The consul general of Germany to Shanghai says German companies can teach Chinese firms a great deal about quality manufacturing and corporate responsibility. He also hopes regulations on foreign enterprises will loosen in the banking and construction sectors. Yao Minji reports.

Moving onward and upward

In the office of Dr Wolfgang Roehr, consul general of Germany to Shanghai, hangs a black-and-white photo that records how the consulate office was established in 1962.

Germany established diplomatic relations with China in 1972 and, 10 years later, founded a consulate general in Shanghai.

As a result, German companies and citizens have contributed and achieved greatly, particularly in the Yangtze River Delta area that the consulate general office covers.

Today, around 12,000 Germans are estimated to live in this area, with up to 10,000 in Shanghai, the most Germans in any city in East Asia. The German School in Shanghai, with some 1,200 students, also stands as the largest German school in the world, outside Germany, that offers a German curriculum.

The increasing size of the German expatriate community also requires it to have 28 Lufthansa flights weekly between Shanghai and German cities, with another four to Nanjing, capital of Jiangsu Province.

Roehr cordially invites all Germans to celebrate German National Day today, and it will also be celebrated in Shanghai on October 10 with an evening function.

He expects to see more than 3,500 guests at the event.

Roehr says Germans here have achieved a great deal in China and particularly in the Yangtze River Delta area and he has plenty of ideas for cooperation in the future.

Concoiding with the German community’s rising population, the size of bilateral business and investment has also been increasing. Trade between Yangtze River Delta and Germany grew 40 percent in 2010.

Imports from Germany to China grew 25.2 percent in the first half of this year and reached 31.6 billion euros (US$42.8 billion), while exports from China to Germany grew 9.1 percent to 37.7 billion euros.

The accumulated German direct investment in China reached US$17.2 billion by the end of last year, increasing 5.5 percent compared with 2009. Chinese investment in Germany by April of 2011 reached US$1.32 billion.

Germany has quite a few advantages in terms of having Chinese companies to invest. We have a very stable labor market, which means we have hardly any strikes. We also have an excellent logistical environment which gets your products nearly everywhere.

Dr Wolfgang Roehr, consul general of Germany to Shanghai

The German Trade Chamber in Shanghai, the Delegation of German Trade and Industry in Shanghai and the German Center in Shanghai are all the largest such offices worldwide.

The chamber has 1,876 members in China, with 1,239 in Shanghai. Roehr estimates the total number of German companies in the Yangtze River Delta to be around 3,000. The number is still rising as 50 new members joined the chamber in the first five months of this year.

Roehr is pleased to see the increasing number of German companies.

“This is a promising market and German companies make good money here even though there are still some limitations,” he tells Shanghai Daily.

“And they set a good example for Chinese companies to learn from, especially in terms of quality manufacturing and corporate social responsibility.”

On the other hand, the consul general also warmly welcomes more Chinese companies to invest in Germany and asks that Chinese companies “adapt to local circumstances and local markets just like German companies did in China.”

“Germany has quite a few advantages in terms of having Chinese companies to invest. First of all, we have a very stable labor market, which means we have hardly any strikes. We also have an excellent logistical environment which gets your products nearly everywhere, so many Chinese companies make Germany their European center,” he says.

“In addition, we provide extremely well-trained staff in all levels, not only the world famous German engineers, but also highly skilled German workers which are hard to find in other countries.”

As the two nations enter the 39th anniversary year of the establishment of diplomatic relations, another high point in bilateral relations was established last year.

The two nations held government consultations for the first time, with a delegation of Chinese ministers led by Premier Wen Jiabao visiting Germany.

“Good political relations are certainly an important pillar for further economic collaboration in the future. And other important pillars involve putting more fair regulations into the market. I do hope that some difficulties German companies have hire will decrease.”

Roehr points particularly to intellectual property rights, saying that many German companies complain about how Chinese competitors copy their products. He also hopes that limitations in some areas such as banking and construction will loosen for foreign competition.
The Germany-China connection

Wang Yanlin

Arriving in Shanghai a little more than one year ago, Jan Noether, chief representative of the Delegation of German Industry and Commerce (AHK) in Shanghai, has been deeply impressed by the racing pulse of the city. “Shanghai is inspiring, buzzing and very dynamic,” Noether told Shanghai Daily in an exclusive interview while sitting in his elegant office in the center of the Pudong New Area. “Shanghai sets its own pace and never sleeps.”

