

# ICSB GAZETTE

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## CHINA: PROMOTING DEVELOPMENT THROUGH QUALITY IMPROVEMENT, ACHIEVING WIN-WIN VIA COOPERATION

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*“China will contribute to an open, inclusive, clean, and beautiful world that enjoys lasting peace, universal security, and common prosperity.”*

China highly values the 2030 Agenda for Sustainable Development. In March 2016, the Government of China published the Guidelines for the Thirteenth Five-Year Plan, which combines the 2030 Agenda with China’s mid-to-long-term development plan. In September 2016, the Government published China’s National Plan for Implementing the 2030 Agenda for Sustainable Development, specifying how China will implement the SDGs in the upcoming years.

In August 2017, China issued the world’s first Progress Report on Implementation of the 2030 Agenda for Sustainable Development, of which was highly recognized by the UN Secretary-General António Guterres, as achievements demonstrate the great efforts and strong commitments made by the Government of China to achieving sustainable development within China and globally. China has been a true leader in promoting South-South cooperation for development.

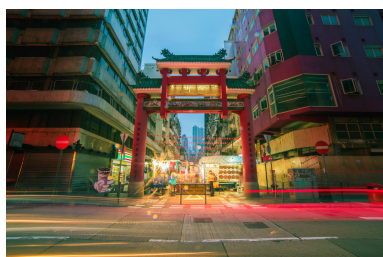
On the 19th CPC National Congress held in October 2017, Chinese President Xi Jinping pledged that “by the year 2020, all rural residents living below the current poverty line will be lifted out of poverty; and that by the year 2035, solid progress will be made toward shared prosperity for everyone”; and that “China will contribute to an open, inclusive, clean, and beautiful world that enjoys lasting peace, universal security, and common prosperity.” Such commitments offered China’s wisdom and solutions to achieve sustainable development.



After 40 years of the launching of the Reform and Opening up policy, China has become the second largest economy and the country with the largest trade volume in the world, contributing over 30% to the world's economic growth. In the past 5 years, more than 68 million people have been lifted out of poverty, and the poverty rate has dropped from 10.2 to below 4 percent out of the nation's population. All these achievements would not be possible without the great contribution made by numerous MSMEs.

Now 99.7% of enterprises in China are MSMEs. They offer over 80% of jobs in urban areas, and 90% of newly created jobs. They provide end products and services equivalent to 60% of GDP; and hold 65% of the patents for inventions, creating 75% of the technological innovation in enterprises and developing over 80% of the new products. Without doubt, MSMEs have made significant contributions to economic growth, job creation and innovation.

Last year, in the congratulation letter sent by President Xi Jinping to the China Quality Conference, he wrote, "quality reflects people's hard work, innovation and wisdom. It shows people's yearning for a better life."



"China is making big efforts to build the National Quality Infrastructure, or NQI, which includes metrology, standard, certification, accreditation, inspection and testing, to help MSMEs improve their capacity and competitiveness."

Promoting MSMEs' healthy and sustained development is a long-term strategy of the Chinese Government. China supports MSME development with favorable policies for enhancing quality.

—With regards to quality, China has implemented a strategy called "Empowering the Country through Quality Improvement". The Government of China published the Guidelines on the Campaign of Quality Improvement and organized series of supporting activities. The Quality Month, for example, which takes place in September every year, has a history of 40 years in China and has many activities designed especially for MSMEs. For instance, there's an activity called the Quality Control Circle, which aims to promote advanced quality management methods and set up models of quality.

There is another national campaign called "Face-to-face Service, Zero Defects in Quality" to provide technology services to MSMEs. We've launched the "Chinese Brands Day" to protect China's Time-honored Brands. We are also improving the quality-related education and training system, advocating modern apprentice system, and paying more attention to vocational training and quality education.

With regard to metrology, we implemented Plans to Improve SME's Metrological Capacity to apply metrology to full life cycle of industrial products including design, research, testing, production and application, to improve product quality and contribute to innovative development.

In terms of standards, we are pushing forward reforms by boosting group standards and liberalizing company standards. Over 22,000 national standards have been disclosed for free. We make big efforts to develop standardization service industry and foster standardization service providers. We involve MSMEs in high-level standard-setting process so that companies can take the initiative. We also notice and magnify the spillover effect of standardization which acts as a pusher for poverty reduction in southwestern regions of China such as Guizhou and Inner Mongolia.

In regard to certification and accreditation, in order to improve MSMEs' capacity of quality management, we launched Actions to Upgrade Quality Management System to help MSMEs use the new ISO9001 system. We try to certify organic products and reduce poverty at the same time by having experts teach people in poverty-stricken area to grow organic products with increased added value, thus improving farmers' income level. Among 84 demonstration areas of organic produce plantation, 32 are poverty-stricken counties and some have already seen progress.

