

Biz leaders share plans for next 5 years

During the 13th Five-Year Plan (2016-20), China is emphasizing supply-side reform and long-term prosperity brought about by economic restructuring. With the annual China Development Forum that is taking place in Beijing on Saturday, senior executives of multinational companies from a variety of sectors share their insights into the country's new five-year plan and how their companies plan to adjust or improve their strategies in China.

Q1:

As China restructures its economy with an emphasis on supply-side reforms such as cost cutting and pruning of industrial overcapacity, what could be the implications for your operations in China?

Q2:

How will the renminbi's depreciation and slumping commodities prices affect your business operations in China?

Q3:

In terms of annual revenues and profits in the 2016-20 period, what are your expectations for your company's performance in China?

Q4:

What effect do you think the economic restructuring will have on long-term prosperity in China and to your business in the country? How do you intend to overcome your biggest challenges?



Roland Krueger
president of Infiniti Motor Co Ltd

A1 Technological innovation will drive the transformation of China's manufacturing industry. We are honored to be part of this process. Infiniti currently produces two models at the Xiangyang plant in Hubei province, which has become one of our benchmark plants worldwide.

A2 We successfully started local production in China more than a year ago. This manufacturing base enables us to be close to Chinese customers and at the same time provides a natural hedge against exchange rate fluctuations.

A3 China is Infiniti's second-largest market and provides our biggest growth opportunity. We are fully committed to Infiniti's continued expansion in China. Despite the slowdown in the premium car market, we grew our sales by 34 percent in 2015. Infiniti has been the fastest-growing premium car brand in China for the second year in a row, setting overall sales records in the Chinese market for three consecutive years. With our much expanded and renewed product lineup as well as local production in China, we are confident that Infiniti will continue to demonstrate healthy and sustained growth here.

A4 Our No 1 priority in China remains to serve the needs of our customers and thus maintain our position as a forward-looking, emotional, daring and customer-centric brand in the heart of Chinese customers. Infiniti is positioned for long-term growth in the Chinese market. Our investments in products, brand, local production, dealer networks and services will be continued and intensified as we grow together with China.

Major sessions today

8:30-9:30 am

- The world economy: The way forward

9:40-10:40 am

- Avoiding Thucydides's trap
- Internet as an engine of economic progress
- Structural reform of the supply front in the new norm

11 am-noon

- Envisioning 2016 G20 Summit in China
- New urbanization acceleration
- The renminbi: Now in the basket of special drawing rights
- The war on extreme poverty: Shared economic development

2:10-3:10 pm

- The Belt and Road Initiative I: Connecting development dreams
- The Internet and future technologies
- Trends in the energy market: The next five years
- Building a modern agricultural sector
- Action on climate change: Pathfinding after COP21

3:30-4:30 pm

- The Belt and Road Initiative II: Sustainable infrastructure investment
- Unshackling the modern services industry
- Social impact investment: New trend in philanthropy

4:40-5:40 pm

- Latin American Economic Outlook 2016: Towards a new partnership with China
- Global strategy for investment fund management
- The search for new investment growth
- Exchange rates and global financial markets: Outlook



Joseph Jimenez
CEO of Novartis

A1 Moving China toward more sustainable, higher-quality growth, as encapsulated in supply-side reforms, has long been supported by Novartis. Chinese patients seek more effective and cost-efficient treatments, particularly for the growing incidence of serious and life-threatening chronic diseases. Currently, the Chinese market sells generic medicines of different quality levels. Raising the overall level of manufacturing will not only ensure that Chinese patients have access to the drugs they need, but also help accelerate the country's shift toward becoming a high-quality manufacturing hub and leading pharmaceutical innovator. International firms can contribute positively to this effort through their quality practices and advanced procedures. Novartis is committed to helping the Chinese government achieve these important goals through its continued investment in domestically produced, high-quality drugs and the integration of China into its global research and development networks. In June, we will officially inaugurate new research facilities in Shanghai to house more than 300 scientists.

A2 The renminbi revaluation in nominal terms has had a minimal effect on our China business operations. What is more consequential and positive for Novartis is that the renminbi's move toward a floating exchange-rate regime is another sign of China's opening-up and integration with the rest of the world. In the pharmaceutical industry, there are great gains than can be achieved from cross-border cooperation — from multiple-location clinical trials that bring needed medicines to market more quickly, to sharing regulatory best practices that reduce overlap and inefficiencies. China is quickly becoming one of the world's largest healthcare markets. Opening up to greater investment and leading technologies helps companies like Novartis make more substantial contributions in R&D, manufacturing and treating serious diseases.

A3 As China embarks on the 13th Five-Year Plan (2016-20), Novartis is committed to continue supporting ongoing healthcare reforms through sustained R&D investments, collaboration with local partners and strict quality standards that ensure better and safer drugs for Chinese patients. Specifically, Novartis will continue to focus on research to develop new medicines and high-quality generics that address China's evolving healthcare needs and growing chronic disease burden. We will strive to bring to the Chinese market our innovative drugs to treat cancer, the leading cause of death in China with more than 2.8 million deaths last year alone. In addition, as we have had great success implementing public-private pilot projects, such as targeting hypertension in Xinjiang and chronic respiratory diseases in Beijing, we will continue to seek new partnerships aimed at improving health outcomes for Chinese patients. Through our local R&D and manufacturing operations in China, we will further integrate our innovation capabilities into China's healthcare reform efforts.