At the helm of the Delegation of German Industry and Commerce in Shanghai, Noether and his team play a real role in matching the interests of investors and traders of the two countries.

The global AHK network has been promoting the interests of German companies worldwide for more than 100 years, with 125 offices in more than 80 countries and regions. “Better City, Better Life,” Noether discov- ered that there is much more to be done to strengthen business cooperation between the two countries.

“Germany is well known for its leader- ship in urban practices and innovation, and China has a strong ambition to explore these areas as reflected in the 12th Five-Year Plan of investment destinations, even superior to China in 2012, exceeding exports to the US and making China the largest sales market outside the European Union.

But that is not enough and should not be a reason for the AHKs in China to be satisfied, Noether said. With Shanghai having successfully hosted the World Expo last year with the theme “Better City, Better Life,” Noether discov- ered that there is much more to be done to strengthen business cooperation between the two countries.

“Germany is well known for its leader- ship in urban practices and innovation, and China has a strong ambition to explore these areas as reflected in the 12th Five-Year Plan office grew its operations over time and now is among the biggest on a global basis,” Noether explained. “China continues to play a key role in terms of future strategies of German companies. We will continue to strengthen our operations to, at all times, meet the demand of our corporate clients.”

More than 1,300 of around 5,500 German companies in China have a close link to the German Chamber network in Shanghai. Noether said. Among them, there are global players as well as a substantial number of mid-sized and smaller entities, which form the backbone of Germany’s economy.

According to a recent survey conducted by the Association of German Chambers of Industry and Commerce in Berlin, Germany is expected to export products and services worth 85 billion euros (US$115 billion) to China in 2012, exceeding exports to the US and making China the largest sales market outside the European Union.

Many global players from Germany are establishing companies in Shanghai and hold the contacts and the means to service the requirements of the Chinese market. Now it’s time for the so-called hidden champions of Germany to gain recognition in the world’s fastest growing economy. The AHK directs a substantial portion of its capacities to offering assistance to German companies that plan to enter China, or those that are in a transitional phase, Noether commented.

This is why he frequently travels between Germany and China, within China and around Asia. “At the end of the day,” Noether said, “the efforts will contribute to strengthening the economic relationships between both countries.”

Shanghai Daily: AHK in Shanghai plays an active role in promoting bilateral economic relations between Germany and China. Can you introduce some of your recent events?

Noether: The German Chamber offers a variety of workshops to keep its members informed on regulatory adjustments, to discuss matters of common concerns, to assist with the various training activities of its members, to help Chinese talent find attractive jobs in German companies or to act as a network- ing platform for the German community, to just name a few. For instance, we recently conducted a job fair with our partners of the German Center, which attracted around 1,500 Chinese talents to offer their services to more than 50 German companies looking to fill over 400 open slots. In Germany, the overwhelming interest of German companies in China is evidenced by countless events to be organized by the German Chamber Net- work. As often as possible representatives of the AHK network are present to discuss individual projects with company representa- tives or to run presentations on the current Chinese economic environment.

The feedback gathered in Germany matches the results of a recent survey of the German Chamber in China: German inves- tors are keenly looking into the prosperous Chinese market, and many are planning additional investments to better suit the needs of their Chinese consumers. While Shanghai has been identified as the No. 1 destination of German investment due to the flexible and very professional assistance of the Shanghai government, which is moreover due to its impressive economic infrastructure and the still satisfactory access to a talented workforce, Noether said that two cities have recently gained importance.

Shanghai Daily: Germany is well advanced in technology, a domain that China clearly wants to improve. Is there any new partnership between the two countries in high technology or no?

Noether: We have to meet many common global challenges such as climate change, growing urbanization, the ageing population and various others. Many German and Chinese companies have access to key competencies, which may contribute to mitigating or even solving some of the so-called Mega topics. As already proven in many common projects, be it in electric mobility, energy efficiency or in-state-of-the-art mobility solutions, Ger- man companies are open for partnerships to tackle such issues or other challenges.

Shanghai Daily: How do you evaluate China’s current climate for foreign investors, as well as China’s growing outbound foreign investment?

