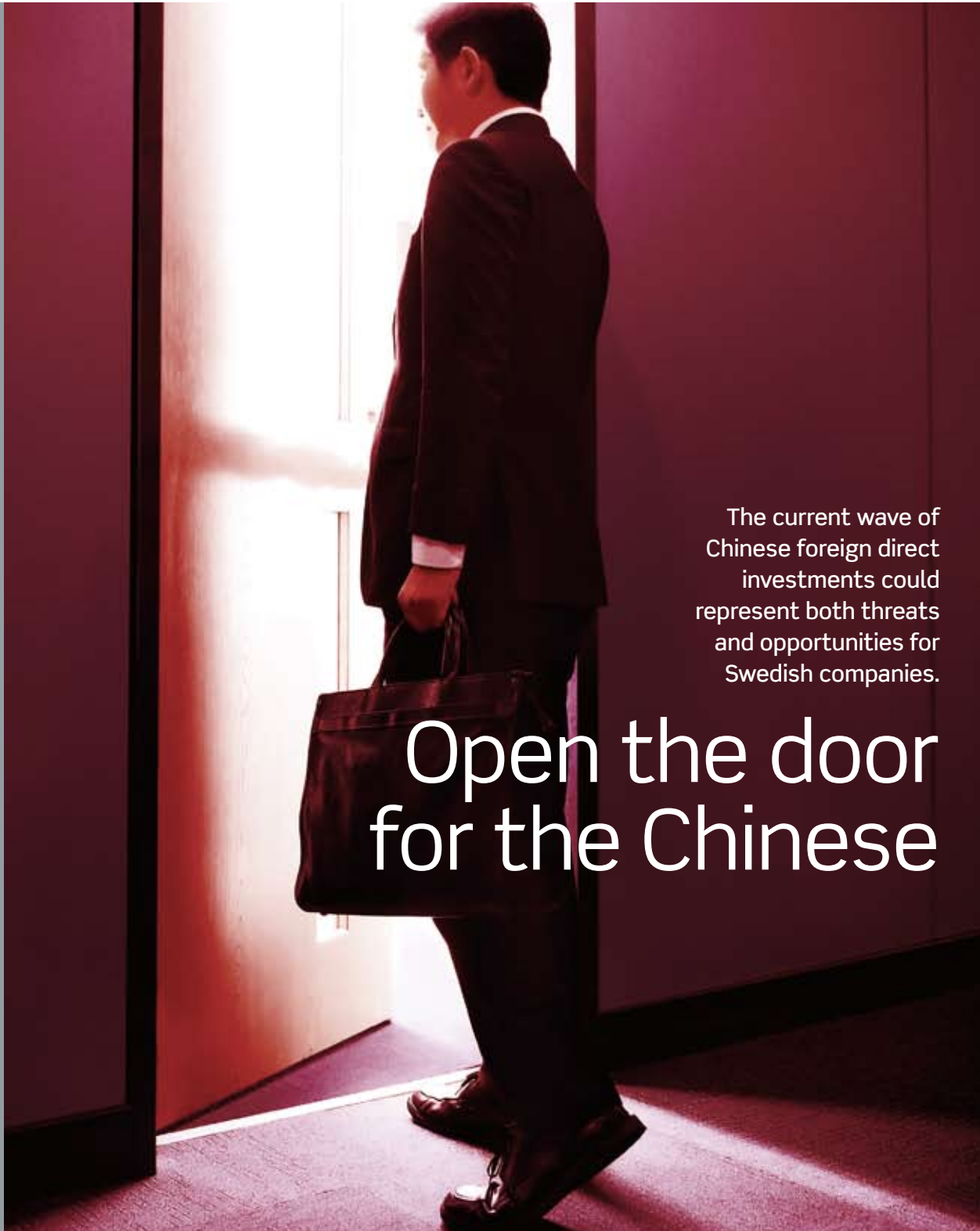


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2011



The current wave of Chinese foreign direct investments could represent both threats and opportunities for Swedish companies.

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The Swedish Chambers of Commerce in Hong Kong and China

EDITORIAL



Mats Harborn
Chairman
Swedish Chamber of
Commerce in China



Stefan Rönquist
Chairman
Swedish Chamber of
Commerce in Hong Kong

Lack of visions in the West

Dear Reader,

In this issue of *Dragon News* we explore the wave of Chinese investments abroad, and as we write this editorial there have been discussions between the Inner Mongolia-based conglomerate and car manufacturer Hawtai and Swedish carmaker Saab. If there will be a deal with Hawtai, or with another Chinese auto company, it may save Saab, not only by injecting new cash into the company, but more importantly by opening up the Chinese market to Saab.

Saab, rightly managed, can easily play in the premium brand segment. As a matter of fact, Saab was one of the hottest car brands in Hong Kong in the 1980s under the able management of Swedish Motors, owned by the late Christer Agell and his wife Marina. Saab has its highest market share outside of Sweden in Hong Kong.

Unfortunately, the management of Saab at the time did not understand the situation, and instead of sending groups to study what the Agells were doing right in Hong Kong, the headquarters worried more that it was not possible to sell all the orders for the Hong Kong market.

But the Agells followed their own minds, listed the company on the Hong Kong stock exchange under the name the Anchor Group

and continued to keep Saab positioned at the same level as BMW. Christer Agell was, by the way, also the first chairman of the Swedish Chamber of Commerce in Hong Kong.

After the listing, the Agells became very prosperous, but Saab continued to struggle, and has been suffering to this day. This is despite having a very good product that has been a pioneer in the automotive market, with features such as turbo-charging, aerodynamic design, night-mode instrument panels and front-wheel drive, among many other features. It is also worth remembering that in the 1980s Saab and BMW were not so different in size.

In general, Swedish companies are very weak in the production, marketing and sales of premium consumer products. It is not hard to get the feeling that Swedish companies and their management are too humble to sell good consumer products in the upper segments. Chinese entrepreneurs have no such qualms. They are savvy business people and this could be to the perfect fit with Swedish engineering excellence. We hope that Hawtai, or some other Chinese carmaker, is that fit for Saab.

Looking at the recent Chinese export successes, it is clear that the origin of much of it is in the ambitious infrastructure expansion projects in China. Such investments fuel the

creation of new companies and lead to the creation of new products and technologies. Speed rail is just but one of many examples.

We firmly believe that all governments should invest continuously in infrastructure and other projects that are of national interest. Unfortunately the liberal ideology that is prevalent in the European scene today tends to reduce the role of the government in society and as a consequence less money gets spent on key projects such as infrastructure, energy, defence and so on. This is a huge strategic risk for the welfare of the Western world.

China is investing heavily in such projects and has set clear goals for new key industries in its 12th five-year plan. At the same time, the West displays a disturbing lack of vision and the money that gets spent on national projects of national interest are often misdirected and set too low in terms of ambition. That is dangerous because national investments create trust in the future, create jobs, make companies invest in new technologies and have numerous positive spin-off effects for society as a whole.

If Western governments continue to adhere to the present strangely unambitious view of their own role in society, then the rise of the East becomes a self-fulfilling prophecy and no one is to blame, but ourselves.

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Human rights concern everyone!

Corporations doing business in China can play a crucial role in furthering human rights, says Per Sevastik, a Swedish visiting professor at Peking University Law School (PULS) in Beijing.

TEXT: Per Sevastik, persevastik@pku.edu.cn

It will probably come as a surprise to most readers of *Dragon News* that China has a foreign human rights professor – from Sweden – teaching human rights at Peking University Law School. It is a three-year professorship in human rights, sponsored by the Swedish government, and its objective is to promote research and education in order to possibly enhance the human rights situation in China.

The professorship also provides the opportunity to guest lecture at various other universities in different provinces in China. So far guest lectures have been held at the Yunnan University in Kunming, the University of Inner Mongolia in Hohhot, and at three universities in Xi'an. Currently another one is scheduled at the Guanxi University Law School in the city of Nanning.

The teaching of human rights is essential because out of the 625 universities in the country, all with law schools, only a handful of them have any proper human rights education. China is in urgent need of ameliorating its human rights situation, as Hu Jintao said when he visited Barack Obama last November. He said then that China still had a long way to go before it could accomplish its goals in the area of human rights.

Remarkable things have happened in the area of international human rights law, which effectively emerged after the cataclysm of the Second World War and with the establishment of the United Nations. In a time span of 63 years, some crucial milestones have been achieved, starting with the 1948 Universal Declaration of Human Rights (UDHR) followed by the two international covenants from 1966: namely, the International Covenant on Economic, Social and

Remarkable things have happened in the area of international human rights law.



Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR), with its two Optional Protocols.

The Optional Protocols permit individuals to make petitions against the state. These conventions together form the “Bill of Human Rights”, and when endorsed by states constitute a view that human rights are universal, indivisible and interdependent and interrelated.

A number of other specialised conventions stemming from the UDHR exist today and new ones are currently under development. Two-thirds of the world’s states have signed and ratified these conventions and through ratification imply that they are willing to implement them into their national jurisdiction, making them the law of the land.

All conventions today have developed committees – treaty bodies – composed of independent experts that monitor state parties’ compliance with regard to the conventions. China has, however, not complied with the ICCPR and additionally has not ratified some of the other core conventions. Furthermore, China has not ratified any of the Optional Protocols, with the effect that individuals are not empowered to make complaints against the state.

China’s view on human rights is different from the majority of countries in the world

community, because human rights are seen with Chinese “characteristics”. This has been echoed over and over again throughout the years, and more often now than before reference is being made to Confucius, who did not confess to liberal democracy, freedom of thought, speech and association.

There has actually never been an open and true declaration in China regarding civil and political rights concepts, and naturally so, because these are concepts that were introduced by the West. The Chinese Constitution mentions freedom of speech, but freedom of speech is not a prioritised area for the government.

However, human rights and rule of law are often discussed, as late as during the late CCPPC Congress in March, when China decided to cut the number of death penalty crimes from 68 to 55, which was seen as a human rights gesture. But if individuals are permitted to put pressure

on the government by enforcing them with civil and political rights, the process of ameliorating human rights in China will be considerably faster. This will eventually happen, even though it may take time in China.

However, human rights concern everyone, and in this respect corporations doing business in China can play a crucial role in furthering human rights. However, compa-

From 68 to 55

In March, China decided to cut the number of death penalty crimes, which was seen by the party as a human rights gesture.



Per Sevastik is a Swedish visiting professor at Peking University Law School (PULS) in Beijing. He holds a Master of Law (LLM) from the University of Stockholm, a LLM in International Legal Studies from Harvard Law School, and a PhD in International Law from the University of Uppsala in Sweden. He has been a visiting professor previously at PULS (2006-2007) and has guest lectured at numerous universities in China. Previous to his professorship at PULS, he was a senior policy specialist for the Swedish International Development Cooperation Agency (Sida), where he was responsible for human rights and rule of law related issues in African and Asian countries. He has written books and articles in the area of international law. He is currently employed by the Raoul Wallenberg Institute, situated at Lund University in Sweden.

He is married to Catherine Hannaford Sevastik and has two children. The family lives in Stockholm.

China’s view on human rights is different from the majority of countries in the world community, because human rights are seen with Chinese ‘characteristics’.

nies, and transnational corporations (TNCs) are often accused of abusing human rights in developing countries. The human rights implications for business can arise in many different ways; for example, in relation to labour regulations and environmental protection. In recent decades the concept of corporate social responsibility (CSR) has therefore emerged as a response to claims of corporate misconduct in a number of different ways.

Even though corporations appear to have greater societal awareness than they were perceived to a few decades ago, they still appear to be driven with only one incentive in mind, i.e., to “increase profit” for stakeholders. Creating minimum standards of conduct has been discussed for a long time, and today the corporate community is divided between two views of thought: whether to have minimum standards for corporations through “voluntary” means or through a “regulatory” framework. Currently, there are no internationally binding agreements governing corporate behaviour in relation to human rights.

Human rights today would not have developed if we did not have binding conventions where states are obligated to comply with the convention obligations and where treaty bodies have the mandate to follow up compliance.

Corporations should not act like bad governments when dealing with human rights; they should act like good governments that aim to enhance human rights, but this is unlikely to happen through voluntary means. It can only be accomplished through the creation of a regulatory framework. Human rights have developed in such a way that, today, they have become the concern of everyone and therefore corporations must take greater social responsibility. *



Africa is a hotspot for China

■ More Chinese companies are eyeing Africa as an ideal place for investment as China encourages its companies to globalise, a survey report on China's outbound investments released in April 2011 showed, reports the news agency Xinhua.

