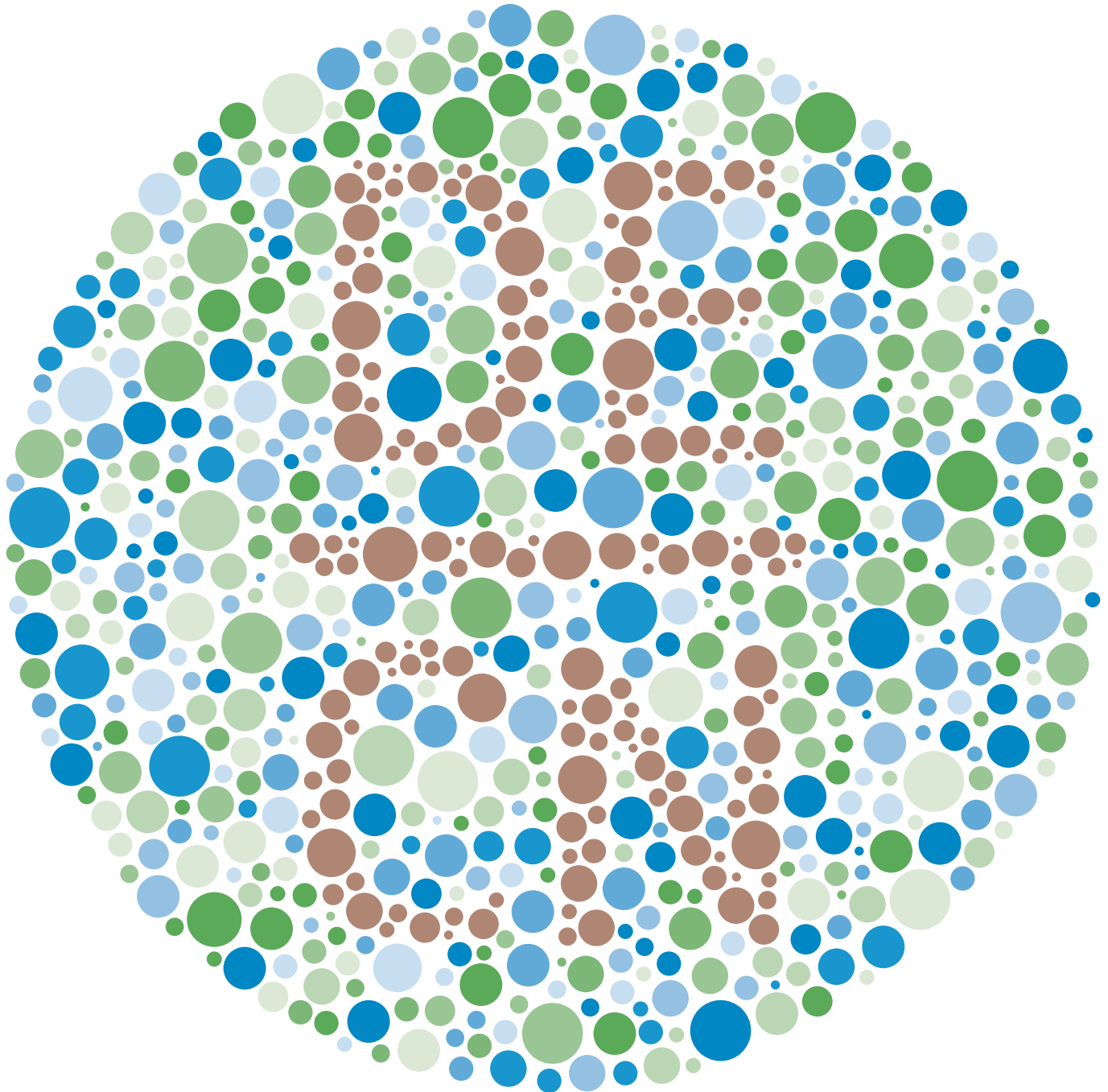

Germany and China – Perception and Reality

The Huawei Study 2014



in collaboration with
GIGA German Institute of Global and Area Studies
und TNS Emnid



Blue means: What do the Germans think of the Chinese?



German population
2014: n = 1,000
2012: n = 1,000



German political decision-makers
2014: n = 100
2012: n = 80



German economic decision-makers
2014: n = 200
2012: n = 170

.....

A contour or n/a (not available) means that the question was not asked either in the respective country, in the certain survey group, or in the year 2012.

.....

Due to rounding, all percentage values in figures, diagrams, and tables are summed up at ± 100 %.

Green means: What do the Chinese think of the Germans?



Chinese population
2014: n = 1,000
2012: n = 1,319



Chinese political decision-makers
2014: n = 100
2012: n/a



Chinese economic decision-makers
2014: n = 200
2012: n/a

.....

A contour or n/a (not available) means that the question was not asked either in the respective country, in the certain survey group, or in the year 2012.

.....

Due to rounding, all percentage values in figures, diagrams, and tables are summed up at ± 100 %.

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1.

Foreword

Michael Clauss

German Ambassador to the People’s Republic of China

Today, China is Germany’s most important political, economic and cultural partner in Asia. Germany has established such an extensive partnership with almost no other countries outside of Europe. Germany has become China’s most important partner within Europe.

Politically, the close-knit network of relations is manifested in the annual German-Chinese government consultations agreed upon in 2011. In these consultations, as strategic partners, we address the entire range of future-oriented issues, from foreign policy to energy, climate, urbanization, electric vehicles, and professional education. This has allowed our relationship to become so intimate that we are also able to address delicate issues like human rights or media freedom.

Economically, China and Germany are each other’s most important business partners in Asia and Europe. Our bilateral trade volume has increased since 1972 by a factor of more than 300, and now amounts to over 140 bn eur. German enterprises have been successfully investing in China for a long time. Meanwhile, China is also investing in Germany. 17% of all of China’s newly founded developments between 2008 and 2012 are located in Germany; Germany is therefore world leader. Chinese investments are most welcome in Germany without any particular restrictions. In contrast, foreign companies are subjected to certain restrictions on access to the Chinese market. We expect these restrictions to be abolished successively as part of the economic reforms announced recently.

We would also like to improve contacts between the citizens of our countries so that a relationship based on trust is strengthened substantially. I am delighted that we have established a closeknit and sustainable network of contacts between schools, universities, cities, political parties, foundations, and other organizations in the recent years.

The following study demonstrates that we have already achieved a great deal, yet a great deal of work still lies ahead of us. The results of the survey reveal an image of each other which is partly still characterized by stereotypes and insufficient knowledge of developments in the other country. Therefore, we must intensify the exchange further to be able to eliminate a mutual lack of knowledge and reservations toward each other. These efforts are worthwhile, since China has become our companion and close partner in this globalized world.

.....
Michael Clauss
Ambassador of the Federal
Republic of Germany to the
People’s Republic of China



Shi Mingde

Chinese Ambassador to the Federal Republic of Germany

The People’s Republic of China and the Federal Republic of Germany established diplomatic relations more than 40 years ago. The relationship between our countries has become close and friendly during this period. Since 1972, more than 20 years altogether, I myself have lived in Germany and, by virtue of my work, have experienced first-hand how the relations have developed into a strategic partnership to our mutual benefit, to which I have also been able to contribute.

The Federal Chancellor, Angela Merkel, was the first head of government to congratulate the new Prime Minister Li Keqiang in March last year. In turn, on his first foreign tour in May 2013, Germany was the only country in the European Union that Prime Minister Li visited. Economically too, our bilateral relations are extremely successful and are contributing to the mutual prosperity of the other partner. German investment in China therefore increased recently by almost 60 percent and Chinese investment in Germany by 30 percent. The relationships between our countries as cultural nations are also becoming more diverse, as shown by the Cultural Year of China in Germany, 2012, and the Chinese-German Language Year, 2013-2014.

Despite the close relations and much reciprocal interest in the other country and its culture, the image of China in Germany and the image of Germany in China are still characterized by certain stereotypes. A lack of knowledge in particular often leads to misunderstandings.

In its study first published in 2012, Huawei identified some misunderstandings, clichés, and prejudices on both sides and classified them scientifically. The following study provides a basis for an objective intercultural dialog and more in-depth exchanges between the two countries. I am pleased that the study will be continued this year, and I hope reading it will be a pleasant and informative experience.

.....
Shi Mingde
Ambassador of the People’s
Republic of China to the
Federal Republic of Germany



Toni Cheng

We conducted the first Huawei Study in 2012, motivated not least by the experiences gained in our day-to-day work. Our aim was to comprehend the mutual perceptions of Germans and Chinese systematically for the very first time. Simultaneously, existing clichés apparent in our collaboration with each other could be identified by comparing facts.

Being the largest Chinese enterprise in Germany – Huawei has been operating in the German market since 2001 and employs over 1 700 employees at 18 sites – we consider it to be our responsibility to promote the dialog between Germany and China and a greater mutual understanding between the two countries and cultures.

The consistently positive feedback from our first study has prompted us to present a new, more extensive and more in-depth study this year. This study also delivers interesting results and brings existing clichés to light as well.

An interesting finding has been that more than the half of the Germans interviewed feel, among other things, that the economic growth of China is important to the German economy. At the same time, more Germans consider bilateral business relations with China more important than with the USA.

Another key finding of the following study is that younger interviewees have a more differentiated and more positive image of China than older interviewees. Owing to more frequent personal experiences and points of contact, younger people have fewer reservations towards alien cultures and fewer fears of possible economic threats to Germany. Instead, they are rather more optimistic than older interviewees that technological cooperation can be profitable for both countries.

We are convinced that the image of China in Germany will change further by virtue of continually intensifying relations between our two countries.

We want to support and document this development by means of the Huawei Study and, as a company, contribute to an objective dialog based on facts.

.....
Toni Cheng
Chief Executive Officer
Huawei Germany



Prof. Dr. Patrick Köllner

The (new) ascendancy of China and the developments in the country itself provoke a variety of emotions. China is capable of fascinating, amazing, or even inspiring us. However, it may also be a cause of concern, or even indignation and aversion. Considering the dimensions and the complexity of the “Middle Kingdom”, these mixed feelings are by no means surprising.

However, the fact that the general public perception of China lags far behind the circumstances and dynamics that exist there is more problematic. Stereotypical notions and generalizing views (“the Chinese ...”) are still widespread in Germany, and vice versa. This is precisely what the Huawei Study addresses. It aims to identify the views of both sides systematically and continually, and contribute to the differentiated understanding of the respective other country.

The GIGA Institute for Asia Studies takes pleasure in collaborating in this project. As scientific partners, we cooperate in formulating the questionnaire, classifying the results in the respective contexts, and providing additional assessments. We believe that we have a special task to fulfill here: Since, first of all, an intensive involvement with China happens to have been a basic constant of the work of our institution since 1956, the year our regional institute (then called the Institut für Asienkunde) was founded. Furthermore, we are convinced that the comparative perspective that characterizes the activities of GIGA (to which we belong since 2006) has crystallized our view of China even more. Last but not least, being a member of the Leibniz Association, GIGA is committed to bridging the gap between theory and practice and therefore transferring knowledge to a broad audience. In this sense too, we hope that the readers of this study will have an inspiring and insightful experience

.....
Prof. Dr. Patrick Köllner
Director of the Institute
for Asia Studies in GIGA,
German Institute of
Global and Area Studies /
Leibniz Association for
Global and Regional Studies



2.

Study Results 2014
at a Glance

Executive Summary

The global ascendancy of China has fundamentally transformed the relations between Germany and China. As the second largest economic power and a strategic partner in business and politics bilaterally, the relevance of China to Germany has increased continually. The new partnership on an equal footing is reflected, among other things, in the government consultations initiated in 2011. Although this allowed German-Chinese relations to attain a new quality, the survey in Germany reveals an image of China characterized, in many cases, by old clichés and stereotypes. However, differences in perception become apparent when the survey groups are differentiated on the basis of socio-demographic factors. Thus, for instance, many younger participants in the survey have a more positive image of China than the older participants, and survey participants with knowledge of China have a very different opinion of the country than those without such knowledge. The analysis by the GIGA Institute for Asia Studies addresses the core issues of the survey and provides background information and explanations. Economic and social transformation in China has led to the development of hybrid system structures that reveal a highly complex and sometimes contradictory picture. It is therefore necessary to analyze the diverse development strands with a systematic approach.

The following study on the image of China in Germany, and the perception of Germany in China, is based on a survey of 2 600 people (1 000 from the general population respectively, 200 economic decision-makers and 100 political decision-makers from each country). Similar to the Huawei Study conducted in 2012, the following study intends to demonstrate the opinion people in China and Germany about matters relating to politics, economics, and society in the other country. Complementing the presentation of the survey results, the following Huawei Study 2014 also provides a scientific analysis of the most important aspects of the survey and an interpretation of the developments.

In addition to the survey, the Huawei Study 2014 also includes an analysis of the coverage of China and Germany in national print media. China has attracted much attention quantitatively in terms of reporting in German media. The focus is predominantly on economic and political issues, while cultural and social themes are covered less thoroughly. In contrast, Chinese media covers all areas with more or less same intensity; however, there is less reporting in quantitative terms. Critical and negative descriptions predominate in the German media when it comes to issues like human rights and the rule of law. In contrast, reports on Chinese foreign policy are predominantly neutral or, in concrete individual cases, quite positive. However, threat scenarios are still widespread in media reporting. In the German media, China’s economic rise is mostly portrayed positively and, in particular, as an opportunity. While growth in Chinese innovativeness receives little coverage, reports on problems with the quality of Chinese products predominate in media coverage and impact brand images. Reports of cultural and social developments in Germany are significantly more positive in Chinese media than vice versa. An extremely traditional image of Germany is portrayed by Chinese media in its reporting.

Political relations:
Strategic partnership and
ideological rivalries

Threat perceptions are still omnipresent in the evaluation of Chinese politics by interviewees in Germany. China is considered to be a countermodel to the liberal Western systems. The fact that China has undergone a transformation since the beginning of its reforms and opening-up policy, which has certainly brought about modifications and sectoral adjustments, although not a systemic transformation, is often brushed over. While the perception of the Chinese politics is characterized by negative images such as legal uncertainties and violation of human rights, the Chinese image of Germany is characterized by “positive” stereotypes and ideals. In both cases, a large discrepancy exists between perception and the continuously changing political reality which, given its complexities, cannot be described in black-and-white terms.

1 PR China
(People's Republic of China)

China and Germany are perceived as having rival ideological system, but they are strategic partners in a globalized world as well. Many challenges, such as climate protection or the battle against global terrorism, cannot be resolved at the national level. While it is expected, on the one hand, that China¹ will assume more responsibilities, the increased visible presence of China, on the other hand, evokes new threat perceptions. The further expansion of the strategic partnership is therefore overshadowed by an image of China that is derived not from the analysis of the present day but largely from the perpetuation of the basic model of Maoist China.

Economic relations:
Competitors and cooperation
partners

In Germany, China is perceived as a new world economic power. The country is ascribed a key role in its own, and international, development. The majority of interviewees in Germany considers economic relations with China even more important than with the USA. However, the rise of China is also triggering anxiety. There is a fear that Chinese companies may drive German companies out of local and international markets. China has indeed become a serious competitor in almost all market segments, and the reciprocal dependence has increased. The higher competitiveness of China offers new opportunities for cooperation; however, it calls for an adequate general framework. This is particularly true in the case of technological cooperation. Here, the perception analysis reveals the persistent fear in Germany that, first and foremost, China is profiting from bilateral technological cooperation.

China is increasingly putting emphasis on innovation instead of imitation, and is investing ever more in research and development. Its progress in expanding its innovation capabilities, in publishing scientific papers, and in registering patents challenge the prevailing image of China. The stark contrast between perception and reality is apparent in the evaluation of the quality of Chinese products by interviewees in Germany. China already accounts for about one-fourth of global exports of cutting-edge technologies and a large share of its exports to Germany are electronic products. In spite of this, the view persists that Chinese companies supply only mass-produced articles, they mostly copy Western products, and the quality of the copied products is poor. Problems related to product quality and product safety of Chinese goods have evidently tarnished the perception of interviewees in Germany. This corresponds

to reality at least to a certain degree, but also needs to be differentiated according to specific product segments. Doubts about product quality, as well as the fact that Chinese companies have shown little concern for brand management, have compromised the brand image of Chinese products. Only a few Chinese companies and brands are known in Germany, although some Chinese companies are already successful both worldwide and in Germany, in particular by virtue of their high product and service quality.

In contrast to the sometimes highly critical image of China in Germany, the survey in China shows a predominantly positive evaluation of the economic strength of Germany, its innovative strength, and the product quality and competitiveness of German companies. However, a comparably important role in the Chinese economy has not been conceded to Germany as is the case in the other direction.

Cultural relations:
Fascination and strangeness

The long cultural history of China fascinates many people in Germany. Even though China has increasingly absorbed many Western cultural elements and a profound social transition is taking place there at the moment, a relative homogeneous image of China persists in Germany. It is defined by characteristics such as courtesy, a sense of family, community spirit, as well as serenity combined with a markedly hierarchical orientation. This perception is largely in line with the traditional philosophical-religious and moral values of China, but only to a limited extent with the realities of today's society. An interest in Far Eastern culture alone does not help, however, to overcome cultural distance. Therefore, Chinese culture is still perceived in Germany as alien, complex, and sometimes as contradictory. However, the survey results also point toward new developments. The younger generation, for instance, has considerably fewer reservations towards Chinese culture than older people. In the perception of Germany in China, traditional values in the culture play a prominent role. Furthermore, the social development in Germany is evaluated very positively, in particular the German education system, although its performance is rather middle-rate in international comparisons.

3.

Methodology

3.1

Study design: Survey

Design of the survey and changes to the Study 2012

Minor methodological changes have been made in the second edition of the study. In cooperation with tns Emnid, political and economic decision-makers in China were also able to be interviewed for the first time. The data collected on the perception of decision-makers in Germany was therefore able to be complemented this year by including the corresponding data from China.

Furthermore, the questionnaires for political and economic decision-makers were shortened and adapted in their content to the socio-demographic characteristics of the groups, so that the target net sample size could be obtained.

The questionnaire is subdivided into 5 parts according to subject matter: (1) Associations, interests and knowledge, (2) Politics and the state, (3) Economy and innovation, (4) Culture and society, and (5) Questions related to socio-demographics.







In comparative studies, the definition of the basic populations is also dependent on cultural and technical factors: The prevalence of telephone connections in China was known only in the case of the populations of large cities. The CATI procedure (Computer-Assisted Telephone Interviews) could therefore only be conducted in urban areas.

Fig. 3.01
Characteristics of the method: Survey

Study design of German survey groups

Study design of Chinese survey groups

1 Random sample from the databases of the institute tns Emnid

	Germany			China		
						
Random sample size for comparison: 2012	1,000 1,000	100 80	200 170	1,000 1,319	100 n/a	200 n/a
Selection procedure	rdd	tns ¹	tns ¹	rdd	tns ¹	tns ¹
Method	cati	cati	cati	cati	cati	cati
Length of survey	25 min.	15 min.	15 min.	20 min.	15 min.	15 min.
Survey period	09.09 to 09.30.2013	09.09 to 09.30.2013	09.09 to 09.30.2013	10.27 to 10.28.2013	10.08 to 11.04.2013	10.08 to 11.04.2013

1 For the sake of simplification, the data of the survey group "population" is designated in the text as "the Germans" or "the Chinese". For reasons of representativity, the three survey groups are kept separate.

Certain questions, e.g. those related to democratic movements, were only asked to the German population¹ to give attention to current topics and country-specific developments.

In comparison to the Survey 2012, the questionnaire has been extended and also modified by making changes; therefore, not all data of this survey is comparable to that of the Study 2012.




The print version of the study does not contain all data in a complete form. Comprehensive documentation in tables related to all survey groups, including a breakdown of the socio-demographic variables, can be downloaded from www.huawei-studie.de.




Fig. 3.02
Basic populations

Definition of the basic populations of the German survey groups

Definition of the basic populations of the Chinese survey groups

1 Anshan, Chengdu, Datong, Guangzhou, Jiaxing, Jiujiang, Mianyang, Beijing, Shanghai, Shenyang, Tangshan, Weihai, Wuhan, Wuxi, Xiamen, Xi'an, Xuchang, Zhaoqing, Zhuzhou

Icon	Group	Definition of the basic population
	Population	German-speaking residential population aged over 18 years living in private households
	Political decision-makers	Federal and state parliament delegates, as well as political office-holders at the federal, state, and local government levels
	Economic decision-makers	Managers in private enterprises of different sizes

Icon	Group	Definition der Grundgesamtheit
	Population	Chinese residential population aged over 18 years in large cities (in 19 different cities ¹)
	Political decision-makers	Directors, department managers, office managers in the state sector: government and local administration
	Economic decision-makers	Managers and decision-makers in companies with varied types of ownership

Conception of media analysis and changes to the Study 2012

The media analysis has also been developed further in the second edition of the study and was conducted as quantitative analysis of content, along with the media monitoring section. The aim is to find out how German and Chinese media perceive, process, and evaluate political, economic, and cultural issues related to China and Germany respectively. The presumption is that the perception and the image of China or Germany in all survey groups are decisively influenced by reports in the media.

For the media analysis, articles on key issues, detailed topics, and frames are examined with regard to size, content, and tendency, focusing on three aspects:

- I. The presence of the three key topics, namely politics and state, economy and innovation, and society and culture, in the respective press environment, as well as the relations between and amongst them.
- II. The distribution of the detailed topics with the three key topics, as well as their tone (e.g.: How much of environmental policy in Germany is covered by Chinese newspapers and how has this been perceived and assessed?).
- III. The framing of issues through a certain viewpoint – called “frames” in the following
- IV. (e.g.: Is China perceived as a threat or an opportunity with regard to environmental policy?).

The aim of compiling concrete media publications for the random sample was to obtain a comprehensive view of the respective press landscape, despite the cultural differences and different national media systems. For Germany, by virtue of their nationwide relevance, the most important opinion-forming print publications were selected: The five national quality newspapers with the widest circulation, Bild as the largest tabloid newspaper, Handelsblatt as the widest circulated business magazine, as well as news magazines and weekly newspapers.

The following publications were selected for China: the national daily newspapers People’s Daily and Beijing Youth Daily, the widest circulated daily newspapers Beijing Evening News, Yangcheng Evening News, Wenhui Daily, and Oriental Morning Post, as well as the English language tabloid daily Global Times. In addition, the business daily 21st Century Business Herald, as well as the business magazines Caijing, Economic Observer, and the weekly Nanfang Weekly (also known as “Southern Weekly”) were also examined. The targeted random sample size could not always be realized, however, since some publications did not publish sufficient reports on Germany.

Fig. 3.03
Characteristics of the
method: Media analysis

Study design of the analysis
of German press reporting

Study design of the analysis
of Chinese press reporting

	Germany	China
Methode	Quantitative content analysis	Quantitative content analysis
Press publications studies	National daily newspapers: Süddeutsche Zeitung (sz), Frankfurter Allgemeine Zeitung (faz), Frankfurter Rundschau (fr), Handelsblatt, Die Tageszeitung (taz), Bild, Die Welt News magazines: Der Spiegel, Focus, Stern Weekly newspapers: Die Zeit	Chinese daily newspapers: Beijing Evening News, Beijing Youth Daily, Caijing, Economic Observer, Global Times, Nanfang Weekly, Oriental Morning Post, People’s Daily, Wenhui Daily, Yangcheng Evening News, 21st Century Business Herald
Survey period	Articles from the period 07.01.2012 to 06.30.2013	Articles from the period 07.01.2012 to 06.30.2013
Inclusion criterion	“China” or “Chinese ...” has been mentioned in the article	“Germany” or “German” has been mentioned in the article
Random sample size	For daily newspapers: 200 articles per publication; for weekly newspapers and news magazines, 100 articles per publication Net random sample: 1,759 articles	Targeted: 100 articles per publication (total 1,000 articles) Net random sample: 764 articles
Selection procedure	Random probability sample	Random probability sample
Reliability	.96.7 (overall coefficient)	.96.8 (overall coefficient)

4.

General:
Interests and knowledge

4.1

Spontaneous associations and interests

What connects Germans with China, what do Chinese think when they hear the keyword “Germany”, how high is the reciprocal level of interest in each other?

Fig. 4.01a
Spontaneous associations
(Multiple answers are possible)
(Figures in percentages)

Question (DE):
What occurs to you
spontaneously when you
think of China?

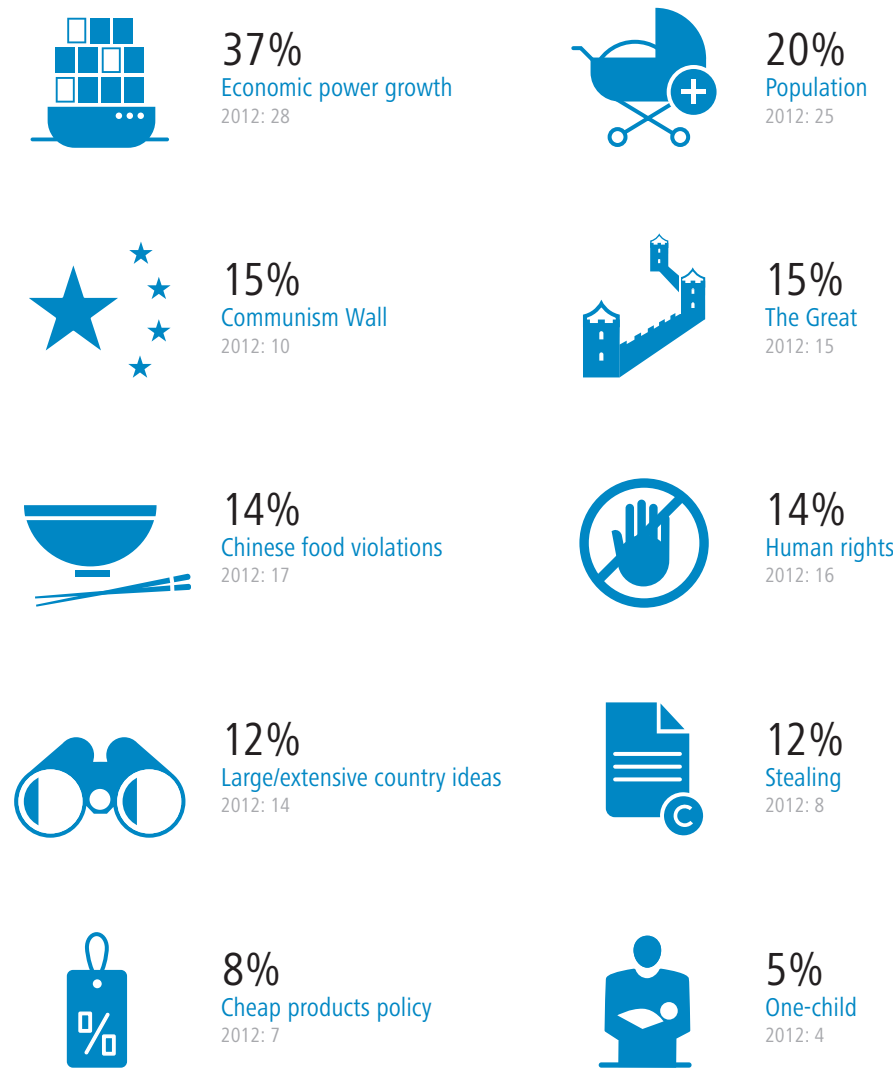


Fig. 4.01b
Spontaneous associations
(Multiple answers are possible)
(Figures in percentages)

Question (CN):
What occurs to you
spontaneously when you
think of Germany?

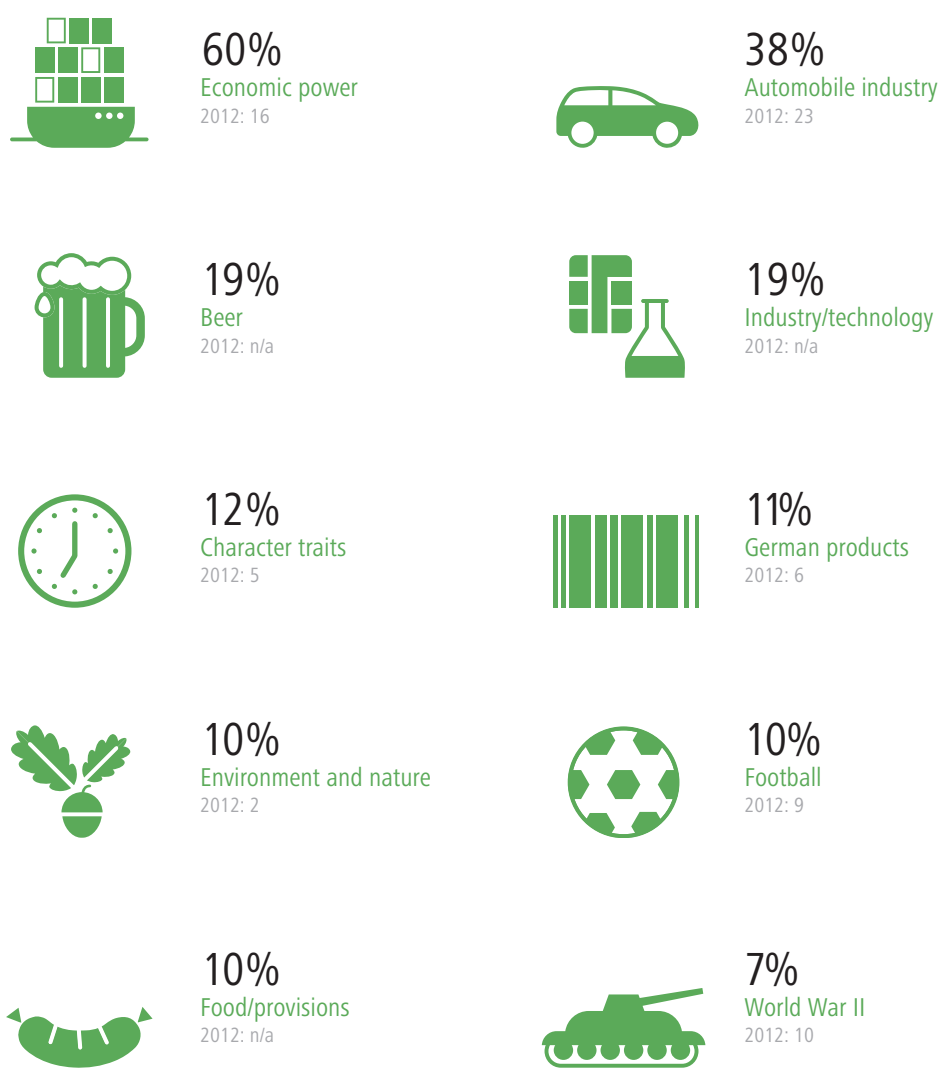


Fig. 4.02
Reciprocal interest
Vacation destination
(Figures in percentages)

Question (DE):
How large is your interest in
China as a vacation destination?

Question (CN):
How large is your interest
in Germany as a vacation
destination?

(1) very large interest
(5) no interest
do not know/prefer
not to say

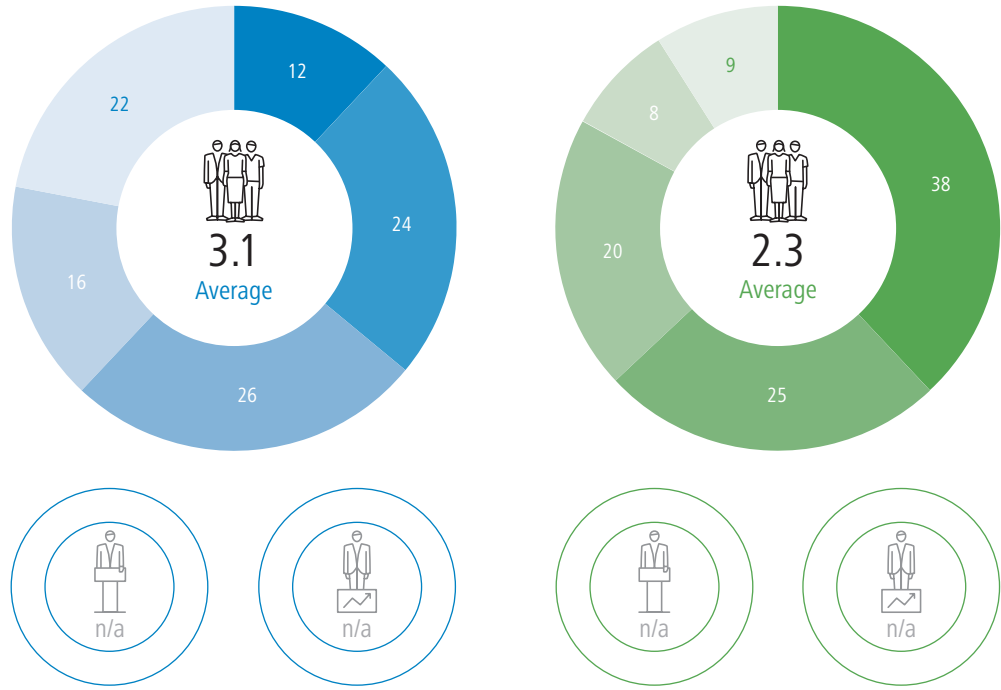


Fig. 4.04
Reciprocal interest Products
and brands
(Figures in percentages)

Question (DE):
How large is your interest in
Chinese products and brands?

Question (CN):
How large is your interest in
German products and brands?

(1) very large interest
(5) no interest
do not know/prefer
not to say

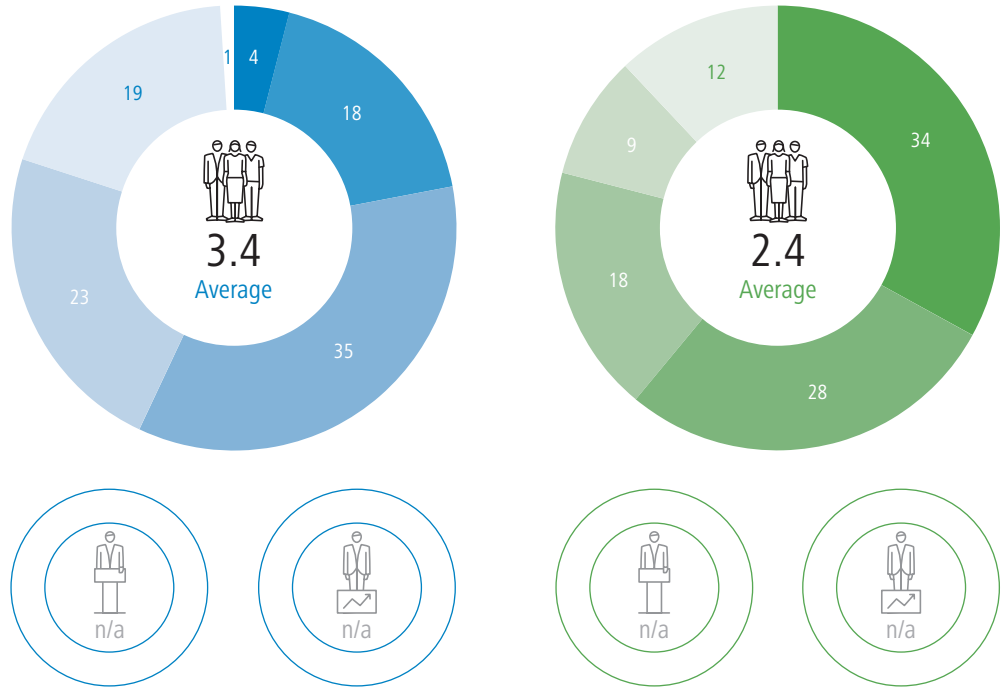


Fig. 4.03
Reciprocal interest History,
philosophy, and culture
(Figures in percentages)

Question (DE):
How large is your interest in
the history, philosophy and
culture of China?

Question (CN):
How large is your interest in
the history, philosophy and
culture of Germany?

(1) very large interest
(5) no interest
do not know/prefer
not to say

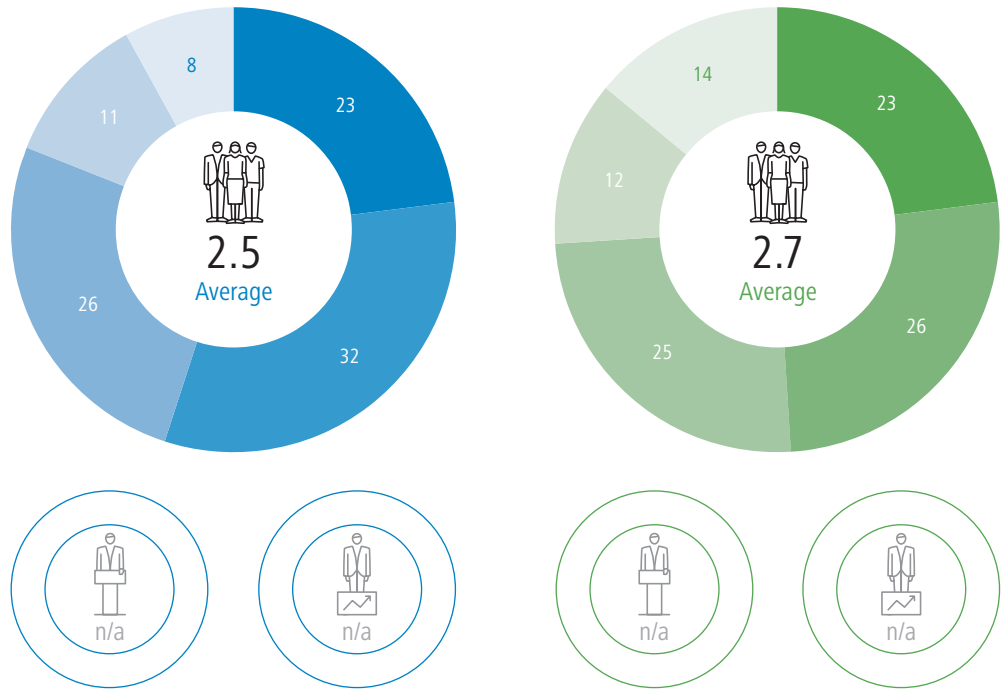
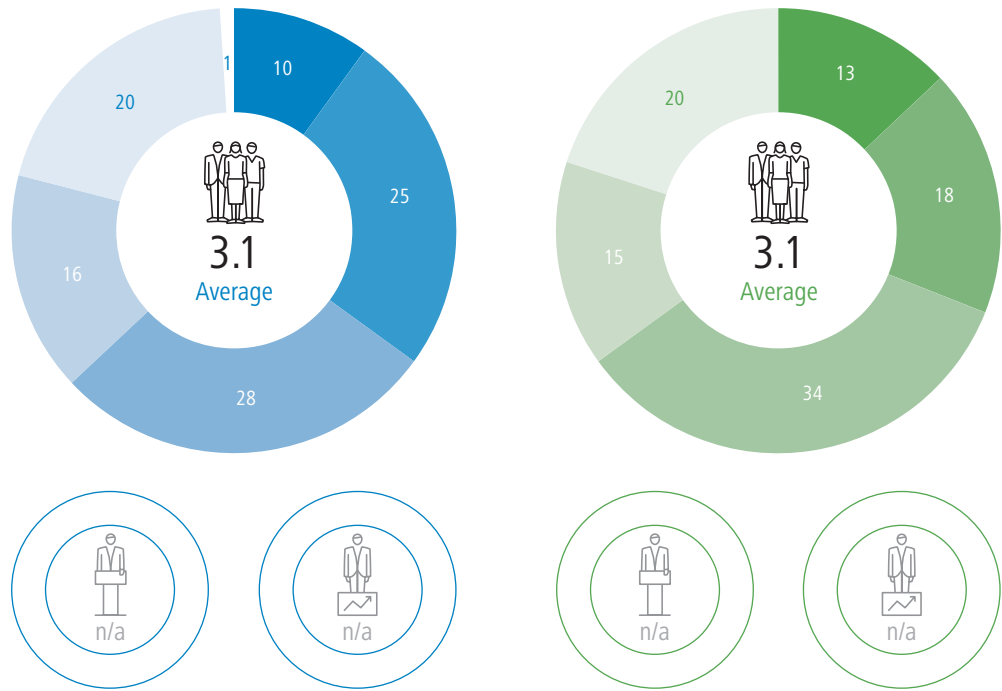


Fig. 4.05
Reciprocal interest Politics
(Figures in percentages)

Question (DE):
How large is your interest in
Chinese politics?

Question (CN):
How large is your interest in
German politics?

(1) very large interest
(5) no interest
do not know/prefer
not to say



Wie gut sind die Grundkenntnisse der Deutschen und Chinesen über das jeweils andere Land?
Kennen sie wichtige politische Akteure, Einwohnerzahl und Hauptstadt?

Fig. 4.06a
Knowledge of Germans
about China

Question (DE):
What is the capital of China?

What is the name of the
President of China?

What is the population
of China?

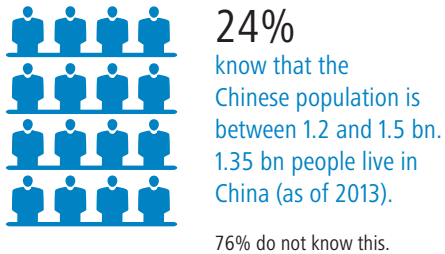
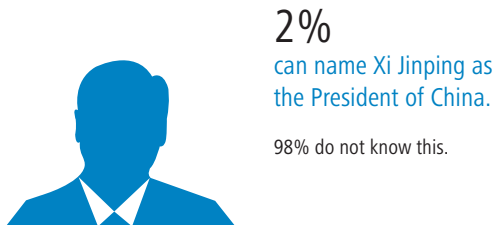
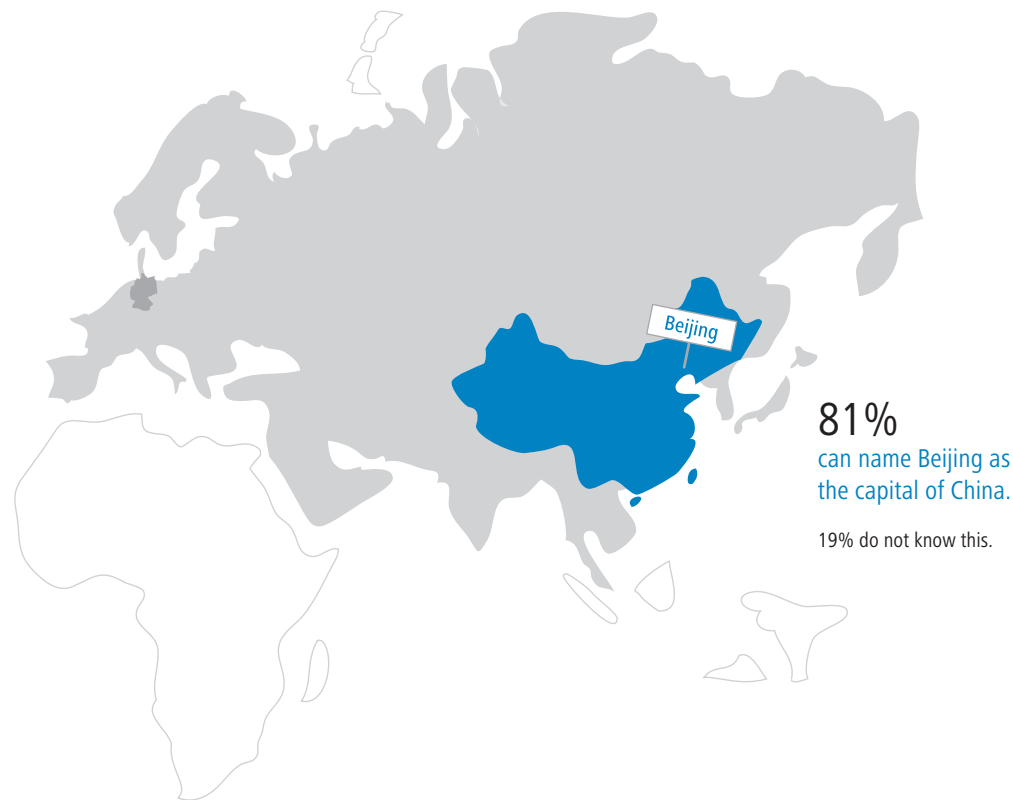
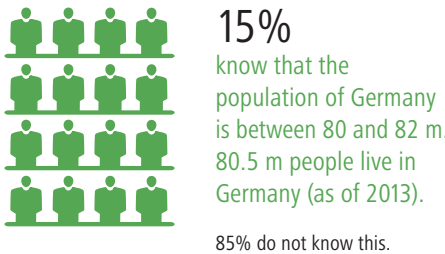
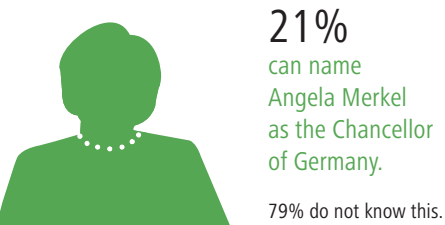
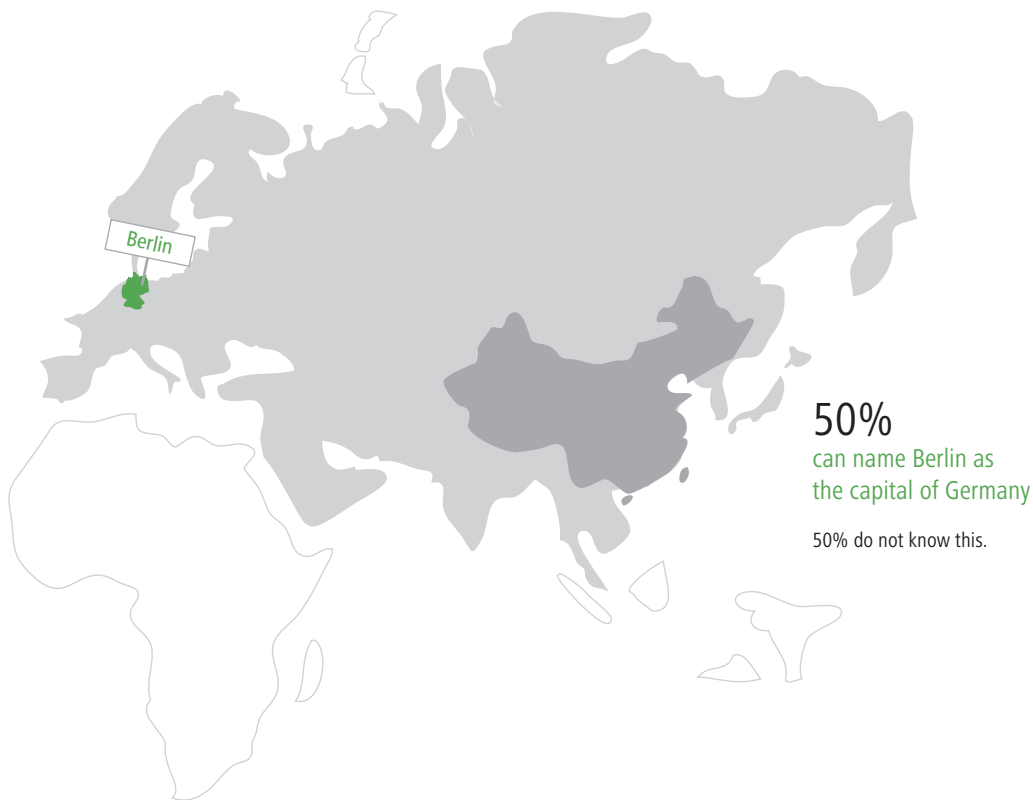


Fig. 4.06b
Knowledge of Chinese
about Germany

Question (CN):
What is the capital of
Germany?

What is the name of the
Chancellor of Germany?

What is the population of
Germany?



4.3

Contact with other country

What are the points of contact between Germans and the Chinese? How intensive is the exchange, and is it professional or private?

Fig. 4.07
Contact of the population
with China/Germany
(Figures in percentages)

Question (DE):
Which statements are
applicable to you?

Question (CN):
Which statements are
applicable to you?







		
I use Chinese products or brands.	56 2012: 56	I use German products or brands. 25 2012: 21
I eat Chinese food quite often.	53 2012: 50	I can imagine working for a German company. 10 2012: n/a
I know people from China personally.	32 2012: 40	I eat German food quite often 4 2012: 3
I can imagine working for a Chinese company.	31 2012: 33	I have already visited Germany. 4 2012: n/a
I have or have had dealings with China professionally.	19 2012: 20	I have or have had dealings with Germany professionally. 3 2012: 1
I have already visited China.	11 2012: 11	I know people from Germany personally. 3 2012: 2
I have Chinese people in my circle of friends.	11 2012: n/a	I have German people in my circle of friends. 2 2012: 2
I am planning to visit China in the near future.	5 2012: 7	I am planning to visit Germany in the near future. 2 2012: n/a

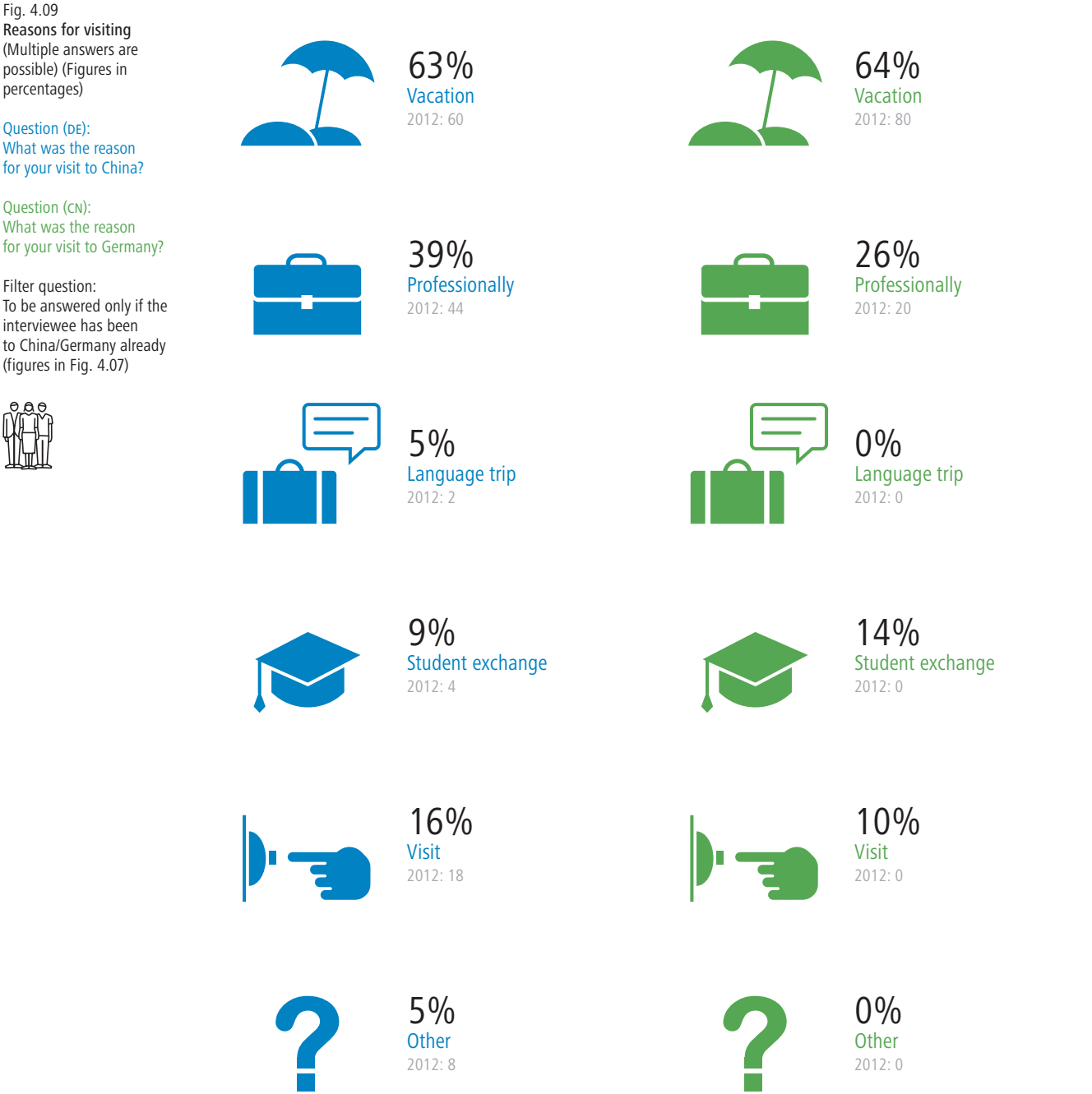
Fig. 4.08
Contact of political and
economic decision-makers
with China/Germany
(Figures in percentages)

Question (DE):
Which statements are
applicable to you?

