



MEDIA EVENT

@ CHINA CULTURAL CENTER IN BRUSSELS



APRIL 13th, 2016

**“Towards a more open economic system:
China (Shanghai) Pilot Free Trade Zone and Development of
Cultural Trade”**

EVENT REPORT

Courtesy from the European Institute for Asian Studies

EIAS



PROGRAM of the day

SESSION I

- 10.00 – 10.05 Opening remarks
Mr. YAN Zhenquan, Director of China Cultural Centre in Brussels
- 10.05 – 10.10 Welcome remarks
Official Representative of Chinese Embassy to Belgium
- 10.10 – 10.15 Keynote speech:
Mr. SHEN Weixing, Official Representative of Shanghai Municipal Administration of Culture, Radio, Film and TV
- 10.15 – 10.25 Keynote speech: Introduction of China (Shanghai) Pilot Free Trade Zone:
Mr. SHEN Weihua, Official Representative and Deputy Director of Shanghai Municipal Commission of Commerce
- 10.25 – 10.30 Keynote speech
Mr. Bernard Dewit, Chairman of Belgian-Chinese Chamber of Commerce (BCECC)
- 10.30 – 10.45 Keynote speech: "A new business opportunity for cultural trade development - The Shanghai Free Trade Zone"
Mr. HU Huanzhong, Official Representative of the National Base for International Cultural Trade (Shanghai) and Deputy General Manager of Shanghai Oriental Huiwen International Cultural Service Trading Co., Ltd.
- 10.45 – 10.50 Keynote speech:
Mr. Marc Van Peel, Vice-Mayor of the City of Antwerp and President of the Antwerp Port Authority
- 10.50 – 10.55 Keynote speech: "Chinese Porcelain and Culture Trading"
Mr. CHEN Haibo, Curator of the Exhibition « NEW CHINA Contemporary Chinese Porcelain »
- 10.55 – 11.10 Tea & Coffee Break

SESSION II

- 11.10 – 12.00 Introductory Presentation: "FROM WTO TO WTO +: To Build A New System for China's Opening Economy in the Context of GVCs"
Mr. YAO Weiqun, Associate President and researcher, Shanghai WTO Affairs Consultation Centre
Moderated by Mr. David Fouquet, EIAS Senior Associate
Panel Speakers:
Mr. LIU Guojin, East Asia Business Manager, Port of Antwerp
Mr Dirk Coorevits, Managing Director, Soudal Group
- 12.00 – 12.10 Q&A Session



Introduction

China has embarked on an era of major economic reforms, aiming to achieve its target of reaching a moderately prosperous society by 2020. In this light, Beijing is taking measures to shift its economic structure towards a consumption-driven economy, fostered by innovation and green development, with goods and services that will end up higher on the value chain. On top of that, it has launched concepts such as the Belt and Road Initiative in a quest to strengthen global connectivity through investments in infrastructure and energy, which could in turn underpin global economic growth. Furthermore, China has committed to continue opening up, by easing restrictions on foreign investment and increasing the convertibility of the Yuan. A case in point was the establishment of the China (Shanghai) Pilot Free Trade Zone (CSPFTZ), which officially launched on 29 September 2013.

The CSPFTZ was presented as a laboratory for new reforms, such as the easing of restrictions on foreign currency exchange and foreign participation in China's e-commerce sector, which were eventually implemented nationwide. Other key elements include the so-called "negative list", stating in which sectors foreign investment is restricted and replacing a prior approval requirement, and a faster company registration process. These measures increased transparency, cut red tape and have reduced the filing process for foreign investment companies to only one day. After the success of the CSPFTZ, three other Free Trade Zones were opened in April 2015, namely the Guangdong FTZ, the Fujian FTZ and the Tianjin FTZ.

This Media Event discussed the opportunities and challenges of pilot projects such as the CSPFTZ, through exploring case studies from the side of business and administrative communities. Of particular relevance in this regard is the strong friendship between the city of Antwerp, the city of Shanghai and their ports, which are among the most important maritime hubs in Europe and Asia. The European Institute for Asian Studies was pleased to support this event, hosted by the China Cultural Center, which featured a number of high-level representatives and policymakers from the Chinese Embassy, the municipalities of Shanghai and Antwerp, the port of Antwerp and the Belgian business community, to discuss the CSPFTZ and its impact on their operations.



