

Icebreaker who put a torch under China-U.K. trade ties

Stephen Perry, chairman of the 48 Group Club, has been a regular visitor to the Canton Fair since the 1970s. **Cecily Liu** reports

In 1954, during the Cold War, a group of 48 British businessmen took seven days to travel to Hong Kong amid efforts by the United States to stop people from visiting China. The team then took another four days to get to Beijing, with the help of an emissary of premier Zhou Enlai.

Their historic trade mission, which helped deliver items ranging from grain and copper to machinery and medicines, established one of the first modern-day trade links with the outside world after the founding of the People's Republic of China in 1949.



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STEPHEN PERRY
CHAIRMAN OF
THE 48 GROUP CLUB



The 48 men were the precursor of a business association, the 48 Group Club, led by Jack Perry, the late founder of the pioneering London Export Corp. The trip became known as the Icebreaking Mission, and the club members called themselves icebreakers.

Perry's son, Stephen, has since taken over the reins as chairman of the company and the club. With today's booming Sino-British business, the club plays a central role in bridging relations between China and Britain.

Stephen Perry, who traveled to China with his father in 1972, has since become a regular visitor to the country's flagship Canton Fair in Guangzhou, Guangdong province. This has enabled him to see up close the dramatic changes that have taken place in China, especially since 1978, when the reform and opening-up policy began to transform the country from a planned economy to a market one and unleashed its entrepreneurial spirit.

Recalling his experience of traveling to China in the 1970s, Perry said his impression was colored by memories of ubiquitous poverty and the hard life of rural residents. Yet despite the

financial difficulties, he saw that the Chinese people were already thinking about the future.

They were "spending a lot of time talking, philosophically, on what was the right way to go," he said. "I was very impressed."

Then, in 1978, he witnessed a massive transformation. "The first changes were the decentralization of China's agricultural sector, the breaking up of the commune, which gave people more freedom. Universities reopened, schools became important, and people started to debate issues."

China's reform focused on a shift from the previously State-dominated economy to encouraging private sector participation. Price controls and protectionist policies were removed or reduced, and as a consequence the private sector grew remarkably. The sector now contributes more than 60 percent of China's GDP growth and provides more than 80 percent of jobs.

Over the past 40 years the country's GDP has grown at an average of about 9.5 percent a year.

Opening-up also brought regulatory changes that allowed foreign investment, and with that Chinese



Stephen Perry attended the anniversary of "icebreakers" in 2009 with Fu Ying, then Chinese ambassador to the U.K. HE DALONG / XINHUA

companies were encouraged to trade and invest abroad.

"There is still a long way to go but, my goodness, no country has advanced with that speed and with that dynamism," Perry said.

For him, China's economic transformation is not just about the numbers. Visiting the Canton Fair over the years he has noticed a huge change in the foreign traders' experience.

The annual event, held since 1957, is China's oldest and largest trade fair. During the 1960s and '70s, when China was relatively closed off from the rest of the world, the fair was the country's window to foreign trade.

Since 1978, as the country has opened up, the fair has flourished. This year it has 60,475 booths across 293 acres. To put the numbers into perspective, that is equivalent to the size of about 70 Walmart Supercenters.

More than 150,000 types of products are represented at the fair, including

consumer goods, textiles, decorations, medicines, electronics and machinery.

Perry said today's scale would have been unimaginable in the '70s, when the fair was dominated by a handful of State-owned trading corporations that had a limited range of items to sell and buy. For him and the other foreign traders, taking part was also a physically exhausting process.

"I would start working at 6 a.m. in Guangzhou, replying to our colleagues in London. Then we would have breakfast and get the first bus to the Canton Fair, which opened at 9:30 a.m."

He would sometimes have to race across the fair's halls in jogging shoes, he said.

"We were exhausted. There was no air conditioning, and there were a lot of mosquitoes."

Such conditions are perhaps unimaginable to the foreign traders who visit the Canton Fair today. They can access air-conditioned rooms and

luxury facilities at the large Shangri-La Hotel next to the exhibition center.

Traders no longer need to race across the exhibition halls in jogging shoes, either, as digital communication has played a big part in making the trading process more efficient.

London Export Corp. eventually became a business and cultural exchange enabler. In 1978 Perry took the English soccer club West Bromwich Albion to Beijing to take on a China team, making the English team the first to play in the People's Republic of China.