Question (CN):
Which statements are
applicable to you?

Different questions for the
groups of decision-makers
1 Political decision-makers
2 Economic decision-makers

					
I work in an institution ¹ /a company ² that has relations with China.	49 2012: 59	50 2012: 50	I work in an institution ¹ /a company ² that has relations with Germany.	5 2012: n/a	11 2012: n/a
I have or have had direct contact with China professionally.	34 2012: 48	44 2012: 49	I have or have had direct contact with Germany professionally.	18 2012: n/a	31 2012: n/a
I can imagine working for a Chinese institution ¹ /a Chinese company ² .	21 2012: 33	30 2012: 36	I can imagine working for a German institution ¹ /a German company ² .	17 2012: n/a	13 2012: n/a
I have already visited China professionally.	18 2012: 35	35 2012: 36	I have already visited Germany professionally.	26 2012: n/a	20 2012: n/a
I am planning to visit China professionally in the near future.	7 2012: 9	27 2012: 29	I am planning to visit Germany professionally in the near future.	8 2012: n/a	15 2012: n/a
I work in an institution ¹ /a company ² that is planning to establish relations with China.	18 2012: 29	26 2012: 28	I work in an institution ¹ /a company ² that is planning to establish relations with Germany.	2 2012: n/a	12 2012: n/a



5.

Politics and the state

57%

*of Germans consider
Germany's economic
relations with China to be
as important as those
with the USA.*

5.1

5.1.1

Results at a glance

Survey

59%

of Germans perceive the political power of China as a threat. In contrast, only a few people in China (17%) are apprehensive about the politics of the German government.

63%

of Germans think that the media in China is controlled exclusively by the state. 22% of Chinese think likewise of the German media.

42%

of Chinese think that Germany ranks in the top group in worldwide comparisons when it comes to environmental and climate protection policies. 1% of Germans think likewise about China.

28%

of Germans presume that, in 15 years' time, China will rank in the mid-range internationally in matters relating to human rights. This corresponds to an improvement of 21% compared to 2013. 39% of Chinese consider that Germany already ranks in the top group internationally today.

56%

of Chinese think that many public debates on political and social issues take place in Germany. This is also assumed by 8% of Germans in the case of China.

5.1.2

Media analysis

How often do German and Chinese media publish reports about political topics related to the other country respectively, and what is the tone like?

Fig. 5.01a
Overall share of key topics and detailed topics

Media analysis (DE):
Distribution of the detailed topics within the key topic of politics and state in German media reports about China

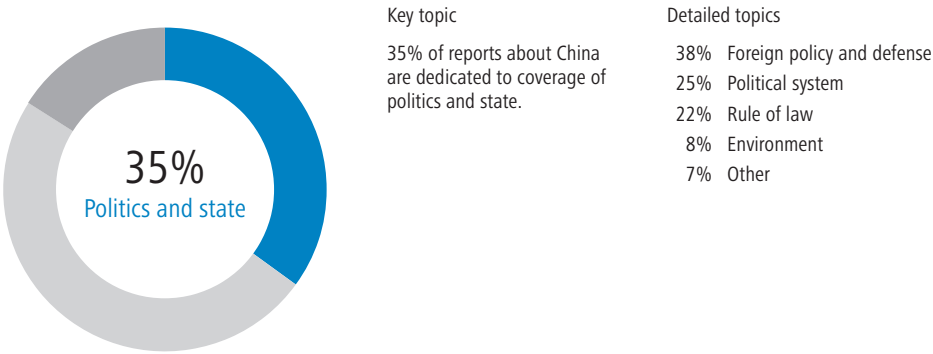


Fig. 5.02a
Tone used in the detailed topics (Figures in percentages)

Media analysis (DE):
Tone used in German media reports about China within the top 4 detailed topics (excl. Others)

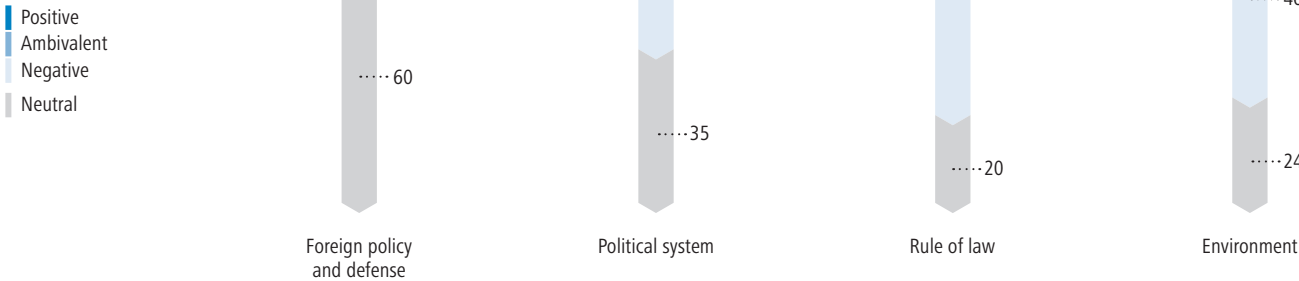


Fig. 5.03a
Top 5 frames within reports (Figures in percentages)

Media analysis (DE):
Top 5 frames in German media reports about China and distribution of statements within the frames as a percentage

Frame	Statement	A1	Partly A1, partly A2	A2
11	(A1) China is an active participant in world politics (A2) China is politically reserved	89	7	5
11	(A1) China is a dictatorship (A2) China is a democracy	81	11	8
9	(A1) China interferes in other countries' affairs (A2) China is neutral	72	13	15
8	(A1) China is a peaceful power (A2) China is a military power	11	23	66
8	(A1) China is pro-climate/ pro-environmental protection (A2) China does not protect the environment	18	20	62

Fig. 5.01b
Overall share of key topics and detailed topics

Media analysis (CN):
Distribution of the detailed topics within the key topic of politics and state in Chinese media reports about Germany

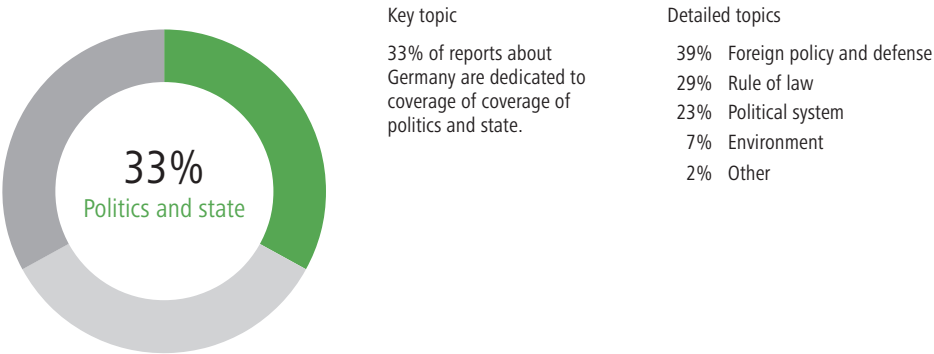


Fig. 5.02b
Tone used in the detailed topics (Figures in percentages)

Media analysis (CN):
Tone used in Chinese media reports about Germany within the top 4 detailed topics (excl. Others)

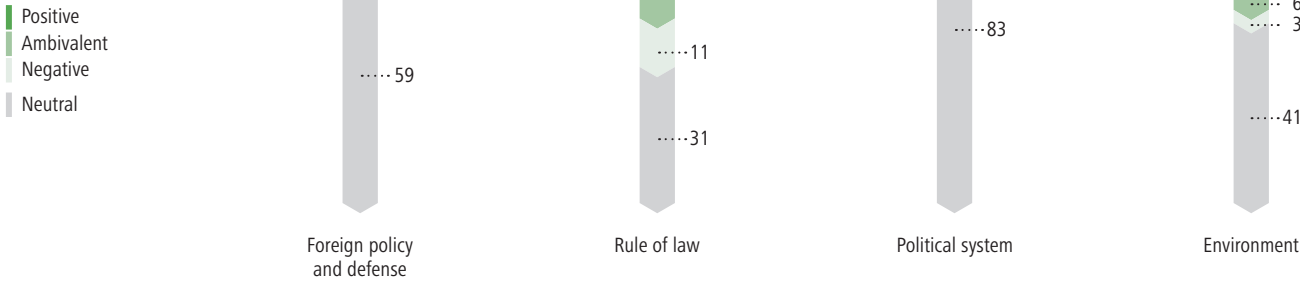


Fig. 5.03b
Top 5 frames within reports (Figures in percentages)

Media analysis (CN):
Top 5 frames in Chinese media reports about Germany and distribution of statements within the frames as a percentage

Frame	Statement	A1	Partly A1, partly A2	A2
19	Germany pursues a (A1) national political focus (A2) a supranational/international political focus	75	18	7
13	(A1) Germany is a dictatorship (A2) Germany is a democracy	0	2	98
11	In Germany, the prevailing principles are (A1) principles of the rule of law (A2) not principles of the rule of law	77	21	2
10	(A1) Germany is an active participant in world politics (A2) Germany is politically reserved	94	4	2
10	Germany's politics are (A1) conservative (A2) reform-oriented/progressive	16	9	74

5.2
5.2.1

Political system
Perception

How do the Germans and the Chinese perceive the other country? How do they appraise the system of government and the degree of state control?

Fig. 5.04
Perception of the political system
(Figures in percentages)

Question (DE):
How do you personally
perceive the political system
of China?

Question (CN):
How do you personally
perceive the political system
of Germany?

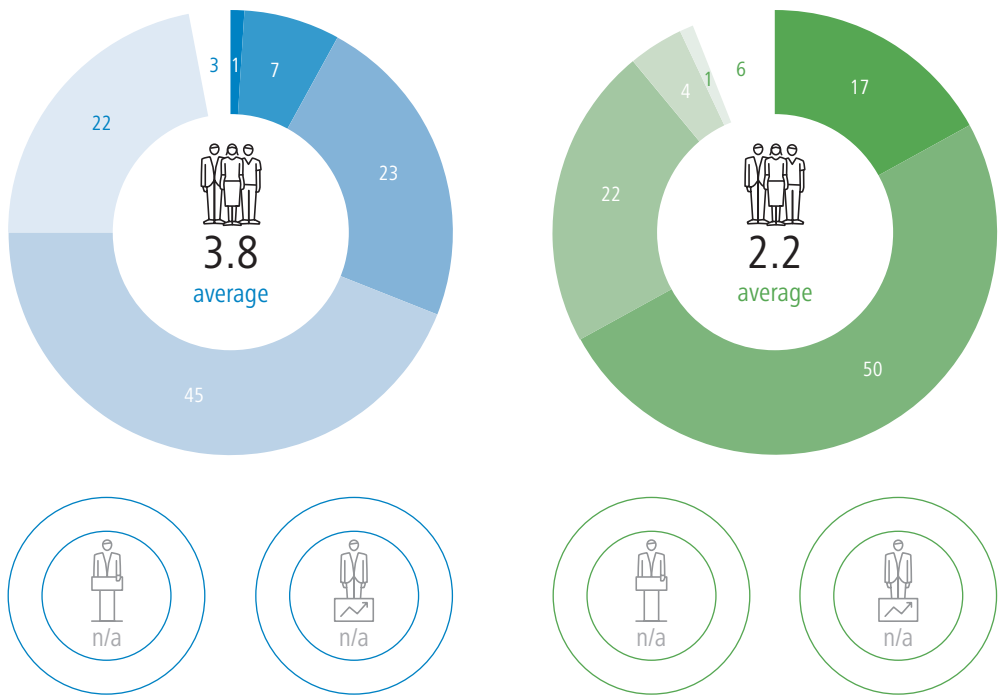
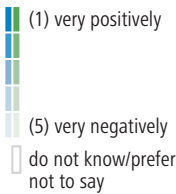


Fig. 5.05
Estimate of the extent of the
state control of companies
(Figures in percentages)

Question (DE):
How far do Germans agree
with the statement: "In China,
companies are state-controlled."

Question (CN):
How far do the Chinese
agree with the statement:
"In Germany, companies are
state-controlled."

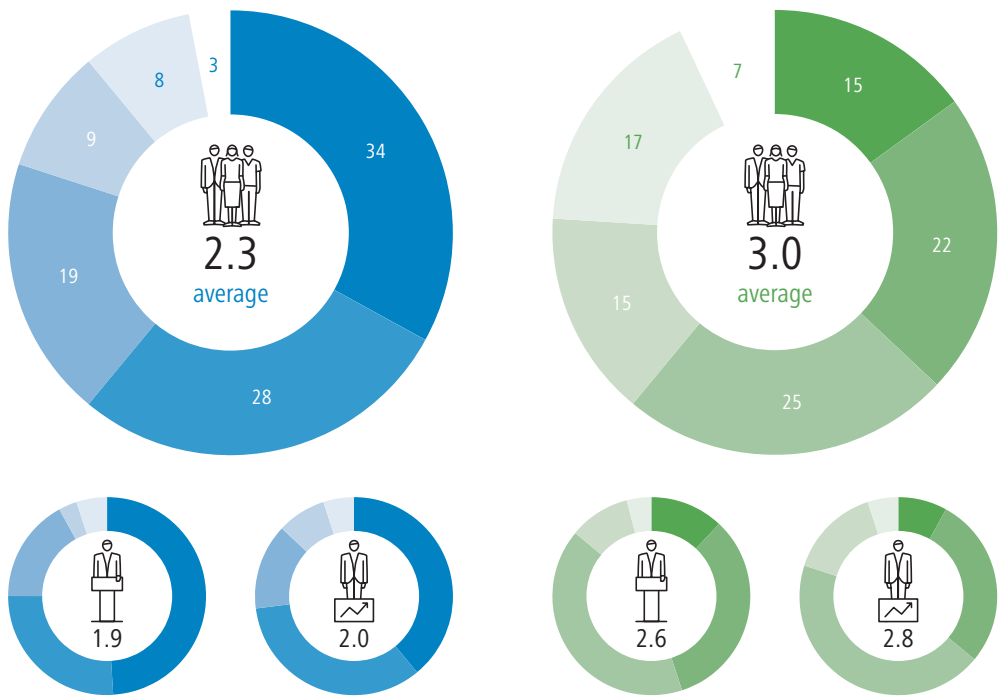
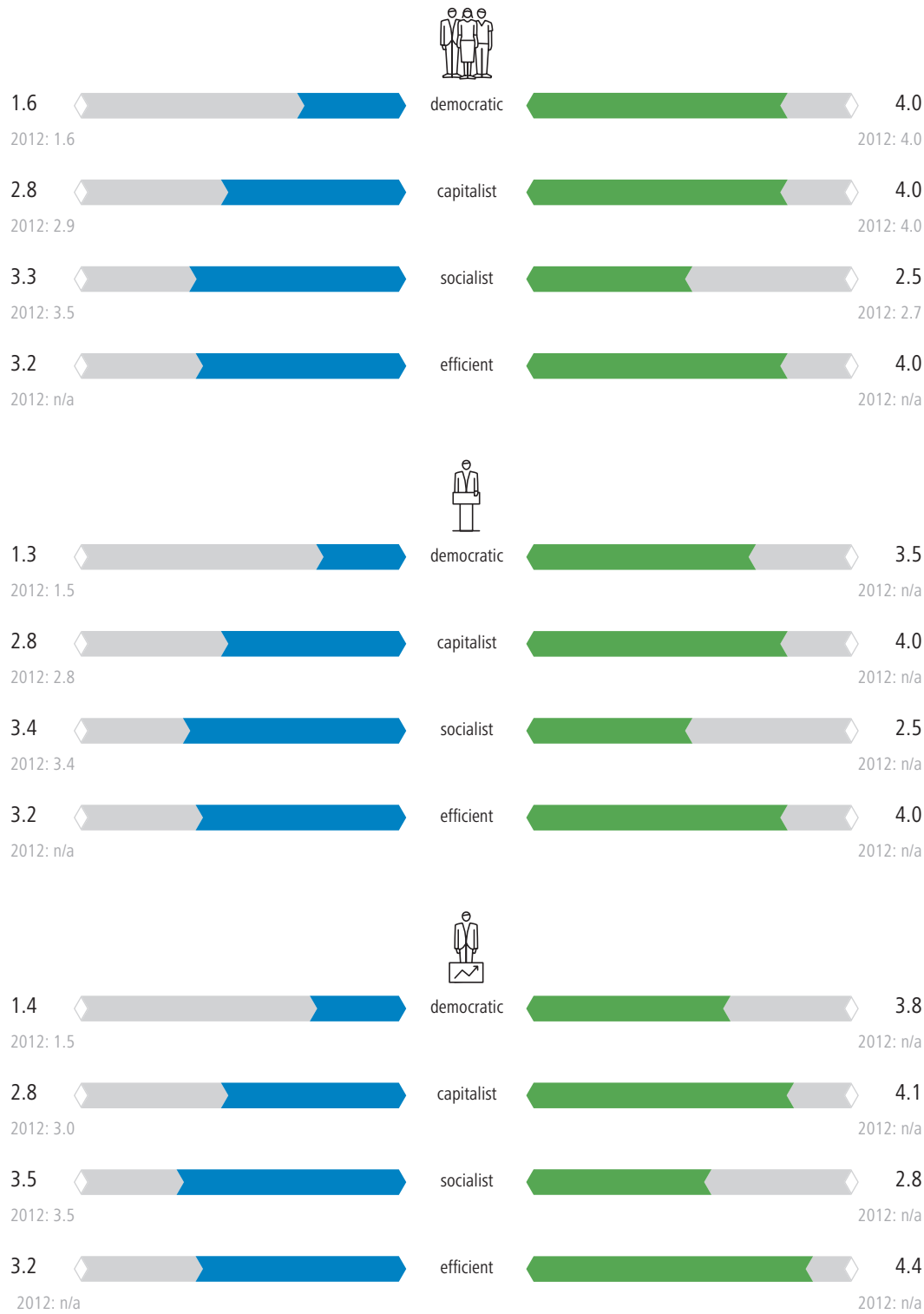


Fig. 5.06
Estimate of the constitution
of the system of government
(Figures as averages)

Question (DE):
How far do Germans agree
with different statements
regarding the system of
government in China?

Question (CN):
How far do the Chinese agree
with different statements
regarding the system of
government in Germany?

On a scale of 1 to 5, where:
5 = I agree fully, down to
1 = I do not agree at all



5.2.2

China’s political system: A model sui generis?

Description of survey results:
Political system

The political system of the People’s Republic of China polarizes its observers. On the one hand, the People’s Republic of China impresses with its double-digit economic growth over many years, and its enormous developmental progress, in particular in fighting absolute poverty. On the other hand, however, the increasing visibility of China in world politics and the international economic activities of Chinese companies definitely cause insecurity. The negative image of the People’s Republic of China is, in particular, associated with Chinese human rights policies, the matter of freedom of opinion, or the structure of the political system. 39 percent of media coverage on the political system of the People’s Republic of China can be considered neutral documentation of the current developments, but 35 percent of the media coverage is negative headlines, and another 23 percent reveals a highly ambivalent picture.

The fact that the political system of the People’s Republic of China has changed since the beginning of the reform and open-door policies is not taken into sufficient consideration in many media reports. The terminology and classification of the Chinese system, which in actual fact had been developed for the Maoist People’s Republic of China, is still dominant. 81 percent of all articles evaluated classify China as a dictatorship. In this respect, the fact that, over the course of the economic reforms since 1978, pluralization within society, as well as a partial reorientation of the state-civil interaction pattern, has started, is dismissed.

This rather negative picture of the political system of the People’s Republic of China is also reflected in the surveys of the German population (3.8/5). The decisive factor for this evaluation is the perception that China is not a democratic system.

Classification and background:
Political system

The disquiet the political system of the People’s Republic of China causes in external observers are due to the discrepancy between the abstract images of China that have become entrenched in the perception of China by the outside world for many years, and the political reality of the People’s Republic of China that differs from this. Many of the assessment categories applied from the outside originate with the ideologically charged assessment of the Maoist People’s Republic of China. Due to the economic reforms initiated in 1978, however, a hybrid system has developed that can be evaluated to a very limited extent by conventional categorization models. Whilst embedding China in international trade, and opening it up to foreign investment, has taken place in the economic arena, China continues to be a one-party system under the leadership of the Communist Party when looking at its political disposition.

The picture of China when viewed from the outside has swayed between euphoria and perception of threat over the centuries. In both cases, China is considered as something alien and different, as a better or poor counterpart of European society and the community of countries. Whilst Chinese philosophy and culture was able to develop its power of attraction

for European society, Chinese political concepts have a negative connotation in most cases and China’s international involvement tends to be evaluated as more of a challenge to the established order. Here, stereotypes and clichés mix with selective knowledge about China that frequently is not based on personal experience. Sometimes, China is used as a reflection of European self-perception. In times of crisis, high expectations are projected on the People’s Republic of China. After the outbreak of the global banking and financial crisis in 2008, for example, there was talk of China having the role of “savior in the Euro crisis”. During the 17th century, the German philosopher Gottfried Wilhelm Leibnitz took China as a surface onto which he projected a “better” society: “But who had thought at one time that there is a nation on this world that outclasses us in the rules of an even more cultivated lifestyle, us who according to our very own opinion have been raised entirely to all fine customs?” (Leibnitz 1697).

In the course of the modernization and restructuring of the political system of the People’s Republic of China, many previous stereotypes have led to absurd concepts. Nonetheless, statements and basic assessments of China, which were in fact inspired by the Maoist era, still determine the perception of China by the societies of other countries today. The old concepts have now collided with information on current developments in the People’s Republic of China, which is only partially compatible with the basic categories of socialism that stand for a political and social order, as well as for an economic system differing from capitalism. As the results of the perception study have revealed, the political system in China presents itself as an accumulation of apparently incompatible elements from a European perspective. Only the People’s Republic of China’s place on the scale between democracy and autocracy enjoys relative consensus. Almost all interviewees agree that the Chinese system is not a democracy. This evaluation corresponds to the spontaneous associations with China: Talking about the political field, the interviewees most frequently mention the keywords “communism” and “disregard of human rights”. Politicians and economic decision-makers add the terms “dictatorship” or “defective democracy”².

The placement of the People’s Republic of China between capitalism and socialism, however, reveals less clear results³. About one-third (32 percent, 2012: 36 percent) agree with the classification of China as a capitalist system, while forty percent of the interviewees deny this, and another quarter remains neutral. A visit to China has a clear impact on the evaluation: Politicians with experience in China classify the system as rather more capitalistic. In the group of economic decision-makers, the factor of age plays a decisive role: The younger generation, in particular, agrees with the classification of China within the group of capitalist systems. Similarly ambivalent is the classification of China as a socialist country. Whereas almost half of the interviewees consider China to be socialist, a good quarter rejects this classification.

1 These spontaneous associations make it apparent that here “communism” is equated with a non-democratic, totalitarian, or authoritarian constitutional system, or even with a “dictatorship”.

2 On the concept of “defective democracy”, Merkel et al. 2003. The concept was initially introduced for transformational states which can no longer be graded as totalitarian or authoritarian; however, they clearly show deficits compared to consolidated democracies.

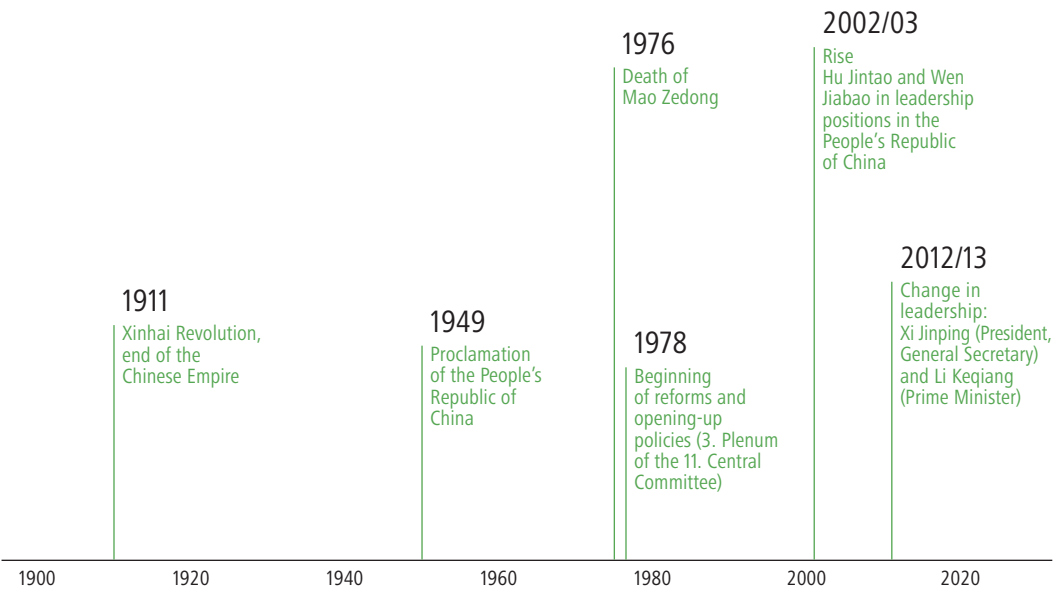
3 The contrast made here between socialism and capitalism reflects not the evaluation of the political system but rather the ownership structure of the means of production.

The results of the survey clearly reveal that the classification of the Chinese system has reached the limits of existing categories. A black-and-white view cannot be used to describe the complexity of the Chinese model. The term hybrid model, which is used in scientific literature, is not very helpful either when it comes to a concrete definition of the political system in China.

The apparent uncertainties inherent to the evaluation of Chinese capitalism or socialism derived from the results, however, not only presents a dilemma in external observations of China. Within the People’s Republic of China, there are also debates on the concrete definition of the term “Chinese model”, whereby this is generally subsumed by the keywords “economic liberalization without political pluralization”. The specific solution pursued by the People’s Republic of China, which has been termed as “socialism with Chinese characteristics” by Deng Xiaoping, originally intended to integrate market-economic mechanisms and capitalist elements into a socialist, centrally administered planned economy. At the time, this was described by the formula of a “bird in the cage”, with the cage representing the framework conditions for the plan; the bird, however, is the capitalism which should be able to move freely within the cage. “No matter whether a cat is black or white, the main thing is it catches mice,” was the dogma during the early phase of Deng’s policy of reform. Gradual experiments in restructuring approaches form the basis; a shock treatment according to the Russian model was decisively rejected.

In the same way as ambivalence reflects the evaluation of the political system in China, so too is the boundary between capitalist and socialist system elements difficult to discern for an outside observer. In many fields, the bird of capitalism seems to have long left its cage, initially limited to the special economic zones, and later to the concrete partial sectors of the economic system. Not least because of the “going global” strategy of the Chinese companies and its stronger presence in the negotiations on the international finance system within the framework of G20, the image of a “socialist” country in the international perception of China has successively receded into the background. In the meantime, the Chinese model is being referred to also as a “variation of capitalism”, whereby the state continues to play a central role in economic regulation (see chapter 5.2.1, Fig. 5.06).

Fig. 5.07:
Important dates
in China’s history
1900–2013



4 Checks and Balances describes the American constitutional principle that specifies the division of powers.

In what way an external observer considers the People’s Republic of China to be an “efficient state” is not clearly revealed by the results of the survey. This may also be due to the fact that the question in actual fact requires more far-reaching knowledge and perceptions, with an eye to the efficiency and legitimacy of political systems. Nevertheless, the “neutral” stance of almost 40 percent of the population, or one-third of the politicians surveyed, reveals that a rethink and a trend toward a differentiated view of the Chinese system is apparent indeed. The evaluation of the perception study reveals that, despite incorporation into the group of non-democratic systems, the People’s Republic of China is viewed as a system that by all means acts successfully in certain fields. In this context, a frequently heard argument is the assumption that non-democratic countries can implement decisions faster than systems that have to observe multistage voting procedures, as well as checks and balances.⁴

Equating democracy with efficiency or the expectation that a non-democratic system based on the model of the Soviet Union will fall victim to a system collapse sooner or later due to lack of efficiency - an assumption found in Western transformation theory - can be considered outdated when looking at the data of the perception analysis. However, this does not automatically mean that the “new” image of China corresponds to the “real” circumstances. In particular, classifying China as “non-democratic” clearly reflects the normative basic assumptions of international observers of China. If China claims to be a sui generis (Latin for “forming a class in itself”) model, analysis matrices and categories are required that can reflect this adequately. The special characteristic of the Chinese system is its pragmatic flexibility, its ability to adapt to changing internal and external political environments, and to orient itself to the experience of other socialist one-party systems as well as democratic systems. While the Chinese state philosophy definitely includes considerations about the concept of democracy, they cannot, however, be equated to the Western understanding of the concept.

A great deal more informative than the normative abstract issue of democracy in a Chinese context is a closer look at the partial aspects of participation, representation, and integration underlying the idea of democracy. Participatory and deliberative elements are provided for in the context of the Chinese system as well. In certain fields, such as the environmental sector, draft laws are published on the website of the National People’s Congress for discussion in order to formally include the reactions and opinions of the population. In addition, public assemblies are initiated, on a local administrative level, allowing the local government to discuss political decisions and administrative measures with the local population.

Against the background of the changing realities of work after 1978, steps of institutionalization and juridification have been initiated. The national Five-Year Plan of the People’s Republic of China, the declaration of the Party Congress of 2012, as well as the work report of the Chinese Government, which was presented during the annual conference of the National People’s Congress in March 2013, stipulate that the increase in social tensions constitutes a direct challenge to the stability and permanence of the Chinese system. Discussions on the necessity to expand the social-security systems and, at the same time, increase the efficiency of the system have been ongoing in the People’s Republic of China for many years now. Any yet there is not one centrally imposed blueprint. Rather, the Government consults with renowned experts and bases its decision-making process on scientific analysis. During the 1980s, steps were initiated to restructure the social-security systems (see

also Chapter 7.3 *Social Change*). Finally, in October 2010, the Social Insurance Act of the People’s Republic of China was passed and entered into force in July 2011. For the first time, the existing sets of rules were combined in one code. The Chinese Social Insurance Act comprises five sections – unemployment and occupational accident insurance, health insurance, maternity insurance, and pension insurance. The biggest problem in the expansion of this system, however, is that subgroups within society, such as migrant workers, do not benefit from these structures, and even insured persons must cover most costs themselves despite this basic insurance. The Third Plenum of the 18th Central Committee – its importance for politics and business of the People’s Republic of China is considered comparable to the Third Plenum of the 11th Central Committee, with which the reforms of the post-Maoist People’s Republic of China were officially initiated – dealt with precisely these socio-economic matters. An increase in the quota for the surpluses generated by state companies was therefore announced. This provided a broader basis for the expansion of the social-security systems. Only if it is possible to build up a stable social security system can the Chinese population will be expected to invest part of their amassed savings for unexpected events, thereby stimulating internal market demand.

The power of the media:
Ambivalent images of China

The image of China predominant in the minds of the interviewees is formed and promoted in no small part by the national media. The field of politics, however, comprises just over one-third of the reports in German-language print media. The largest share (38 percent of the random samples) deals with the fields of foreign policy. China’s influence on world politics therefore forms a core subject in reports on China. This includes bilateral relationships, as well as the role of China in multilateral negotiations. Only one-third of political reporting deals with the political system of China, which is surprising in that the preparation and realization of Chinese political change was carried out during the study period, which was initiated by the Party Congress in November 2012 and finalized by the session of the National People’s Congress and the transfer of the government business to Xi Jinping and Li Keqiang in March 2013. The results of the media analysis indirectly reveal, that from a German point of view, the question of which implications may potentially arise from this change in the leader of the Chinese state with respect to Chinese foreign policy, is considered much more important than the question of potential reform attempts, or the new orientation of state-civil interactions in China. From a purely pragmatic point of view, this is not surprising, since this has direct relevance to the question of how opportunities in trade relationships and strategic partnerships could shift due to the reorganization in the administrative organs of the People’s Republic of China.

This particular result of the media analysis underlines the study results outlined above: With regard to the internal structures, a gradual change is best carried out over many years. However, this certainly clashes with the perceptions and future scenarios that had been drawn up in the late 1980s and early 1990s with respect to the People’s Republic of China. To some extent, as a conclusion by analogy to the developments in the Soviet Union and Eastern Europe, democratization and transformation researchers prophesied at the time an inevitable system change or even a collapse of the People’s Republic of China. Now, thirty years later, the tide seems to have turned, and with it the international perception of China. During the global banking and financial crisis in particular, the system proved to be astonishingly robust.

However, looking at the article groups on domestic subjects in greater detail, they can be divided into general articles on the political system of the People’s Republic of China, and another subject group on aspects of the rule of law. Just under one-quarter of the articles on the political system have no clear position and are classified as ambivalent at best. This division is reflected accordingly in the results of the survey among the three groups of the population, politicians and economic decision-makers. In addition, the critical and distanced reports dominate: Only one-third take a neutral stance.

5.3
5.3.1

State and society
Perception

How do Germans and Chinese perceive the media and society of the other country and how do they evaluate questions of human and citizens' rights?

Fig. 5.08
Evaluation of the human rights situation today and in 15 years' time
(Figures in percentages)

Question (DE):
How do you perceive China today and in 15 years' time with regard to the protection of human rights in the worldwide comparison?

Question (CN):
How do you perceive Germany today and in 15 years' time with regard to the protection of human rights in the worldwide comparison?

(1) Top group
(5) End group
do not know/prefer not to say

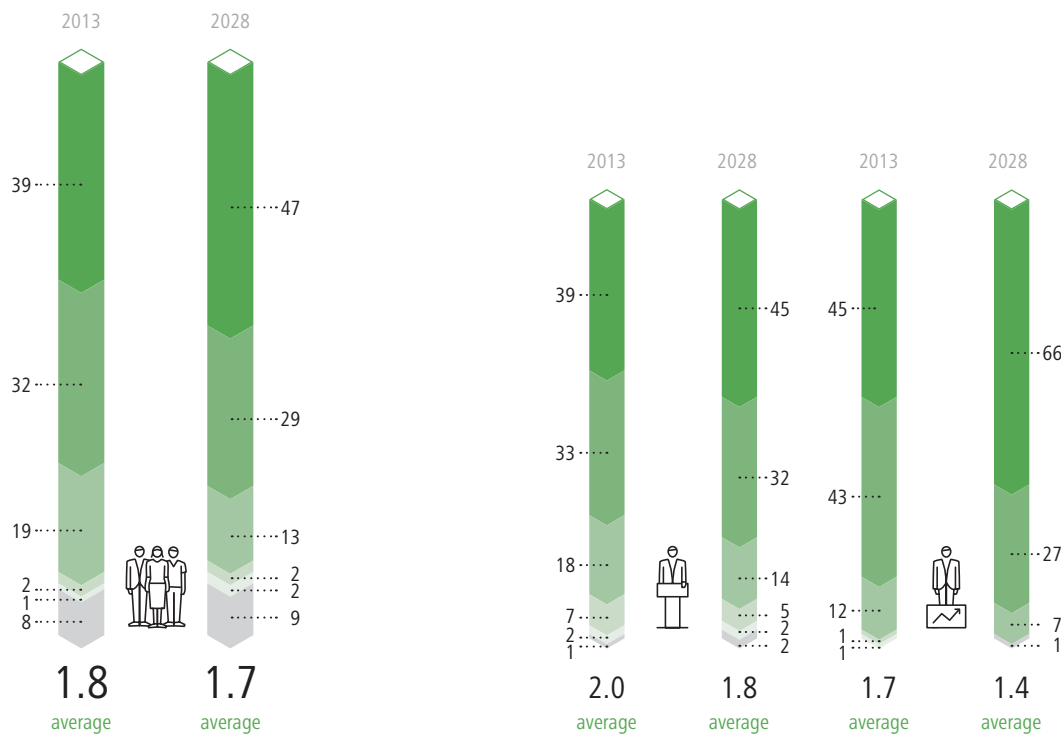
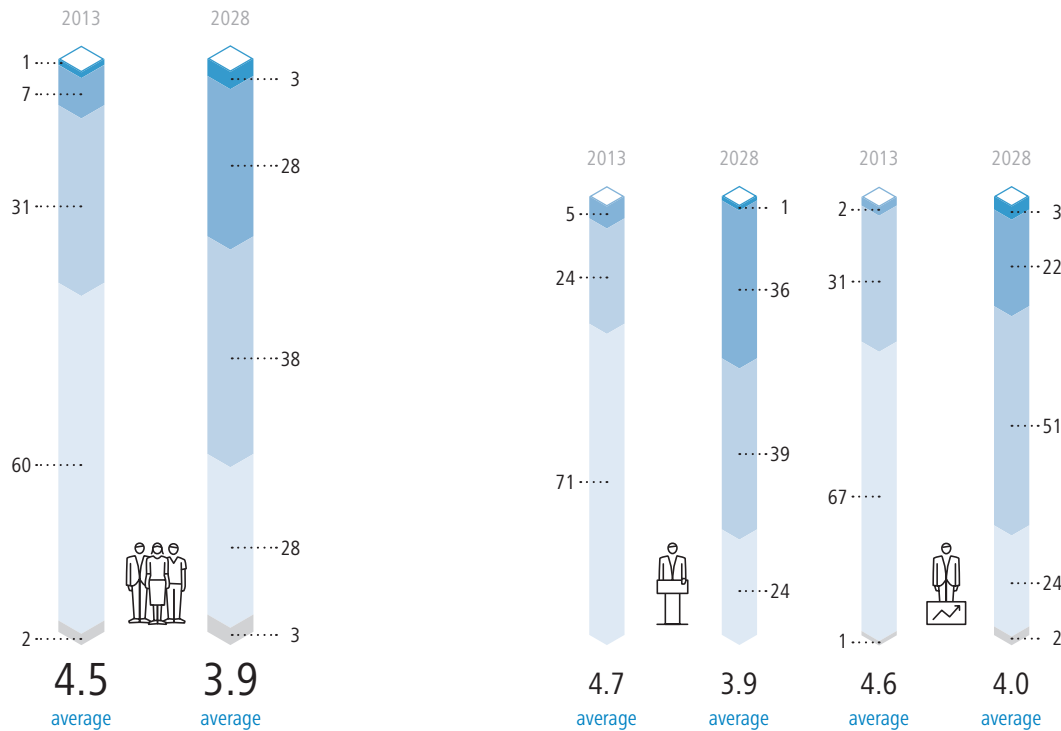


Fig. 5.09
Evaluation of the rule of law
(Figures in percentages)

Question (DE):
How far do Germans agree with the statement: „China is a country with strong rule of law.“

Question (CN):
How far do Chinese agree with the statement: „Germany is a country with strong rule of law.“

(1) agree fully
(5) do not agree at all
do not know/prefer not to say

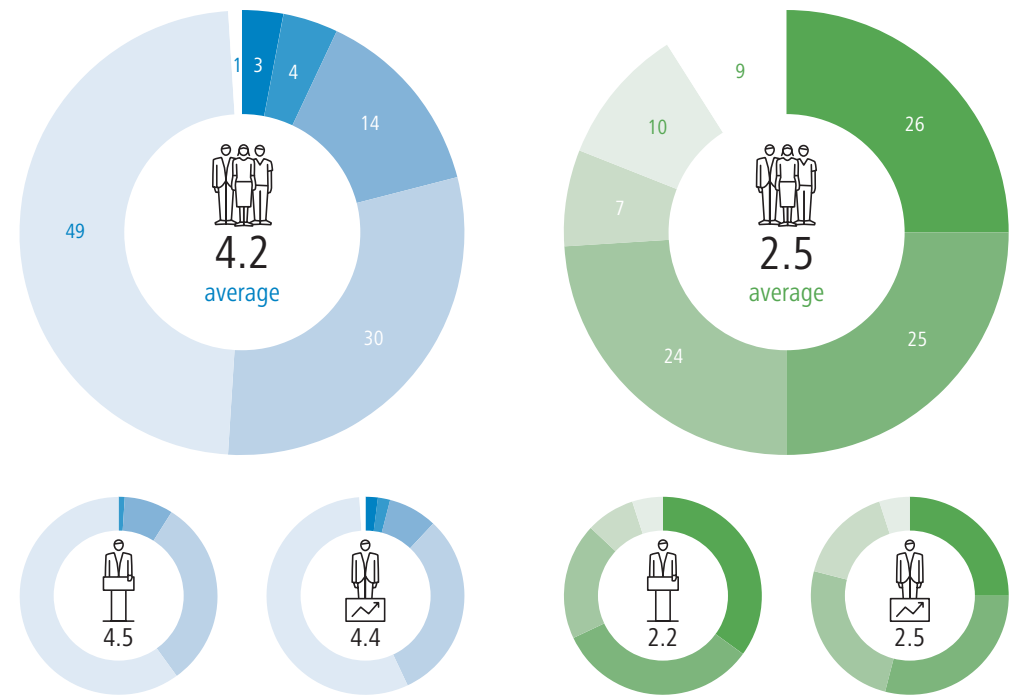


Fig. 5.10
Evaluation of the rule of law today and in 15 years' time
(Figures in percentages)

Question (DE):
How do you perceive China today and in 15 years' time with regard to the rule of law in worldwide comparison?

Question (CN):
How do you perceive Germany today and in 15 years' time with regard to the rule of law in worldwide comparison?

(1) Top group
(5) End group
do not know/prefer not to say

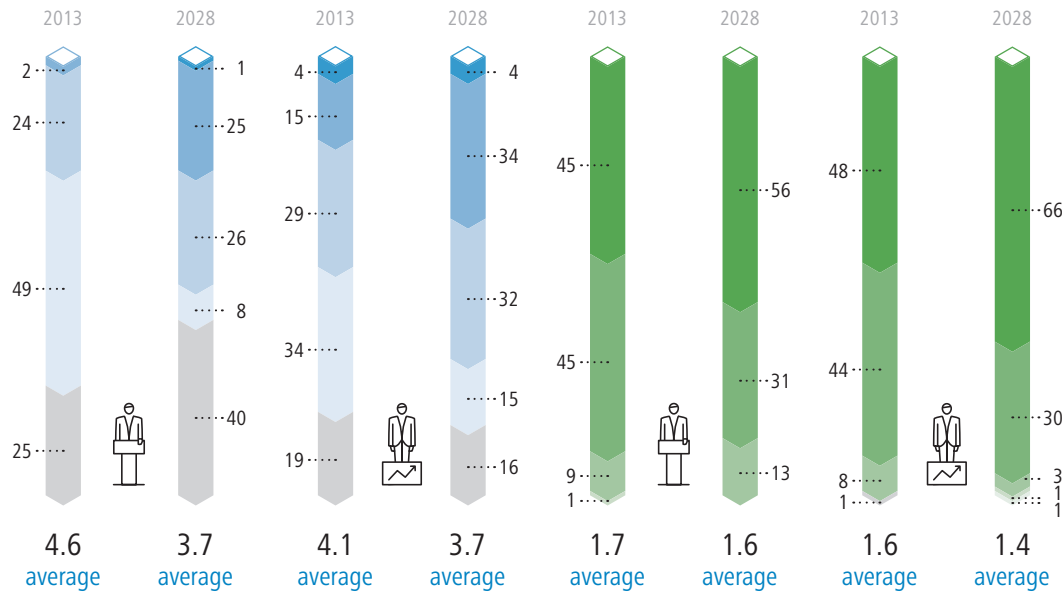


Fig. 5.11
Perception of the
democracy movement
(Figures in percentages)

Question (DE):
How far do Germans
agree with the statement:
“The democracy movement
in China is increasingly
gaining pace.”

Question (CN):
Question not asked.

(1) agree fully
(5) do not agree at all
do not know/prefer
not to say

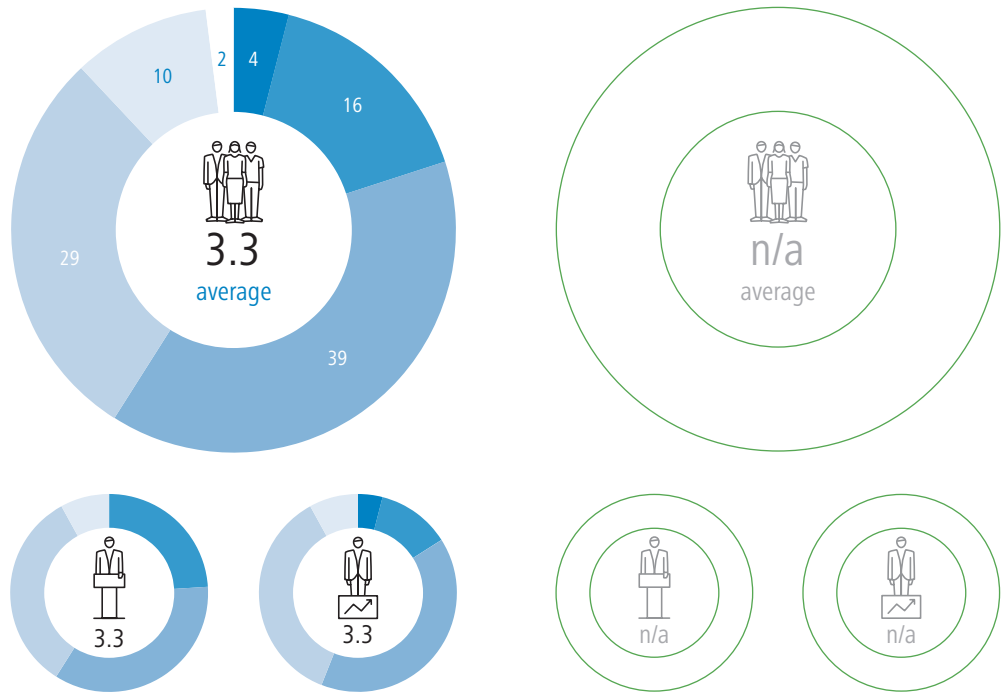


Fig. 5.12
Evaluation of the freedom
of Internet access
(Figures in percentages)

Question (DE):
How far do Germans
agree with the statement:
“The Chinese have no
free access to the Internet.”

Question (CN):
Question not asked.

(1) agree fully
(5) do not agree at all
do not know/prefer
not to say

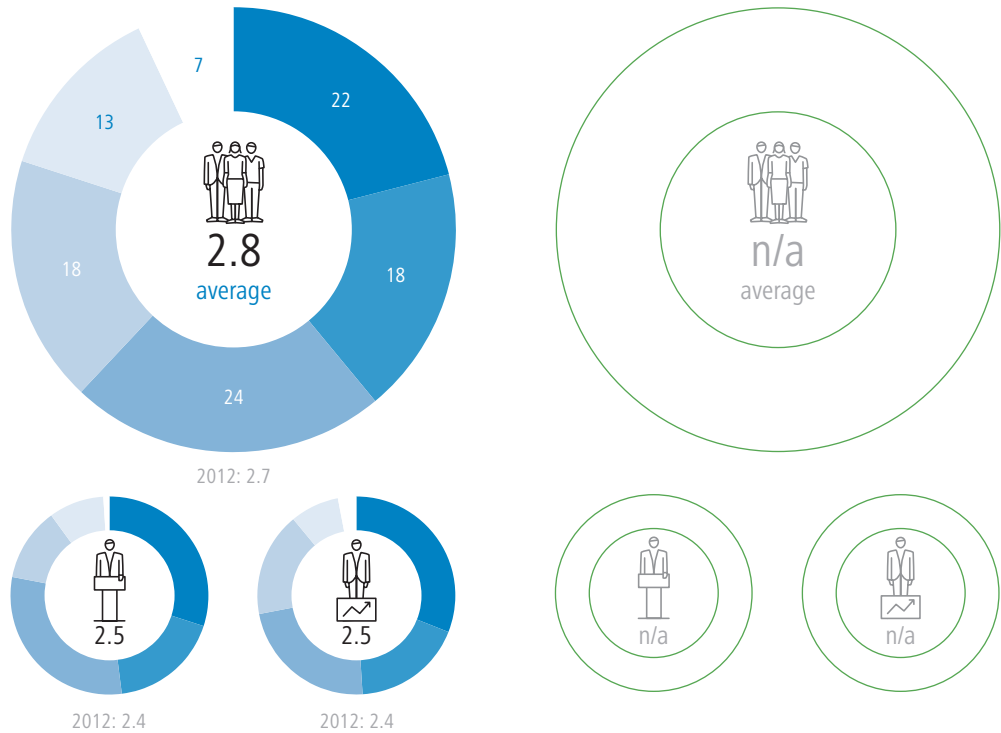


Fig. 5.13
Evaluation of the right
to freedom of expression
(Figures in percentages)

Question (DE):
How far do Germans agree
with the statement: “In China,
people have the right to
freedom of expression.”

Question (CN):
How far do the Chinese
agree with the statement: “In
Germany, people have the
right to freedom of expression.”

