

Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential

【Basic Information】

Moderator:

Yang Yudong

Editor-in-chief, Yicai Media Group

Opening Remarks:

Sheng Qiuping

Vice Minister of the Ministry of Commerce of China

Keynote Speeches:

Huang Qifan

Executive Deputy Director of the Academic Committee of the China Institute for Innovation & Development Strategy (CIIDS),
Former Mayor of Chongqing

Jiang Xiaojuan

President of the China Society of Industrial Economics (CSIE),
Professor and Doctoral Supervisor at the University of Chinese Academy of Social Sciences (CASS),
Former Deputy Secretary-General of the State Council of China

Liu Yuanchun

President of Shanghai University of Finance and Economics

Panel Discussion:

Jean-Francois Guihard

President of INTERBEV

Jiang Wenge

Vice Chairman and General Manager, Wuliangye Yibin Co., Ltd.

Shen Jianguang

Chief Economist of JD.com and Visiting Professor at School of Economics, Fudan University

Wu Shengbo

Global Vice President of Ford Motor, President and CEO of Ford China

Ma Xiaoyu

Vice President of L'Oréal China, General Manager of L'Oréal Luxe China

Angus Deaton

Professor of Economics at Princeton University and Nobel Prize Winner in Economics in 2015

【Brief Introduction】

On the afternoon of November 6, 2023, the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential of the Sixth Hongqiao International Economic Forum (HQF) was held at the National Exhibition and Convention Center (Shanghai). This parallel session was hosted by the Ministry of Commerce of China, and organized by the China International Import Expo Bureau and Yicai Media Group. Sheng Qiuping, Vice Minister of the Ministry of Commerce of China, gave a video speech. Huang Qifan, Executive Deputy Director of the Academic Committee of CIIDS, Former Mayor of Chongqing; Jiang Xiaojuan, President of CSIE, Professor and Doctoral Supervisor at the University of CASS, Former Deputy Secretary-General of the State Council of China; and Liu Yuanchun, President of Shanghai University of Finance and Economics, delivered keynote speeches. The event was moderated by Yang Yudong, Editor-in-chief of Yicai Media Group.



【Opening Remarks】



Sheng Qiuping, Vice Minister of the Ministry of Commerce of China, addressed via video the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential

Sheng Qiuping, Vice Minister of the Ministry of Commerce of China, pointed out that China has become the world's second-largest consumer market, the largest market for new cars, and the largest online retail market. The advantages of a super-large-scale market are constantly emerging, and there are improvement and upgrade in the consumer structure. Resident consumption is shifting from quantity growth to quality enhancement, with quality consumption being more favored, and service consumption continuously expanding. Efforts will be made to stabilize the momentum of consumption recovery and continually stimulate market vitality. The first is to enhance traditional consumption capacity, implement well policies already introduced, actively plan incremental policies, promote automobile consumption in the whole chain, accelerate the release of home appliances and household consumption potential, promote the high-quality development of the catering industry, and stabilize the foundation of consumption. The second is to stimulate new consumption potential, actively promote green, low-carbon and sustainable consumption, support healthy, intelligent and fashionable consumption, develop new consumption forms and modes, create more immersive, experiential and interactive consumption scenarios, strengthen department coordination, promote the integrated development of business, tourism, culture and sports, and continuously improve the quality of service consumption. The third is to coordinate the development of urban and rural areas, continue to deepen the cultivation and construction of international consumption center cities, develop smart business districts and smart stores, promote the construction of "15-minute convenient living circle", implement the "three-year action plan" for county business, push forward the high-quality development of rural e-commerce, and shore up the weakness of countryside business. The fourth is to ensure smooth domestic and international circulations, unswervingly promote high-level opening-up to the outside world, deeply implement the pilot free trade zone enhancement strategy, hold well the China International Import Expo (CIIE), the China International Consumer Products Expo (CICPE) and other exhibitions, extensively attract high-quality global enterprises, products and services, and create more opportunities for the world through self-development.