The report from the China Council for the Promotion of International Trade (CCPIT) said the number of Chinese companies investing in Africa has sharply risen, while Asia, Europe and North America remain the hottest destinations for Chinese investment.

In 2010, China invested US\$59 billion in 129 countries and regions. Out of all of the Chinese companies that invested abroad in 2010, 22 per cent invested in Africa, the report said.

The bulk of China's overseas investments were channelled into manufacturing sectors, followed by distribution, farming, fishery and construction, according to the report.

Sixty-three per cent of Chinese companies investing abroad said they will increase their overseas investments in the year to come, while only 10 per cent said they will reduce their investments.

Relaxed rules on overseas investments

■ China's top economic planner, the National Development and Reform Commission (NDRC), will further relax rules on overseas investment by Chinese companies as part of the 12th five-year plan (2011-2015), top advisers said.

The NDRC is working with the Ministry of Commerce on a law to facilitate Chinese companies' globalisation and investment in overseas markets, Kong Linlong, director of the NDRC's Foreign Capital Utilisation Department, told reporters at the recent 9th Transnational Corporations China Forum in Beijing.

Besides the loosening of investment restrictions, the NDRC is also considering establishing a communication mechanism between relevant Chinese government agencies and their foreign counterparts in order to facilitate Chinese overseas investment, Kong said.

In recent years, Chinese companies have become more aware of the importance of expanding overseas and have become more interested in foreign investment. According to Kong, Chinese direct outbound investment (DOI) rose 35 per cent during the 2006-2010 period, four times the amount invested during the 2001-2005 period. By the end of 2010, China's DOI totalled nearly US\$330 billion.

However, Chinese firms still face numerous challenges in seeking access to overseas markets. The lack of professional management talent, the absence of domestic investment banks and rising Western resistance to Chinese takeovers are holding back overseas development.



QUOTE

"Often, the most successful international companies are those which sort of transcend their nationality. And if that's true, China still has a long way to go."

Patrick Foulis, banking editor of *The Economist* magazine.

Congratulations to SwedCham's jubilee intern in Hong Kong

■ The Swedish Chamber of Commerce in Hong Kong has awarded Swedish graduate student Dan Fjeldheim Ek its 25th Anniversary Internship Grant.

Fjeldheim Ek is currently finalising his Master of Science in Business Administration at the School of Business, Economics and Law at the University of Gothenburg in Sweden. As part of his university studies he has completed study-abroad semesters in South Korea and Taiwan and is currently learning Mandarin.



Dan Fjeldheim Ek will spend 10 months at SwedCham in Hong Kong.

The internship grant is being awarded as part of SwedCham's 25th anniversary celebrations in 2011. Fjeldheim Ek will receive a cash grant of HK\$100,000 and a Sweden-Hong Kong roundtrip airfare. As part of the grant, Fjeldheim Ek will perform a 10-month internship with SwedCham starting September, 2011.



The Sail Tower in Shanghai is the new location of the Swedish chamber.

"House of Sweden" in Shanghai

■ The Swedish Chamber of Commerce in China's Shanghai office has moved to a new location in the Sail Tower, close to the fashionable Bund area. The office is now situated in the Business Support Office area of the Swedish Trade Council on the same floor as Scandinavian Airlines and other companies with Swedish roots.

This means that Shanghai now has its own "House of Sweden" and this is an exciting new development. Not only does the new office have a fantastic view of Shanghai's skyline, but it also gives the chamber great opportunities to interact with Swedish companies at the natural hub for the Swedish business community in Shanghai.

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The current wave of Chinese foreign direct investments could represent both threats and opportunities for Swedish companies. “The worst thing we can do when the Chinese are knocking at our door is to close that door,” says Lars Danielsson, Sweden’s consul-general in Hong Kong.

Text: Jan Hökerberg, Bamboo, jan.hokerberg@bambooinasia.com

Open the door for the Chinese

A recent survey in the Swedish daily business newspaper, *Dagens Industri*, shows that a third of the 1,600 participating Swedish companies are experiencing increased competition from Chinese enterprises. Important factors include Chinese enterprises supply of risk capital, the backing they get from the Chinese government and that they can afford to have a longer-term financial view than most Western companies.

The Swedish companies that participated in the survey also say that price is their Chinese competitors' biggest comparative strength.

"Price may still be their biggest advantage but could soon be a thing of the past when their production costs increase. However, a part of their long-term strategy is to allow very low margins", says Sweden's consul-general in Hong Kong, Lars Danielsson.

"Swedish companies normally don't compete on price only, since they normally offer better and more advanced products. Chinese companies are, however, increasing their research and development (R&D) spending, which will raise the quality of their products," he says.

In 2005, China's R&D equalled 1.5 per cent of the gross national product (GDP). China's goal is to make that 2.2 per cent by 2015 and 2.5 per cent by 2020.

The fact that China is going global is a natural consequence of the rapid growth of the Chinese economy, which has become the second largest in the world after the US. In order to maintain the pace of growth, China desperately needs minerals and oil. Even if China is rich in domestic resources, they are not enough and the country has a huge need to secure supplies from abroad to keep the country growing and avoid social unrest from unemployment and a growing gap between rich and poor at home.

"While the Japanese wave of foreign direct investment in the 1980s was focused on acquiring production capacity and new market entries, China's motives are mainly to secure supplies of natural resources and acquiring know-how and access to new technologies," says Danielsson.

There is also huge excess liquidity in China's economy – the country's foreign-exchange reserves amount to some US\$2.85 trillion – which creates a need to find suitable capital investments abroad.

"Some companies may see Chinese investment as a threat, but it is also an opportunity since Sweden is actively seeking

foreign investment and foreign capital. We have to remember that without China, the growth in the world economy would have been very low," says Börje Ljunggren, former Swedish ambassador to China and now chairman of the SEB Asia Council while operating his own outfit, Asian Perspectives.

Danielsson agrees and says that, "For a country such as Sweden it is important that we embrace the Chinese willingness to invest abroad, since it could benefit Sweden and, for example, create more jobs."

Eddie Chen, vice president and China chief representative of Invest Sweden, the official investment promotion agency of Sweden, thinks there are several different motives for Chinese companies going abroad:

"They are looking for new market opportunities since the domestic market has become very competitive. They want to gain experience and become international companies. They also want to find international partners for expanding their local market," he says.

Even if Chinese outbound foreign direct investments (FDI) have attracted much attention in recent years, the overall value is relatively small. China's capital stock invested abroad is 4 per cent of the US' FDIs, 5 per cent of the EU's and 27 per cent of Japan's. However, it is growing significantly and has become more and more evident in Africa, Australia, Latin America, Central Asia, Canada and to a minor extent, the US and Europe.

The government's 12th five-year plan

may further provide a boost to the so-called "Go-Out Strategy", and for several reasons. At a more immediate level, the expected increase in salaries and other production costs may induce Chinese companies to relocate production overseas, particularly in South-East Asia or Africa.

China has identified 10 countries in Africa, where it has acquired licenses to explore and develop oil and minerals. As part of the payment, Chinese companies are developing the infrastructure in these countries.

China is also the biggest investor in Brazil, one of the five so-called BRICS (Brazil, Russia, India, China and South Africa), or the big five emerging markets in the world.

Moreover, the 12th five-year plan defines energy-efficiency, alternative sources of energy and the industrial sectors as "strategic emerging industries". These industries include clean-energy vehicles, new materials, biotech, new energy, high-end equipment manufacturing, environmental protection, energy conservation and next-generation IT.

It is likely that in the coming years an increasing number of Chinese enterprises will invest abroad in order to develop or acquire advanced technologies and support China in achieving the objectives set out in the 12th five-year plan.

Invest Sweden has listed some 230 Chinese investments in Sweden over the past nine years. The list is not official, but it includes both state-owned and private-owned

230

The number of Chinese investments in Sweden, according to the promotion agency Invest Sweden.



Geely's acquisition of Volvo is China's most high-profile deal.

PHOTO: www.imagebank.sweden.se © Volvo Cars

“China’s motives are mainly to secure the supply of natural resources and acquiring know-how and access to new technology.”

Lars Danielsson, consul-general

business icons, such as the huge energy company State Grid, the telecommunications giant Huawei and the drug-maker Jiangsu Hengrui Medicine

One of the most recent high-profile deals is the automaker Geely’s acquisition of Volvo Car Corporation (*see separate article*).

Other Chinese investments in Sweden have been rather odd; for example the Dragon Gate business and cultural centre in Älvkarleby, north of Stockholm, and the plans, now liquidated, to build an industrial park in Överkalix municipality in northern Sweden.

In 2007, the Hangzhou-based Fanerdun Group announced that it should construct and host a new centre in Kalmar in south-eastern Sweden for Chinese wholesale companies to introduce their products onto the European market. The project was widely criticised in the Swedish media and in 2009, Fanerdun’s Swedish subsidiary went bankrupt.

“The pattern of Chinese investments in Sweden has changed radically over the past six or seven years. Initially, they were mainly smaller investments. However, in recent years, there have been much more professionally operated and handled investments by

Swedish companies need to acquire more knowledge about their Chinese competitors, according to Sweden’s consul-general in Hong Kong, Lars Danielsson.

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A variety of investments

Over the past decade, major Chinese companies have made several strategic investments in Sweden within industries such as automotive, telecommunications, pharmaceuticals and green energy.

In August 2010, Zhejiang Geely Holding Group completed its acquisition of Volvo Car Corporation from Ford Motor Company in a US\$1.5 billion deal that gives the small Chinese automaker a global brand and huge management challenges.

Volvo became China's biggest foreign auto acquisition and it was an unusually large deal for a private Chinese company.

As a contrast to Volvo, which was founded in 1927, Geely is a very young company. It was founded in 1986 and launched its automobile business as late as in 1997.

Industry analysts commented that Geely, barely known outside China, will face a struggle in integrating the two corporate cultures and dealing with strong labour unions in Sweden and Belgium.

"This famous Swedish premium brand will remain true to its core values of safety, quality, environmental care and modern Scandinavian design," said Geely's founder and chairman, Li Shufu, in a statement.

Ford acquired Volvo in 1999 for US\$6.45 billion but had been trying to unload it since 2008 to raise cash and focus on its two remaining core brands, Ford and Lincoln.

Chinese companies have invested in Sweden for more than a decade. Already in 2001 and 2002, the Chinese telecommunications manufacturers Huawei and ZTE established themselves with R&D centres in Sweden's capital Stockholm.

A Chinese entrepreneur, Li Jingchun, who owns China's largest manufacturer of aromatic mosquito-repellent products, has started many different projects in Sweden, such as the Dragon Gate Chinese centre in Älvkarleby, but some of them have also failed; for example the industrial park in Överkalix.

The Chinese mining company China Minmetals Group has a subsidiary in Stockholm for Northern Europe.

In 2006, Shanghai's Dongbao Biopharmaceutical signed an agreement with Ferring Pharmaceuticals to take over Ferring's manufacturing facilities in Malmö. Ferring had planned to close the production facilities, which were used to manufacture products for diabetes and incontinence.

In 2009, the Chinese energy giant State Grid Corporation made its first major international investment by forming a company, National Bio Energy (NBE) Sweden, in Svege, which is jointly owned by two Chinese companies, Sweden's Härjedalens Miljöbränsle (HMAB) and Härjedalen municipality. The company will build energy plants based on straw. Instead of burning remaining straw on the fields after harvest, the straw is col-

lected by local farmers and sold to a nearby plant. This provides cities with green electricity and farmers with additional income.

Jiangsu Hengrui Pharmaceutical, a leading Chinese pharmaceutical company and the No 1 oncology drug company in China, announced in 2009 that it would set up an R&D subsidiary, Novadex Pharma, in Stockholm. This was the second R&D subsidiary company of Jiangsu Hengrui outside China.

The Chinese company Beijing Auto agreed in 2009 to buy car and engine technology from struggling Swedish carmaker Saab, at that time still owned by General Motors.

Besides Geely's acquisition of Volvo there has been another recent high-profile Chinese deal involving a Scandinavian company.

In January this year, Norwegian conglomerate Orkla agreed to sell its Elkem unit's silicon operations to China National Bluestar for US\$2 billion in one of the biggest industrial takeovers by a Chinese group in Europe.

Bluestar is a leading China-based international chemicals and new materials company, with 2010 sales in excess of US\$6 billion and its head office in Beijing. The company is owned by the state-owned China National Chemical Corporation (ChemChina), with 80 per cent, and the US private equity firm Blackstone Group, with 20 per cent. Since 2006, Bluestar has made a number of international acquisitions, including Adisseo and Rhodia's silicones business in France, and the Australian company Qenos.