Noether: China plays a vital role in the global economy, foreign investors must eval- uate the idea that German partners are reliable business partners and to the public. Allow me to put emphasis on the idea that German SMEs are very reliable business partners.

Shanghai Daily: Do you think China’s climate for foreign investment is competitive in size are well aware of it. The German corporate sector rates China No. 1 in terms of investment destinations, even superior to its key market, Europe. This is very much due to China’s economic strength, its pre- dictable future and the efforts of the Chinese government to further integrate China into the world’s economic policies and regula- tions. Whereas related guidelines are visibly improving, we look forward to further adjustments in the fields of market access, the protection of intellectual property rights and the mitigation of legal uncertainties. The Chinese investment in Germany is by far more visible compared to 10 years ago. According to the company Germany Trade and Invest, which is an entity of the German Ministry of Economics and Technology, China is the currently most active country according to investment enquiries in Ger- many. We may follow the idea that Chinese investment in Germany is still in its infant stage and lots of cultural bridges need to be crossed before a common understanding and a cementation of common business ethics can be achieved. Chinese companies value Germany as an investment destination due to its central location in Europe and following the idea that German partners are reliable and follow long-term strategies.

Jan Noether, chief representative of the Delegation of German Industry and Commerce in Shanghai (2011-2015),” Noether said. “By identifying and combining our innovative strengths, we can create unimaginable power to make this place a heaven for living and working. We owe this to our children.”

Many global players from Germany are establishing companies in Shanghai and hold the contacts and the means to service the requirements of the Chinese market. Now it’s time for the so-called hidden champions of Germany to gain recognition in the world’s fastest growing economy. The AHK directs a substantial portion of its capacities to offering assistance to German companies that plan to enter China, or those that are in a transitional phase, Noether commented. This is why he frequently travels between Germany and China, within China and around Asia. “At the end of the day,” Noether said, “the efforts will contribute to strengthening the economic relationships between both countries.”

Shanghai Daily: As a result of many German investors in and around Shanghai, the AHK Shanghai office grew its operations over time and now is among the biggest on a global basis,” Noether explained. “China continues to play a key role in terms of future strategies of German companies. We will continue to strengthen our operations to, at all times, meet the demand of our corporate clients.”

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Shanghai Volkswagen breaks production record

Vivian Jin

As a cashmere brown-colored NEW PASSAT drove off a production line at the Nanjing manufacturing plant on September 9, Shanghai Volkswagen celebrated its 7 millionth vehicle produced in the world’s largest auto market.

The NEW PASSAT mid-to-high class sedan marked the moment when SVW became the car maker with the largest vehicle population in China — less than a year after its previous record high of 6 million units was reached in October 2010.

“We are grateful to the vast number of users for their trust in us, and the liking they have taken in our products,” said Zhang Hailiang, the managing director of Shanghai Volkswagen.

“In the years to come, we will offer more new products that are suited to the needs of the Chinese market. With the extension of the product lineup and the expansion of production capacity, SVW will proceed from the new starting line, forge ahead without relaxing and work toward a more promising prospect.”

As it took SVW less than 11 months to increase its production capacity by 1 million units in China, the car maker’s rapid business expansion has played an important role in spurring the market demand that enabled the spectacular growth.

As the earliest pioneer in the Chinese car market and the most successful Sino-German vehicle joint venture, SVW has always been following the principle of meeting local demand with excellent products. By introducing and strengthening research and development for new vehicle models, upgrading existing products and constantly optimizing the product mix, SVW has succeeded in introducing numerous competitive models that have taken a leading position in their respective segments.

The competitive models of NEW PASSAT, Tiguan (Tiaoguan), Lavida (Langyi) and the Polo series have ensured that SVW maintain its enviable brand sales champion honor.

Since entering the Chinese market four years ago, SVW’s Skoda brand, which includes three major car lines Octavia (Minrui), Superb (Haorui) and Fabia (Jingrui), has achieved a total sales volume of more than 500,000 vehicles, becoming one of the joint venture auto brands with the highest growth potential in China. One of the star brands behind the leapfrog advance from 6 million to 7 million vehicles is the Lavida.

The model accounted for nearly a quarter of the 1 million increment. Designed and developed by SVW, its monthly sales volume has maintained a stable figure of 20,000 vehicles and more. The brisk sales enabled Lavida to win the honor of domestic single model monthly sales champion and hold the benchmark position in China’s new generation compact car market.

