

SDG Video Report - China

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This report will give a detailed elaboration of my 3 videos regarding SDG current situation in China. For better understanding, I will remain the same structure as the videos into three parts. Part 1 is about the introduction of myself and China. Part 2 is about the current situation of Sustainable Development Goals in China, focusing on education and new energy utilization issue. Part 3 is about the potential business opportunities for Japanese companies.

Part 1: self-introduction and about China.

Hello again, everyone. My name is Moran Chen, I come from China, 29 years old, currently studying in Global MBA program in Doshisha Business School, Kyoto, Japan. I majored Japanese in college, and later on worked for Apple Retail for 2 years after I graduated, then in 2018, I came to Japan for pursuing my MBA degree.

Talking about China, here are some key facts that I think will be important.

China used to be the poorest country nearly 40 years ago before the central government implemented *Reform and Opening up* policy, the majority of Chinese people were struggling to survive in old days, but the whole context has been improved impressively.

The *Reform and Opening Up* policy helped us reached enormous economy achievements in the last 4 decades.

Until 2017, China maintained annual 9.7% GDP growth, by 2015, China ranked as an upper-middle-income country with per capita GDP of 7900 dollars, about 680 million poverty population have been reduced during the period, and in 2017, it become the second largest economy, behind the United States.

The other impressive fact, such as, within 10 years, China has built up to 25,000 kilometres high-speed railway system, speed rang from 200km/h to 350km/h, this system will accelerate the national economy even more in the coming years. In addition, China now became the world biggest online shopping market, and automobile market.

Another aspect from internet industry, China has been cultivating its own internet industry in the past 20 years, by doing so, China built an "intranet" within its boundaries, blocked almost every foreign internet giant company whom the government cannot properly controlled, including *Facebook, Google, Twitter*, etc. For alternatives, it gave great benefits

for local companies such as *Baidu*, *Tencent*, *Sina Weibo*, etc. These companies became so powerful because of the huge users in China.

A short glimpse on politics, China remains one-party system since its establishment, even it conducted *reform and opening up* since 1978, but the state sector still has a dominant influence on overall national economy.

After a long-term high-speed economy growth, China now are facing serious issues from various aspects, such as income & education inequity, poverty population, and environment deterioration, etc.

Part 2: SDG current situation in China

- Education.

Since there are still 128,000 poverty villages in China, to address this poverty issue, education became crucial mission to prevent intergenerational poverty. The reason why? Because the children from poverty family if cannot receive a good quality education, then they will also likely be at the bottom of the society and live in poverty. Unfortunately, the current situation of education quality in rural areas remains quite low.

Although, the infrastructure of rural school has been greatly improved by large amounts of state investment. But nonnegligible problem emerged here, that it's difficult to keep highly experience teachers to stay in these areas for long term. But the good news is, the coverage of internet is speeding up in China, many villages have access to internet, including mobile internet. Thus, the central government believed, internet will become the powerful tool to solve education issue in a way.

- clean energy utilization.

Another serious issue in China which is about clean energy utilization. Currently China is still in the manufacturing-based stage, in the last 40 years, China has been famous for being the world factory for manufacturing. But the feature of manufacturing is high energy consumption, high emissions, the deterioration of environment. Air pollution has become a notorious problem, even the capital Beijing cannot exclude from it, Chinese people started to get familiar with the terminology, such as PM 2.5 because of the terrifying air quality. Main cities have been suffering haze throughout the last few years, until today, the situation has improved prominently.

Therefore, the central government proposed that, clean energy will be one of the fundamental solutions for environment improvement, so that government enact laws and regulations to boost the clean energy development, such as dividend policy for electric car buyers, or set up national plan to accelerate the proportion of electric vehicles.

Part 3: business opportunities for Japanese companies in China

- Education.

To build a win-win business partnership by solving the local troublesome problems, I think the first education issue will offer the business opportunities to Japanese company. The reason why? The prime minister of China *Li Keqiang* proposed the "*Internet Plus*" strategy in 2015, which has become one of the national strategies, by applying internet to various traditional industries to resolve existing problems.

So how to address education issue by applying internet? As I mentioned in Part 2, the problem in rural area is difficult to keep the highly experienced teachers to stay there for long-term because of the non-ideal living conditions, so if we can provide new form of teaching style such as distance learning, meaning through projector and projection screen to have real time classes from leading schools in other urban regions, that will make a great improvement for having a fair education quality.

Considering there are still 128,000 poverty villages remained in China, and the central government's ambition to conquer this obstacle, big amount of state investment is being settled. As Japanese has a strong advantage in distance learning and with solid manufacturing expertise in making refined high-quality education related equipment, so many makers including Sharp, Panasonic, Sony has their superiority in these areas. So that this kind of win-win partnership will be simply welcomed by the government sectors in China, whether by selling distance learning related equipment, or providing further maintenance and technical support service, which is substantial demand.

- Clean energy utilization.

About the business opportunities in clean energy dimension, I believed that to seek business opportunities from the perspective of new energy vehicle, will be convincing.

China now become the world's largest automobile market, and the central government passed preferential policy on NEV, according to the *Ministry of Industry and Information Technology*, by 2025, the NEV proportion must achieve over 20% of the overall vehicles.

Because of that, China will be a critical NEV market, Japanese car makers have great profound technology accumulation, including hybrid or hydrogen vehicles, such as Toyota Prius, Mirai, etc. Another pusher of this industry is Tesla Inc. Who had started to build their own factory in Shanghai, and they are expected to start mass production of 500,000 cars per year exclusively for Chinese consumers since 2020.

Chinese government, by providing dividends to car buyers, has been pushing this industry tremendously. Most importantly, Chinese government has announced a new regulation that cancelling the investment shareholding ratio in specific dimension such as car industry,

which will eliminate foreign companies' concerns about joint venture, or the enforcement of intellectual property transfer in old days. For the same preferential policy reasons, China now emerges several start-up companies building pure electric vehicle, such as Nio, Qiantu, etc. But their lack of experience and technology accumulations or factories made most of them face production shortage in real business.

In addition, when we talked about e-cars, lithium battery is the crucial component that shall never be overlooked, as the Toyota executive vice president Shigeki Terashi mentioned, "The one who conquers batteries will conquer the electrification of cars." Since Japanese has advantages on lithium battery technology, for example, Panasonic, as the main battery supplier for Tesla. So that in the upcoming NEV era, Japan Companies are ahead of other competitors, but it also become a critical timing for them, whether they will maintain advantages or be overtaken.

Chinese car makers are catching up with the NEV trend, reducing the technical gap with foreign companies silently during last few years. The huge local consumer market will no doubt helps to fuel the whole industry grow even without foreign companies' involvement. Therefore, for NEV industry, now is the critical moment for foreign car makers to be fully aware of the potential business opportunities in China.

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