【Keynote Speeches】



Huang Qifan, Executive Deputy Director of the Academic Committee of CIIDS and Former Mayor of Chongqing, attended the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in Shanghai and delivered a speech

Huang Qifan, Executive Deputy Director of the Academic Committee of CIIDS and Former Mayor of Chongqing, delivered a keynote speech titled “Analysis of China’s Consumer Characteristics and Several Considerations on Consumption Boosting Measures”. He discussed the fundamental and structural characteristics of China’s consumption: a world-class scale and potential of consumption, but at the same time a larger gap between urban and rural areas, regions, the rich and the poor, the existence of real estate debt and other heavy debts, large medical and education expenditures, and other inhibiting factors. He put forward six measures for the government to promote consumption: 1) increase the income of the people and the employment of enterprises and institutions; 2) boost automobile consumption; 3) implement a soft landing in the real estate, continue to renovate the villages inside cities, dilapidated houses, shantytowns, and purchase unsold commercial housing and turn it into affordable housing; 4) reduce medical and education expenditures through reforms; 5) promote the development of the capital market, and increase the people’s property-based income; 6) remove regulatory policies that inhibit consumption.



Jiang Xiaojuan, President of CSIE, Professor and Doctoral Supervisor at the University of CASS,
Former Deputy Secretary-General of the State Council of China,
attended the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in
Shanghai and delivered a speech

Jiang Xiaojuan, President of CSIE, Professor and Doctoral Supervisor at the University of CASS, Former Deputy Secretary-General of the State Council of China, gave a keynote speech titled “Digital Technologies Support Consumer Innovation and Growth with Great Potential”. She explained from three perspectives: first, digital technologies support the generation and development of new consumption patterns and promote the innovation of new consumer goods, new services and consumption scenarios; second, digital trade provides consumers with more imported goods and services, and offers domestic consumers high-quality and diverse consumption choices; and third, digital finance supports the growth and expansion of consumption capabilities through the provision of consumer credit and other financial services, thereby boosting consumption quality and incremental growth through various channels such as employment and integration into different scenarios.



Liu Yuanchun, President of Shanghai University of Finance and Economics, attended the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in Shanghai and delivered a speech

Liu Yuanchun, President of Shanghai University of Finance and Economics, made a keynote speech titled “Several Typical Facts of China’s Low Consumption Rate and Insufficient Consumption”. He argued that, first, insufficient consumption is not a long-term phenomenon in China’s macro economy but a special occurrence during the COVID-19 pandemic. It is necessary to use pandemic relief measures to address short-term consumption deficiencies, but excess capacity is not concentrated in the consumption sector. Second, from the perspective of economic cycles, China’s core problem lies not only in insufficient consumption and the imbalance between demand and supply recovery but also in the excessively low consumption rate. The manifestation of low consumption is low wage income, stemming from excessively high mandatory savings determined by the catch-up economy. Third, the unfair distribution of income and the polarization of wealth stock have a certain impact on low consumption but are not the sole core factors. Fourth, mandatory investments by the government and state-owned enterprises (SOEs) contribute to the excessively high savings rate. It is crucial to adjust the functions and behaviors of the government and carry out classified reforms of SOEs. Fifth, the transformation of the consumption rate and investment rate relies on changes in the net export rate, and macro dynamic balance remains the basis for judging the credibility of the optimal consumption rate. Sixth, the key to solving the problem of low consumption lies not only in short-term consumption policies. While short-term counter-cyclical policies are essential, there should be a scientific design. A combination of policies is required to expand consumption, rather than relying on a single policy.

【Panel Discussion】



Jean-Francois Guihard, President of INTERBEV, attended the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in Shanghai and participated in panel discussion

Jean-Francois Guihard, President of INTERBEV, stated that beef ranks third in meat consumption in China, and the consumption of beef is expected to continue growing at a rate of 2% per year until 2026. The French meat traceability is trustworthy, and in 2022, France regained certification as “negligible risk for mad cow disease”. Thanks to China’s opening-up policy, French companies have the opportunity to provide high-quality products for Chinese consumers. He encouraged French enterprises to actively enter the Chinese market and develop e-commerce. Additionally, he advocated that meat consumption should not only benefit consumer health but also contribute positively to animals and nature, emphasizing the need to protect animals and the environment while pursuing health.



