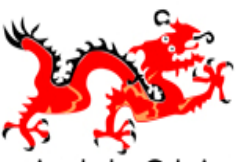


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Insight China

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University of Applied Sciences Northwestern Switzerland
School of Business

Student Project

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NEWSLETTER

关注中国报纸

4th Edition April 2010



**Final Newsletter of
Insight China 2010**

Cities of Insight China 2010



(above)

26th—31st March Beijing



(left)

31st March—3rd April Tianjin



(above)

3rd—6th April Lanzhou

(right)

6th—11th April Shanghai



Alstom Trains for the Urbanizing East

For over 10 years, Alstom (our main project sponsor) has operated a French-Chinese joint venture to produce carriages for the Shanghai Metro system. According to Mr. Luc Deporte, Deputy General Manager of Shanghai Alstom Transport Co., Ltd. (SATCO), despite great challenges and significant difficulties, the joint venture has achieved considerable success. Apart from the usual obstacles that joint ventures in China face, the market outlook looks extremely bright. Massive investments from the Chinese government into new metro systems for the rapidly growing cities in Eastern China are the main driving force.

„Currently we are working at double our normal rate but with the same workforce.“ With this

standards during the World Expo. For all shipped metro trains, SATCO needs to provide maintenance staff in the train depots around Shanghai. On one hand, Mr. Deporte mentioned, that sales were not especially affected by the World Expo. Shanghai needs to expand its metro network anyway. However on the other hand SATCO is faced with higher expenses on the maintenance side. Local authorities



Insight China 2010 Delegation and Mr Luc Deporte, Deputy General Manager of Shanghai Alstom Transportation Co., Ltd. (SATCO)

statement, Mr. Deporte started off his presentation and immediately caught the attention of the Insight China Delegation. The World Expo which will open its gates to the general public on the first of May is the main reason for the current busy season. In order to ensure smooth transportation facilities for the Expo, all ordered metro trains need to be ready for the Shanghai area as soon as possible. Additionally, SATCO is faced with increased service

want to ensure that the metro runs smoothly during the EXPO and therefore strongly requests its suppliers to maintain extremely high service standards. It can also be seen as a chance for Alstom and Mr. Deporte is optimistic that his trains will meet the expectations of the Shanghai authorities and open the doors for further sales in the Chinese market.

(continued on page 4)

Insight China in Lanzhou

As its third destination, Insight China 2010 made a stop in Lanzhou to visit the partner University of the FHNW. Page 5.



Shanghai, China's largest city

Fast growing and highly modern, Shanghai offers various possibilities for foreign companies.

Page 6.



Insight China 2010 ends

“Of a good beginning comes a good end.”

Page 10.

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Zàijiàn Zhōngguó

From 26th March to 11th April 21 Students and 3 Professors travelled to the four destinations Beijing, Tianjin, Lanzhou and Shanghai. The two-week on-site trip to China marked the highlight of the Insight China Project. Looking back, it was an intensive, challenging but also extremely successful journey.



A Message from the Project Team

Dear Reader,

Having returned from China the Insight China project will soon come to an end. Now it is time to look inward and to recall the past. What did we experience? What did we learn? What will stay in our minds?

When we met on the morning of the 26th March at the airport in

Zürich, everyone was excited about the upcoming two weeks and curious to make finally their own image of China. During this very intensive on-site seminar we visited over 15 companies, more than 10 universities and public institutions and of course also some famous sights like the Great Wall and the Forbidden City.

We not only learnt about doing business in China, the rapidly urbanizing cities, Chinese culture but also we had the chance to get a first insight into what was for most of us, a new world. China – on the one side a country with gigantic and speedily implemented construction projects in the big cities; and on the other side farmers in Central China do-

ing all their work by hand.

In China more seems to be possible than we dared to expect before. China has certainly charmed the whole delegation and has become a real alternative as a future working place. Besides all these nice memories the trip fostered also new friendships – maybe forever.

There is a saying from Confucius: “It’s okay to look back – just don’t stare.” With this in mind, we move on to new pastures and would like to express again our deepest gratitude to all supporting parties, which made the whole project possible!