Perry said China's path of building a modern knowledge economy and further integration with the global market will be the natural next steps for the country's reform and opening-up.

"Through the Belt and Road Initiative China will further be a part of the world, although it will not dominate the world, and I believe that's what Chinese leaders believe in."

Initiative: Multinationals prepare to chip in

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From the heritage-rich Port of Rotterdam to the vast terminal at the inland Port of Duisburg in Germany, logistics hubs all across Europe are busy upgrading their facilities to allow more business from surging trade volumes boosted by BRI connectivity.

Ivona Ladjevac, head of the regional center for the Belt and Road Initiative at the Institute of International Politics and Economics in Belgrade, said the BRI provides a valuable opportunity to strengthen internal connectivity between European countries.

"BRI infrastructure projects can bring countries in South Europe closer to the North, decrease transport costs and increase the flow of people and goods," Ladjevac said.

The Dutch financial company ING estimates that a 50 percent reduction in trade costs between countries along the Belt and Road routes could increase world trade by 12 percent.

But BRI opportunities are not just about infrastructure or trade.

"Its goals reach far beyond construction projects, reaching to an

ultimate aim of stimulating regional GDP per capita," said Douglas Morton, head of Asia research at Northern Trust Capital Markets. "(The initiative) can bring together Chinese resources with European expertise at a time when global connectivity is becoming increasingly scarce."

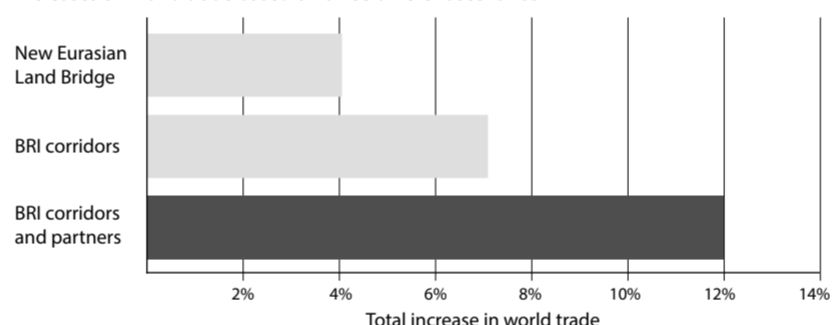
Many multinationals are already gearing up to strategically supply technology into Belt and Road countries in collaboration with Chinese companies.

The power equipment company Alstom is looking to supply technology to help Chinese hydropower companies bidding for dam contracts in third countries within the BRI area, while Schneider Electric is supporting Chinese concrete, steel and water treatment companies looking to secure power and construction deals.

HSBC has already financed nearly 100 projects in Belt and Road countries, and Standard Chartered funded more than 50 Belt and Road deals last year alone.

The U.K. Treasury has appointed HSBC's former chairman Douglas Flint as the country's Belt and Road

Impact of the Belt and Road Initiative on international trade
Increases on world trade based on three different scenarios



Source: ING calculations based on data from The United Nations Conference on Trade and Development

envoy, and the government agency U.K. Export Finance has announced 25 billion pounds (\$34 billion) of funding to support British companies' exports to Belt and Road projects.

However, despite abundant opportunities, the initiative is not free from concern and debate.

The high number of Belt and Road infrastructure contracts won by Chinese companies has raised questions about whether bidding is fair.

"Our member companies are really

keen to bid for BRI projects but they do not know how," said Carlo d'Andrea, vice-president at the European Union Chamber of Commerce in China, a non-profit business association with 1,600 member companies. "They feel that the Chinese government should take a lead to share Belt and Road project information online, and in the English language."

Bogdan Goralczyk, director of the Center for Europe at the University of Warsaw, agrees, saying that making more information publicly



A COSCO vessel leaves Piraeus, which is seeking more business with Chinese companies. XINHUA

available will help convince European companies that Belt and Road contracts are awarded fairly, instead of favoring Chinese companies.

"We need to be convinced on the quality of Chinese proposals. The Belt and Road Initiative gives us an opportunity, but it should respond to some expectations of the European side."