(1) agree fully
(5) do not agree at all
do not know/prefer
not to say

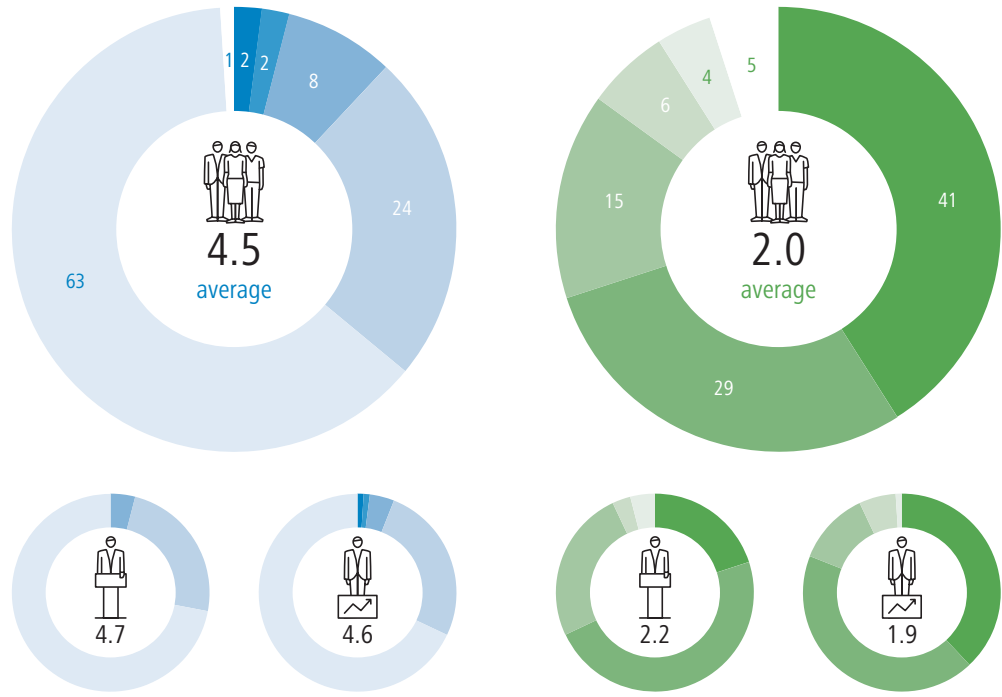


Fig. 5.14
Evaluation of the
culture of public debate
(Figures in percentages)

Question (DE):
To what extent are public
debates on political and social
topics carried out in China?

Question (CN):
To what extent are public
debates on political and social
topics carried out in Germany?

to a large extent
to some extent
to a small extent
do not know/prefer
not to say

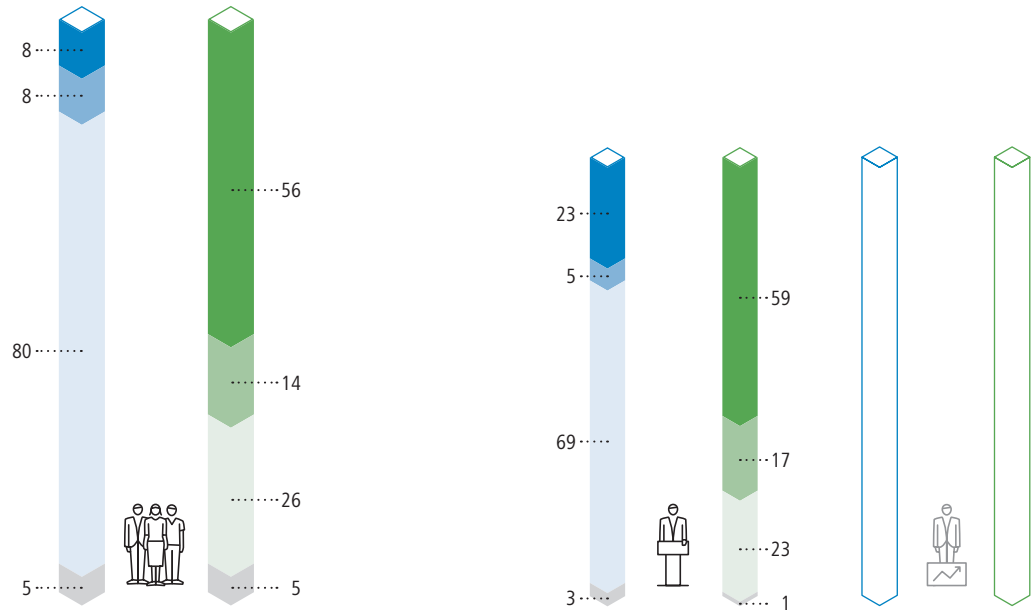


Fig. 5.15
Evaluation of freedom of
expression on the Internet
(Figures in percentages)

Question (DE):
How freely opinions can
be expressed on the Internet
in China?

Question (CN):
How freely opinions can
be expressed on the Internet
in Germany?



			
In China, freedom of expression on the Internet is possible.	4	In Germany, freedom of expression on the Internet is possible.	59
In China, freedom of expression on the Internet is partly possible but partly censored.	6	In Germany, freedom of expression on the Internet is partly possible but partly censored.	12
In China, freedom of expression is strictly censored.	86	In Germany, freedom of expression is strictly censored.	23
do not know/prefer not to say	4	do not know/prefer not to say	7

Fig. 5.16
Evaluation of the constitution
of the media system
(Figures in percentages)

Question (DE):
Is the media in China
exclusively state-owned or is
it also in private hands?

Question (CN):
Is the media in Germany
exclusively state-owned or is
it also in private hands?



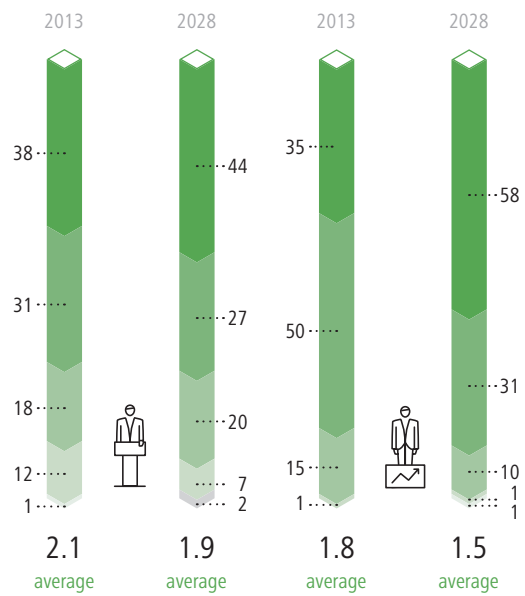
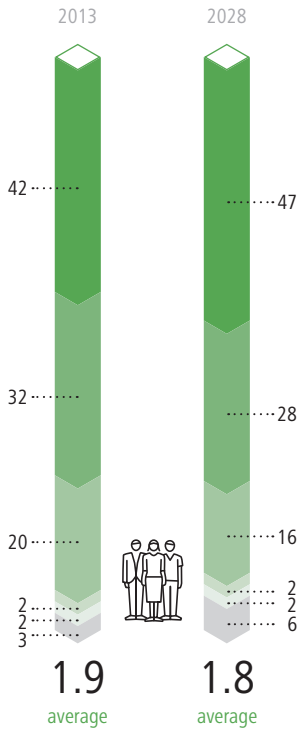
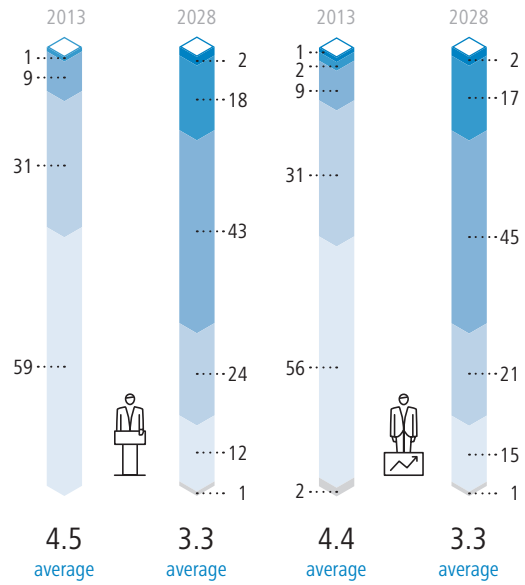
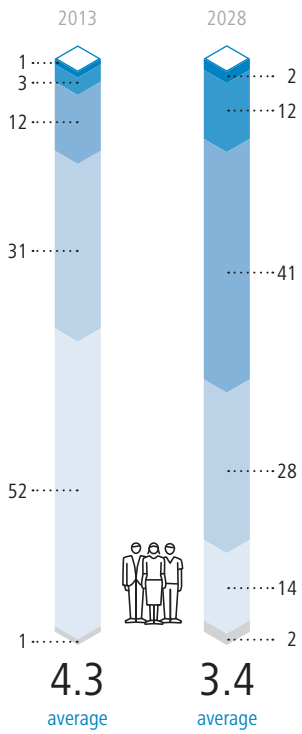
			
In China, only state-controlled media exist.	63	In Germany, only state-controlled media exist.	22
In China, the media is state-owned as well as private enterprises.	14	In Germany, the media is state-owned as well as private enterprises.	12
In China, the media is also private enterprises.	14	In Germany, the media is also private enterprises.	60
do not know/prefer not to say	9	do not know/prefer not to say	6

Fig. 5.17
Evaluation of the
environment and climate
protection policy today
and in 15 years' time
(Figures in percentages)

Question (DE):
Where would you rank
China on issues regarding the
environment and climate
protection policy in
international comparison
today and in 15 years' time?

Question (CN):
Where would you rank
Germany on issues regarding
the environment and
climate protection policy in
international comparison
today and in 15 years' time?

(1) Top group
(5) End group
do not know/prefer
not to say



5.3.2

Transformation of state and society
in the Internet age

Description of survey results:
Internet and new media

The perceptions of the Chinese media landscape and the evaluation of freedom and restrictions on freedom of expression in China clearly reveal that two contradictory images of China clash with each other. On the one hand, the vast majority of interviewees believe that no opportunities for freedom of expression exist (population: 87%; political decision makers: 96%; economic decision-makers: 95%) and that the Internet is censored. On the other hand, the survey results show that the German population, in general, has certainly noticed that a pluralization and diversification of the Chinese media landscape has begun. Only 63% of the population think that the media in China is exclusively a state enterprise. Also, the fact that less than half of the interviewees are convinced that people have no free access to the Internet in China contradicts the stereotyped perception of all-pervading state control and media regulation (Fig. 5.16).

In the value-based evaluation of the Chinese media, presumptions based on the expectations of socialist one-party systems and the notion of an emerging global information society conflict with each other. This leads to contradictory results and an apparent inconclusiveness in the evaluation of the PR China.

The majority of German interviewees assume that companies in the PR China are generally subject to strict state control (1.9–2.3/5). This idea of a hierarchical, centralized top-down organization of the PR China also influences the perception of the media sector. The German population is still not aware of the fact that Internet services are offered by market-listed, private companies. This leads to a severely distorted evaluation of the PR China regarding the question of the functions of the Internet in China, and the possibilities for expression of interests.

Classification and background:
Internet and new media

The role ascribed to Internet technologies and modern communication media is based indirectly on the assumption that the Internet serves different functions depending on the system context. Generally, modern communication technologies and social media are perceived as possible forums for exchange of opinions and the formation of a civil-public sphere. The Internet offers opportunities for inexpensive and multidirectional information exchange. In terms of democratic systems, it is expected that the Internet encourages democracy and enables additional forms of participation. Social media is deployed not only in the US election campaigns, but is also actively integrated into the strategies of e-campaigning and e-governance of German and European parties. In terms of non-democratic systems, in contrast, it has been postulated that the Internet enables the formation and coordination of a civil opposition, and thus forces the political system to concede more freedoms to the population. The Internet has therefore been elevated to a kind of tool of democratization.

1 OECD (Organization for
Economic Co-operation and
Development)

The history of the Internet in China provides evidence that the latter expectation is actually normative, wishful thinking by Western advocates of democracy. The Internet is also primarily used for e-commerce and e-government in China. It is used for administrative and commercial purposes first of all.

The PR China entered the digital Internet age in the mid-1990s. Internet penetration in China amounts to approx. 40% and is therefore far below the OECD¹ average (80%); however, the growth rates of new Internet and microblog users, as well as absolute figures, are very impressive. The Internet is and remains a medium for urban areas, where more than two-thirds of all users live (2012: 72.4%) (CNNIC 2013).

Fig. 5.18
Internet users in China,
2008–2012

Source:
CNNIC (China Internet Network
Information Center) 2012/2013

	Chinese Internet users (in millions)	
	2008	2012
	298	564
	384	
	457	
	513	

The Internet has an important function in communication between the state and society. Since the second half of the 1990s, the digitization of administration and the setup of e-governance structures have occurred in the PR of China. In addition, the “Government Online Project” has expanded the Internet presence of state bodies and organs of government. These pages and microblogs set up by the administrative authorities and bodies increasingly seek to transfer information and promote exchange with the population. At present, about 300 million microblogs are registered in China, which include approx. 60 000–80 000 government microblogs. These are first and foremost used to publish information authorized by the state. They are service-oriented and are meant to react directly to the queries of Internet users. The new possibilities for lodging civil complaints – be they in the form of microblog entries or directly to the online mailboxes of state bodies – make changing communication and interaction structures between state and society in the PR China necessary (Chapter 7.3 *Social Transformation*).

At this point, it should be emphasized that the major Chinese Internet service providers are private, market-listed firms. They do require the authorization of state bodies; however, they are committed to commercial and not political interests. Their uppermost aim is profit maximization and, therefore, increasing the number of users is crucial. A business policy that ignores the interests of Chinese Internet users will ultimately mean the end of the company.

This cost-benefit analysis promotes flexible interpretation of political provisions. Moreover, inactive accounts are not closed for the sake of maintaining higher number of users. The number of daily up-dated microblogs is much lower than the number of officially registered users, as an empirical study of the University of Hong Kong has recently shown (Fu/Chau 2013). Furthermore, only a small share of Chinese Internet users is politically active.

Description of survey results:
Rule of law

The question of human rights and the rule of law is the most emotionally charged topic in German-Chinese relations. Barely one-quarter of reporting in German language print media deals with this topic. Critical, normative value-based articles are thereby predominant (64%), followed by ambivalent evaluations with a tendency toward negative presentations (14%).

The Germans interviewed place China in the last group in the worldwide comparison when it comes to the question of human rights. Being asked to predict the development over the coming 15 years (i.e. beyond the term of the recently nominated leadership), it is expected to advance into the middle of the rankings.

The concept of human rights is mostly used in political terminology in association with democratic structures and participatory rights. However, while the interviewees expect a positive trend in the development of human rights, they are skeptical whether the democratization movement would gain momentum (3.3/5). The opportunities for participation and freedom of expression is rated even more critically (4.5/5). In both cases, however, the interviewees apply the yardstick of a Western liberal democracy.

80% of the population assumes that no debates on political issues are possible in China. The interviewed politicians, who have more knowledge of China due to their profession, pass a much different judgment. Almost one-quarter of them state that debates on political issues certainly take place. In the general population, it is only 8%.

Classification and background:
Rule of law

The introduction of Internet technologies and social media in the 1990s was celebrated as the beginning of a new era of freedom. The then President of the USA, Bill Clinton, postulated that attempts by autocratic systems to control the Internet would be as successful as the attempt to nail a pudding on the wall. What could be more paradoxical than the radical transformation of this estimation only a few years later? In 2013, 86% of the interviewed German population assumes that opinions expressed in the Chinese Internet are censored – and that exercising this type of control is possible at all.

While the ranking of the political system on the scale between socialism and capitalism does not give any clear-cut result, all interviewees are of the opinion that the present day PR China cannot be considered to have strong rule of law. Whereas almost half of the population principally denies that the PR China has a strong rule of law in any form, the groups of politicians and economic decision-makers are more skeptical in this regard (4.5/5 and 4.4/5).

Great uncertainty exists regarding the future political development of the PR of China. The group of politicians refrains from concrete statements on the future of Chinese rule of law (40%). However, some optimism is to be noted among the economic decision-makers. They expect an expansion of the structures of the rule of law. These contradictory survey results are apparently a consequence of two slightly divergent interpretations of the concept of the rule of law. One is political and indirectly involves the question of human rights and normative value

systems. The other interpretation is economically oriented and places primary emphasis on the protection of intellectual property and expansion of legal structures in the business and trade sector.

The criticism of the human rights situation in China is more or less omnipresent in the Western debate. This debate has a normative basis. It largely brushes over the already successful efforts in China at setting up a modern legal system with checks and balances.

With resolutions on reform and economic liberalisation, the PR China has entered a new phase of state formation. The setup of the “socialist market economy”, as the official terminology calls it, necessitates the formulation of a new commercial law which does justice to the structures of the old state-owned enterprises, as well as the newly emergent private sector (business and company law). In addition, integrating the PR China into international competition and opening up the nation to foreign companies and direct investment require the juridification of the business and finance sector. Patent law and industrial property rights were among the prerequisites for the admission of the PR of China to the WTO². Besides the laws and regulations in the economic sector, uniform regulations also had to be created for employment relationships that were now based on work contracts. The domain of commercial law is thus subject to internationalization and formalization.

China participates actively in international dialogs and training programs on reforms of its judicial institutions. This step is part of the efforts at administrative reform which aim to increase the efficiency of the system. As part of the liberalization of economic structures and the pluralization of society, the juridification and institutionalization of administrative structures were pursued, and these have been documented under the concept of “governance based on law” in the report of the 15th Party Congress (1997). The constitutional revision of 1999 implemented this with the wording: “The PR China practices a government based on laws, and is establishing a socialist rule of law” (Amendment 1999, newly added Paragraph to Article 5). Not “rule of law” but “rule by law” is the basis of this Chinese understanding of the relationship between politics and law. In the first model, all institutional players are equally bound by valid law; compliance with it and its implementation are monitored by independent institutions. In the second case, however, the rule of the political leadership is based on a law that it itself has drafted.

It is to be noted that the Chinese understanding of law is a synthesis of elements of the international philosophy of law and the Chinese legal tradition. The latter, in turn, is composed of 2 main schools of thought – the Confucian and legalistic understandings of law. The Confucian system is based on moral principles of behavior (Li) and considers positive law as well as legislation as merely complementary instruments for defending a (Confucian) community of shared values. In the internal Chinese debate, the thought of rule of law of is indeed present; however, a synthesis between rule of persons and rule of law, derived from the Chinese legal traditions of Confucianism and legalism, is being pursued.

Description of survey results:
Environment

Smog, air, and water pollution, and the health hazards related to them, dominate reporting on China in the German media. Only 8 % of articles are concerned with environmental issues; however, it is the fourth most important topic, and is therefore handled as an independent category which has therefore been given an importance on a par with Chinese foreign policy, the Chinese system, or the Chinese rule of law. Amongst the investigated frames, Chinese environmental policy ranks in the 5th place.

2 WTO (World Trade Organization)

The German media coverage offers mostly pessimistic-critical assessments of the situation (46%). However, one-quarter of the articles may be graded as neutral, and almost one-fifth vary between optimism and pessimism. Around one-tenth of the articles document positive developments in Chinese environmental policy.

Classification and background:
Environment

China meanwhile has the biggest global carbon footprint among all national players worldwide. The growth of China is based on resource-intensive production involving high costs for the environment and society. Coal is still the most important energy source (70%), followed by oil (17%). Hydropower contributes 6% to the Chinese energy mix at present (eia 2012).

The diversification of energy sources and the orientation toward green energies, targeted by the Chinese government for many years, is a concrete reaction to the drastically worsening living conditions brought about by environmental destruction coupled with the economic boom. At the same time, it is a strategic reaction to the dependence of the Chinese economy on energy imports that are often transported by unsafe sea routes endangered by piracy and maritime terrorism. The dependence on imports has been rated as particularly precarious in times of crisis and conflicts, as in the case of the island dispute with Japan, or the intensified presence of the USA in the Asia-Pacific region.

It was initially planned to increase the share of nuclear energy in the total energy mix so that the dependence of the Chinese economy on energy imports could be minimized. Since the incident at Fukushima, these plans have found less acceptance. The share of regenerative energies is now being specifically promoted, so that they account for 15% of the total energy mix by 2020. China's current 12th Five-Year Plan earmarks, in addition, economization of Chinese energy consumption by 16% and a reduction of CO₂ emissions by 17% measured in terms of gross domestic product (GDP) by 2020 (the Central Government of the People's Republic of China [no year]).

By expanding green technologies, China aspires to be at the forefront of worldwide research and development in the environmental sector. The promotion of electric vehicles, as well as the photovoltaic sector, is part of this program. Whereas the PR China currently ranks in the lower third on average on environmental issues from a German perspective – the majority even places it in the end group – Germany belongs to the top group in the international comparison in this sector from the Chinese perspective. It is assumed, however, that the PR of China will catch up and step up into the midrange in 15 years' time. It is forecast in the case of Germany that it will continue to remain in the top group in this field of technology and innovation.

5.4
5.4.1

International political context
Perception

How do Germans and the Chinese perceive the other country in comparison with other states, and how do they evaluate its international commitment?

Fig. 5.19a
Image of different countries
(Figures in percentages)

Question (DE):
How do you perceive
the following countries
personally?

Missing values to 100%:
do not know/prefer not to say

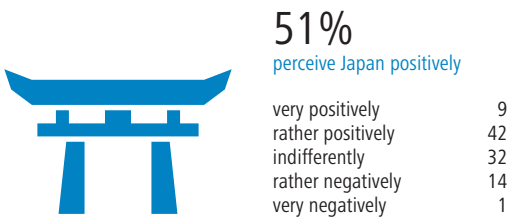
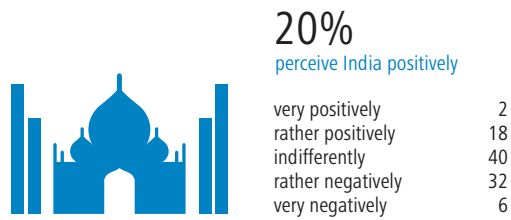
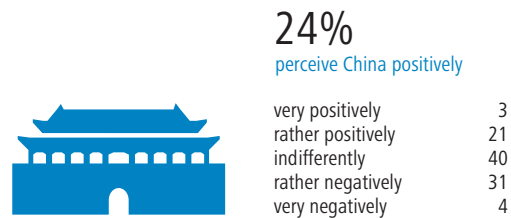


Fig. 5.19b
Image of different countries
(Figures in percentages)

Question (CN):
How do you perceive
the following countries
personally?

Missing values to 100%:
do not know/prefer not to say

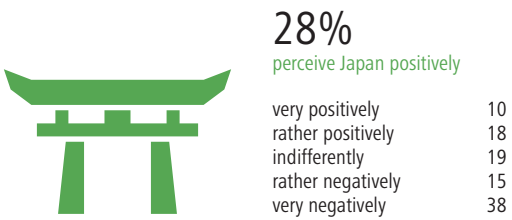
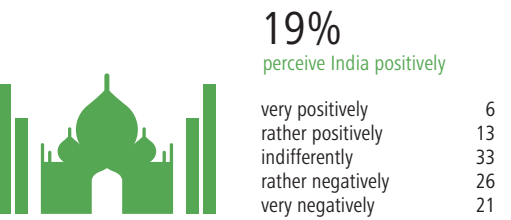
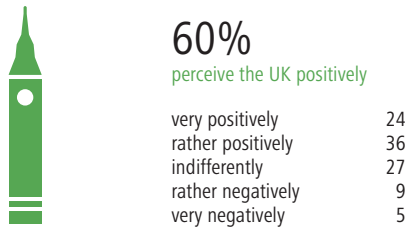
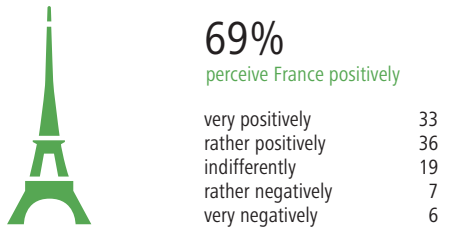
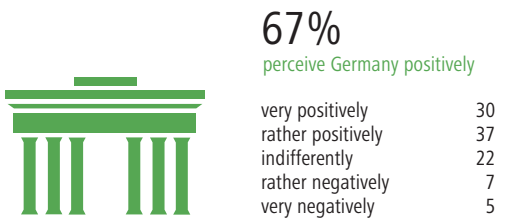
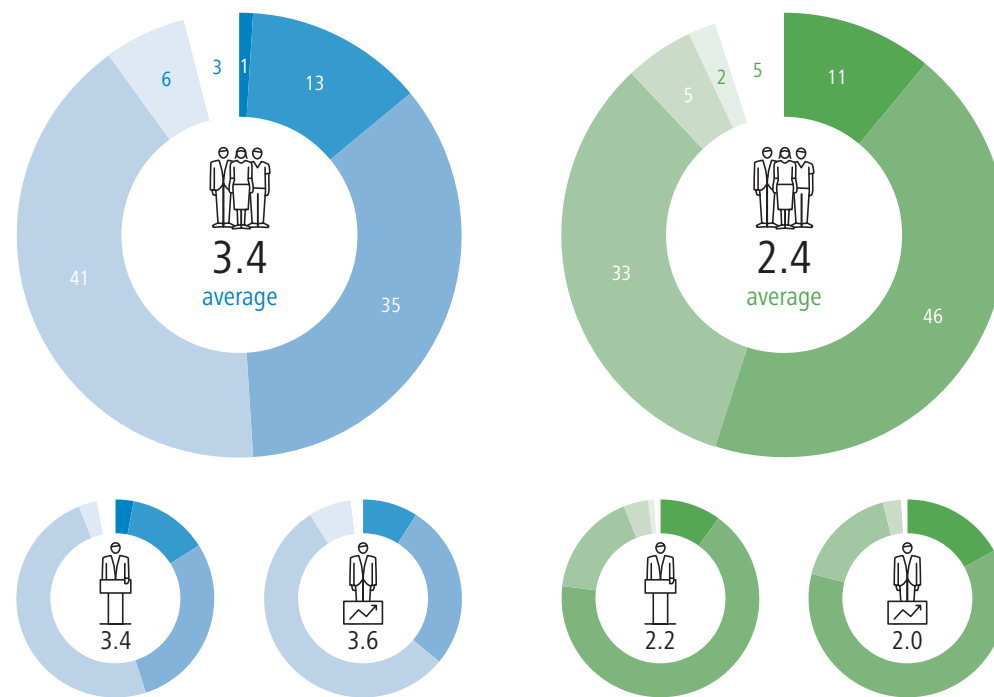


Fig. 5.20
Perception of international
commitment
(Figures in percentages)

Question (DE):
How do you personally perceive
the international political
commitment of China?

Question (CN):
How do you personally perceive
the international political
commitment of Germany?

(1) very positively
(5) very negatively
do not know/prefer
not to say



5.4.2

China in world politics Active participant or passive observer?

Description of survey results:
International political context I

The success of the European integration process is clearly reflected in the extremely positive and sympathetic assessment of France and the UK by the German population. 20% of the interviewees grade France as very positive and 53% as rather positive. It is followed closely by the UK with 13% grading it as very positive and 49% as rather positive. The survey results among politicians and economic decision-makers are more or less comparable.

The sympathy values for the USA clearly show differences between the various groups interviewed in Germany. 38% of the population grade the USA as rather positive, 31% as neutral and 18% as rather negative. The image of the USA among politicians shows a clearer tendency toward positive sympathy values (above 60%). However, 16% of the politicians have still assessed it negatively. Thus, the German image of the USA is certainly a bit dark. The politics of the USA and the constitution of their sociopolitical system are evaluated critically. The high sympathy values, at the same time, for other (west) European systems reveal that the European integration process is not seen only from an economic perspective, but has also contributed fundamentally to reciprocal rapprochement and common identity formation.

Amongst the Asian systems, Japan receives the highest sympathy values from the German population (51%); China, with 24% positive evaluations, ranks even higher than India (20%). The constitution of the political system – democracy vs. autocracy – therefore plays no decisive role in the allocation of sympathy values.

The image of India among German politicians is much more positive than among the German population. Approx. one-third evaluate India as rather positive, slightly more than one-third are undecided (35 %), and one-fourth evaluate it negatively. Altogether, the interviews with politicians also confirm that China is assessed better compared to India.

Contacts with China and experiences in the country have immediate consequences for the evaluation of other Asian states. Politicians who have already visited China have a more negative image of India but, at the same time, a clearly better image of Japan than those without experience of China.

Russia – with barely 18% positive evaluations against 42% rather negative grading – is at the negative end of the scale among the interviewed German population. Indeed, the political perspective determines the overall assessment. Supporters of the Left exhibit more sympathy toward Russia, while supporters of the CDU/CSU assess Russia, on the other hand, more positively than SPD and Greens supporters do. The enormous difference in the sympathy values for Russia and China is an indicator that they are evaluated, despite their still existing cooperative relationship, as individual players, independently of each other.

<div> <div>Classification and background:</div> <div>International political context I</div> </div>	<div> <div> <p>The perspective of German economic decision-makers differs most from the average result of the German population. Japan is ranked even higher, in this respect, than France.</p> </div> <div> <p>The uncertainty in the evaluation of the Chinese system continues in the observation and projection of the international role ascribed to the PR China by outside observers. Extreme discrepancies exist between this perception from the outside and the self-image of the pr China. So, the PR China prefers to pursue a foreign policy that gives the highest priority to the principles of national sovereignty and territorial integrity. There are contrasting perceptions of threats in the West, with the expansion of business activities of China being considered an attack on the Western value system, e.g. the involvement of China in Africa is seen as a neo-colonialist direction in Chinese foreign policy. Also, the increase in the military budget is quoted as evidence that the PR China is now positioning itself more actively, if not indeed more aggressively, in the East Asian region, and possibly further in the international context.</p> <p>About half of the interviewees assess the PR China rather negatively regarding its international involvement (41%). Since this question did not refer to a specific policy, the results reveal that the perception of the PR of China by outsiders is largely determined by negative and conflict-laden case studies. Accordingly, only 14% conceive of China's role as positive. One can certainly point at some areas of global politics where China is contributing to stabilizing the international order and the effectiveness of world politics – e.g. the assistance missions of the United Nations or also the involvement of the PR China in the coordinated control of piracy in the Gulf of Aden since 2009 come to mind. The image China among the population seems to have been influenced decisively, therefore, by negative coverage in the media.</p> <p>Besides the concrete policies, the selected comparison standards and comparison groups are also crucial for the general evaluation of the PR of China. Historically, the PR of China was included within the socialist bloc; initially as a copy and ally of the Soviet Union, and later, after the ideological break, as a Maoist option. With the two-bloc theory during the Cold War, an insurmountable opposition between capitalist and socialist systems and therefore also between China and the West European states was constructed. With the introduction of the opening and reform policy (1978), the PR China has officially renounced the revolutionary foreign policy postulated by the Soviet Union as well as the Maoist PR China. The three-fold dogma “Peace, Development, Cooperation” replaced the older agenda “War and Revolution”. But how is this transformation reflected in the perception of the PR of China from the outside on a comparative matrix with other states?</p> <p>The international image of Russia is distinctly more negative than that of the PR China from the perspective of the German population. This divergence in perceptions can be ascribed not least to the success or failure of the approaches to the socio-economic modernization of the post-socialist and post-Maoist systems. The radical reorganization of the economic system resulted in the collapse of the Soviet Union and an enormous loss of reputation. Although Russia, a permanent member, still has a veto right in the un Security Council, and is therefore</p> </div> </div>	<div> <div> <div>an important player in the international system, it has lost its economic power and symbolic influence. The PR China has learned its lesson from the example of the Soviet Union, introduced incremental reforms, and reorganized its economic system step by step. Further, the Xi-Li government, in power since 2013, has repeatedly distanced itself symbolically from the approaches to modernization of the Soviet Union (and also of Russia). The relative success of the Chinese way of modernizing is also reflected in the general assessment of the PR China. In the course of its reforms, the PR of China has not only introduced incremental liberalization of the national economy, but it also has turned toward multilateral structures internationally. It is therefore not considered to be a challenge to the international system, but rather a stabilizing force and, more recently, a potential key player as well.</div> <div> <p>China and India are generally classified as “Asian giants”. Both these states are ascending to new global status. Both China and India, are founding members of the BRICS states (Brazil, Russia, India, China, South Africa), a group founded in Yekaterinburg, Russia, in 2009. These states are distinguished by their high economic growth, as well as their enormous foreign-exchange reserves. In 2013, the BRICS states announced in their annual joint meeting that they intend to establish their own BRICS development bank. The BRICS states are perceived, simplistically indeed, as a self-contained, heterogeneous player representing five nations, four continents and 43% of the world population; however, current studies have made it clear that systemic divergences and differences in interests persist within the group. This is also true in the case of the both Asian members of the BRICS, even if a symbolic affinity was assumed in terms of their localization in the Asian context and by appealing to an Asian value system. India, though belonging to the group of democracies, is still clearly marked by more negative sympathy values than the PR China from the German perspective.</p> <p>The issue of a system is, however, far from being irrelevant for assessing a state from an outsiders’ view, considering that the Western democracies, especially France and the UK, gain much higher sympathy values in the survey of the German population than the PR China. The USA also receives a relatively positive ranking, although one-fifth of the population grades it critically, if not negatively.</p> </div> <div> <div>Description of survey results:</div> <div>International political context II</div> </div> <div> <p>China's view of individual states differs significantly from the assessments by the German interviewees. The sympathy values toward other systems are clearly influenced by historical conflicts and geostrategic competitive relationships. This is evident especially in the grading of Japan and India.</p> <p>Visits to or work experience in Germany lead to some shift in sympathy values; traditional friend-enemy images are questioned and perspectives also change. This is also reflected in the evaluation of Japan and the USA, which are traditionally perceived rather critically from the Chinese perspective. People who have visited Germany for longer evaluate both systems much more positively than the average Chinese interviewees. Despite all historical and ideological disputes and conflicts, the Chinese population has a relatively positive image of Russia.</p> </div> </div> </div>
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China's perception and ranking of the same players – the USA being the only exception – is markedly negative. Relations with other Asian players are overshadowed by regional competition and historical conflicts. The Sino-Indian War in the early 1960s, as well as the geostrategic competition for power, influence, and resources, find expression in the relatively negative view of India. The relationship with Japan, too, has been quite tense from time to time. The defeat of the Chinese Empire in the war with Japan (1894/1895) is symbolic of a traumatic turning point in Chinese history, and its impact on the self-image of China was much more decisive than the defeat against the Western gunships in the preceding Opium Wars. The dissolution of the model vassal state of the Chinese Empire, namely Korea, from the Chinese tribute system by the Treaty of Shimonoseki (1895), fundamentally challenged the Chinese world order and China's self-image as the symbolic center of East Asia. But the Chinese perception of Japan remains burdened by the experiences of the World War II between China and Japan (1937 onwards) that culminated in the Nanking Massacre. Neither an admission of guilt for the massacre nor an apology for wartime atrocities committed by the Japanese has been forthcoming (or at least not to the satisfaction of the Chinese). Historical lines of conflict and territorial claims, but also geo-strategic calculations and the competition for control and usage rights in the East and South China Sea, flare up again and again.

The image of Russia apparent in the Chinese survey sample is more positive than the image of Russia prevalent among the German population. This seems at first glance a rather unexpected result, considering the previous conflict-laden relationship between the Maoist PR China and the Soviet Union. The Chinese conception of socialism was considered to be an aberration by the Soviet authorities at that time, since the Maoist version of socialism focused on a personality cult, from which the CPSU distanced itself after 1956, and maintained the idea of the permanent revolution. The failure of the Soviet Union (1989–1991) is seen from the Chinese perspective as justification of the separate path taken up by China. Chinese analyses draw a clear demarcation line between the Soviet Union and post-Soviet Russia. Since the second half of the 1990s, and when the Shanghai Five was expanded into the Shanghai Cooperation Organization in 2001, a new cooperative structure between China and Russia emerged. The harmonization of standpoints and common interests has intensified since then. Besides bilateral talks, the interaction also takes place at the meetings of the BRICS states. Also, in international organizations, such as United Nations, China and Russia frequently assume common positions, especially when questions of international interventions and sanctions arise.

The Chinese image of Germany is far more positive than the German perception of the PR of China. China's positive, sometimes even euphoric and glorifying reception of Germany is not reciprocated. The population of China sees Germany as one of the leading economic nations and a producer of high-quality automobiles. Innovation and high-tech are the keywords associated with Germany (see Chapter 4.1, Fig. 4.01b). When questioned in abstract terms, two-thirds of the Chinese population evaluates the political system of Germany as positive. The categorization and typification of Germany by the Chinese appear very homo-

geneous. Germany is considered to constitute a democracy and the basic structure of its economy is seen as capitalist. The German version of capitalism is, however, not considered a pure form of capitalism. The principle of the social market economy prevalent among Chinese and the existence of a number of redistributive measures are apparent from Germany's classification as a "socialist" state by about one-quarter of the survey sample from the Chinese population. (see Chapter 5.2.1, Fig. 5.06).

5.5
5.5.1

Bilateral political relations
Perception

What significance do bilateral political relations have, and how is the foreign policy of the other country evaluated?

Fig. 5.21
I am worried about
(Figures in percentages)

Question (DE):
What do you feel considering
the strength, power and size
of China?

Question (CN):
What do you feel considering
the strength and power of
Germany?

The dimension "size" was not
asked in China

Missing values to 100%:
do not know/prefer not to say

very/rather worried
hardly/not at all worried

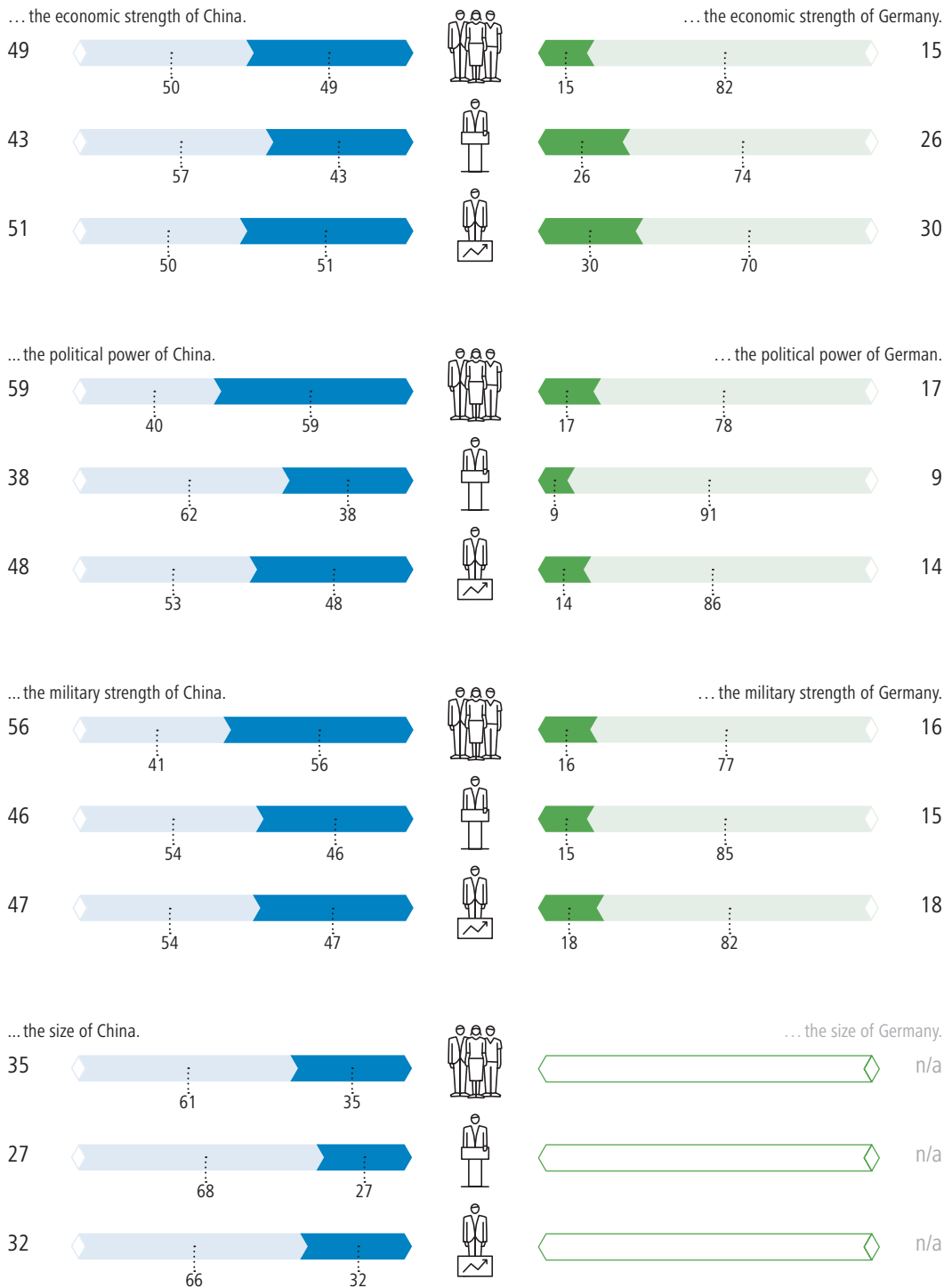


Fig. 5.22
Evaluation of the importance
of international relations
(Figures in percentages)

Question (DE):
Which international
relations – in regard to
economy as well as politics –
are more important to
Germany in your opinion?

Question (CN):
Which international
relations – in regard to
economy as well as politics –
are more important for
China in your opinion?

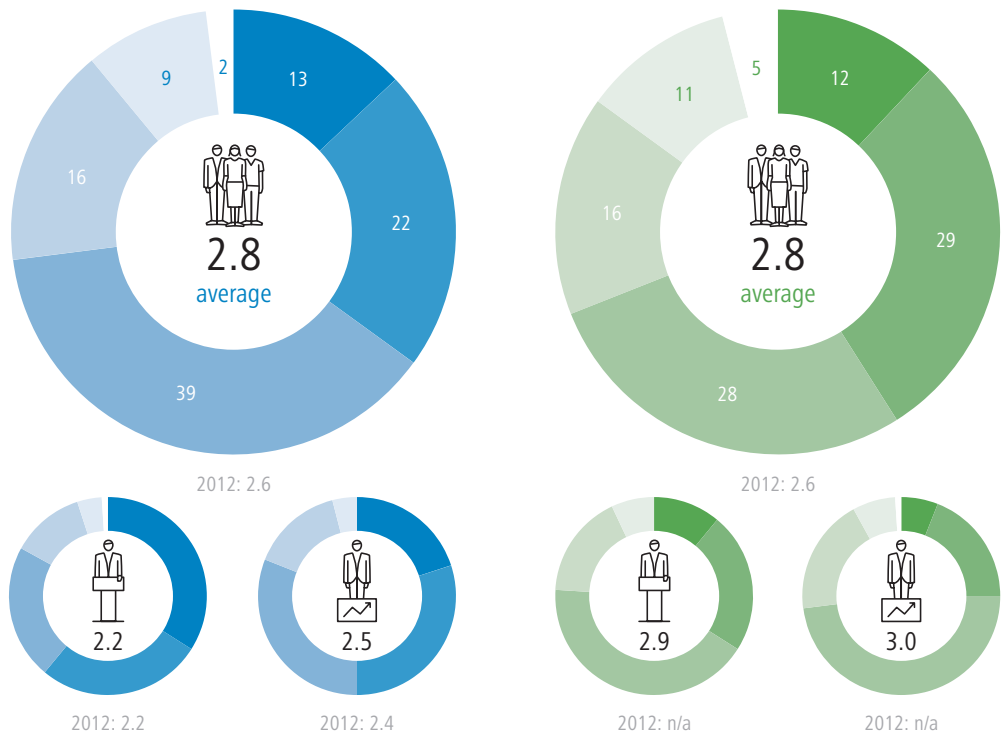
	in regard to politics			in regard to economy		
Relations with China are more important for Germany.	6	6	3	27	35	33
Relations with the USA are more important for Germany.	38	54	42	15	23	18
Relations with China and the USA are equally important.	56	40	55	57	42	49
do not know/prefer not to say	0	0	0	1	0	1

	in regard to politics			in regard to economy		
Relations with Europe are more important for China.	19	19	14	23	13	18
Relations with the USA are more important for China.	12	7	9	19	9	10
Relations with Europe and the USA are equally important.	66	74	77	56	78	73
do not know/prefer not to say	2	0	0	2	0	0

Fig. 5.23
Perception of foreign policy
(Figures in percentages)

Question (DE):
How far do Germans agree
with the statement: "China
interferes in the affairs of
other countries."

Question (CN):
How far do Chinese agree
with the statement: "Germany
interferes in the affairs of
other countries."



5.5.2

China, Germany and the world: Strategic partnerships

Description of survey results:
Bilateral political relations

About one-third of the interviewed German population perceives the international political involvement of the PR China as neutral; 41% judge it negatively.

52% of interviewed politicians evaluate it negatively; this opinion is shared by 63% of economic decision-makers. It is clearly evident that tensions and conflicts of interests in the practice of bilateral interaction contribute to a negative overall image.

Although a large part of the interviewees assess China's international involvement as negative (see Chapter 5.4.1, Fig. 5.20), the share of "neutral" or trending toward "positive" rankings of Chinese foreign policy shows that a revaluation of Chinese politics is underway. Notwithstanding sharp criticism of individual policies now and then, the PR China is certainly seen as an important and indispensable player in international politics.

It remains indisputable that China's new role in world politics and its economic strength could lead to threatening scenarios. If asked directly to what extent China poses a threat from the German perspective, the answer is rather ambivalent. Only regarding China's political power and military strength is 59% or 57% of the population "worried", so it is obvious that the uncertainty is rather more marked in these areas. The group of politicians is much more at ease than the group of economic decision-makers in assessing the political, military, and economic strength of China. Paradoxically, the majority of interviewees, at the same time, rank the Chinese as "peaceful people" (see Chapter 7.1, Fig. 7.04a).

Classification and background:
Bilateral political relations

Diplomatic relations between the Federal Republic of Germany and the PR China have existed since 1972. The relations have successively intensified since then, not only in the political field but also in the sociocultural and economic area. China is the most important business partner Germany has in the Asian region and, vice versa, Germany is China's most important business partner in Europe. The intensification of economic cooperation, in turn, has repercussions for the strategic partnership of the two countries. This partnership has been strengthened since 2011 by direct governmental consultation in which, besides the respective heads of government, representatives of individual ministries also took part.

The increased significance of China in world politics is not automatically equated by the German interviewees with increased interference of China in the affairs of other countries. The results of the interviews with the population therefore correspond to the self-image of China as a player in international politics. The basis for Chinese foreign policy is still the "Five Principles of Peaceful Coexistence" originally formulated in the 1950s. These also include, besides the inviolability of territorial integrity and national sovereignty, the principle of non-interference in the internal affairs of other states. Precisely this basic axiomatic principle obliges the PR China to exercise restraint in its foreign policy and to refrain from expansion and intervention. The

PR China claims to be committed to foreign policy based on the peaceful co-existence of political systems and civilizations constituted in different ways. Bilateral interactions should be based, as per the official Chinese definition of strategic partnerships, on mutual respect and benefits to both parties. Symmetrical relationship structures, giving equal rights to both sides formally, are sought after.

While Chinese companies have been expanding their areas of activity into other regions of the world, some modifications and changes have been made to Chinese foreign policy that do not question the basic principles, but rather have been adapted to the changing field of action of foreign policy. The PR China has been involved in the control of piracy in the Gulf of Aden and the protection of sea routes since 2009. Similarly, the People’s Liberation Army of China was deployed on a number of occasions to evacuate Chinese citizens – mostly businessmen and their families – from regions of conflict. The scope of operations of the Chinese military has therefore extended beyond Chinese territory. As the survey of the population shows, German opinions are divided on how the military power of the PR China is to be evaluated with regard to the bilateral relations. The increase in the military budget of the PR China, resolved in the annual meetings of the National People’s Congress, repeatedly provokes new speculation about China’s potential superpower ambitions, although the military expenditure of China is barely even one-seventh that of the USA. In this sense, the explanation that professionalizing and modernizing the armed forces is necessary, even if they are not directed against a third state of a group of states, is very plausible. Even though there may be skepticism about the official figures of the Chinese military budget since, for example, spending on research and the development of technology are recorded separately¹, expenditure on internal security has been much higher than on national defense for years. Also, the fact that the defense budget of the USA is about seven times higher than that of the PR China makes it obvious that the scenario of expansion aspirations of China is rather absurd.

Military aspects play a subordinate role, in any case, in the bilateral relations between Germany and China at the current time. First and foremost, there are economic interests coupled with considerations of strategic cooperation in transregional and global issues. German-Chinese relations are part of Chinese-European relations as well. The 16th Summit between China and the European Union held in November 2013 in Beijing once again emphasized the complementarity of interests of both partners and ended with passing a Joint Agenda 2020. It envisions expansion of cooperation in areas like innovation, sustainable development, and environment protection, or urbanization (eeas 2013).

The Chinese side considers Chinese-European relations as free of historical and geostrategic conflicts. This is also true metaphorically for relations between China and Germany. Accordingly, reporting in the German media on the Chinese foreign policy is predominantly factual and neutral (60%). Events and developments are documented; normative criticism only emerges sporadically. Reports that explicitly evaluate the foreign policy of China positively make up a very small part of the sample (5%); however, this could well be a beginning of a change in reporting on China and the perception of China from a Western perspective.

Around one-fifth of this group of articles exhibits divided opinions on Chinese foreign policy, or is critical of it. To be able to discuss this result further, complementary evaluations and questionnaires are necessary to classify Chinese foreign policy into further subcategories. Moreover, a context-sensitive analysis must be conducted that sketches the image of China

in the media coverage against the background of current events. It is to be expected – and proven by continuation of the perception analysis in the coming years – that conflicts and tensions between the PR China and the Western states and their partners will find expression in the evaluation of international commitment.

Summary

The perception of Chinese politics is torn between fascination and uncertainty. In many areas, such as human rights, the rule of law, and censorship, the opinion of the interviewees is rather negative. However, the hybrid system structures of the PR China, in their complexity, cannot be described using traditional typologies. In the transformation of China since 1978, one-dimensional classification models are untenable.

At first glance, the Chinese model combines apparently contradictory, incompatible elements. Market principles are integrated into the system of a planned economy. The restructuring of the socio-economic structures of the PR pf China resulting from this has triggered a comprehensive process of adaption of state and party, which does not however follow a model of Western-liberal democratization.

Outside perceptions of Chinese politics are often based on stereotypical basic assumptions that mostly date back to the times of the Maoist PR China. These beliefs, often lade with ideology, only partly concur with current developments documented comprehensively and competently by the media.

A rethink of the assessment of the Chinese political system and foreign policy has become apparent, especially since the outbreak of the global banking and financial crisis. A crisis in the established structures can trigger reflection not only about the own system, but also on the political and economic realities of other systems. As the assessment of the media and perception analysis show, threat scenarios continue to exist, but they have already been put into perspective in some areas. The image of China has become more complex and, simultaneously, more fragmented.

1 For a detailed analysis of the “real” military expenditure of China, see Liff/Erickson 2013: 1–26

Guest article: Prof. Dr. Eberhard Sandschneider

To understand China better has the uppermost priority for the West

The Western debate on China vacillates in neat regularity between anxiety and enthusiasm. The basic patterns of this debate are always the same: Whereas some keep glorifying untiringly the possibilities offered by the vast Chinese market, others caution with worried looks against the danger of growing rivalry between China and the Western world. Record sales or technology theft, human rights or cheap production, cultural wonder or future world power, partner or rival – the debate on China contains all that lets the heart beat faster due to enthusiasm or anxiety.