Jiang Wenge, Vice Chairman and General Manager of Wuliangye Yibin Co., Ltd., attended the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in Shanghai and participated in panel discussion

Jiang Wenge, Vice Chairman and General Manager of Wuliangye Yibin Co., Ltd., expressed that the middle-income group is the main consumer group for Baijiu (Chinese liquor). Two trends are evident from the industry statistics: inter-generational replacement and concentration of over half of Baijiu consumption in the last five years in high-tier cities. Young consumers now prioritize quality, rational, and self-pleasing consumption. Baijiu companies should attract young consumers by developing low-alcohol products to cater to their taste, promoting cultural aspects of Baijiu, and exploring health factors to research functional components beneficial to health. Mr. Jiang hoped the government would create a favorable consumer environment and safeguard consumer rights through market governance, rights protection, and counterfeits combating.



Shen Jianguang, Chief Economist of JD.com and Visiting Professor at School of Economics, Fudan University, attended the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in Shanghai and participated in panel discussion

Shen Jianguang, Chief Economist of JD.com and Visiting Professor at School of Economics, Fudan University identified four new trends in the global economy in the post-pandemic era: 1) the strategy of excessive monetary issuance in Western countries to cope with the COVID-19 pandemic; 2) the initiation of industrial policies in these countries; 3) the reconstruction of the global industrial chain with safety and resilience prioritized over efficiency and cost, and; 4) the acceleration of digital transformation due to the pandemic. After the pandemic, China's catering services significantly recovered, green and healthy consumption gained popularity, domestic brands rose, and rural consumption grew rapidly. For promoting consumption, financial subsidies should be increased, consumption scenarios should be expanded, employment channels should be broadened and incomes should be raised. Consumption-boosting policies should focus more on raising incomes and improving employment, and it is important to raise the incomes of rural residents by promoting rural revitalization.



Wu Shengbo, Global Vice President of Ford Motor and President and CEO of Ford China, attended the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in Shanghai and participated in panel discussion

Wu Shengbo, Global Vice President of Ford Motor and President and CEO of Ford China, highlighted the long-term and high-investment characteristics of the automotive industry. The judgment of consumer trends directly influences the performance of enterprises two to three years later. Currently, digitization, customization, and market segmentation are major development directions. There are the following three new consumer trends that will foster new growth points: first, the demand for outdoor travel is growing very rapidly after the pandemic, and the recreational vehicle (RV) market is growing very fast; second, the demand for pickup trucks is increasing, and; third, various forms of energy structures, including battery electric vehicle (BEV), extended-range electric vehicle (EREV) and full hybrid electric vehicle (FHEV) are developed in a balanced manner.



Ma Xiaoyu, Vice President of L'Oréal China and General Manager of L'Oréal Luxe China, attended the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in Shanghai and participated in panel discussion

Ma Xiaoyu, Vice President of L'Oréal China and General Manager of L'Oréal Luxe China, noted that beauty consumption has entered the stage of “make-up for self-pleasure”. Consumers are no longer buying based on logos, trending products, or colors but rather seeking a feeling. This means that high-end cosmetics brands need to create clearer brand identities and innovate continuously. L'Oréal places importance on digital intelligence and aims to become the most digitally intelligent company in the beauty industry. Regarding policy support, she suggested that the beauty industry has some specific needs, including faster market access mechanisms and breakthrough policy support for the development of more personalized products, and she hoped that China could become a country for many new product launches.



Angus Deaton, Professor of Economics at Princeton University and Nobel Prize Winner in Economics in 2015, attended via video the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential and participated in panel discussion

Angus Deaton, Professor of Economics at Princeton University and Nobel Prize Winner in Economics in 2015, made a video speech on the topics of consumption, welfare, and poverty. He mentioned that by the standards of wealthy countries, China's average living standards are still relatively low. Therefore, increasing household consumption is highly worthwhile, and Chinese consumers should enjoy many benefits that mass consumption brings. Structural changes such as an aging population will also affect the savings rate. It is crucial to make people believe they can still access healthcare services in old age to avoid rent-seeking behavior and exorbitant pricing observed in the US healthcare sector, hospitals, doctors, medical device manufacturers and pharmaceutical companies. Maintaining the reputation of the healthcare system through policies is essential, and a reduction in the savings rate will benefit Chinese consumers significantly.



Yang Yudong, Editor-in-chief, Yicai Media Group,
moderated the Parallel Session on Understanding New Consumption Trends and Tapping New Consumption Potential in Shanghai