

Nation needs to rethink industrial strategy

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China should rethink its industrial strategy to enhance competitiveness of its manufacturing sector, which will help the reform and restructuring of the Chinese economy, the head of a manufacturing association said on Tuesday.

It is not an easy mission to push the transition, Luo Jun, CEO of the Asian Manufacturing Association (AMA), told a media briefing in Beijing, suggesting Germany's implementation of a strategic initiative known as "Industry 4.0" could be a model for reshaping China's factory sector.

The Industry 4.0 term, which was first used at Hanover Fair in 2011, has become the linchpin of the German government's industrial strategy that aims to advance computerization of traditional industries such as manufacturing.

New technologies - the likes of 3D printing, robotizing and innovation in materials - will drive the future of the nation's manufacturing which is currently beset with a lot of challenges, Luo noted.

As part of the association's efforts to help prompt a shift in the country's manufacturing activity, Luo also announced on Tuesday that the seventh Annual Conference of Asian Manufacturing Forum will be held in Weifang, East China's Shandong Province in September, focusing on deep discussions about the German pattern of industrial revolution.

But there is a long way to go before China could leapfrog traditional manufacturing and go straight to what has now been achieved by Germany, as the development of industrial technologies in China can hardly match that in Germany, Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges, told the Global Times on Tuesday.

A key roadblock to manufacturing upgrade is the absence of a systematic innovation mechanism capable of fostering renovations that will add value to products, Xu said.

"Equipping [traditional] manufacturing with various new technologies would be a rather long-term task," Luo told the Global Times on the sidelines of the briefing.

The latest data which points to brisk growth in the earnings of industrial firms cannot mask manufacturers' struggle for existence against a backdrop of overcapacity, especially the small ones, Xu believes.

Profits earned by major industrial firms were up 17.9 percent in June from the previous year to 588.08 billion yuan (\$95.52 billion), an apparent improvement from an 8.9 percent increase in May, data from the National Bureau of Statistics showed in late July. In the first half of the year, profits jumped 11.4 percent year-on-year, the bureau said.

With tight credit conditions, manufacturers lack motivation to invest in industrial research and development, which partly makes their transition to advanced manufacturing more difficult, Luo remarked, urging the adoption of preferential financial policies to prevent capital flows from being siphoned to fields such as the property sector which are considered as surefire to get rich.