

BPO goes to China

Last May Oscar Brocades Zaalberg from BPO has visited Shanghai with the purpose of starting up strategic alliances with Chinese engineering offices. BPO wants to investigate if certain activities can be out sourced to partners in China. 12 companies were visited in and around Shanghai with different impressions; varying from very plain to Western and professional.

As well as engineering and production companies, universities were visited. Particularly the Universities in China play an important part in innovation. These universities get just a small part (about 10%) of their spendings compensated by the government and therefore are very open to external partners.

The economic situation in China is quite overheated. Everybody wants to be there, but few of the companies actual make a profit. Local Westerners refer to it as a soap bubble, such as the Internet hype. For example, totally new apartment buildings are vacant for more than a year and everybody talks about money flowing out of China, but this is hardly the case. Thirdly, the production companies visited have dozens of injection moulding machines, but few of them are in operation. Of course this is only a very limited impression of the activities, but the combination of local Westerners who observe negative effects, and the fact that there are still very view profitable companies, makes one thinking.

Of course many moulds are made and many products are assembled in China, which are not profitable when manufactured in western countries. With a population of around 1,2 billion people it is very likely that this will continue to be the case. Still one have to consider whether money is saved in a project with only a few moulds if one keeps in mind the communication difficulties, the often very moderate mould injection experiences of the mould makers and the inevitable travel expenses. Conclusion of BPO? Where possible we will start up cooperation but we remain sceptical.

