

## **EIAS Briefing Seminar**

### **"Doing Business with China: How to Ensure Strong Quality Control Procedures"**

*EIAS Brussels, 17 May 2022*

#### **REPORT**

*On 3 May 2022, the European Institute of Asian Studies (EIAS), in collaboration with the Belgian-Chinese Chamber of Commerce (BCECC), hosted a briefing seminar on 'Doing business with China: How to ensure strong quality control procedures.'* This seminar discussed topics surrounding quality assurance, focusing on purchasing or manufacturing goods in China, as well as transportation of said goods to the EU. Axel Goethals, CEO of the European Institute of Asian Studies, moderated the seminar. The opening remarks were addressed by Bernard Dewit, Chairman of the Belgian-Chinese Chamber of Commerce, Brussels (BCECC). Further remarks were made by Vincent de Saedeleer, Vice-President of the Port Authority Bruges-Zeebrugge, and Karel Perriens, General Manager for China & Far East, Marshalls plc, Xiamen, China.

In his introductory remarks, Axel Goethals welcomed the Belgian-Chinese Chamber of Commerce and introduced the speakers. He first introduced Vincent de Saedeleer, congratulating him on the recent addition of the port of Antwerp to his authority. He noted Vincent de Saedeleer's 26-year contribution to the port of Zeebrugge, and his role as a key driver in bringing Cost-Co shipping into the port, as well as and in deadlocking the CSP Zeebrugge as a transport hub between China and Europe. The moderator then introduced Karl Perriens, a key player involved in the percurrent of natural stone since the early 90s from China, Vietnam and India. Since 2005 Karel has been working in Xiamen, currently leading a team of twelve specialists as a manager at Sherman Marshalls, a subsidiary of the British PLC market, a UK leader in natural stone products. The primary function of his organisation is to coordinate the supply from China, Vietnam and India of natural stone products for urban projects, supply engineering assistance, quality and compliance control.

The moderator then gave the floor to Bernard Dewit, chair of the Belgian-Chinese Chamber of Commerce, Brussels, for his opening remarks. After thanking Axel Goethals and the European Institute for Asian Studies for hosting the event, he explained that doing business with China can sometimes be quite tricky for those in the EU, due to the difference in geographical location and in the mutual understanding of quality control procedures. In his work as a lawyer, he regularly encountered individuals and companies getting into difficulty when transporting goods from China to Europe. He underlined the importance of finding a partner whom to trust and work closely together with. Dewit noted that although these difficulties can cause financial stress in some cases, doing business with China continues to be lucrative, and importing to or from China can be very smooth. He finished by explaining that the seminar's purpose was to offer guidance to those having difficulty doing business with China.

The floor was then handed over to Vincent de Saedeleer, who touched on the definition of quality and how people often have different ideas of what quality entails. He explained that the buyer and the producer can sometimes have different perceptions of what the quality of a certain product should be like. He explained that this perception of quality is often a factor when doing business with any country, and China is no exception. When trading with China, it is important to know your supplier and your producer, as well as the references they are using. Interpersonal relationships are important in building a business, and these relationships can help to ensure quality control. Vincent de Saedeleer advised that visiting the production sites and placing quality continuously on the agenda assures the mutual understanding of all parties so as to ensure successful quality control procedures. He suggests working together with your production team every step of the way, as well as minimising the amount of human input to what quality should be, as consistency

can be volatile. By collaborating with your supplier, one can deconstruct the process so as to ensure a consistent output, thereby allowing for a better quality control procedure. He then went on to clarify that China has vast unused potential, which is often overshadowed by the friction caused by the world ranking of trade. He advised that allowing for that potential to flourish can be of great benefit to one's business ventures.

Vincent de Saedeleer went on to make his second point on how to ensure the efficient shipment of goods. The recent events of Covid and the war in Ukraine have changed the industry. The rules for logistics have been altered due to high transportation costs, which has heavily impacted the supply chain to and from Europe. He described delivery times as having become unreliable, and the demand on warehouses, material and energy costs to have increased dramatically. Global logistics have been disrupted and will stay this way for some time to come. Shipments from the larger businesses will surely take priority for the next while. To mitigate this, buyers and suppliers should consider relocating or decentralising production. He finished on a positive note by stating that people are still eager to trade, which should be allowed to flourish and give us confidence.

The second speaker, Karl Perriens, then took the floor opening the discussion by sharing his experience working and trading with China since 2001. He explained how after travelling there for many years, he chose to settle in China as the demand for business with China continued to grow. Once he became a permanent resident, he began to understand the Chinese culture and was impressed by China's capacity for production, which was often done affordably and efficiently. In the beginning, he tried to run his team in China the same way he used to manage his team in Belgium, only to find this was the wrong strategy. He underlined that not every work culture is the same worldwide and advised to agree on a detailed analysis of the production, as well as a mutually understood timeline of production, allowing for fewer issues to occur. He advised that after 2 years of working directly in China and making his home in China, one of the skills he considers a key to success is learning the language and being able to directly communicate with those around you in China.

He closed his part of the discussion with some remarks about managing people in China. He reiterated that building long-standing relationships with suppliers can benefit your business in the long run and underlined again the importance of communication. Karl Perriens finished by discussing the difficulties of building these relationships when one cannot personally attend the site, like during Covid. However, he advised that by finding a trading company or third party one can trust to act as a go-between, this can help resolve some of the difficulties. He finished his account with a word of caution, noting that trading companies are not producers and can only function as a go-between. They sometimes do not understand the product, and there is no better quality assurance than doing it yourself.

Vincent de Saedeleer started the question time by expanding on the need for human appreciation when managing the increasingly challenging world of global logistics. He also commented on the concentration of global logistics being around only a few key players, making it hard for smaller companies to compete. Cost-benefit issues were also addressed, followed by a discussion on how to best use trains, trucks or ships to transport goods across borders. In his opinion, shipping by rail and by truck is comparatively cheaper than shipping by sea for the time being, but this goes at the cost of the environment. However, the industry requires these alternatives due to the volume of goods being transported and the global upheaval caused by the war in Ukraine and Covid-19. The questions then moved on to the issue of quality control before shipping, with Karl Perriens advising not to focus on pushing your supplier on price, as ultimately, this could affect the quality of the product you receive. He reiterated the importance of establishing a relationship with your supplier to enable you to solve any issues promptly. He added that through listening and building relationships with people one can make it easier to quickly solve problems when they arise.

Both speakers closed the discussion by thanking EIAS, BCCCC and the audience and reiterated the importance of participating in an active cultural exchange to best do business with China.

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