tech market is expected to reach between US$ 500 billion to US$ 1 trillion (Cleaner Conventional Energy, Renewable Energy, Electric Power Infrastructure, Green Building, Cleaner Transportation and Clean Water).

China is rich in wind resources; potential development capacity of wind power onshore and offshore are 2.38 billion kilowatts and 200 million kilowatts respectively.

Rise in concentration of wind power equipment suppliers, acceleration of offshore wind power development, and large-scale single units become the three major trends of the future wind power industry.

Source: China Greentech Initiative
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I. Overview of the Chinese Market
II. Business Opportunities in China
III. SPI’s Experience in China
II. Business Opportunities in China

INFORMATION AND TECHNOLOGY SECTOR - BEST SELLING OPPORTUNITIES

- New Generation ICT products - Next generation network (NGN), 'The Internet of things', Integration of the telecommunication, TV/broadcasting and internet/mobile networks, new type of flat panel display, advanced integrated circuit, cloud computing
- Digital content, mobile content, games and applications, and animation (creative industry development hubs emerging in some Chinese cities)
- Telecommunication, including wireless/mobile communication, and related value-added services such as e-commerce platforms
- Intelligent Transport System (ITS)
- Joint R&D projects promoted by the Chinese Government
II. Business Opportunities in China

PHARMACEUTICAL SECTOR - BEST SELLING OPPORTUNITIES

- High-end products for urban areas
- In-vitro diagnostic equipment and reagents
- Implantable and intervention materials and artificial organs
- Therapeutic products
- Medical diagnostic and imaging equipment
- Surgery & emergency appliances
- Healthcare information technology related equipment and products
- Medical equipment parts and accessories
II. Business Opportunities in China

NEW ENERGY SECTOR - BEST SELLING OPPORTUNITIES

- Solar water heaters
- Wind energy storage and maintenance solutions
- Biofuel solutions
- Green-design techniques
- Light-weight materials
- Water-proof, sound-proof and thermal insulation materials
- HVAC (heating, ventilation, and air conditioning) systems
- Grey water, water reuse systems, and landscape materials
- Environmental protection, recycled and recyclable products, energy-saving building materials and systems
- New technologies & products to help China interface technologies and develop costing methodologies for connecting renewable energy generation to China’s electric power infrastructure
AGENDA

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II. Business Opportunities in China
III. SPI’s Experience in China
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SPI AND SPI CHINA

SPI (www.spieurope.eu/) is an International Management Consultancy Company founded in 1997 as an active centre of national and international networks connected to the business Innovation sector.

SPI focuses on projects with a science and technology component. SPI has more than 65 consultants from 10 different nationalities, distributed in its different offices around the world.

SPI China (www.spi-china.cn/) has as its mission the offering of high quality consulting services to establish or increase the effectiveness of international activities and improve the overall competitiveness.
III. SPI’s Experience in China

SPI started its activities in China since 1999, offering high quality consulting services to public and private clients, conducting various EU projects in China and providing market-entry services to clients from other parts of the world who are interested in developing business in China.

SPI has established strategic partnership with the International Technology Transfer Network (ITTN) in Beijing to promote technology transfer. At present, SPI China strategically locates in ITTN to facilitate the partnership.
III. SPI’s Experience in China

KEY PARTNERS

- Chinese Academy of Science
- Tsinghua University
- Torch High Technology Industrial Development Center
- Zhejiang University
- Haidian Science Park
- International Technology Transfer Network
- EU Project Innovation Centre (Chengdu)
- International Technology Transfer Center, Tsinghua University
- Accelet Cooperation
- DPARK Foreign-related Economic, Innovative & Culture Park
- European Union Chamber of Commerce in China
- EU SME Centre

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AGREEMENT WITH HAIDIAN SCIENCE PARK

- On January 31st 2007, SPI signed a cooperation agreement with Haidian Science Park (HSP) in the areas of Science & Technology and Education.
- The signing ceremony was held in the People’s Palace in Beijing with the presence of the Chinese Prime Minister Wen Jiabao and the Portuguese Prime Minister José Sócrates.
III. SPI’s Experience in China

AGREEMENT WITH COWAY INTERNATIONAL TECHTRANS CO., LTD.

- SPI signed a cooperation agreement with Coway International TechTrans Co., Ltd. (Coway) in June 2010, to explore possible business opportunities of mutual interest regarding collaborations in the area of Internationalization Services.

- Coway is the leading technology transfer and commercialization services provider in China, which was established by the initiative of Tsinghua University in 2002 and is responsible for business activities and operations of the International Technology Transfer Center (ITTC) of Tsinghua University.
Support the client in approaching the Chinese IT market

**Activities:**

- Obtain a full understanding of the client’s products;
- Analyze Chinese legal regulations and potential competitors in regard to the client’s products;
- Identify potential Chinese partners and make the first contacts;
- Prepare a profile of the potential partners showing interest in developing further contacts;
- Organize a mission to China, and support the client in the meetings with the potential Chinese partners;
- Select suitable partners from those met by the client in China;
- Support the sales of the client’s products in China;
- Support the set-up of a representative office in China.

**Client:** A Portuguese private company
III. SPI’s Experience in China

APPREACH STRATEGY TO A TARGET CHINESE COMPANY

Support the client in evaluating the risk of technology transfer to potential Chinese partners

Activities:

- Collect the client’s background information;
- Assess the credibility and market position of the identified Chinese company;
- Support the client’s visit to the identified Chinese company;
- Develop an assessment report.

Client: A Spanish private company (Vaccine industry)
Activities:

- Obtained a full understanding of the Centre’s requirements regarding the healthcare/machinery sector report and three case studies for each sector.
- The sector report provided an overview of the healthcare/machinery sector in China.
- The case studies highlighted the experiences of EU SMEs in the healthcare/machinery sector in China.
- Developed the healthcare/machinery sector report and three case studies.
- Finalized the healthcare/machinery sector report and three case studies.

Client: EU SME Centre (China)
III. SPI’s Experience in China

PROJECTS FUNDED BY THE EUROPEAN COMMISSION

- Feasibility Study - European SME Centre in China
- ChinaAccess4EU
- Science, Technology and Innovation performance of China
- Dragon STAR
- Supporting International Collaboration on Innovation Policy
- Strengthening Chinese Collaboration on ICT R&D with Europe