



BUSINESS CHINA YOUTH CHAPTER



BEIJING CITY REPORT

The Pride of China



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Beijing, the Pride of China

Brief History and Description of Beijing

The civilisation in the city of Beijing (formerly romanised as Peking) can be traced back as far as to 1045 BC, when it was known as Jingcheng¹. Gradually, Beijing developed into one of the most important cities in Northern China. It earned its name as the "Northern Capital" since 1403AD in Ming Dynasty² and remained as the capital of imperial China.

In 1928, due to the success of Kuomintang's Northern Expedition, the capital was formally removed to Nanjing³. Beijing's capital status was resumed in 1949 after the creation of the People's Republic of China (PRC) and it stays as the political centre of the country ever since⁴.

Politically, Beijing is one of the four direct-administered municipalities of China (the other three being Shanghai, Tianjin and Chongqing), having the same rank as provinces. Furthermore, as the capital city, Beijing houses all the important national government, political and judicial institutions, such as the National People's Congress and the Supreme People's Court⁵.

Economically, Beijing has a post-industrial economy where the tertiary sector (services) generated 82.2% of the output⁶. In 2018, the GDP of the city will exceed over 3 trillion RMB

¹ China Internet Information Centre. "Beijing: A Guide to China's Capital City." Accessed January 28, 2019. <https://web.archive.org/web/20080501152800/http://www1.china.org.cn/english/features/beijing/30785.htm>.

² Hucker, Charles O. "Governmental Organization of The Ming Dynasty." *Harvard Journal of Asiatic Studies* 21 (December 1958): 5-6. doi:10.2307/2718619.

³ Mackerras, Colin. *The Cambridge Handbook of Contemporary China*. Cambridge, UK: Cambridge University Press, 2001.

⁴ "Peking (Beijing)." *Encyclopædia Britannica*. 15th ed. Vol. 25. Encyclopædia Britannica, 2010. 468.

⁵ Chang, Sen-dou, and David Michael Bonavia. "Beijing." *Encyclopædia Britannica*. January 25, 2019. Accessed January 28, 2019. <https://www.britannica.com/place/Beijing#toc=toc232382>.

⁶ 庄彧<上半年北京市第三产业占GDP比重升至82.2%>, 《北京日报》, 2017年8月26日。

(~450 billion USD) with the New Economy Sectors occupying more than 33%⁷. It is also worth noting that the GDP growth rate of the city has remained consistent at around 6.7% for the past 3 years.

General Facts and Figures

(↑ = net increase, ↓ = net decrease, - = no change, NA = not applicable)

Population and Demographics				
Metric	Figure	Year	Trend	Previous Figure
Total Population (millions)	21.70	2017	↓	21.72 (2016)
Urban population as a percentage of total population	86.5 %	2017	-	86.5% (2016)
Non-resident population as a percentage of total population	36.6%	2017	↓	37.2% (2016)
Population density (persons per square km)	1323	2017	↑	1324 (2016)
Fertility rate	9.06‰	2017	↑	9.32 ‰ (2016)
Death rate	5.30‰	2017	↓	5.20 ‰ (2016)

Economy and Society				
Metric	Figure	Year	Trend	Previous

⁷ 北京市统计局·国家统计局北京调查总队《2018年北京经济总体平稳—稳中提质》(2019年1月23日)[2019年1月28日], http://tj.beijing.gov.cn/bwtt/201901/t20190125_415889.html.

				Figure
GDP growth	6.7%	2017	-	6.7% (2016)
GDP per capita (thousand RMB)	129	2017	↑	115 (2016)
Total unemployment rate	1.43%	2017	↑	1.41%
Total research and development (R&D) expenditure (billion RMB)	159	2017	↑	147 (2016)

Source: Beijing Municipal Bureau of Statistics^{8 9}

Beijing's SWOT Analysis

Beijing is an ancient city, and the capital of the world's second largest economy. Over the past four decades, the Chinese government has worked hard to brand Beijing as an epitome of China's economic and social developmental model. The strengths, weaknesses, opportunities and threats Beijing faces are thus unique inspiring and interesting.

Strengths

As the nation's capital, Beijing enjoys enormous political, cultural, social, and economic advantages.

Politically, it is the nation's capital. It enjoys the immediate benefits of policy changes and direct, and unimpeded policy implementation pertaining to reform and opening up. Economically, Beijing is also the economic center of the northeastern part of China. Of the world's 500 largest companies, 256 had invested in Beijing by 2010, with a total of 598 projects. As of January 2013, 84 Fortune 500 companies have their regional headquarters in Beijing. Of the 95 Chinese companies on the Global Fortune 500 list, 47 are based in

⁸ 北京市统计局·国家统计局北京调查总队《北京市2016年国民经济和社会发展统计公报》(2017年2月25日)[2019年1月28日], http://www.bjstats.gov.cn/zxfb/201702/t20170224_369411.html.