Project Team Insight China 2010

(continued from page 3)

With more than 10 years managing experience in the Asian market, Mr. Deporte gave the delegation some valuable insights about the challenges one has to be aware of while operating a joint venture in China. With a lot of enthusiasm, patience and a portion of humor he oversees the plant activities and represents the interest of the minority shareholder Alstom. However, he also pointed out the importance of the Chinese partner. In order to be able to participate the bidding independently, one needs to obtain a special license, which is

very hard to receive because of the high level of criteria.

While at the moment mainly producing for the Greater Shanghai area there is a bright outlook for further expansion into other fast growing urban centers in Eastern China. With a vast product portfolio, SATCO is able to provide different solutions from standard tramways to ultra-modern metro trains. Furthermore, Mr. Deporte expects that staff and output will double by 2012, if everything develops as hoped. With the expected urbanization, our main sponsor Alstom will maintain its commitment to China. (sz)

Gansu Province—Lanzhou



Gansu, the heart of the Silk Road, has an area of 454'000 km² and is located in the northwest of China. Furthermore, the province borders Xinjiang, China's most western province and hosts part of the Gobi Desert. The province stretches from the Yellow River in the north to the Tibetan Plateau in the south. The climate of Gansu is generally semi-arid to arid with warm summers and cold winters. Additionally, the landscape is flat in the north and mountainous in the south with Qilian Shan as its highest mountain with a height of 5'547 meters.

The province has a population of 28 million inhabitants and the capital is Lanzhou which is located in the south-eastern part of Gansu.

One famous tourist attraction are the Bingling Grottoes in a canyon along the Yellow River. The Grottoes contains dozens of caverns with sculptures and frescoes from the Western Jin Dynasty. The site can only be reached by boat in spring, summer or fall. However, the most famous Grottoes in the Gansu Province are the ones from Dunhuang, lying at the western end of the Hexi Corridor. Dunhuang is a strategic town on the silk road where Chinese products, especially silk, was brought to Europe and the Middle East. The best preserved Grottoes of Dunhuang are the Mogao which are also known as 1'000 Buddha Caves and are filled with thousands of sculptures, statues and scriptures. Since 1991, the Grottoes of Dunhuang have been on UNESCO's list of world natural and cultural heritage. (ak)



Canton of Solothurn and Gansu Province come closer

Insight China 2010 attended a historical event in Lanzhou, when the Canton of Solothurn and the Gansu Province sign a friendship agreement.

As its third destination, Insight China 2010 made a stop in Lanzhou in the north-western province of Gansu to be witness to a small historical event. The Canton of Solothurn, represented by Councillors Walter Straumann, Klaus Fischer and Esther Gessler, and Gansu Province signed a friendship agreement as a result of the long-term relationship of the University of Applied Sciences Northwestern Switzerland (FHNW) and Gansu Province.

This relationship is part of the international activities of the FHNW which give students the

possibility to network with economically powerful countries, in particular China, the fastest

growing economy in the world.

The Gansu Delegation highly praised the work of Prof. Dr. Ruedi Nützi, Director of School of Business, and the FHNW itself.. It

was explained that “People to People Friendships” are the roots of a tree and “Country to Country Friendships” are the leaves of the tree. The leaves cannot live when no strong roots exist. The students of Insight China 2010 are a fundamental part of these roots - the future.

The Gansu Delegation hopes that more students of Switzerland help to maintain this long-term relationship between Switzerland and China, especially between the two provinces Solothurn and Gansu. (ak)





Skyline of the Bund, Shanghai

Shanghai

Shanghai, largest city of China and eighth largest in the world, lies in the southeast of the country at the Yangtze River Delta. The city is seen as one of the most important commercial, financial, industrial and cultural centres and hosts the world's largest cargo port, Yangshan Port, 32 km out in the sea. With almost 20 million inhabitants, Shanghai has almost three times the population of Switzerland and is growing annually through increasing worker migration.

In the 21st Century, Shanghai is experiencing a building boom of high-rise apartments with several top floor restaurants. Furthermore, Shanghai tries to focus more on green areas, public parks, to increase the living quality of the inhabitants and to live the theme of Shanghai's Expo 2010 "Better City – Better Life".

