



"China and the United States have broad common interests and great potential for co-operation. Both sides should continue to carry out cooperation that results in real benefits for the two countries and the two peoples. China hopes that the new U.S. government will make joint efforts with China to enhance exchanges at all levels, safeguard the political foundation of bilateral relations, expand bilateral, regional, and global cooperation in various fields and properly manage and control disputes and sensitive issues so as to improve China-U.S. relations."

State Councilor Yang Jiechi made the above remarks during a telephone call with the then U.S. President's National Security Advisor, Michael Flynn, on February 3 at the request of the U.S.



"Through its active participation in the multilateral trade system, China has made a huge contribution to world economic growth. It is now the second largest economy, largest trading nation in goods, and the biggest trading partner for more than 130 countries around the world. It is also the No. 1 destination for foreign investment and the second largest outbound investor. As an important powerhouse of the world economy, China in recent years has contributed 25 percent of global growth."

"At present, globalization is in difficulty. International trade and investment is sluggish while protectionism is on the rise. However, anti-globalization and protectionism offer no way out. The future of the world economy lies with economic globalization. As a study by the Peterson Institute for International Economics finds, if the U.S. placed 45 percent tariffs on Chinese goods and 35 percent tariffs on Mexico, and China and Mexico did the same to U.S. goods and services, U.S. exports and imports would shrink, consumption and investment would plunge, unemployment would rise, and economic growth would slow down to a recession within three years."

On January 15, 2017, Chinese Ambassador to the U.K. Liu Xiaoming made these comments in his article "China Will Play Its Part in the New Globalization," published in the *Sunday Telegraph*.



The Battle of the QR Codes

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"It's really inspiring, and will change the future," said Ding Linrun, general manager of the Product & Innovation Department of China Unionpay. What Ding is talking about is the QR code that has changed payment habits amongst Chinese people over the last couple of years – moving from cash and bank cards to smart phones.

With smart phones, people can pay for fruit, cab fees or even hospital bills just by scanning QR codes. In cities with good Internet coverage, one rarely thinks of bringing a wallet when going out.

Now the mobile payment penetration rate has reached 64.7 percent of the population, making China the biggest market in this regard. Of the three major mobile payment methods – Unionpay cards, NFC (Near Field Communication), and QR codes – the last one is sweeping the market.

The QR code, or quick response code, is not new. When applied to payments, the codes allow smart phones and other mobile devices to scan trading information and then switch to an online payment process automatically.

QR codes have overtaken offline payment methods. These simple, low-cost, intuitive codes have successfully bypassed the hardware problems of mobile payments.

The use of QR codes and smartphone payments had become ubiquitous by the end of 2016, involving the entire retail chain. The paramount status of China Unionpay in the payment industry has been seriously challenged by rising Internet giants.

Internet companies, with their mature technological platforms and systematic ecology, have joined forces with thousands of QR code service providers to dominate a market of more than 20 million offline merchants. So far Alipay and WeChat Pay are monopolizing the QR code payment market.

However, insiders mostly regard QR codes as a transient mode – in the near future there will probably be no actual physical payment action and currency flow during trading. A salient example is Amazon Retail which launched at the end of 2016. In the bricks-and-mortar store, shoppers can pick up their books and leave while the backstage system automatically locks customers into their accounts by facial recognition and deducts the payments automatically.

But for now all players have to up their game in the battle of the QR code payments. Only the winners will make it to the next round.

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