A4 China is making important progress in rebalancing the economy and upgrading its manufacturing capabilities to achieve sustained and higher-quality growth. As the country makes the transition, it will also start facing challenges that mirror those of other prosperous societies. In healthcare, these include the need to ensure the sustainability and efficiency of its healthcare system in the face of the growing prevalence of chronic diseases. To address these evolving challenges, Novartis prioritizes science-based innovation and the delivery of better health outcomes. Key to realizing these goals in the context of an aging population are also policies that encourage effective use of cost-efficient medicines. Through concerted efforts in partnership with the Chinese government, long-standing R&D investments in China and cooperation with leading domestic and international academic institutions, Novartis will continue working to bring innovative therapies to improve care for Chinese patients and society.



Joe Kaeser
president and CEO, Siemens AG

A1 The Chinese economy has entered its new normal economic growth, shifting gears from its previous high growth rate to a moderate rate.

The so-called "supply-side reforms" under the new normal call for optimizing the current economic structure and strengthening innovation to create a more sustainable economic development with higher efficiency and lower costs.

Siemens perfectly fits into the national agenda of quality in growth with its market expertise and innovative solutions. It is also highly efficient and productive in various industries along the value chains of electrification, automation and digitalization.

We see opportunities in intelligent manufacturing, clean energy, urbanization and infrastructure, affordable healthcare and going global with Chinese companies.

A2 Regarding commodity prices, we are seeing decreasing growth and a structural transition in China's economy to a much smaller increase in demand for commodities as previously expected. This will result in structural overcapacities in China and increasing exports of aluminum and steel. Prices for global steel and other metals have come under pressure.

Siemens purchasing volume accounts for approximately 20 percent of raw materials and energy.

We are able to take advantage of both in and out of China. But compared to the slump in commodities prices, the depreciation in the renminbi has had less of an effect. When the market turns, we will be able to secure current price levels by hedging and with long-term contracts.

A3 With over 140 years of history in China, Siemens is already an integral part of the society and economy of the country. China is already the second-largest overseas market for Siemens. Siemens China has maintained solid growth over the past years.

Looking into the next five years, guided by the company's Vision 2020, we will continue building strong partnerships with customers in China. China will continue to be a pivotal market that contributes to the global growth of our company.

A4 China's economic restructuring is essentially a "structural upgrading", and its policy measures, including encouraging scientific and technological innovations, developing a real economy and improving livelihoods, will bring about long-lasting benefits for the country. That was evident in the Business Confidence Survey 2015 by the German Chamber of Commerce that reported China's economic reforms are generally seen as positive.

For Siemens in China, sustainability and innovation will continue to be the key factors for success. Last year Siemens announced the plan to achieve a net-zero carbon footprint by 2030.

In China, Siemens' environmental technologies have helped its customers achieve higher energy efficiency. They have also done on customers' emissions in transportation, building, power generation, transmission and distribution.

Siemens will invest around 4.8 billion euros (\$5.4 billion) in research and development globally. In China, our company is establishing the Siemens China Innovation Center, which will conduct research in new digitalization solutions for both the Chinese and international markets.



Jean Lemierre
chairman of BNP Paribas

A1 China has experienced extremely impressive development for more than three decades. While the growth is currently encountering some structural constraints, we believe it is indeed very wise for China to transit to a new normal phase.

The supply-side reforms will take an important role in this transition process. It could result in an increase in non-performing loans and unemployment but new measures are currently being implemented to manage these impacts. We are confident that the short-term drag will be more than compensated by a reinvigorated and greener economy in the medium term.

In fact, industrial restructuring and continuation of the financial reforms will generate numerous new business opportunities for our clients and for the development of BNP Paribas in China.

A2 Renminbi depreciation has been a hot topic and a major concern in the past year or so. We very much endorse what the Governor of the People's Bank of China Zhou Xiaochuan has analyzed. The renminbi might have accumulated a certain degree of overvaluation because it had been de facto pegged to the US dollar.

We do not perceive the current foreign exchange situation as a Chinese yuan devaluation and we are confident that renminbi internationalization will be continued.

In this new currency and commodities environment, we have adapted our products and services to help our clients better hedge their risk exposure and to support their true cross-border trade and investments.

We believe that, currently, our onshore platform and products expertise, as well as our strong international presence in 75 countries, position BNP Paribas as one of the best financial partners for our Chinese and international clients.

A3 2015 was a good year for our businesses in China. Supporting our clients, we were able to generate strong revenues and profits while maintaining a very low level of non-performing loans. In 2015, the objectives of our 2014-16 development plan were already achieved in the Asia Pacific region. These results position BNP Paribas as one of top international banks in China.

We are confident and optimistic for our activities in the 2016-20 period, in particular as the renminbi internationalization and the financial markets reforms as well as other new policies and regulations from the Chinese government and regulators offer new opportunities for our clients and for our bank.

2015 was also an excellent year for our various partnerships and joint ventures in China. The business cooperation with Bank of Nanjing, our strategic partner, continued to deepen, allowing both banks to offer better and broader services jointly to clients. In addition, we have expanded our cooperation with Bank of Nanjing via a new and strengthened joint partnership in equipment leasing and consumer financing.

Working closely with some other strong Chinese partners, we launched three more joint ventures in 2015 in the areas of auto finance, car fleet leasing and life insurance, as well as achieving continual development in asset management and private equity.

A4 We strongly believe China has great growth potential, though it may be lower than that of the past. We have noticed the China leadership's commitment and determination to undertake economic and legal reforms for the better well being of its people.

China will also continue its opening-up, in particular, in the financial and capital markets. We welcome these new developments as they fit well with our long-term commitment in China.

In the meanwhile, we are sharpening our competitive edge in accordance with the country's new policies to better serve our clients with new business activities and services.