



Why China is a land of opportunity post Brexit.

Good morning everyone.

It's good to be with you, and thank you to the organisers for their invitation to speak today.

No doubt we have a wide-ranging audience here, in terms of business types and industry sectors covered, so I'll be deliberately general in order to be as relevant as possible to everyone.

Today, I want to talk primarily to the small-to-medium sized businesses, and in the short-time I've got, give you some real insight into the China market – not irrelevant statistics or vague market research – but report to you something we've seen with our own eyes in China, that you can use to your advantage.

I hope it will help you appreciate why China is a land of opportunity, post Brexit, and encourage you to go into it (China), particularly if you're an SME still thinking it might be a bit complicated or daunting. Don't let that deter you.

Let me start by quickly giving you some relevant context – a bit of information about how we at Cleeve Sinotech approach business in China with our clients?

First, our clients are mainly SMEs, but not only from the UK – we help companies from many countries do business with China, and this allows us to see how businesses from different countries do in China, the UK included.

Second, we are business people too, we're not former civil servants or a government backed service, and we don't employ juniors or interns to do any donkey work.

We appreciate how business people think and we understand what they want to achieve, and why.

Our aim is always on achieving results and on helping companies make money in China. We have literally been there, done it and got the t-shirt.

I'm saying this up front because what I want to tell you here today is based on first-hand information from our own people there – essentially, it's inside information from inside China.

So, in June last year we voted to leave the EU – Brexit was born and we apparently sent shock waves around the world. Well, around the world of big business, government institutions, their quangos and everyone else with a vested interest in the status quo of Britain remaining in the European Union.

But, since then, despite the warnings, the sky hasn't fallen down and the economy hasn't fallen off a cliff. OK, the £pound has taken a bit of a hit but at least that's good news for exporters.

Terresa May has now told us what Brexit means and what future she sees for Britain – she's positive and optimistic, and I think we should be too.

Brexit now means the ambitious pursuit of new global markets, and a clean break from the EU whilst maintaining a mutually beneficial relationship with it – a partnership rather than a marriage.

I suggest we leave the problem of changing the EU relationship to the politicians, while we get on with the pursuit of those new global markets.

And what better market to start with than China, where I'm sure a free trade deal is already under discussion – in fact I know it is.

- China has the most potential, due to its sheer size and scale.
- China's government and ours are both keen to encourage business cooperation.
- And we now have a lot of knowledge and know-how about how the China market works.

Naturally, I don't want to bore you with statistics, but according to the British Chamber of Commerce just 2% of China's imports come from Britain, compared to more than 8% from the US and 5% from Germany.

When you realise that only 11% of all UK businesses export anywhere at all, that disappointing 2% isn't a surprise.

Take out luxury cars sales from the 2% (about a third of our exports to China) and you're left with everything else we sell them adding up to not much more than 1% of what they buy – which makes you realise just how big an opportunity there is for us there.

So, what's changed because of Brexit?

Well, if our 'new global markets' ambition is to be realised we definitely need more of our businesses to start trading internationally – and that means more of our SMEs because our bigger businesses probably already are.

Brexit itself has no doubt started to create opportunities.

Because it's making us all think about what business we do, and where else we could be doing it – presumably that's why you are here today?

Brexit is still big news in China and it's put what it means to be British back into focus there. And, whether you want to export to, import from or collaborate with China, we think it's given you a competitive advantage.

An advantage that companies from other countries don't have and can't copy, because it's "being British" itself.

You might think it's too simple, too obvious, and in many ways, it is, but sometimes you need to hear things from somebody else to believe them.

We've been seeing it in China for some time now. And the good news is that it's proprietary, it works and any of us can use it.

Of course, it's not enough just to be British, you have to be able to deliver what the Chinese understand British to be.

Which is what?

As you know, we have a long and ‘mixed’ history with China, but irrespective of the past there’s no doubt the Chinese love British products today, and they’re increasingly interested in our services too.

British goods and services that are already successful in China – such as our cars, fashion and food, or in the technology, healthcare and finance sectors for example – are now considered hallmarks of quality, and that’s laid the groundwork for those who follow.

