

GUEST EDITORIAL PREFACE

# Special Issue on the Development of China's Economy

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Economic growth in China has been developing rapidly in recent years. During the period of economic reform, it is well known that China has got a lot of achievements. Meanwhile there exists many problems which need to be solved. In this special issue, we have organized seven academic papers which connected on seven aspects, such as China stock market, foreign direct investment, intellectual property right, business model, taxation problem, labor quality problem, eco-knowledge city problem and so on. All these papers would focus on hot topic in the development of China economy. Through these papers, we wish that all readers can get more information about China and would benefit by better understanding current situation of China.

Xu Xuan and Zhang Xiaowei in their paper titled "The Dilemma and Resolution: The Patentability of Traditional Chinese Medicine" reviews the case of the development of TCM in recent years. They conclude that trial process of the invention of TCM requires a lot of creative work and involves some risks. Winning patent protection for TCM presents technical barriers on the patent examination. To address the problem of patent protection for TCM requires an understanding of history, medicine, pharmaceutical science and modern drug development. The patentability of TCM may ultimately depend upon the determination of the scope and right contents of TCM and the

creation of a special patent examination system for this purpose.

The paper titled "Research on Tax Transfer inside China's Different Regions by Using a Statistical Analysis Method" by Liu Jinshan and Luo Jiaqing focuses on that China has undergone an increasingly severe transfer of regional taxes from the central and western areas to the coastal region between 1997 and 2006, and among the taxes transferred, the enterprise income tax claimed a lion's share. Such transfer of regional taxes resulted in an unfair distribution of tax revenue, failing to alleviate the gap between rich and poor.

Zhang Yaohui, Luo Lei, and Xie Xuyang in their paper titled "A Business Model Derived from the Chinese Context: A Case Study of 'Brain Platinum'" explains that business success of "Brain Platinum" is a success of a business model based on thorough analysis of the Chinese context. Underlying its advertisements is a well designed business logic which embodies keen understanding of the Chinese situation and creation of customer value.

Zhu Naixiao and Ding Zhuoqi in their paper titled "The Opportunity to Chinese Enterprise in Foreign Direct Investment During the Period of Greece Economy Recovery" formulates that FDI has been taken an important role in economy development in China. During the period of Greece economy

recovery, new Marshall plan would offer good opportunity to Chinese enterprise, if FDI can be made on scientific analysis basis in order to avoid risks. As a growing country, China would make more contribution in economy recovery in Greek.

Xiao Lidan in her paper titled “Raise of the Quality of the Labor Force in China: On the Basis of Intellectual Capital Theory” describes that in the era of knowledge economy, improving quality of labor force has great effort on enhancing innovation ability of Chinese enterprise and improving competitiveness of the whole country. Currently, the quantity of Chinese labor force is not good enough mainly due to several reasons: firstly, population policy emphasized “quantity” rather than “quality”; secondly, the structure in labor force market is irrational; thirdly, big differences exist in labor quality between urban and rural areas; fourthly, intellectual capital investment in education and training has been far from enough. However, Intellectual Capital theory has provided a solid theoretical basis for Chinese enterprise to improve labor quality.

Dong Wang, Zhanglan Wu, Yan Li, and Yunzhi Wang in their paper titled “The Eco-Knowledge City Theory and its Practice in Shenzhen of China” address that eco-knowledge city is a new concept for the world’s urban studies, an all-new urban form, and also a new concept of urban development and strategy. The core of eco-knowledge city is to surpass the traditional urban development model of industrial society strategically, to purposely

encourage citizens to learn and share knowledge equally, and to enhance creativity through the cultivation of knowledge, technological innovation, and scientific research, sequentially to reduce material consumption and pollution, and to achieve cooperative development of urban economy, society, and environment. Shenzhen would not only pay attention to elements of ecological knowledge in the industrial field, but also would like to embody the characteristics of emphasis on ecology and respect for knowledge in all aspects of city life. Ecological knowledge has become the source of power for the city to continue moving forward.

The last paper of this special issue is titled “Analysis of Foreign Ownership in China’s Listed Companies” by Liu Shaobo, Yang Zhuqing, and Ye Dezhu, the authors explored 5 characters in China stock market: 1) It has a small proportion of shares, showing not in control position in most companies; 2) It has a strong preference for the banking industry; 3) most of them have been located in the developed regions; 4) most of them mainly come from Asia, especially from Hong Kong, Macau and Taiwan; 5) most of them have share in value-added big companies. In this paper, the authors study the cases in mainland China stock market and have found a significant difference in big foreign shareholders of stock preference between direct and indirect investment.

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*Zhu Naixiao got her PhD in Economics from the University Paris VIII, France, in 1993. She worked in enterprise for more than ten years as General Manager or CEO in different kinds of companies. In 2005, she returned to Jinan University for teaching and research, not only on the areas of intellectual capital and capital management, but also on the areas of organizational management, as well as international economy. She now works in the Economics Department, Jinan University, China. She is the Director of the European Union Research Center in the Economics College of Jinan University.*