

## **Chinese manufacturing enterprises are well placed to participate in the world competitions**

BOAO, Hainan, April 25 (Xinhuanet) -- China's manufacturing industry is an important part of the world's making chain, but it is far away from a world factory, and it will be wise to call the country a workshop.

This is the overriding view shared by entrepreneurs and specialists attending the 2004 annual conference of the Boao Forum for Asia (BFA).

Long Yongtu, secretary-general of BFA, said in the world manufacturing chain of production, Chinese enterprises are positioned low-end.

"There is a big gap between China and Britain, the United States or Japan, heralded as 'world factories' in the world economic classical literature, in terms of the overall economic strength, quality and the competitive power of the manufacturing sector, especially proportion of possession of patented core technologies," said Long.

Modern manufacturing industry is an interacting industrial process. As manufacturing industry in China has become a compositive part of the world making base, the more developed the country's manufacturing sector gets, the more raw materials it will import from other countries.

Multinationals have kept establishing procurement centers across China. Shanghai alone is home to procurement organizations founded by over 200 multinationals. Multinational procurement centers

purchased more than 30 billion US dollars worth of commodities from China in 2002. It is estimated that the volume of the procurement from China by procurement centers of multinationals will rise over 50 billion US dollars in 2005.

Representatives of many multinationals in China say they are confident of the country's huge purchasing power, the radiating function of the country's market and its role in the global division of labor.

China has witnessed a fast growth in manufacturing industry over the past years and is ranked fourth in the world by gross volume of the manufacturing sector. The country's title of being a "world factory" was first given by the Japanese Ministry of International Trade and Industry in a white paper and has henceforth been adopted by other countries time and again.

Zheng Bijian, chairman of China Reform and Open-up Forum, believed that Chinese enterprises had successfully seized the chance of a worldwide large-scale industrial transfer, during which multinationals are moving their manufacturing centers to regions where the cost of production is low, to foster and develop China's own manufacturing sector.

Though China is now blessed with the formation of three major manufacturing bases in the Pearl River Delta, Yangtze River Delta, Bohai Bay Rim, it can not be considered as a manufacturing giant.

China's manufacturing output value only accounts for 5 percent of the world's total, while Japan's accounts for 15 percent, and that of the United States accounts for 20

percent. And Made-in-China commodities bearing high technological contents have not become the mainstream on the world market, according to Zheng.

Zheng suggested that it was necessary to fully develop, utilize and bring into full play the comparative advantage of China's processing sector, and to form comprehensive competitive advantages in more aspects so as to bring about an overall improvement in China's manufacturing sector.

Carlos Magarinos, Director General of the United Nations Industrial Development Organization (UNIDO), said China has gradually become an important base for production and supply of industrial goods in the world.

However, it would be an arduous process for China to transform from a big manufacturing nation by quantity to a manufacturing giant by quality, said Magarinos.

China's manufacturing sector has undergone two upgradings. Chinese manufacturers are paying more and more attention to development of patented core technologies and are battling fiercely to become part of the global supply chain.

To attract more multinationals to set up research and development centers in China will be conducive to upgrading the country's manufacturing sector and the country is well placed in terms of the number of scientific research and development contingent, experts say.

The Chinese government has been lavishing one percent of its gross domestic product (GDP), or 100 billion yuan (about 12.05 billion US dollars), on

upgrading the country's manufacturing to a high-end business.

Experts and corporate executives said that the concept of "world factory" in the information era has changed enormously from its original past in the industrial age: it no longer meant a nation battled lonely, instead, it means many countries battle together to constitute a world factory where online network plays an important role in production and procurement worldwide.

Along with China's entry into the World Trade Organization, Chinese manufacturing enterprises are well placed to participate in the world competitions under the principles of fairness and transparency, they added.

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