We have an invaluable reputation for quality in China, and it’s as good as a ‘foot in the door’ for anyone else going there, where there’s an ever-increasing demand for quality in every sector.

I’m sure we’re all aware of our Government’s ‘Britain is GREAT’ campaign but nowhere does it resonate better – in an almost literal sense – than in China, and even more so now because voting to leave the EU has put the spotlight back on the UK.

Again, we are being seen as ambitious, forward thinking, world beaters – a country China can do business with the way China likes to do business, face to face and on equal terms.

On a more practical level though, it's China's continuing evolution from a producer economy to a consumer economy that's driving its demand for the quality it wants but does not have, and that equates to business opportunities for us.

The development and growth of tier 1 cities on the east coast of China over the past couple of decades is now being repeated with the 2 and 3 tier cities across the rest of the country.

Such massive urbanisation has already created a so-called 'middle class' the size of the Europe's entire population – about 400 million. And that middle class is going to keep growing.

As consumers, they are increasingly sophisticated and often turn to the UK for the innovation, quality and

standards local producers and other countries can't deliver.

And then there's the sheer enormity of the physical infrastructure being built and the consequences of the environment being created.

The possibilities for Britain's businesses, in both the public and private sector, are almost endless. We just need to make sure that our products and services are on offer, and that we live up to their expectations and our own high standards.

As I said earlier, voting to leave Europe and being seen to be 'different' from the EU has hi-lighted the positive attributes of British business, the:

- Quality
- Reliability
- Invention
- Innovation
- Talent
- Transparency
- and Honesty etc.

In simple terms, they trust us and trust us to do what we say we can do.

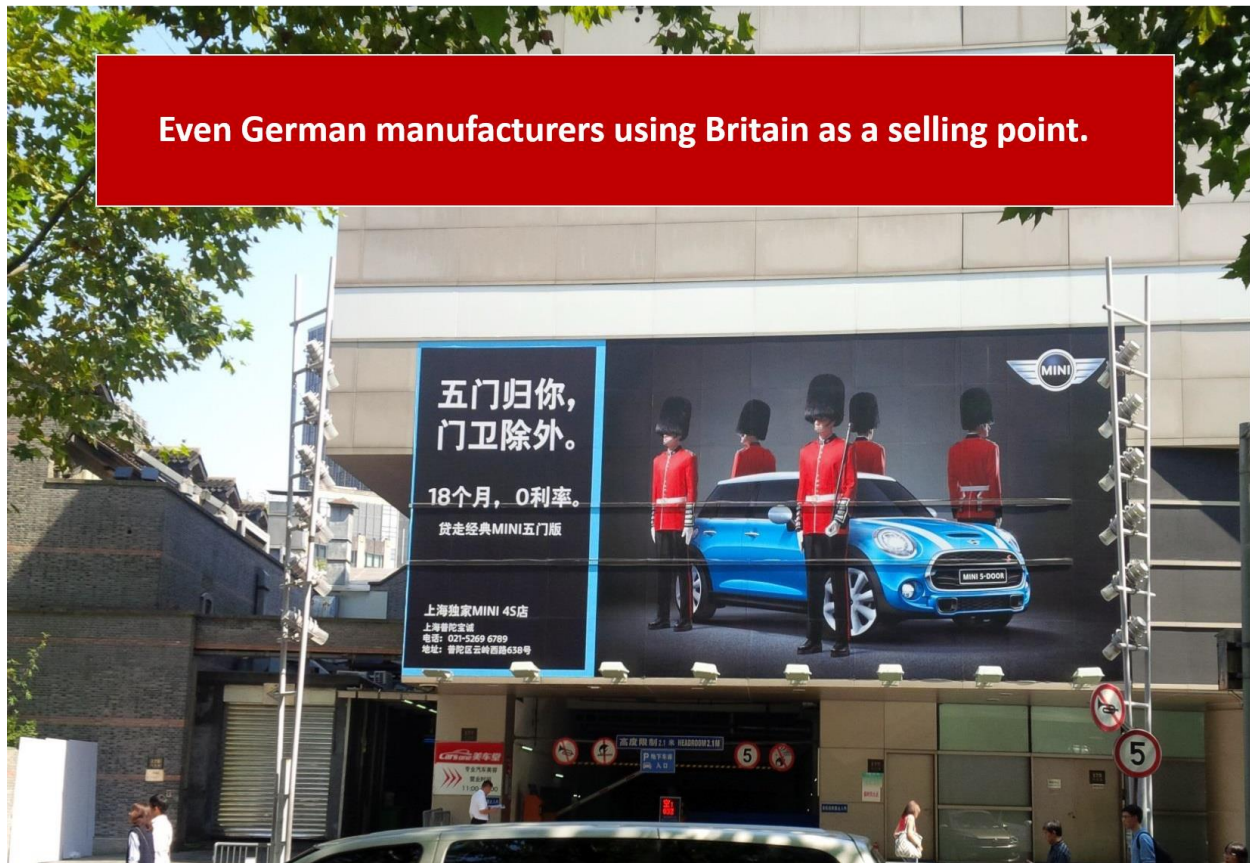
Feel free to make your own list.