⁹ Beijing Municipal Bureau of Statistics and NBS Survey Office in Beijing. Accessed January 30, 2019. http://www.bjstats.gov.cn/bwt/201802/t20180227_393406.html.

Beijing¹⁰. This places Beijing second only to Tokyo among global cities in terms of the number of major corporations that call it home.

In terms of education, Beijing's concentration of China's higher educational and R&D facilities in China have long positioned itself extremely well to be an innovation center. In addition to the unrivalled concentration of higher educational institutions in China, Beijing received 45% of China's central government spending for major science and technology projects between 2006 and 2010. Nearly a quarter of all China's certified high-tech companies are in Beijing.

Weaknesses

Perhaps most prominently is Beijing's air pollution malaise. Beijing's air pollution reached unprecedented levels in spring 2013, and recent media reports have supplied anecdotal evidence that the very high levels of air pollution in Beijing are making it more difficult for Chinese and foreign firms to attract and retain highly skilled talent.

Socially, being a megacity with over 21 million people, Beijing suffers from persistent social problems including exorbitantly high housing price and traffic congestion. Beijing's skyrocketing housing price has sparked an Internet sensation among Chinese netizens. Indeed, Beijing's housing price has increased 700% in the past decade¹¹, causing the public to compare the difficulty of buying a house in Beijing to that of Hong Kong, which is notorious for its out-of-reach housing prices.

Opportunity

Beijing possesses immense potential to become a city of global fluency, a term coined by Chicago mayor Richard Daley. This is based on the belief that there is a tremendous untapped potential for cities to use the forces of globalization to advance urban

¹⁰ These numbers were drawn from China City Yearbook 2011, 2012, from various editions of and Beijing Statistical Yearbook.

¹¹ 《东地产》. "北京房价10年涨7倍 现在还能买吗?." _新浪财经_新浪网. April 07, 2016. Accessed January 5, 2019. <http://finance.sina.com.cn/china/2016-04-07/doc-ifxrcizu3742779.shtml>.

economic development goals. In the age of an increasingly interconnected world, cities with global fluency are more competitive.

The opportunity to be the top city in the world that represents the best of China. The 2004-2020 Master Plan, a longer-term strategy document that guides the city's spatial and economic development, precisely sets a medium-term goal of establishing Beijing as a high-profile international city by the year 2020 and establishing Beijing as a global metropolis with a focus on modern services and advanced manufacturing¹². Moreover, the master plan envisions Beijing as the principal location for high-level international exchanges, as a center for media, culture, education and scientific research, as a center of government and economic planning, and as an intercontinental transportation hub.

Threats

The lack of inclusivity in Beijing. In the winter of 2018, a scandal went viral on Chinese internet in which the municipal government of Beijing, during the freezing climate in winter, ordered the distribution and forced migration of an entire old neighborhood after a fire incident. The public outcry condemned the government's lack of respect to human rights and its indiscriminate pursuit for cleanliness at the high costs of its residents.

Indeed, Beijing's rapid expansion has made it imperative to have a new structure of governance, for the first time in its history. In addition to clarifying relationships between central and municipal governments in administrative, fiscal, and managerial matters, Beijing also needs to see an increased and true involvement of its residents in civil affairs, and to have a structure of transparent governance where the government, the business community, NGOs, international organizations, and the civil society can work together in addressing the many challenges.¹³

¹² Beijing as a Global Fluent City. June 3, 2013. Accessed January 12, 2019. <https://www.brookings.edu/wp-content/uploads/2016/06/Beijing-as-a-Globally-Fluent-City.pdf>.

¹³ A Study of Beijing's Competitive Advantage as an Emergent Media Capital. 2012. Accessed January 15, 2019. https://eprints.qut.edu.au/57974/1/Angela_Huang_Thesis.pdf.

Companies' Analysis



HaiDiLao Hotpot

In recent years, China has demonstrated rapid growth in the field of science and technology. This includes the first Beijing smart restaurant jointly built by internationally renowned food service company HaidiLao and cloud computing giant Alibaba Cloud, which now offers an utterly innovative approach to food service in China, and a customer experience unlike any other. The Beijing-based chain restaurant has successfully equipped a restaurant in Beijing with an automated cold room, robotic arms and servers, and even a theatre-like resting area with free snacks, drinks, and screen games¹⁴. All alone been known for its legendary services within the food and beverage industry, HaiDiLao first robot-run kitchen now sets the world on motion in the correct direction. Such an automation model is expected to benefit as many as 5,000 restaurants worldwide eventually. So far, the current restaurant is projected to save at least 10% on electricity consumption from a smart feature which automatically turns the heat up or down through accurate detections of the hotpot's weight¹⁵.