In the meantime, it is all over town: China is not only a vast market but also a difficult market where money can be earned fast and lost even faster. With every further step in its economic progress, the country is increasingly becoming a serious competitor to the West. Often, one forgets a decisive addition to this formulation: For one thing, it is normal and, for another thing, it is legitimate. If these developments create problems for us, China is not to be blamed for it but our own incapability to solve our own problems.

China’s economic success during the past three and a half decades is proverbial. The secret of this success lies in one single word: Pragmatism. Remaining faithful to the slogan of Deng Xiaoping that it is irrelevant if the cat is white or black, what matters is that it catches the mice, every party leadership since the end of the 1970s has invariably dumped the ideology in the garbage can of history, if it had to solve the problems of economic development. Other things fell by the wayside as a price for the economic success. Environmental policy, political reforms and human rights are the most prominent casualties.

China’s rise is perhaps a surprising but also a very normal process. Which consequences it will have for the shaping of global politics, besides for the economy, obviously depends on the question of how China itself behaves considering, in particular, its continuously growing self-confidence. China’s further development also depends, however, on how the West deals with it in future. While Europeans are flirting with the ideas of partnership and economic cooperation, the debate in America shows a distinctly different picture. There, too, China is recognized as an economic partner, but the Pentagon has often expressed concern about whether China will be the next military challenge to the usa. The first instances of a potential confrontations were apparent at the end of 2013 in the East China Sea.

If we like it or not: Like every other country in comparable situation, China will be more and more in a position to convert its economic capability into political influence and, ultimately, military power. It may not happen overnight but it will shake the still prevalent sense of superiority of the usa and Europe in its foundations.

If one wants to put China’s development into proper perspective, one should not only see the achievements of its development, but also the huge problems with which these achievements have been bought. And the list of these problems is impressively long. It includes regional

disparities, social inequality, unemployment, environmental destruction, social unrest, a rapidly aging population, the lack of social security systems and shortage of resources, to mention just a few.

We still have not found a workable strategy to deal with China successfully. Both prevailing strategies which we have discussed repeatedly also in the transatlantic context have failed. It is not possible to curb China, given its size. Attempts at a policy of integration at least have the advantage of sounding politically correct. But these, too, fail not least due to the continuously growing self-confidence of China.

Since both strategies do not function, the only thorny path remains, namely to explore options of cooperation in individual cases with the respective Chinese partner. To put it plainly: Common values do not exist, common interests are very limited and, often, only superficial. In spite of it, we have to find solutions together with China to shape global politics. This requires a minimum of trust and a maximum of knowledge of the intentions of the respective other side. Both is lacking in the West to a considerable extent. The present Huawei Study is now attesting to this for the second time.

Opportunities for a cooperative partnership with China are sufficient, indeed, but the potentials for rivalry and conflicts should also not be ignored. And, the debate on China should be continued on this basis instead of carrying it out with ignorance and missionary zeal that would disregard the risks of the country as well as the possibilities of sensible cooperation.

Prof. Dr. Eberhard Sandschneider
Otto-Wolff-Director of the
Research Institute of the
German Council on Foreign
Relations. (DGAP)



Guest article: Prof. Dr. Katja Levy

Interpretation of the Chinese politics – for differentiated analyses and less of word clatter

As an expert on China, I intend to convey a more nuanced image of China by means of projects like the Huawei Studies. Big political events – such as the Party Congress of the Communist Party of the PR of China (CP of China) – offer particularly good opportunities for this: As experience has shown, reporters and commentators gone head over heels and compete to offer the fastest, most courageous, and most incisive evaluation of these events and their significance for the future of China and the whole world. Only few care for coverage that projects the gradual and long-term consequences as well. On the occasion of the 3rd plenary session of the 18th Central Committee of the CP of China in November 2013, the opinion makers of the fast-paced media world in our country also explained to their readers in pointed statements how the political business in China “really” runs.

The plenary session was anticipated with particular excitement because substantial reform announcements were expected for two reasons: On one hand, the present fifth generation of leadership, with Xi Jinping as the General Secretary of the party and Li Keqiang as the Prime Minister had not announced many reforms either at their assumption of office within the party in November 2012 or at their formal assumption of office in spring of 2013. It is however uncommon in the PR China for a new generation of leaders to differ in essential respects of the policy pursued by the preceding government right at the beginning of their tenure. Now, however, one year had passed since the change of government, the obligation of loyalty and piety of the younger towards the elder generation had faded and the moment was favorable for reforms. On the other hand, all Chinese and China experts still remember well that the great Chinese reformer Deng Xiaoping had announced the extraordinary reforms at a 3rd plenary session, namely of the 11th Central Committee in 1978, which have made the PR China the economic superpower that it is today. Therefore, the eyes of the world were focused on the 3-day plenary session which was closed on 12th of November 2013.

The Party Congress hardly came to an end and the media immediately identified the “most important news”: Nomination of a national security council and a small task force for deepening the reforms, the planned relaxation of the one-child policy as well as the planned abolition of the reeducation by work in the PR China. In addition, estimations like the following were spread: “What has come out is merely a communiqué full of slogans but without substance”, or “China’s leadership may feel flattered that it receives worldwide attention for such opinions” (both are exemplary assessments of the *Badische Zeitung*).

As interest in reporting about the “nondescript” event began to diminish in Germany, the Central Committee of the CP of China announced its “Resolution on some fundamental aspects of the comprehensive deepening of the reforms” on November 15th 2013. This detailed 60-point program contains reform targets and steps in varying levels of detail regarding a whole range of central issues which contain reforms in the economy and also some noteworthy plans related to the social development as well as the political and judicial system of the PR China.

To discuss in detail or even only mention here all the implications of the themes addressed would take us too far afield. One could, instead, change the perspective and approach the document in another way. If one looks, for instance, at the frequency of words used in this document, then a fresh perspective opens up at an abstract level: the concepts which could be translated as system/systematization/institutions (制度 *zhidu*: 183 mentions, 体系 *tixi*: 68, 体制 *tizhi*: 88), mechanism (机制 *jizhi*: 115) or management/administration (管理 *guanli*: 78) appear in the 60-Point-Program (Xinhuanet 2013) as frequently as or even more frequently than the concepts reform (改革 *gaige*: 138), society/social (社会 *shehui*: 143) or characters which only have a grammatical function and therefore appear plenty of times. Although the frequency of a word alone is not decisive for the meaning which the authors would like to attach to them, it is possible to decipher an interesting tendency that has not been mentioned by the commentators so far. In the 60-point program of the Central Committee of the CP of China from November 15th 2013, much more emphasis is apparently given to institutionalization and professionalization of politics than to isolated policy areas such as economic (74), social (143) or environmental policies (24).

We, observers of politics in China and Germany know well: Programmatic political texts are statements of intent at best and often fulfill different interests than to visualize future policies. However, the media rush jobs on occasion of the 3rd plenary session have proven to be short-sighted, and even those who could await the actual document published only days after the end of the plenary session tend to get lost in the details without noticing larger affinities. Moreover, the discussion of this important document has just started in China itself. The Western media coverage hardly takes notice of the rather heated debates on political reforms in the PR China. It is worth the effort to observe the political events in the PR China without bias and with patience. This makes it possible to discover what is otherwise overlooked by the fast-paced media.

Prof. Dr. Katja Levy
Junior Professor for Politics
and Law of China at the
East Asia Seminar of the
Free University of Berlin



6.

Economy and Innovation

58%

of Germans believe that the growth of the Chinese economy plays an important role for the German economy. 43% of Chinese believe the same about German economy.

6.1
6.1.1

Results at a glance
Survey

86%

of Germans see China as a business location for mass production. Around 59% of interviewees in China say that Germany is associated, first and foremost, with innovative products.

42%

of Germans think that Chinese investments have a positive effect on the German employment market. 71% of Chinese assume that German investments would have positive effect on the Chinese employment market.

61%

of Germans think that Chinese technology products are competitive in the international market. 83% of Chinese think the same about German technology products.

59%

of Germans are of the opinion that Chinese products have a good price-performance ratio. 66% of Chinese hold the same opinion about German products.

87%

of Chinese know Siemens; it is therefore the best known German company in China. With a brand awareness of 30%, Lenovo is the best known Chinese company in Germany. Huawei is known to one in five Germans (21%).

6.1.2

Media analysis

How often do German and Chinese media publish reports about economic topics related to the other country respectively, and what is the tone like?

Fig. 6.01a
Overall share of key topics and detailed topics

Media analysis (DE):
Distribution of the detailed topics within the key topic of economy and innovation in German media reports about China



Fig. 6.02a
Tone used in the detailed topics (Figures in percentages)

Media analysis (DE):
Tone used in German media reports about China within the top 4 detailed topics (excl. Others)

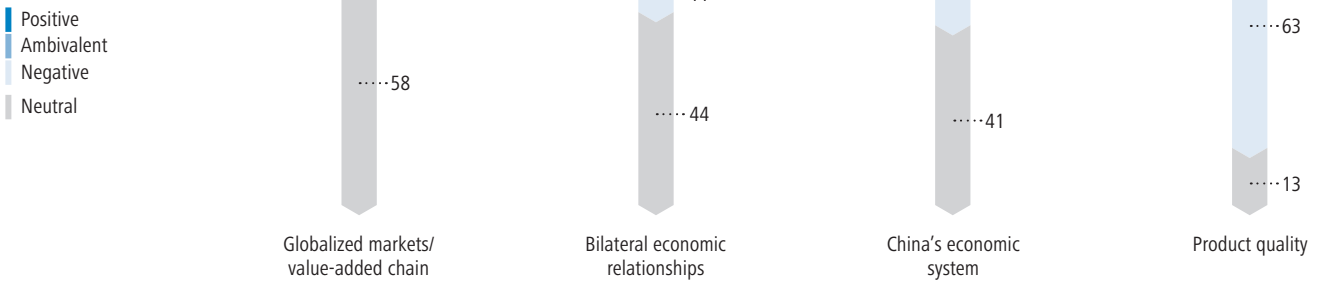


Fig. 6.03a
Top 5 frames within reports (Figures in percentages)

Media analysis (DE):
Top 5 frames in German media reports about China and distribution of statements within the frames as a percentage

Frame	Statement	A1	Partly A1, partly A2	A2
17	China is a (A1) Leading economic power (A2) Insignificant economic power	93	7	1
13	For Germany, China is a (A1) Economic opportunity (A2) Threat	62	18	21
12	In future, China's economy will (A1) Increase in significance (A2) Lose significance	59	26	15
11	For Germany, China is an (A1) Important export market (A2) Insignificant export market	93	6	1
6	In terms of quality, China produces (A1) High-quality products (A2) Cheaply made products	21	15	65

Fig. 6.01b
Overall share of key topics and detailed topics

Media analysis (CN):
Tone used in Chinese media reports about Germany within the top 4 detailed topics (excl. Others)



Fig. 6.02b
Tone used in the detailed topics (Figures in percentages)

Media analysis (CN):
Tone used in Chinese media reports about Germany within the top 4 detailed topics (excl. Others)

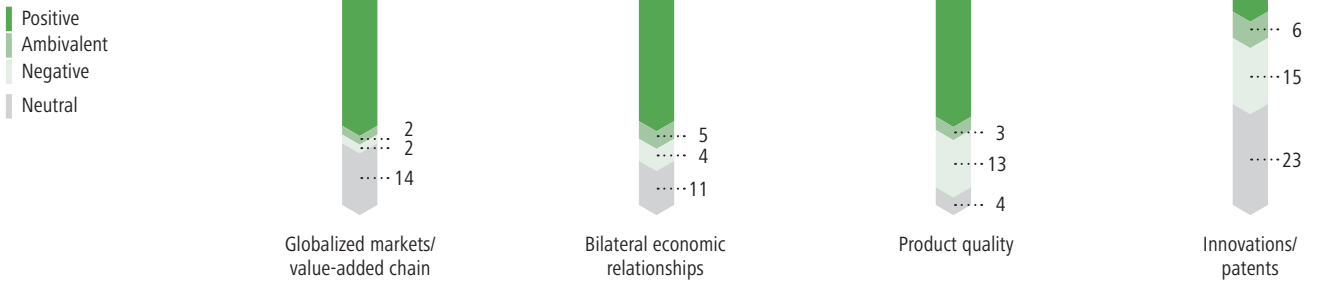


Fig. 6.03b
Top 5 frames within reports (Figures in percentages)

Media analysis (CN):
Top 5 frames in Chinese media reports about Germany and distribution of statements within the frames as a percentage

Frame	Statement	A1	Partly A1, partly A2	A2
16	Germany is a (A1) Leading economic power (A2) Insignificant economic power	93	4	3
13	For China, Germany is an (A1) Economic opportunity (A2) Threat	91	7	2
12	In future, Germany's economy will (A1) Increase in significance (A2) Lose significance	21	57	23
10	In terms of quality, Germany produces (A1) High-quality products (A2) Cheaply made products	77	6	17
7	Germany's economy is based on (A1) Imitation (A2) Its own innovations	3	3	94

6.2
6.2.1

International and bilateral economic relations
Perception

What significance do bilateral economic relations have for the two countries and how does the population rate the resulting economic effects?

Fig. 6.04
Importance of bilateral economic relations
(Figures in percentages)

Question (DE):
In your view, what effect does the economy in China have on Germany?

Question (CN):
In your view, what effect does the economy in Germany have on China?

- (1) very significant effect
- (2) to some extent
- (3) to some extent
- (4) to some extent
- (5) no effect at all
- do not know/prefer not to say

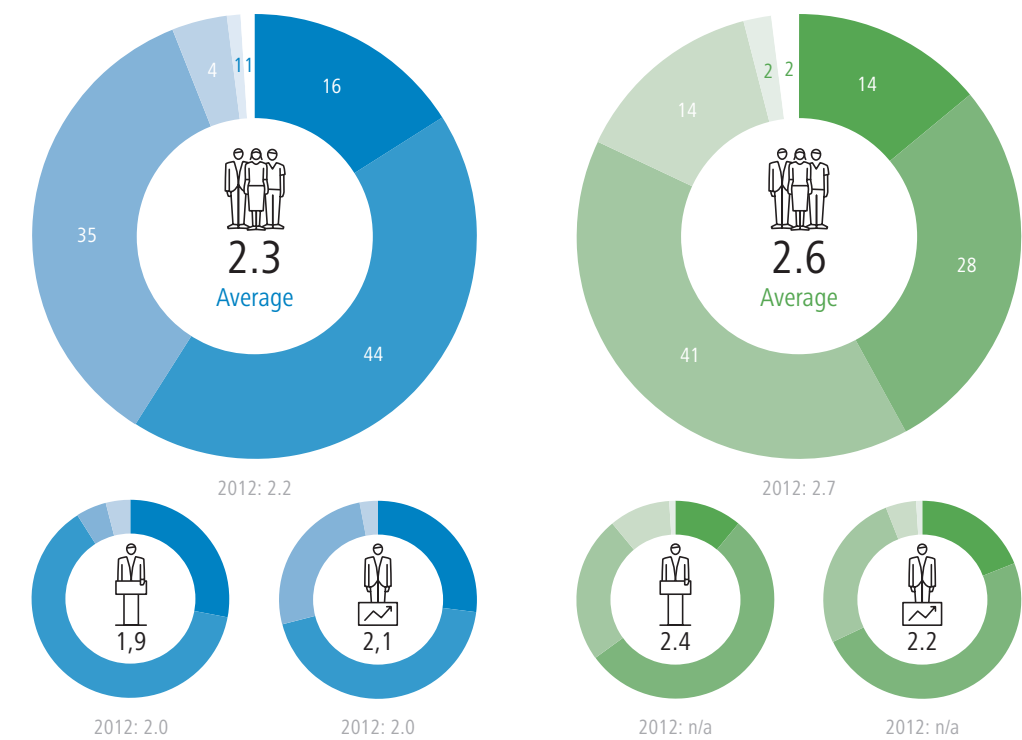


Fig. 6.05
Importance of economic growth on the economy
(Figures in percentages)

Question (DE):
How important is Chinese economic growth to the German economy?

Question (CN):
How important is German economic growth to the Chinese economy?

- important
- to some extent
- not important
- do not know/prefer not to say

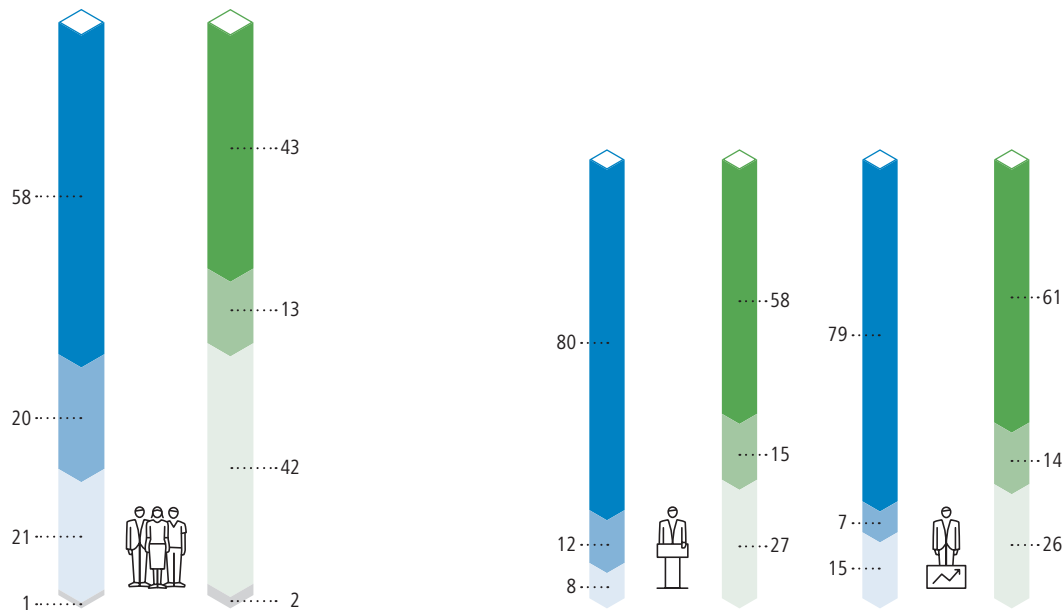


Fig. 6.06
Evaluation of the effects of investments on employment
(Figures in percentages)

Question (DE):
What are the effects of Chinese investments on the German labor market?

Question (CN):
What are the effects of German investments on the Chinese labor market?

- positive
- to some extent
- negative
- do not know/prefer not to say

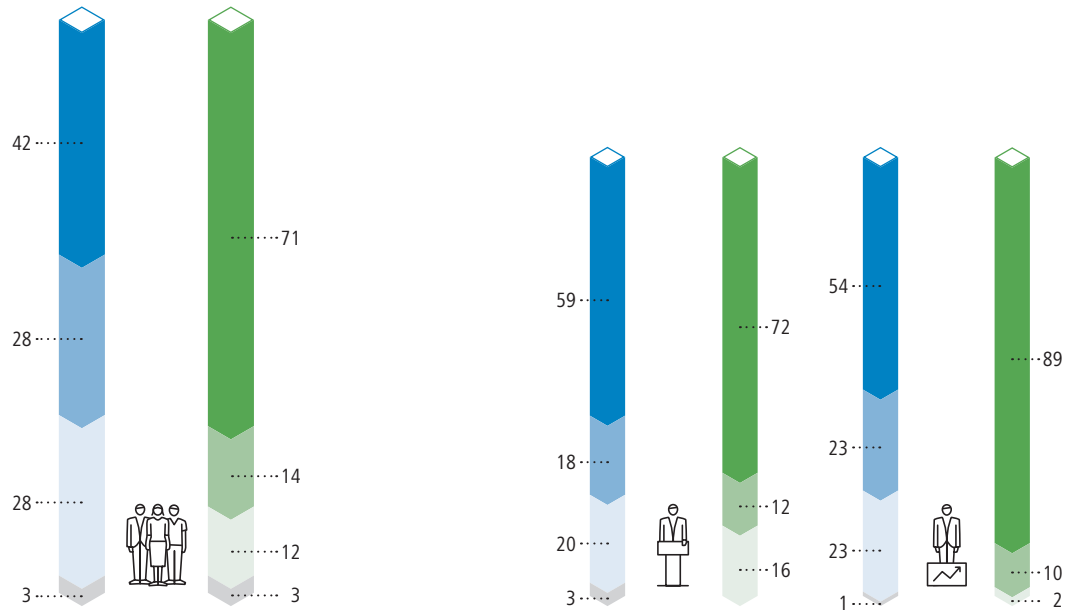


Fig. 6.07
Evaluation of the effects of imports
(Figures in percentages)

Question (DE):
Will local manufacturers be crowded out of the market by Chinese products?

Question (CN):
Will local manufacturers be crowded out of the market by German products?

- yes
- to some extent
- no
- do not know/prefer not to say

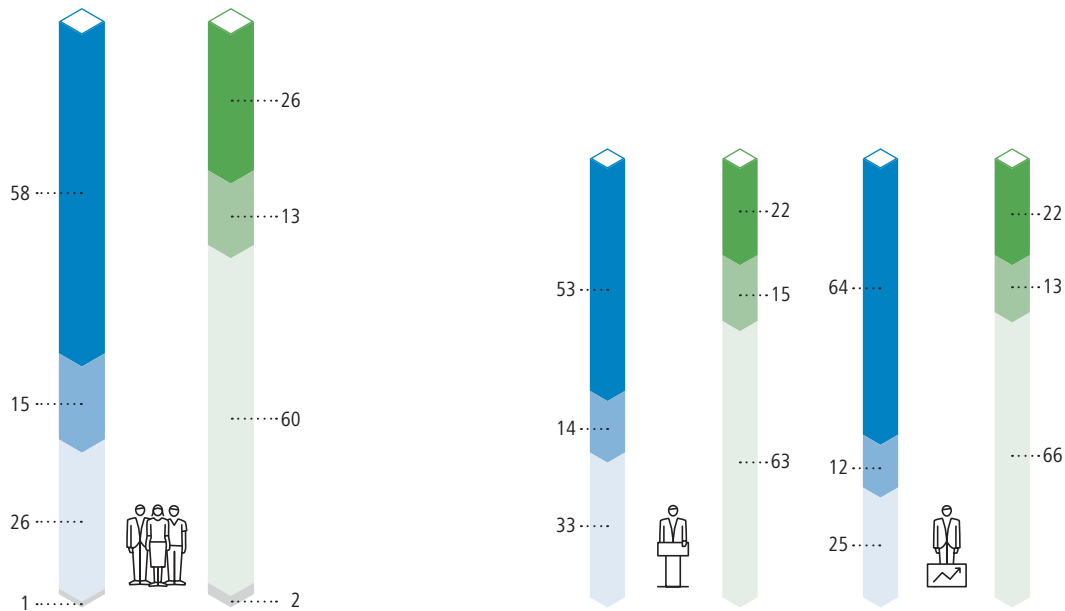








Fig. 6.08
Effects of technological
cooperation
(Figures in percentages)

Question (DE):
Which country benefits from
technological cooperation
between Germany and China?

Question (CN):
Which country benefits from
technological cooperation
between China and Germany?

	  				  		
Both countries benefit from technological cooperation.	35	37	43	Both countries benefit from technological cooperation.	71	75	83
The technological cooperation benefits both countries to a certain degree, to a certain degree Germany less less than China.	21	9	10	The technological cooperation benefits both countries to a certain degree, to a certain degree China less than Germany.	12	10	7
Germany benefits less from technological cooperation than China.	42	53	47	China benefits less technological cooperation than Germany.	16	14	11
do not know/prefer not to say	2	1	1	do not know/prefer not to say	2	1	0

6.2.2

The rise of China – Catalyst for high expectations and fear of crowding out

Description of survey results:
International and bilateral
economic relations

The survey results show that China is perceived as new world economic power and plays a key role in the national and international development ascribed to it. In China, Germany is appreciated as an economic power by many interviewees; however, no comparably important economic role in the international context is ascribed to it. Being recognized as an economic power, China’s economic rise gives some of the interviewees reason to be anxious. This finds expression in the fear that local companies will be driven out of the market. On the other hand, the majority of interviewees in Germany also expect positive effects on their local employment market from Chinese investment.

The interviewees in Germany as well as in China associate the concept of economic power with the other country. In the spontaneous associations, 37% (2012: 28%) of the interviewed Germans used this concept; distinctly more interviewees in China associated the concept of economic power with Germany (60%).

Large differences are apparent between the German and Chinese perceptions, as the surveys conducted there show, regarding which international relationship is the more important in economic terms than the other. It is very surprising that about one-third of the interviewed population, politicians, and economic decision-makers in Germany think that China is more important for the German economy than the USA. About half of the interviewees in the different groups attach equal importance to the relationship with China and the USA.

The Chinese perception of Europe (incl. Germany) in the international context is different. The number of politicians and economic decision-makers (13% and 18%, population 23%) who consider the economic relations with Europe more important than with the USA is lower. However, three-quarters of them agree that Europe and the USA have the same importance for China (political decision-makers 78%, economic decision-makers 73%, population) 56%).

The perceptions in Germany and China with regard to bilateral economic relations are equally different. About two-thirds of the population (60%) and around three-quarters of economic decision-makers (72%) in Germany assume a very high influence of the Chinese economy on Germany. In the perception of the politicians, this influence is even higher (91%). In the survey in China, the proportion of population that assumes that the influence of the German economy on China is very strong or strong is smaller (42%). Economic decision-makers and politicians in China estimate the influence to be higher yet (69% and 65%).

The question of whether the economic growth of China is important to the German economy, and vice versa, substantiates the concept of “economic influence”. More than half of the German population (58%) believes that the economic growth of China is important to the German economy. Economic decision-makers and politicians consider the influence on the

German economy to be even more significant (79% and 80%). The Chinese perception of the influence of the economic growth of Germany on the development of the economy of its own country is different too. Only 43% of the population in China believes that the growth of Germany is significant to the Chinese economy; in contrast, 58% of politicians and 61% of economic decision-makers hold this opinion.

Considering the perception of China as an economic power and the growing influence of the country on the German economy, it is not surprising that part of interviewees in Germany are apprehensive about the economic strength of China. About half of the population (49%), politicians (43%) as well as economic decision-makers (51%) are very worried, or rather worried, with regard to the growing influence of China’s economic power. It is perceived as a threat, especially by the older population and politicians. A China visit certainly influences the degree of fear, since politicians with knowledge of the country are less apprehensive. Compared to the Huawei Study 2012, a distinct change in the estimation is evident, though the questions were not identical. Thus, 73% of the population, 80% of economic decision-makers, and 78% of the politicians affirmed in 2012 that China would become too strong economically.

In contrast to the survey results in Germany, the economic strength of Germany is not perceived as a threat in China. 82% of the population is hardly, or not at all, apprehensive of the economic strength of Germany. This view is dominant also in the case of politicians and economic decision-makers (74% and 71%).

Regarding the question of which side benefits more in the technological cooperation between Germany and China, most interviewees in Germany have a split perception. 42% of the population group believes that China benefits more, and 35% assume that the technological cooperation is beneficial for both sides. A similar split picture is evident in the opinion of economic decision-makers (43% and 47%) and politicians (53% and 37%).

In China, around three-quarters of the population (71%) and politicians (75%) and even more economic decision-makers (83%) believe that both countries benefit from technological cooperation.

China’s rise as a world champion in exports makes part of the German population anxious that local manufacturers will be crowded out by imports from China. Whereas about half of the interviewed politicians (53%) expect crowding out of local companies by Chinese imports, this perception is even stronger in the group of the population (58%) and economic decision-makers (64%). Compared to the Huawei Study 2012, which also asked the question regarding crowding out of local suppliers by foreign products, this perception has become more pronounced (politicians 46%; economic decision-makers 57%; population 52%).

In contrast to the survey results in Germany, not so many Chinese are apprehensive that local manufacturers would be crowded out by foreign suppliers. About two-third of interviewees in all three groups (population 60%; political decision-makers 63%; economic decision-makers 66%) assume that imports from Germany would not crowd out local manufacturers.

The growing investments by Chinese companies in Germany are predominantly associated with positive effects on employment. 42% of the German population assumes that Chinese investments create employment (28% do not believe this). The group of economic decision-makers and politicians estimate the effect on employment even more positively (54% and 59%).

Also, in the survey in China, an optimistic opinion on the impact of investments on employment persists. About two-thirds of the population and politicians (71% and 72%) and 89% of economic decision-makers expect positive effects of German investments on employment in China.

Media analysis results

The German media reports more on the Chinese economy (49%) than on other aspects (politics 35% and society and culture 16%). The dominant topic here is “globalized markets and the value-added chain” (30%) followed by “bilateral economic relations” (27%) and the “economic system of China” (18%). Positive reporting is evident especially on the concepts of “bilateral economic relations” (26% positive, 11% negative) and “globalized markets and the value-added chain” (18% positive; 10% negative). The claim that China is a leading economic power (93%) and an important market for Germany (93%) is the dominant statement in the media coverage. In more than half of cases, the challenge of the Chinese economy is seen as an opportunity rather (62%) than a threat. Further, 59% assume that China’s economy will become even more important.

The Chinese media covers all three topics, namely German economy (34%), politics (33%), and society and culture, with the same intensity(33%). Similar to the German media, the topics “globalized markets and the value-added chain” (23%) and “bilateral economic relations” (18%) are dominant. In contrast to German media, the Chinese media reports more frequently on the topics of “productivity” (15%), “innovations/patents” (11%), “investments” (9%) and the “economic system of Germany” (8%). Positive reporting is predominant, as the following examples demonstrate: “global markets and the value-added chain” (82% positive, 2% negative), “bilateral economic relations” (81% positive; 4% negative), “product quality” (80% positive, 13% negative), and “innovations/patents” (56% positive; 15% negative). In almost all cases, Germany is portrayed as a leading economic power (93%) based on its own innovations (94%). Germany is distinctly presented as an opportunity (91%) rather than a threat (2%), wherever this frame appears. The media, however, does not give a clear picture of the future importance of Germany. In 21% of cases, it is assumed that Germany will play a more important economic role in future. Equally high is the share of reports that assume that Germany would become less important (23%).

Classification and background:
International and bilateral
economic relations

How does the perception of the economic strength of China and the resulting concern in Germany match the reality of the international economic rise of China and the bilateral relations between the two countries? Indeed, the global rise of China has developed impressively and can be substantiated by various indicators. At the same time, the country is up against big challenges that also result not least from the rapid growth of the past. These partially contradictory facets of the Chinese economy are further intensified by the big regional differences in development that make China’s image as an economic power very complex.

The academic and political discussions that determine the image of China deal primarily with the rapid speed with which the country could rise to become the second largest economic power and the biggest exporting nation within just three decades. China’s success contributes decisively to the shift in economic weight from the traditional economic centers to the new developing powers now emerging. Economic integration in external multilateral institutions, such as the World Trade Organization, the World Bank, and the International Monetary Fund, but also the market-driven integration into the international and regional value-added chain, have contributed decisively to the global rise of China.

The growing global economic significance of China is reflected by various indicators. The role of China in the world economy – defined as share of the combined global economic output – increased from 4.9% at the beginning of the economic reforms in 1978 to 11.6% of the nominal gross domestic product in 2012. The Chinese share in the global economy (14.8%) would be even bigger if purchasing power parity (PPP) were used for the calculation of GDP. If we follow the economic historian Maddison (2007), the historic development is a resurgence of China, since in 1820 the country accounted for about one-third of the global economy (see Fig. 6.09).

Fig. 6.09
Contribution of
selected countries to
the global economy
1820–2012
(Figures in percentages)

	1820	1952	1978	2012 (nom. GDP)	2012 (GDP/PPP)
China	32.9	5.2	4.9	8.4 (11.6)	14.8
Europe	26.6	29.3	27.8	26.4 (23.1)	20.2
Japan	3.0	3.4	7.6	8.8 (8.3)	5.5
USA	1.8	27.5	21.6	25.2 (21.8)	18.6
India	16.0	4.0	3.3	2.6 (2.6)	5.7

Nominal GDP and purchasing power parity have been calculated using constant values based on the year 2005. Figures in parentheses are the nominal GDP values based on the current USD exchange rate.

Source:
For years up to 1978, see
Maddison 2007: 44.
The source of the 2012 data
is the World Bank 2013.

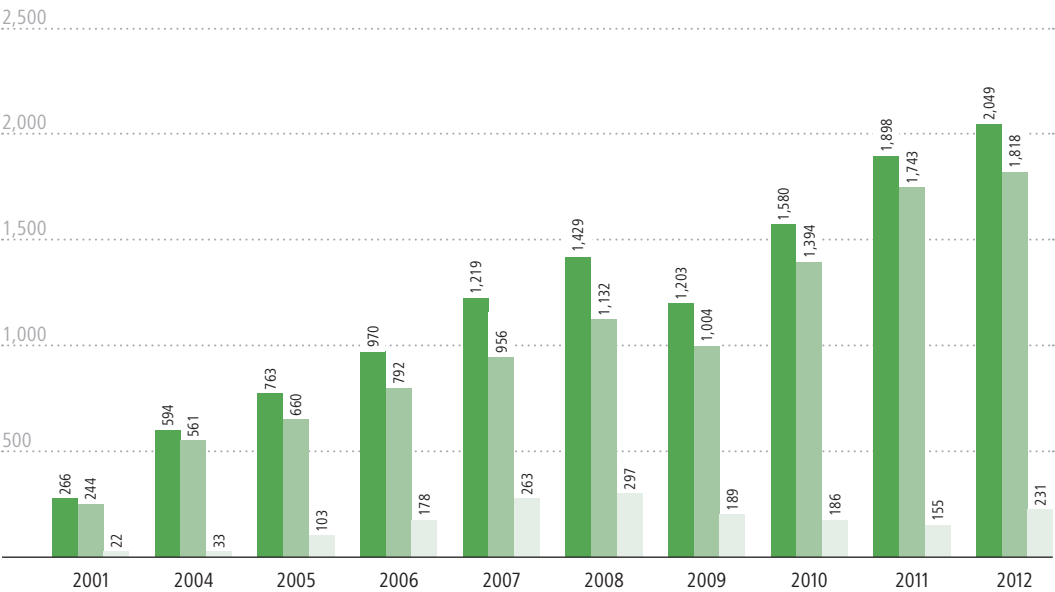
Given continuing, comparably high, economic growth, it can be expected that China could supersede the US as the largest economic power within the foreseeable future. The associated discussion also shapes the image of a rising, economically strong, China in the German population. The perception of the interviewees in Germany that the economic relationship to China is of greater significance for Germany than the economic relationship with the US is also explained in the context of this discussion (see Chapter 5.5.1, Fig. 5.22). Nonetheless, the relatively low value of GDP per capita in China compared to industrialized countries indicates that the country continues to have a low average income. For example, the per-capita GDP in Germany in 2012 was 41,513 USD, whereas the corresponding value in China was 6,076 USD (German Foreign Office 2013). If, however, the volume of the Chinese market is considered, the result is that China has a key role as an economic power.

As which point in time the Chinese economy will be larger than the US economy is discussed with concern in the US, mainly since the rise of China challenges the international leadership role of the US. Various experts point out that China will still need a number of decades to become a global economic power. The internationally renowned economist Hu Angang argues, for example, that China as a superpower must not only have a bigger economic influence than the US, but that it must demonstrate strength in other aspects as well. This applies to human capital resources (availability of specialist workers) as well as at the level of science and research, and the leadership in central matters of global development, in particular the ability to meet the challenges of climate change (Hu 2011: 13). In these fields, China is still relatively far away from reaching the level of the US or other highly developed countries. In view of increasing environmental problems, the Chinese government has already starting setting the course to more environmentally-friendly economic growth. Thus, the current Five-Year Plan (2011–2015), for example, provides for investments for environmental protection in the amount of about EUR 230 billion. The targets include the reduction of carbon dioxide emissions, a more efficient use of resources, and the use of renewable energies (german.china.org.cn 2011). In international economic relations, foreign trade plays a key role for China. Especially after the accession of the country to the WTO at the end of 2001, it has developed with a high speed of growth (see Fig. 6.10).

Fig. 6.10
China's foreign trade
2001–2012
(Figures in bn. USD)

Source:
IMF (International Monetary
Fund) 2011; NBS (National
Bureau of Statistics of China)
2012a: 233; nbs 2013

Exports
Imports
Trade balance



Since the mid-1980s, the Chinese government has been pursuing integration into the existing world economic system. The aim is primarily to become an equal member in the multinational agreements and to be able to play a part in determining the rules. In addition, China wants to profit from the advantages of trade agreements as a member of the WTO, for example, and to protect itself against sanctions. This was a problem in trade with the US, primarily in the 1990s. Due to the high deficit in trading with China, the US threatened the country at regular intervals with sanctions consisting of a mixture of economic and political restrictions.

As a preparation for membership of the WTO, China had to accept the requirements of an internationally compatible foreign-trade regime and had to remove existing restrictions. This included China granting most favored nation status to all other WTO members, and having to put foreign companies on a par with Chinese companies. Moreover, transitional periods were agreed with China on the removal of other restrictions, in order to facilitate the access of foreign companies to key industries, as well as in the service sector. Between applying for membership and acceptance as a member, China experienced fifteen years of reorientation and adaptation to its economic framework conditions.

Along with the active setup of international business relations, a functional integration of China into the global economy was accomplished. The importance of the country as the “workshop of the world” and the largest producer of export products started with the relocation of value creation share of companies from Hong Kong and Taiwan to China, starting at the beginning of the 1980s. The relocation of production was facilitated by the spatial proximity and the complementary production structures, on the one hand. On the other hand, the cultural affinity and family connections of entrepreneurs from Hong Kong and Taiwan with mainland China played an important role and compensated the risks of the initially poorly transparent investment conditions in China.

The market-driven integration was also typical for the economic intertwining of China with Japan and South Korea, as well as the ASEAN¹ countries. For cost reasons, Japanese companies relocated parts of their production to the ASEAN countries first and, from the middle of the 1980s and 1990s, to China. Companies from South Korea and other ASEAN countries also included China in their regional and global production networks.

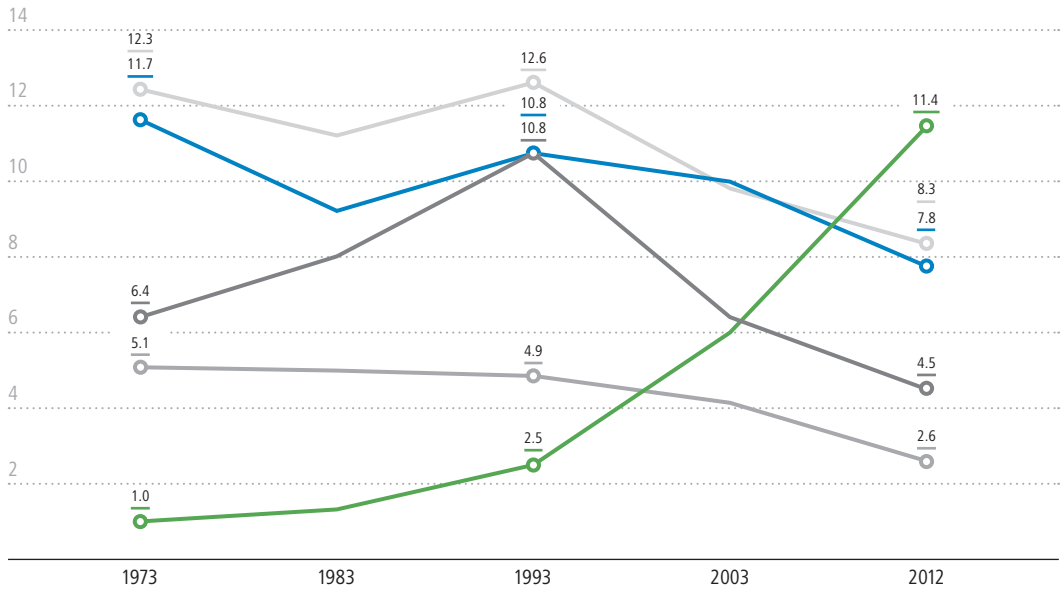
The fact that international economic relations have to be actively developed was made clear, however, during the Asian financial crisis at the end of the 1990s. This led to China pursuing an institutional form of integration with countries in the Asian region, such as in the financial sector (regional SWAP agreements) and in foreign trade (Free-Trade Agreements [FTA]), for example. The network of free-trade agreements that China wove with countries in the region was specifically comprised of nine active agreements by mid-2013, with others still being negotiated. The agreement with Singapore in 2008 was the precursor to the China-ASEAN FTA that, since January 1, 2010, constitutes the institutional framework for the trade relationships between the ten member states of ASEAN and China (Schüller/John 2012: 14–15).

What does the successful foreign-trade integration of China mean to Germany? First of all, the integration led to rapid expansion of Chinese foreign trade, especially exports. From a share of less than 1% of global exports, this increased to 11.4% in 2012. China overtook Germany as the world champion in exports in 2009, and became the biggest exporting country. The increase in China’s export share was at the expense of the shares of Germany, Japan, the US and the UK over the last ten years (see Fig. 6.11). With a share of global imports of 10% in 2012, China was the second largest import country after the USA with 12.8% (WTO 2013).

Fig. 6.11
Contribution of selected
countries to global exports
of goods
1973–2012
(Figures in percentages)

Source:
WTO (World Trade
Organization) 2013

USA
Germany
Japan
United Kingdom
China



According to Chinese statistics, the EU and the US are the largest trading partners of China. The US is of significance for China, primarily as an export market (share of 17.2% in 2012). The 27 EU member states accounted for a share of 14.1% of the entire Chinese foreign trade in 2012 (16.3% of exports and 11.7% of imports). Germany has a key role in EU trade with China, contributing 5.1% to the imports and 3.4% to the exports of China. According to EU trade data, Germany’s share of the entire imports of the EU from China was 26%, and Germany’s share of the entire exports of the EU to China was 46% (GTAI November 2013).

Other important sales markets for Chinese products are neighboring Asian countries (ASEAN members 10%; Japan 7.4%); significant supplier countries are Japan 9.8%, the ASEAN members 10.8%, South Korea 9.3% and Taiwan 7.3%. A larger share of exports pass through Hong Kong (15.8%) on account of its function as a Special Administrative Region (SAR) as a transit country for Chinese exports; Hong Kong is however virtually insignificant for the import of goods (see Figs. 6.12 and 6.13).

One of the controversial subjects in international trade relations involving China is the high surpluses of the country in exchanges with the EU and the USA. Germany is affected as well, although to a lesser extent than other EU countries. According to Chinese statistics, they amounted to a total of USD 121.9 bn in 2012 (deficit of the EU in trade with China) or USD 218.9 bn (in trade with the USA) (NBS 2013). In the discussion of deficits, it is frequently forgotten, however, that by integrating China into international value-added chains, extensive deliveries for export production go to China. The example of exports of iPhones makes it clear how low the value creation can be in individual cases, which benefits China. The iPhones are assembled in China, but without the import of many components from the US, Japan, Germany, and South Korea, production would not be possible at all. Given the wholesale unit price of USD 178.06, the Chinese value creation share amounts to 3.6% or USD 6.5 (Zhang et al. 2012: 41–42).

1 ASEAN (Association of Southeast Asian Nations): Brunei, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam

China’s new role in the global economy: effects on Germany

From the viewpoint of China’s trading partners, the surpluses are also a result of deficiencies in China’s export regime and legal system. US critics concentrate on the tax benefits of Chinese companies and the accusation of currency manipulation as well as wage dumping. The US trade unions primarily criticize the fact that workers’ rights are not sufficiently observed in China, and that unfair competition has led to the loss of thousands of jobs (Williams/Donnelly 2012: 18–19; Pew Research Center 2013).

Fig. 6.12
China’s most important
import countries in 2012
(Figures in percentages)

Source:
NBS(National Bureau of
Statistics of China) 2013

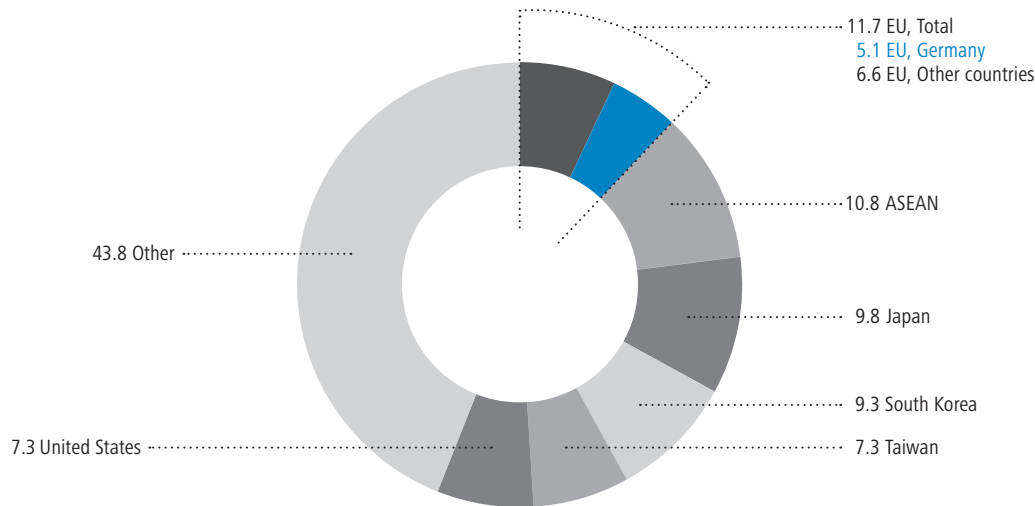
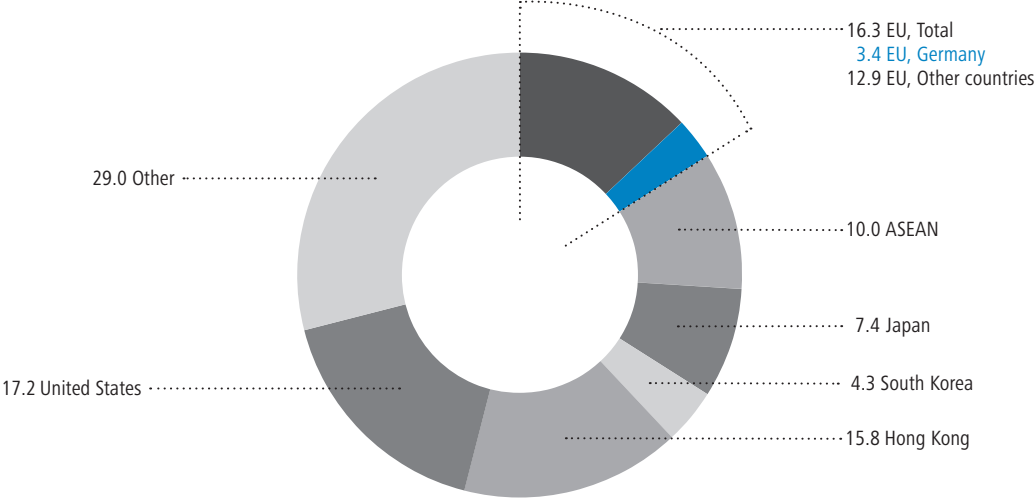


Fig. 6.13
China’s most important
export countries in 2012
(Figures in percentages)

Source:
NBS(National Bureau of
Statistics of China) 2013



As the interview has made clear, parts of the population and some politicians and economic decision-makers in Germany have the perception that Chinese imports are crowding out domestic producers. In reality, however, the situation is more positive. China is Germany’s most important trading partner in Asia, whilst Germany plays the most important role as a Chinese business partner in Europe. How important China has become to the German economy in the meantime has been revealed in the context of the global financial market crises of 2009 and 2011. In 2009, German companies were able to increase their exports to China by

9.4% and achieve growth rates in exports of 44.3% in 2010 and 20.6% in 2011. Thus, Germany profited disproportionately from China’s demand compared to other EU member countries, and was able to significantly decrease its trade deficit with China. The mechanical engineering and automotive industries in particular were able, during the crisis years, to compensate for losses in trade with other regions through exports to China.

On account of the strong complementarity of the import and export goods structures (see Fig. 6.14), the displacement effects for domestic producers in Germany is relatively low. Whilst German exports concentrate on machines and vehicles, Germany imports from China consist in particular of electronics, as well as textiles and clothing. The electronics industry belongs to the largest processing industries in China and contributes about one-seventh to the entire industrial output and employment (Rhode 2012). In Germany, the mechanical engineering and automotive industry are the most important branches of industry with respect to output and employment, as well as their contribution to exports.

Fig. 6.14
Structure of German-Chinese
foreign trade in 2011
(Figures in percentages)

Source:
GTAI (Germany Trade and
Invest) 2012

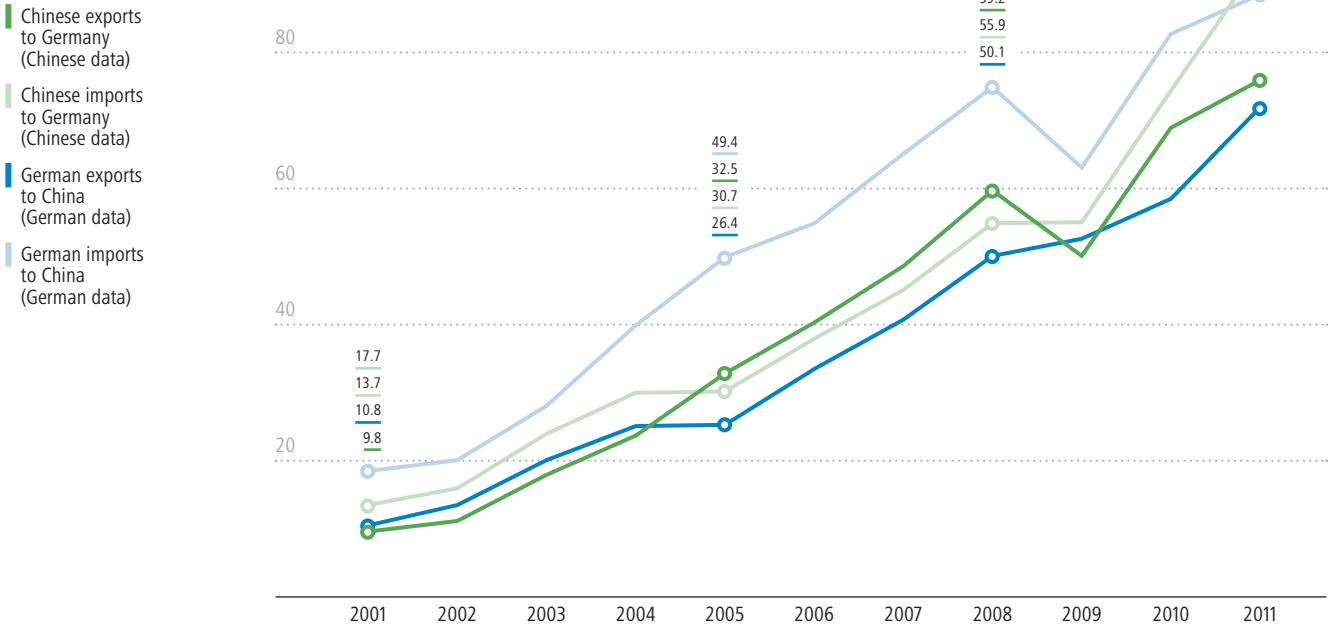
	German exports to China	German imports from China
Machines	33.1	5.3
Automotive and automotive parts	26.4	—
Electrical products	9.4	8.9
Electronics	2.4	33.3
Chemical products	8.1	4.3
Textiles and clothing	—	13.5

The development of bilateral foreign trade can be described as very positive overall, although varying results are presented due to different assessment criteria and depending on the calculation of the trade in US dollars or EUR. As Fig. 6.15 reveals, the value of German exports to China is distinctly lower according to the German statistics (USD 71.3 bn) than the corresponding value of imports to China from Germany according to the Chinese statistics (USD 92.759 bn). Due to these different values, the national statistics for 2011 reveal, for example, that from the German viewpoint, there is a trade deficit with China amounting to USD 16.780 bn, whereas according to Chinese statistics, China has a deficit in trade with Germany amounting to USD 16.326 bn.