‘The best of British’ can mean different things to different people, depending on who they are and who they want to influence – whatever attributes you think best describes you and your business, they’re probably ones that China already admires and values about Britain and the British.

But is there any evidence that this is true? Any proof that there really is an interest and demand for all things British?

Yes...

Let me show you just three examples, including one very topical demonstration of how strategically important Britain is to China now.



1. The Mini has many selling points, and a lot of features and benefits to choose from, but there's no doubt what card Germany's BMW are playing here.

You won't see a poster like this here in Britain, but in China it's the Mini's British heritage that's deemed even more desirable than its German engineering.

If this doesn't demonstrate the value and appeal of Britishness in China I don't know what does.

鞋舌处的标记,三个Pub系列有三个不同的标记,这一双是Royal Oak Pubs酒吧的款式,另外2双也是两家酒吧的命名方式.PS,可能是因为图形过于复杂的原因,这里改用了贴布的材质,普通版UK产的576都是用的刺绣,质感好比贴布好很多.



Made in Britain and Britishness add value in China.

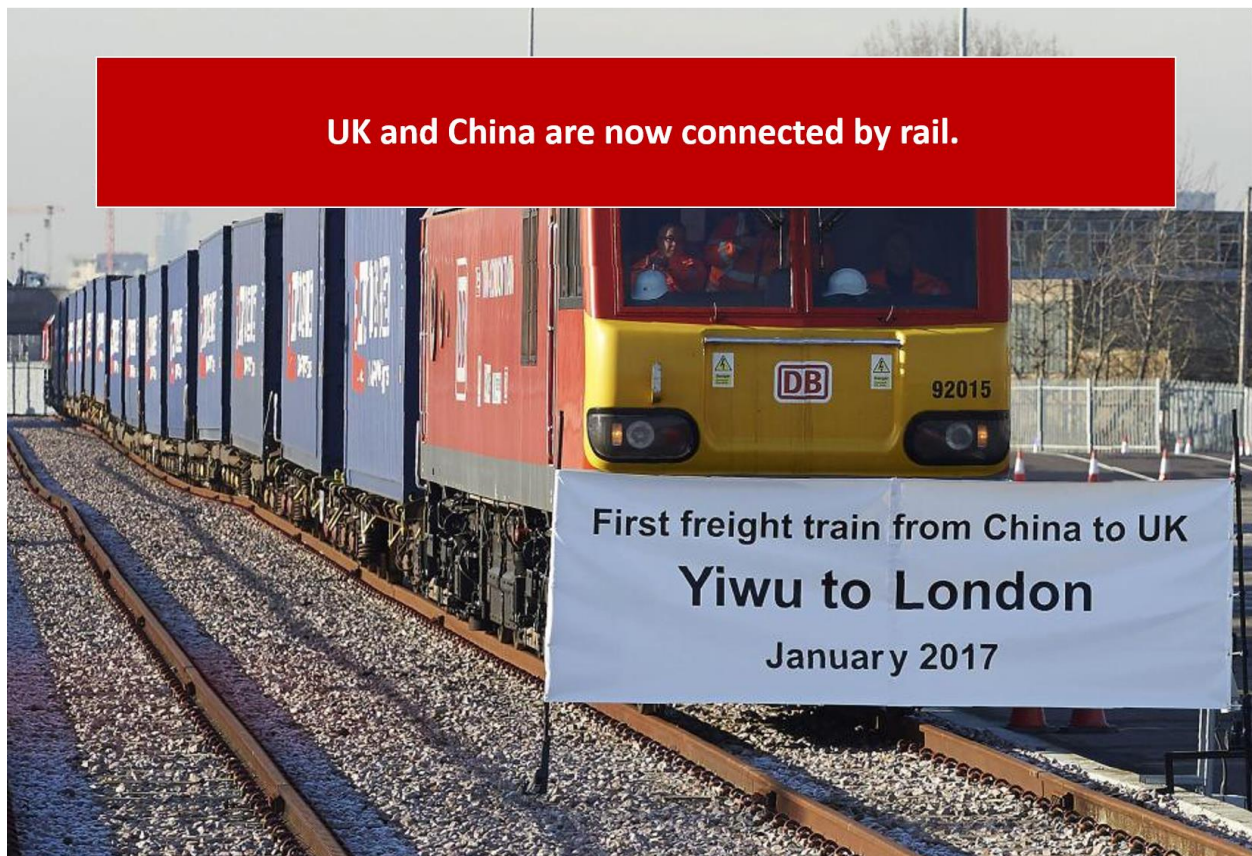
2. Even the United States is jumping on our bandwagon.