With respect to testing, inspection and certification, or TIC, we are now building 14 national demonstration areas of TIC public service platform, gathering around 2,000 TIC bodies. Such endeavors not only provide MSMEs with more convenient, efficient and quality services, but also benefit TIC bodies, most of which are also MSMEs. We integrate public testing bodies in pilot regions such as Jingshan County of Hubei Province, Dongshan County of Fujian Province and Wuhai City of Inner Mongolia, making it smoother for MSMEs to get services.

—In the area of fair competition, China advanced reform of business registration system to create a level playing field for MSMEs. In 2017, 6.1million new companies were registered, a year-on-year increase of 9.9%. Recently, the Chinese government officially required that company registration procedures should be further simplified and the registration time is expected to be cut to less than 8.5 work days.

In addition, the government also makes efforts to maintain a fair and just market order, creating a favorable environment for companies. In 2017, China handled 56,000 anti-trust and anti-unfair competition cases, with 580 million US dollars involved; 3,100 piracy cases with 6.05million pirated products captured; 19,200 batches of entry-exit infringing goods, concerning 41 million items and 28 million US dollars.

There is a new round of government restructuring going on in China, which gave birth to the State Administration of Market Regulation, or SAMR, the place that I am working at. SAMR is expected to be the cornerstone of fair competition and a strong supporter for MSMEs.

—With regard to international cooperation, the idea of “One Belt One Road (OBOR)” proposed by China was supported by over 100 countries, regions and international organizations, and was included in important decisions announced by the UN General Assembly and the Security Council. As the world is drawn closer than ever by China's new four inventions (if I may)—high-speed railway, QR code payment, sharing bikes and online shopping, MSMEs in China and the world are making great contributions to exchanges of new products, new thoughts, new culture and new technologies.

There is a city in China named Yiwu in Zhejiang Province. The city is famous for its trading of daily-used commodities. In 2017, the e-commerce transaction value of Yiwu reached 34.7billion US dollars, a year-on-year increase of 25.3%, ranking first among China's “top 100 e-commerce counties”. It is worth noting that 11.7billion US dollars came from cross-border transaction, an increase of 15.03%. Yiwu has become not only a bridge for Chinese MSMEs to reach the global market, but also the landing zone of beach for foreign MSMEs to access the Chinese market.

We have issued the Action Plan of OBOR Standard Connectivity, Visions and Actions for OBOR Metrology Cooperation and Visions and Actions for OBOR Certification and Accreditation Services, to lay a solid technology foundation for connectivity and cooperation in NQI area. The growth of MSMEs plays a key role in achieving SDGs. Here I would like to share with you my thoughts in the following areas.

—Policy-making by the government on quality. The government should consider the role of quality-related policies in supporting MSME development, study and introduce policies favorable to MSME growth, especially policies on quality management and technical training.

—Standards. MSMEs should be encouraged to harmonize with international standards to keep up to the best and take part in international standard-setting process during further division of industrial chain to seek growth opportunities. It is suggested that the government make favorable policies for standardization service bodies so that they can better serve MSMEs.

—Technology bodies. Metrology, TIC and other technology bodies should be encouraged to provide technical support for the upgrading of MSMEs. It is suggested that the government build a platform of public technology and testing services, providing technical service for MSMEs with fee exemptions.

—A leveled play field for fair competition. The government should support MSME start-ups and fight unfair competition and trust, so that MSMEs can survive and grow; protect patents, trademarks and other IPRs of MSMEs so that companies can compete in a fair manner.

—Engage in international cooperation. Under the framework of United Nations and international organizations such as UNIDO, ISO, IEC and ITU, there should be effective information sharing mechanism, mutual recognition mechanism and supporting mechanism for MSMEs so they can gain opportunities to reach global market. Policy sharing on quality can be achieved through exchanges in both governmental and non-governmental ways. We welcome countries participating the OBOR initiative to build even closer cooperation with China to strengthen mutual recognition in metrology, standards and certification. Our goal is to have one standard recognized in the region and the world at large with one certificate, so that MSMEs can develop in a coordinated way.

The third China Quality Conference will be organized in Guangdong, China in September 2019. We look forward to receiving experts on researching and managing quality-related work from the whole world, and to further discussing how quality can promote development and how SDGs could be better achieved through contributions of MSMEs.

In quality there lie prospects of the future.



### **About ICSB Gazette:**

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### **ICSB Executive Director Comment:**

We look forward to seeing China's continued efforts towards the Sustainable Development Goals and we wish all a very Happy Chinese New Year!

Dr. Ayman El Tarabishy



### **Jordyn Murphy Editor, ICSB Gazette**

Jordyn is the Operations Manager at the International Council for Small Business in Washington, D.C and the Editor of the ICSB Gazette.

### **Contribute:**

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