

## Chinese Manufacturing Needs High-End Boost

11 September 2012

Fon Mathuros, Director, Media, Communications Department, Tel.: +86 15122018229; [fmathuro@weforum.org](mailto:fmathuro@weforum.org)

- China should focus on high-end manufacturing while maintaining its core competency of low-cost production.
- Chinese companies should focus on R&D, fostering talent, technological innovation and providing services.
- For more information about the Annual Meeting of the New Champions 2012, please visit: <http://www.weforum.org/newchampions>

Tianjin, People ' s Republic of China, 11 September 2012 – China has pumped up its financial sector over the last few years; at the same time, its vaunted manufacturing sector has lost steam. Although some top Chinese economists think China should stay focused on low-end manufacturing, panellists in a session on manufacturing at the Annual Meeting of the New Champions 2012 agreed that China should focus on high-end manufacturing while maintaining its core competency of low-cost production. “ Every industrial power in the world started at low cost, ” said Carlos Ghosn, Chairman and Chief Executive Officer, Renault-Nissan Alliance, France. China has “ to move to high-end manufacturing without abandoning low cost, ” he said.

Succeeding in both high- and low-end production “ is not easy to manage, ” said Feike Sijbesma, Chief Executive Officer and Chairman of the Managing Board, Royal DSM, Netherlands, and a Mentor of the Annual Meeting of the New Champions 2012. But “ China is big enough to do both low- and high-end. ” By supporting a domestic market for the products manufactured domestically, China is effectively subsidizing global companies.

Kevin Rudd, Member of Parliament, Australia, suggested that unleashing the private sector is the key to upgrading China ' s manufacturing. “ There ' s nothing inherently wrong with China ' s state-owned enterprises, ” he said. Chinese companies should focus on research and development, fostering talent, technological innovation and providing services and experiences beyond just selling a product.

Manufacturing is a package. “ There has been a fashion in the West for the last 30 years that manufacturing is an old industry that will die [in developed countries] as it keeps moving to a lower and lower cost centre, ” said Rudd. “ I always thought it was wrong and it is doubly wrong for reasons discussed today. ”

The sixth Annual Meeting of the New Champions is taking place in Tianjin on 11-13 September. The New Champions are led by the World Economic Forum ' s growing Global Growth Companies Community as well as the communities of Technology Pioneers, Young Global Leaders, Global Shapers and Young Scientists. After five years, the Meeting is widely known as the Summer Davos, and is the foremost global business gathering in Asia. The Meeting is held in close collaboration with the People ' s Republic of China with the support of the National Development and Reform Commission (NDRC).

This year ' s select group of business leaders from the Forum ' s Member companies who will act as Mentors at the Meeting includes:

- Gao Jifan, Chairman and Chief Executive Officer, Trina Solar (TSL), People's Republic of China
- Susan Hockfield, President Emerita and Professor of Neuroscience, Massachusetts Institute of Technology (MIT), USA; World Economic Forum Foundation Board Member
- Jeffrey Joerres, Chairman and Chief Executive Officer, ManpowerGroup, USA

- Paul Polman, Chief Executive Officer, Unilever, United Kingdom
- Feike Sijbesma, Chief Executive Officer and Chairman of the Managing Board, Royal DSM, Netherlands  
Global Agenda Council on the Role of Business
- Christopher A. Viehbacher, Chief Executive Officer, Sanofi, France
- Xiong Weiping, President, Aluminium Corporation of China (CHINALCO), People's Republic of China
- Xu Heyi, Chairman, Beijing Automotive Group, People's Republic of China

## Notes to Editors

- Follow the World Economic Forum Annual Meeting of the New Champions at <http://wef.ch/amnc12>
- For insights from key sessions go to <http://wef.ch/AMNC12insights>
- View photos from the event at <http://wef.ch/amnc12pix>
- Watch live webcasts of sessions at <http://wef.ch/live>.
- Follow the Forum on Twitter at <http://wef.ch/twitter> and <http://wef.ch/livetweet> (hashtag #WEF)
- Follow tweets from participants on our twitter list at <http://twitter.com/davos/WEFChina>
- Read the Forum Blog at <http://wef.ch/blog>
- Read our MicroBlog in Chinese: <http://t.qq.com/davos>
- Become a fan of the Forum on Facebook at <http://wef.ch/facebook>
- Follow the forum on Google+ at <http://wef.ch/gplus>
- Follow the meeting on iPhone at <http://wef.ch/iPhone>
- Join the Summer Davos Debates in China: <http://davosdebates.youku.com>
- The Forum 's video space in Chinese: <http://www.youku.com/worldeconomicforum>
- The Forum 's Chinese Sina Microblog: <http://t.sina.com.cn/davos>
- The Forum 's QQ Microblog: <http://t.qq.com/davos>

---

The World Economic Forum is an international institution committed to improving the state of the world through public-private cooperation in the spirit of global citizenship. It engages with business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is independent, impartial and not tied to any interests. It cooperates closely with all leading international organizations ([www.weforum.org](http://www.weforum.org)).



World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva  
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, <http://www.weforum.org>