The giant US sports brand New Balance use the British origin of some of their shoes, and a typically British lifestyle, to promote their products, and not just those made here in Cumbria.

Here, it's our country-pub culture the Chinese aspire to, apparently.

I'm sure this doesn't happen without the blessing of the brand owners in Boston, so it's obviously a calculated decision by a big business that knows what it's doing.

3. Finally, a very topical example of China's interest in conducting more trade with the UK.



You probably know the first freight train from Eastern China arrived in London yesterday.

But it's not intended to just deliver products from China to us. They want it to take ours back to them too, and it's ideal for smaller businesses wanting to send smaller consignments.

This is a modern 'silk road' route – part of China's 'One Belt, One Road' strategy that focuses on connectivity and cooperation between countries.

It's been running to mainland Europe for a while but not until now to the UK, and it will cut freight times by sea in half, and at a fraction of the cost of flying.

Speaking of flying, the UK and China governments recently agreed to increase the number of passenger flights between us from 80 to 200 a week.

So, whether it's by association, by origin or by endorsement, being British is now a real advantage in China.

But success in China doesn't mean just turning up and waving the Union Jack. A successful strategy needs to be based on much more than that – you must make sure you cover the fundamentals:

- Get some professional help – it's a lot less expensive than making a mistake.
- Do the necessary research – to be sure of what you are doing and why.
- Make sure you make the right contacts – specific to you and your business objectives.
- Appreciate that you're dealing with a different culture.
- Understand and follow the different business practices.
- Localise your communications – English is not widely known or used.
- Be patient – nothing happens quickly in China.

- Plan for success – you need to be confident and committed – there’s no point going all that way half-heartedly.

Also, remember, being the size it is China isn’t really one single market but lots of different ones, including a massive one online, so business plans need to be devised and implemented accordingly.

Can I just give you one more anecdotal example of the impact Brexit has had in China, from one of our own strategic partners, a small business in Beijing who organise visas and business travel for Chinese investors wanting to visit Britain.

I asked them what effect they’d noticed since our vote to leave Europe and was told that their “UK business had doubled”.

Then, without any prompt from me, they added “the UK has never been so attractive, or so affordable”.

That is the Brexit effect in a nutshell, I think.

Recently, in Hong Kong, Liam Fox said that “2017 must be a year of exporting”.

Whatever International Trade you want to do – exporting, importing or collaborating – China, with its preference for all things British, offers a distinct advantage.

Yes, it’s a vast country. Yes, it can be frustrating and yes, every competitor in the world is probably there too, but when it comes to competing for China’s business they don’t have what we have – a unique British reputation and the goodwill that goes with it, especially now because of Brexit.

Thank you, and good luck in China.

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