COMMENT

CHINA DAILY 中国日报 ASIA WEEKLY

INSIDE
• Push for high-quality growth > p20
• Abe-Trump ties put to the test > p21

Bumper year for China billionaires

Global rich list shows nation topping the wealth table with self-made entrepreneurs leading the way

Mike Bastin

Once again, the annual Hurun Global Rich List has been published, and this year marks a bumper billionaire bonanza where China is concerned. Topping the list with a whopping 819 billionaires, China has left countries that are far more developed in its wake.

Although China accounts for only about 20 percent of the world's population, an awe-inspiring 32 percent of those on this year's rich list, up by 3 percent year-on-year, are Chinese.

The combined net worth of Chinese billionaires has now reached a colossal $2.5 trillion, which equates to 3.2 percent of global GDP.

The United States remains in second place — but a very distant second, with just over 500 billionaires.

Worldwide, more than one billionaire emerged every day last year, and every week saw four more Chinese billionaires join the global rich list.

China now also boasts the richest Asian — Internet giant Tencent's boss Pony Ma, worth a staggering $47 billion.

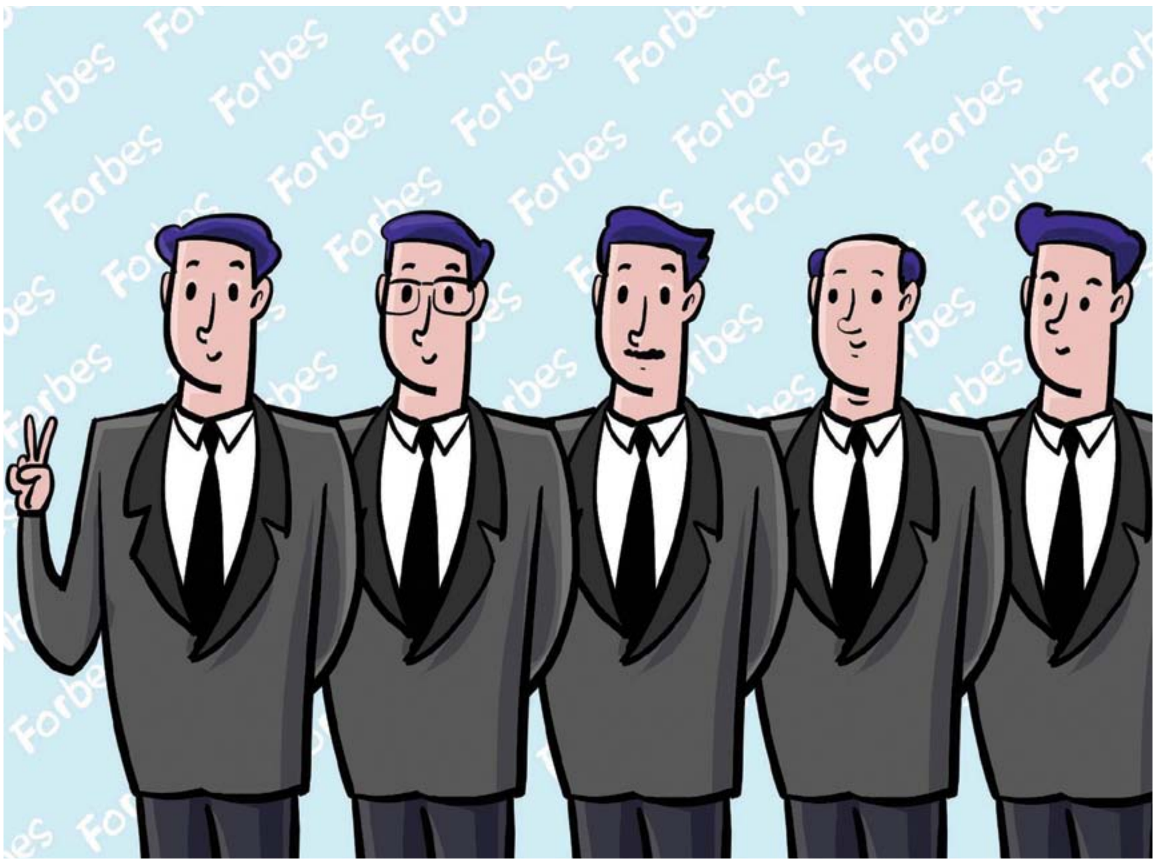
So what signal does this surge in Chinese billionaires — a year-on-year increase of more than 25 percent — send to Europe and the European business community in particular?

Of course, with such a concentration of enormous wealth, all eyes should be on the massive and growing opportunities for all sectors of the European luxury goods and services industry.

But market opportunities and market attractiveness stretch far beyond the obvious area of luxury.