The success of Lavida perfectly reflects SVW’s R&D strength and accurate grasp of the market demand that allows it to be fully recognized by the Chinese and German shareholders.

In April this year, SAIC Motor and Volkswagen AG signed a cooperation agreement in support of a series of SVW’s development projects.

C-class for China

Under the joint statement and the agreement that have been signed, the Chinese and German investors will jointly support SVW in its effort to develop a high-end C-class passenger car for the Chinese market on the basis of Volkswagen AG’s state-of-the-art platform and engine technology.

The product will be the first VW brand high-end C-class model to be made by SVW. In addition, the Chinese and German sides will also jointly support SVW in its efforts to develop new-energy vehicle technology, with the aim of promoting SVW’s electric vehicle production ability and the establishment of a self-owned brand.

Meanwhile, SVW will also introduce Volkswagen Group’s latest MQB platform technology to the company. Along with the new platform, SVW will have access to develop products covering a complete range of vehicle segments including AO, A, B and C class models, as well as SUV and electric vehicles.

This shot in the arm will ensure SVW’s product strategy for the coming five years. The growing demand for its products and an ever-extending product range have resulted in capacity restrictions of SVW. SVW has major production sites in Shanghai’s Anting area and in Nanjing, Jiangsu Province. The production sites comprise four car plants and two engine plants.

The plants in Anting have been operating at full capacity for a long time, and the plant in Nanjing will soon operate at its full capacity, too. However, SVW’s output is still short of the market demand, and the execution of orders for quite a few fast-selling models has been postponed for a few months.

In order to ramp up supply, the car maker said it would optimize production at the existing plants. It plans to expand the capacity of its Nanjing plant up to 300,000 vehicles a year, and will also speed up the construction of SVW’s fifth car manufacturing plant in Yizheng, Jiangsu Province.

According to the new product plan, the Yizheng plant will have a capacity of 300,000 units a year, and is scheduled to go into operation by the end of 2012.

“We are fully justified to say that the marks of SVW’s 8 millionth, 9 millionth and even 10 millionth car will come much sooner than ever before,” said Zhang.

Related to this, the plant in Yizheng will have a capacity of 300,000 units a year, and is scheduled to go into operation by the end of 2012.

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Shanghai Daily
Monday 3 October 2011

Source: Shanghai Volkswagen
How Bayer MaterialScience solutions make the world greener

Fu Chenghao

China’s accelerating urbanization provides enormous business opportunities for companies like Bayer MaterialScience, a key maker of high-tech polymer materials that are used in a range of areas from planes to shoes — making the world a greener place.

And the company, a unit of German pharmaceutical and chemical giant Bayer AG, knows well that it has to be quick in responding to clients’ requirements in this rapidly changing business environment to maintain its leadership in the Chinese market, which remains central to its global strategy.

Bayer MaterialScience (BMS) has been bringing its R&D and innovation capacity — something Bayer AG Management Board Chairman Dr Marijn Dekkers calls part of the firm’s DNA — closer to its local customers in China, where the government is pressing demands for innovation in sustainable construction, transportation and renewable energy.

“The key trend of target industries is shifting to Asia. Particularly China. Asia Pacific has become the No. 1 growth region for BMS. For Bayer, China is not jotted down in which we produce products, but also a part of our global R&D community,” said Dr Ulrich Liman, senior vice president for R&D, Asia Pacific, Bayer MaterialScience.

The company’s activities are focused on the production of high-tech polymer materials and the development of innovative solutions for products used in many areas ranging from automotive, electrical and electronics, to construction and the sports and leisure industries.

In June, Bayer MaterialScience broke ground for the expansion and upgrading of its Polymer Research & Development Center (PRDC) in Shanghai, which is slated to become one of the company’s three global R&D centers upon completion in the second half of next year.

Global R&D center

After the expansion, the number of employees at the PRDC will nearly double from about 130 currently. And the center’s R&D activities will be reprioritized to focus on distinct industries, enabling it to provide industry-specific solutions.

