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Dragons Quarterly keeps you updated about our latest events, activities, members and other developments of Dragons Businessclub.



Editorial

In this issue, we look back at our last event and discuss an interesting milestone and a phenomena related to Sino-Dutch business. This year, the editorial of Dragons Quarterly will be written by different editors and you can meet the faces behind our team.

Regards,

Nga Yau Wong

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Event report: Christmas Charity Event at Madurodam

By: Wenqing Liao (picture by Michael Tsang)

Two weeks before Christmas, the Dragons Businessclub hosted its annual-held Christmas Charity Event in Madurodam in The Hague. We welcomed more than 120 guests and together, we supported the Dutch charity foundation Care4Tina. This foundation helps Chinese children who have cleft lips in the city of Xi'an to get proper surgery, treatment and aftercare.

View the [Pictures Christmas Charity Event 2015](#).

Looking back and forth

The evening started with an introduction by Mr. Atom Zhou, the chairman of Dragons Businessclub. Then, Mr. Karsten Klein, vice-mayor of the City of The Hague, looked back at the developments of the Chinese businesses in The Hague. Mr. Klein sees a fast growth of the Chinese business community; more than 60 Chinese companies have already set up their European headquarters in The Hague. This includes both small medium sized enterprises to multinationals such as Huawei and ZTE. Following up, Mr. Dr. Hein Roelfsema, associate professor of International Entrepreneurship at the University of Utrecht, presented a macro picture regarding the Chinese economic developments in 2016. In the past year, the Chinese economy was not as optimistic as people had expected. However, the Chinese economy is in a transition. This transition will be shaped by a growing number of Chinese entrepreneurs and the expansion of private innovative sectors.

Charity Care4Tina

This year we helped the charity foundation Care4Tina. Care4Tina was founded in October 2009 by two warm-hearted Dutch women, Ms. Elise Niels and Ms. Tineke Mast. It started by supporting little Tina, a Chinese orphaned baby who was born with a double cleft palate. Tina became a symbol for young Chinese children with cleft lips in need of medical help. As of today, Care4Tina has helped more than 220 young children in Xi'an, China. It is because of Care4Tina that many lives changed with a brighter future perspectives. Together we collected € 6,170 for the Care4Tina charity foundation and helping more children.

Dragons Businessclub wishes all her members, relationships and Care4Tina a prosperous New Year!



A new era of Chinese outbound investment -- to be commenced by China's 13th five-year plan

By: May Wu, consultant at an international M&A advisory firm

Last November the Chinese government released the 13th five-year plan as the country's general guideline for its economic and social development from 2016 to 2020. As an investment consultant, my most interested topic is the impact of the 13th five-year plan on China's overseas investment activities.

What's new?

China's Ministry of Commerce (MOFCOM) released the Administrative Measures for Overseas Investment in 2014 to facilitate overseas investment. Reforms of regulatory approval process are made to promote greater outbound investment by introducing a "negative list". Proposed investment in certain destinations or sectors which are excluded from this list only need minimum filing with MOFCOM, instead of a lengthy approval process.

Foreign exchange policy reform is coming up next on China's agenda. The government plans to further ease limits on foreign exchange for both corporates and individuals, and eventually abandon the current quota restriction. Just when you thought things couldn't get even better, China's RMB is included by the IMF to its reserve currency basket in November. This is a huge step for the internationalization of RMB, meaning that global financial institutes will have to increase the weight of RMB assets in their portfolio. More financial products and investment projects will be made available for Chinese investors in the future.

Which industries?

The government emphasized 7 key strategic industries that will see the most development, including software, environment

protection equipment, life science and pharmaceuticals, communication technology, new energy, cloud computing and robotics. In addition, smart manufacture, aviation equipment, offshore engineering, rail transportation and new materials are also among promoted industries.

As a result of the official cancellation of the one-child policy in 2015, food production will become a challenge for China. Modern agriculture technology is needed by the country to produce more quality food for the ever-increasing population. Chinese investors are keen to find overseas agriculture and food technology, from seeds breeding to meat processing.

Which countries?

Two years before the 13th five-year plan, China introduced the “One Belt, One Road” initiative, which maps out a development and cooperation framework connecting about 60 countries alongside the ancient “silk road” and “maritime silk road”. These countries have a total population of 4.4 billion and a total economic output of \$21 trillion. The One Belt, One Road initiative will be further executed during the 13th five years. Increased investment in these countries will be foreseen, especially in the infrastructure and transportation sectors.