Shanghai hosts various tourist sites as for example "The Bund", embankment quay previously hosting banks and trading houses from various foreign countries. In Pudong, developed only since the 1990's, some of the highest towers can be found, especially the Shanghai World Financial Centre with a height of almost 500 meters, the tallest skyscraper in mainland China and the second tallest in the world. (ak)

2010 Outlook for ABB Robotics in China

Mr. Joni Rautavuori, Manager Robot Products in ABB's Robotics Business Unit in Shanghai, China, forecasts increasing challenges for ABB in the Chinese market for 2010 in a presentation at the headquarters of ABB Robotics in Shanghai.



Joni Rautavuori, Manager Robot Products at ABB Robotics Shanghai

ABB Robotics in Shanghai, China is preparing for fierce competition in the Chinese market. "Chinese competition will continue to increase and challenges ABB's traditional position as market leader", explained Mr. Rautavuori. "But we are ready to meet any challenge!" he said. Among others Mr. Rautavuori mentioned ABB's strong customer base as a major asset. Moreover, he acknowledged that ABB does not transfer its latest technology to China to prevent IP infringements from Chinese competitors.

Joni Rautavuori forecasts a mixed outlook for 2010, but he expects the Chinese

market to continue to become stronger as well as ABB's role in the market since macro trends related to climate change and energy efficiency continue.

"ABB is a strong local payer with the right businesses, technology and people to capture opportunities." Joni Rautavuori

Touching on the issue of retaining personnel Mr. Rautavuori admitted that labor turnover is a common problem in China due to excessive supply of work places concentrated in urbanizing regions resulting from the country's fast economic development. The difficulty lies

in finding well educated staff with tertiary education and work experience, and to retain them, he explained. "It is not difficult to find staff for the production", he stated, referring to the fact that ABB has an excellent reputation as an

employer and working for a high-tech company is seen as prestigious in Chinese society.

ABB's Robotics Business Unit started with its first paint robot arm in 1969. Nowadays, 160'000 robots from ABB are installed and in use. ABB moved its headquarters for Robotics in 2006 to China and employs over 780 people at its production site in Shanghai. ABB's last year revenue rose 4 percent to USD 4.3 billion. The Chinese market constituted 13 percent to ABB's total revenue. (ct)



Suzhou Industrial Park

Suzhou Industrial Park (SIP) is built in Suzhou, one hour distance from Shanghai, as a joint venture of the Governments of Singapore and China. China wanted to develop a “modern industrial township” with joined hands with the government of Singapore to gain their experiences. The park was born in 1994 when, in Beijing, both governments signed an agreement on the joint development of Suzhou Industrial Park.

The Park has a sustainable annual economic growth of 30 percent and contributes around 15 percent of Suzhou’s GDP and has a total registered foreign capital of approximately 25 percent.



Over 3’300 foreign enterprises had settled in Suzhou’s Industrial Park by the end of June 2008. 80 percent of companies are profitable after two years in the Park and almost 25 percent have already covered their initial investments. (ak)

Endress + Hauser benefits from the technology cluster in the Suzhou industrial park

Dr. Qinxue Wei, Managing Director of Endress + Hauser Flowtec’s production site in Shanghai observes benefits for his company being located in the Suzhou Industrial Park.



Insight China 2010 Delegation at Endress + Hauser in Suzhou Industrial Park

The sophisticated geographical location of Endress + Hauser Flowtec’s suppliers in the region is one of the company’s competitive advantage. Endress + Hauser inaugurated its business unit Flowtec in the Chinese market 8 years ago in 2002 in the Suzhou Industrial Park outside Shanghai, China. The company managed to concentrate most suppliers close to its production site in order to reduce transportation, material handling and storage costs, and enhance efficiency and a close to hundred percent just-in-time material management. Endress + Hauser goes even further and integrated one of its most frequent supplier in its production site, building a symbiotic like form of

cooperation.

Endress + Hauser Flowtec faces fierce competition in the Chinese market, from local and foreign competitors, Dr. Wei admitted. The company differentiates

itself with its high quality products which are well appreciated by its clientele.

