

## World Knowledge Forum 2013

### What China's New Leaders Mean for Business

Gang Fan, the Director of the National Economic Research Institute, described the future of China at the 14th World Knowledge Forum, saying, "The challenge we are seeing...we are in shallow water. We move from one ocean into a new ocean. And of course, when you move from one ocean to the other, you are entering shallow water...That means [for long distances] you have uncertainty because you have less depth."

Mr. Fan, as well as Adam Zhu, CEO and Chairman of International Management Group, and Charles-Edouard Bouée, Roland Berger Strategy Consultants President of Asia, spoke at length about this issue in their lecture entitled "What China's New Leaders Mean for Business." The panelists, along with moderator Dr. Robert Lawrence Kuhn, exuded cautious optimism while discussing China's growth, impending government reforms, and future business opportunities.

One of the main topics addressed by the panel was the impact of China's rapid growth. Mr. Zhu compared the current rate of growth to the European economy 200-250 years ago, only on a much larger scale. Mr. Bouée concurred, adding that while it took both the Americans and Europeans hundreds of years, China is experiencing this transformation in a fraction of the time. As the country continues to grow, there are increasing concerns about whether or not the new administration can handle its effects.

"The leadership would like to see the Chinese economy continue to grow...not overheated growth, but a continued normal stable growth," said Mr. Fan. He went on to clarify his point, stating that growth is good as long as it can be controlled. If the economy grows too quickly, a whole litany of issues such as inflation could hamper the country's progress.

The accelerated growth of the Chinese economy is promising, but all of the panelists agreed that government reforms are needed. Mr. Fan stressed the importance of less government involvement in the financial sector, believing this will also help with the issue of corruption.

"Corruption is all about public power," said Mr. Fan. "If the government is given less control, this will lead to less corruption...that is for sure, theoretically and empirically."

As the world's second largest and soon to be largest economy, there is great potential for foreign businesses in China. Mr. Zhu stated that foreign investors need to know what is good for China

and what is best for those who govern China in order to be successful in the country.

With that being said, Mr. Bouée warned against trying to change the way Chinese people do business. When discussing this issue, he says that it is as foolish as “trying to shape the wave you are trying to surf.”

Mr. Zhu adamantly agreed, saying that it would be impossible for the Chinese business sector to completely revamp their business methods and way of government, since the system has been in place for such a long time.

The future of China looks bright, but the panel does believe there are risks and that certain reforms, such as giving more control to the private sectors, are needed in order for China to reach its full potential as a world super power.