



# **Boao Forum for Asia Annual Conference 2007**

## **Session Summary (No. 7)**

Boao Forum for Asia Institute

March 23, 2017

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### **Private Sector Roundtable Two**

#### **Why the Private Investment Subdued**

**Time:** 4:30 p.m. to 6:30 p.m., March 23<sup>rd</sup>, 2017

**Venue:** ICC, Level 1, Peacock 1

**Co-moderator:**

- QIN Shuo, Founder, Commercial Civilization Research Center of China & Chin@Moments
- XU Sitao, Chief Economist & Partner, Deloitte China

**Panelists:**

- BO Lianming, President, TCL
- LIAO Xiaoqi, former Vice Minister, Ministry of Commerce
- ZHU Yunlai, Economist
- JIANG Ying, Partner, Deloitte

**Key points:**

- The investment and financing of private enterprises needs law and policy support of the nation. Systematic policy support will be conducive to opening up the market.



- Craftsmanship and technology can help maintain the long-term competitiveness of private enterprises.
- Private enterprises can make cross-border investment as countries along the “Belt and Road” route have great potentials.
- Private enterprises should be aware of the geopolitical risks and know the specific national conditions of the destination country when going global.

### **Synopsis:**

In 2016, the investment growth of private capital was less than 3% and it is shrinking. The slowing down of the investment of private enterprises has attracted attention. How to boost the private enterprises’ confidence in investment, realize upgrading and prevent global risks are the difficult points and the key for enterprises to “go global, go in and go up”. Private enterprises have great willingness for investment, which also keeps up with the times. Technological innovation and national polity support and other comprehensive factors will influence and ultimately determine the success or failure of the investment of private enterprises.

### **How Do Private Enterprises Prevent Risks in Overseas Investment**

LIAO Xiaoqi suggested that private enterprises and government should make common efforts to prevent geopolitical risks. When making investment, private enterprises should have a full understanding of the destination country’s national conditions. The government should provide guidance in investment; the risks and responsibilities involved in investment should be borne by the enterprises.

BO Lianming said that private enterprises should consider factors such as tax system, national culture, and management models when making investment.



Entrepreneurs at the conference noted that Chinese enterprises should build an integrity alliance to go global together. In this way, they not only reduce the cost of publicity but also establish the integrity brand of China.

### **The Development of Private Enterprises Needs A Sound Legal System**

ZHU Yunlai said that the world economy is changeable; therefore the private enterprises' investment needs the support of a sound legal system. China should reinforce rule of law and reduce excessive government intervention.

JIANG Ying pointed out that in terms of tax revenue, China has a large amount of indirect taxes. People expect to see that the VAT legislation will have a breakthrough.

### **Technological Innovation Is Indispensable for the Upgrading of Private Enterprises**

BO Lianming said that private enterprises have entered the accelerated period of cross-border investment; foreign technology is the investment hotspot and main direction.

JIANG Ying noted that traditional private enterprises can maintain and enhance their market competitiveness by improving skills and technologies.

Entrepreneurs at the conference noted that in the coming 30 years, the core competitiveness of Chinese enterprises lies in brand, market and technological innovation. Original innovation is the key for China to support and lead its enterprises to develop.



## **“Belt and Road” Is A Development Opportunity for Private Enterprises**

ZHU Yunlai pointed that private enterprises are bound to benefit from systematically exploring the market by taking advantage of the “Belt and Road” countries’ comparative advantage in technology and scale.

BO Lianming noted that the “Belt and Road” initiative presents a good opportunity for overseas investment of private enterprises. Chinese market needs to take advantage of the foreign technology and resources to develop itself. China has entered investment 2.0 Era. China’s brand and culture will also be introduced to the world along with its products.

Entrepreneurs at the conference believed that the “Belt and Road” makes China and relevant countries achieve common development; the cooperation among private enterprises, state-owned enterprises and foreign enterprises will yield a win-win result.

## **The Relationship Between Private Enterprises Development and Government Supervision**

ZHU Yunlai said that the private enterprises often face difficulty in investment area access. The rules and regulations in the emerging area are ambiguous and the policy implementation is highly arbitrary. These issues need to be addressed by government policies.

JIANG Ying noted that the advantage of private enterprises is their sensitivity to the market. Therefore, the government supervision should be appropriate and balanced. In this way, we can create a sound investment environment and maintain the vitality of private enterprises.