"It is important to secure that Elkem has a new owner able to further develop its potential and keep its competence and resources united. In Bluestar, Elkem will have an owner that has solid financial capacity and is well positioned in the world's largest market for metals and renewables", said Bjørn M Wiggen, president and CEO of Orkla, in a statement.

Ren Jianxin, president of ChemChina and chairman of Bluestar, sees strong potential for a combined Elkem-Bluestar organisation:

"Combining Bluestar with Elkem will be of great benefit to both companies: For Elkem, its access to Asia, and especially China will be significantly enhanced going forward, which is a real advantage given the size and growth of China and Asia for most of Elkem's products. For Bluestar, the combination with Elkem will give them access to Elkem's excellent management experience and industry-leading technological know-how."

1997

The year when Geely became an automotive company.

the Chinese. For example, Geely's acquisition of Volvo could not have happened six years ago," says Chen.

China regards Geely's acquisition of Volvo as a milestone in its ambition to go global and own global brands. It simply has to succeed and pave the way for other similar deals.

"The Chinese government never really embraced the Fanerdun project in Kalmar. It is a very big difference to Geely's acquisition of Volvo, since the government knows that if this deal is not handled properly it will affect other Chinese for-

“The Chinese companies have international ambitions, but they are not the only ones keeping you awake at night. The Koreans are years ahead in our industry.”

Ulrik Svensson, Electrolux

eign acquisitions," says Ljunggren.

"We have to remember that Volvo has got married not only with Geely but also with the Chinese government machine, which will probably ensure that the deal cannot fail," says Danielsson.

For the previous owner of Volvo, Ford Motor Company, there were not many alternatives to Geely. However, even if Geely is not a leading car brand in China and it does not have a reputation for quality, there are big advantages

for Volvo to get a real foothold in China and expand sales in the Middle Kingdom.

Both the trade unions and the management of Volvo, including former

There are not so many home appliances companies of size left for the Chinese to acquire in the West, says Ulrik Svensson of Electrolux.

chief executive officer Hans-Olov Olsson, welcomed Geely as a new owner.

Other Chinese companies, though, have had it more difficult when trying to acquire foreign-owned assets; for example Huawei in the US.

Shenzhen-based Huawei has grown rapidly in recent years and is today Ericssons' main competitor in mobile telecommunications systems equipment. Huawei invested in Sweden as early as 2001, setting up an R&D centre in Stockholm, which was the company's first outside China. Today, Huawei has also an R&D centre in Gothenburg. The company has won many prestigious orders in most parts of the world.

But in spite of US\$28 billion in global revenues, US\$4.4 billion in operating profit and a world market share of 14 per cent last year (Ericsson has a 35 per cent market share), it has yet to win a single network contract with a leading telecoms carrier in the US.

In 2008, Huawei had to retract a bid for 3Com, a US technology company, after it became clear the deal would not pass the scrutiny of US authorities. Since then, Huawei has submitted a bid on Motorola's wireless assets, but lost out to Nokia Siemens Networks, and Huawei also failed to win a bid for 2wire, a US-based internet software firm. Earlier this year, Huawei also had to cancel a purchase of parts of the insolvent American IT company 3Leaf Systems.

American politicians have long-running complaints about Huawei's transparency. As a private company, Huawei does not disclose details about its owners. Its chief executive officer Ren Zhengfei's

**US\$
2.85
trillion**

China's huge foreign-exchange reserves create a need for finding suitable capital investments abroad.



Marketing is like planting bamboo

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** The similarity between marketing and planting bamboo was originally conceptualised by George Torok, a marketing expert and co-author of the book Secrets of Power Marketing.*



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history in the People's Liberation Army (PLA) has fed insinuations that the PLA could have either a stake in or special relations with Huawei. The company denies this, saying Ren holds no more than a 1.42 per cent stake and the rest of the company is owned by employees through a holding structure. But that has helped little to dispel doubts in the US.

"If the US government's resistance to Huawei's and other Chinese companies' investments deepen, then it could affect the whole Chinese business model for acquiring companies abroad. If the Chinese feel that they are discriminated against, then it will increase tensions between the two economic superpowers, which could affect foreign-owned companies in the domestic China market as well," warns Ljunggren.

In 2005, China's largest home appliance manufacturer, Haier, decided to offer US\$1.3 billion to acquire Maytag, a US-based company. However, Haier had to withdraw its bid in a decision that was probably less political than financial. Maytag was then sold to Whirlpool.

Haier has now become the world's biggest refrigerator manufacturer and is seeking acquisitions or partnerships in an effort to build a global electronics brand. The company has recently bought 20 per cent of New Zealand's Fisher & Paykel Appliances.

The Swedish company Electrolux is the world's No 2 in home appliances after Whirlpool, which passed Electrolux when it acquired Maytag. Both Whirlpool and Electrolux have had difficulties in the China market, where Haier, Midea and other domestic brands dominate.

"Haier and Midea are considered as so-called margin killers in China. Their overall goal is to become big and they press the prices. Haier is active in the US, but the company hasn't really built a global brand and it doesn't have a broad retail network or an extensive after-sales network," says Ulrik Svensson, head of strategy for Asia-Pacific at Electrolux in Singapore.

"The Chinese companies have international ambitions, but they are not the only ones keeping you awake at night. The Korean manufacturers are years ahead in our industry," he says.

The world market for home appliances is getting more and more consolidated. There are not so many companies of size left for the Chinese manufacturers to acquire in the Western markets.

The US government's resistance to investments by Huawei could build up tensions between the two economic superpowers, says Börje Ljunggren.



“Without China, the growth in the world economy would have been very low.”

Börje Ljunggren, SEB Asia Council

"Electrolux is investing in innovation and at the same time we build our brands and strengthen our services to our retailers and consumers. It will not be that easy for our Chinese competitors to take market share," says Svensson.

So far, Chinese contractors have not been able to enter the Swedish market for infrastructure other than carrying out construction work for fellow Chinese companies that have invested in Sweden.

"The Chinese could become very competitive and press prices if they are allowed

to enter the Swedish market, for example, for building highways. They are already doing that in Poland," says Danielsson.

Chinese contractors are also gaining much experience from the rapid build-up of the high-speed railway network in China, which can also be used abroad.

"At this moment, Chinese railway companies are building 50 per cent of all the ongoing railway construction in the whole world," says Ljunggren.

For those Swedish companies that fear they will soon face tough Chinese competition, it is important to acquire as





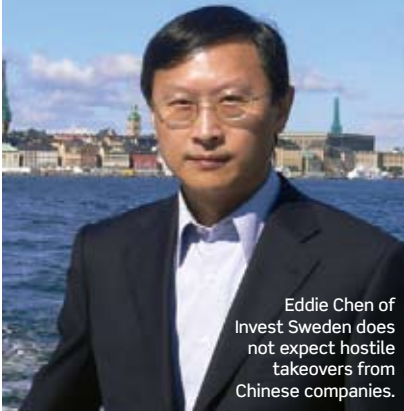
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Eddie Chen of Invest Sweden does not expect hostile takeovers from Chinese companies.

“Geely’s acquisition of Volvo could not have happened six years ago.”

Eddie Chen, Invest Sweden

much knowledge as possible about their Chinese competitors.

“Swedish companies definitely need to improve their business intelligence and also ensure they have enough legal protection for their patents,” says Danielsson.

Even if China’s foreign direct investments have increased rapidly over the past few years, there are still a limited number of mergers & acquisitions (M&A) deals that have been completed.

“Risk capital is not a problem, but the Chinese need to learn how our type of capitalism is working. Swedish companies have used much time and energy to try to understand the Chinese way of doing business. Now, it is in a way the opposite,” says Danielsson.

Areas where the Chinese still have a lot to learn are, for example, the Western market economies’ requirements of transparency. China may also try to learn the game of hostile takeovers.

In early April this year, the Chinese mining company Minmetals Resources launched a US\$6.3-billion hostile bid for the Canadian company, Equinox Minerals. This was China’s first-ever hostile bid for a

major Canadian mining company, signaling a bold shift in strategy as it seeks to sate its appetite for resources to fuel its rapidly growing economy.

“However, I don’t expect we will see many hostile takeovers from Chinese companies in the foreseeable future,” says Chen. “One reason why Chinese companies go abroad is that they are seeking experience in the international markets. Friendly takeovers are much more in their interest.”

Swedish companies that want to attract Chinese capital have to remember to find out who is the real owner of the Chinese bidding company. Even if it is a private company there are often official interests in the background.

“We regard outbound investments from China as an opportunity for Swedish companies and encourage them to deal with the situation so that both parties win,” says Chen.

“Sweden has built its wealth through a good understanding of changes in the world. The worst thing we can do when the Chinese are knocking at our door is to close that door,” says Danielsson. *



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Limited Candy by Ludvig Löfgren

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SEB's general manager, Fredrik Hähnel, is happy to see the bank bloom in China with a steady flow of new customers. In his leisure time, he is a drummer at the Cotton Club in Shanghai, playing jazz and funk music.

TEXT: Jan Hökerberg, Bamboo, jan.hokerberg@bambooinasia.com

Funky banking

He is not even yet 40, but Fredrik Hähnel is already in charge of Sweden's leading bank in China. For the Swedish business community in Shanghai, he is also known as the drummer in the house band at the Cotton Club, playing jazz and funk on Friday nights.

Hähnel was born in Täby in northern Stockholm in September 1971. His father was a musician and deputy principal at the Royal College of Music (Kungl Musikhögskolan) in Stockholm, where he played trumpet and piano. Before that he had made an academic career as, among other things, headmaster of different music schools. Hähnel inherited his musical talents from his father and studied at a musical upper secondary school in the city of Örebro, where he played drums and guitar and also sang.

"I was quite sure at that time that I would be a professional musician," says Hähnel. "As a youngster, I played jazz and funk in big bands, mostly as a drummer, and I also had a punk period when I played guitar and did the vocals."

While enrolled in military service, he undertook tests for telegraphy and received the highest possible score. "If you are playing music you learn how to recognise sounds," he says.

These tests placed him on the large



Swedish patrol vessel HMS Carlskrona as a radio operator and since this ship operated around the world, Hähnel was excited to visit many countries in different continents, including Asia. When he had finished his military duties in 1991, he applied for university studies.

“My eldest brother had studied Arabian language and I wanted to beat him by doing something even more difficult, so I applied for studying Chinese at the Lund University in southern Sweden. A year later I combined my Chinese studies with economics,” says Hähnel.

In 1993, he came to Hangzhou for a summer course in Chinese. “It was very interesting to come to China at that time and I understood that very big things were going to happen in China in the coming years.”

Over the next few years he studied in China every summer, but also spent time in Mannheim in Germany, where he studied financial economics and picked up the German language. His two brothers had both chosen a career in the financial sector and Hähnel was moving in the same direction.

When he completed his studies in 1997, he got a job as a bond broker at a Japanese firm in Stockholm. Then he found out that he had got a scholarship from Peking University in Beijing to study financial economics.

“I had almost forgotten that I had applied. Now I was wondering whether I should spend the rest of my life trading bonds or whether I should take the opportunity to move to this very exciting country of China,” Hähnel says.

He chose China and after a year in Beijing he got a job at the Swedish Trade Council (STC), working first for the council in Shanghai and then for a few years in Stockholm. In 2002, Hähnel was appointed

the head of the STC in Shanghai, where he spent three exciting years.

“It was a quite a small office when I came there but within a few years it became the STC’s biggest and most profitable office worldwide,” he says proudly.

In 2005, Hähnel was contacted by the leading Swedish bank SEB, which was preparing to open a branch in Shanghai. As he had always thought that working in the financial industry could be an alternative to being a musician, he left the STC for a position in the bank’s management team. He also worked a year at SEB’s headquarters in Stockholm, and then returned to China in 2009. He was appointed general manager of the Shanghai branch in June 2010, making him one of the youngest branch managers ever in SEB’s history.

“Our business is to help Northern European companies in China. We are growing rapidly at the moment, with almost a new customer every week. We have around 35 employees in Shanghai, three

in Beijing and we will also open an office in Hong Kong later this year,” Hähnel says.

In 2009, SEB in China received a licence to pursue banking operations in renminbi (RMB) from the China Banking Regulatory Commission (CBRC).

“It was a big step for us. We went from being a half bank to a full bank for our customers,” Hähnel says.

