

A new **normal**



AMBASSADOR INSIGHT

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CHINA is undergoing a process of economic restructuring. As the largest developing economy with a population accounting for a fifth of the world's total, its market potential is huge for Ireland.

Ireland boasts strong advantages in the hi-tech, life sciences and agri-food industries. Against this background, both sides could

and should look further into how they complement each other economically.

China has built up a competitive edge in sectors such as machinery, telecommunications and clean energy, amongst others. Chinese companies Huawei, ICBC Aviation Leasing and Beingmate Dairy are just a few examples of Chinese enterprises faring well in Ireland.

In January 2014, China Investment Corporation and Ireland's National Pensions Reserve Fund jointly established the China Ireland Technology Growth Capital Fund, a US\$100m investment vehicle which set a new mode of co-operation in investment between both countries.

I believe bilateral trade and two-way investment will continue to grow in areas like dairy production, aircraft leasing and ICT.

China has a large population as well as a rapidly growing middle class, which has made it one of the world's most promising dairy markets. I am optimistic about Irish and Chinese companies further tapping the huge potential that exists here in terms of mutually rewarding business links.

According to Bord Bia, Irish food and beverage exports to China reached €520m in 2014, increasing by almost 40pc. China has

become one of the largest markets for Irish food and drink outside the EU.

Turning to education, the Irish Government and Irish universities promote Ireland as a great destination for high quality third-level education as well as English language learning.

Recent years have seen a significant deepening of the educational relationship between Ireland and China, which has become a key market for Irish educational institutions.

I believe this positive momentum will continue in 2015. I also hope more and more Irish students will choose to go to China to further their studies.

Business people thinking of doing business in China first and foremost have to understand the business culture and potential opportunities and identify the potential issues associated with market entry, risk management, cultural shocks and language barriers.

It is also crucially important to study some official documents released by China's central government to gain a better insight into policy priorities. It sounds like a tough and daunting challenge but there is a shortcut, which is to recruit experienced Chinese management staff to help to adapt in an easier and more efficient way.

Due to similar experiences in modern history, the peoples of China and Ireland share some virtues and values, such as diligence, humility, valuing traditions, and attaching significance to families – which has in my view paved the way for a good mutual understanding.

I am encouraged by the continued increase in the number of Irish people learning the Chinese language, which would undoubtedly bring our two nations closer than ever.

ECONOMIC OVERVIEW

China's growth rate in 2014 was below 7.4pc, comparatively lower than in previous years, resulting from a series of economic restructuring measures. The forecast for 2015 by the central government is 7pc.

After years of double-digit growth, the Chinese government is now advocating a 'new normal' of slower expansion. In the words of Chinese Premier Li Keqiang: "China is now at such a crucial stage that without structural transformation and upgrading, it will not be able to achieve sustained economic growth. China is now trying to move from an export-led growth model fuelled by government investment to one driven by higher domestic consumption and a larger services sector.

"The core spirit of the new normal is to recognise the reality of economic growth, endure the adversity of structural adjustment, avoid a large-scale stimulus package and promote the transformation and upgrading of the economy through reform."

Examining China's track record with reforms, there is reason to remain optimistic about the market's resilience. Perhaps the growth rate will be more flexible, or less impressive, but the structure of the economy will be gradually optimised and the quality of it improved.



NATIONAL FLAG

The flag of the People's Republic of China is a red field charged in the canton (upper corner nearest the flagpole) with five golden stars. The design features one large star with four smaller stars in a semicircle set off towards the fly. The red represents the communist revolution; the five stars and their relationship represent the unity of the Chinese people under the leadership of the Communist Party of China. Sometimes, the flag is referred to as the 'Five-star Red Flag'.

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- NATIONAL DAY: 1 October 1949
- DATE WHEN DIPLOMATIC RELATIONS ESTABLISHED BETWEEN CHINA AND IRELAND: 22 June 1979

Key facts...

