

# Baidu CEO defends state support of Chinese firms

March 9 2017

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State support for private firms is crucial in China's market, the head of the mainland's online search giant Baidu said Thursday, following complaints from European businesses that Beijing-backed firms are pushing out foreign competitors.

"I think state support of private companies is absolutely necessary. In the Chinese economy, the government wields a very important role... such as to provide data to allow companies to do better research," chief executive Robin Li said on the sidelines of annual parliament meetings being held this week in Beijing.

"The state does not spend that much money on private companies. We still rely on the market for most of our (financing)," he told reporters.

"The Chinese market has its own characteristics; it's not the same as the US or even France."

Li's remarks came after the European Union Chamber of Commerce in China on Tuesday released a 70-page critique of the government's "Made in China 2025" plan—launched two years ago—to champion local high-tech manufacturing.

While upgrading manufacturing methods and developing high-tech industries is important for China's economic transition, state intervention can stoke tensions with trade partners and lead to industrial overcapacity, the Chamber's report said.

Current state subsidies also give an unfair advantage to local producers and may possibly violate China's commitments as a member of the World Trade Organisation, it added.

Beijing has said it wants to reorient China's economy away from relying on debt-fuelled investment and towards a consumption and innovation-driven model, but the transition has proved challenging.

The economy grew 6.7 percent last year—the slowest rate in a quarter of a century.

Li is among more than 100 billionaire delegates of China's rubber-stamp parliament, the National People's Congress (NPC), which convenes annually in Beijing.

On Sunday, at the opening of the NPC, the government released statements appearing to address international concerns over the "Made in China" plan.

"Foreign firms will be treated the same as domestic firms when it comes to licence applications, standard-setting and government procurement, and will enjoy the same preferential policies under the Made in China 2025 initiative," a government work report said.

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