SEB offers a broad range of financial services, such as working capital financing, trade finance, cash management, export finance and foreign exchange. In addition, the bank can support its clients with leasing service, corporate advisory and merger & acquisition services through its corporate partner EJMckay, which is a local firm in China.

35

The number of employees SEB has in the Shanghai branch.

“We are growing rapidly at the moment with almost a new customer every week.”



Fredrik Hähnel is a well-known jazz drummer at the Cotton Club in Shanghai.

“SEB is the leading bank for large companies in Sweden. We differ from other Nordic banks in China, it is my impression that they are more focusing on medium-sized or smaller enterprises,” says Hähnel.

China is one of the world’s most regulated banking markets and Hähnel spends a great deal of time trying to understand the many changes in the regulations.

“If China is to become an economic super power, it has to fundamentally change its whole banking system,” he says.

SEB has very good relations with the top Chinese decision-makers, much because of the traditional good links between SEB’s owner, the Wallenberg family in Sweden, and the political leaders of China. This gives the bank a very good top-level network that benefits its large multinational clients.

Even if his job at the bank takes up much of his time, Hähnel still likes to sit in as a drummer every second Friday night at Shanghai’s prime jazz club, the Cotton Club. This is something he has done for several years.

“Actually, it started when I was new in Shanghai and visited the Cotton Club together with some of my Swedish friends. The house band lacked a drummer and my friends convinced the band members that I would fit in. So I played that night and the day after they called me to ask if I could become a permanent member of the band. I said yes, and I have been playing with them since then, and also at some other clubs, hotels and private parties,” says Hähnel.

He calls the music a nice break from his daily work, and says it is like going into another world. “My friends in the band don’t care what I do in the daytime, so it is quite relaxing,” he says.

He also met his wife, Yongyan, thanks to the jazz. “I was playing at the club on New Year’s Eve of 2000 and she was among the audience. I think I made an extra number of drum solos that night ...” he recalls with a smile. The couple live together in a house on Tai’an Lu in the French concession.

Hähnel’s engagement in the music world has also benefited the bank. “The Cotton Club is a good meeting place in Shanghai. Customers and colleagues regularly drop by and I can share my hobby with everyone who has an interest in music,” he says.

“As long as I do what I should do in the daytime, and do it well, the bank is happy. And I think they are also a bit proud of what I sometimes do in the night time ...” ✨

Getting it right in China

China's recently announced 12th five-year plan may offer many opportunities for foreign-owned enterprises. However, the Chinese market is extremely competitive and especially for small and medium-sized companies it is essential to avoid business risks through good planning when pursuing opportunities.

TEXT: W John Hoffmann, Thomas Lagerqvist and Staffan Löfgren



W John Hoffmann (left) is a co-founder and principal of Exceptional Resources Group (XRG), a China strategy and transactional consultancy based in Hong Kong. Thomas Lagerqvist (middle) is special counsel for the Swedish law firm Mannheimer Swartling. Staffan Löfgren (right) is the managing director of ScanAsia Consulting.

In company boardrooms around the world, the senior management of most companies are now asking themselves how they can grab a share of existing and future new business opportunities highlighted in China's recently announced 12th five-year plan. In terms of China industry-specific opportunity, seven new strategic emerging industries have been designated in the plan.

Although the Chinese government has encouraged foreign participation in the development of these new strategic emerging industries, questions remain about how much new business will actually result for international companies, given China's rising economic nationalism, indigenous innovation initiatives and concerns about intellectual property/know-how protection.

There is no doubt that China's 12th five-year plan is an ambitious undertaking. The key themes of the plan, which are based on the new concept of "inclusive growth", aim to re-balance the economy, address social inequality and protect the environment. The industry sectors that will benefit the most from the plan's support will include modern manufacturing, modern services and new energy as well as technology, healthcare, environment/energy efficiency, education and culture/entertainment.

Small and medium-sized enterprises (SMEs) are usually defined by their size – less than 500 employees – and their ownership – privately held or invested by a private equity company or other financial backer. The key commonality between a multinational corporation (MNC) and an SME is that any SME doing business in or with China faces the same challenges in China as the MNCs. SMEs often have less global experience to work from and they typically do not have such deep pockets to carry out experimentation in China. For these reasons, the harsh reality is that SMEs have to get China right the first time round.

Swedish SMEs possess very advanced, if not the best of class leading solutions for many of the challenges that China must deal with during the next five years from 2011-15. They have already developed innovative solutions and technologies for many areas and specific niches which are high priority sectors within China's five-year plan.

China's developing economy and the need for advanced solutions offers huge growth potential for Swedish companies. But most SMEs are rightly hesitant about doing China business because they cannot adequately judge the upside benefits versus the downside risks in the Chinese market. The protection of their intellectual property/know-how is at the core of their concerns and some SMEs have paid dearly in their unsuccessful attempts to get a toe-hold business venture established in the China market without completing the expensive in-depth research on the legislation, market conditions and Chinese partners' due diligence for their specific China business cases.

Swedish SMEs also face doubts in China as to whether they can really deliver the solutions they promise. China's largest state-owned and privately-owned enterprises and Chinese government policy- and decision-makers are now more familiar with the larger MNCs in Sweden, but most of them would not know or even believe that an SME of only 20 people could have developed the solution they want and need. ➤

A black gorilla figurine is the central focus of the advertisement. It is positioned in a natural, outdoor setting with dry grass and some green plants. The gorilla is shown in a dynamic, slightly aggressive pose, with its mouth open as if roaring or growling. The background is a soft-focus field of dry grass, suggesting a savanna or similar natural habitat. The lighting is bright, highlighting the texture of the gorilla's fur.

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Making contact with right Chinese counterparties is also a serious challenge for Swedish SMEs, even if they have identified a concrete business opportunity.

Based on past experience, the 10 rules below should be applied by any Swedish SME pursuing business opportunities in China.

Expect cross-cultural and cross-language challenges.

Anticipate the inevitable cross-cultural miscommunications and misunderstandings as you build your business in China. Although many Chinese appear to speak and read English fluently, it is uncommon to find a Chinese person who understands both the subtleties of the language and at the same time has an understanding of both Chinese and Swedish-European cultures to the extent that makes it possible for them to handle delicate business negotiations. As a first step, you should identify and hire a competent English-to-Chinese language interpreter/translator.

Research accessible market opportunities. Strong macro-economic growth and a large population do not mean there is a profitable market for your business in China. How to develop a business in and with China requires significant amounts of homework. Almost everything is already being produced in China and the markets there are extremely competitive. China is also many different markets; every province and city has advantages and disadvantages, and rules and regulations can vary from place to place.

Avoid wrong assumptions. Building excellence based on only your home country experience does not ensure success in China. Many SMEs have wrongly assumed that if they build their China business based on their home country model, then their China business will work. The reality is that China is different in many ways and so are Chinese markets and consumers. Also, do not assume or rely on Chinese government support for your business in China; it will disappear after you set-up your business. Whenever possible, you should consider setting up your initial China business as a wholly foreign owned company if possible. This will ensure that you have direct control over the foundations of your business in China.

Consider financial resources and foreign currency risk. Ensure that you have enough capital reserves for the long haul in China. It will be difficult to make a profit within the first two or three years, so it will be important to line up the required bank support in Sweden. You will not be able to get loans easily from local Chinese banks. You must also keep in mind that the Chinese currency is not convertible and an appreciation of the yuan is a high possibility, which could make your business plans obsolete if this is not factored into your planning.

Identify key management and human resources early. Finding reliable people with the correct mix of language and proven cross-cultural skills is a big challenge for Swedish SMEs in China. You need to put a lot of emphasis in finding the right people to run your company. In the beginning, a Swedish or other foreign expatriate may be the right choice. You could also consider working with a well established Swedish-owned business supporting/accounting services provider.

Establish your own business strategy. Setting up a business in China takes time, and you should anticipate delays and setbacks. Establish your business strategy based on your own, well-experienced and



thought-through commercial reasons, not because others have done it. Also be prepared that business may develop in China in completely new directions and that the conditions are different from what you would expect in a more mature economy.

Develop proper financial, tax and accounting systems.

Foreign enterprise accounting and reporting in China is often very different from the routines adopted for domestic enterprises. It could be wise to use recruitment firms to verify certifications and previous working experience of the potential accounting manager. Use consultants (unless you have Chinese-literate in-house staff in Sweden) to translate significant accounting and reporting entries into English or Swedish. This has been proven to dramatically reduce accounting errors and corrupt accounting.

Consider China legal issues. There is a difference in how parties may view a contract. In Sweden, once you sign a contract, you are expected to stick to it, come rain or shine. In China, although there may be a well-drafted contract with detailed terms and conditions there is nothing in the Chinese culture to stop a Chinese party from re-negotiating that contract. Constant change means that you must learn to adapt and adjust.

Do not underestimate the importance of regular communications and relationship-building.

The first rule for successful business contracts in China is to maintain frequent, regular interactive communication. Keep in mind that the relationship culture in China that requires personal, one-to-one commitment. That type of relationship develops over time by working together, socialising together, and interacting in person.

Deal with any IPR risks up-front. Protection of intellectual property rights (IPR) is raising much concern in China. If you have IPRs to protect and if you are serious about protecting those rights in China you must first and foremost adopt an anti-counterfeiting strategy. The fight against counterfeiting is continuous and sometimes a depressing process, and it is therefore important to work systematically with achievable objectives.

Besides the advice given above, Swedish small or medium-sized companies in China should not hesitate to consult with the well-established foreign associations in China; for example the embassy, consulates, chambers of commerce, etc, but also other Swedish companies that are established in China. They are usually prepared to share their experiences.

Remember that most business people fail in China due to their own incompetence and inexperience, and not simply because China offers so much more business risk. Whoever fails to plan, in fact plans to fail.

As we should all know by now – when it comes to China, fortune favours the prepared. ✳

7
Seven new strategic emerging industries have been designated in China's new five-year plan.



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A pioneer in the Sw business commun

Thomas Kung, chairman of Atlas Copco (China) Investment Co, Ltd, is this year's recipient of the Swedish chamber's Honorary Award. He has actively served Atlas Copco for 40 years and has played an important role in the company's success and growth in China.

TEXT: Jan Hökerberg, Bamboo, jan.hokerberg@bambooinasia.com

As the chairman of Atlas Copco (China) Investment Co, Ltd, Thomas Kung has played a leading role in the success of the Swedish industrial group's business in China, where the company now has close to 4,500 employees and 12 production plants.

On 29 April, Kung was rewarded by the Swedish Chamber of Commerce in China for his influential work in his company over a long period of time by receiving the chamber's 2011 Honorary Award. A prestigious award, it was instituted by the chamber in 2008. The former recipients were Peter Wallenberg (2008), Xu Kuangdi (2009) and Alice Cheng (2010).

"I have served Atlas Copco for almost 40 years and our China business has been quite successful. We have achieved this step-by-step and the whole team has contributed to that success. Without my colleagues, I would never have got this award," says Kung.

Kung was born in 1936 in Wuxi, Jiangsu province, but migrated to Hong Kong when he was 25



"China needs high-class products, and high-class technology at reasonable prices," says Thomas Kung.

edish ity

30 By setting up our own after-sales network in China, we could immediately support our customers more efficiently."

years old. In his early years, he worked for a local Atlas Copco distributor in Hong Kong.

"In 1981, Atlas Copco formed a joint venture with its distributor and I became responsible for the Hong Kong market, and later, in the 1990s, for the China market," says Kung.

Atlas Copco, which is an industrial group with world-leading positions in compressors, construction and mining equipment, power tools and assembly systems, has done business with China since the mid-1920s, when it sold mining equipment. In the mid-1950s, Atlas Copco participated in an exhibition in Beijing, and, in the 1960s, the company got a distributor in Hong Kong.

In 1983, Atlas Copco established its own company in Hong Kong and set up representative offices in Beijing, Shanghai and Guangzhou. At the same time, the company also made six product license agreements with Chinese companies to start producing air compressors, hydraulic drills and other construction and mining equipment.

"I assisted our headquarters to negotiate these license agreements," Kung recalls. "Later on, in the end of the 1980s and beginning of 1990s, I convinced our headquarters that we should start production in China."

Kung was influential in setting up the first joint ventures for Atlas Copco in China, which happened in 1993 and 1994, when companies in Nanjing (drill rigs) and Wuxi (compressors) were founded. These companies later became wholly owned companies for Atlas Copco.