- **National population:** 1.37 billion (estimate)
- **List of top five cities and population of each:**
 - Beijing: 21 million
 - Shanghai: 24 million
 - Tianjin: 15 million
 - Chongqing: 29 million
 - Guangzhou: 13 million
- **Area:** 9.6 million sq km
- **Timezone:** GMT + 8
- **Currency:** renminbi, also referred to as RMB
- **Religions:** China has been a multi-religion country since the ancient times. Buddhism, Taoism, Christian are the most popular religions
- **Language/s:** Chinese
- **Bilateral trade with Ireland:** US\$6.5bn (source: China Customs, excluding Hong Kong, Macau and Taiwan)
- **Irish exports to China:** US\$3.7bn (source: China Customs, excluding Hong Kong, Macau and Taiwan)
- **Chinese exports to Ireland:** US\$2.8bn (source: China Customs, excluding Hong Kong, Macau and Taiwan)
- **GDP:** 63tr RMB or US\$10tr (source: China's STAS)
- **GDP (purchasing power parity (PPP)):** US\$17.6tr (source: IMF)
- **Real GDP growth:**
 - 2011: 9.3pc
 - 2012: 7.7pc
 - 2013: 7.7pc
 - 2014: 7.5pc (prediction/target)
 - 2015: 7.0pc (prediction/target)
- **Growth rate:** From 2012 to 2015 is 7.8pc, 7.7pc, 7.4pc and 7pc respectively
- **GDP per capita (current prices):** US\$7,350 (source: China's STAS)
- **GDP per capita (PPP):** US\$13,000 (source: IMF)
- **GDP share of world total:** 16pc (source: IMF)
- **GDP sector breakdown:** agriculture 10pc, industry 43pc and services 47pc

ENHANCING CONNECTIONS

Hong Kong has a long-standing history of connections with Ireland, explains Peter Ryan, Consul General

THE Government of Ireland decided in 2014 to open a full Consulate General in Hong Kong to support the long-standing Irish community and focus on the growing economic opportunities that exist.

The setting up of the first consulate in Hong Kong should be viewed in the context of the broader relationship between Ireland and China.

'Team Ireland' in China is led by Ambassador Paul Kavanagh in the Embassy of Ireland, Beijing, working closely with Bord Bia, Enterprise Ireland, IDA Ireland and Tourism Ireland there.

Hong Kong has a rich history of connections with Ireland and is home today to between 3,000 and 5,000 Irish citizens. For any visitor to Hong Kong, street names such as Connaught, Hennessy or O' Brien Road are a constant reminder of the impact of many Irish-born people here.

A key priority for us is to provide world-class consular services to our citizens and to engage with them on a wide range of issues.

In addition, we are working to reconnect with people of Irish heritage, Hong Kong people who have lived in Ireland or been educated in Ireland and friends of Ireland from the international community.

From an economic perspective, Hong Kong is a hub for world trade and finance and is the world's eighth largest trading economy offering access to the Pearl River Delta region.

It also has strengths as a regional investment and trade hub. The ambitious Hong Kong Stock Connect initiative has cemented its position as the primary offshore centre for the internationalisation of China's currency.

It is already an important market for Irish goods and services, notably in the areas of food and beverages, financial services, and education, with tremendous potential for further growth.

As a global city, Hong Kong is an important platform for showcasing many of the finest proponents of Irish culture, including our dance, sports, literature and music.

Team Ireland has already directly organised a range of cultural events and built a network of contacts in the sector.

Hong Kong is an enjoyable and challenging environment in which to operate with a high premium placed on excellence. So from Ireland's point of view this means that everything we do has to be to the highest standards.

We have enjoyed a warm welcome on all fronts and a readiness on the part of the Hong Kong government, as well as local, Irish and broader expatriate communities, to support our efforts.

Going forward, a key priority is to enhance relations between the Irish and Hong Kong governments and since the opening of the consulate we are delighted that there have been three visits exchanged.

Minister Simon Harris visited Hong Kong in January 2015 to address the Asian Financial Forum and meet with Financial Secretary John Tsang and Treasury Secretary KC Chan. He also addressed a seminar hosted by the Irish Funds Industry Association and had a roundtable session with the Irish Chamber of Commerce of Hong Kong.

In addition, he visited Macau as the first Irish Government Minister to meet with his counterpart and also met with the new Macau Irish Chamber of Commerce.

In March of this year, Minister Alan Kelly visited Hong Kong at the end of his visit to China. His three-day programme included meetings with the Secretaries for the Environment and Home Affairs in Hong Kong, as well as with key Irish and local business people and companies, and the Irish Chamber of Commerce.

Chief Secretary Carrie Lam visited Dublin in early May this year, which will be the first visit to Ireland by the leading official in the Hong Kong administration.

In the area of economic promotion, we are focusing on five specific areas: financial services, technology, education, food and beverage, and tourism – all of which offer excellent opportunities for Irish companies and for deeper collaboration.