

GOING GLOBAL

Making the world lighter in style

Topseat's toilet seat covers sell in millions, creating a big opportunity for Chinese firms

By ZOU SHUO in Beijing and YANG JUN in Guiyang

From the designs that glow at night to the models that can be used to potty-train kids, made-in-China electronic toilet seat covers are winning the hearts of consumers the world over, particularly in the West.

Chinese commode cover manufacturer Topseat is now selling around 2 million pieces every year globally, netting \$26 million, said the company top executive.

Topseat's clients include major home improvement retailers such as US firm Home Depot Inc and Lowe's Cos and Germany's OBI Group and Bauhaus.

Its high-tech toilet seats are also sold on US e-commerce platform Amazon under the Topseat trademark.

"More than 70 percent of our products are exported to Germany and we have taken up more than 60 percent share for the do-it-yourself toilet seat market in Germany, with that for mid- to high-end ones reaching 80 percent," said Wu Dongcheng, president of the company.

"Our toilet seat covers are sold in more than 70 countries, including Germany, the United States, the United Kingdom, France, Italy, South Africa, Kenya and Zimbabwe."

It has been quite a turnaround for the 42-year-old businessman, who set up the toilet seat company in 2003 only as a trial program to boost his resume for a business school application.

In 2003, the company sold the first batch 2,000 toilet seats to an Italian company at \$4 each. But now the company's toilet seats are sold at \$35 to \$70 each in the US market, while the price in the European market is even higher, with some products costing more than 100 euros (\$117.6).

From its factory in Anshun, a city in Southwest China's Guizhou province, Topseat creates decorative toilet seats from locally sourced, environmentally friendly materials



A worker fixes fastening brackets to an e-toilet seat at the factory of Topseat in Anshun, Guizhou province. YANG JUN / CHINA DAILY



A consumer checks out a toilet seat at a Topseat showroom. The firm's colorful products feature many designs. YANG JUN / CHINA DAILY

such as bamboo, straw stalks and bio-glues.

Being eco-friendly is a key factor for the company's success in the Western markets, as they are more environmentally concerned, Wu said.

In 2014, the company took the lead to make toilet seat covers from straw stalks to turn this potential environmental hazard into a business opportunity.

Topseat has an agreement with Xiayun township in Anshun, which buys straw stalks from local farmers on behalf of the company.

Sales of toilet seats made of straw stalk are expected to reach more than 200,000 pieces this year. Topseat is negotiating with the World Wildlife Fund to use the WWF logo on its product packaging.

"We aim to increase the sales of straw-made toilet seats to 5 million units annually in the next five years," said Wu.

Innovation is another reason behind for Topseat's success. It holds more than 1,000 patents for its over 5,000 pattern designs, everything from flying birds, flowers, green

bamboo leaves, whales, turtles and the Eiffel Tower, and some even with relief sculptures and 3D effects.

"Most of our toilet seat covers have slow-close feature: as the lid closes, you can see the whole process of flowers blossoming," said Wu.

One well-received cover can be used for both adult and babies, making it a good choice for families with toddlers. Topseat uses a magnet to connect the toddler seat to the lid, so it is basically hidden when it is not in use.

In addition, the child's fingers won't get trapped as both the lid and the adult seat have the slow-close feature.

The company developed this special toilet seat cover in 2007. In the same year, the model sold more than 400,000 pieces in the US market, giving the design a head start and the company millions of dollars in revenue.

On online shopping platform Amazon, a Topseat toilet seat is sold from \$35 to \$70, depending on the model/design, which generally receives high ratings and praise from satisfied customers.

"This seat is very easy to

install and seems to be made from high-quality materials. I have never spent this much for a toilet seat and this is well worth the price," wrote one customer.

"I feel a little silly to rave about a toilet seat, but the turtle on the seat is gorgeous. The fish and turtle appear to move as you do and the design changes to another scene as you look from different angles," commented another.

Topseat also wants to tap into the Chinese market.

In 2015, reports of Chinese tourists swarming stores in Japan during the Chinese New Year holiday to buy all electronic toilet seats in stock provoked heated discussions among Chinese netizens, when it was later discovered that they were made in China.