"In the early 1990s, the best structure was to have a joint venture," says Kung. "At that time, China had strong foreign exchange control regulations. If you imported components, you had to export the same amount of components. With joint ventures, you did not have these restrictions, so you could save plenty of costs on import duties. When the regulations changed, our strategy also changed to be the 100 per cent-owner of the companies."

In 1998, Atlas Copco registered its holding company in China and moved its China headquarters from Hong Kong to Shanghai. Kung was appointed chairman in Atlas Copco (China) Investment Co, Ltd and Magnus Gyllö was appointed vice president. Ever since then, the two of them have worked together as leaders of the holding company and Kung has commuted between his home city and Shanghai.

An important factor for a foreign-owned company's success in China is to build an after-sales network. Atlas Copco was a pioneer in this field and opened its first warehouse for spare parts in 1985.

"Before that, if we had to deliver a spare part for a customer, we needed to import it from Sweden and it took about a month since it involved letters of credit and other things. By setting up our own after-sales network in China we could immediately support our customers more efficiently. Our customers were happy, we were happy and the reputation of Atlas Copco grew stronger," says Kung.

Today, Atlas Copco has more than 100 sales and service offices and numerous dealers in China. The company has 12 production plants, located in Wuxi, Nanjing, Shanghai, Shenyang, Qingdao, Tianjin, Zhangjiakou (Hebei) and Liuzhou (Guangxi). There are also several trading companies, plus the Hong Kong company and the holding company in Shanghai.

The company has a broad portfolio of brands, both global – such as Chicago Pneumatic and Dynapac – and local; for example, Liutech and Shenyang.

China's importance for Atlas Copco has been growing steadily, and China and the US are the company's biggest markets. To further support this development, the management of

the Construction and Mining Technique business area and the Oil-free Air division have relocated to Shanghai from Europe.

Atlas Copco is a multinational company, but in China the strategy has been to train and encourage local employees. More than half of the general managers are Chinese and only 1 per cent of the staff are foreigners.

"We did put emphasis on hiring local managers right from the start, since in joint ventures you cannot pay expatriates a very high salary and a local manager much lower salary. Atlas Copco's philosophy is to work with locals and develop them by sending them for training and master degree programmes. Chinese managers are very good if you give them the right guidance and development," Kung says.

4,500

Atlas Copco has currently close to 4,500 employees in China.

His advice to foreign-owned companies that plan to establish themselves in China is to prepare carefully before they enter the China market: "They must find out if there is a market for their products. China needs

high-class products, and high-class technology at reasonable prices. If you only can offer simple and cheap products, then you may have to think twice," says Kung.

He believes that one reason that Swedish companies have succeeded in China is that they offer high-end products, which are in demand given China's rapid development.

Kung has learnt to understand Swedes well and thinks they are flexible to work with. In the past, he visited Sweden several times per year, but since he is now retired he does not go there as often as before.

"Sweden is a good country and people are nice. They may be a bit reserved, but they always keep their promise," he says. ✱

Long-term commitment

This is the Swedish Chamber of Commerce in China's motivation for giving the Honorary Award to Thomas Kung:

"Through a long-term commitment and through developing Chinese staff and local managers Thomas Kung, Chairman of Atlas Copco (China) Investment Co, Ltd has played a leading role in firmly establishing Atlas Copco in China. Today, Atlas Copco has 12 production plants in China and a very strong after-sales support organisation in China. Thomas Kung has served Atlas Copco for almost 40 years and has combined a strong feeling for the Atlas Way with a deep understanding of China."



Nordic touch with a Chinese edge

WHAT'S NEW?

To meet a significant increase of new matters and projects, we welcome three new lawyers with various experiences and backgrounds to our China team.

SHANGHAI

Vicky Jiang joined the firm after having worked as inhouse counsel for Central Investment Consulting (Shanghai) Co., Ltd, which is the China head office of Thailand Central Retail Group. Previously, Vicky has worked for three years as an associate at King & Wood in Shanghai where she mainly

was engaged in M&A and FDI matters. Vicky graduated from Suzhou University and holds a masters degree from the University of Birmingham.

Steven Fei has previously worked at McDermott, Will & Emery, LLP, Shanghai where he focused on FDI, M&A and Competition Law. Steven graduated from East China University of Politics & Law and holds a masters degree from Durham University, UK. He has also completed a trainee program at Industrial and Commercial Bank of China (ICBC) Shanghai.

HONG KONG

Rachel Leung joins the firm after having qualified as a solicitor in England and Wales. Rachel has previously worked as a paralegal in Hong Kong and holds a Bsc in Business Administration from University of Hong Kong and a Graduate Diploma in Law from the University of Westminster. With her business background and language capabilities, she will be a valuable addition to our M&A team.

Our team in China currently comprises 5 partners/special counsel and 21 associates/assistants.

AWARDS

ULF OHRLING "LEADING LAWYER" IN ASIA

Ulf Ohrling has been ranked among the "Leading Lawyers in Asia" by the Asialaw Leading Lawyers Survey. He was ranked in the Mergers and Acquisitions and General Corporate Commercial practice areas. This ranking has previously been awarded Thomas Lagerqvist five years in a row.

MANNHEIMER SWARTLING RECOGNISED AS ONE OF THE LEADING INTERNATIONAL ARBITRATION FIRMS IN GLOBAL ARBITRATION REVIEW'S GAR30 2011

Mannheimer Swartling appears once again in the GAR30, Global Arbitration Review's ranking of the world's leading law firms in the area of international arbitration. This is the fourth consecutive year that Mannheimer Swartling has been highly ranked in Global Arbitration Review's GAR 30. Among the law firms included in the ranking, Mannheimer Swartling was the highest ranked firm from the civil law world. This reinforces our leading position when it comes to China-related arbitrations, since China is a civil law jurisdiction.

THOMAS LAGERQVIST APPOINTED HONORARY CHAIRMAN

During the Annual General Meeting 11 April, Thomas Lagerqvist was appointed Honorary Member and Honorary Chairman of The Swedish Chamber of Commerce in Hong Kong for his outstanding work as Chairman during 16 years.

WINNER ALB CHINA LAW AWARDS

Mannheimer Swartling is the winner of the ALB China Law Awards 2011 M&A Deal of the Year, for the firm's role advising Ford Motor Company on the sale of Volvo Car Company to Zhejiang Geely Holding group.

WHAT'S UP

VOLVO BUSES AND CHINESE SAIC FORM JOINT COMPANY FOR NEW ENERGY DRIVELINE SYSTEMS

Volvo Bus Corporation and SAIC Motors, a company in the Shanghai Automotive Industry Corporation (SAIC), have

agreed to form Shanghai Green Bus Drive System Co, a joint venture company focused on new energy driveline systems for buses such as hybrids and electric buses. The new company will be owned by SAIC with 60% and by Volvo with 40%.

SAIC Motors is China's leading passenger and vehicle manufacturer. Volvo Buses is one of the world's largest manufacturer of buses and bus chassis. The new company will be based in Shanghai, China, and represents the second joint venture company between the two parties.

Volvo Buses was advised by Mannheimer Swartling in the transaction. The firm's team in China was led by Peter Idsäter, primarily assisted by Queenie Chen and Chris Yu.

NILS ELIASSON APPOINTED TO REPRESENT HONG KONG ON THE ICC COMMISSION ON ARBITRATION

Nils Eliasson has recently been appointed to represent Hong Kong on the Commission on Arbitration of the International Chamber of Commerce. The ICC Commission on Arbitration is a forum for experts to pool ideas and impact new policy on practical issues relating to international arbitration, the settlement of international business disputes and the legal and procedural aspects of arbitration. The Commission boast members from 90 countries, including partners in international law firms, in-house counsel, law professors, experts in different dispute resolution services, and trade executives in member companies and international organizations. The Commission is currently entrusted with the task of revising the ICC Arbitration Rules.

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After a couple of internships in China, 26-year old Johannes Asplund took a big step in his career by becoming general manager at a Swedish company in Ningbo.

TEXT: Philip Hafstad, philip@swedishchamber.com.cn

At the age of 26, Johannes Asplund has fast-tracked his career in China, starting with studies and internships and suddenly becoming general manager of the Swedish company Swede-Wheel in Ningbo, Zhejiang province.

Asplund was born and raised in Jönköping, a Swedish city in the province of Småland. His China journey started in 2005 when he came to Beijing for a summer course in Chinese. After returning to Sweden he soon came back to China for another course in Chinese and an internship at Haas Automation, a leading builder of CNC machine tools, where most of his colleagues were Chinese.

What dreams did you have when you grew up?

“I have always had a big interest in foreign languages and writing. When I was younger, I dreamed about being a music critic or a restaurant reviewer, but there are not so many people out there who are willing to pay money and give you free food and music in exchange for your awesome opinions. Instead, I picked up a few languages and later took on the challenge of learning some Chinese. Suddenly, I found myself managing a wheel company in Ningbo. Life is funny sometimes ...”



From intern to GM in no time



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“I bought a table tennis table so that any employee can play table tennis when they need to clear their minds.”

How did that happen?

“In the spring of 2010 I was doing an internship at the Swedish Trade Council in Guangzhou. I was looking at opportunities around China and through contacts I found out that a company called Swede-Wheel was expanding in China and urgently needed a Swedish general manager. Swede-Wheel had established itself at the Nordic Industrial Park in Ningbo in 2006 and its revenues had grown substantially in 2010.”

How would you describe Swede-Wheel?

“Swede-Wheel is a family-owned company from Hillerstorp in Småland with annual revenues of around SEK65 million. The company produces wheels and wheel systems to manufacturers within material handling, furniture, medical equipment and store display. In China, Swede-Wheel has production and sales facilities in Ningbo.”

What are the most important things that you have learnt as a young general manager?

“First of all, it is not always easy to be taken seriously when you are only 26, even if I try to show that I am the one in control. I have also learnt that in China it is very important to solve a problem completely before taking on a new one. I have learnt that solving details is important because if you don't, then the problem will get back to you.”

What are the challenges you face in your day-to-day work?

“As always in China, it is hard with transparency and payment terms for suppliers, something that we are working very hard on. I also find problems in solving logistical problems. Every day is different; some days we might have a problem with a power outage and then we need to solve that problem.”

What do you enjoy most about your work?

“Meeting people, both externally and internally, is always fun. With a small company and a small team it gives everyone great pleasure,

for example, when we get a new order. I also enjoy it when colleagues in the company notice my suggestions and actually improve their performance because of me.”

Do you use any specific management style?

“It is hard to say. I use an open management style where everyone in the company can feel involved in all decisions. I am trying to implement some characteristics of Swedish management such as coffee breaks and no job talk during lunch. I also bought a table tennis table so that any employee can play table tennis when they need to clear their minds, which is something that is much appreciated.”

What are your plans for the future?

“I will stay in China for a few more years, but it will not be my home forever. Eventually I want to move back to Sweden and work with business development at home.”

How is Ningbo compared to Shanghai?

“Ha-ha ... how is Alvesta [a Swedish small town] compared to Stockholm? Ningbo certainly has some charm, with some beautiful areas. However, a lot of industry and horrible traffic makes the city less attractive.”

Any suggestions for young professionals who want to become general manager in China?

“Well, you have to know people, so networking is of course important. You should have a reasonable level of the Chinese language and be willing to live outside the larger cities. You should also learn the general thinking of Swedish companies in China – perhaps some of them are in need of young, open-minded leaders that know a bit about China.” * * *



“It is very important to solve a problem completely before taking on a new one.”

Johannes Asplund in brief

Name: Johannes Asplund
Age: 26
Occupation: General manager
Location: Ningbo
Best spot in Shanghai: Jiashan Market
Best thing with being the boss: “Your work makes a difference.”
Worst thing about being the boss: “The work is with you 24 hours per day. With great power comes great responsibility.”

Johannes Asplund enjoys it when colleagues notice his suggestions and actually improve their performance because of him.



The secret of success

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VINGE

More than just talk

■ Dr Derek Anthony identified a number of everyday situations where business people depend on the voice at a breakfast seminar in Hong Kong on 19 April 2011. He gave many examples of typical vocal, and performance quality issues. Following that, he shared some very practical insights, on how to use one's own voice and words more effectively, on how to build a speech or presentation for greater psychological impact, and on how to improve one's own performance in all kinds of communication situations, that we normally encounter in the daily business life.

Why this speech training session was "more than just talk", was that it offered a holistic view of how speech actually works, considering both the physiological aspects of the voice, the dramatic potential in the way words are used, the way speech is structured to have greater psychological impact, and even how to improve one's performance.

Anthony introduced vocal concepts that clearly explained how to achieve more effective breath control, resonance and projection, while involving the audience in an entertaining way.