¹⁴ "A First-hand Review of the World's First 'smart' Hotpot Restaurant." South China Morning Post. November 03, 2018. Accessed January 30, 2019. <https://www.scmp.com/tech/article/2171402/first-hand-review-haidilaos-smart-hotpot-restaurant-beijing>.

¹⁵ As per above.

Asian Infrastructure Investment Bank (AIIB)

The Asian Infrastructure Development Bank is a multilateral development bank which was founded with the vision to create a better world. Since its inception in 2016, it has since grown to a strength of 93 approved members so far, with dedicated loans of 7.5 billion USD. Headquartered in Beijing, AIIB has China on board as the largest contributor and hence de facto controller. AIIB has received excellent credit ratings, thus validating its financial stability.

According to a presentation by Miss Lindsay Mack, Senior Communications Officer at AIIB, there are three core values of AIIB, namely:

- A. Lean: AIIB has only 200 staff, with only 1 HQ in Beijing
- B. Clean: AIIB places a high emphasis on ethics and has zero tolerance for corruption
- C. Green: AIIB respects the environment and expects all projects to be aligned with the Paris Agreement.

As the name suggests, AIIB is set out to stimulate Asian's development. However, it was told to us that AIIB funds even non-regional projects, so long as the project aligns with the objective to support trade and connectivity with Asia. This includes cross-country connectivity, sustainable infrastructure and geographical proximity.

The key factor which distinguishes AIIB from other multilateral development banks such as The World Bank and Asian Development Bank, for example, is that AIIB's key focus is on economically productive sectors and industries such as capital-intensive infrastructure such as the railway transport system. While its contributions extend beyond the economy, it does not exist to invest in social sectors such as the construction of schools and community hospitals. Moreover, it is known that typical multilateral banks are driven by developed countries, most prominently the United States which take pride in supplementing private foreign investments and promoting long term mutual interdependence in the sphere of the socio-political economy. That said, AIIB functions

slightly flexibly as that of a financial institution, as it is able to invest in funds and derivatives.

In an insightful sharing by two Singaporeans working at AIB, Mr Pang Yee Ean and Mr Thia Jangping, they posited that Singapore is well located in SEA which has a lot of infrastructural needs. Singapore's role in the region's infrastructure needs is significant since the country is in place to demonstrate living example with its financial expertise and precious lessons from her development trajectories. There is an evolving need to stay relevant, and from the insightful dialogue session we learnt that Singapore should not be too preoccupied with its internal problems to the extent that she may potentially exhibit inflexibility and inefficiency in responding to worldly affairs. Recently, Singapore has inked a deal with China to deepen bilateral relations through supporting businesses' financing and project structuring needs in third countries¹⁶.



Momo

Momo, established in 2011, is one of the leading mobile-based social media and entertainment platform in China. Momo provides instant messaging, social searching as well as live streaming services based on one's geographical location. Through the application, users get to consume a wide range of media which ranges from live-time videos, texts, voice messages and photos. Moreover, users get to meet new people, forge and bond friendships online. In 11 December 2014, Momo was officially listed in NASDAQ. In May 2018, Momo have fully acquired Tantan, a popular online dating platform in China¹⁷. The vision of Momo is to develop a one stop social media and entertainment platform which allows users to discover and connect to fresh beautiful happenings around them.

¹⁶ Cheong, Danson. "Singapore and China Sign Deal to Boost Cooperation on Belt and Road Initiative." The Straits Times. April 12, 2018. Accessed January 25, 2019. <https://www.straitstimes.com/asia/east-asia/singapore-and-china-sign-deal-to-boost-cooperation-on-belt-and-road-initiative>.

¹⁷ "Momo Announces Acquisition of Tantan." Sixteen Schools Do Away with Primary 1 Exams. February 23, 2018. Accessed January 15, 2019. <https://www.asiaone.com/business/momo-announces-acquisition-of-tantan>.