The quality of toilet seat covers made in China is as good as, if not better, than those made by Japanese companies, said Wu, who also recognized that more marketing and advertising are needed before Chinese consumers know about and accept the Topseat brand.

Li Jiayue contributed to the story.

Restructure: SOEs target fresh achievements

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ed subsidiaries for an estimated 22 billion yuan (\$3.27 billion) in August.

This is the country's first defense-related enterprise supervised by the central government to restructure its finances via such swaps.

China Cinda Asset Management Co Ltd and China Orient Asset Management Co Ltd, two of the eight investors, will contribute around 5 billion yuan and 2 billion yuan, respectively, toward servicing debt of CSIC's Dalian Shipbuilding Industry Co Ltd and Wuchang Shipbuilding Industry Group Co Ltd. In return, they would pick up equity in the two CSIC subsidiaries.

In the first nine months of this year, the government reached its goal of cutting 5.95 million metric tons of capacity of central SOEs in the iron and steel sector ahead of schedule. It also succeeded in cutting 23.88 million tons of coal overcapacity.

Zhou Xiaochuan, governor of the People's Bank of China, the central bank, said M&As remain an important way to rein in SOE debt, and should go hand in hand with efforts to cut outdated capacity.

"While opening up, China's financial sector must always stick to risk-management standards and shall not tolerate highly leveraged, low-capital and non-performing loans," said Zhou.

Yin Zhongli, a researcher at the Institute of Finance and Banking at the Chinese Academy of Social Sciences,

said technological breakthroughs should continue to be made in sectors riddled with overcapacity, and innovation should play a role in deleveraging as it helps improve corporate strength.

"The reform should be further expanded to more heavily indebted industries and real economy sectors with competitive products and good market prospects," said Dong Ximiao, a senior researcher with the Chongyang Institute for Financial Studies of the Renmin University of China.

The mixed-ownership reform, which seeks to diversify the ownership structure of SOEs, has started to take off in recent years as SOE monopolies in many sectors shut out smaller firms and caused low efficiency and poor service.

So far, almost 69 percent of central SOEs at all levels have been involved in the mixed-ownership reform, while 47 percent of local SOEs were also involved, according to SASAC data.

In key sectors such as electricity, telecommunications, aviation and defense, 19 groups were chosen to start such reforms, according to Peng Huagang, deputy secretary-general of SASAC.

In August, China Unicom, one of the country's telecom giants, announced plans to bring in private investment

“
The SOE reform ... aims to attract partners in all types of (mixed) ownership.”

Peng Huagang deputy secretary-general of SASAC

mainly by issuing shares to companies including China Life and Tencent, marking top-level mixed-ownership reform at State firms.

"The SOE reform is an open process, which aims to attract partners in all types of ownership," said Peng.

"China also welcomes the participation of foreign enterprises in the process, if they are interested," he said.

"With reforms deepening, the SOEs will take on a new look and make new achievements."

Agreed Li Jin, chief researcher at the China Enterprise Research Institute in Beijing. "Protecting the interests of SOE employees will be a major task in the next step of SOE reforms."

Looking ahead, the reform will be mainly pushed forward through M&As instead of bankruptcies, Li said, adding that China will not experience another upsurge in layoffs like the one seen during SOE reforms in the 1990s.

As restructuring has mainly involved mergers within the SOE sector, the Institute of International Finance, a global association of around 500 major financial institutions, said it does not expect widespread failures or losses to be incurred in the new round of SOE reforms.

Stated differently, the reforms would not threaten employment or create unmanageable systemic risk in China.

Data from the Ministry of Finance show that by the end of June, SOEs' total liabilities amounted to 94.13 trillion yuan, up 11.4 percent from last year, while assets were worth 143.5 trillion yuan, up 11.5 percent.

Gao Peiyong, director of the Institute of Economics at the Chinese Academy of Social Sciences, said it is good for China to gradually get rid of excess industrial capacity even though "quite a few workers will lose their jobs". He warned of risks to the financial sector if China does not move quickly enough on this front.

"(On their books), financial institutions have a lot of outstanding loans extended to 'zombie enterprises'. When you select companies, you're going to do some kind of clean up when you take the bad loans off the banks' balance sheets. It needs to be done fast and efficiently," he said.