Derek Anthony held a speech training session in Hong Kong.

For more effective use of language, he demonstrated how one can employ six powerful "tools of expression" to bring even the most mundane text to life.

He also offered valuable insights, about how a speech can be designed during its preparation phase; how to give direction to the thoughts and feelings of the audience, and appeal to them on an emotional, as well as an intellectual level.

Anthony then went on to offer advice, on how to enhance the personal expression of

the speaker. Based on his acting experience in more than 60 roles on stage, he stressed the essential qualities necessary for maintaining credibility: always staying in character, understanding the feelings and meanings behind your words and overall message, letting your natural gestures, movements, facial expressions follow as a result of this, and aiming to feel creative as you explore the possibilities of achieving greater variety and subtlety in your speech.

Finally, he touched on the "power of stage fright". He first explained how and why this is a natural psychological response to perceived challenges, which may arouse either debilitating fear responses or positive elation. Based on situational or personality factors, he offered a model for personal change – a "positive spiral of achievement orientation".

In his summary, Anthony pointed out, that our verbal communication ultimately stands or falls with the degree of credibility, purposefulness, and ability to influence others. On the practical side, one benefits from better vocal habits and effective use of language and on the personal side a sense of personal growth and achievement.

Geely's acquisition of Volvo a real challenge

■ Corporate identity and brand creation are hot subjects in China, as the Chinese reach out to introduce their own products and services around the world. An equally relevant subject is how foreign companies enter and conquer the markets in China.

One of the tactics now being tried is for the Chinese to buy their way into foreign markets by acquiring famous foreign brands. This allows them to "piggyback" into the market, by leaning on the established reputation of the brands they acquire.

The best known example is Lenovo's acquisition of IBM's PC division with the ThinkPad brand and now we have Geely's acquisition of Volvo Cars.

This was the theme for a presentation by Professor Jan Staël von Holstein at the Swedish chamber's breakfast meeting in Hong Kong on 8 April and was used to illustrate the advantages and pitfalls of brand identities and brand image development.

The Volvo acquisition poses a number of questions about the future of the Volvo brand. They face several critical challenges and these apply not only to the car industry. What can a weak brand gain by association, or outright ownership through

acquisition of another powerful brand?

In China's case it can provide a number of clear benefits. Firstly, access to advanced technologies and valuable innovation patents. Secondly, the enhanced reputation for Geely through a well established brand and therefore a stock market premium position.

This is achieved through a number of well-charted brand-creation and identity-development programmes.

The success and positioning of a brand are based on six fundamental ingredients: focused identity and brand strategies, design and innovation, product excellence and quality, distribution and service, clear communications and long-term investment strategies.

The extent to which this can be done and influence the design and production of their mutual ranges of cars remains to be seen. The pitfalls and danger of failure arise, if and when the new owners downgrade the product, to increase their margins with cheaper production and lowering quality and standards.

"In a larger perspective this will become an important test case for China. They must not fail and need to recover the government supported investment. Cross border acquisitions have a rocky history especially in the



A branding breakfast was held in Hong Kong, presented by Jan Staël von Holstein.

car industry," said Staël von Holstein.

"In addition, there is the big question of what kinds of cars are needed in the future for China. Let's hope that this latest 'marriage' can meet the needs of the future, and not just be another production line for oversized fancy show-off cars, burning energy resources required for other purposes," he said.

CHAMBER ACTIVITIES *South China & Taipei*

Lou He (Invest Sweden) and Yvonne Chen (Swedish Chamber of Commerce in China).



From left, Sophia Backe, Rolf Backe (chairman of the South China Chapter) and John Benito de Valle.



Stefan Rönquist and Mats Harborn, the chairmen of the two Swedish chambers, signing the document regarding the South China Chapter.



Lennart Nilsson, director of the South China Chapter in Guangzhou welcomes the guests.



Congratulations to the South China Chapter!

Many activities in Taipei

■ Since you last heard from us, we have been very busy. In December we had our first Christmas lunch with Swedish food at Flavors, the only Swedish restaurant in Taipei. It was well-attended and much appreciated. Our speaker was Michael Cole, a deputy news editor, columnist and reporter at the English-language *Taipei Times*, who talked about the new political situation after the election in some of Taiwan counties.

After the Chinese New Year, a members' lunch was arranged to get to know each other and to have some updates regarding the forming of a chamber in Taiwan.

In March we had our first company visit to Tetra Pak in Taiwan. Almost 40 people attended this very successful event which started with a short presentation of the factory followed by a visit at site. Hank Tang, Environment & Corporate Affairs Director, introduced us to Tetra Pak and its development over the years.



Louise Byström, chairwoman of the chamber committee in Taipei, with Becky Cho (Philip Morris).

South China Chapter has been formed

■ The Swedish chambers of commerce in China and Hong Kong will collaborate to give Swedish and Swedish-related companies in South China the best member value possible.

Therefore, a Memorandum of Understanding was signed by the chairmen of both chambers at a lunch event in Guangzhou and at an evening event in Shenzhen on 14 April 2011.

Many interested potential members participated, and the chapter will have presence and organise events both in Guangzhou and Shenzhen respectively.

Rolf Backe is chairing the South China Chapter while Lennart Nilsson and Christoffer Odin are directors in Guangzhou and Katarina Malm is a director in Shenzhen.

If you are interested in joining the business platform for Swedish and Swedish-related companies in South China, please contact any of the above persons directly by e-mail to southchina@swedishchamber.com.cn. (see also page 54)

New regulations for representative offices

■ At a joint breakfast meeting in Beijing on 24 March, Marianne Ramel and Guo Min from the law firm Gide Loyrette Nouel went through China's new regulations for representative offices. The meeting was arranged by the Swedish, Danish, French, Hong Kong, Italian and Spanish chambers.

With the State Council's new release of comprehensive rules to govern the oversight of representative offices established by foreign enterprises in China, the Chinese government is signalling its commitment to tightening the establishment, operation and administration of representative offices (RO). The Regulations for Registration and Administration of Resident Representative Offices, effective 1 March, 2011, impose more restrictions on the scope of activities of ROs, provide new documentary and procedural requirements, and increase penalties for non-compliance.

Under the old rules, ROs were only limited to "non-profit making activities". That restriction remains



China is tightening the regulations for representative offices, according to Guo Min and Marianne Ramel.

in place, but the recent rules further delineate the permitted activities of the RO. The new regulations also stipulate that the head office must have been in existence for at least two years at the time of application to establish an RO in China and that it may only employ four national representatives, including one chief representative.

Notably, the regulations now require an RO to submit an annual report to the competent authority between March 1 and June 30 every year, including confirmation of the legal exist-

ence of the RO's head office, a description of the RO's operations, and its audited expenses, revenues and costs. Moreover, an RO's registration certificate must be renewed each year.

The taxation of ROs has also significantly changed, with previous tax regulations abolished by Circular 18, effective from January 1, 2010. The current objective is to assess the reasonableness of the amount of turnover and profits of ROs compared to their actual functions and risks assumed.

China's new five-year plan offers many opportunities for foreign companies, said Steve Dickinson.



An analysis of the 12th five-year plan

■ Steve Dickinson, a Qingdao-based writer and public speaker on doing business in China, analysed China's new five-year plan at a joint meeting arranged by the Swedish Chamber of Commerce in China and three other international chambers on 14 April at the Radisson Blu Hotel in Beijing.

The 12th five-year plan for social and economic development was adopted by the National People's Congress in March of this year. The plan abandons an earlier proposal to focus on re-balancing of the Chinese economy in favour of domestic consumption and the service industry. Instead, the plan focuses almost entirely on continued restructuring of the industrial sector of the Chinese economy, as follows:

Labour-intensive and low value-added manufacturing will be moved to the central and western regions. For the coastal regions, development of seven key strategic industries will be the focus. The plan sets a target of 8 per cent of GDP to come from these industries by the end of the plan period. The seven industries are:

- Energy saving and environmental protection (clean energy technology)
- Next generation IT (modernisation of the country's telecommunications infrastructure)

- Bio-technology (pharma and vaccine manufacturers)
- High end equipment (airplanes, satellites, manufacturing technology)
- New energy (nuclear, wind, solar)
- New materials (rare earths)
- New energy cars (electric and hybrid cars, batteries)

Remaining heavy industry and thermal power production will be reworked to achieve ambitious goals for reduction in emissions of greenhouse-gas pollutants and for general increases in efficiency.

Industrial production will shift from low value-added assembly type of manufacturing to high value-added products such as aircraft, ships, automobiles and heavy equipment and electronic products such as super computers. The products will be Chinese branded, utilise Chinese domestic technology and will be marketed and manufactured around the world by Chinese companies. All of this will be achieved on a modernised infrastructure base.

Since China does not have the technical ability to achieve any of these goals using its existing resources, the plan offers many opportunities for foreign companies operating in these areas, according to Steve Dickinson.



Jessica Yang from Communication Consulting led a workshop on Swedish leadership.

Five winning ways to work with Swedes

■ The Swedish chamber in Shanghai hosted a three-hour workshop on Swedish corporate culture and leadership values on 16 March. Facilitated by Jessica Yang from Communication Consulting, the workshop was developed to assist Chinese staff working for Swedish organisations around China to become more successful at adjusting to the Swedish culture and management style.

It is well known that people working together from different cultures find that it is culture, not language that presents the biggest barrier to productive working relationships. Culture is like a filter through which we see the world and interprets what we see and hear. We also predict how people will react to what we do and say based on our cultural values and assumptions.

When we work together, cultural differences become very obvious. How do we make decisions? What do we expect from our managers and subordinates? What does honesty mean to us and how do we deal with conflicts or approach problems? These are just some of the many questions we need to consider. People from different cultures usually have different answers to these questions. This generates problems when we work in a multi-cultural environment. This is no exception for Chinese staff working with Swedes.

Swedes live their values in both work and private life. They have a distinctive leadership style that not only differs significantly from Chinese, but also from other European countries. Because of this, when joining a Swedish organisation, Chinese people often experience additional challenges adjusting to the corporate culture.

In this workshop, Yang led participants through a number of core values Swedes share, such as equality, honesty, diplomacy, good planning and prevention and a focus on continuous improvement. As well as defining these values, the participants explored the impact these values have on Swedish corporate culture and leadership style. Lastly, the participants looked at some concrete strategies that Chinese staff can use to meet their Swedish managers' expectations and bring value to the organisation they work together in.

Throughout the seminar the participants were actively involved in group discussions, analysing case studies and performing role plays. The workshop wrapped up with a quick summary of the five winning habits for working with Swedes:

- Be confident and assertive in your dealings with Swedes.
- Take initiative and share your ideas and opinions.
- Try to see a problem from several different angles and bring options, not just problems, to your manager.
- Bring problems or bad news to your managers' attention as soon as possible.
- Think preventatively and look around the corner to see what's next? How can we/our team be ahead? Is there a better way?

The participants found the seminar and the tools contained within to be very valuable in helping them adjust to, and work better in a Swedish organisation.

Changing economic, financial and political landscapes

■ On 31 March, SEB's chief economist Robert Bergqvist gave a presentation in Shanghai, "Tightrope walking – changing economic, financial and political landscapes". The event, which was co-organised with the Finnish Chamber of Commerce, attracted a very large and active audience that asked many questions throughout the seminar.

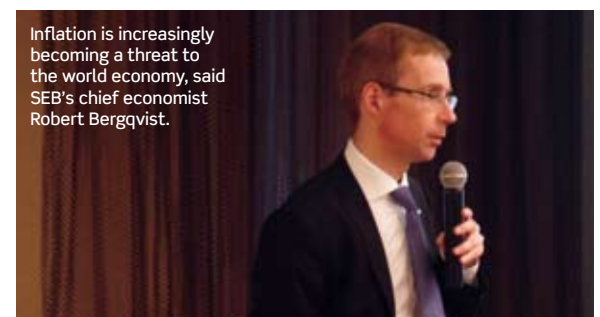
The presentation suggested that while optimism is at a record level among companies in general, the global economic recovery is still fragile with huge imbalances between countries. While USA, Brazil and Australia are the world's biggest "money importers" and need to balance their budget deficits, China, Germany and Japan are the biggest "money exporters" with huge trade surpluses and growing foreign currency reserves.

According to SEB's own calculations, China's foreign currency reserve will reach US\$5 trillion by 2015. Even within the Eurozone, there are large imbalances, with Spain's unemployment surpassing 20 per cent and Greece not far from default on their sovereign debt, while other nations such as Sweden and Germany still maintaining high growth rates.