In general Chinese companies are encouraged to expand their overseas investment activities, both state-owned enterprises as well as private companies. Soon you will probably read about significant investments made in above mentioned sectors and regions. If you are doing business in or with China and want to know how the economy will develop there, the best and direct way is to read the five-year plan. Fun fact: the Chinese government published a promotional music video about why you should read the 13th five-year plan. Try searching for “What’s China gonna do” on YouTube.



Fearsome hunt by the Chinese

By: CY Cheung, Msc student TU Delft

In recent Dutch news an increase interest from China in Dutch companies, such as ADO Den Haag and Vivat, the insurance branch of SNS Bank, is quite visible. What is this sudden interest and should the Dutch be worried? For this, I have approached a Dutch-Chinese professor at the policy and law department of the Delft University of Technology, Peter Ho, for insights. I also reviewed several popular Dutch news media, for example the *Financiele Dagblad*, *Volkskrant*, *NRC* and *de Correspondent*. The first impression, yes there is a lot to fear: 'Help, my boss is Chinese!' [1] or 'Help, the Chinese are stealing our knowledge!' [2]. The concerns raised are clash of corporate cultures, the infamous perspective on intellectual property rights, the loss of jobs, and the autocratic or the communistic regime. A closer look puts every fear in perspective. Let me illustrate this by elaborating on two fears.

1. Fear of IP-rights infringements

Two arguments can bring this fear in perspective. First, only 2.7% of the Chinese companies here in Europe are in direct contact with knowledge intensive activities. To compare, the Chinese have a much higher number of knowledge intensive companies in the US and Japan, 35% and 22% respectively [2]. Second, knowledge is very hard to steal, mainly because modern technology nowadays is far more complex. The knowledge cannot be wrapped in a package and then shipped by airplane. The valuable knowledge now is much more embedded in the people and in the environment surrounding the technology or innovation [3]. Think of, for example the network of talented people in the direct vicinity, the education level of employers, the tailor-made business model or the collaboration with surrounding universities and research institutes, such as in the case of Eindhoven Brainport or the more popular, but similar US Silicon Valley. "These kinds of local interactive clusters are hard to copy" [2].

2. Fear of the culture clash

To bring this in perspective, the problem can be depicted as a management problem: select the right person for the project team, make realistic planning, work on expectation management, don't forget teambuilding. Perhaps the only thing that stands out are "etiquettes": give the right handshake or do not leave work earlier than your boss [1]. However, this can be seen as just part of a businessman good "negotiation" or "networking" skills. Sometimes it is just a matter of getting informed about Taoism, Confucianism or plain Communism [1]. One has to recognize that the (business)culture in China is very pluriform [3]. For instance, China is simply much larger and more populated than the European Union, think of all the cultural implications here on this scale alone and extrapolate that to China. The cultural difference can even be seen per industry sector, think of the 'normal' cultural differences between the automotive industry and agriculture for example within one country.

To conclude, there is nothing where the Dutch should be worried about. A so called perception gap exists [3]: facts that do not match what is perceived. From a rational point of view the hunt is almost insignificant. Fear, trust, worries are arguably not rational, but they do drive decision-making. From an emotional point of view, yes there is a cultural clash, but these seems to be almost general management problems, so in time manageable and solvable. I am confident that these are just small hurdles along the roads of successful businesses.

Please check our online version for the references.



Editor's column: Integrating in Taiwan

Wanny shares her experiences of living and working in Taiwan.

This is her second column

By: Wanny Chan

Today (22 December, 2015) Taiwan is celebrating the national day of New Immigrants with festive activities. Around 500,000 foreigners (Taiwanese population 2.4 mln) have already successfully rooted in the Taiwanese society. Consequently, distinguished first, second etc. generations arised by hard work, perseverance and care from local citizens. Personally, the recent granting of my work permit represents my steady integration into Taiwan.

On the other side, it is quite paradoxical to realize that Europe is coping with a historical stream of refugees from Syria and other unrests. It is relatively easy to notice difficulties and discomfort rather than positivity due to recent developments. If everyone unites and contributes, better socio-economic environment will come.

"If you want to go fast, go alone. If you want to go far, go together." an African proverb.



Vacancies editorial commission

We have vacancies for the editorial commission. Do you like to write articles (also in Chinese) and team up four times a year for the Dragons Quarterly? Send us an e-mail news@dragonsbusinessclub.nl.

[Colophon](#) and [disclaimer](#).