'New era' will further open up economy

BELJING — For those who will gauge the growth trajectory of China's economy over the next five years, meaningful hints could be found in the just-concluded 19th edition of the quinquennial congress of the Communist Party of China or CPC.

In his report to the 19th National Congress of the CPC, Xi Jinping, general secretary of the CPC Central Committee, said China's economy has been transitioning from a phase of rapid growth to a stage of high-quality development.

China will not close its doors to the world. It will only become more and more open, according to the report.

By becoming global in outlook, China faces a new set of opportunities.

Since the 18th CPC National Congress in 2012, China's economy expanded by an average annual rate of 7.2 percent (2013 - 16), outstripping the 2.6-percent average global growth and the 4-percent growth of developing economies.

"The economy has maintained a medium-high growth rate, making China a leader among the major economies," according to the report.

The report called it a pivotal stage for a transforming growth model, improving economic structure and fostering new drivers of growth.

China needs a transformative leadership to move the country forward, to have the system evolve in a way that's right for a new era.

That means strengthening institutions and human capital while changing the structure of the economy, said Yukon Huang, a senior fellow at the Carnegie Endowment for International Peace.

Wang Xiaodong, governor of Central China's Hubei province, a delegate to the congress, was greatly encouraged by the report.

"As one of the country's old industrial bases, Hubei is at the frontline of the growth model transformation," he said.

To reduce excess steel capacity and improve competitiveness, Wuhan Iron and Steel, a major steel maker based in Hubei, merged with Shanghai-based Baosteel in 2016.

In 2016 alone, Hubei completed the capacity reduction goal for the next three years. However, its annual economic growth rate still beat national average.

"Economic restructuring is the only way to achieve more sustainable, balanced and high-quality growth in the next five years. We should waste no effort to achieve that," Wang said.

The report underlined the importance of boosting consumer spending as it should



A port worker at Qingdao, Shandong province, oversees dispatch of containers. From 2013 to 2016, China's economy expanded by an average annual rate of 7.2 percent. YU FANGPING / FOR CHINA DAILY

play a fundamental role in the national economy.

Hubei Bank Corporation Ltd, a small-sized lender in the province, has been focusing on extending consumer credit over the past years due to strong market demand.

"The growth rate of consumer credit is amazing. Although it accounts for a small share of our total lending, it will grow very fast in the future," said Zhou Yukun, Party secretary of Hubei Bank Corporation Ltd and a delegate to the congress.

Wang Tao, chief economist

with UBS China, estimated consumption will grow at an annual rate of 7 percent at least in the next two years, thanks to rising incomes and demand for high-quality living.

In 2016, consumption accounted for nearly 54 percent of China's GDP. Wang estimated that by the end of 2020, the proportion will rise by 2 to 3 percentage points.

According to the report, China will implement the system of pre-establishment national treatment plus a negative list across the board.

It will also significantly ease

market access and protect the legitimate rights and interests of foreign investors.

Over the past decades, China has transformed from a closed economy to an open economy that has become the world's top exporter, second-largest importer and a source of overseas direct investment.

Currently, as protectionism rears its head in the West, China looks to greater liberalization of trade and investment for shared prosperity, Chinese experts said.

XINHUA

B&R: COSCO unit eyes markets abroad

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Zhang Dayu, its deputy general manager, said COSCO Shipping Ports, a subsidiary of COSCO Shipping, is working on a strategy to expand in the economies involved in the Belt and Road Initiative.

In September, the subsidiary has seen an 18 percent rise in its overall volumes from 6.5 million twenty-foot equivalent units to 7.7 million TEU, on the back of its overseas investments.

Shanghai Electric Group

Co Ltd, the power company with over a 100 years' history, is also seeking to expand into overseas markets.

The group has invested over \$1.2 billion overseas, including in Germany, the United States, Italy, Japan, India and Southeast Asia.

Last year, the group earned a profit of about 13.9 billion yuan (\$2.1 billion) from its overseas investments, projects and import-export business, accounting for 14 percent of the group's total profit, suggesting it is in good health.