Recent financial and economic crises have clearly increased the political challenges looking ahead. Bergqvist called for a much larger co-operation between China, the EMU countries, the US, the UK and Japan to lay the foundation of a new international monetary system that would address global balances. China obviously has an important role due to its large trade surpluses and should take responsibility by letting the RMB appreciate, but the US has an equally important responsibility in coping with its runaway budget deficit.

Inflation is increasingly threatening the world economy, putting pressure on emerging markets like China, India and Brazil mounting. In the EU and the US inflation is still within stable levels of 2-3 per cent, but potentially it is on the way up. The European Central Bank has already started raising interest rates while the Federal Reserve in the US is not expected to make its first move until the end of the year or early 2012.

Bergqvist also talked about currencies, concluding in summary that SEB considers the US dollar too weak at the moment and arguing that there is still room for the euro to weaken against the Swedish krona. He expects growth in the USA to be around 3.6 per cent this year and 4 per cent next year, while the Chinese economy is expected to slow to 9.5 per cent in 2011 and 8.5 per cent in 2012. In the Eurozone, he expects growth to measure at 3.4 per cent and 1.8 per cent in 2011 and 2012 respectively.



Inflation is increasingly becoming a threat to the world economy, said SEB's chief economist Robert Bergqvist.

NEW MEMBERS

HONG KONG OVERSEAS MEMBERS >>>



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Line of business

APC Asia Pacific Cargo is the continuation of the success story of ASG in the Far East, following a management buy-out which was finalised in December 1999. Besides its Hong Kong headquarters, the company has branches in Singapore, Taiwan, Thailand and China. Due to increased demand and changes in the freight forwarding industry, APC has expanded its activities to accommodate requests for storage, pick & pack and logistic services to overseas clients as well as local manufacturers and importers. APC's mission is to improve its clients' competitiveness by providing them with superior logistical solutions.

Chamber representative

Per Ågren, General Manager



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Line of business

Founded in 2002 by Swedish national Elias Ek, Enspyre has provided international and local companies with business-to-business telemarketing services, virtual office and phone answering services. Companies ranging from the largest international companies to SMEs and freelancers outsource their sales lead generation and administrative needs to Enspyre. Enspyre has amassed a top rate database of Taiwanese companies. We help our clients reach the right decision-makers for their product or service. Enspyre also provides Swedish language classes, Swedish culture seminars and events and are representing some of Sweden's most well-known universities.

Chamber representatives

Elias Ek, President ¹
Susanne Palm, Swedish language teacher and education consultant ²



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Line of business

Ericsson is the world's leading provider of technology and services to telecom operators. The company is the market leader in 2G and 3G mobile technologies, provides support for networks with over two billion subscribers and has the leading position in managed services. The company's portfolio comprises mobile and fixed network infrastructure, telecom services, software, broadband and multimedia solutions for operators, enterprises and the media industry. In Taiwan, our key offerings include end-to-end communication solutions for mobile and fixed, IMS solutions, TV solutions, In Building solutions, Handset IoT Centre as well as mobile marketing platform IPX.

Chamber representative

Jesper Nyström, Head of Strategic Business



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Line of business

Founded in 1965 by Swedish entrepreneur, Bertil Hult, EF is today the world's largest education company with more than 400 schools and offices and in over 50 countries around the world. In a survey of the most desirable companies to work for, conducted by Nova Pro and published in Dagens Industri, EF was ranked 21st. The Taiwan office opened in 1989 and EF was appointed as the Official Language Training Services Supplier of the Beijing 2008 Olympic Games and is helping Brazil prepare for the 2014 World Cup.

Chamber representative

Daphne Hsieh, Country Manager

Do you see what we see?

- ① Millions of Chinese have migrated to cities over the last decade and disposable incomes for urban residents have more than doubled.
- ② Wan Li is one of many who can now afford to buy trendy clothes and shoes. Like many others he chooses Chinese brands such as Anta.
- ③ These trends have enabled the shoe and clothing brand Anta to grow strongly. Last year the company sold 38 million pairs of shoes in 7,500 shops throughout China. East Capital China Fund owns shares in Anta Sports Products.

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NEW MEMBERS



Flavors Restaurant
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Web: www.flavors.com.tw

Line of business

Flavors restaurant is one of the world's very few Swedish fine dining restaurants outside Sweden. Run and operated by the famous Swedish chef Ola and his wife Stephanie, it has been rated the best restaurant in Taiwan. Flavors serve both traditional and contemporary genuine Swedish food.

Chamber representative

Ola Ekdahl, Chef

Line of business

Outdoor Gear was founded in 1996 and started up as the distributor of Fjällräven in Taiwan. In 1997, we opened our own retail shop, Rockland, in Taipei. Now we distribute Fjällräven's products to 30 more outdoor shops across Taiwan. The mission of Outdoor Gear is to screen and select the best outdoor apparel and hardware to end consumers, helping them enjoy the beauty of nature.

Chamber representative

Hank Lin, Managing Director



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Line of business

Brand products, solutions and services within rolling bearings, seals, mechatronics, services and lubrication systems. Services include technical support, maintenance services, condition monitoring and training.

Chamber representative

Charles Chang, Managing Director



1

2

Handelsbanken

Handelsbanken, Taipei
5F-2, No 129, Zhong Shan North Road,
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Tel: +886 2 2563 7458
Fax: +886 2 2562 2082
E-mail: amch01@handelsbanken.se
Web: www.handelsbanken.se

Line of business

As the only Nordic bank with a representative office in Taipei, Handelsbanken provides the following services: market and trade information, contacts with the Taiwanese business community and banking industry, consulting business negotiations especially with payment and financial issues and local contacts for Nordic and UK customers.

Chamber representatives

Michael Zell, Head of Greater China 1
Amy Chen, Chief Representative, Taipei 2



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Web: www.rockland.com.tw



SMPM International AB
Birger Jarlsgatan 33
114 45 Stockholm
Sweden
Tel: +46 8 519 420 22
E-mail: Kenneth.arnstrom@smpm.se

Line of business

SMPM International AB is a joint venture company of Swedish Match and Philip Morris International. The joint venture was established to commercialise Swedish snus and other smoke-free tobacco products worldwide, outside of Scandinavia and the US.

Chamber representative

Kenneth Arnström, Director

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NEW MEMBERS



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 Taoyuan City 330
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 Tel: +886 3 217 0303
 E-mail: info@shl-group.com
 Web: www.shl-group.com

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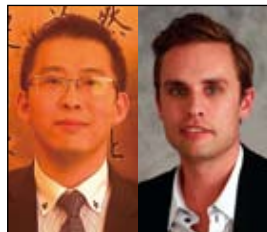
Line of business

SHL is the world's largest privately-owned designer, developer and manufacturer of advanced drug delivery devices. We have over 1,600 staff globally (1,000 in Taiwan), with our primary design centers located in the USA and Sweden and manufacturing centres located in Asia.

SHL supplies auto injectors, pen injectors and inhaler systems to global pharmaceutical and biotech companies. Significant investment in R&D has enhanced our broad pipeline of "next generation" drug delivery systems. These innovative devices include a range of disposable and reusable injectors with fixed or variable dosing, enhanced precision and the ability to accommodate high viscosities.

Chamber representatives

Frank Isaksson, General Manager 1
 Steven Kaufman, Marketing Director 2



Modular Management Asia Ltd

3F, 25 Xining N. Road, Datong District
 Taipei, Taiwan R.O.C.
 Tel: +886 2 2552 6763
 E-mail: kuoting.lee@modular.se
 gustav.grenas@modular.se
 Web: www.modular.se

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Line of business

Modular Management is a consulting firm which focuses on helping clients develop and implement modular product architectures. The company was founded in 1996 as a result of a research project in the Royal Institute of Technology in Stockholm, Sweden. Modular Management has developed a methodology that has been implemented at clients in a wide range of industries and countries. We have offices in Stockholm, Minneapolis in the US and, since 2010, in Taipei with a total of 30 consultants. The Taipei office, with 9 consultants, currently is running projects in Qingdao and Shenzhen in China.

Chamber representatives

KT Lee, President 1
 Gustav Grenås, Consultant 2



Sim2Travel Inc

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 E-mail: stephen.hsu@sim2travel.com
 deborah.hsu@sim2travel.com
 Web: www.sim2travel.com

Line of business

Sim2Travel infuses multiple countries' local numbers onto one SIM card and offers reliable worldwide connectivity with crystal clear voice quality while providing customers with local rates for calls, text messages and data usage. Simply put, this provides business travelers a convenient and inexpensive way to stay in touch while on the go.

Sim2Travel Inc. is the world's first roaming Mobile Virtual Network operator led by a management team comprised of industry veterans collectively possessing more than 100 years of executive telecommunications leadership.

Chamber representatives

Stephen Hsu, Chairman & CEO
 Deborah Hsu, Marketing & PR



IKEA Taiwan - DFI Home Furnishings Taiwan Ltd

4F, No.1, Jhong Jheng Road
 Sinjhuang District
 New Taipei City 24243
 Taiwan, R.O.C.
 Tel: +886 2 8069 9005
 Web: www.ikea.com.tw

Line of business

The IKEA story begins in 1926 when founder Ingvar Kamprad is born in Småland in southern Sweden. Today, with more than 60 years of history, the IKEA group has grown into a well-known global enterprise. IKEA has 316 stores in 38 countries and more than 145,000 employees worldwide. At IKEA our vision is to create a better everyday life for the many people. Our business idea supports this vision by offering a wide range of well-designed, functional home furnishing products at prices so low so that as many people as possible will be able to afford them.

Chamber representative

Martin Lindström, CEO



Tetra Pak Taiwan Ltd
 4 Wen Ming 3rd Street, Lin Kou Industrial Park 3, Taoyuan 333, Taiwan, R.O.C.
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 Web: www.tetrapak.com/tw

1

2

Line of business

Tetra Pak began in the early 1950s as one of the first packaging companies for liquid milk. Since then, it has become one of the world's largest suppliers of packaging systems for milk, fruit juices and drinks, and many other products. Today, with a 170-country market and 74 billion liters of products delivered in Tetra Pak cartons, it is the only international company in the world able to provide integrated processing, packaging, and distribution line and plant solutions for food manufacturing.

Chamber representatives

Grace Fu, General Manager 1
 Hank Tang, Environment & Corporate Affairs Director 2

INDIVIDUAL MEMBER, SOUTH CHINA >>>



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CHINA ORDINARY MEMBERS >>>



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1

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Line of business

ASR Europe Logistics Ltd. is an airfreight and logistics company.

Chamber representatives

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Line of business

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Chamber representatives

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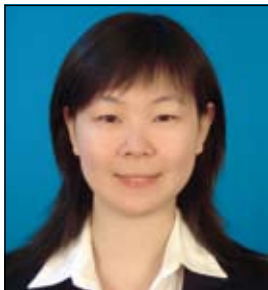
Line of business

Established in July 2000, NorthStar has quickly become an industry leader in designing, manufacturing and developing an innovative range of batteries and site solutions. Our products are used in telecom power systems, uninterrupted power supplies and engine start applications in more than 120 countries.

Chamber representatives

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NEW MEMBERS



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 Fax: +46 8 622 1490
 Web: www.notisum.se
 www.envitool.cn

Line of business

Providing information consulting services in the fields of environment, health & safety and CSR, in order to help companies, which have ISO 14001 and OHSAS 18001 certifications in China, with legal compliance.

Chamber representative

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Line of business

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Chamber representative

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 Zibo City,
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 Web: www.perstorp.com

Line of business

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Chamber representative

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Line of business

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Chamber representatives

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 Web: www.visitsweden.com

Line of business

VisitSweden is a communications company that works to promote the brand of Sweden and the Swedish destinations and experiences internationally. VisitSweden in China mainly works to increase knowledge about Sweden as a destination through nation branding of Sweden together with the Swedish Embassy, the Consulate General, the Swedish Trade Council and the Invest Sweden. VisitSweden is also interested in cooperating and building partnerships with Swedish companies in China.

Chamber representative

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The Bronze Bearing Company
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Line of business

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Chamber representatives

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Line of business

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Niklas Ericson, Louise Westerland and Calle Krokstade.



The new board of directors (from left): Kristian Odebjer, Niclas Möttus Olsson, Gunnar Mansfeld, Ulf Ohrling, Hans Jarne, Stefan Rönnqvist, Per Ågren, Eva Henriksson and Lina Demred (Young Professionals). Absent: Staffan Löfgren.