The electronics industry played a key role in the changes to the export and import goods structure between China and Germany between 2001 and 2011. In 2011, this product group had a share of 33.74% (2001: 25.25 percent). Electronics products include, in particular, office machines and automatic data processing machines, as well as telecommunication units. In addition, the share of electrical engineering products (16.58%) and machines (5.42%) increased further, in particular from Japan, South Korea, and other countries in the region that produce in China and export from there. Due to the high level of good supplied for final processing of these products in China, the surpluses only reflect the competitiveness of China to a limited extent (see Fig. 6.16).

Fig. 6.15
Development of trade
between Germany and
China from 2001–2011
(Figures in USD bn)

Source:
IMF (International Monetary
Fund) 2012: 153, 241;
IMF 2007: 130, 212–213



In terms of German exports to China, the exports of machines and production systems dominated in 2001 as well as in 2011. Moreover, the share of exports of vehicles to China has almost tripled (2001: 9.78 percent; 2011: 26.83 percent) (see Fig. 6.17). Germany is also integrated into a value creation network with supplies from other countries. Calculations on the basis of complex input and output tables for 2007 reveal that German value creation exports to China were 31% lower than goods exported to the country (instead of USD 64.3 bn, USD 44.3 bn). On the import side, German value creation imports from China were around 30% lower than the goods imported (USD 50.6 bn instead of USD 72.1 bn) (Aichele et al. 2013: 35–36).

In summary, it can be said that there is a mutual dependence in bilateral foreign trade. Thus, China could not simply replace the imports of highly specialized investment goods, such as production systems and machinery, with imports from other countries. In turn, Germany is more dependent on deliveries of office machines or data processing devices, such as laptops, from China. China's share in these imports of Germany amounted to just less than 1% in 1992 and increased to about 44% in 2010 (Jungbluth 2013: 24).

Parallel to foreign trade, the bilateral business relations have been intensified by direct investments. The perception of the interviewees in Germany reveals that a predominantly positive effect on the employment situation is assumed. The positive perception of the impact on employment is even more explicit in the survey in China. Indeed, the financial flows to and from China play an important role in China's international business relationships. For a considerable time, China has been active as a buyer of government bonds of other countries on the international capital markets. At the same time, China is a recipient of foreign direct investments (FDIs) and is an investor itself abroad. The inflow of FDIs into China contributed significantly to the establishment of modern production capacities and also led to a faster increase in Chinese foreign trade on account of the strong export orientation of Sino-foreign joint ventures. Contrary to portfolio investments, FDIs are geared to longer-term participation of foreign companies in domestic companies and/or the establishment of subsidiaries of foreign investors. According to Chinese statistics, foreign-financed companies, as well as companies from Hong Kong, Macau and Taiwan, employed about 21.5 m workers at the end of 2011 (the companies for foreign capital employed about 10 m persons) (NBS 2012a).

The flow of FDIs into China amounted to an average of about USD 5 bn per year during the first reform phase, between 1980 and 1992. Reforms of the economic system and high growth rates increased the interest of foreign companies in China and caused the level of FDIs to increase to USD 45 bn by 1987. Drops in investments occurred as a consequence of the Asian financial market crisis at the end of the 1980s and the global financial market crises in 2008. At about USD 106 bn or USD 118 bn in the years 2010 and 2011, the annual FDI flows reached record levels (see Fig. 6.18). Official data for 2012 reveal an inflow of USD 111.7 bn, which was only slightly below the value of the year before (NBS 2013).

Asian countries are still the most important investors in China, but the geographic determination of the countries of origin is difficult due to high inflows from tax havens (Offshore Financial Centers [OFCs]). OFCs include not only Hong Kong, but also locations such as the Virgin Islands and the Cayman Islands. Chinese companies have also established holding companies there, and invest from these locations all over the world. Companies from Japan and South Korea invest in China primarily for cost reasons. They incorporate local Chinese companies in their value creation chain, and are active primarily in technology-intensive industries, such as the automotive and electronics industries. Apart from local suppliers,

Fig. 6.16
Comparison of imported
goods from China
2001 and 2011
(Figures in percentages)

Source:
Compilation by authors based
on UNSD (United Nations
Statistics Division) data 2013

	German imported goods from China 2001	German imported goods from China 2011
Electronics	25.3	33.7
Textiles/clothing	14.3	13.7
Electronic engineering	10.8	9.1
Machines	4.7	5.4
Metal products	4.7	3.8
Other	40.3	34.3

Fig. 6.17
Comparison of export goods
to China in 2001 and 2011
(Figures in percentages)

Quelle:
Compilation by authors based
on UNSD (United Nations
Statistics Division) data 2013

	German export goods to China 2001	German export goods to China 2011
Machines	35.3	31.6
Electronics	12.7	2.6
Automotive and automotive parts	9.8	26.8
Electronic engineering	9.3	9.7
Chemical products	7.7	7.8
Measurement and control technology	3.6	5.1
Other	21.6	16.4

these companies are also based on external supplies, in particular with respect to technical components and intermediate products through their parent companies. Within the group of foreign investors, primarily companies from Europe, the US and Japan have been important for technology transfer through licenses, patents, and the diffusion of know-how within the context of Sino-foreign joint ventures

Fig. 6.18
Foreign direct investment in China according to regions of origin, 2000–2011 (Figures in usd bn)

Source:
NBS (China National Bureau of Statistics) 2006–2012a

	2000	2005	2006	2007	2008	2009	2010	2011
Gesamt	40.72	60.33	63.02	74.77	92.40	90.03	105.73	117.70
Asien	25.48	35.72	35.09	42.12	56.35	60.65	77.59	89.51
Lateinamerika	4.62	11.29	14.16	20.12	20.90	14.68	13.53	12.50
Europa	4.77	5.64	5.71	4.37	5.46	5.50	5.92	5.88
Deutschland	1.04	1.53	1.98	0.73	0.90	1.22	0.89	1.13
Nordamerika	4.79	3.73	3.69	3.39	3.96	3.68	4.01	3.58
Ozeanien und Pazifikinseln	0.69	2.00	2.26	2.74	3.17	2.53	2.33	2.08
Afrika	0.29	1.07	1.22	1.50	1.67	1.31	1.28	1.64

Many German companies used the economic reforms and the development of the Chinese domestic market to relocate parts of their value creation chain to China (Erber 2012: 28). The portfolio of German direct investments in China amounted to EUR 38.795 bn at the end of 2011 (without investments through independent holding company abroad, the volume was EUR 34.955 bn) and thus was relatively low from a percentage viewpoint, but concentrated on China’s key industries. Employment effects were linked with the German investments as well. Between 2008 and 2011, the total number of Chinese workers employed by German companies in China increased from 396 000 to about 500 000 (Deutsche Bundesbank 2013).

For some years, Chinese companies have been investing abroad, i.e. in western industrialized countries. However, the reasons for their investments differ considerably from those of western companies, which are active in China primarily due to cost-effective production conditions and to exploit the Chinese market better. Chinese companies, however, gear their investments in industrialized countries primarily to the purchase of, or the participation in, companies, which are technologically more highly developed or have well-known brand names. Another important investment reason for Chinese companies is access to agrarian and mineral raw materials abroad, in particular in countries in Africa and Latin America.

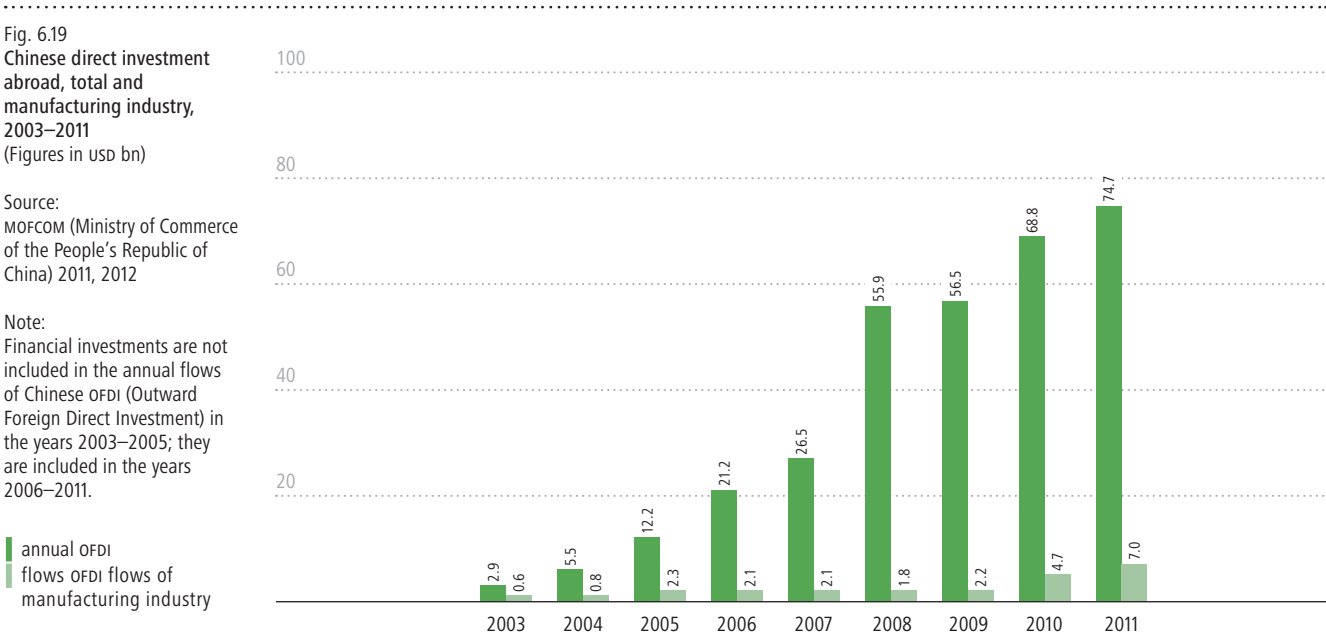
Chinese statistics on investment flows and volumes reveal that foreign investment of companies has increased rapidly over the last few years. During the first phase, investments primarily in the raw materials and finance sector of other countries were the trigger. In addition, many companies increased their foreign involvement by M&A investments in countries with highly developed industries. Fig. 6.19 reflects the development of the investment flows between 2003 and 2011. It is astonishing that investment opportunities were used by the companies during the global financial market crises. At a volume of USD 74.65 bn in 2011,

China was the world-wide sixth largest foreign investor, and together with Hong Kong, the second largest investor (MOFCOM 2012: 4). The cumulative investment volume was USD 424.78 bn. All in all, Chinese companies invested in 177 countries and employed about 1.22 m workers, including 888 000 local employees (MOFCOM 2012: 5).

Fig. 6.19
Chinese direct investment abroad, total and manufacturing industry, 2003–2011 (Figures in usd bn)

Source:
MOFCOM (Ministry of Commerce of the People’s Republic of China) 2011, 2012

Note:
Financial investments are not included in the annual flows of Chinese OFDI (Outward Foreign Direct Investment) in the years 2003–2005; they are included in the years 2006–2011.

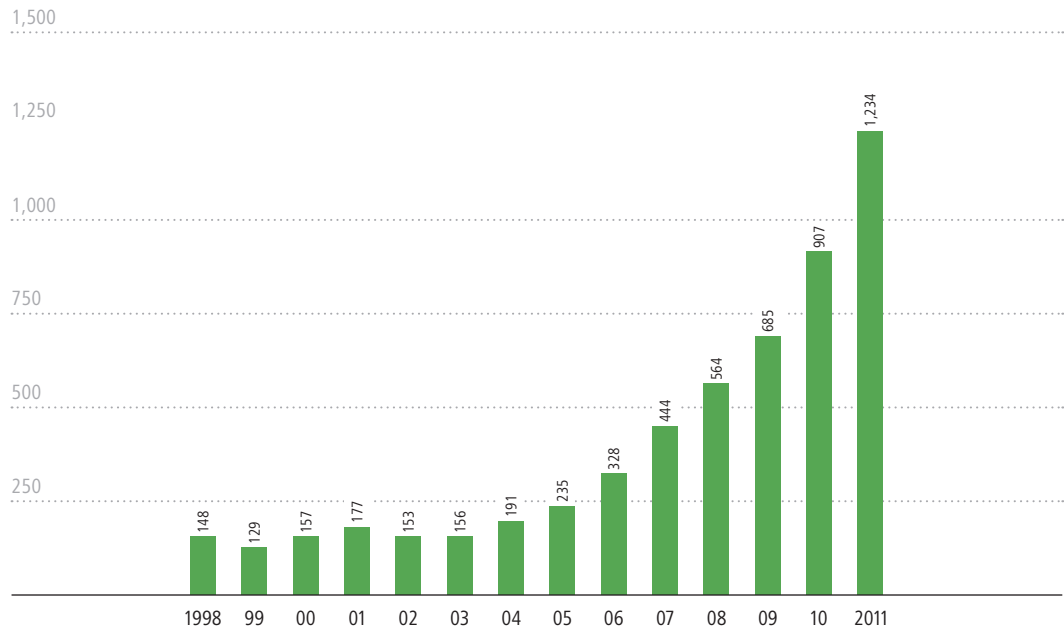


According to the statistics of the Deutsche Bundesbank, Chinese companies invested around EUR 1.234 bn in new company establishments and takeovers in Germany at the end of 2011. Compared to the portfolio of EUR 148 m in 1998, this was a rapid rise in investments. Most investments were carried out between 2007 and 2011. The Chinese Ministry of Trade arrives at a comparable value of investments, which indicates EUR 1.502 bn at the end of 2011 (MOFCOM 2012: 89).

Chinese companies are primarily interested in investing in German technology-intensive companies, in cooperating with them, or in buying them. Considering the purchases (M&A) between 1996 and 1992, it is clear that most investments by Chinese companies were made in machine and production system engineering (25 M&A transactions), followed by investments in the automotive sector (9 transactions), as well as in the electronics and it industry (8 transactions). Most Chinese investors in machine and production system engineering (16 out of 25 companies) are state-owned companies that have undergone an extensive restructuring and modernization process in China during the last few years. After increasing their competitiveness, they are searching for the latest technology worldwide to maintain progress. The purchase or the participation in German high-tech companies also aims to improve their reputation inside China (Schüler-Zhou/Schüller 2013; Schüller/Meuer/Schüler-Zhou 2012).

Fig. 6.20
Chinese direct investment in
Germany, 1998–2011
(Figures in m. EUR, stock)

Source:
Deutsche Bundesbank 2013



In many cases, the purchase of German companies was an opportunity for the latter to evade bankruptcy proceedings. On account of employment guarantees for the staff, the Chinese investors contributed to the stability of the local employment situation. In the companies that were purchased in this sector between 2003 and 2006, employment changed very little. Examples include Dürrkopp Adler, Wohlenberg, Waldrich Coburg, Zimmermann, Wirth, HPTec, and Bullmer and TopCut (Hoppenstedt Company Profiles).

Unlike the acquisition strategies of many Chinese investors, the so-called “Chinese Champions” – technology-intensive corporations such as Huawei and ZTE – are counting on establishing new corporations overseas or in Germany, and benefiting from cooperation with German research institutions and other telecommunication corporations (Schüller/Schüler-Zhou 2013). Nevertheless, the investigation revealed that from the perspective of some of the respondents, there are many challenges in German-Chinese technological cooperation.

This primarily includes the question of adequate protection of proprietary technologies when investing in China. Thus, with local investments, there is often a transfer of knowledge that is codified (licenses, patents) as well as tacit (individual and application-related) knowledge. Although the legal framework for China’s accession to the WTO was changed in late 2001 on the basis of international standards, foreign corporations were challenged both by the problems of involuntary (albeit legal), as well as illegal, transfer of technology through the breach of intellectual property rights (OECD 2008: 411–413). With the release of the new innovation policy in 2006, which relies more on independent innovation, foreign corporations feared additional disadvantages. Thus, only those corporations with foreign capital (who in the case of Chinese innovations had also registered their patents there) were to be considered for state tenders (public procurement) (Schüller, 2011).

Another concern relates to the patent strategies of Chinese corporations, which exploit registration oversights in foreign technology and have been able to lever out corporations that had so far been active in the Chinese market. The same applies to the change of standards

that discriminates against foreign corporations, for example in telecommunications or in the wind energy sector (EFI 2012: 113–115). The fact that German corporations currently have problems with protecting intellectual property rights was revealed in a survey conducted in the summer of 2013 (“German Business Confidence 2013 – Status and Outlook of German Companies in China”) by the German Chamber of Commerce in Beijing. One in five German companies reported being involved in proceedings initiated by Chinese competitors to protect intellectual property rights. One in three companies expects that there will be increasing competition due to the growing innovative capacity of Chinese corporations (GCCC 2013). However, not only foreign corporations are confronted with infringements of intellectual property rights by competitors; this also applies to a great extent to innovative companies with Chinese investors.

In summary, China’s global economic growth has shifted both the international balance as well as bilateral relations. Germany has benefited from this growth due to its industrial and export focus and exploited the new market opportunities. At the same time, however, competition has increased for German corporations, even in Germany. As global players, Chinese corporations will, in future, be even more active than before as investors in Germany and will try to improve their international position by means of technological cooperation.

6.3

6.3.1

Innovation Perception

Do Germans consider the Chinese economy to be innovative? What about the other way around, and what role do industrial espionage and product piracy play?

Fig. 6.21
Perceived industrial espionage
(Figures in percentages)

Question (DE):
Do Chinese businesses
engage in spying on German
technology and inventions?

Question (CN):
Do German businesses
engage in spying on Chinese
technology and inventions?

yes
partly both
no
do not know/prefer
not to say

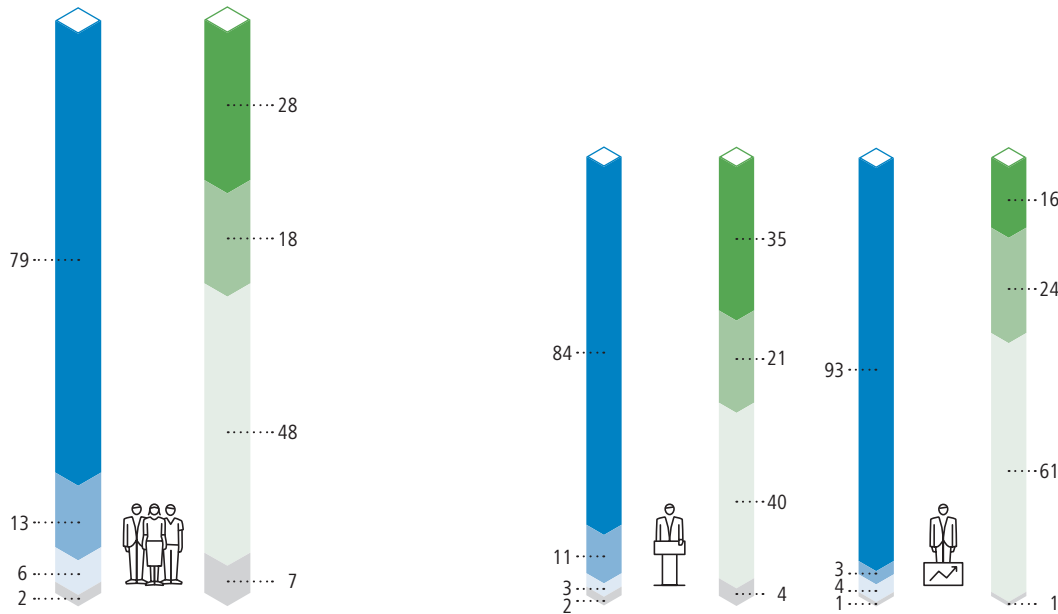


Fig. 6.23
Perceived high-tech competency
(Figures in percentages)

Question (DE):
Are Chinese businesses
capable of producing
high-tech products?

Question (CN):
Are German businesses
capable of producing
high-tech products?

yes
partly both
no
do not know/prefer
not to say

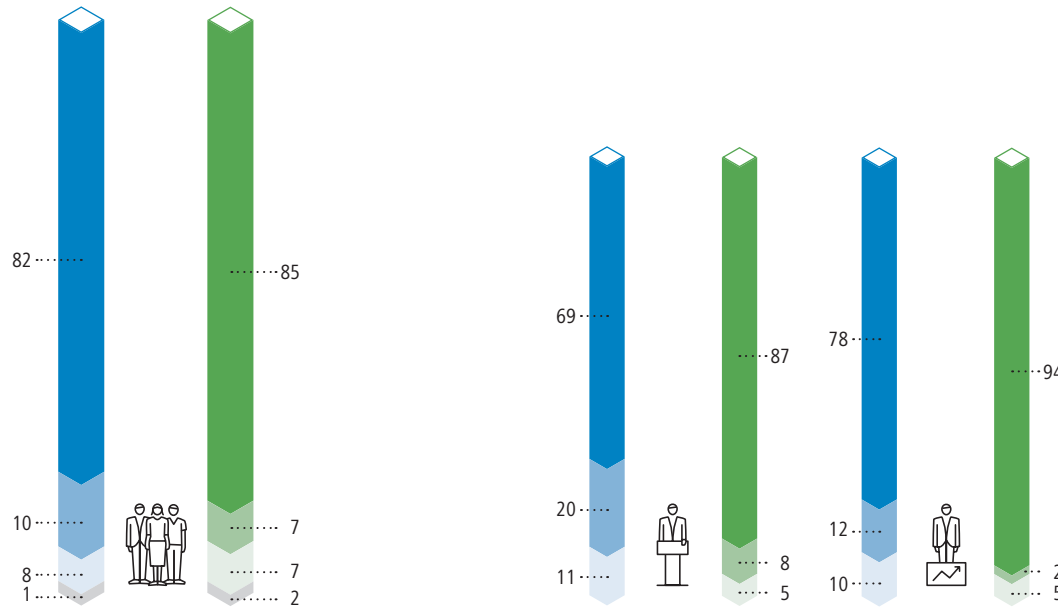


Fig. 6.22
Perceived product piracy
(Figures in percentages)

Question (DE):
Do Chinese businesses
primarily develop their own
products or do they copy
Western products?

Question (CN):
Question not asked

develops its own products
partly both
copies Western products
do not know/prefer
not to say

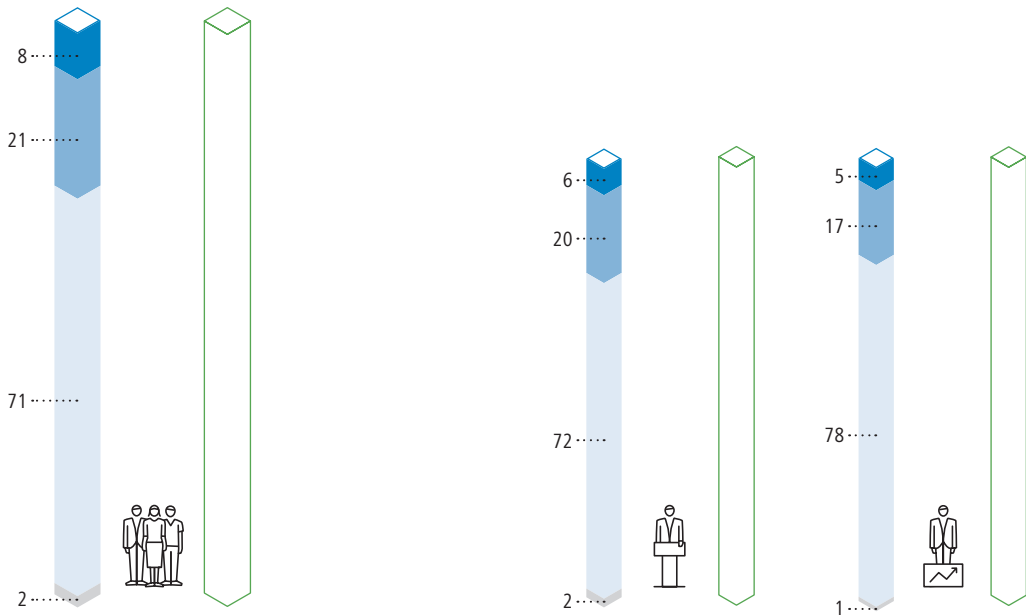


Fig. 6.24
Opinion on mass production
and innovation
(Figures in percentages)

Question (DE):
Does China primarily
stand for mass production or
for innovative products?

Question (CN):
Does Germany primarily stand
for mass production or for
innovative products?

China mainly represents mass production.	86	90	94	Germany mainly represents mass production.	27	31	25
China partially represents mass production and partially innovative products.	9	8	6	Germany partially represents mass production and partially innovative products.	11	18	10
China mainly represents innovative products.	4	1	1	Germany mainly represents innovative products.	59	51	65
do not know/prefer not to say	1	1	0	do not know/prefer not to say	3	0	0

6.3.2

Between imitation and innovation

Description of survey results:
Innovation

1 Here, innovation denotes technological change or technological advancement as well as development of new products and processes. Successful innovation processes are based on interaction between the industrial sector on one hand and the research (and educational) sector on the other.

Until the end of the 1990s, Chinese companies mostly adopted foreign modern technologies; however, they now increasingly rely on innovation¹ rather than imitation.

However, this change process is reflected rather poorly in the questionnaire results. The pre-dominant perception of China is still that of a country where domestic companies appropriate foreign ideas and technologies, sometimes even illegally. This perception can be interpreted as one of the reasons why many respondents in Germany were unsure whether China or Germany would benefit more from technological cooperation. In contrast to the respondents in Germany, questionnaires in China have shown Germany to be perceived as a highly innovative country. At the same time, most respondents do believe that both countries would benefit from technological cooperation.

In spontaneous association responses, some of the German population associates China with the term “idea theft, idea copying” (12%, 2012: 8%). A similar perception was prevalent among economic decision-makers and politicians.

Contrary to the negative associations in Germany, some of the public, business decision-makers and politicians in China associate the terms “strong industry/technology” with Germany.

Almost three-quarters of the surveyed population (71%; 2012: 85%) and politicians (72%; 2012: 85%) as well as 78% of economic decision-makers (2012: 90%) in Germany believe that Chinese companies primarily copy Western products instead of developing their own products. Younger respondents in the population and politicians are more likely to assume that China develops its own new products.

The vast majority (86%) of the German population perceives China as being primarily a producer of mass products. Economic decision-makers (94%) and politicians (90%) hold even more critical views.

In this survey, only a handful of Chinese companies are described as innovative by German economic decision-makers. Yingli Solar, Lenovo, and Huawei are among them.

In contrast to the survey in Germany, more than half of the surveyed population in China (59%) assumes that Germany primarily stands for innovative products. This perception is even more prevalent among younger respondents and those with higher household incomes.

More than three-quarters (79%) of the population (2012: 82%) as well as 84% of politicians (2012: 89%) in Germany share the perception that Chinese companies engage in industrial espionage of German technologies. Even more critical (93%) were the answers given by economic decision-makers (2012: 92%) in Germany; only those economic decision-makers who had previously visited China believe this to a somewhat lesser extent (88%).

The opinions expressed in this survey on the question of whether German businesses spy on technologies in China varied widely. Only 28% of the population believed that German businesses spy on Chinese technologies, whereas 18% answered with “indifferent”. A different opinion was found among economic decision-makers; only 16% of this group assumed that German companies spy on Chinese technologies.

German media reports only rarely cover the topic of innovation (5% of overall reporting), and if so, only indirectly in the context of reporting on globalized markets and value creation chains. In this regard, the evaluation is more positive than negative, with 18% versus 10% respectively. In contrast, the Chinese media report more often on the topics of innovation/ patents (11% of overall reporting). Overall, the majority of evaluations are positive (56%).

In light of the survey and media results, the question arises of just how innovative China is and/or how dependent the country is on foreign technologies.

Classification and background:
Innovation

While Western nations achieved their economic rise over the course of the Industrial Revolution and/or by building their own technological bases, the so-called latecomer nations such as China were able to adopt and build on existing technologies. From the latecomers’ perspective, the central strategic goal of these nations’ governments is to diminish the lead of the traditional industrialized nations in order to become independent of them and/or to catch up with them. The resources available to these countries and their companies are defined by a weak starting position and limited business resources (Mathews 2002), which explains the proactive role of the state in technology transfer and the cultivation of foreign markets (Schueler-Zhou/Schueller/Clement 2013).

Aside from creating its own industrial base, China also relies on foreign technology transfer. While this strategy has been quite successful, its dependence on foreign technologies remained high. The Chinese government therefore implemented a strategy change in their innovation policies a few years ago. It is based on an increase in independent product, technology and brand name innovations to be developed in China and owned by Chinese companies.

.....
2 R&D (research and development)

The technology trade balance and the role of technology imports are suitable indicators for determining China’s dependence on foreign technologies. A comparison of the years 2000 and 2010 clearly illustrates that the Chinese export goods structure has shifted dramatically toward exporting R&D-intensive goods. This trend toward R&D²-intensive exports runs counter to the perception that Chinese products are merely mass products. In this light, it is also understandable that economic decision-makers assess China’s innovation power more positively compared to the 2012 survey.

However, the 41.2% share this product group accounted for even in 2010 is lower than the share of 57.4% accounted for by the remaining processing industries. When imports are considered, it becomes apparent that China remains dependent on sourcing its technology from elsewhere. This is why there has barely been a change in the percentage of imports accounted for by cutting-edge and high-grade technology, along with imports of research-intensive products (see fig. 6.25).

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Fig. 6.25
China’s imports and exports by goods categories 2000 and 2010
(Share of the overall import and/or export volume of goods in percent)

Source:
Gehrke/Krawczyk 2012: 46

1 The shares of the export goods categories “state-of-the-art technology” and “premium technology” constitute the “R&D-intensive goods” category. The remaining two categories of goods are not added, but constitute individual goods categories. This also applies to imports. State-of-the-art technology goods are the most R&D-intensive goods (Gehrke/Krawczyk 2012: 6).

Export of various categories of goods ¹	2000	2010
State-of-the-art technology	14.6	23.2
Premium technology	14.3	18.0
R&D-intensive goods	28.9	41.2
Other industrially processed goods	67.0	57.4
Commodities (from agriculture and mining)	4.2	1.4
Imports of various categories of goods ¹		
State-of-the-art technology	20.4	21.8
Premium technology	26.5	23.5
R&D-intensive goods	46.8	45.3
Other industrially processed goods	40.0	28.1
Commodities (from agriculture and mining)	13.1	26.7

From a global perspective, the rise of China since the 1990s has created a substantial shift in the trade of research and development (R&D)-intensive goods between traditional industrialized nations and China. According to international trade statistics, the EU-15, the USA, and Japan accounted for around three-quarters of international trade with R&D-intensive products in the second half of the 1990s. By 2009/2010, the share of these countries had declined to less than 60%. In the year 2000, China contributed 3.5% to the overall trade volume of global state-of-the-art technologies. This share had increased to 19.4% by the year 2010 (Gehrke/Krawczyk 2012: 45). This increase is primarily the result of an increase in Chinese state-of-the-art technology exports. Between 2000 and 2010, this share of the overall export volume increased from 14.6% to 23.3% (see Fig. 6.25). Thus, China recorded a share of the global state-of-the-art technology trade of around 19% in 2010, which was larger than the shares of the USA (9%), Germany (7%), South Korea (6,5%), and Japan (5%) (Gehrke/Krawczyk 2012: 45).

Despite the fact that China plays a leading role in state-of-the-art technologies according to international trade statistics, this data is only a limited indicator of China’s actual innovative power. In actuality, these exports are often goods that are based on technology-intensive imports. In 2010, for example, China’s trade in computer and telecommunications equipment trade generated a surplus of 287 bn USD, while the electronics sector recorded a deficit of 127 bn USD, due to the high level of imports (see Fig. 6.26). A different picture altogether emerges if high-tech foreign trade is evaluated comprehensively.

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Fig. 6.26
China’s high-tech foreign trade in 2011

Source:
NBS (National Bureau of Statistics of China) 2012b: 159

Technologies	Exports		Imports		Trade balance
	bn USD	share in percent	bn USD	share in percent	bn USD
Computers and telecommunications	392.943	71.6	105.641	22.8	287.302
Life sciences	17.843	3.3	15.796	3.4	2.047
Electronics	86.584	15.8	213.975	46.2	-127.391
Computer-controlled production	8.940	1.6	46.926	10.1	-37.986
Aerospace and space science	4.599	0.8	19.015	4.1	-14.416
Photoelectronics	32.114	5.8	54.203	11.7	-22.089
Biotechnology	0.414	0.1	0.449	0.1	-0.035
Materials	4.716	0.9	5.933	1.3	-1.217
Other	0.677	0.1	1.287	0.3	-0.610
Total	548.830	100	463.225	100	85.605

A vital factor in the rise of China as an exporter of high-tech products was the integration Chinese companies into the value creation chain of foreign companies. The provision of intermediate products and components for final assembly to Chinese-foreign joint ventures in China is still important, particularly in the electronics industry. The electronics industry is one of the largely globalized industries particularly subject to fluctuations in international demand. In 2007, for example, Chinese-foreign companies accounted for 90% of Chinese electronics exports. They are also still highly dependent on external supplies (Gaulier/Lemoine/Uenal 2011: 18–19; Schueller 2014).

Overall, foreign-funded companies are very important to Chinese foreign trade. In 2011, these companies contributed approximately half of the overall foreign trade volume. Their share of exports (52.4%) was slightly higher than their import share (49.6%) (see Fig. 6.27). In high-tech exports, the share of foreign-funded companies in 2010 was 82% (Xing 2012: 8).

Aside from China’s position in the international technology trade, several input and output factors can be used to compare innovation capabilities. These include expenditure on research and development (R&D) as well as the use of experts (human capital), and also the output factors of patents, scientific journal articles and citations.

Fig. 6.27
Chinese foreign trade share of companies with foreign capital 2000–2011 (Figures in percentages)

Source:
NBS (National Bureau of Statistics of China) 2001, 2006, 2011 and 2012c

	2000	2005	2010	2011
Total	49.9	58.5	53.8	51.1
Exports	47.9	58.3	54.6	52.4
Imports	52.1	58.7	52.9	49.6

China’s R&D expenditure reflects the country’s increasing scientific efforts. Between 2006 and 2011, the volume almost tripled, from 300 bn CNY to 869 bn CNY. If this expenditure is considered in relation to GDP, its share grew from 0.9% in 2000 to 1.84% in 2011 (see Fig. 6.28). In an international comparison of R&D intensity, China is at the same level as Portugal, Ireland, Italy, and Spain. China’s share of R&D expenditure within the OECD and the remaining BRICS nations grew from 2% in 1995 to 14% in 2011 of the total expenditure. Thus, China contributes substantially to global expenditure on R&D, contrary to the prevalent perception.

The expansion in R&D expenditure was primarily facilitated by an increase in operations research. The state’s share of R&D expenditure decreased to 42% for state-run research institutions and 12% for higher education institutions, producing a total of 26% for both sectors. The main focus of operations research in the manufacturing industry is on electronics as well as IT and communications technologies, with each accounting for one-fifth of the expenditure. Additional focus areas are automotive (15%), mechanical engineering (13%), iron production and processing (12%), and electrical engineering (11%). Within corporate R&D expenditure, there is a focus on experimental development (98%) aimed at improving products and processes. In Germany, on the other hand, this share is substantially smaller at only 46% (Gehrke et al. 2013: 73–81).

The categorization of national R&D expenditure according to research activities shows a very insignificant share for Chinese basic research of 4.7%, while 11.8% goes toward applied sciences and 83.5% toward experimental development (see Fig. 6.29).

Particularly in expenditure on basic research, there is a marked difference in the structure of China’s R&D expenditure compared to Western industrialized nations that show a rate of 15–25%. Yet another characteristic of the Chinese innovation system is that universities play a lesser role in research than they do in other countries. In Germany, for example, research conducted at German higher education institutions accounted for 18.3% of total R&D expenditure, whereas in China this share amounts to only 7.9% (see Fig. 6.29).

The total number of research staff in China is very impressive. The total number of workers in the research sector had grown to 40 m by 2011, around 19 m of whom were scientists. Compared to the overall population, however, China’s overall proportion of scientists appears less favorable. In 2011, there were only 25 scientists per 10,000 workers in China, whereas in Germany there were 78 scientists per 10,000 workers (MOST 2013) (see Fig. 6.29).

Fig. 6.28
Expenditure on research and development 2000–2011 (percentage of GDP)

Quelle:
NBS (National Bureau of Statistics of China) 2011b;
MOST (Ministry of Science and Technology of the People’s Republic of China) 2013

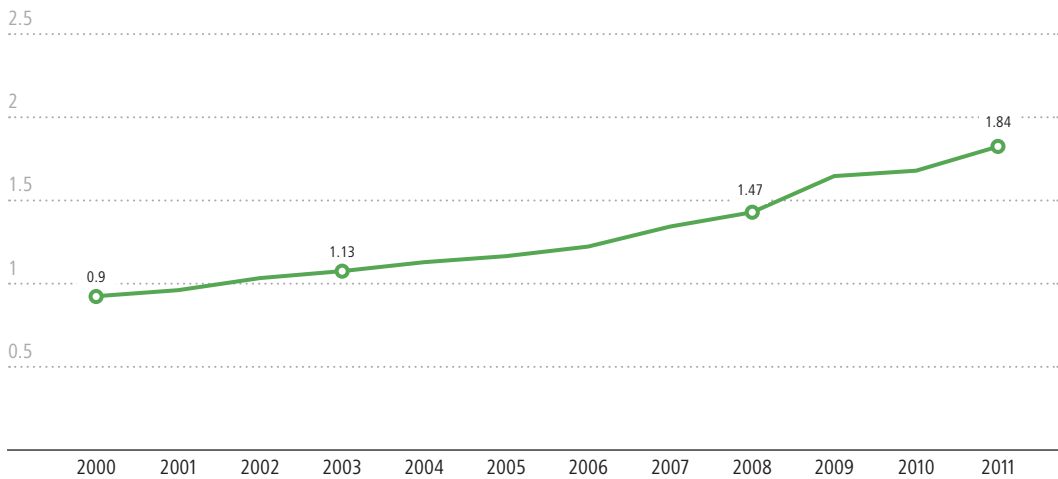


Fig. 6.29
Comparison of innovation indicators in China and Germany (ref. year 2011) (Figures in percentages)

1 based on 10 000 workers
2 based on R&D workers
3 n/a (not applicable)

Notes:
R&D funding in China: no data available for 2011. For 2010, the share of foreign funding is specified as 1.3% (1995 also 1.3%).

R&D funding in Germany: Miscellaneous includes 3.9% foreign R&D funding. R&D implementation in Germany: Due to preliminary data and statistical adjustments, the three categories do not add up to 100%.

Sources:
NBS (National Bureau of Statistics of China) 2012b: 248; Gehrke et al. 2013: 104, 108

	Germany	China
R&D in relation to GDP	2.88	1.77
R&D workforce ¹	132	53
of which scientists ²	79	25
R&D financing		
Companies	65.6	73.9
Public sector	30.3	21.7
Other	4.1	4.4
R&D implementation		
Companies	67.4	75.7
Public sector	14.8	15.0
Higher education sector	18.3	7.9
Private nonprofit sector	n/a ³	1.3
Research types		
Basic research	n/a	4.7
Applied sciences	n/a	11.8
Experimental development	n/a	83.5

China’s catch-up process is also reflected in the output factors of scientific publications and patents. Here too, the trend is a marked contradiction of the perception held by respondents in Germany, who evaluate China as being a country that hardly innovates at all. The number of scientific papers published in China has grown rapidly in recent years, not least because academic

3 SCIE (Science Citation Index Expanded), SSCI (Social Science Citation Index)

careers in China now also depend on this indicator. Between 2000 and 2010, China's share of publications among internationally registered publications in SCIE and SSCI³ increased from 3.5% to 11%. In this area, China has already surpassed most of the leading industrialized nations. By the end of 2010, only the USA produced a higher share of all scientific publications, at 28% (see Fig. 6.30). However, if compared internationally, Chinese publications are still cited less frequently, and by 2008 the citation rate per article was still below the global average (see Fig. 6.31).

Fig. 6.30
Comparison of scientific publications by country 2000–2010
(Figures in percentages)

Source:
EFI (Expertenkommission
Forschung und Innovation)
2012: 112

	2000	2008	2010
USA	32.1	28.7	28.0
China	3.5	9.2	11.0
United Kingdom	9.3	7.9	7.8
Germany	8.1	7.2	7.3
Japan	8.7	6.6	6.0
France	5.9	5.3	5.2
Canada	4.2	4.5	4.5
Italy	3.9	4.3	4.3
India	2.0	3.3	3.4
South Korea	1.6	2.9	3.3

Fig. 6.31
Rate of citations in scientific publications 2000 and 2008
(as number of citations per publication)

Source:
EFI (Expertenkommission
Forschung und Innovation)
2012: 112

	2000	2008
World	2.9	3.7
USA	4.6	5.6
China	1.3	3.1
United Kingdom	3.8	5.4
Germany	3.5	5.1
Japan	2.7	3.6

When the economic reforms started in the early 1980s, the Chinese government addressed the issue of intellectual property protection as a prerequisite for innovation by creating an institutional and legal framework. In cooperation with the German patent office, among others, a corresponding government bureau was created in China, and by the mid-1980s initial patent laws had been passed. Despite the fact that a formal legal framework for protection of intellectual property has been in place for over two decades, China is among the countries where patent violations, as well as product and trademark piracy, are highly prevalent. This represents a problem that can be found in other transforming nations as well. Formally, Western legal structures have been adopted; however, due to differing norms and values, as well as a lack of capability of their governments to enforce them, they are actually of limited use. The negative impact on the development of innovation has become increasingly apparent. In a

technology program founded in 2006 (Plan for the intermediate and long-term development of science and technology 2006–2020), the Chinese government stated that its goal is to become independent of foreign technology. In order to catch up with the leading nations, R&D expenditure is to be increased to 2.5% of GDP by 2020, and the share of science and technology contributing to GDP growth is to be increased to 60%. It is also a stated goal that China should become one of the five leading countries with regard to domestically developed patents and citations in international scientific publications. This realignment of Chinese innovation policies makes it clear that the protection of intellectual property and the promotion of patents are seen as important prerequisites for the transition from imitation to innovation.

Just as with scientific publications, the development of patents has been proactively promoted, and the number of patents has grown rapidly. The Chinese patent system differentiates between three different types of patents: invention patents, utility patents, and design patents. Invention patents are the most important, since they reflect a country's capability to convert knowledge resources into potential economic gains (Pattloch 2010). Between 2000 and 2011, the number of approved patents increased to a remarkable extent, from 105 345 to 960 513. Simultaneously, the number of invention patents and their share of overall patents increased rapidly (see Fig. 6.32).

Since 2007, more patents have been registered by Chinese companies in China than by foreign companies. However, the patent approval rate (proportion of patents approved compared to registered patents) is still significantly higher for foreign applicants. While Chinese applicants had an approval rate of 27.2% in 2010, the rate for foreign applicants was 49.5% (EFI 2012: 113). While tremendous advances in the patent system have been observed, there is still debate about the quality of many Chinese patents.

They often exhibit only minor adaptations, and are therefore not suitable as authoritative indicators of increased innovation capacity (EFI 2012: 113–114). Studies for the year 2010, on the other hand, have shown that the share of patents in the Chinese high-tech sector is not much lower than in Germany (51% vs. 45%). For so-called leading-edge technologies, Germany's share is smaller than China's (15% vs. 25%) (Neuhaeusler et al. 2013: 14). This data runs counter to the perception held by German respondents that China does not produce innovative products.

Fig. 6.32
Approved Chinese patents 2000–2011

Source:
NBS (National Bureau of
Statistics of China) 2011b

Approved patents
thereof inventions

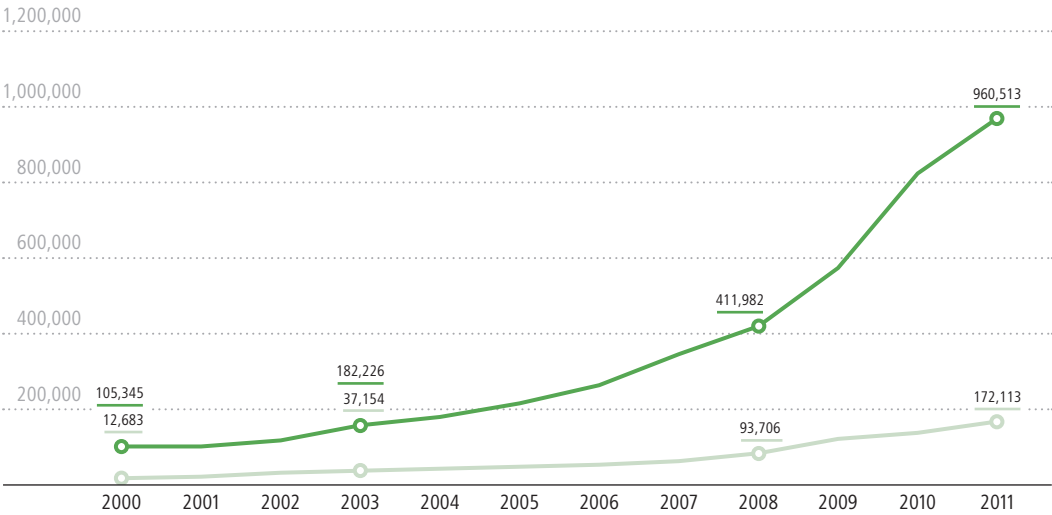


Fig. 6.33
Chinese high-tech companies
in growth sectors

Source:
EFI (Expertenkommission
Forschung und Innovation) 2012

Data based on annual reports
from 2010; byd 2007

Growth sector	Companies	Business volume in bn USD	Research and development in bn EUR	Employees
Mobile communications (manufacturer)	Huawei	23.2	2.07	110,000
	ZTE	8.8	0.89	85,232
Mobile communications (operator companies)	China Mobile	60.7	6.07	164,336
	China Unicom	21.4	–	215,820
Consumer electronics	TCL	6.5	0.23	50,000
	Haier	4.5	0.01	18,200
Photovoltaics	Suntech	2.4	0.03	20,200
	Trina	1.5	0.02	13,000
Internet	Baidu	1.0	0.09	11,000
	Alibaba	0.7	0.07	13,674
Computers/PCs	Lenovo	13.8	0.18	22,205
	Founder TG	0.8	–	4,500
Electric vehicles (battery technologies)	Build Your Dream (BYD)	2.1	0.07	55,000

Among the companies that have registered the most patents in China in 2011 are ZTE and Huawei, with 4 685 and 3 617 patent applications respectively. These are also the companies that have applied for the most patents abroad. This indicates a strong globalization strategy and a higher technological level in both companies, since patents approved abroad (at the European Patent Office or the US Patent Office) usually have to meet higher standards. In 2011, ZTE took first place (2 826 patent applications) and Huawei came in third (1 831 patent applications). (MOST 2013). Aside from telecommunications, patent applications by Chinese companies abroad primarily concern automotive, electronics and environmental technologies.

Initial successes in the transition from innovation to imitation are noticeable at the business level, as illustrated by the table listing Chinese high-tech companies in central growth sectors (see Fig. 6.33). It is primarily companies in the mobile telecommunications sector, such as Huawei and ZTE, that incur high R&D expenditure in order to be innovative.

The rise of the aforementioned Chinese companies in high-tech sectors mostly overlaps with the perception of German economic decision-makers of the innovative power of certain companies in China. For example, almost half of that group (46%) assessed the IT company Lenovo as very innovative, whereas 30% of German economic decision-makers viewed Huawei as very innovative (8%) or somewhat innovative (22%). The solar technology company Yingli was also

perceived as innovative or somewhat innovative (10% and 29%) by the respondents. The company's globalization, which only occurred in recent years, may be one of the reasons why it is not found in the table.

There have already been great advances in the expansion of China's innovation capacities. The actual picture is different from that of a country that relies solely on mass production and not on innovation. The perception of German respondents, therefore only partly reflects the actual development in recent years. China's political goals are very ambitious, and focus on the same innovation priorities as Western industrialized nations. The current Five-Year Plan covering the period from 2011 to 2015 therefore places its main development emphasis on expanding the energy and environmental sectors, the IT industry, biotechnology, high-tech capital equipment such as aircraft construction and mechanical engineering, new materials, as well as electric vehicles in the automotive sector.

6.4
6.4.1

Product quality
Perception

How do Germans assess the quality, prices, and international competitiveness of Chinese products? Vice versa, how do the Chinese assess German products?

Fig. 6.34
Assessment of competitiveness
(Figures in percentages)

Question (DE):
Are Chinese technology products competitive internationally?

Question (CN):
Are German technology products competitive internationally?

yes
indifferent
no
do not know/prefer not to say

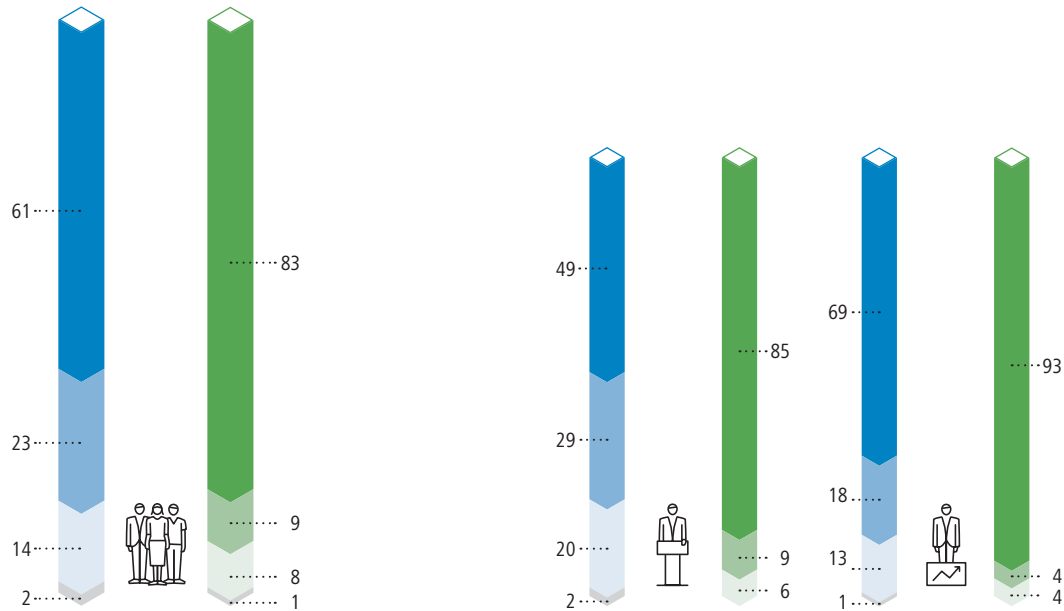


Fig. 6.36
Assessment of product quality
(Figures in percentages)

Question (DE):
How do you assess the quality of Chinese products?