During the Winter Journey, the interaction and sharing session that was conducted at the end of the company tour was extremely insightful as it was our first visit to a media application company for the trip. Many of us have seen and heard extensively about the advancement of media in China which aroused our curiosity about the social media landscape in China. Through the session, we managed to understand more about the media market, and it was a fresh discovery to know that unlike Singaporeans, the Chinese are much more willing and open towards data sharing; they are less concerned with privacy issues. Companies such as Momo took use of this opportunity to expand in the market by analyzing users' data in order to create a application which is precisely tailored to their needs and wants. Therefore, besides Momo (the app), the company's applications are relatively popular. In addition, the huge media market in China has allowed for gaps to be filled by Momo's entry and growing presence. According to a report titled "Internet Trends 2018" by Mary Meeker of Kleiner Perkins and Hillhouse Capital, China has seen significant growth in its mobile internet users of about 853 million users in 2017. This was a significant advancement from about 100 million in 2008¹⁸.

Moreover, when asked about advice for startups that are looking to enter into the media industry particularly social media and entertainment platform, the director mentioned that this is a highly competitive industry which requires deep understanding and knowledge in the market before they can enter. With Momo's knowledge and technological expertise, they remained as a dominant player in the Chinese live streaming industry.

Historical Gems

There are many historical sites in Beijing, the most significant of which are the Forbidden City, the National Museum, the Great Wall, among countless other major infrastructure carry indelible national and historical significance. The delegation learned about the essence of the royal palaces of the Ming and Qing Dynasties from the Forbidden City

¹⁸ Dominic Teo. "Momo's Bright Future In Online Dating And Value-Added Services". Seeking Alpha, January 3 2019. Accessed 28 December 2018. <https://seekingalpha.com/article/4231157-momos-bright-future-online-dating-value-added-services>.

and quickly walked through the 40 years of China's reform and opening by visiting the National Museum. In addition, the Great Wall is another great project of the Chinese people's sweat and wisdom. It is the greatest architectural project in the history of human civilization. The delegation was deeply immersed in the awe-inspiring feat of ancient defensive architecture in winter season. As we experienced the majestic scenery of the Great Wall, we can proudly witness China's culture of national pride, grand projects, and determined resistance.

It must be recognised that both Singapore and China have a shared commitment to maintaining and promoting peace and security in the Southeast Asian region¹⁹. While Singapore has a small population and domestic market, she has achieved all-rounded development and magnificent progress. As China and Singapore continues to demonstrate a "strategic and forward-looking relationship"²⁰, there is an inherently healthy dynamics between the two nations as we learn from each other by sharing the experiences and challenges of economic and social governance²¹. To remain relevant in a competitive economy, it is imperative that the Singapore system must accommodate to ride on the bandwagon of global trends. For example, there have been sentiments to push for greater collaboration and strategic partnerships among Singaporean and Chinese youths, so as to uplift entrepreneurship to the next level. Need to be global in perspective, it is imperative that employees are continuously allowed to have overseas stints.

Conclusion

In conclusion, Sino-Singapore relations have been aptly described as "progressive, forward-looking and strategic"²². Since history, both countries have respected each

¹⁹ Channel News Asia. "Beijing welcomes Singapore's efforts in promoting ASEAN-China ties". Channel News Asia, November 15. Accessed 28 December 2018. <https://www.channelnewsasia.com/news/singapore/beijing-welcomes-singapore-s-efforts-in-promoting-asean-china-10931362>.

²⁰ Hermes. "Singapore-China Ties: 40 Years On, Progressing with the times." The Straits Times. June 06, 2018. Accessed January 30, 2019. <https://www.straitstimes.com/opinion/singapore-china-ties-40-years-on-progressing-with-the-times>.

²¹ Xi, Sun. 2017. "New era of mutual learning for China and Singapore". Lee Kuan Yew School of Public Policy, October 3. Accessed January 4 2019. <https://lkyspp.nus.edu.sg/gia/article/new-era-of-mutual-learning-for-china-and-singapore>.

²² Wei, Tan Dawn. "China, Singapore Agree to Deepen Ties in Various Areas." The Straits Times. November 14, 2018. Accessed January 18, 2019. <https://www.straitstimes.com/singapore/china-singapore-agree-to-deepen-ties-in-various-areas>.

other's sovereignty and autonomy, while staying committed to deepening ties in various aspects, from science and technology, the military, to education. It must first be conceded that Sino-Singapore ties cannot escape the megatrend of an increasingly powerful and assertive China by the day. The rise of Chairman Xi since 2012, and his narrative of a China Dream - a resolved determination to restore the country to the pantheon of global powers - has made it clear that Beijing was no longer contented with playing by others' rules. As much as it promises to be more volatile than preceding periods, Sino-Singapore ties has always been a step ahead of China's ties with other ASEAN countries. Given that the existing China's Belt and Road Initiative has been a new highlight in developing infrastructure and financial connectivity, the future would not be bleak.