



DANISH-CHINESE BUSINESS FORUM

丹麦中国商业协会

UNDER THE PATRONAGE OF HIS ROYAL HIGHNESS THE PRINCE CONSORT OF DENMARK

**Oral Report by Chairman, Nils Foss
Annual General Meeting, 28th April 2009**

Dear Members,

Economy

Within the past year, the global economy has turned and left the world in a state of financial crisis. Both in Europe and in the United States past memories of growth are replaced by figures of recession. But only recently, in March 2009, have the G20 countries agreed on a coordinated action.

In China, however, the government has already last year engaged actively in sound stimulus policies to encounter the negative trends. Not only the November 9th \$586 billion public investment package, but further initiatives such as loosened fiscal- and monetary policies, VAT reforms, tax cuts and abolishment of trade restrictions have braced the economic downturn. These measures are likely to foster a new era of growth in China.

Although one negative report after the other have forecasted a shadowy Chinese future, recent figures prove that the Chinese economy is moving back on track. Strong indicators such as the industrial output and PMI (Purchasing Managers Index) are again on the rise, and rising consumer demand has led to a heavy increase in car sales and a regaining housing market.

With a 6,1% GDP in the first quarter of 2009, the Chinese economy is likely to keep a growth of about 8% in 2009, which is possible, according to Prime Minister Wen Jiabao, due to China's vast domestic market. Particularly the growth in the rural market, the great consumption potentials and ample labour support the forecasts for the Chinese economy. The Prime Minister also added that the banking sector has remained sound, which provides a strong backup for economic growth. For 2010 the GDP is expected to increase to 9%.

In a report last week, Goldman Sachs group increased its forecast for China's GDP from 6 % to 8.3 % for this year and from 9 % to 10.9 % for next year. "We have raised our real GDP growth forecasts for 2009 and 2010 given that the policy stimulus has been more aggressive and the domestic demand response has been stronger and has occurred earlier than we originally forecast," the report said.

This optimistic estimate is emphasized by the Danish export in January-February 2009, which increased by 11% compared to the same period last year. The share of Danish export to China sums to 2,4% of total Danish export, an increase compared to last year's 1,9%. China is definitely getting more important for the Danish export.

And the Chinese export to Denmark increased by 5,3% in the same period. The share of Denmark's import from China in total of Danish import is now 7,5% compared to last year's 5,8% (2008). At the same time, total Danish export and import slowed: Export with 20,4%; import with 12,3%

These figures speak for themselves and show why our members should increase focus on the positive aspects of the Chinese economy. Now is the right time to further invest in Chinese activities. For China rather than Europe or the US is likely to recover at a good pace.



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Denmark can among many other examples provide consulting services regarding infrastructural works, energy saving projects and projects securing sustainable environment. Alone 45% of the stimulus-package is directed towards infrastructure.

Danish-Chinese Business Forum's members

As you know, Danish-Chinese Business Forum was established in the autumn of 2005 by 16 founders. By January 1st 2009 the network counted 119 members, and today our Forum has grown to 128 member companies. Our members include more than 400 company executives from large as well as small and medium-sized companies as well as some of the major Danish educational institutions. Danish-Chinese Business Forum is today more than ever a truly knowledge-based executive network. The members that actively use the network thus have an essential shortcut to the Chinese market.

In 2009, we expect our Forum to grow to 135-140 members. The larger our network grows, the more knowledge each member company will have access to. Last year's decision to enlarge the network to cover Southern Sweden is being implemented. The first Swedish companies have joined the network and with our strong cooperation with the vital Swedish institution: The Chamber of Commerce and Industry of Southern Sweden, we are looking forward to further exposure and to welcome more Southern Swedish companies into our network.

We are also planning to intensify our cooperation with Danish Chambers of Commerce in China in order to optimize our joint efforts.

We are in the board also looking into the possibilities of getting more Chinese companies as members and in that way profit from the knowledge Chinese business people can bring into our executive network.

Activities in 2008

Danish-Chinese Business Forum is networking through four main categories of activities. Our Member meetings, our knowledge base, our working groups as well as through visits from Chinese delegations. The board has decided to focus on strengthening the quality of our core activities rather than bringing new activities into existence.

Better Business Conditions

2008 was a year where we strengthened our contact with both Danish and Chinese top-level officials with successful results. Already at the Annual General Meeting last year, the Danish Minister of Foreign Affairs stressed his recognition of our network and praised our actions to promote business solutions and create a closer cooperation with China.

It is important for us to work with the Danish Embassy in Beijing as well as the Chinese Embassy in Denmark in order to get our voice through at the highest level of the state administrations. The presence today of our newly appointed Prime Ministers clearly stresses how Danish-Chinese Business Forum has become an organ of importance in matters of Danish-Chinese cooperation.

Some remarks about R & D and education:

Many of you attended our member meeting at Novozymes in December 2008 and got an opportunity to take part in shaping Danish policies in the field of R&D and Education in connection with China. The expertise and hand-on knowledge that many of our members share, is precious not only to our



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own members but also to the outside world. Also, the meeting with the Minister of Science, Technology and Innovation was a result of an extraordinary commitment by our education working group. We have thus provided significant input to the Ministry of Science, Technology and Innovation's new strategy for knowledge-based cooperation between Denmark and China, and many important proposals have been adopted.

Through 2008, the education group has also worked to expand the fundamental ideas of the strategy to educational programmes under the Ministry of Education. The working group is at present time exploring ways of easing the way to a career in Denmark for talented Chinese graduates from Danish universities and colleges, as it is obvious that Denmark needs qualified, internationally-minded people. The group has drafted an action plan that involves both educational institutions and businesses, which will be launched in 2009.