Question (CN):
How do you assess the quality of German products?

high
indifferent
low
do not know/prefer not to say

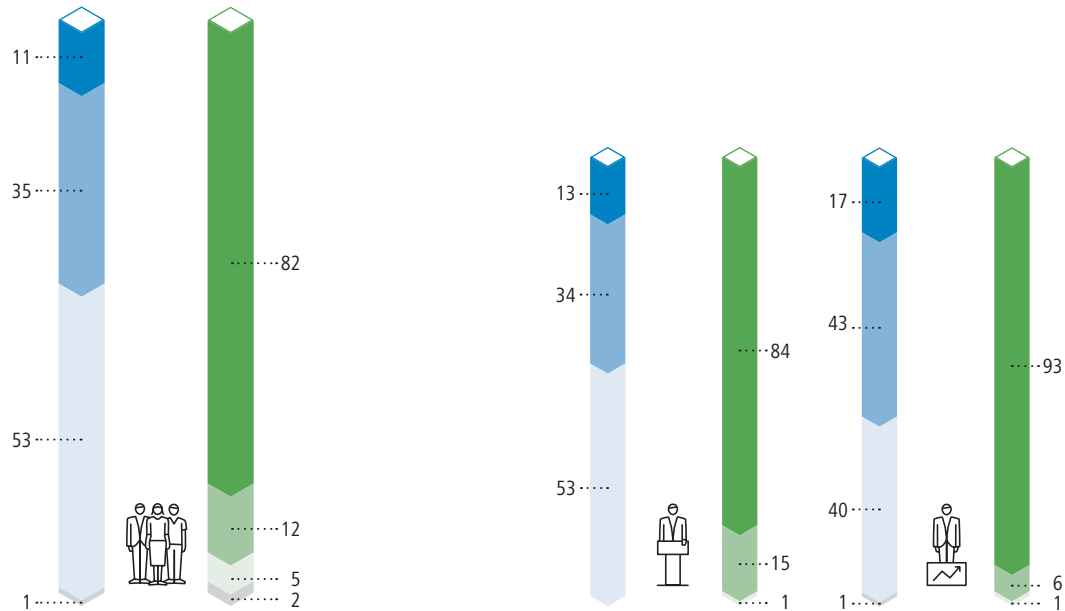
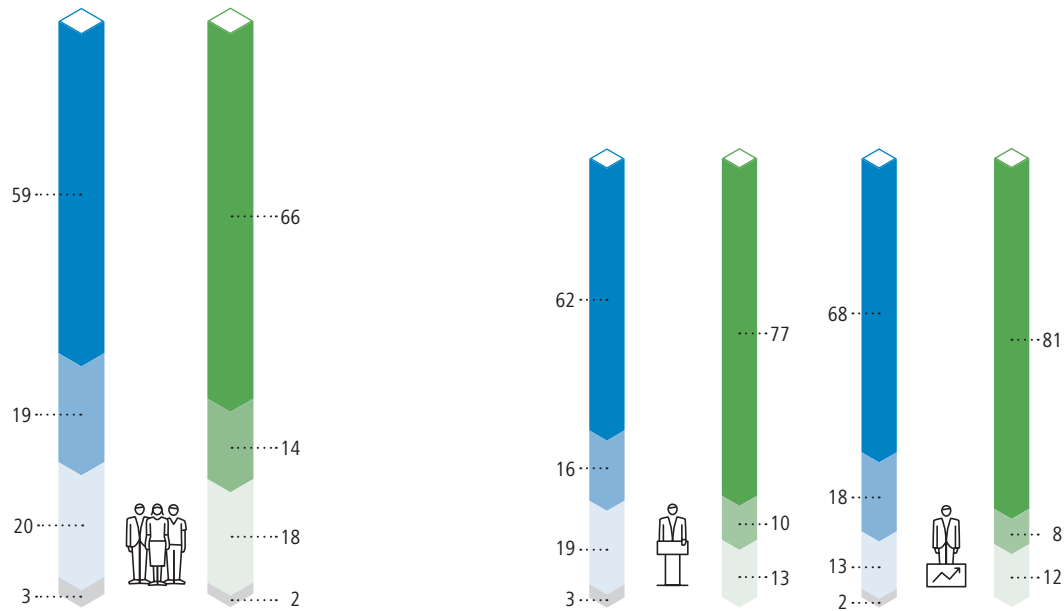


Fig. 6.35
Assessment of the price/performance ratio
(Figures in percentages)

Question (DE):
How do you assess the price/performance ratio of Chinese products?

Question (CN):
How do you assess the price/performance ratio of German products?

good
indifferent
poor
do not know/prefer not to say



6.4.2

Between high-tech and problem products

Description of survey results:
Product quality

The quality of Chinese products has improved continuously over the last two decades. Facilitating factors were growing domestic competition as well as high Western quality standards for exports. In the perception of German respondents, however, this change was only reflected to a limited extent.

In spontaneous association responses, some of the German population associates China with the term “cheap products” (8%, 2012: 7%) (see Chap. 4.1, Fig. 4.01a), whereas economic decision-makers also mentioned “low-cost production location”.

Roughly half (53%, 2012: 49%) of the general population and politicians (53%, 2012: 25%) in Germany perceive the quality of Chinese products as inferior. Among economic decision-makers, this share is markedly lower (40%, 2012: 51%); also, 43% (2012: 40%) answered the question on good or bad product quality with “indifferent”. The positive perception increases after a visit to China. In the Chinese survey, the perception of the quality of German products was more positive. More than three-quarters (82%) of the population, 93% of economic decision-makers and 84% of politicians in China state that they consider German products to be of high quality.

The vast majority (82%) of the population and 78% of economic decision-makers in Germany believe that Chinese companies have the capability to produce high-tech products. In the survey in China, 85% of the population and 94% of economic decision-makers agreed with the statement that German companies have the capability to produce high-tech products.

Almost two-thirds (61%) of the population and 69% of economic decision-makers in Germany assume that Chinese technology products are competitive in international markets. Younger economic decision-makers are more open to perceiving Chinese technology products as competitive.

In the Chinese survey, more than three-quarters (83%) of the population stated that German technology products are competitive in international markets. Politicians (85%) as well as business decision-makers (93%) agreed with this to an even greater extent.

Whilst there is not much reporting on product quality in the German media (6% of reporting), the actual reporting is primarily negative (63%). The quality of Chinese products is mostly (65%) portrayed as inferior; only 21% of the media reports stated that their quality is high. Chinese media, on the other hand, report more often on the topic of product quality in Germany (15%). Overall, the majority of reporting is positive (80%).

Classification and background:
Product quality

The Chinese rise to being the global export leader would not have been possible without a substantial improvement in the quality of „Made in China“ products. Based on the shift in export distribution, Chapter 6.3 2 illustrates how the technology standard of Chinese products has improved. This reality, however, is at odds with the perception of respondents in Germany. What is the cause of around half of the German population and politicians thinking that Chinese products are of inferior quality? One could assume that two primary factors are the cause of this perception: 1. The comparatively low price of Chinese products is equated with inferior quality. 2. Many German consumers include overall production conditions (environmental pollution and labor conditions) and various product scandals in their considerations.

Product quality is difficult to measure without the use of additional criteria (e.g. shelf-life, environmentally-friendly production). It is often asserted that the unit price of a product reflects its quality. In reality, this is often not the case, since the unit price is not the market price but rather an approximate value for the import price. Additionally, there are import customs fees, taxes and marketing costs. Despite having an impact on the end price, these are not part of the unit price and are not indicators of product quality. In another example, high production costs and foreign-exchange rate fluctuations can also make it impossible to draw direct conclusions from price to quality.

Since there is only a limited correlation of import price to quality, Pula and Santabarbara (2011) use additional data relating to market share in their study. It implies that consumers, by making a purchase, decide whether a product meets their quality requirements. If consumer demand for a certain product increases, the market share of the company and/or the country also increases. The study refers to Chinese imports in the EU market compared to other import countries, and uses the European import statistics (eurostat/comtext). The authors conclude that China’s share of the EU market is much larger than the low unit price of its products would suggest. According to the study, the quality of Chinese products in the EU market is high compared to many competitors, even compared to many leading industrialized nations. The study further shows that the quality of Chinese products compared to other competitors has improved since 1995. The authors explain that this development is due to China’s integration into global/regional production networks, which has facilitated the increasing quality of Chinese products. By comparing the pricing of Chinese manufacturers with other competitors, the study found that Chinese suppliers (with the exception of office machine manufacturers) ask for relatively low prices despite the increasing quality of their products. This leads the authors to conclude that profit is not the driving factor in Chinese companies’ market strategies in the EU; the driving factor is instead the increase in market share.

Germany is an example of the fact that imports from China grew rapidly between 2001 and 2011, despite the quality of Chinese products often being perceived as inferior. Strong growth was also seen in German imports from China in the important areas of electronics and electrical equipment (739% and 866%) (see Fig. 6.37).

Fig. 6.37
German imports from China,
2001 and 2011

Source:
UNSD (United Nations
Statistics Division) 2013 The
statistic was created using the
SITC (Standard International
Trade Classification) rev. 3 in
order to make data from 2001
and 2011 comparable. The
categorization of goods
categories was aligned with
the GTAI statistics.

SITC group		Import 2001 (in m USD)	Import 2011 (in m USD)	Increase (in %)
0–9	Total	17,687.6	111,070.5	528
0	Food	403.2	1,619.2	302
2	Commodities	318.4	1,187.6	273
33	Oil	5.8	77.6	1,238
51–59	Chemical products	677.2	4,882.8	621
64	Paper and cardboard	58.5	362.7	520
65, 84	Textiles/clothing	2,519.6	15,172.9	502
67	Iron and steel	49.4	1,149.5	2,227
68	Non-iron metals	132.0	677.3	413
69	Metal products	826.9	4,176.7	405
71–74	Machines	834.9	6,016.0	621
75, 76, 776	Electronics	4,466.3	37,474.6	739
77 (exkl. 776)	Electronic engineering	1,906.6	18,415.2	866
78	Automotive and automotive parts	175.0	1,604.5	817
87	Measurement and control technology	278.0	1,539.9	454
88	Optics	460.4	1,247.0	171

The development of German imports from China overlaps with the trend toward a more accurate assessment of the quality of Chinese products by German economic decision-makers. Another survey of German business managers in 2012 also showed the awareness of improvements in the quality of Chinese products. 72% of the surveyed German executives answered the question “Will Chinese businesses increasingly catch up with German businesses with regard to the quality of their products and services?” with “Yes”, while 28% answered “No” (Statista 2012).

Therefore, while the remarkable success in imports indicates that the quality of Chinese products has improved in general, and especially in the area of high-tech products, there are still problems in this area. This is illustrated by reports of harmful products by the Federal Institute for Occupational Safety and Health (BAuA). Weekly reports by the BAuA list all problem products including their country of origin. Chinese products are frequently found on the BAuA list. This concerns issues such as harmful additives in shoes and textiles (e.g. chromium VI), small machines such as power generators (insufficient electric shock protection) and gasoline generators (not compliant with EU standards), lighting (unsuitable wiring), and toys (e.g. infection risk in soap bubble fluids, injury hazards in other toys) (BAuA 2013). These reports are reflected in research by German journalists reporting about China. One such example is an article in

the publication Berliner Zeitung on 22/10/2010 titled “Importers held accountable”, which warns of health risks associated with toys from China, but also demands that German importers take responsibility too. The reports first and foremost accuse importers of not monitoring quality assurance with Chinese manufacturers. This area is alleged to be subject to cost savings, in order to keep overall production costs down (Bartsch 2010).

In recent years, the German media has also reported on topics related to product scandals in China that have had an effect on consumer opinion and trust in „Made in China“ products. As the largest manufacturer of toys worldwide, China’s buying market is the center of foreign sourcing activities for almost all foreign companies. The global recall of 1.5 m toy items manufactured in China for the US company Mattel shocked consumers all over the world in 2007. High lead content in the paint used in children’s toys, as well as unsafe batteries, were the cause of many health problems for children in China and abroad. Mattel responded with a recall of products manufactured in China and an audit of the value creation chain of its Chinese suppliers (Schueller 2007).

As China is becoming ever more important as an exporter of agricultural products, mistrust among German consumers has grown due to numerous food scandals in China in recent years. Some examples were melamine-contaminated baby formula, mooncake colored with industrial paint, and softeners in traditional Chinese wheat or sorghum spirits. The Chinese government has in fact enacted food safety laws in 2009; however, the number of assigned government agents is too small to achieve the desired level of control. The newly enacted production standards are highly important. According to some estimates, around 23% of Chinese production standards in 2011/12 meet international safety standards (Abele 2013). Aside from an increase in state monitoring by the Chinese government, there are also specialized institutions like the German TÜV SÜD that established a testing center in the southern Chinese city of Xiamen in late 2013. The goal is to improve the product quality of Chinese textile and shoe manufacturers.

In summary and with respect to product quality, it can be concluded that there is a wide spectrum, starting with high-tech quality in successful Chinese companies on the one hand, and existing product quality problems with the remaining consumer goods sector on the other hand. The perception of the respondents in Germany therefore corresponds to reality only in part, and should be more diverse according to product sector. Overall, a trend toward improved quality of Chinese products can be observed, which is reflected in an increase in Chinese export volume.

6.5
6.5.1

Brand image and awareness
Perception

How do Germans evaluate the brand image of Chinese companies? Which German brands are popular in China and considered to be innovative?

Fig. 6.38a
Awareness of brands
and companies
(Figures in percentages)

Question (DE):
Which of the following
Chinese brands are you
familiar with?

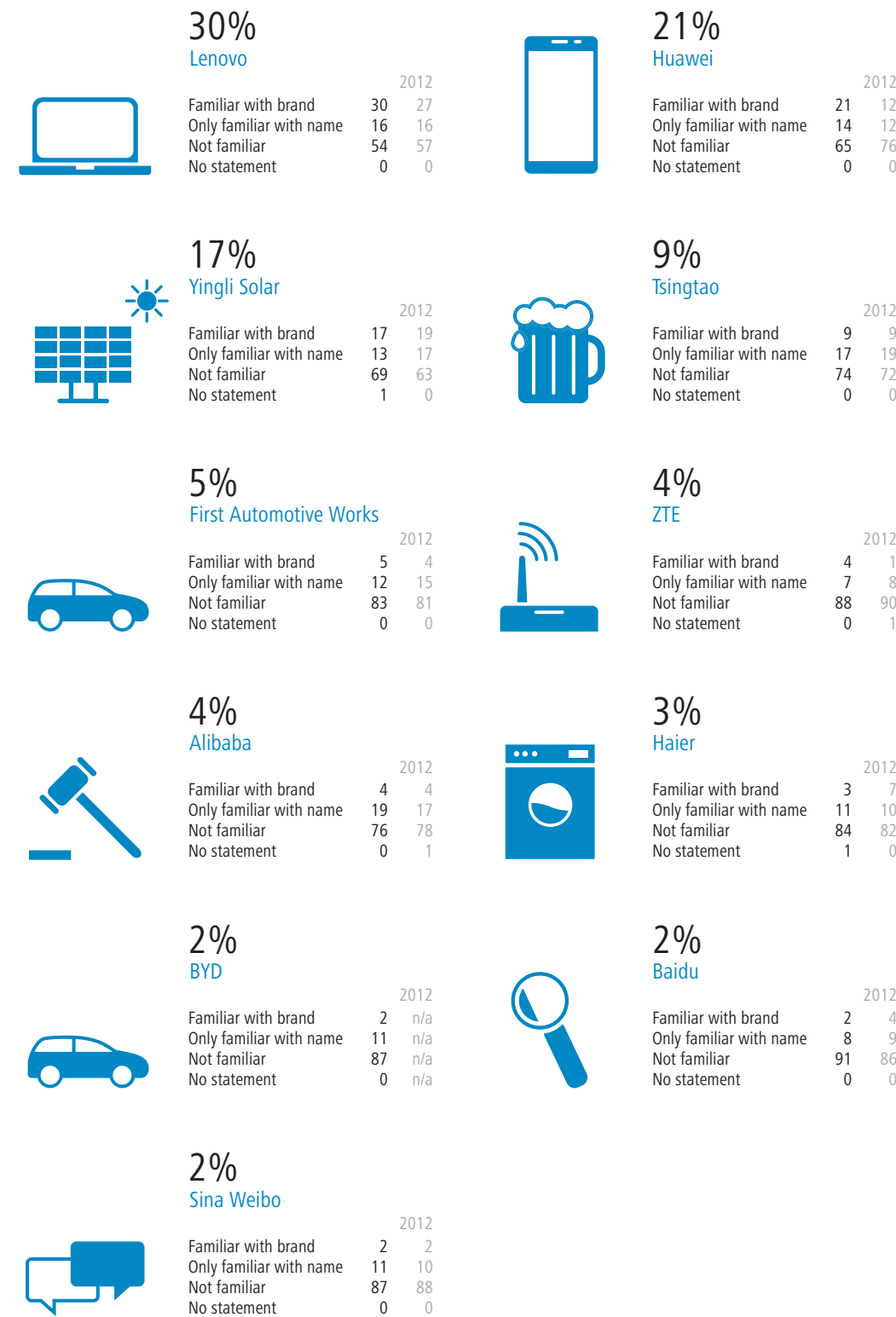


Fig. 6.38b
Awareness of brands
and companies
(Figures in percentages)

Question (CN):
Which of the following
German brands are you
familiar with?

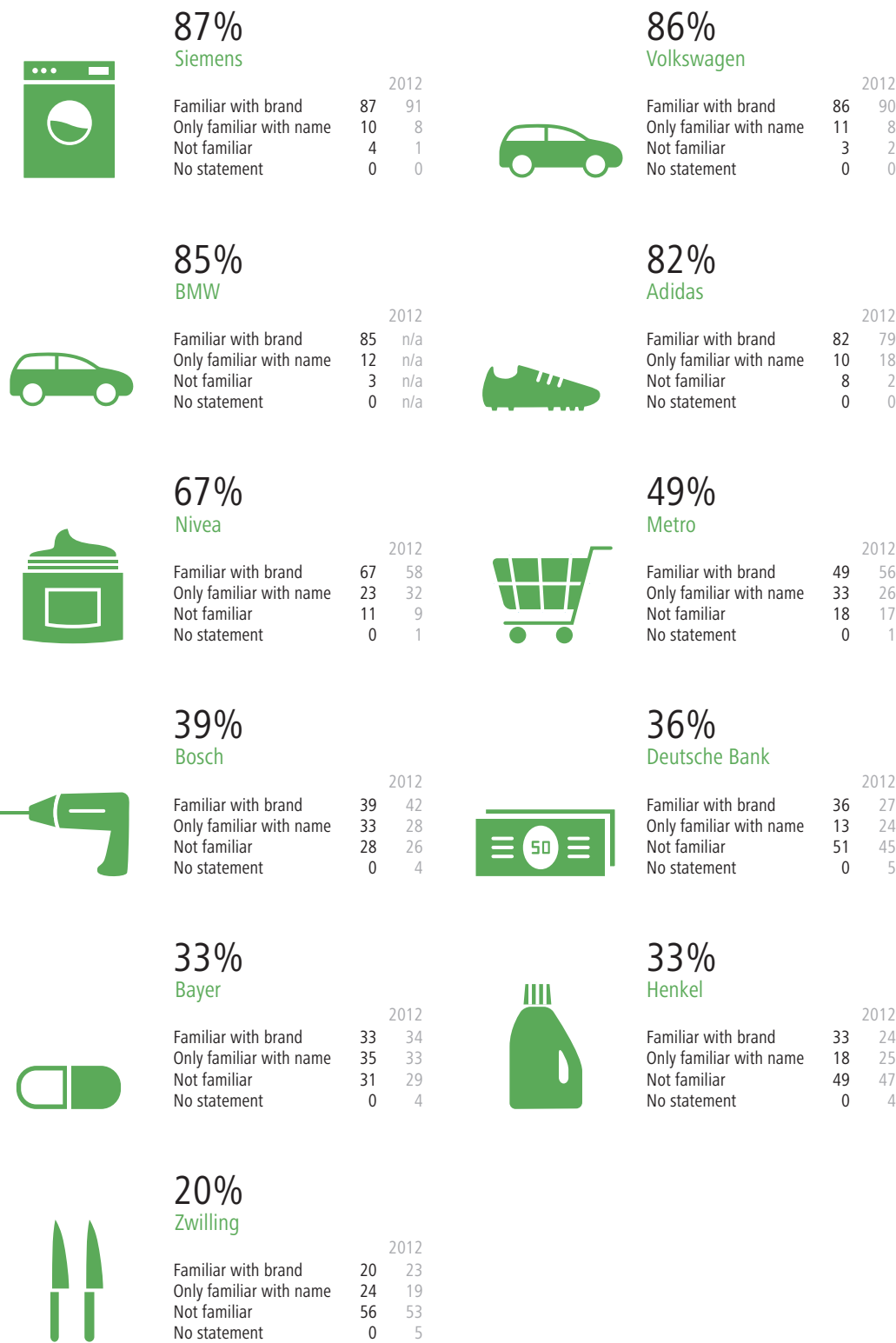


Fig. 6.39a
Innovative power of
brands and companies
(Figures in percentages)

Question (DE):
How innovative do you
consider the following
Chinese brands to be?

On a scale of 1 to 5, where:
1 = very innovative
2 = somewhat innovative
3 = indifferent
4 = not really innovative
5 = not innovative at all

Here, the top 2 values
(very/somewhat) are shown.
The average indicates
the assessment of innovative
power by both decision-
making groups.

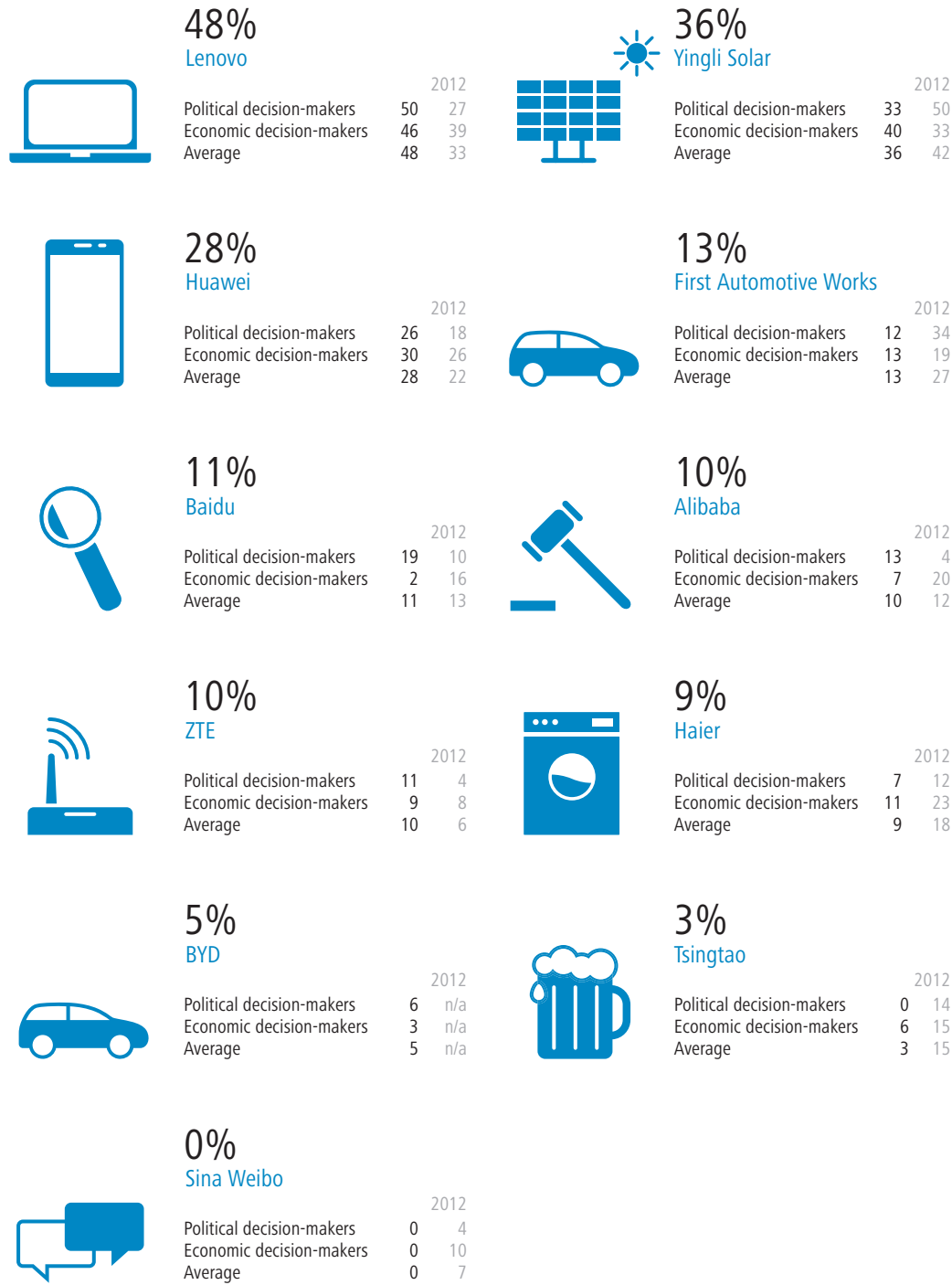
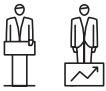


Fig. 6.39b
Innovative power of brands
and companies
(Figures in percentages)

Question (CN):
How innovative do you
consider the following
German brands to be?

On a scale of 1 to 5, where:
1 = very innovative
2 = somewhat innovative
3 = indifferent
4 = not really innovative
5 = not innovative at all

Here, the top 2 values
(very/somewhat) are shown.
The average indicates
the assessment of innovative
power by both decision-
making groups.

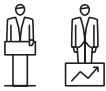
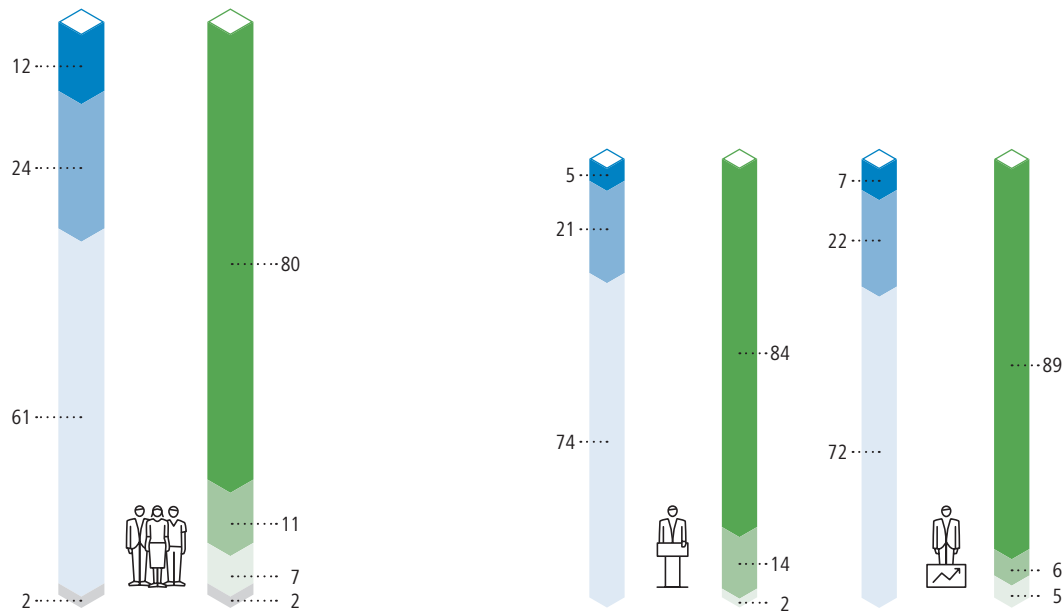


Fig. 6.40
International brand image
(Figures in percentages)

Question (DE):
How do you assess the
international reputation of
Chinese brands?

Question (CN):
How do you assess the
international reputation of
German brands?

high
indifferent
low
do not know/prefer
not to say



6.5.2

Chinese brands – high market presence but image problems

Description of survey results:
Brand image and awareness

The international competitiveness of Chinese companies has increased rapidly since the 1990s. Chinese export goods are omnipresent, but up to now only a few brands enjoy a good reputation, and only a few Chinese companies have achieved a greater degree of recognition overseas.

1 The computer company Lenovo, which was recognized by 30% of respondents in Germany, is among the most successful companies in its respective industry. Lenovo is the market leader in PC sales volume and has left the previous big players like the US companies Dell and Hewlett-Packard (HP) behind. In the period between April and June of 2013, Lenovo held a market share of 16.7%, which was 0.3% more than the market share of the previous market leader HP. High quality and intensive marketing campaigns have improved the brand's image. The success of Lenovo is primarily attributed to good service combined with value pricing for corporate clients (Geissler 2013).

The survey in Germany reflects the low international reputation of Chinese brands. Thus, only 12% of the population considers Chinese brands to be internationally reputable. Whilst younger respondents assess Chinese brands more highly, this positive perception decreases with higher education and higher income. Amongst business decision-makers and politicians, 7% or 5% respectively believe that Chinese brands enjoy a good reputation. Basically, the opinion within the group of business decision-makers is more differentiated and depends on the position in the company. Thus, business decision-makers in leading positions evaluate the reputation of Chinese brands as “indifferent” (29%), higher than decision-makers in lower-level managerial positions (15%).

The survey conducted in China produced a completely different picture of the reputation of German brands in China. Thus, 80% of the population as well as 84% of politicians and 89% of business decision-makers perceive German brands as having a good international reputation. This approval level increases after making a visit to Germany.

2 See next page

The survey of the population regarding the familiarity of Chinese companies and/or brands in Germany reveals that only companies in the IT industry (Lenovo¹ [30%] and Huawei [21%]) as well as the solar industry (Yingli 17%) are better known. Compared to the previous year, a distinct increase in the degree of familiarity of Huawei was noted (2012: 12%), whereas this familiarity increased little for Lenovo (2012: 27%) and for Yingli² it even decreased (2012: 19%). The survey of the population group in China also revealed a completely different picture of the familiarity of German companies. Most of the German companies listed were recognized by the respondents. The degree of familiarity with Siemens is the highest (87%), followed by the German auto companies (VW [86%] and BMW [85%]) and sporting goods producer Adidas (82%). The strength of perception of most brands and/or companies increases with higher household income and higher age. The survey of 2012 revealed high and sometimes even higher recognition values than in 2013 (Siemens 91%; Volkswagen 90%; Adidas 79%).

Classification and background:
Brand image and awareness

How can the relatively poor reputation of Chinese brands and the low degree of familiarity of Chinese companies be explained, given the high presence of Chinese products in Germany? In this respect, three primary factors can be mentioned, namely the poorly developed international marketing by Chinese companies, the specific international division of labor between Chinese and foreign companies in the export sector, and the relatively poor image of the country.

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to 2 Yingli Solar, after Lenovo and Huawei, is one of the brands that was recognized clearly more frequently (17%) than other brands in the German survey. In the international comparison, Yingli Solar holds the number 1 position among the largest solar panel manufacturers worldwide. Positions 3, 5 and 7 held are held by other Chinese companies, namely Trina Solar, Suntech, and Jink Solar. (Handelsblatt 09.17.2013). The Yingli Green Energy corporation held a market share of 6.7% in the photovoltaic modules market in 2012. In this segment, the bundled market share of the eight most important Chinese companies amounted to 28.4% (Statista 2013) in 2012.

For a long time, China has been a sellers’ market, characterized by scarcity of products and services that did not require companies to apply marketing strategies. For this reason, Chinese companies were very late to apply marketing tools such as brand management to bring their products closer to the customer. However, this situation changed in the 1990s with the increasing income of the population and increasing competition in the domestic market by nationally and internationally recognized foreign companies and brands. If Chinese suppliers wished to compete, they had to invest in the brand image of their products as well. In the process, it was not only a question of increasing market awareness by means of high quality. It was more a matter of the companies developing an understanding of the central functions of identification and differentiation of certain target groups, with brands determined by modern market research methods.

Another explanation of the low brand presence outside China lies in the type of international division of labor. By integrating Chinese companies into the value chain of foreign manufacturers, the role of Chinese companies is frequently reduced to the contractual supplying of parts and/or products that are then sold under the brand name of the foreign company. For this reason, Chinese companies as OEMs (Original Equipment Manufacturers) did not become known outside of China under their own brand name (obms or Original Brand Manufacturers).

However, the decision to enter a foreign market as an OEM is certainly advantageous. The sales potential of an unknown brand, which may also be burdened by a poor image due to its country of origin, is not very great. Extensive and expensive marketing would be required, not only to improve the brand image, but also to establish sales channels. As an OEM, the company could be able to gain its first experience in international markets and subsequently decide to change to an obm. In order to assist Chinese companies in their decisions to open up foreign markets to their own brand names, the China Brand Strategy Promotion Commission was established in 2002. The objective was to support China’s own brands to permit Chinese companies to gain a higher share of global turnover and to create value (Wilson 2013).

The fact that Chinese brands have a bad image in the perception of most respondents in Germany can be explained by a variety of factors. Many consumers in Germany therefore associate Chinese products with simple, technically unsophisticated, and cheap products, although today the product range has diversified enormously. The relatively poor brand image of Chinese products may also be impacted by the image of the country, as many consumers also include the image of the country of origin of the products in their perception when evaluating brands (Kreppel/Holtbrügge 2012: 79–80). The fact that the country image of China is relatively bad in Germany is revealed in a country comparison study (Pew Global Attitudes Project). In this survey conducted in 2012, only 29% of interviewees stated they had a positive image of China. The survey also revealed that no other European neighboring country (with the exception of Turkey with 22%) or the USA (40%) had an image as comparably bad as China (Xie/Page 2013).

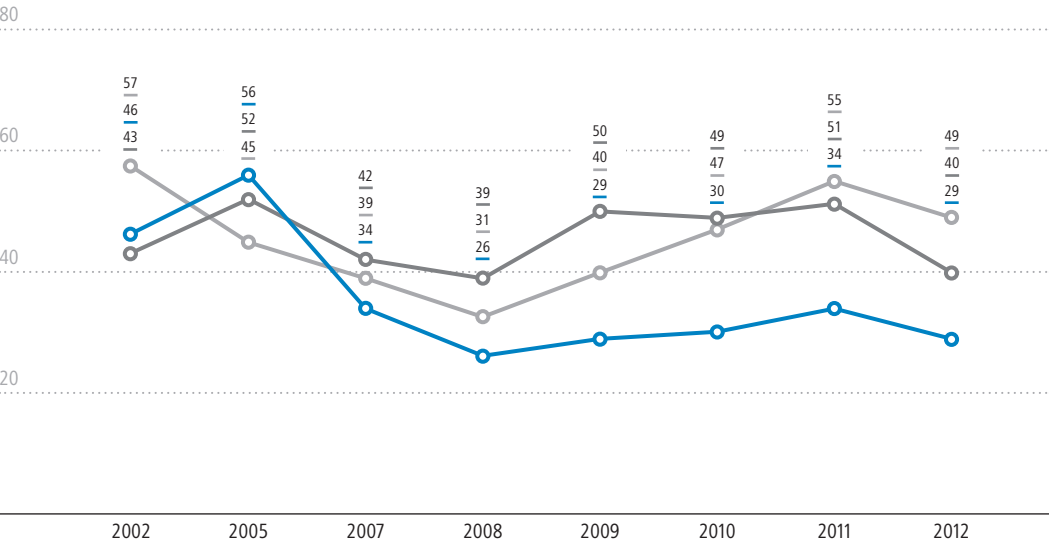
Scientific studies revealed that the country image of China has a negative influence on the evaluation of the attractiveness of its products, compared with different countries of origin. Fetscherin and Toncar (2009), for example, demonstrated in their analysis that vehicles with China and India as their country of origin are hardly acceptable to consumers abroad. For the market position of the vehicles from both countries, the country of origin meant a deterioration in their competitive position. Other studies have also reached similar conclusions. In their study on consumer acceptance of Chinese products compared to products from other

countries (Malaysia, USA, Japan, Thailand and the UK), Demirbag et al. (2010) revealed that products from China have a poorer image. The survey by Sharma (2011) comes to the conclusion that consumers in the USA and the UK prefer products from these two countries over products from emerging economic powers, such as China and India. According to a study by Laforet and Chen (2010), consumers in the UK have a stronger preference for brands from Western countries, as well as from Japan and South Korea, than from China.

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Fig. 6.41
Image of China in three
selected countries 2002-2012

Source:
Xie/Page 2013: 8

Spain
Germany
USA



3 As one of the most successful telecommunications equipment providers, the Chinese company Huawei has rapidly increased its presence in the European market in the last decade. Currently, the company has over 7 500 employees in Europe. Aside from telecommunication equipment, Huawei is also increasing its presence in the mobile telephony market. In Q3 2013, Huawei became the third-largest smartphone manufacturer worldwide with 12.7 m units sold and a market share of 5.1%. The market leaders are Samsung (market share 35.2%) and Apple (13.4%) (Mobile Studies 2013).
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In their survey on the perceived attractiveness of Chinese products to German consumers, Kreppel and Holtbrügge (2012) included a variety of target groups and products. These target groups were distinguished by age, educational level, profession and international experience. The interview conducted with 301 consumers in two large shopping centers in the German towns of Munich and Nuremberg revealed that younger consumers with a lower educational level are more open to Chinese products than older people with a high educational level. Another result of the examination is that consumers with a lot of international experience are more open to Chinese products as well. Relative to certain Chinese products, the survey clearly reveals that consumers consider vehicles from China to be less attractive compared to IT products and/or electronic products and other consumer goods.

Apart from the brand image of individual products, the degree of familiarity of the company also plays an important role in successful internationalization. As the survey on the familiarity of Chinese brands and/or companies in Germany revealed, only a small number of interviewees were aware of the Chinese companies listed. However, in some cases the level of awareness improved when compared with the survey 2012, in particular with respect to the itc company Huawei³.

As is the case with with brand management, companies must actively increase their level of recognition by means of various marketing tools. By competing with other companies, Chinese companies abroad are forced to improve their degree of brand awareness by public relations and press work.

The fact that, by working together with the local media, companies are able to gain the customers' trust in their products and statements, was revealed by a survey conducted by a consulting company and published at the end of 2013. Their Internet survey of five to four hundred "informed Internet users" in nine industrialized and emerging countries made it clear that Chinese companies in particular have a reputation problem in Germany. Only 19% of interviewees in Germany evaluated companies from China positively in terms of consumer confidence; in France, the share was 22%, and in the USA 26%. The study came to the conclusion that this negative result can, on the one hand, be attributed to the low degree of recognition for Chinese brands. On the other hand, consumers also react more sensitively to companies for which a very close proximity to the respective governments of their country of origin is assumed (German.China.org.cn 2013).

The fact that Chinese companies in state ownership are frequently viewed critically by investors in the internationalization phase is also revealed by a study conducted by Liu Cui and Fuming Jiang in 2012. For example, the authors investigated what types of investment this group of companies prefers abroad, in order to be accepted as positively as possible as a Chinese company. They demonstrate that state-owned companies have a preference for joint ventures, thus participating in foreign companies. In Germany, there are a number of examples, such as the participation of Hebei Lingyun in Kiekert ag (55%), Fudi in Texroll (75%), and Xuzhou Construction Group in Fluitronics (70%). For the participation of Shandong Heavy Industry Group (belonging to the state-controlled Weichai Power group) in the German partner Kion, the manufacturer of forklift trucks sees many advantages for the Chinese company as well. Due to the long-term orientation of the Chinese company as an anchor investor, the image of Xuzhou Construction Group in Germany has improved (Böning 2013: 36-37).

In summary, there is also a wide spectrum of developments regarding the brand image and level of recognition of Chinese companies. On the one hand, relatively few Chinese companies are known by their names or brands in Germany to date. However, on the other hand, there are now a number of up-and-coming Chinese companies that are on their way to achieving success worldwide and in Germany with a combination of high product quality, good service, and an attractive price-performance ratio.

Guest article: Dr. Theo Sommer

Rocket fuel in the top leadership: Comments on China’s peaceful rise

In 1975, I came to China for the first time with the press corps of Helmut Schmidt, who was the first federal Chancellor to make a state visit to China.

Back then, Mao Zedong was still alive. The Cultural Revolution, having sent tremors across China for almost a decade, was ebbing away, but the Gang of Four around Mao’s wife Jiang Qing still wielded great influence. They labeled any form of de-escalation policy “head-in-the-sand politics”. Mao himself staunchly claimed that the Soviets would one day overwhelm China with a nuclear war. The vice-premier Deng Xiaoping, freed from a “pigsty” just after the Cultural Revolution, escalated this analysis even further with respect to Germany. “One day there must be war in Europe”. The motto was: “Dig deep tunnels, stockpile grain everywhere, and never lust for hegemony.”

At that time, Beijing was a countrified city of seven million people. The typical picture: Bicycles like swarms of locusts, almost no automobile traffic, mountains of Chinese cabbage on the sidewalks, everyone wearing the drab blue or gray Mao uniform, officers without rank insignia, and huge propaganda billboards everywhere. The creed of the people’s communes remained: “We would rather have socialist weeds than capitalist corn”.

Since then, I have traveled around China quite frequently. In the four years since my first visit alone, I pretty much traveled to China annually. Accompanied by several chief editor colleagues, and after long years of exclusion, I was one of the first “long-noses” (da bi zi) to be allowed to visit the famous Buddha caves in Dunhuang. Another time, I got to visit the Terracotta Army of Emperor Qin Shi Huangdi in Xi’an, discovered only in 1974; I visited the Chinese nuclear research facility in Lanzhou, and inspected the 196th Infantry Division in Tianjin. And twice, I was even lucky enough to participate in several hours of talks with Deng Xiaoping, who took the helm in 1977 after being banished once again, and initiated the country’s opening-up to the world and the transformation from a communist command economy to capitalist free markets in 1978.

Back then, I dared to write “The Chinese Map”, a book about the awakening China published in 1979. My assessment of China’s future couldn’t have been more wrong! Of course, I was aware that the country’s development was changing course; however, my skepticism prevailed. “If the opening to the world, the adventure of modernization, the tentative attempt at liberalization will last,” I wrote, “or if that which appears to be historical change will soon prove to be yet more tactical maneuvering, I don’t dare to say”. However, I did write about a Chinese journalist and his dreams of skyscrapers, TV towers, supermarkets and colorful clothing. I wished the best of luck and success to Deng’s colossal modernization program, but as far as its actual realization was concerned, I remained skeptical.

My principal doubts concerned the opportunities for economic development. The country’s export potential, I wrote, was limited. China would hardly have enough technology and skilled workers to absorb foreign technology to the desired extent; thus, it would surely become an exporter of silk, bristles, and knick-knacks. In any case, I summarized, it would be a long march indeed toward the Economist’s horror scenario of the billion-people society of China achieving a gross domestic product equaling Japan’s, while exporting 4% of it. I concede: I got it all completely wrong in this regard!

In two decades, China has caught up with what took the West two hundred years to achieve. During the lifetime of merely one generation, Chinese gross domestic product has increased approximately two hundredfold: from 45 bn USD in 1978 to 8,400 bn USD in 2012. Over the same period, its per-capita income has increased eightyfold: from 76 to 6,076 USD. The foreign trade volume, which was a mere 44 bn USD in 1980, and still only amounted to 360 bn USD in 1999, has now grown to 3,900 bn USD. The share of exports has grown to 40% of economic output at 2,048 bn USD. China’s domestic product has soared above Germany’s, has surpassed Japan’s and is even getting very close to that of the USA. It holds foreign-exchange reserves worth 3,700 bn USD. For decades, the economy has grown at an annual average of 9–11% and is, albeit at a somewhat reduced yet still impressive rate, still powering ahead during the global economic crisis. Soon, Chinese gross national product – but certainly not its per-capita income by a long way – will make China once again what it used to be until the end of the 1830s: the largest national economy in the world.

This rapid resurgence has transformed China. Around 600 m of the 1.4 bn Chinese have worked their way above the poverty line and into the middle class. China now has 600 m Internet users and 1.2 bn cellphone owners (1991: 48 000 land-line owners). One of the most backward and self-centered countries on earth has become the world’s production line and the most dynamic economic zone worldwide. Its cities, where half of the population reside, its ports and airports, its highways and railroads have all been modernized with focused determination. China today cannot in any way be compared with the impoverished, backward, gray-on-gray half-dozing country I first got to know back in 1975. In the entire history of the world, there has never been a comparable economic awakening and societal transformation within such a short period of time.

Today, China is truly an economic superpower. But, at the same time, it still remains very much a developing country. Inevitably, the dark side of the current state will become inhibitory, due to problems of over-indebted banks and state-owned enterprises; The divide between city and country at its most embarrassingly obvious in the hardship plaguing 200 m migrant workers; the growing inequalities between the upper and lower social classes, rich poor; the increase in

the percentage of the elderly in the one-child society; holes in the social net; rampant corruption; and not least the continuous uncertainty of citizens about their legal position, which is increasingly manifested in protests, demonstrations, or even riots.

It is inevitable that the economic rise of China will have global repercussions. We are currently seeing a shift in power and wealth from the West toward Asia. Half a millennium of Western dominance is coming to an end. A new balance of power is being formed. China repeatedly guarantees that a “peaceful rise” is its goal. History, of course, teaches us that emerging powers still demand their place in the sun and that they have always tried to debase the status quo one way or another; Wilhelmian Germany is but one example. Similar things might still occur today.

35 years ago, I wrote in my book about China: “A poltergeist or a partisan of prudence may enter the global stage. China could become a source of tension or foster a power equilibrium. Maybe it will find the philosopher’s stone, a model of sensible development aligned with human needs; or maybe, being the last habitat converting to Occidental civilization, it will merely copy all the mistakes the West made and condense down to one gigantic cultural catastrophe.”

Three and a half decades later, there is only one thing I’d like to say: “The jury is still out.” This applies, for one, to Chinese climate policies, and also to Beijing’s geopolitical and geostrategic aspirations.

The economic rise has contaminated the country’s rivers and polluted the air to the point where it has become unbearable. In 1975, I could still fearlessly go for a jog in the morning; nowadays, you would have to don a gas mask to do so. In international climate conferences, Beijing presents itself stubbornly, but in the end it will need to take drastic measures – not only to allay Western fears, but also to once again afford its own population pure water to drink and clean air to breathe.

China’s geopolitical “grand strategy” is, at this point, hard to determine. China will hardly have aspirations to merely become another Japan: an economic giant, yet a geopolitical dwarf. China promises peacefulness; however, at the same time, it is arming itself massively. China not only forays into its neighboring Asian countries economically; some of its military leaders enjoy rattling their sabers in statements that lend a menacing quality to Deng Xiaoping’s motto – 韬光养晦 *taoguang yanghui*: Hide your true power, play for time. Is the time to show power now? China encroaches on its neighbors with solid and unwanted territorial demands: in the South China Sea (the nine-dash line, the Spratly and Paracel Islands, the Scarborough Reef), as well as in the East China Sea (Diaoyutai/Senkaku Islands). This has the bizarre consequence that these countries – from Vietnam to Japan – vigorously struggle back under the security umbrella offered by the United States, despite their own ever-increasing economic ties to the People’s Republic. The Chinese approach has fostered a regular resurgence of military nationalism in Tokyo; an attitude China should certainly seek to avoid at all costs. The lack of diplomatic finesse is expressed in narrow-minded military thinking getting out of hand in Beijing, causing just as many headaches to Westerners as Japan’s inability to reconcile, which is rooted in their state of denial about history. In any case, on the threshold of 2014, increasing tensions in Asia conjure up eerie memories of the beginning of World War I some one hundred years ago. Back then, a lack of insight and prudence on the part of the leaders threw the European states into the mother of all cataclysmic catastrophes of the 20th century.

In June 1896, a very old Chinese viceroy, Li Hongzhang, visited Prince Otto von Bismarck. The Chinese man asked: “How shall we go about reforming China?” Bismarck replied: “The main thing is: if there is rocket fuel in the top leadership, many things are possible. Without it, nothing works,” In China, an all new “top leadership” has taken the reigns. Let’s cross our fingers that they don’t just have rocket fuel, but also know how to aim in the right direction: inwards, towards rule of law and democratization; and outwards, towards cooperation, amenability and forgiveness. More than ever, Richard von Weizsäcker’s quote from twenty years ago applies today: “The successes and failures in China concern the entire world.”

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Dr. Theo Sommer
German Journalist,
Editor-at-large and former
publisher of the
newspaper Die Zeit



Guest article: Dr. Martin Bruder Müller

Advocates for each other – Momentum for achieving new perspectives

Perception and reality are an odd couple. The question of what is cause and what is effect is one that given philosophers headaches for centuries. One thing, however, must be considered beyond doubt here: interdependent interaction. Reality creates perception, but perception also shapes reality. This can be manifested in a mutually amplifying causal relationship, for better or for worse. The negative variant is illustrated rather amusingly in Paul Watzlawick's "The Pursuit of Unhappiness". A man needs a hammer to put up a painting. The neighbor has got one; however, he always seems so impolite, even hostile. Not that this was evidenced by actual events, it just seemed that way. At lightning speed, the man is getting a perception of someone bearing ill will towards him. He dashes over to the neighbor, and even before the neighbor can offer a friendly "good morning", the man blurts out: "You can keep your hammer, you lout!" These perceptions, and the actions based on them, are certainly creating a new reality, which will in turn confirm the man's perception even further.

If two individuals can become trapped in such a constellation, it becomes apparent just how complex the perception-reality relationship can become between two nations and their respective populations. Thus, one can learn from Watzlawick's extreme negative examples how positive improvement could be created.

Between Germany and China, for example. In past centuries, "the other" seemed so far away, and the question of mutual perception and reality was therefore not as important. However, both countries have intensified their relations and have come closer together over the past decades. China is Germany's third largest trading partner worldwide, and Germany is China's largest European trading partner. 24 000 Chinese students are enrolled in German universities, and 4 000 German students are enrolled in China. Through tourism, personal experiences are on the rise too: In 2011, 640 000 German tourists visited China, and roughly 1 m Chinese visited Germany. German and Chinese universities cooperate in many research partnerships. Simultaneously, on the internet, Twitter and Weibo, WhatsApp and WeChat connect people globally. Perception has virtually become a real-time phenomenon today, and is becoming ever more important in the light of interdependencies in many different areas.

The results of the Huawei study are therefore even more unsettling, as the view of each other in the population is much too often still shaped by a lack of understanding and knowledge. The resulting prejudices, fears and separation cause us to fail to realize many potentials for intensifying the cooperation between the two nations.