Debt sustainability is another concern. Earlier this year the managing director of the International Monetary Fund, Christine Lagarde,

said at a conference in Beijing that China should beware of financing unneeded and unsustainable projects in countries with heavy debt burdens.

But experts said much of these criticisms are unfounded. "Notions about possible debt traps created by BRI are not fair at all," Ladjevac said.

Many countries currently with high debt levels are in this situation because they took on debt from other funding sources such as the World Bank and the IMF, she said.

News digest

Shanghai in top five financial centers

Shanghai has overtaken Tokyo to enter the top five in the Global Financial Centers Index, while Beijing, Zurich and Frankfurt have moved into the top 10, replacing Toronto, Boston and San Francisco. The index is based on research of 110 centers. The index, published by the China Development Institute in Shenzhen, Guangdong province, and Z/Yen Partners in London, is based on factors including business environment, infrastructure, reputation and human capital.

New freight service to Europe launched

A new China-Europe freight train line was opened on Oct. 9, linking Delingha in northwestern China's Qinghai province, with Russia. The first train, loaded with chemical containers, left China through the Alataw Pass in the Xinjiang Uygur autonomous region and was to pass through Kazakhstan before reaching Barnaul in Russia. The trip covers 2,700 miles and takes about 12 days. Since 2016, four China-Europe freight train routes have been opened in Qinghai, helping boost the international competitiveness of local goods. In late August, China-Europe freight trains marked 10,000 trips since starting in March 2011. At the end of June, China's freight rail services linked 48 domestic cities with 42 European cities.

Experimental fields of seawater rice harvested

Three experimental fields of seawater rice were harvested in China on Oct. 10, a further step toward its future commercial viability. Also known as saline-alkali tolerant rice, seawater rice is designed to grow in tidal flats or other areas with heavy salt content and has been developed by plant-breeding experts through crossbreeding and other technologies. One type of seawater rice growing in the Chengyang district, Shandong province, yielded about 1.6 metric tons an acre,



Carrying water for fitness

A contestant from Yemen (front) runs across a bamboo raft holding a bucket of water at a fitness competition featuring farming skills in Yichun, Jiangxi province, on Oct. 9. There were over 300 participants from China and other countries, which also included Kazakhstan, Pakistan, Cambodia and South Africa. LIU ZHANKUN / CHINA NEWS SERVICE

experts said. Zhang Guodong, executive deputy director of the Qingdao Saline-Alkali Tolerant Rice Research and Development Center, said the yield was from big paddies and could be improved.

Firm unveils lower-limb rehab robot

China has developed a lower-limb rehabilitative robot that will soon be put into clinical use, China Science Daily reported on Oct. 8. The robot was developed by Avicrobot, a subsidiary of

the Aviation Industry Corp. of China. He Chen, Avicrobot's general manager, said the robot integrates aviation technologies with traditional rehabilitation treatments, and can monitor patients in real time.

Beidou navigation system serves Tibet

Beidou, a domestically engineered satellite navigation system of China, started to serve its second-largest provincial region of Tibet on Oct.

1. A Beidou-supported information platform made its debut in Lhasa, the Tibetan capital. It is expected to provide services in disaster alert and relief, emergency rescue, transport, agriculture, forestry and water conservation, as well as targeted poverty reduction and smart travel. "We will accelerate the development of the Beidou navigation industry and its application in Tibet," said Qin Zhenhua, chairman of Tibet Xingchuan Beidou Satellite Navigation Platform Co. Ltd.

China's largest genome project proves its value

A genome study of more than 140,000 people has greatly expanded China's knowledge of its vast population and ethnic groups. Previous Chinese population studies had involved fewer people, mainly Han Chinese from the eastern coast. The study, the largest of its kind of the Chinese population to date, was conducted by Beijing Genomics Institute and published in the international academic journal Cell on Oct. 4. It discovered the genetic structure of various ethnic groups.

Variations in ozone density discovered

Chinese scientists have discovered variations in the density of the ozone layer that they said could greatly affect the global environment, ecology and climate. Tang Chaoli and others at the Hefei Institutes of Physical Science of the Chinese Academy of Sciences developed this theory by analyzing and scanning atmospheric data collected by satellite observations more than 4.4 million times over 15 years from 2002. The data, which shows the impact of variations in ozone density on solar activity, was obtained by the team at different latitudes of the atmosphere.

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