Thomas Lagerqvist receives Honorary Chairman and Honorary Member certificates from Stefan Rönnqvist.



P'ng Soo Peow and Joe Yiu.



Stephen Chan and Stefan Holmqvist.



Anders Isaksson and Gunilla Rödström.

PHOTO: Thomas Johnsson

Annual General Meeting in Hong Kong 2011

■ More than 50 members attended the SwedCham Annual General Meeting and cocktail reception on 11 April at the Hong Kong Club.

During 2010, the chamber had 11 active committees and during the meeting their work was presented by respective chairman.

A new board of directors was elected, consisting of Stefan Rönnqvist, chairman, The Tomorrow Group; Eva Henriksson, Henriksson Consulting; Hans Jarne, Ericsson; Staffan Löfgren, ScanAsia Consulting; Gunnar Mansfeld, Troy Group HK; Niclas Möttus Olsson, Getinge Infection Control East Asia; Kristian Odebjer, Advokatfirman Odebjer Fohlin; Ulf Ohrling, Mannheimer Swartling; Per Ågren, APC Asia Pacific Cargo.

The chamber would especially like to welcome the two new directors, Niclas Möttus Olsson and Per Ågren. We would also like to take this opportunity to thank Stefan Holmqvist and Michael Zell, who both resigned as directors, for the time and effort they have put into chamber work.

At the last board meeting it was decided to honour Thomas Lagerqvist as an Honorary Member of the Chamber. During the AGM, members also decided to give Thomas Lagerqvist the title of Honorary

Chairman of the Chamber for all his dedication and work as a chairman of the chamber over a total of 16 years.

We look forward to a fruitful and active chamber year and not least to celebrating the chamber's 25th anniversary in November.

Swedish Chamber of Commerce in Hong Kong

DIRECTORS OF THE BOARD

Stefan Rönnqvist, Chairman [The Tomorrow Group]
 Hans Jarne, Vice Chairman [Ericsson]
 Gunnar Mansfeld, Treasurer [Troy Group]
 Eva Henriksson [Henriksson Consulting]
 Staffan Löfgren [ScanAsia Consulting]
 Niclas Möttus Olsson [Getinge Infection Control East Asia]
 Kristian Odebjer [Advokatfirman Odebjer Fohlin]
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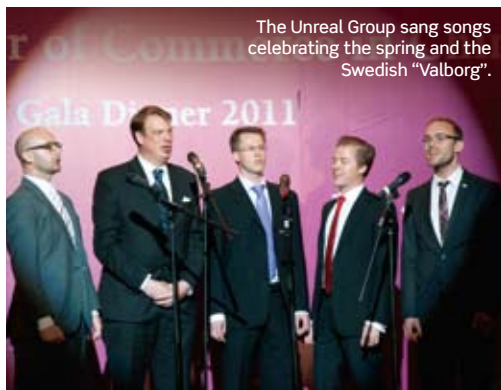


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The Unreal Group sang songs celebrating the spring and the Swedish "Valborg".



The Swedish chamber's chairman Mats Harborn together with the special guests of the evening, Tommy Liu and Thomas Kung.



Tommy Liu, founding father of the chamber, was given a life-long honorary membership of the Swedish Chamber of Commerce in China.



The entertainer Colin Moon together with the Swedish chamber's Yvonne Chen and Jaycee Yang.



The chamber's annual Honorary Award for significant contributions to Sino-Swedish industrial and trade relations was awarded Thomas Kung.

Annual General Meeting in Shanghai 2011

■ On 29 April the Swedish Chamber of Commerce in China convened its 14th Annual General Meeting (AGM) in Shanghai. Since 2008 it has been the intention of the chamber to combine the AGM with an attractive activity and this year it was a spring gala dinner. Both the AGM and the spring gala dinner were very well attended, with over 160 guests at the dinner.

At the AGM the previous board presented three propositions to the AGM for approval. The first was to have the right to increase membership fees if necessary, but this will be avoided as long as possible. The second proposition was to make amendments to the regulations of the chamber, making it more open and transparent; and lastly the AGM accepted guidelines for the election committee for proposing a new board to the future AGMs.

This was a very successful meeting, or at least most of the Swedes present thought so, because later in the evening, the host of the gala dinner, Colin Moon, held a very insightful and funny speech about Swedish culture. One trait of "Swedishness" is a special fondness for meetings!

At the gala dinner Thomas Kung, the chairman of Atlas Copco (China) Investment Co, Ltd, was awarded the Swedish chamber's annual Honorary Award for significant contributions to Sino-Swedish industrial and trade relations.

One of the founding fathers of the chamber, Tommy Liu, was also given a life-long honorary membership of the Swedish Chamber of Commerce in China.

Thank you to our Diamond sponsors Finnair and the Swedish Trade Council, Gold sponsor Advokatfirman Vinge, Silver sponsor Green Carrier, and our Bronze sponsors, Premium Finance, Springtime and Radisson Blu.

Swedish Chamber of Commerce in China

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 Fredrik Ektander, Vice Chairman [SEB]
 Erik Ek, Treasurer [Swedbank]
 Yvonne Chen [GM, Swedish Chamber of Commerce in China]
 Pao-Ling Chiu [associate member]
 Birgitta Ed [Springtime]
 Johan Menckel [Sapa Group]
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AFTER HOURS

Entertainment

Swedish pub in Sai Kung

Did you know that the Duke of York, a busy pub in the Sai Kung area of Hong Kong, is owned by a Swede, Ingemar Lampa?

The pub offers lots of specials, such as quiz nights, live music and jam sessions, as well as happy hour prices on drinks. It caters largely to the expatriate crowd living in Sai Kung, plus weekenders swapping the city smog for the Sai Kung hiking trails and sampan trips to nearby islands.

The pub is located on 42-56 Fuk Man Road, opposite the sports ground, just 100m from the bus terminus. Tel: +852 2792 8435.



Books

Favourite food in Swedish and Chinese

Even though Chinese food is delicious, you might still sometimes long for Swedish treats such as meatballs, cinnamon buns or apple pie. With this bilingual cook book, *Med kniv & gaffel i Kina* (With knife and fork in China), in hand you or your *ayi* can easily make all your favourites. The book features a good selection of dishes, recipes for bread and cookies and much more. Or why not cook together with your *ayi* and have a good chat in the kitchen when preparing the family dinner. It is good for developing your Chinese language skills ...

The book is a product of three dedicated Swedish women: Coco Bergman, Rebecca Bengtsson and Helena Jeppsson. The profits of the book go to "Tjejfonden", a project to help poor young girls in China to get educations.

If you would like to know more about the book, please contact Karen Petersson at karenfusionhouse@hotmail.com or Coco Bergman at coco.bergman@gmail.com.

Amazing Sweden in Chinese

Amazing Sweden was initially created in English for an international audience to meet the needs of companies, organisations and people wanting to share "Swedishness" as a part of their communication strategy. The book has been highly praised for its stylish design, insightful texts and breathtaking photography.

The book is a modern and passionate tribute to Sweden in which the reader is taken on a beautiful and exciting journey through Swedish industry, its people and culture, its history and nature. It also explores Swedish innovations, design and food.

There is also a Chinese 144-page version of *Amazing Sweden*. In 2010 The Committee for Sweden's Participation at the World Expo in Shanghai appointed *Amazing Sweden* as the official expo book.

The book enables companies and organisations in China to introduce "Swedishness" in a comprehensive and compelling way and it has so far been widely appreciated as a gift that provides memories to guests and customers.

The book is produced by Lena Koller (photographer), Marie Dahlberg (writer) and Maria Ravegård (art director). It costs SEK220. For more information, go to www.amazingSweden.com or contact project manager Gunnar Genell, gunnar@snowflingmedia.com. Tel: +46 703 11 07 50.



Göteborg is a platform for Swedish designers to enter the world's biggest market.

Fashion

Scandinavian fashion store in Shanghai

Scandinavian designers' boutique Göteborg opened to the public earlier this year in Shanghai, and it is the first store to represent more than 15 Scandinavian designers in mainland China.

The store is a collaboration between Yongyan Liu, Bono Zhang and Maria Forsén, and has a concept that originates from the gallery So Stockholm, an art, fashion and design gallery located in Kungsträdgården in Stockholm.

Having been interested and impressed by Scandinavian style and Swedish designers for a long time, Yongyan Liu, the driving force behind the shop, hopes that the store will give Chinese consumers a chance to interact with Scandinavian designers, and find out what minimalistic, cool, Scandinavian fashion is all about.

"This is a platform for Swedish designers to enter the world's biggest market with professional support," Liu says.

"Chinese people are familiar with H&M, as well as brands like Acne and Cheap Monday, but many people don't know that these brands are Swedish. Through continuous activities, like the opening of this store, Swedish designers showing on Shanghai Fashion Week, fashion exhibitions, seminars, competitions, and so on, the awareness of Swedish fashion will increase. I believe that Swedish design has a great future in China, something that both companies and brands can benefit from," she says.

Göteborg is located on 2/F, 174 Xiangyang Road South and the store is open from 10am to 9pm daily. For more information, visit www.gotegota.com.



Hairdresser Kristoffer Liu.

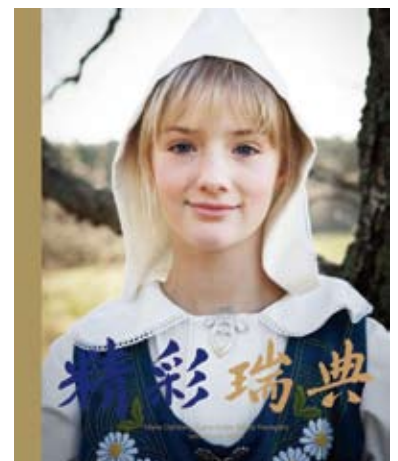
Haircare

Swedish hairdresser in Beijing

Do you sometimes feel frustrated that no one really understands your Scandinavian hair and that you constantly need to repeat you don't want to become a super blond or, in worst cases, get yellow highlights or a super thinned out haircut?

Those days are over, because Kristoffer Liu is here to help you. Born and raised in Sweden, with a hairdressing diploma from Denmark and years of experience both in Scandinavia and China, he is sure to understand your needs. Kristoffer is also a skilled make-up artist, as well as a colour consultant.

You can contact Kristoffer Liu at TIC TAC Hair Salon, Suite 2-06, Building AB Office Park, 10 Jin Tong Xi Rd, Chaoyang District, Beijing. Tel: +86 10 8590 6599 or +86 187 0110 7099 (mobile).



The Chinese version of *Amazing Sweden* was Sweden's official expo book.




Martin Carey, Private Banker



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*Further information about the study can be obtained at www.myprivatebanking.com/category/research

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Rolf Backe has been a driving force for the formation of a South China Chapter of the Swedish Chamber of Commerce.

South China Chapter takes shape

Rolf Backe is general manager at the SHL Group's subsidiary Med&Care (Shenzhen) Co, Ltd, a company that manufactures medical devices. In August, it will be three years since he came to China. He also worked in Shanghai and Beijing between 1997 and 2000.

You have been very active in the start-up of the South China Chapter of the Swedish Chamber of Commerce and you are now chairman. Why did you engage in that?

"Wherever in the world I have been working, which is Poland, Brazil, Sri Lanka, China and Sweden, I have always found that a chamber of commerce is a great place for networking and problem solving, especially when you arrive as a newcomer. Being located in Shenzhen, makes it 'too far' to go to Hong Kong for every event, thus a chamber in Shenzhen is needed. There are also enough Swedes located here in Shenzhen and Guangzhou to make it possible to form a chamber or a chapter."

What have you achieved so far?

"We have come to an agreement between the Swedish chambers in China and in Hong Kong to form an official South China Chapter and we have worked out an activity plan for the rest of 2011."

What response have you got from the Swedish business community in Shenzhen?

"We have already arranged many activities and the response has been very good."

What kind of activities do you enjoy the most?

"I prefer the work-related activities, which for us in China means events that cover topics such as manufacturing, logistics, tax issues, import/export, etc."

How do you think the chapter will look like in, let's say, two years?

"If we can reach an attendance of 15-30 members for each monthly event, I would personally be very pleased."

Is it difficult to balance the voluntary work for the chamber with your ordinary job?

"As always, of course, it is a fine balance to find the right mix of work, family and voluntary work. There is only 24/7 available and sometimes it feels that I need to invent day eight and nine in the week ..." *

(see also page 35)



Rolf Backe would be happy if 15-30 members sign up for each monthly event.

Being located in Shenzhen, makes it 'too far' to go to Hong Kong for every event."



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