The great accomplishment of the Huawei study is to provide a detailed illustration of these perceptions; for the second time now. The Chinese telecommunications equipment provider certainly deserves deep gratitude. For it is only based on an honest analysis of how we see each other that we can develop an approach to bring about improvements.

Asymmetrical proportions are particularly obvious in the study results: the Chinese view Germany more positively than the Germans view the China. As someone who actively engages in fostering German-Chinese relations, I would very much like to contribute to a significant improvement in mutual understanding. How can we facilitate a mutually positive reduction in the disconnect between perception and reality, with all the real benefits our relationship can gain?

My answer is a double invitation to opinion-makers in both countries. Each one of us must work hard on our own realities in our own country. And each one of us must proactively work on the partner nation being perceived appropriately and fairly in our own country. The basis of perception is mutual familiarity. The study shows that this is still lacking. This is a task for the media in both countries, which will have to substantially step up its reporting of life on the other side of the globe. But we will also need more opportunities to learn the other language in both countries, if possible starting from an early age. New and expanded exchange programs for students, interns, scientists, artists, politicians, journalists and corporate employees must be developed and implemented. Obviously, interest is not something that can be decreed. However, supply can create demand, and therefore it is up to us to substantially intensify the societal exchange at a very broad level. Because nothing can create a deeper understanding than personal experience.

Not everyone is able to visit the other country; therefore, personal experience must be available at home too. This is where culture plays a major role. From film festivals and guest performances to exhibitions, and all the way to culture weeks, the exchange is becoming deeper. It is, however, still a long road to the situation where the presence of the other culture in the own country will become a common experience. Most Germans know Angelina Jolie, but not the Chinese superstar Vicki Zhao. Chinese music on German radio is a rare occurrence, while Chinese TV shows are literally non-existent.

In the business sector, companies with foreign branches have a particular responsibility to show a local presence local and to be open to the general population. When German companies undertake activities in China, they and their local subsidiaries consider themselves responsible parts of Chinese society and want to be perceived as such. Our commitment to environmental and social issues in China exceeds the scope of our business operations. To the same extent, the Chinese economy should participate in the public debate in Germany. Chinese businesses must no longer be faceless entities. Staff and decision-makers must introduce themselves to the German public and state the goals and intentions behind their business ventures. Establishing a Chinese Chamber of Commerce in Germany is an important and beneficial step. If we show such transparency in the other country, we will tremendously contribute to the mutual perception, with all the positive consequences for the reality of the mutual relationship.

Opinion-makers, however, can contribute in another way too - they can become advocates and mentors of the other country at home. One such example is the German-Chinese Dialog Forum. This forum is specifically dedicated to societal exchanges. Representatives from politics, economy, culture, science and the media from both countries debate the challenges in both countries in order to learn from each other, far removed from political agendas. But one of the most essential effects is that each member becomes an advocate of the other country at home.

The economic counterpart is the German-Chinese Economic Council established by Federal Chancellor Angela Merkel and Prime Minister Li Keqiang, which will have its constituting session in 2014. Its members are representatives of the German and the Chinese business sectors who will offer their expertise and counsel on fundamental questions of German-Chinese economic relations to both governments. This group will also become successful if it manages to improve the knowledge of each other, and if its members become advocates for each other.

Example of investment access: Instead of simply demanding fair market access for German companies in China, the Asia-Pacific Committee, in cooperation with the Federal Ministry for Economic Affairs, lobbies for more openness towards Chinese investors in Germany. Once the realities have changed, and German companies in China enjoy the same conditions as Chinese businesses, and vice versa, once Chinese investments will be as welcome in Germany as domestic ones, then perceptions will also change. In this, nothing will be more effective than advocacy for businesses of the respective other country by companies like BASF or Huawei in their home country.

In short, we want to view our neighbor as a friendly person. Thus, we will perceive him as a friendly person and he will be open to us. He will surely lend us his hammer, which we really could use - just as well as he may have an urgent need to borrow our power drill! I don't want to go as far as calling this "The Pursuit of Happiness"; it is, however, certainly a generator of momentum for how we can improve perceptions and realities in German-Chinese relations.

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Dr. Martin Brudermüller
Vice-Chairman of the Board of
BASF SE, China spokesperson
of the Asia-Pacific Committee
of the German Economy



7.

Society and Culture

57%

of Germans perceive Chinese culture as very alien. 50% of the Chinese say the same about German culture.

7.1
7.1.1

Results at a glance

Survey

61%

of the Chinese assume that the German population benefits greatly from economic growth in Germany. 15% of Germans think the same about China.

43%

The Chinese view Germany as being within the group of international leaders as social security is concerned. 38% of Germans believe that China's social security systems will be in the international mid-range in the future.

76%

of the Chinese think that Germany holds a top position in international competition between educational institutions. 52% of Germans think the same about China.

21%

of Germans could imagine themselves living in China. 45% would consider it conceivable to move to Germany.

90%

of Germans believe that politeness is of great importance in China. 81% of the Chinese think the same about Germany. Thus, both countries think that politeness is the most important cultural aspect of the other country.

7.1.2

Media analysis

How often do German and Chinese media publish reports about cultural topics related to the other country respectively, and what is the tone like?

Fig. 7.01a
Overall share of key topics and detailed topics

Media analysis (DE)
Distribution of the detailed topics within the key topic of society and culture in German media reports about China



Fig. 7.02a
Tone used in the detailed topics (Figures in percentages)

Media analysis (DE):
Tone used in German media reports about China within the top 4 detailed topics

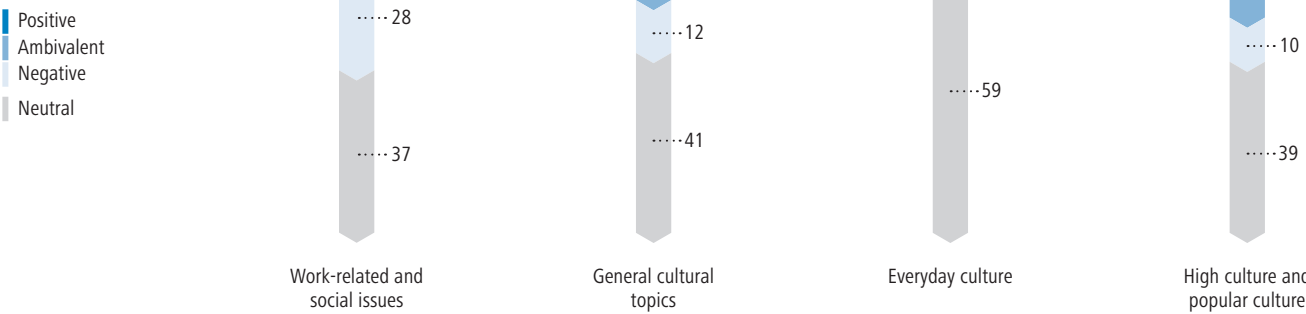


Fig. 7.03a
Top 5 frames within reports (Figures in percentages)

Media analysis (DE):
Top 5 frames in German media reports about China and distribution of statements within the frames as a percentage

Frame	Statement	A1	Partly A1, partly A2	A2
19	(A1) Emphasis on cultural similarities (A2) Emphasis on cultural differences	39	20	41
10	China is a (A1) Society characterized by tradition (A2) Society characterized by modernity	31	43	26
7	(A1) In China, censorship is prevalent (A2) In China the press is free	100	0	0
6	China/Chinese (A1) Profit from economic growth (A2) Do not profit from economic growth	59	23	18
6	In China, there is (A1) A right to free speech (A2) No right to free speech	0	5	95

Fig. 7.01b
Overall share of key topics and detailed topics

Media analysis (CN)
Distribution of the detailed topics within the key topic of society and culture in Chinese media reports about Germany



Fig. 7.02b
Tone used in the detailed topics (Figures in percentages)

Media analysis (CN):
Tone used in Chinese media reports about Germany within the top 4 detailed topics

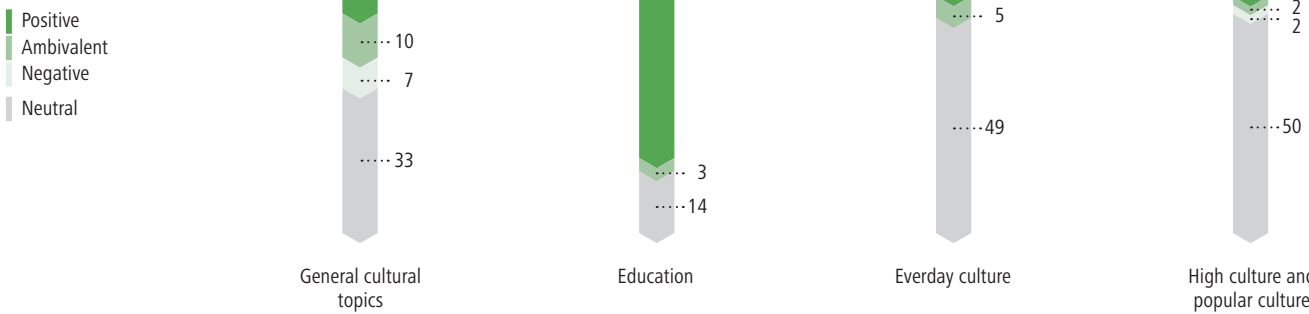


Fig. 7.03b
Top 5 frames within reports (Figures in percentages)

Media analysis (CN):
Top 5 frames in Chinese media reports about Germany and distribution of statements within the frames as a percentage

Frame	Statement	A1	Partly A1, partly A2	A2
16	German society is (A1) Conservative (A2) Progressive	6	9	86
13	(A1) Emphasis on cultural similarities (A2) Emphasis on cultural differences	47	2	51
12	In Germany, education plays (A1) An important role (A2) No role	98	2	0
11	Germany is a (A1) Society characterized by tradition (A2) Society characterized by modernity	57	8	35
11	Germany/Germans (A1) Is/are trustworthy (A2) Is/are not trustworthy	50	44	7

7.2
7.2.1

National culture and mentality
Perception

Between tradition and modernity Which cultural values do the Chinese and Germans attribute to one other?

Fig. 7.04a
Cultural values in China from
a German perspective
(Figures in percentages)

Question (DE):
Agreement with statements
about Chinese culture and
mentality (e.g. "Is tradition
important in China?")

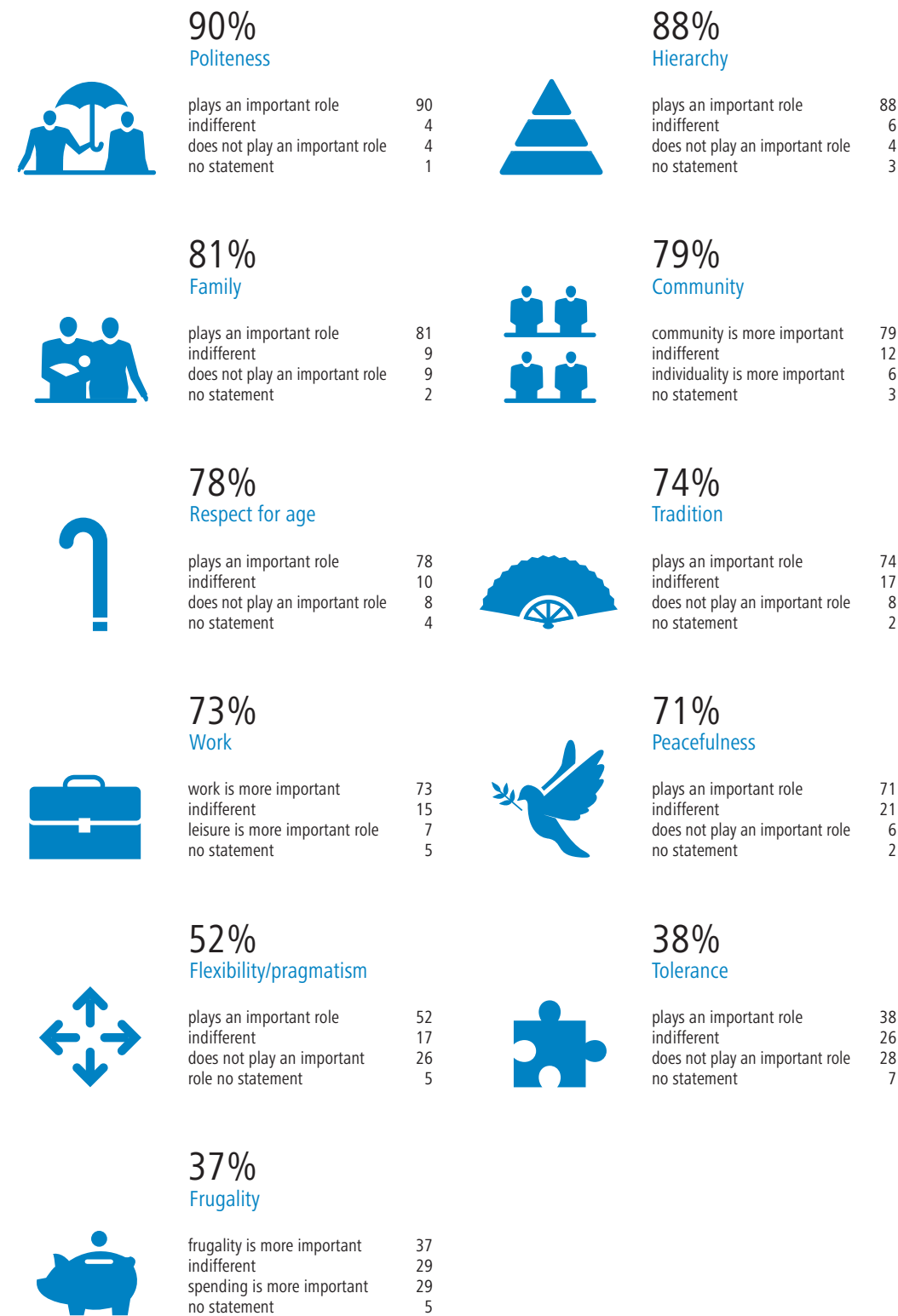
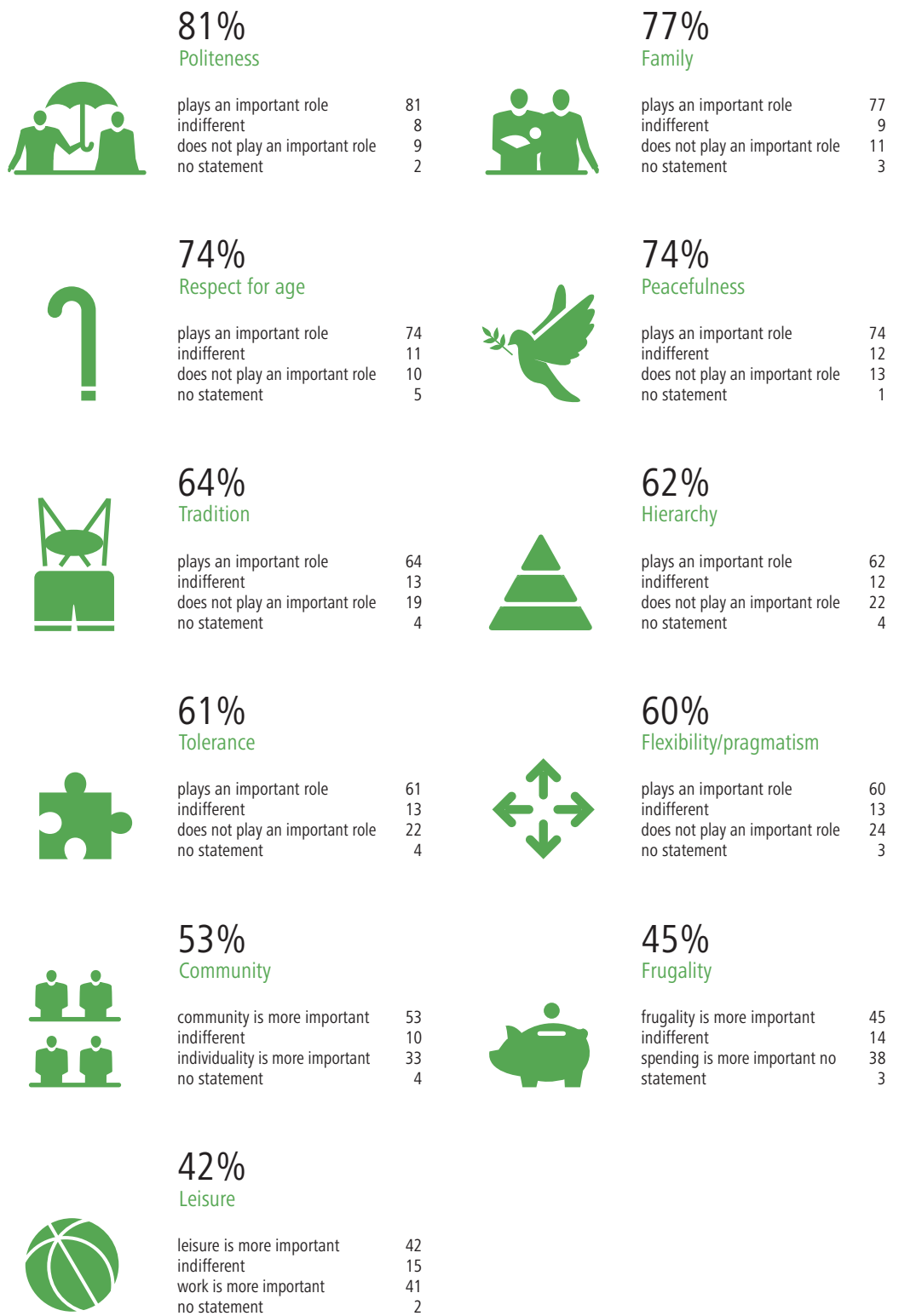


Fig. 7.04b
Cultural values in Germany
from a Chinese perspective
(Figures in percentages)

Question (CN):
Agreement with statements
about culture and über die
deutsche Kultur und Mentalität
mentality (e.g. "Is tradition
important in Germany?")



7.2.2

China and Germany in cultural comparison

Description of survey results:
National culture and mentality

Despite the cultural differences between China and Germany, certain cultural expressions are perceived similarly in the survey. The picture of China in Germany is one of a country rich in tradition (74%), where politeness (90%), hierarchical orientation (88%), and a sense of family (81%) and community (79%) are valued very highly. The picture of Germany in China also implies that the German culture is shaped by politeness (81%), a sense of family (77%), respect for elders (74%), peacefulness (74%), and a sense of tradition (64%).

The German picture of China matches the philosophical-religious value system of China. The view of Germany in China, however, cannot be entirely explained by the arts and societal background or scientific investigations.

German culture has a very positive image in China. This is reflected in the reporting by Chinese media.

Classification and background:
National culture and mentality

1 In cultural science, an artifact is an “achievement of a society that represents a purpose” (Schönhuth [no year]). As an example, Chinese cuisine with its sociocultural function can be seen as an artifact or product of Chinese culture.

2 Taoism is sometimes called China’s own authentic religion. It is based on a universal principle, namely conscious integration with the natural flow of events and striving for a harmonious life. Despite Taoism having great influence on all areas of Chinese culture and society, it is a relatively unknown and even less understood religion (Staiger/ Schuette/Friedrich 2003).

Chinese culture with all its nuances exhibits considerable differences to German culture. Despite the many types of behaviors and artifacts¹ that are hard to interpret for members of Western cultures, there is relatively broad consensus in the cultural perception of China in Germany. China is viewed as a country strongly shaped by ancient traditions. There is a relatively homogeneous landscape of opinions with respect to the Chinese mentality, where politeness, peacefulness, a sense of family and community paired with aligned hierarchic orientation are prevalent characteristics. These are the very characteristics that are closely related to the Confucian and Taoist values², and also to Buddhism. Unlike in the political debate over China in Germany, which is largely shaped by a universalistic approach, traditional Confucian thinking is afforded more weight in the debate over the economy and the society of China. In fact, these traditional values still shape the mentality and daily culture of China, despite an increase in Western influences in these times of globalization.

As China succeeds economically, much attention is being paid to the cultural expressions that have contributed to this success. Comprehensive literature is available in German bookstores detailing how German managers can prepare for the unique cultural characteristics of the Chinese. However, such works dealing with German culture are missing from Chinese bookstores. This raises the question of just how the current view of Germany emerged in China.

3 Historical aspects will not be addressed within this study for brevity’s sake.

4 The cultural dimensions developed by Hofstede are not undisputed; however, they offer a venue for creating categories. This allows us to identify and understand differences between cultures more swiftly.

The most important channels facilitating the emergence of a view of a nation are, according to Boulding (1971), and aside from historical events, various so-called forms of presence. These include, for example, strongly symbolist buildings of a nation, its successful brands and products, outstanding events or personalities, as well as a broad range of interpersonal direct forms of communication. According to Boulding, the mass media are a central influence in the emergence of a national image.³

Successful German products, particularly vehicles and machinery, play a prominent role in the formation of the national image of Germany in China. This can explain why German vehicles are at the very top of the list of spontaneous associations (s. Chap. 4.1, Fig. 4.01b). The German image is, however, also shaped by an increase in the travel activities of Chinese tourists, who report of fairytale castles, traditional Bavarian dances, and the German love of precision. Further, Chinese media conveys a distinctly traditional image of Germany in its reporting (57%) (see Fig. 7.03b). This image is reflected in the perceptions of the respondents. 64% of Chinese respondents see Germany as a traditional country.

In order to compare the German image in China with the perception of China in Germany, the culture-comparing studies offer some background knowledge. According to this field of studies, the Chinese culture belongs to a cultural environment distinguished by the influence of Confucianism. Confucian values have shaped Chinese society for millennia, even though cultural traits ascribed to Confucianism were not equally pronounced during all development phases. According the Hofstede (1997), Chinese culture is defined by strong collectivism, a pronounced power distance, and a strong long-term outlook. German culture, in contrast, is defined by a higher degree of insecurity avoidance and markedly higher individualism (see Fig. 7.05).⁴

Fig. 7.05
Comparison of culture
in Germany and China by
Hofstede

The Hofstede cultural index is a scale from 0–100. The long-term outlook dimension, which is more defined in China than in other cultures, was added later on. It was assigned a value of 118.

Source:
Hofstede 1997

	Germany	China
power distance	35	80
insecurity avoidance	65	30
individualism	67	20
masculinity	66	66
long-term outlook	31	118

5 Collectivism describes societies in which “each human is integrated in closed we-groups from birth onward, that will protect him/her throughout his/her life and demand unquestioning loyalty in return.” (Kutschker/Schmid 2006: 715).

6 Saving face is one of the most important behavioral norms in China. It means being respectful to others and avoiding placing them in embarrassing situations through words or actions.

7 Distance from power is the extent “to which members of a society expect and accept that power is distributed unequally” (Kutschker/Schmid 2006: 712).

With a score of 20 points on Hofstede’s individualism scale (0–100), China is clearly a collectivist culture⁵, while German culture is considered more individualistic, with an index value of 67 for individualism. In traditional Chinese culture, the individual is considered part of a whole (of a web of relations). This is a result of the Confucian view of harmony. In contrast to the Western individualism (maximum individual liberty), harmony and stability are considered the highest goals of a society. In order to accomplish this, there is a willingness in China to submit oneself to the common interest. This pursuit of harmony is also expressed in personal and social relations. Conflict and direct confrontation, for example, are perceived as troubling. The uncompromising pursuit of self-interest is considered immoral and scoffed at. Characteristics like being willing to compromise, polite and guarded behavior, and the principle of “saving face”⁶, on the other hand, are highly valued in China. In the German perception, the politeness of the Chinese takes a central position. Its meaning, however, is to be understood in the context of the pursuit of harmony. Also, the fact that the Chinese have a strong sense of family and that they highly value community, was agreed with in the German survey about China.

In individualistic societies, on the other hand, relationships between individuals are of a more relaxed nature. The only expectation is that everyone should take care of their own well-being and their immediate relatives. Self-realization is the primary goal of life, and its accomplishment is the individual’s responsibility. A society is not a natural order, but an order than can be questioned. Each individual acts autonomously and controls his/her own life reflexively. “Dare to think” is what the great German philosopher Immanuel Kant said in the 18th century. Here, a long history of Western culture with the understanding of the self-reflecting individual is juxtaposed with Chinese Confucianism where harmony is the highest goal of society. As clear as the results of Hofstede’s study may be, and as much this categorization can be explained with historical ideological backgrounds, the perception of the people in China is different. More than half of the people (53%) in China think that high value is placed on community in Germany.

As Hofstede has asserted, acceptance of hierarchies and autocratic and arrogant behavior by leaders is greater in collectivist societies. Apparently, this applies to Chinese culture too. On a scale of Hofstede’s distance to power index⁷ (between 0–100), Chinese culture scores far above average with 80 points. The distance to power index in German culture, on the other hand, is only 35. The global median is 56.5 points. This means that acceptance of an unequal distribution of power is high in China, but somewhat low in Germany. The difference between high and low distance to power is manifested, among other things, in the acceptance of hierarchies, and the social status of the elderly. The hierarchy in societies with a high distance to power is steep, whereas it is usually flat in societies with a low distance to power, and is usually based on functional differences.

The hierarchical order and a sense of family are among the typically Chinese cultural characteristics. In the traditional Confucian order of society, the authoritarian and preferred position of the man and father, as well as respect for hierarchical structures, are legitimized. Humans are born into a natural hierarchy, namely that of a family with a parent-child relationship. In this hierarchy, roles are clearly assigned. The parents take care of the child and are honored with obedience and respect. Just like the family unit, society is ordered hierarchically. The one higher up in the hierarchy is owed obedience, respect, and loyalty by his subordinates. In

8 Long-term outlook means “great endurance and/or persistence in the pursuit of goals; hierarchies that are status-oriented; respect for these hierarchies; a high rate of saving and prolific investment, as well as a pronounced sense of shame (Kutschker/Schmid 2006: 720).

return, however, he must provide care and take responsibility. This is also why Chinese culture is characterized as a “status culture”, as opposed to the Western equality culture (Pohl 1999: 71). The hierarchical attitude is present in many Chinese minds to this day. The seniority principle is still present in Chinese culture, where elderly people are highly respected. In Chinese companies, social standing and seniority play a big role too. The perception people in Germany hold corresponds exactly to this cultural characteristic of China. Most of the respondents, particularly among economic decision-makers (at 93%), agree that compliance with the hierarchy is very important in China.

Aside from a strong expressions of collectivism and distance to power, Chinese culture also has the highest long-term outlook⁸ of 118 points in international comparison. Germany, on the other hand, is positioned in the center with 31 points.

This cultural dimension was only introduced by Hofstede later after establishing that values existed in Eastern Asian countries that could not be described within the aforementioned dimensions. Societies with a long-term outlook are characterized by traits like hard work, endurance, and persistence, as these characteristics facilitate the achievement of long-term goals. In societies like these, there is often also a respected hierarchy. Often a pragmatic approach can be observed, and there is a tendency to be more frugal in order to secure the future against risks with saved money. These people are more likely to invest in long-term projects, such as real estate for example. In all these characteristics, China shows a particularly high degree of long-term outlook.

The Chinese, and their general attitude towards life, are generally considered flexible and pragmatic. The belief in fate rooted in Taoism has contributed to them handling insecurity rather pragmatically. Unpredictable events in history, e.g. due to political capriciousness or natural disasters, have also taught the Chinese to improvise. Although there are just as many rules in China as there are in other countries, compliance with them has often been adapted to the prevailing situation. In German perception, the “flexibility and pragmatism” characteristics of the Chinese are not as prevalent as the previously mentioned ones. A small majority of respondents (52%) considers the Chinese to be flexible and pragmatic, whereas around one-quarter (26%) do not perceive them this way.

Where the frugality of the Chinese is concerned, opinions vary widely. 37% of respondents thought of the Chinese as tending towards frugality, 29% of respondents assessed the Chinese as consumerist, and 29% were undecided. This may well be caused by the fact that Germans are well aware that wealth in China has grown alongside its rapid economic growth. Ever more Chinese have turned to the Western consumption style and show increasing brand awareness (Chap. 7.3.2).

9 Insecurity avoidance can be defined as the degree "to which the members of a society feel threatened by uncertain or unknown situations" (Kutschker/Schmid 2006: 714).

While Chinese culture is defined by strong collectivism, a pronounced distance to power and a firm long-term outlook, German culture is defined by a higher degree of insecurity avoidance⁹ and markedly higher individualism. With 65 points, Germany is even among the countries with high insecurity avoidance. China, on the other hand, is among the countries with low insecurity avoidance, which corresponds to a point score of 30 on the aforementioned scale. A strong tendency toward insecurity avoidance usually leads to many rules, laws, and regulations being put in place to minimize insecurities and risks. Cultures with less pronounced insecurity avoidance have fewer laws and controls in place. Labor is more flexible. The people are considered more spontaneous and pragmatic.

Germany is defined by a complex legal system with multilayered rules, regulations, ordinances, and laws. Their scope and oftentimes rigid interpretation, strict compliance, and stern reprimand or punishment of delinquencies, are in stark contrast to other countries such as China. Implicit rules (e.g. punctuality), regulations (e.g. house or usage rules), ordinances (e.g. waste disposal or traffic ordinances), standards in professional life (like instructions, standardizations, processes, regulations), classifications and systemizations shape the thinking and behavior of people in Germany (Schroll-Machl 2007: 75). These realities and the scientific classification, however, do not correspond to the image of Germany prevalent in China. Significantly more than half of the Chinese population (60%) perceives Germans as more flexible and pragmatic. This assessment is most likely founded on the fact that Germany is simultaneously seen as innovative by a majority of Chinese people. A great eagerness to innovate usually requires adaptable organizational structures and flexible labor conditions, in order to make room for creative ideas. It can be assumed that this correlation may have had an impact on the assessment of the “flexibility and pragmatism” characteristics of the Germans. Conversely, only a slight majority of the German population (52%) think of the Chinese people as flexible and pragmatic.

10 „Masculinity denotes societies where gender roles are strongly separated: men must be “assertive”, hard and materialistic; women are modest, sensitive and not very materialistic (Kutschker/Schmid 2006: 717).

With respect to masculinity¹⁰, China and Germany are, with 66 points, at the same level, and both cultures are therefore characterized as rather more masculine. A strongly masculine-oriented society is characterized by a strong focus on material success, work is of much higher importance than leisure, and conflicts are often resolved from a position of power. In contrast, a feminine orientation has a stronger emphasis on interpersonal relationships. Not all of these characteristics apply to both countries. The common factors seem to be rooted in the fact that, in both countries, a strong emphasis on work can be observed. This has also been confirmed in the globe study (Global Leadership and Organizational Behavior Effectiveness Research Program), in which 62 nations were examined between 1993 and 2003 (see Fig. 7.06). Differences are seen in the characteristics of assertiveness and interpersonal relations. The results of the globe study showed a strongly developed assertiveness in Germans, whereas this characteristic is developed to a below average extent in China. A different picture prevails in terms of interpersonal relations. This dimension expresses how society supports and fosters fair, generous, or friendly behavior of one member toward another. Among all 62 regions examined by globe, West Germany has the lowest value (3.18 for West Germany/3.40 for East Germany). In contrast, Chinese culture is shaped by a strong emphasis on harmonious human relationships (4.36). The median is 4.09. This too illustrates a tendency toward harmony in Chinese culture.

Fig. 7.06
Comparison of culture
between Germany and China
GLOBE study
(data: scale of 1 to 7, where
1 = little cultural importance
to 7 = high cultural
importance)

Source:
House et al. 2004

	Germany (West/East)	China	Median (Min./Max.)
insecurity avoidance	5.22/5.16	4.94	4.16 (2.88/5.37)
distance from power	5.25/5.54	5.04	5.17 (3.89/5.80)
Institutional collectivism	3.79/3.56	4.77	4.25 (3.25/4.25)
Group and family collectivism	4.02/4.52	5.80	5.13 (3.53/6.36)
Gender equality	3.10/3.06	3.05	3.37 (2.50/4.08)
Assertiveness	4.73/4.55	3.76	4.14 (3.38/4.89)
Long-term outlook	4.27/3.95	3.75	3.85 (2.88/5.07)
Performance orientation	4.25/4.09	4.45	4.10 (3.20/4.94)
Interpersonal behavior	3.18/3.40	4.36	4.09 (3.18/5.23)

Despite the fact that the research results indicate that people in both countries are strongly work-oriented, mutual perceptions vary widely in this regard. The majority of Germans (73%) assume that work is more important to the Chinese than leisure. The Chinese have differing opinions in this regard. While 42% of respondents hold the opinion that leisure is more important to Germans than work, around the same amount (41%) assume that work is more important to Germans. There is a divergence between the Chinese perception of Germans and the actual research findings.

In summary, a comparison of the Chinese to the German culture allows the conclusion that the image of China in Germany largely corresponds to the traditional philosophical-religious value systems of China.¹¹ The image of Germany in China, however, cannot always be explained with actual arts and societal backgrounds or scientific examinations. Overall, the image of Germany in China is primarily shaped by positive assessments. Further, Germany is seen as a country of poets and thinkers in China. There are also no comparably strong negative historical associations with Germany, as there are with other Western countries, such as the UK or Japan. This is why Germany, despite its recent history, is seen as a very peaceful and tolerant country in China (Klemm 2001). This is, in part, the result of Germany, in contrast to Japan, being viewed favorably due to its proactive approach to coming to terms with the past. The intensive economic and cultural exchange between the two countries has contributed substantially to Germany enjoying an exceptionally favorable reputation in China.

11 Contrary to the results of the last two chapters – Politics and Economy – there is marked consensus between the cultural value system of the Chinese and the perception of China's culture in Germany.

7.3
7.3.1

Changes in society
Perception

Do Germans and Chinese perceive a change in the society of the other country, and how do they assess the foreign lifestyle?

Fig. 7.07
Lifestyle
(Figures in percentages)

Question (DE):
Is China's middle class aligned
with the Western lifestyle or
with the traditional Chinese
lifestyle?

Question (CN):
Question not asked.



Fig. 7.08
Benefits of economic growth
to society
(Figures in percentages)

Question (DE):
To what extent does the
Chinese population benefit
from China's economic
growth?

Question (CN):
To what extent does the
German population benefit
from Germany's economic
growth?

large share
indifferent
small share
do not know/prefer
not to say

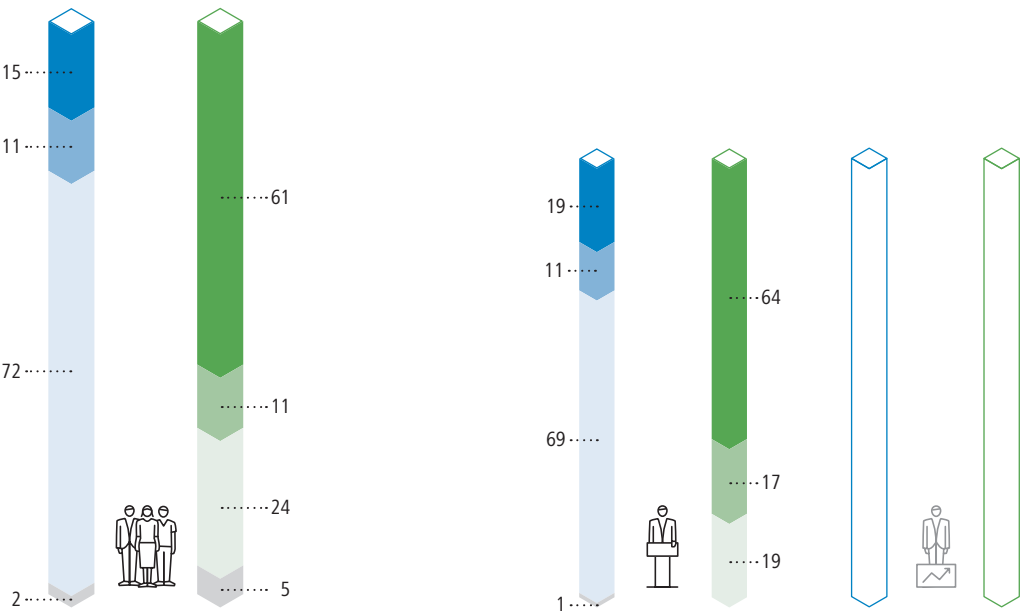


Fig. 7.09
Assessment of the social-
security system today and
in 15 years
(Figures in percentages)

Question (DE):
In international comparison,
where do you see China's
social-security system today
and 15 years from now?

Question (CN):
In international comparison,
where do you see Germany's
social-security system today
and 15 years from now?

(1) Top group
(5) End group
do not know/prefer
not to say

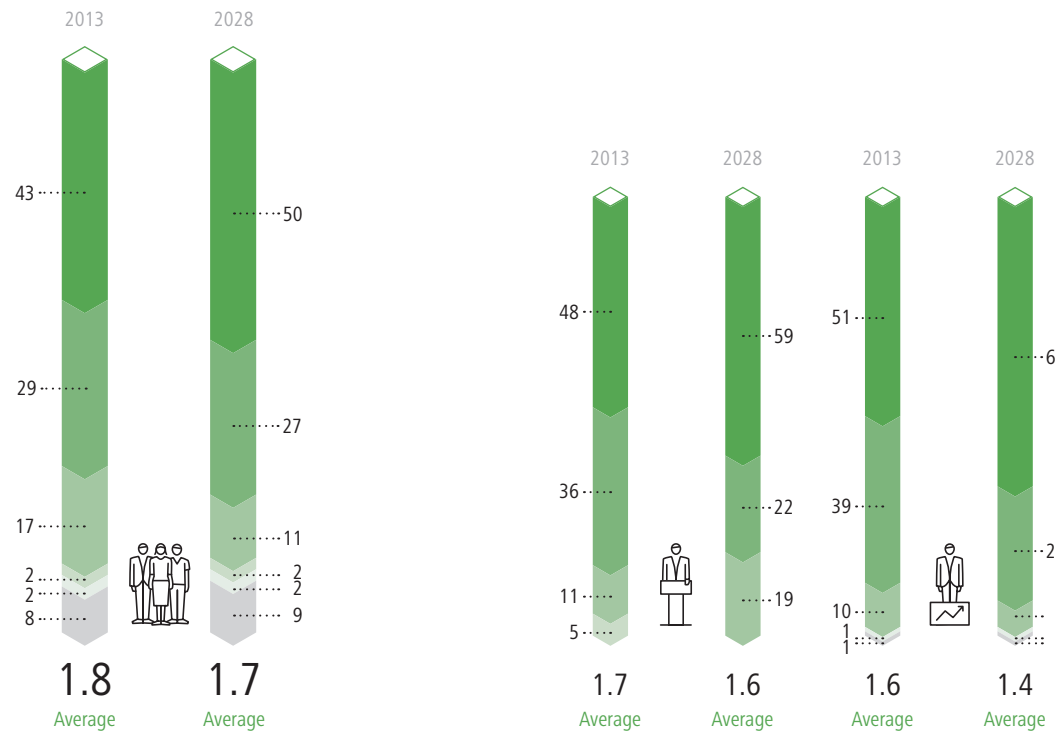
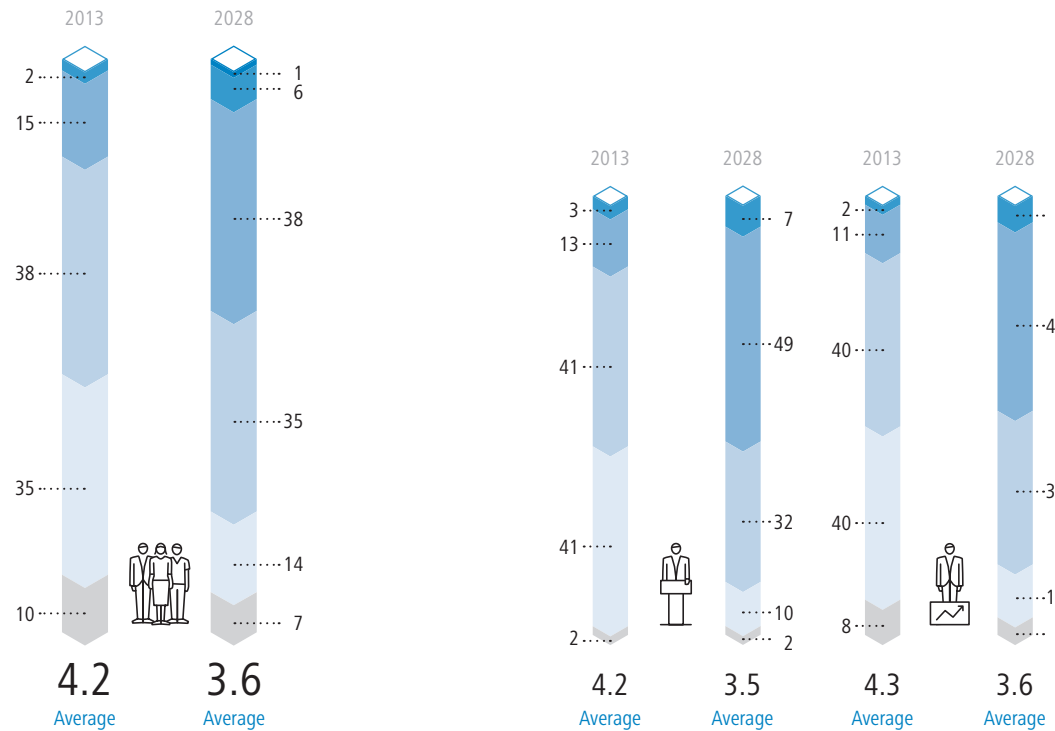


Fig. 7.10
Demographic structure
of society
(Figures in percentages)

Question (DE):
Is China defined by rapid
population growth or by a
rapidly aging population?

Question (CN):
Is Germany defined by rapid
population growth or by a
rapidly aging population?







			
China is defined by rapid population growth.	49	Germany is defined by rapid population growth.	23
China is partly defined by rapid population growth, and partly by being a rapidly aging society.	15	Germany is partly defined by rapid population growth, and partly by being a rapidly aging society.	12
China is defined by a rapidly aging population.	33	Germany is defined by a rapidly aging population.	61
do not know/prefer not to say	4	do not know/prefer not to say	4

Fig. 7.11
Relationship with new
technologies
(Figures in percentages)

Question (DE):
How do the Chinese approach
new technologies?

Question (CN):
How do Germans approach
new technologies?

					
The Chinese are very open to new technologies.	89	91	Germans are very open to new technologies.	66	76
The Chinese are partly open to new technologies and partly closed to them.	6	6	Germans are partly open to new technologies and partly closed to them.	9	7
The Chinese are somewhat closed toward new technologies.	4	4	Germans are somewhat closed toward new technologies.	21	18
do not know/prefer not to say	1	0	do not know/prefer not to say	3	0

7.3.2

Social and demographic outlooks

Description of survey results:
Changes in society

The changes in Chinese society are, in part, already being reflected in the German perceptions of China. The changes in China receiving the most attention are social inequality (72%) and the Chinese middle class's alignment with Western consumerism (65%).

To this date, there is still a prevalent image of China that focuses on size and population growth (49%). The rapid aging of the Chinese society has, however, already been noticed by one-third (33%) of respondents in Germany.

Classification and background:
Changes in society

China is a transforming nation that has experienced fundamental changes in its society over the past three decades. This is primarily manifested in changes to norms and values, rapid urbanization, increasing social inequality, a rapidly aging population, and a new way of dealing with the media. This also changes the external perception of China, which was primarily defined by millennia-old traditions until now.

The catalyst for this change was the impressive burst of growth in the Chinese economy, which led to an increase in the overall wealth of the population and individual standards of living. Studies conducted by the World Bank have illustrated that 500 m Chinese citizens have been able to escape from poverty. However, this dynamic economic development also puts the Chinese society to a crucial test. One downside of the growth trend is tremendous social inequality. A relatively small segment, comprised of the business and political elite, contrast with the vast masses, including farmers and socially disadvantaged migrant workers. The resulting dissatisfaction, which is expressed in protests, strikes, and public petitions, is on the rise. A study conducted by the University of Southern California shows that the Chinese population is less content now than they were in 1990, despite increasing wealth (Focus 2012). In the survey, the social inequality is also being recognized as a phenomenon in the German perception of China. Thus, the majority of Germans (72%) hold the opinion that the social divide in China is very wide.

Until the late 1970s, China was one of the most egalitarian societies in the world as far as income distribution was concerned. However, at that time, the economic development level of China was also very low. Since then, however, social inequality has increased tremendously, resulting in China now belonging to the countries with the largest social inequality. The Gini coefficient, which is intended to illustrate unequal distribution within a society, was 0.31 in 1980. By 2012, it has exceeded the 0.4 threshold, which is commonly considered to be critical. According to estimates by the United Nations (UN), exceeding the 0.4 mark also increases social instability. According to the most recent statements by the Chinese National Bureau of Statistics, the Gini coefficient of China was 0.47 in 2012. Official Chinese statistics are usually viewed rather skeptically and considered too low. To this effect, a study conducted by the South-west University for Finance and Economics in Chengdu (the capital of Sichuan Province) has

calculated an alarmingly high coefficient of 0.61 (Survey and Research Center for China Household Finance 2013). The Gini coefficient is jokingly called the “Lamborghini coefficient” in China, a pun on the rapidly growing number of millionaires in China.

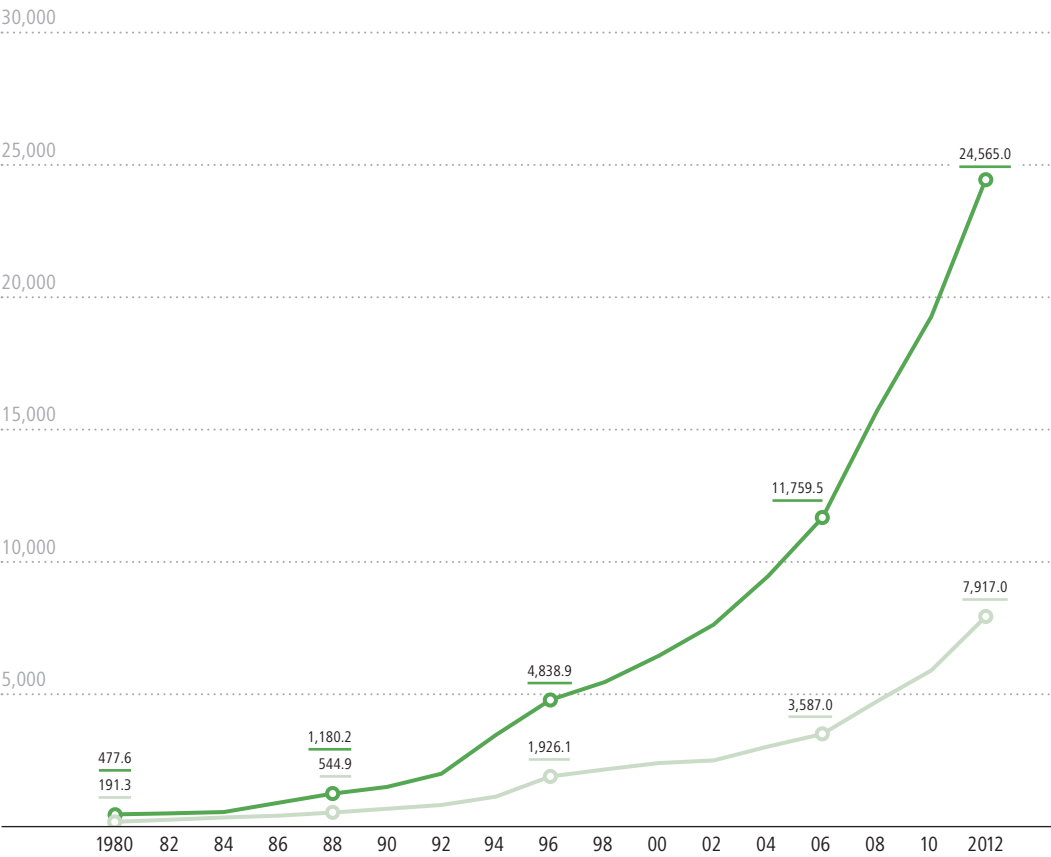
The gap between urban and rural

But even if there is an ongoing debate about the actual value of the Gini coefficient, the fact that social inequality in China has increased markedly in recent decades still stands. This can also be confirmed by looking at the gap between urban and rural areas, income inequality between regions, and between rich and poor.

Fig. 7.12
Comparison of per-capita income of urban and rural dwellers in China 1980–2012 (data in CNY per year)

Source:
NBS (National Bureau of Statistics of China) online database

Urban population
Rural population



The administrative separation of the urban and rural population had already started in 1958, with the introduction of the household registration system (户口 *hukou* system). The *hukou* system is the official residence control system in China. It mandates the separation of urban from rural households. Back then, it served the purpose of controlling access to public goods, such as education, social security, subsidies, and other entitlements. Where urban populations were provisioned with food and general consumer goods by the state, the rural population (which amounted to approx. 80% of the population at that time) had to provide for themselves. Urban dwellers therefore had privileges the rural population did not have. They had access to comparatively better urban educational institutions, and were also participating in the better developed urban system of hospital and geriatric care (Gransow 2012). In the

mid-1980s, the state relaxed the regulations of the *hukou* system. This paved the way for the migration of the surplus labor force from rural areas into the cities. Ever since then, they substantially contribute to the development of urban infrastructure and the private business sector in China by providing cheap labor. However, as non-urbanites, they are still excluded from the social-security system and other public goods (e.g. education).

Although there was a rise in income during the economic reforms, the gap between city and countryside widened even more, as the comparison of per-capita income of urban and rural households illustrates (Fig. 7.12). While the per-capita income of both types of households was almost the same in the 1980s, the gap has grown continuously since the mid-1990s. The average annual disposable income of the urban population was 24,565 CNY in 2012. The rural population, however, had an average of only 7,917 CNY of disposable income in 2012. The urban-rural gap is the major source of income inequality to date.

The gap between the regions

Another dimension of income distribution is regional inequality. In 2012, the city of Shanghai had the highest per-capita income at 40,188 CNY. This value is approx. 60% above the average urban per-capita income and exceeds the average rural per-capita income by a factor of five. Behind Shanghai, Beijing takes second place with an average per-capita income of 36,468.8 CNY, followed by Zhejiang Province with an average per-capita income of 34,550.3 CNY. There are a total of eight provinces (including the government-associated cities of Shanghai and Beijing) with an average per-capita income above the urban average of 24,565 CNY. These provinces are exclusively located on China’s east coast. The lowest position is held by the Gansu Province in northwestern China, with an average per-capita income of 17,156.9 CNY (NBS 2013).

The gap between rich and poor

There is not only unequal income distribution between urban and rural areas, but also between the rich east coast and the rest of the country; overall, the inequality between high-income and low-income classes has grown substantially. According to a new study by the University of Beijing, the income distribution ratio between the richest and the poorest five percent of the population was 234:1 in 2012. The total income of the poorest five percent of the population represents 0.1% of the overall income of the country. Conversely, in 2012, the richest five percent of the Chinese population received 23.4% of the overall income (Institute of Social Science Survey 2013).