“With the expansion of the PRDC in Shanghai to one of our three global R&D centers, we intend to strengthen our capability as a provider of world class innovative solutions on a global scale and strive to be closer to customers with tailored solutions. Our innovation in the expanded PRDC will concentrate on areas in which China plays a leading global role, such as wind turbines and solar energy plants,” Dr Liman told a delegation from Germany’s influential Commission of Experts for Research and Innovation last month in Shanghai, where the delegation was on a fact-finding tour for a report on innovation by German companies.

Bayer and several other multi-national companies will continue to be well positioned and should benefit from their strong focus on niche sectors and high-end specialty chemicals, according to recent KPMG report.

“Bayer MaterialScience sees advantages in the Chinese market too, with a steady expansion of the automotive, construction and railway sectors,” the KPMG report said. “Bayer, which operates from Shanghai Chemical Industrial Park, has built world-scale facilities with low production costs for its material science division in the area of polycarbonate and polyurethanes.

The site is the company’s largest single investment outside of Germany.

In July, the company decided to move the main business of the Bayer MaterialScience polycarbonate global headquarters from Germany to Shanghai where it intends to substantially expand its polycarbonate portfolio.

Last month, at this year’s UTECH Asia/PU China 2011 in Shanghai, the country’s most important polyurethane fair, Bayer MaterialScience presented its latest achievements.

From inspirational projects like the Solar Impulse Plane that can fly around the world without using any fuel, to cold chain solutions to help rural farmers generate more disposable income, Bayer MaterialScience is offering solutions and technology to meet future needs in the fields of climate protection, technology, mobility, living and health.

For the Solar Impulse project, the company is taking its material science knowledge to the limit. With a wingspan of a large airliner, the weight of a midsize car and the engine power of a scooter, the solar-powered plane uses an ultra-light rigid polyurethane foam developed by Bayer MaterialScience in the cockpit cladding, the engine cowling and the wings to reduce the prototype’s weight. Additionally, a lightweight automotive glazing with Makrolon® — Bayer’s polycarbonate product that weighs up to 50 percent less than traditional glazing — helps reduce the plane’s weight to less than 1,600 kilograms.

Not only do large-scale projects benefit from Bayer MaterialScience’s know-how, but the company’s products can also be found in small things like shoes. The company has developed the EcoTredker green shoe concept to address the issues of finite resources, rising consumer awareness about the environment as well as concerns about workers’ health and safety.

Every year, the footwear industry consumes about 10 million tons of soling material, of which the majority uses petroleum as feedstock.

German food and beer easy to find

Nir Xin

GERMAN cuisine is well represented in Shanghai with a number of restaurants serving authentic dishes such as sausages, roasted pork knuckle, veal and other favorites. Some even brew their own beers, which is often just as important to patrons of these establishments. Some of these restaurants also provide live entertainment or are good places to watch live sporting events on big televisions.

Stiller’s Restaurant & Cooking School

Consisting of four different levels and concepts — a restaurant, deli, lounge bar and cooking school, Stiller’s Restaurant & Cooking School is the brainchild of husband-and-wife-team Stefan and Yoshi Stiller.

With the capacity to seat 70 diners, the restaurant has been designed to be flexible. Whether in the main dining room, balcony or terrace, there will be able to take views of the Bund. Executive chef Stefan Stiller offers a modern European cuisine with a heavy focus on German favorites.

Wood-fired oven, German favorites such as sebago mash and sauerkraut, roasted Pork knuckle is another popular dish and it goes especially well with chilled German beer. The crispy pork knuckles come with sauerkraut and mashed potatoes. Diners rarely leave Munich Beer House hungry.

Add: Rm 118, 1138 Pudong Rd S. Tel: 5877-7879

Munich Beer House

Munich Beer House in Pudong serves typical Bavarian cuisine, three Hofbrau beers on tap and features an in-house band that performs a mix of international tunes.

The Mixed Bavarian Sausage comes highly recommended and is a big favorite in Germany. Four varieties of sausage — pork, Nuremberg, veal and cheese — come with sebago mash and sauerkraut.

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Add: Unit 21C, Hongmei Pedestrian Street, Lane 3338, Hongmei Rd Tel: 6406-5919

Munich Beer House

Bayer MaterialScience showcases its applications in the cockpit of the Solar Impulse Plane that can fly around the world without using any fuel at this year’s UTECH Asia/PU China in Shanghai.

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