



International development: challenges for a world in transition

Doing business in China

Male : ... that sort of collected ethos. That way or regarding people, not as individuals. As part of a group. Part of a collective. Still purveys lots of areas of Chinese Society.

Male 2: I would say that in China, the shift toward capitalism is not gradual. It's headlong rush.

Narrator: Words spoken on whether China's transition is different. China certainly is changing. But are these changes so radical that China can now be seen as a capitalist country.

On September 17th 2001 after years of discussion, China signed an agreement to become a Member of the World Trade Organisation, or WTO. Membership was meant to give China greater access to lucrative western markets. But also to open it's own markets to the outside world. It signalled China's intent to abide by a fixed set of rules that all member countries are supposed to follow. The rules of a free market.

The WTO is part of a bigger pattern of Chinese reform, as the country opens up to foreign business and capital. James Wang runs business in both Britain and China. He has witnessed a sea change in his country. Even over his own lifetime.

JW: Because I was born in China, I love my country. The government in China before, they tried to decide what they are going to do. For example Chairman Mow said 'you go to the countryside'. Everybody goes to the countryside. But now it's different. I think the government are learning very clever. They are trying not to involve everything. In fact now when you graduate from University, you don't have to follow the government appointment. Before you had to. You had to found a job yourself. I think that is great. And you have more freedom. But also for some people they feel, they don't know what they are going to do. If you've been told to do anything, everything. Now nobody tells them what they are going to do. They are confused.

Narrator: James is one of a generation of entrepreneurs who have whole hearted embraced the new climate in China. His businesses provide crucial links between China and the rest of the world.

JW: We are proving investment, trading and government relation solutions in China. Because we are doing business with China, the government relations are terrible important. For example, we help with the Scottish and Newcastle to sell the product called Newcastle Brown Ale in China. That is a very good example. Because they cannot sell into China without the license, alcohol licence.

Narrator: When James approached Scottish & Newcastle Breweries, foreign companies were not allowed to sell alcoholic drinks in China. This was just one of many barriers which stood in the way of anybody wanted to break into the Chinese market. But by getting round some of these problems, it was possibly for James to become a kind of beer pioneer.

JW: That was the first ale in China. Nobody drank ale before. Because no people drink ale in China, only lager. But they [one word] like a fashionable, very expensive. The most expensive beer in China. Because you have to buy it from UK. We have to pay lots of productivity.

Narrator: Traditionally there has been one set of rules for Chinese companies, and a completely different one for foreign business like Scottish & Newcastle.

JW: When we're doing business in China, like the Newcastle Brown Ale. If you want to do like the official way, you can not. Because by the Chinese law, commercial law you are not allowed to sell your product into China. The [one word] alcohol, tobacco. But for Chinese people, of course you can. If you are Chinese people, you have a Chinese company with a licence, then you can. So what we do is, we just like set up a company in China. It's a 100% owned by Chinese. Then we can import the goods from the importer, import export company. So totally we are fine now. We are legal.

Narrator: This is just the kind of discrepancy that will eventually have to change. The whole idea of the WTO is to put all companies, wherever they're based on a level playing field. In future, the barriers James helps his clients overcome, may be more cultural than legal.

China has been preparing for WTO membership for years, Peter Nightingale has been observing the changes. He's the Chief Executive of the China in Britain Business Council. An organisation which promotes opportunities for British companies to do business in China.

PK: For British businesses that are already operating in China, and that have operated in China for quite a lot time. I think there's every recognition that things are improving. Both from the point of view that I think more foreign companies are making money in China now. Which was not the case four or five years ago. And that always encourages them. For companies that have never been to China before. And I think they'd still probably find it quite a strange to do business in. Because of the fact that things are not very cut and dried, and still not very transparent. But I think the message that the China in Business Council tries to get across to companies that have never been to China before, is that things are getting much better. They're not nearly as difficult as they were 20 years ago. And there's much more help around.

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