If an analysis were to include equity instead of income distribution only, the differences in China would likely be even more pronounced. According to the “Global Wealth Databook 2011” of Credit Suisse ag, 2011 marked the year where, for the first time ever, more than one million people had assets of more than one million USD each and more than 5,000 very wealthy people had assets of more than 50 million USD each (Credit Suisse 2011: 85). Only the USA has more millionaires, according to the report by Credit Suisse. At the same time, one in ten people in China live below the poverty line, which is defined as 2,300 CNY per person per year since 2011. As there is still no reliable data pertaining to the wealth situation of the entire Chinese population, it is not known just how substantial this inequality really is. In summary, economic growth has therefore not benefited everyone equally. This reality is perceived in this way by 72% of Germans.

The Gini coefficient for Germany is much lower compared to China's. This can be primarily attributed to the redistribution mechanisms of the tax system. The discrepancy between rich and poor is low in Germany, even in comparison to other OECD nations. With a Gini coefficient of 0.31, Germany is positioned in the lower midrange of the OECD nations (Ginsburg 2013). The social market economy practiced in Germany is perceived as a successful model in China. This is reflected in the Chinese perception of Germany. More than half of the Chinese (61%) think that social inequality in Germany is minimal. The German Gini coefficient remained stable even during the global economic and financial market crisis (2008–2011), a time where, in all other large industrialized nations, the income of the wealthier population grew amid shrinking national economies. As far as income distribution is concerned, the gap between high and low earners has even closed a bit in Germany. While the income of the wealthiest fifth of the German population was five times that of the poorest fifth of the population in 2008, it since decreased to only four times in 2012.

Middle social class

Strong economic growth in China has created a middle class. In China, the term “middle class” refers, among other things, “to the medium income range” (中等收入阶层 *zhongdeng shouru jiecieng*). Expanding the middle class is something the Chinese government has made its goal since the 16th Party Conference in 2002. This was intended to maintain social stability and close the gap between rich and poor. In communist ideology, the creation of a “society without classes” is the loftiest goal. However, after the introduction of the reform and opening-up policies, differentiation of various social groups became apparent. Ever since, the topic of “social layers” (previously called “social classes”) has increasingly entered the realm of public debate. Since the beginning of this century, it became a substantial component of sociological research in China (Hefe/le/Dittrich 2011).

The understanding of the “middle layer” is subject to controversial debate in China. In 2005, the National Bureau of Statistics of China defined the income threshold of the “layer of medium income” as an annual household income of 60,000 to 500,000 CNY. This corresponds to a range of approx. 7,000 to 60,000 eur. This definition sparked intense debate, as it did not account for the pronounced regional inequalities. Sociologists in China are therefore advocating the consideration of additional criteria, such as vocation, education, and consumption behavior in order to differentiate the “middle income layer” and other layers.

Due to varying definitions of the Chinese middle class, it is hard to illustrate the actual size of this class. The percentage of the overall population varies depending on the classification:

- According to estimates by various Chinese and international scientists, approx. one-fifth of all Chinese people belong to the middle class (Hefe/le/Dittrich 2011).
- In a McKinsey study, the average incomes of Brazil and Italy were used as lower and upper income limits to calculate the middle class. As another differentiation criterion, expenditure for daily needs must not exceed 50% of income. According to this calculation, 68% of the Chinese urban households belonged to the middle class in 2012 (Barton/Chen/Jin 2013).

Despite these differences in the calculation of the proportion of the Chinese middle class compared to overall population, all forecasters predict a continuous expansion of the Chinese middle class.

The importance of the Chinese middle class is primarily seen in their role as the proportion of the population that constitutes consumers with buying power. With increasing wealth in the middle class comes changes to consumer habits. In Confucian-influenced China, people traditionally placed great value on frugality. Material scarcity until the 1980s also forced the Chinese to be frugal with money. This historically embedded behavior does not, however, affect the younger generation as much as older generations. They grew up in the period after the economic awakening, during which the standard of living has continually improved. Those earning a good income can afford more than merely covering their basic consumption needs. This leads to an increased interest in status symbols, such as home ownership, cars, and luxury items that allow them to distinguish themselves from other social classes. Thus, they are becoming aligned more with Western consumption habits. This behavior is indeed noticed as such in the West. Almost two-thirds of Germans (65%) hold the opinion that China's middle class increasingly aligns itself with the Western lifestyle.

With the increasing buying power of Chinese consumers, more and more international companies are discovering China as a lucrative sales market. According to some estimates, the Chinese middle class could become the world's largest consumer group with a share of global consumer demand of 13% by 2020. China has already become the largest market in some important sectors: In 2012, more than 1.5 m vehicles were sold. China has thus not only become the largest sales market for vehicles, but also the third-largest market for luxury vehicles. According to some projections, China could become the largest sales market for luxury vehicles by 2017 (A. T. Kearney 2013). Another example is the mobile telecommunications market. By the end of March 2013, there were approx. 1.15 bn cellphone users in China. This represents a share of 85% of the overall population of China. 71% of them already own a smartphone (MIIT 2013). This can be seen as an indicator of the Chinese being open to new technologies. In the survey in Germany, this characterization of Chinese behavior was also noticed. Most respondents (89%) agreed that the Chinese are open to new technologies.

China's middle class was primarily the focus of Western observation due to their increasing purchasing power. Its increasing role in political and societal issues, on the other hand, is perceived only marginally. The Chinese middle class is, however, highly aware of social and political issues, since it has better access to information. For example, it increasingly participates in environmental activities (e.g. public petitions) and responds critically to questions of food safety and the protection of intellectual property. The still prevalent frugality in China, contrasting with the increasing purchasing power of the middle class, is still not being perceived accordingly in Germany. With a savings rate of almost 40% in private households, China has one of the highest saving rates in the world. The culturally rooted long-term outlook of the Chinese plays a role in this. The majority of the Chinese save in order to protect themselves from unforeseen events. The Chinese put a large portion of their disposable income “under the mattress” to secure financial security during their golden years, and for cases of illness or unemployment. In the German survey, opinions on this topic were mixed. 37% of respondents consider the Chinese frugal, 29% think of them as consumerist, and another 29% are undecided in this regard. An interesting observation is that particularly those who have stayed in China for extended periods of time have stated that the Chinese are consumerist. This may be rooted in the fact that most respondents that visited China primarily visited the more consumerist coastal regions, where they primarily came into contact with members of the middle class.

China is one of the largest countries in the world, and with a population of 1.349 bn (as of July 2013), it is also the most populous country. In spontaneous associations with Chinese society, the size of the country and the population were often mentioned accordingly. The rapid growth of the older population groups is remarkable in the demographic development of China. In 1979, the one-child policy was introduced in China. This was intended to restrict the rapid population growth. However, it also led to accelerated aging of the Chinese society compared to the international average. To this date, there is still a prevalent image of China that focuses on size and population growth. Almost half of Germans (49%) assume that China is a country that is shaped by rapid population growth. One-third (33%), however, already assumes that there is accelerated aging of the population. Particularly those that have spent more than one month in China hold the opinion that China is increasingly confronted with the problem of an aging society.

The one-child policy was introduced during a time where the population exploded, and a minimum of material security could not be guaranteed any more. In order to achieve economic progress, the government enacted a law that would allow couples in urban areas to have only one child. Couples in rural areas were allowed a second child if the firstborn was a girl. This law met with strong criticism in the West and evoked negative associations. To Western sensibilities, this law was a massive restriction of privacy and the self-determination right of human beings.

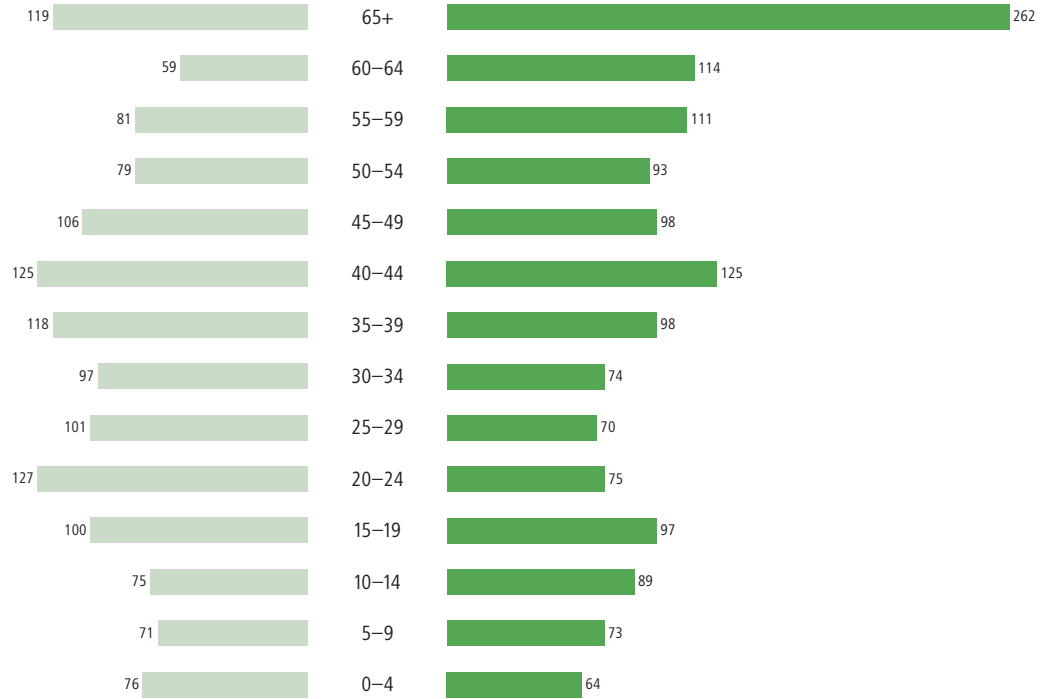
Even if the one-child policy was considered a necessary measure at the time of its introduction, its negative consequences are obvious today. Aside from social tensions due to sanctions, there is the one-child problem, which particularly affects the cities. According to statistics, there are more than 140 m only children living in China today. They are being pampered by parents and grandparents and develop only marginal social competency, say the results of a study conducted by the Monash University in Australia (Business Insider 2013). Another consequence is an imbalance in the birth numbers of girls and boys. In Chinese tradition, boys will provide old-age care for their parents. This explains why a male child is very coveted, particularly in rural areas. According to official Chinese statistics, the proportion of newborn boys to girls was 117.70 to 100 in 2012 (NBS 2013). A consequence of this will be that, by 2020, there will be 24 m more males than females reaching the minimum marriage age.

The rapid aging of the population brings many challenges. There is currently no other country where the age pyramid has changed as rapidly as in China. By the end of 2012, 14.3% (or one in seven Chinese) will be older than 60 years. The absolute number of people capable of working between 15 and 59 years of age has, for the first time since the reform, decreased in 2012, namely by approx. 3.45 m (NBS 2013). For one, this will put an enormous strain on the still underdeveloped pension scheme; on the other hand, this development may also negatively impact competitiveness. In the intermediate term, it can be expected that the decreasing labor supply will increase labor costs, and that more technology will have to be used to achieve further production advancements.

Fig. 7.13
Age distribution in China,
2010 and 2030
(in millions)

Source:
UNDP (United Nations
Development Program)
2013: 69

2010
2030



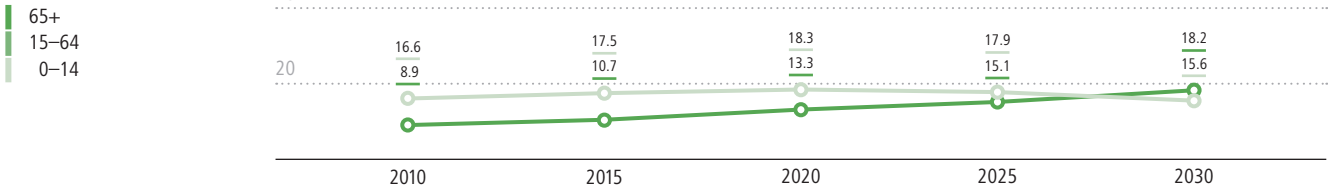
The dramatic change in the population is reflected in the number of births. In 2012, the birth rate in China was 12.1 births per 1 000 people, whereas in 1970, 33.4 births were recorded (NBS 2013). Ever lower numbers of young people are reflected by ever increasing numbers of older people. This is colloquially called the “4-2-1 phenomenon” in China. It means that one child will have to provide for two parents and four grandparents in the future. This problem will increase substantially in the future. It is projected that, by 2030, the number of people older than 65 years will be more than double compared to 2010, while the number of people between 15 and 64 will significantly decrease (see Fig. 7.14). At the 3rd plenary session of the 18th Central Committee of the Communist Party of China in November 2013, it was announced that the one-child policy is to be relaxed. The government wants to counteract the negative impact of current demographic changes in this way.¹

¹ In the past, there have already been steps to relax the one-child policy. Married couples were allowed to have a second child if both parents were also an only child. With the current reforms, couples are now able to have a second child even if only one of the parents was an only child.

In summary, one may conclude that the social and demographic changes in China are something most Germans were aware of in the survey. The economic growth of China has facilitated an increase in the overall wealth of society and individual living standards. Increasing wealth has created a middle social class that is attracting public attention due to their strong buying power. At the same time, it is noted that not all people in China benefit from economic growth equally. Social inequality is perceived as being extensive. The rapid aging of society, however, is not something the majority of Germans are aware of.

Fig. 7.14
Projected change in the
age structure, 2010–2030
(Figures in percentages)

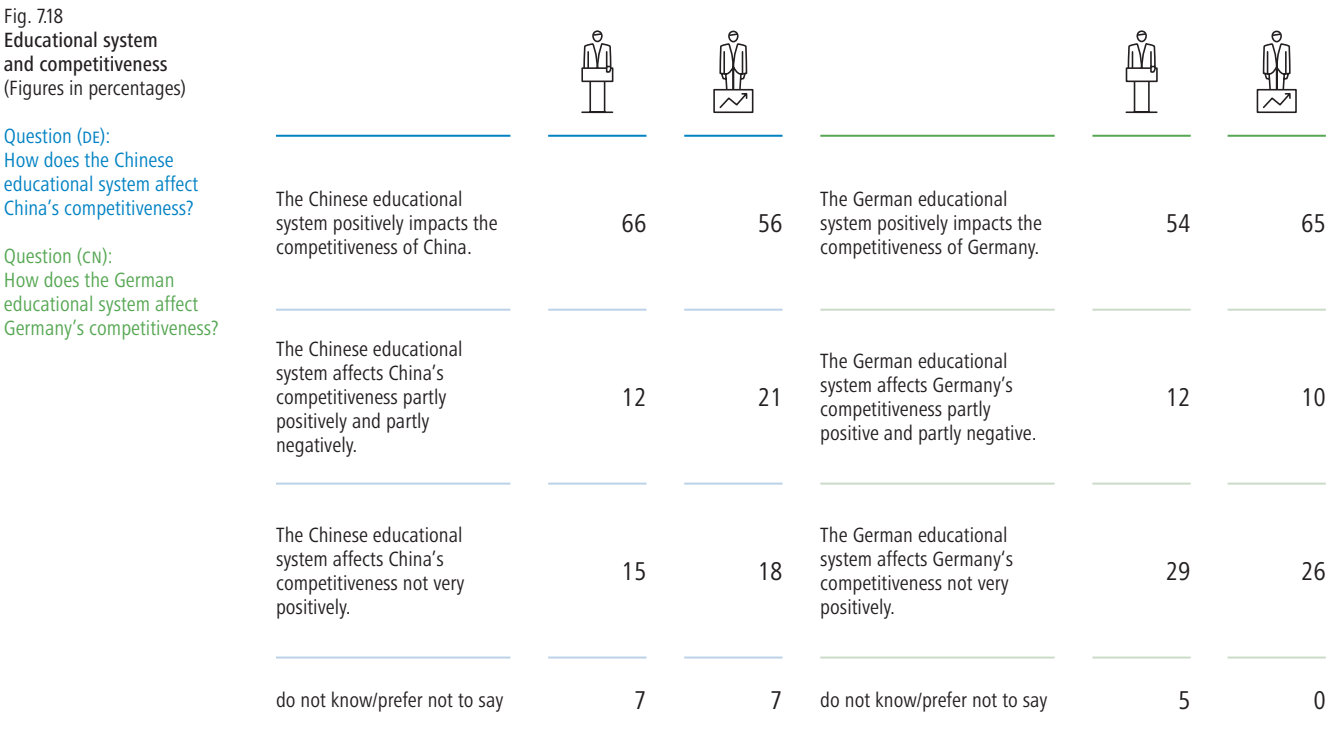
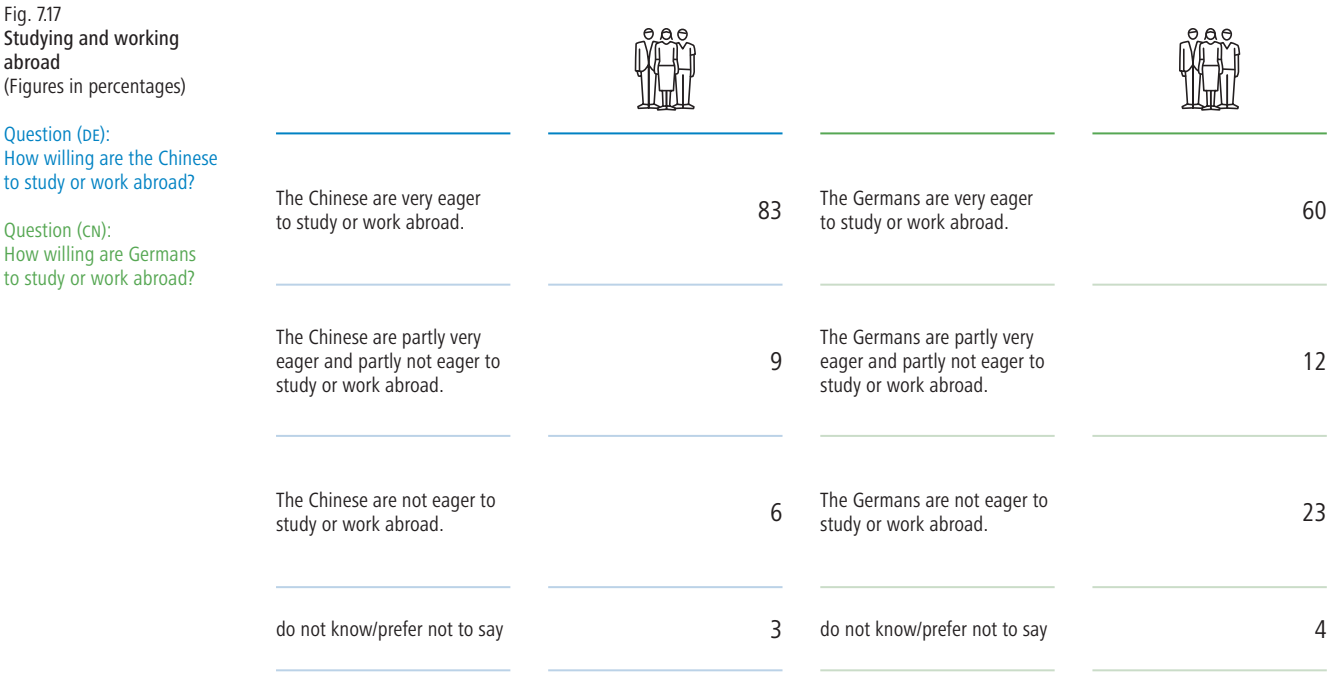
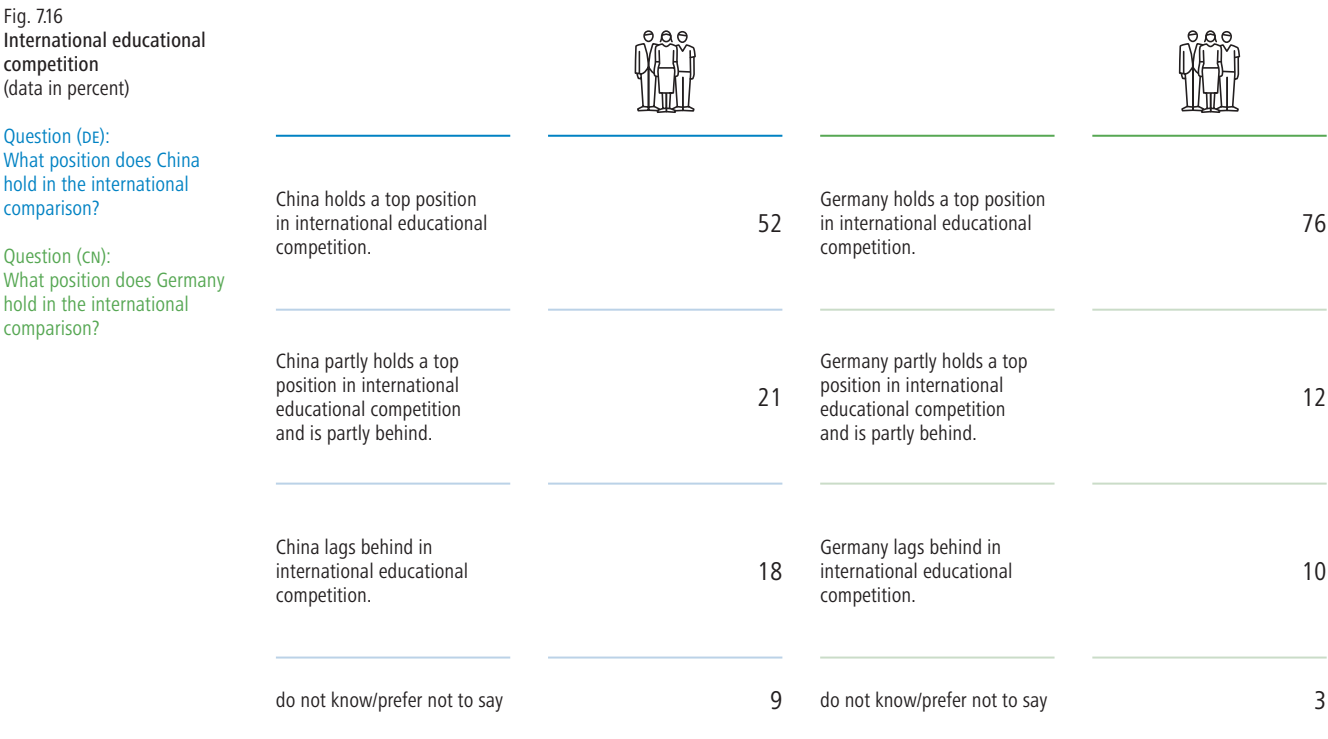
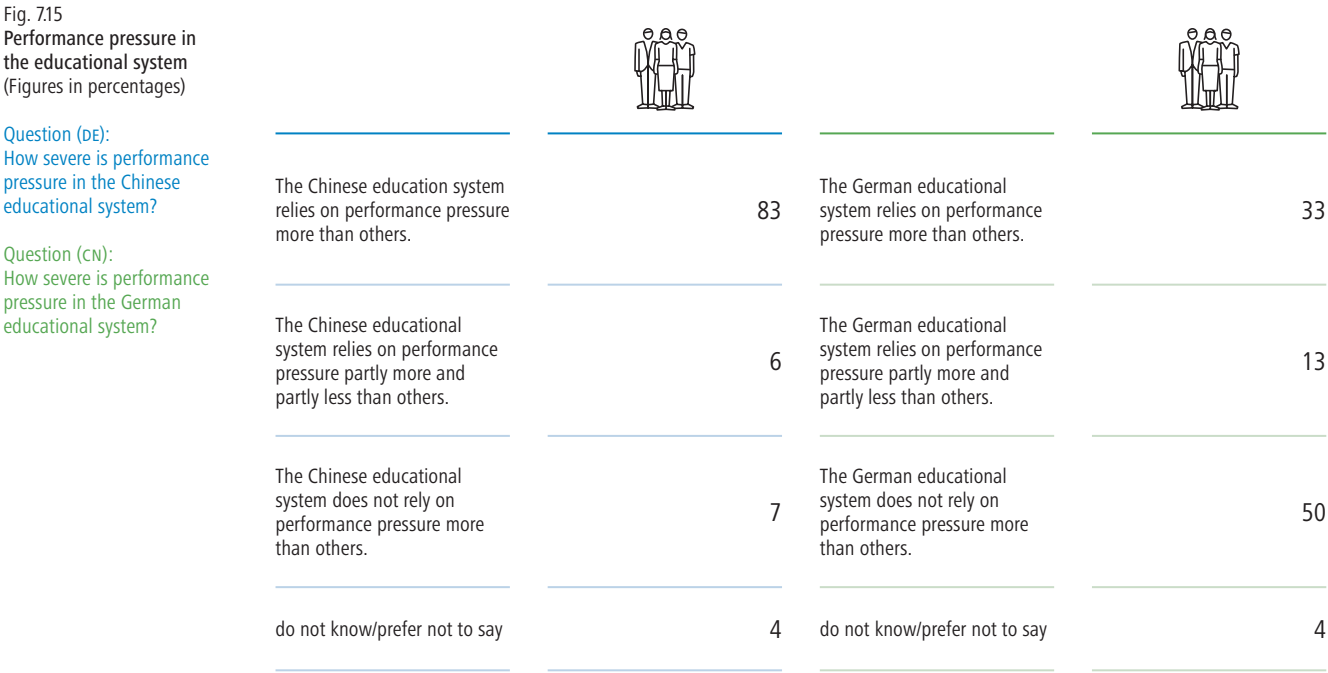
Source:
UNDP (United Nations
Development Program)
2013: 69



7.4
7.4.1

Education
Perception

Wie beurteilen Deutsche und Chinesen das Bildungssystem im anderen Land und wo ordnen sie es im internationalen Vergleich ein?



7.4.2

Performance pressure and educational success

Description of survey results:
Education

Education is extremely important to Chinese society. Social advancement depends on good educational attainment, which is something all parents want for their children. This places great performance pressure on students. This relationship is also reflected by the German perception. Most respondents (83%) associate high performance pressure with the Chinese educational system.

At the same time, the Chinese educational system is viewed as effective by Germans. The majority of politicians (66%) and economic decision-makers (56%) hold the opinion that the Chinese educational system positively impacts China’s competitiveness. Half of the respondents (52%) place China in a leading position in an international comparison. A perception of high levels of mobility among Chinese students seems to have contributed to this. The majority of respondents (83%) believed that the Chinese are very willing to study or work abroad.

The perception of the German educational system is far more positive in China. Most of the Chinese (76%) view Germany in a top position in international educational competition, despite the fact that German students only received mediocre scores in the 2009 and 2012 PISA studies.

Classification and background:
Education

Traditionally, education is valued very highly in China. Education plays an important role in social and economic mobility. In the Confucian-influenced China government, agents were recruited from the educational system. The system of recruiting elites that was manifested at the beginning of the second millennium – the public official evaluation – even served as an example for the French state official evaluation as well as for the British civil service in the 19th century. The prevailing tradition was that the educational success of individual male family members would facilitate the social rise of the entire family. This traditional mindset remains firmly anchored in people’s minds even today. Children are still being told that education is indispensable to social mobility. This attitude is supported by a value system that favors hard work and discipline.

In China, educational success is often understood as a shared success, including the performance of those that are in direct contact with the student, e.g. parents, family members, and teachers. In today’s society, particularly in the urban middle class, a strong emphasis on the interdependence of individual success and social recognition can be observed: one’s own child should be more capable than others, but at least as capable as those in the immediate environment. Thus, in order to gain social acceptance, the child should often pursue activities highly valued by society, such as sports, painting, and first and foremost, playing a musical instrument. Overall, learning and education are of growing importance in today’s China.

According to pedagogic principles in Germany, personal development and developing social competency are emphasized. In China, on the other hand, educational success is primarily evaluated by grades. Students, but also parents, are subjected to tremendous performance pressure. They often reach their (physical and financial) limitations in order to achieve good final grades. Together with deficiencies in the health insurance system and the precarious living space situation, educational performance pressure is one of the so-called “three mountains” (三座大山 *san zuo dashan*). This term originates from the time of Mao, where imperialism, feudalism, and capitalism were considered the “three mountains” under which society suffered. In Western media and discussions, terms like “cramming”, “drilling”, and “pressuring” have long been used to describe the Chinese educational system. By the time the author Amy Chua published her book “Battle Hymn of the Tiger Mother”, these terms were firmly embedded in the perception of most Westerners. The results of the German survey concur with this. Thus, 83% of Germans associate strong performance pressure with the Chinese educational system.

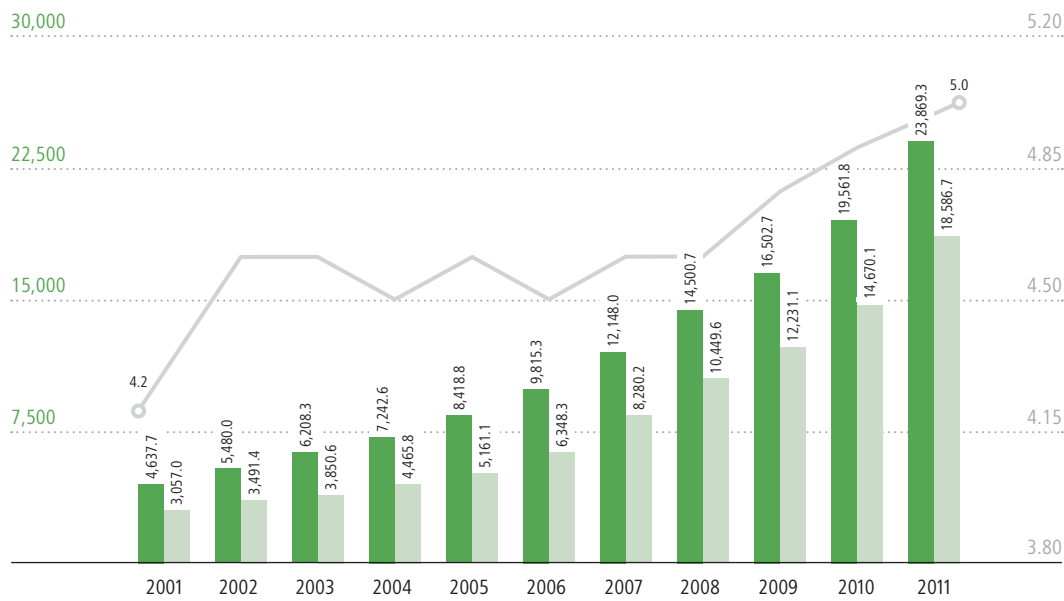
At the national level, education is viewed as an important instrument for the long-term economic success of China. It is the goal of government to sustainably improve both average educational performance and top-tier performances. This venture is reflected in China’s ever-increasing education expenditure (see Fig. 7.19). Between 2001 and 2011, overall education expenditure (expenditure on educational institutions from public and private sources) has increased fivefold. The share of gross domestic product has increased from 4.2% in 2001 to 5.0% in 2011. If only public expenditure on education in proportion to GDP are considered, the increase went from 2.8% in 2001 to 3.9% in 2011.

China’s public expenditure on education, despite of the remarkable growth rate, was substantially lower than that of the OECD nations, totaling 3.9% of gross domestic product in 2011. In Germany, this share had already reached 7.0% in 2010. Combined with research and science, Germany invested approx. 245 bn EUR in 2011 – this equals 9.5% of its gross domestic product; 137 bn accounted for initial preschool education, schools, and universities (incl. university research and development spending), as well as the dual educational system. In absolute numbers, China invested more in education than Germany (2011 approx. 290 bn EUR), but distributed across all students in the country (approx. 314 m), the per-student expenditure of China is substantially lower than that of Germany (approx. 14 m). Per-capita distribution of the overall educational expenditure on all students in China amounts to approx. 950 eur per student. This corresponds to a proportion of almost 10% of the per-student education expenditure of Germany (approx. 9,700 EUR).

Fig. 7.19
Expenditure on education in
China 2001–2011

Source:
NBS (National Bureau of
Statistics of China)
(Online database)

Overall expenditure on
education (in 100 m CNY)
Public expenditure on
education (in 100 m CNY).
Share of expenditure on
education in overall GDP
(in percent)



The fact that Chinese education is still internationally successful is primarily due to the private education sector having established itself as a second pillar. In this case, there is a reliance on commercialization and internationalization. The non-state share of overall education expenditure in the year 2011 was approx. 22%. Funding is provided by companies, social institutions, and private individuals. It can, however, be assumed that private expenditure on education is many times more, because – as described at the beginning of the chapter – private households in the middle and upper classes are very willing to fund an outstanding education for their children. According to a new study in China, urban households spend an average of 30.1% of their household income on educating their children (Xinhuanet 2012). This motivation, paired with the determination to gain social status by educational success, can be considered the secret behind Chinese educational success.

In 2009, the surprising results of the PISA study led to much debate. The previous study had only included students from Hong Kong, whereas the 2009 PISA study, for the first time, also included results from mainland China (Shanghai). The performance results caused some furor right after the first participation. In all three categories (math, natural sciences, and reading comprehension), the students from Shanghai took the first place. A surprising observation was that the Chinese students performed better with complex tasks than with simple tasks. In the newly published PISA study for 2012, China (Shanghai) again produced the best results in all three areas.

The aforementioned result, however, must not be interpreted as a quality indicator of the overall educational system in China. The overall level of education of the Chinese population is still considered to be low. According to official statistics, the illiteracy rate decreased from 16% in 1990 to 4.1% in 2010; however, there are still substantial differences between the urban and rural populations. In 2004, the illiteracy rate was 4.91% in the cities, while it remained as high as 10.71% in rural areas. However, China is making remarkable progress in the area of elite

education. The university ranking of the internationally renowned company Quacquarelli Symonds (QS) for 2013 includes three Chinese universities among the top 100. The QS study evaluated 800 universities worldwide and surveyed 30 000 employers and 62 100 successful academics. Additional criteria, such as citations in special publications, student/teacher ratio, as well as the number of foreign students and professors, were considered in the evaluation. Among the top 100 were the Peking University (46th place), Qinghua University (48th place) and Fudan University (88th place). There were also three German universities among the top 100. Ruprecht-Karls University in Heidelberg made 50th place, Munich Technical University made 53th place, and Ludwig Maximilian University made 65th place (QS World University Rankings 2013).

The international educational successes of China in the recent past have certainly been noticed in Germany. Approx. half of the respondents (52%) already consider China to be in a top position in the international comparison. The strength of the Chinese educational system is primarily considered to be positive in Germany: 66% of German politicians and 56% of economic decision-makers hold the opinion that the Chinese educational system has a positive effect on China's competitiveness. At the same time, there is still a certain picture embedded in Western heads: little creativity and a lack of curiosity shape the nature of learning in China. It is implied that students primarily memorize, and that they lack the ability to work independently or in a team. The Chinese society takes this view seriously and offers criticisms of their own. It is argued that the educational system is too focused on test scores, and that Chinese students are subjected to too much work and performance pressure. The government has responded to this criticism and decided, among other things, to do away with math competitions. This change is the opposite of what the PISA study had requested, which is more international competition. This is the reason why the enthusiasm for the PISA study and the results of the Shanghai schools is somewhat limited. In summary, it should be noted that drill-like hardcore classes are still prevalent in the educational system, but change is on the way. This change is becoming apparent not least due to the intensified educational exchange with foreign countries.

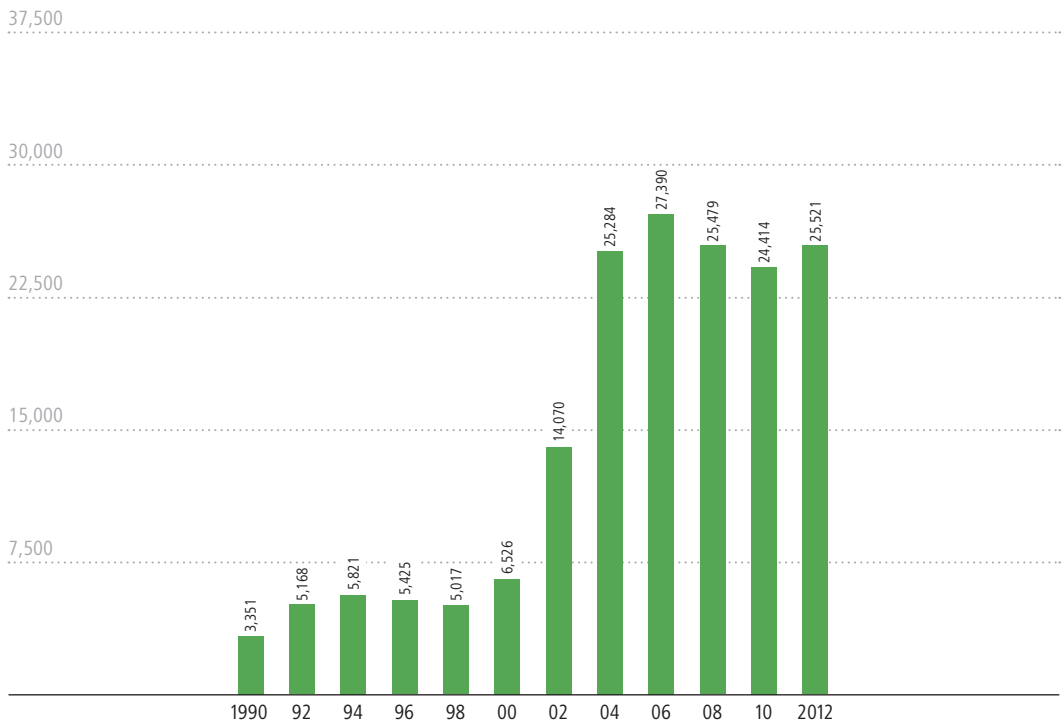
With growing wealth, interest in studying abroad has increased, especially among the urban middle class. Between 1978 and late 2012, more than 2.6 m students from China in total were enrolled abroad. In 2011, approx. 340,000 young Chinese people began studying abroad. This equates to 14% of all students studying abroad worldwide. In 2012, the number of new enrollees grew again to approx. 400,000 students, an increase of 17.65% compared to 2011. China therefore sends the largest number of students to study abroad worldwide (Education China Online 2013).

The Chinese also make up the largest number of foreign students in Germany. In 2012, approx. 26,000 Chinese students were enrolled at German universities. This trend is indeed being watched by many Germans. A majority of respondents (83%) is convinced that the Chinese are very willing to study or work abroad.

The perception of the German educational system in China does not relate to the results of the PISA study, and is far more positive. A majority of the Chinese (76%) view Germany as holding a top position in international education comparisons, despite the fact that German students only received mediocre scores in the 2009 and 2012 PISA studies. One reason could be that dissatisfaction with the domestic educational system leads the Chinese to view the another system more positively. Another reason might be the generally positive reputation of Germany.

Fig. 7.20
Number of Chinese studying
in Germany 1990–2012

Source:
DAAD (Deutscher Akademischer
Auslandsdienst) 2013a, 2013b



In summary, it can be concluded that education is valued highly in Chinese society, since upward social mobility depends primarily on educational success. This exposes the students and their families to tremendous performance pressure, which is reflected by the German perception. At the same time, German respondents view the Chinese educational system as effective, since it has a positive effect on China’s competitiveness. The international success of China’s education of its elites has strongly shaped the perception in Germany. The high mobility of Chinese students is seen as a positive example of this.

7.5

7.5.1

Attitude toward the other culture

Perception

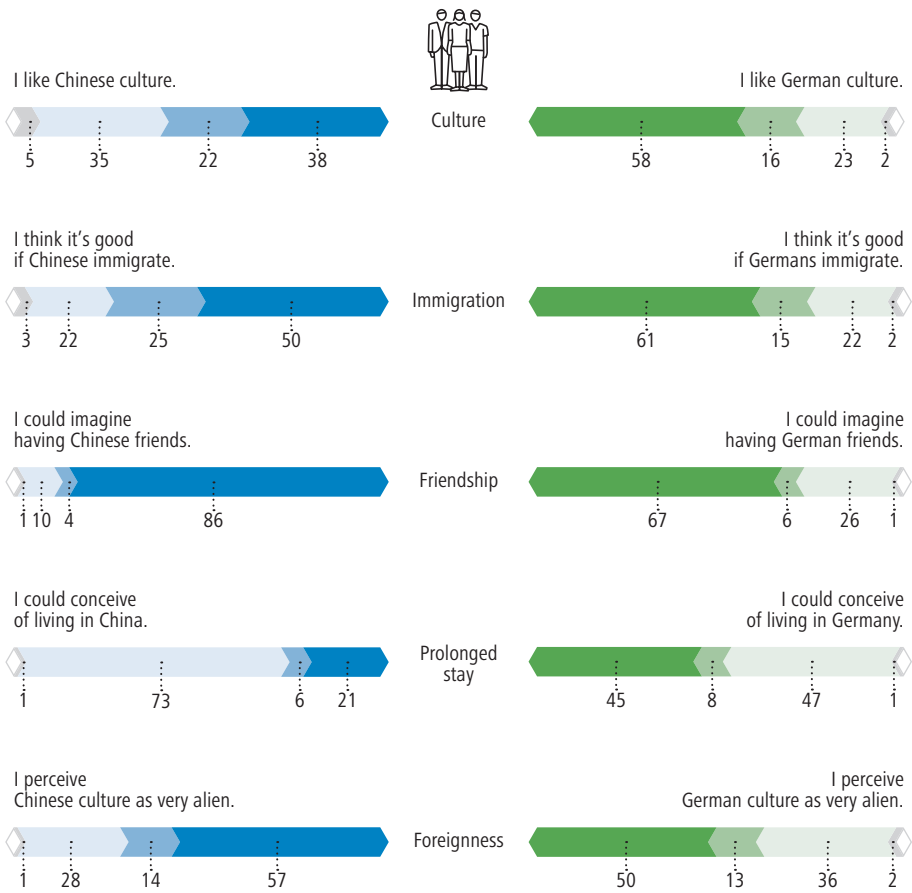
Between familiarity and foreignness: How do Germans and the Chinese perceive the other culture and how do they assess integration questions?

Fig. 7.21
Personal attitude toward
the other culture
(Figures in percentages)

Question (DE):
How do you perceive Chinese
culture with respect to the
following statement?

Question (CN):
How do you perceive German
culture with respect to the
following statement?

- agree
- indifferent
- don't agree
- do not know/prefer not to say



7.5.2

Between enthusiasm and distance

Description of survey results:
Attitude toward
the other culture

Interest in the Chinese culture does not automatically result in a feeling of familiarity with that culture. More than half of the surveyed population in Germany is interested in Chinese culture (55%) (see Chapter 4.1. Fig. 4.03), but about the same percentage (57%) find this culture alien. Young people have far fewer reservations toward Chinese culture than older people.

Almost half of the Chinese are interested in German culture (49%) (see Chapter 4.1. Fig. 4.03). The majority (58%) like German culture. However, half of the respondents (50%) also find German culture alien.

Classification and background:
Attitude toward
the other culture

Culture consists, in simple terms, of an invisible level, on the one hand, that includes basic assumptions, values, norms, attitudes, and convictions, and represents the deeper level of culture. On the other hand, culture consists of a visible and perceivable level, that includes behavior and artifacts. These can, however, only be understood with knowledge of the underlying identity-forming values and norms. Lack of knowledge and insufficient familiarity create foreignness (as in being alien). The characteristics of Chinese culture can therefore only be understood within the context of philosophical and religious traditions. Conversely, Western culture is hard to understand without a background in the Judeo-Christian cultural tradition.

China has a very long cultural history that fascinates many people in Germany. 55% of Germans confirm this. This applies particularly to the older generation, people of a higher educational background and Germans who have stayed in China for extended periods. It is primarily the symbolic structures like the Great Wall that respondents spontaneously associate with China. Knowledge of Chinese philosophies such as the Taoist principle of “Yin and Yang” and the Confucian consensus culture (as opposed to Western conflict culture) are considered enriching. It can be assumed that these are the reasons why the Chinese are perceived as friendly and peaceful. This may be a reason why the vast majority of the German population (86%) could conceive of being friends with Chinese people. Half of the respondents (50%) also approved of Chinese immigration to Germany. Only less than one-quarter (22%) explicitly disapproved of this.

In these times of globalization, not only is the consumer market being flooded with Chinese products, but there is also an import of cultural assets. There is an increased availability of Chinese art, literature, language courses, and educational programs relating to China in Germany. Particularly young people are exposed to many cultural influences from abroad, including China. For the younger German generation China does not merely mean “dining Chinese” any more, but due to the growing global economic importance of China, it represents an important pillar of the future. They are much less fearful of Chinese culture than older people. The survey results confirm this. Younger respondents approve of Chinese immigration more often than older respondents. They are more often able to conceive of having Chinese friends.

Although Western cultural elements are increasingly present in China, Confucian thinking remains embedded in the Chinese mentality and daily culture. To date, nothing has changed in the statement made in the book by Hari Bedi in 1992. “Modern life is still measured by the old values, affording Asians a wealth of possible attitudes that will often puzzle and often enough overwhelm their foreign partners and colleagues” (Bedi 1992: 10). Against the backdrop of their own European and/or Judeo-Christian culture, Germans often perceive Chinese culture as alien. This is confirmed by the majority of respondents (57%). This may be an explanation why almost three-quarters (73%) of the respondents could not conceive of living in China. Only one in five (21%) of the respondent could conceive of this. Conversely, the Chinese too find the “other” German culture rather alien (50%); 36% have the opposite opinion.

Sociological studies have proven that the perceptions and is the range of expectations every person has are shaped by their own culture, individual experiences, and internal values. This includes the understanding of different cultures. Perception primarily refers to visible phenomena. Behind cultural phenomena, however, are spiritual and historical backgrounds. The German perception of the Chinese is one of being friendly. Without proper knowledge of the philosophical roots of this behavior, this cultural characteristic cannot be understood. Eventually people fall into the similarity trap, where it is often assumed that similarity in cultural expressions equals similarity in meaning (Pohl 1999). It is also human nature to measure the reality of others by one’s own ideals. Perception of contradictions in other cultures is easily labeled as a logical mistake. Chinese culture, from a Western culture perspective, often appears alien, complex, and even contradictory. This is also the reason why China has been labeled as some sort of “anti-West” for centuries. The foreignness, complexity, and contradiction is present even in the survey. The results indicate a relatively large degree of indecision among Germans in respect to their appreciation of Chinese culture. While 38% like Chinese culture, 35% of respondents state that they do not like it. Another 22% responded with “indifferent”.

In summary, it can be concluded that mere interest in Far-Eastern cultures does not automatically result in openness to such cultures. General cultural is, however, still important. Curiosity and endeavoring to understand the culture are ideal prerequisites for mutual understanding.

Guest article: Britta Heidemann

Building bridges – overcoming limitations

Whenever people of different cultural backgrounds encounter each other, one thing becomes clear rather quickly: We tend to evaluate the other based on certain preconceived notions, rather than on objective realities. Attuning your own perception is the most important factor in making sure that you communicate on equal terms. Most of the time, intensive debate around a given topic will lead to a better understanding of each other.

The political and economic relations between Germany and China have increasingly intensified over the last couple years, and have facilitated an exchange between these two nations that has exceeded any precedent in their history. This includes, among other things, the “Strategic partnership in global responsibility” established in 2004. At the economic level, China became the most important trading partner for Germany outside of the EU in 2010. Conversely, Berlin has become Beijing’s gateway to Europe.

The political and economic interdependencies will grow even more in the coming years. This will only increase the need to attune our mutual perceptions, cooperate more closely, and reduce fears. This particularly applies at the societal level.

Despite the fact that both countries can look back on 40 years of stable and friendly partnership, there is still often ignorance and a lack of understanding in the German population. To put it succinctly: The interest in China is immense, but there is often only very limited knowledge about China.

This makes it all the more important that we establish intercultural “bridge builders” between Germany and China, who mediate between the different values and attitudes and remove or reduce communication barriers.

In past years, I have accompanied various business delegations to China, have attended the festivities for the 40-year anniversary of German-Chinese diplomatic relations as a special sports ambassador with Guido Westerwelle in Beijing, and have found myself, among other things, serving as an intercultural ambassador during the 2008 Olympic Games. In particular, immediately prior to, and during, the Olympic Games, I experienced just how hard mediation between the countries can be, and just how necessary it is to expand the existing channels.

Being a graduate of area studies with a concentration on China, and also being the only German athlete with a command of the Chinese language, I often had to deal with the predominant media topics relating to China. The often rather indiscriminate reporting of the Olympic Games by the German media must certainly have affected the general perception of “the Chinese” in

Germany. The rather complex situation at the Games was not reflected in the portrayal by the media, despite the fact that some journalists who initially had reservations were rather positively surprised by Beijing and the impressive atmosphere. It was exciting to observe how preconceived notions quickly changed in perspective once people had arrived.

Overall, sports are a great example in this regard. Each year, athletes travel to many countries in the course of a World Cup season and constantly meet other athletes from a wide range of nations. A respectful approach to the different cultures of the countries visited, the exchanges among athletes and the respect for commonly shared basic rules of sports are only natural consequences. Sports show that: Continuous exchange between equals is the foundation on which mutual cultural understanding is built. This is because only those who find some form of communication with the other will be able not only to eliminate prejudices and build mutual trust, but also recognize and utilize the potential of the other culture for themselves.

The easiest way to foster German-Chinese exchange sustainably is certainly to come together at an early age in life. In 11th grade, I myself experienced how impressive and formative it was to learn more about the until then alien habits of a Chinese family, their cultural values and their daily routine in society during a school trip to Beijing. In order to intensify the fostering of mutual exchanges between Germany and China across the entire population, exchange programs at the school and higher education levels should be expanded even further. In Germany, I would hope that Chinese language lessons will soon become an elective component of the school curriculum. This is because language and the accompanying communication of cultural backgrounds form the basis for improved mutual understanding in the future, as well as a more nuanced perception that could, among other things, facilitate future business interrelationships. Germany and China are therefore going down a positive path together.

.....
Britta Heidemann
Area Studies of China
Graduate, Ambassador of the
German-Chinese Business
Association e. V., Olympic and
World fencing champion



8.

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Overall share of focus- and detail topics

Tone used in the detailed topics

Top 5 frames in reporting

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Comparison of the culture in Germany and China by Hofstede

Comparison of the culture between Germany and China GLOBE study

Lifestyles

Benefits to society of economic growth

Assessment of the social-security system today and in 15 years

Demographic structure of society

Relationship with new technologies

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Imprint

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Publisher

Huawei Technologies Deutschland GmbH
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Unter den Linden 32–34
10117 Berlin

Research Management

GIGA German Institute of Global and Area Studies, Hamburg

Conception and survey execution

TNS Emnid Medien- und Sozialforschung GmbH, Bielefeld

Design and implementation of media analysis

AUSSCHNITT Medienbeobachtung
Deutsche Medienbeobachtungs Agentur GmbH, Berlin

Organization and design

Blumerry GmbH, Berlin

Print and production

Königsdruck Printmedien und digitale Dienste GmbH, Berlin

Fonts and stock

Frutiger Next, FF Tundra, FF Chartwell
300g/m² Papyrus Plano Art, 115g/m² Papyrus Plano Art

ISBN 978-3-00-044890-4
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