Perhaps the most telling statistic in this year's report is the fact that, for the first time since records began, China leads the world when it comes to self-made billionaires, with the top 10 Chinese billionaires all self-made. Clearly, more than a wave of entrepreneurial spirit is now infusing Chinese corporate culture, which bodes well for international expansion and should present more connection opportunities with all sectors of European industry.

While women continue to make up only 15 percent of the list, the number of self-made women billionaires rose from 152 to 184 — 78 percent of whom are Chinese. European business managers and leaders need to be aware of the rapidly changing roles of women in Chinese companies and prepare to do more business with Chinese female business leaders.



ZHANG CHENGLIANG / CHINA DAILY

The European business community also needs to be aware of the fact that the typical Chinese billionaire is substantially younger than those from other, more developed nations. On average, the Chinese billionaire is a youthful 58, a full eight years younger than the average American billionaire.

European business leaders also need to make a note of the fact that Beijing is now the undisputed billionaire capital of the world, with 137 billionaires officially based in China's capital city, compared with 131 a year earlier.

The southern Chinese cities of Hong Kong and Shenzhen are also billionaire hot spots, with a combined total of 157 based in these two modern metropolises — more than there are in the whole of California.

Such a geographical concentration of wealth should come as no surprise to the European business community. The Hurun report is consistent with the World's Wealthiest Cities list released by the South African market consultancy New World Wealth in February. According to this report, three Chinese cities entered the top 10: Beijing, Shanghai and Hong Kong.

Crucially, city wealth measurement excludes government funding, with a focus on private wealth only, such as property, cash, equities and business interests.

Specifically, Beijing was ranked the fifth-richest city in the world, with a total wealth of $2.2 trillion, the highest ranking of all the nominated Chinese cities. Close behind came Shanghai, in sixth place, with total private wealth reaching $2 trillion, while Hong Kong ousted Los Angeles and occupies eighth position with a total wealth of $1.3 trillion.

Of course, such a geographical concentration of Chinese billionaires belies the fact that second- and third-tier Chinese cities are fast developing and becoming attractive market opportunities. The China-led Asian Infrastructure Investment Bank and the Belt and Road Initiative continue to contribute to the overall economic development of central and western China. In particular, the Belt and Road Initiative will soon open up increasingly attractive trading routes for European businesses across Eastern Europe, Central Asia and into western China.

Another telling statistic from this year's Hurun report, one that also highlights the modernization taking place across large parts of the Chinese business community, is the increasingly large number of billionaires representing the technology, media and telecommunications, or TMT, sectors.

These sectors, seen as the drivers of modern-day economic growth, together produced a total of 105 Chinese billionaires. This should add to China's attractiveness as an investment and market opportunity, and not just in the TMT sectors. Competitor nations such as the US and India do not display a similar trend toward TMT.

European businesses should look further than Internet giant Tencent and e-commerce and tech conglomerate Alibaba, even though Tencent CEO Pony Ma and Alibaba's leader, Jack Ma, are leading the way as role models for younger, aspiring Chinese business leaders.

An entrepreneurial culture is sweeping the Chinese mainland, with the younger generation embracing innovation and creativity in an open-minded, outgoing way.

But European businesses should not overlook the fact that younger Chinese business leaders, while displaying far more modern values, are no less traditional. Therefore, a sound understanding of traditional Chinese values is still necessary in order to maximize the likelihood of any Sino-European joint business venture.

China's high-technology sector should probably sit at the top of any European investor's priority list. The Chinese government's Made in China 2025 strategy is pivotal to a push by China's high-tech sector to transform itself from imitator to innovator, and this transformation is happening at quite a pace.

For example, US dominance is already under sustained pressure from major investments by China in everything from artificial intelligence to precision medicine. Furthermore, according to the US National Science Board, China now accounts for an incredible 20 percent of global research and development spending, and while the US still leads with 27 percent, this figure is 6 percent lower than it was only a few years ago.

Chinese universities' continued global recognition, and their rise in the global university rankings, is another tangible sign of transformation toward a far more modern, technology-led Chinese corporate culture and ejection of the anachronistic low-cost production approach. Beijing's Tsinghua and Peking universities, in particular, are fast approaching the top 10 in world university rankings.

Finally, China's GDP is forecast to remain between 6 and 7 percent, still far higher than the growth forecasts for the US and elsewhere, which adds further to China's attractiveness as a market opportunity.

While the European economy appears to be, at long last, struggling to some sort of recovery, prospects for expediting this process can only increase if serious attention is paid to the Chinese mainland market, where billionaires, modernization and high technology are now combining to maximum economic effect.

The author is a visiting professor at the University of International Business and Economics in Beijing and a senior lecturer at Southampton University. The views do not necessarily reflect those of China Daily.