“Our product is seen as the Mercedes among other competitive products!” Dr. Qinxue Wei

Endress + Hauser Flowtec provides exactly the same products for its clients all over the world whether production is in Switzerland or in China, the production values stay constant. Through standardized production processes and well-proven suppliers the company is able to deliver products of highest quality.

(continued page 8)

(continued from page 7)

Dr. Wei identified the concentration of well trained labor in the technology cluster of the Suzhou Industrial Park as a benefit for Endress + Hauser. This facilitates the occupancy of vacant positions since the company currently employs a staff of only 57. The labor turnover rate was recorded to be 7 percent on average for the past few years. Dr. Wei indicated fair payment and occasional company excursions with his staff as key elements in retaining employees as well as creating a sound environment for open communication in the company. The recruitment of new labor is strongly controlled and limited by the company's

headquarters in Switzerland, he said.

Endress + Hauser Flowtec Shanghai has plans for further expansion and recently bought 7'000 square metres of land adjoining its current premises in the industrial park.

The company Endress + Hauser entered the Chinese market in 1990 and started its operations in establishing several joint ventures with Chinese companies in order to push sales of its pressure, analysis and level instruments. Five years later the company established its fully-owned sales center in Shanghai, China. Nowadays, Endress + Hauser is a well-established brand in its field in China, standing for highest quality and precision. (ct)

The Inconvenient Truth

InterChina consultant, Mr. Frank Kaiser, envisioned future trends and ongoing changes in the way of doing business in the world influenced by China, and thereby uncovered "inconvenient truths".

„China has overtaken Japan and will overtake the US sooner or later“, said Frank Kaiser indicating China's high economic potential. Among other trends Mr. Kaiser stated that "the West will be like China" and refers to his assumption as an "inconvenient truth". He argued that the Chinese market will become stronger and gain even more importance for businesses in the world. "A 500 million people strong middle class will arise in the near future with huge consumption power", according to Frank Kaiser.

In order to serve the Chinese market successfully international companies will have to adapt to its Chinese customers and their values. According to Mr. Kaiser this will have an influence on the value system of Western companies and make Westerners more sensitive in regards to Chinese values.

Moreover, as Chinese companies become strong players in the world market, it is a matter of time when these companies will acquire Western brands, shape their im-

age and set trends which Western consumers will follow. This in turn will impact the behaviour of Western consumers, he argued.

Frank Kaiser joined the first Insight China project nine years ago in 2001. His passion for the country motivated him to move to China right after graduation. Today he works as a Senior Consultant at InterChina Consulting, a consultant agency specialized in serving Western companies entering the Chinese market. InterChina Consulting positions itself as a "boutique consultancy, with a strong past and a strong future". (ct)



Frank Kaiser, InterChina Consultant and former Project Team Member of Insight China

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Feedback

The trip of Insight China 2010 is already two weeks ago and every Delegation Member is still dreaming about the unforgettable experiences gained during these two weeks in People's Republic of China. A handful of members share their thoughts in some short lines.



Sonja Simmen

China - a great experience. My impression of China is that everything is different to us. Most is neither better nor worse, it is just different. Somehow I was surprised how different a country can be. It was a personally enrichment for me.



Oliver Graf

Who has not been to China does not know about China, is what I learned during our On-Site trip. I was overwhelmed by the magnitude of China's incredible development in recent years, which one can only understand by facing the skyscrapers and new cities that are springing up like mushrooms. The many company visits and contacts with local people gave me a much better picture of China. Thank you to everyone who has contributed to this great project!



Roger Brugger

China gave me the impression that if we do not work harder in the future we will definitely lose our wealth little by little. It is very simple: Wake up and get back to work!



Dijana Kokai

The Insight China trip was a once in a life time experience I will always keep in my mind! The countless impressions about China with the variety of cultures, the breathtaking landscapes and the diversified economic, makes this experience beyond compare. I'm so grateful to be a part of this unique experience and want to thank everyone who makes this possible!