First session

Mr. Zhenquan Yan, Director of the China Culture Centre in Brussels firstly started his welcome remarks as a host with introducing the fact that the China Cultural Centre organized many events during the last year. Amongst those events, introducing Shanghai to Belgium is always the focal point, because Shanghai embodies the new spirit of Chinese openness to the world.

Mr. Jianjun Guo, Counselor of Commerce Chinese Embassy to Belgium, confirmed Mr. Yan's view about Shanghai, and further underlined the importance of Shanghai Pilot Free Trade Zone (CSPFTZ) in the framework of the One Belt, One Road initiative, and this also manifests China's efforts to be proactive in its global economic integration. Take for example Antwerp and Shanghai, two sister cities, which illustrate both China's path to global economic partnership and the friendship between China and Belgium. This long lasting friendship is symbolized by the Antwerp port and the maritime industry. Throughout the trade exchanges of the sea lines, many Belgian treasures such as beer and chocolate are imported in China. Currently, there are many branches of Belgian corporates in Shanghai, not only high-end products, also daily life products of people. Now in China, it is easy to buy Belgian products such as diamonds, beer and chocolate. In addition to bilateral trade, there is a long history of cultural exchange between China and Belgium. Belgium frequently offers experienced professionals and high-advanced management to China, and there are many Chinese scholars and students in Belgium as well. In short, although Belgium and China have different political systems, China and Belgium are both in favor of anti-protectionism, and of deepening economic reform and developing global economic integration. The FTZ is the best example of China's determination of further economic reform, and Shanghai should be the highland of China's economic development.

As Mr. Guo said, cultural exchange has already obtained fruitful results between Belgium and China. Mr. Weixing Shen, official representative of the Shanghai Municipal Administration of Culture, Radio, Film and TV exemplars it with reference to the fact that Tintin comics are very popular in China, which is a manifestation of the cultural bonding between China and Belgium. As regards to cultural exchange, cultural trade is the perfect joint venture of cultural exchange and economic trade. Now Shanghai is a market with potential, such as its film market, culture and creative industries (which growth have exceeded the GDP growth in Shanghai). For the coming years, film, art trade and cinema construction are three



priorities in Shanghai. This also provides an opportunity for the EU to invest in Shanghai. European auction houses, museums, experts, scholars are welcome to China for trade activities, education exchange and co-running of universities.

In line with Mr Shen, Mr. Huanzhong Hu specifically focused on the role of cultural trade in Sino-European cooperation. He stated that the CSPFTZ also has strong cultural aspects. Looking at the cultural domains for example, the opening to foreign enterprises at the computer sector now allows them to produce in China. The CSPFTZ also eliminated equity restrictions for the performance brokerage sector. Approved by the central government, the national base for international cultural trade allows companies that provide entertainment venues, financial service, and all favorable services to help foreign enterprises enter in CSPFTZ smoothly. As the second largest country in the world for art trade, Shanghai has all the tools to become an international art trading management center, with showrooms and logistic instruments. Within this framework, the CSPFTZ has got all the tools to support the cultural equipment industry, such as movies. Following the international standards on copyright, more instruments were developed for this important sector.

To further the topic of cultural trade, Mr. Chen Haibo, curator of an exhibition running in the CCC confirmed the significance of cultural trade. He mentioned that the great success of old silk road leads to incredible prospects for the new silk road, and in his speech, he specifically stressed the case of continuing porcelain exhibition and trade with the EU. 'Those strong linkages are still valid today, having an incredible impact in the sector of arts, fashion and luxury.'

Mr. Marc Van Peel, Vice-Mayor of the city of Antwerp and president of the Antwerp port authority, shared the point of view that although Shanghai and Antwerp are united by a strong friendship built on the maritime domain and harbours, this bilateral relationship cannot be solely limited to the logistic field.

