Business

Entrepreneurs weigh up EU investment and trade

AS RELATIONSHIP IS PUT TO THE TRIANGLE TEST, FORMER FRENCH PM SEES BRIGHT PROSPECTS

By TUO YANNAN
tuoyannan@chinadaily.com.cn

China-European Union investment will grow rapidly over the next few years, top opinion leaders from the two sides said at the Sino-European Entrepreneurs Summit in Paris from Sept 7 to 9.

The EU and China are two of the world's biggest traders, and China is now the EU's second-largest trading partner and the EU is China's biggest trading partner.

EU-China trade has risen greatly in recent years, and China is the EU's biggest source of imports by far, becoming one of the EU's fastest-growing export markets. The EU has also become China's biggest source of imports, and trade between the two is worth well over 1 billion euros a day.

Long Yongtu, co-chairman of the Sino-European Entrepreneurs Summit and a former vice-minister of China's Ministry of Ministry of Foreign Trade and Economic Cooperation, says that last year Chinese investment in the EU was worth 10 billion euros ($11.3 billion), compared with 6 billion euros the year before.

Long, responding to concerns that some European companies have expressed about whether such investment can be sustained, said China's economic fundamentals, which largely determine trends in overseas investment, are sound.

The economies of China and Europe are highly complementary, he says.

Jean-Pierre Raffarin, the former French prime minister and president of the foreign affairs and defense committee of the French Senate, says investment transcends the world of finance and creates common value through exchanges.

Communicating, exchanging and creating things together are the three sides of a triangle, he says, and a global society is based on mutual understanding, long-term thinking, value sharing, a lack of domination or hegemony, and respect for one another.

Raffarin says he is confident that Chineseinvestment in France will continue to grow rapidly. China has said it foresees its worldwide investment being worth as much as $500 billion (444 billion euros), he says, and France can expect investment from China of at least $5 billion a year.

"I am pleased that during the Chinese Premier Li Keqiang's visit to France (in June and July), we signed many cooperation agreements between China and European enterprises," he says, adding that "many existing European capital foundations already have Chinese partners, which helps Chinese companies and European companies enter each others' markets. We are in a positive way of developing."

Antonio Hunter Chan, vice-chairman of King Wai Group company Limited (Hong Kong), says entrepreneurs should cast their net wide to capture good business opportunities. Now is a good time to explore overseas market, he says.

"The world has changed. The old economic rules don't apply any more."

Europe is full of business opportunities, he says. To stay competitive, business people need to adapt to the modern market economy, he says, adding that King Wai Group's philosophy is that "continuous evolution" makes businesses sustainable.

Raffarin says European business people need to pay close attention to China's Belt and Road Initiative, which presents new possibilities for collaboration.

Tang Shuyue contributed to the story.

> **The world has changed. The old economic rules don't apply any more.**
>
> ANTONIO HUNTER CHAN, VICE-CHAIRMAN OF KING WAI GROUP COMPANY LIMITED (HONG KONG)

444 billion euros
its worldwide investment that China foresees

Companyspecial

Overseas M&As globalize wine producer

By TUO YANNAN in Milan, Italy
tuoyannan@chinadaily.com.cn

22.75 percent
rise year-on-year in revenue in the first half of 2015

$440 million
revenue in the first half of 2015

Yantai Changyu Pioneer Wine Co Ltd, the leading Chinese wine producer, will continue its presence in Europe, a top executive said.

The brand has more than 100 years of history, having been established in 1892 by Chinese diplomat Zhang Bishi. Since early on, it has appeared on the international stage, from the 1915 Panama Pacific International Exposition to the current Expo Milano 2015.

At the 1915 expo, Changyu's cognac, rose, vermouth and riesling won gold awards and superior certificates of merit. Since then, the company has created a new era for the production of Chinese wine, enjoying its reputation as "the cradle of China's wine industry".

"One hundred years ago was the first time for Changyu to 'go out' and become known worldwide, and now the company is implementing its new global strategy to cooperate with and acquire European companies," said Sun Jian, deputy general manager of the company.

"In 1915, the expo made Changyu well known globally, and that reputation was our impetus for 100 years," Sun said. "Now we are ranked in the top 10 wine producers globally, and will continue to develop for a better position."

Since 2012, the company has placed greater emphasis on its overseas market to hedge declining domestic sales, and has established cooperation with many European companies in traditional wine producing countries including France, Spain and Italy.

Such cooperation and mergers and acquisitions would help to globalize the brand portfolio, Sun said.

The company is concentrating on its global product portfolio as imported wines are expected to continue to see rapid sales growth in China.

"In the first half of 2015, the Chinese market consumed 250,000 metric tons of imported wine, which has already reached half the domestic wine consumption in the same period."

The company attended the five-day Shandong Week at Expo Milano 2015 from Sept 16, during which Changyu will negotiate plans with two Italian winemakers.

As early as 2011, Italian sparkling wine maker Donelli signed an agreement to issue and transfer its intellectual property rights in the Chinese market to Changyu, including its trademark and Chinese brand name. They plan to further their cooperation.

Changyu is also negotiating with the Generali Group, which has seven chateaus in Italy. The agreement would allow Changyu to use Generali's wine laboratory, one of the most advanced in the world.

Changyu also announced recently it planned to buy a 75 percent stake in Spanish winemaker Dicot Partners SL for 26.25 million euros ($29.7 million).

Dicot Partners SL is considered one of the top five Spanish wine producers. Although more than half of the Spanish winemaker's revenue is from exports, only 1 percent of that is sold in China. Dicot Partners SL would be Changyu's second international acquisition, after the Chinese company bought French cognac and brandy producer Roullet-Fransac in 2013.

Changyu had a strong first half in 2015, with revenue rising 22.75 percent year-on-year to 2.8 billion yuan ($440 million), and net profit of 740 million yuan — a 17 percent rise.

The company's sales revenue is still mainly from domestic wines, with imported wine only recording single-digit sales. "We expect to reach the target of imported wine accounting for 10 percent of our total sales revenue next year," Sun said.

Sun said that in addition to Europe, Changyu is seeking other international acquisitions in major grape-growing markets such as Chile and Australia.

PHOTOS PROVIDED TO CHINA DAILY

Changyu wines are available in many supermarkets in Europe.

A staff member displays a gold medal Changyu won in 1915.