Andrea Krebs

Visiting China let me forget all prejudices for the country. I was so impressed how a country with such a rapid growing economy has to face so many challenges and is becoming once the leader of the world. If the rest of the world is not keeping pace, we will be overrun. China steadily wants to learn more and implement the knowledge gained. The possibility to visit companies and universities helped me to understand the different culture and way of doing business. I will never forget the experiences gained during this Trip and I want to thank the project team as well as the sponsors to gave us the chance of seeing beyond Switzerland.

The end is near...

In a few weeks Insight China 2010 ends. On May 7th, the delegation members will have presentations about various topics regarding the motto of Insight China 2010 „Sustainable Urbanization“. The presentations are open to all sponsors, families and friends.

Programme

12.50	Welcome and Introduction	Rolf Dornberger	10 minutes
13.00	Impact of urbanisation & demographic changes on demand for transport services.	Tania Weiss Melissa Bürgin Sabrina Gallardo	30 minutes (25 minutes presentation plus 5 minutes Q & A)
13.35	Impact of urbanisation & demographic changes on energy use, supply and transmission	Volha Buslava Irene Friedli	25 minutes (20 minutes presentation plus 5 minutes Q & A)
14.05	Break		20 minutes
14.25	Development of telecoms services in an urbanising society	Florian Bammatter Daniel Thüring Dušanka Stevanovic	30 minutes (25 minutes presentation plus 5 minutes Q & A)
15.00	Attracting high tech and service industries into Chinese regions.	Uwaeke John Amandi Roger Brugger Dijana Kokai	30 minutes (25 minutes presentation plus 5 minutes Q & A)
15.35	Reaching Chinese consumers in an urbanising society	Oliver Graf Sonja Simmen Michael von Arx	30 minutes (25 minutes presentation plus 5 minutes Q & A)
16.05	Break		20 minutes
16.25	PR Team: Insight China PR Handbook 2009/10	Michael Döbeli Andrea Krebs Chung-Eng Taing	30 minutes (25 minutes presentation plus 5 minutes Q & A)
17.00	Final Comments - Official closing of Insight China Project 2010	Michael Jeive	15 Minutes

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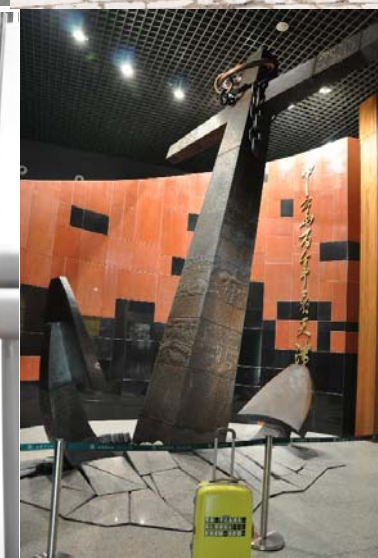
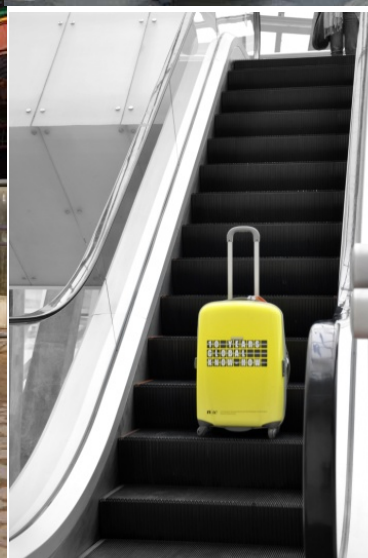
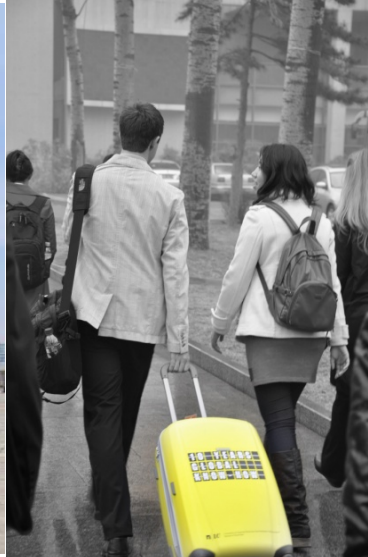


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Impressions



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