Frequent trade activities, regardless of various forms such as culture, education, fashion need a constructive platform to be flourishing, that's the reason why Mr. Weihua Shen, official representative and deputy director of Shanghai Municipal commission of commerce went deeper to introduce the CSPFTZ, an unprecedented trade platform in Shanghai with a focal point on its four functions: reform of the administration system and of FDI; enhancement of trade facilitations (promoting a single window for international trade, cutting the cost of customs and innovative e-commerce and regulatory mechanism etc.); innovation of financial systems (improving a cross-border use of RMB and more market-based



interest etc.) and reform of government administration (delegating more power to Pu Dong New Area etc.). Mr Shen He concluded his speech with three major achievements that CSPFTZ has already made—promising environment for trade, featuring high efficiency, transparency and low cost; increasing amount of FDI and ODI; and liberalized financial sector (there were 44 free trade accounts by the end of 2015)

China's efforts to get involved in the current economic arena might change the era of Eurocentrism. 'We should be learning from China and Chinese ideas. For the EU, this is no longer a time of teaching, but a time of learning', Mr Bernard Dewit, Chairman of Belgian-Chinese Chamber of Commerce, stated when he briefly delivered his perspective on the current strong relationship between China and Belgium.

In conclusion, according to the first section of this event, it is obvious that both China and Belgium are willing to enhance their bilateral economic and trade cooperation. The continuing relationship between China and Belgium/the EU is expected to reach another peak due to the establishment of the CSPFTZ. This dynamic platform will not only offer more convenient and efficient mechanisms for traditional trade, but also for cultural and creative industries. Now with a series of reforms from China's side, how to collaborate and cooperate with China from the EU is another addressing question that probably needs new answers—The EU is and will continue to be one of most important pillars underpinning the current world system, but it is time for the EU to move on, and to find a new way of furthering its relationship with a new rising power such as China.

Second session: panel talk

Moderated by Mr. David Fouquet, EIAS Senior Associate

Mr. Weiqun Yao, Associate president and researcher, Shanghai WTO Affairs Consultation Center, touched upon challenges that China is faced with and countermeasures that have already been taken by China from a Global Value Chains (GVCs) perspective. According to his argument, there are two major problems China needs to deal with: deepening liberalization of market and finance sector (such as realization of zero-tariff of goods, elimination of non-tariff measures, liberalization of trade in service, realization of national treatment for



foreign investment etc.); better economic governance (transparency of trade data, strengthening enforcement of intellectual property right, independence of trade unions, rising labor welfare etc). In order to deal with issues and better fit in the current world system, there are many ongoing preparations for negotiations of agricultural and non-agricultural products market access (NAMA); negotiations of Trade in Service Agreement (TISA), of Environmental Product Agreement (EPA), of extension of Information Technology Agreement (ITA); implementation of Trade Facilitation Agreement (TFA) and commitments to a new version of Government Procurement Agreement (GPA).

To continue the topic of GVCs, the second speaker of the panelist, Mr. Guojin Liu, East Asia Business Manager of the Port of Antwerp gave an in-depth introduction about the seasoned management of the Port of Antwerp, as a logistical center in GVCs or more accurately, the side of supply chains. He introduced as below:

Antwerp is a central hub for Europe with impressive figures. Thanks to the investments; Antwerp is able to receive the largest container vessels. Having the biggest market in mainland Europe, it is fundamental to have the right structure to bring the goods on the road. The great amount of maritime traffic between China and Antwerp is constantly rising. It demonstrates a sister relationship and a friendly relationship marked by several institutional agreements. In today's global world, one important side is supply chains. In fact, the port of Antwerp offers incredible experience and services to let cargo and information flows constantly increase. Thanks to the use of smart electronic solutions, Antwerp increases the degree for transparent logistic flows.

Mr. Dirk Coorevits, Managing Director of Soudal Group, ends the panel discussion up with another case study to reinforce the fact China is the star of the Asian Markets, and for start-up companies, the FTZ is a fantastic opportunity to remove barriers and increase transparency.

Conclusion

It is not uncommon to come across news that China is developing, and in some way, it is no news anymore. But behind this fact, how China, a country with different ideologies, political and economic systems, embraces opportunities and solves challenges under a Western-dominated system should be the focal point.



Amongst the measures China has taken, the CSPFTZ is considered a sign of China's determination to liberalize its economy and financial system in order to integrate into the global economic system. It remains to be seen to what extent China is able to and willing to liberalize its markets, but Beijing is on its way. Fortunately, Western countries already realized that, compared to waiting for China's total reforms, it is more practical to move forwards to cooperate with China.