Danish-Chinese Business Forum has also given input to the Danish government's plan for China which led to the signing of a partnership agreement between Denmark and China in October 2008. An important agreement which gives us the best possible base for expanding the cooperation with China.

Political Engagements Promote Business Cooperation with Chinese Counterparts:

In 2008, I accompanied our protector, His Royal Highness The Prince Consort of Denmark, to China, where I visited several business partners, among others the Danish Chamber of Commerce in Shanghai and in Beijing. The Prince Consort and I attended the 90th anniversary of the Central Academy of Fine Arts in Beijing, where a number of our members donated Danish art. This of course sharpens the positive image of Denmark that Chinese already share.

This positive exposure of Denmark and Danish companies in China leads to an increased interest in developing potentials in Denmark and setting up businesses in cooperation with Danish companies. Although 2008 was marked in China by many events, such as the Olympic Games and the disastrous earthquake in the Sichuan Province, we still managed to get six delegations to visit Denmark. Many of these delegations are particularly interested in finding inspiration in the Danish business environment. I am thankful for the many members who during the year met with the incoming delegations and created a good base for future cooperation.

You should also know, that we have been instrumental in convincing the Danish immigration service to facilitate a pre-recognition for Danish companies, who are inviting Chinese business contacts to Denmark in order to make the procedure more flexible.

The Strength of Working Groups

For many, though, China is still a difficult country to understand and operate in. The essence of our working groups is to overcome the imminent fears of investing time and money in China. These specialised working groups within different business areas are established with the purpose of generating and benefitting from network synergies in specific business areas and/or industries.

Working groups unify members in specific areas of interest, where doubts, ideas, projects guide the work. The working groups target concrete issues and aim at finding solutions for these issues. Often our member meetings also lead to further scrutiny in our working groups, where important matters are dealt with and developed from errors into sound solutions. In this way our member meetings and working groups together are a good tool for developing better solutions based on the needs of your members companies and to their benefit.



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In the board, we hope that the latest developments of our online accessible knowledge base, an exclusive member contact and information tool of 185 selected experts in the forum and text resources in more than 40 business areas can improve your business results in China. The development of the knowledge base continued in 2008, when its user-friendliness was improved through a better layout and navigation. In the second half of 2009, the knowledge base will be improved through additional information about the listed executives' competences and their experience in relation to China. The knowledge base is indeed a valuable resource for information regarding business activities in China and an excellent tool supporting the exchange of knowledge and experience between members, who all possess hands-on experience. As your Chairman, I strongly encourage every member to make good use of this powerful exclusive tool that incorporates the essence of knowledge of Danish-Chinese Business Forum.

Major Activities Planned for 2009/ 2010

As you are well aware of, our activities are decided by our members. In 2009, Danish-Chinese Business Forum will primarily focus on some of the long term projects in which Denmark is engaged, as many of our members have expressed an interest in the following:

In 2009 Denmark will host the UN Climate Change Conference in Copenhagen. Danish companies are world leaders within clean-tech and sustainable energy. This important event will present a great opportunity for Danish companies to display their products, and it also provides Denmark with a political platform of high importance. The members of Danish-Chinese Business Forum should be able to benefit from this platform in relation to China.

Danish-Chinese Business Forum is, by demand of our energy and cleantech working group, currently in contact with the Danish Ministry of Climate and Energy, hoping to welcome a Chinese delegation headed by the Chinese Minister of Energy, invited by Connie Hedegaard. Danish-Chinese Business Forum will prepare a special programme for this delegation.

Our life science group has among other things succeeded in setting the agenda for the Danish Minister of Health's visit to China in December 2008 in close cooperation with The Danish Medicines Agency and the Danish Embassy in Beijing. The visit included meetings with the Chinese Minister of Health and the Chinese State Food and Drug Administration. The working group will develop further into an ERFA group within the coming year.

I also like to give you the example of our Member DEIF A/S, who wanted to invite a Chinese delegation to Denmark in November 2007 from the Southern Grid Cooperation. DCBF was helpful in organising a special programme in Copenhagen, including a 3 hours seminar with the Danish Energy Agency. DEIF and the Chinese delegation appreciated the seminar very much due to the fact, that good contacts were established. This year DEIF has asked us to render the same service to another high-ranking delegation coming from China. This of course is a service all members are welcome to use.

EXPO 2010 Shanghai has the theme "Better City, Better Life," and is also a long term project with which Danish companies get the opportunity to profile their high-level products and competencies. "Better City, Better Life" should become a showcase for Danish architecture, infrastructure and design, for the Danish health sector model, including Danish pharma-, medico- and biotech companies, and of course for Danish innovation. Expo 2010 is an excellent platform for



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making seminars and nourishing your Chinese costumers. This is a golden opportunity for you the members to further develop your contacts to Chinese business people, organisations and ministries.

Throughout 2009 Danish-Chinese Business Forum will be working intensively to expand and enhance its main activities. We are particularly motivated by our members' strong affiliation to our activities.

For instance, our new sourcing/import group has in just one month become a major success and with almost 40 active members, we have decided to create two sub working groups. Eight main areas in the field of sourcing and import will be discussed on four already arranged meetings of four hours' duration.

This demonstration of commitment among our members will only positively influence the activities of Danish-Chinese Business Forum in the coming year, and we look forward to setting up further activities in cooperation with our members.

I would like to finish by stating: Some of you have had direct advantage of being members of this forum. Some of you have mainly helped other members. I hope that I in this annual speech have made it clear that all of us get important indirect value of our membership and will increasingly do so by active participation.

Thank you very much