

CHINA'S CENTURY



THE AWAKENING OF
THE NEXT ECONOMIC POWERHOUSE

Laurence J. Brahm

Foreword by China's Premier Zhu Rongji

CHINA'S CENTURY

THE AWAKENING OF THE NEXT ECONOMIC POWERHOUSE

At the dawn of 21st century, one country, above all, stands poised to alter the global economy. With one quarter of the world's population, a stable and increasingly enterprising government, and with recent acceptance into the World Trade Organization, China's economic might will profoundly affect the future course of this century.

China's Century brings together a distinguished group of industry experts, from both China and the West, to analyze the key issues affecting the future of this remarkable country, including:

- Economic reforms
- International relations
- Foreign investment and trade
- Industry and commerce
- Banking and finance
- Technology and the Internet
- Law and government, and
- Role of the media

Leading government policy-makers introduce China's program of reforms for each of these areas, followed by insightful discussions from top specialists and business pioneers examining these sectors in detail. Never before has such a distinguished group of government and business insiders been drawn together, summarizing experiences, and presenting their opinions and prognosis on China's future development.

The importance of China's future cannot be underestimated. *China's Century* provides a comprehensive picture of a country in transition and offers fascinating suggestions on where it may be heading. This book is essential reading for anyone involved with, or wishing to understand China today and the way in which it might affect our lives tomorrow.

CHINA'S CENTURY

The Awakening of the
Next Economic Powerhouse

To Tun Lim:

Our heartfelt appreciation
to you for pioneering the
Industrial Era for Penang and
Malaysia from 1969 to 1990.

On behalf of the
Penang State Government



Dr Koh Teo Koon

On the occasion of the 30th Anniversary
of Industrial growth for Penang

27 Aug 2002

CHINA'S CENTURY

The Awakening of the
Next Economic Powerhouse

LAURENCE J. BRAHM



JOHN WILEY & SONS (ASIA) PTE LTD

Singapore • New York • Chichester • Brisbane • Toronto • Weinheim

CONTENTS

<i>Acknowledgements</i>		ix
<i>Foreword</i>	<i>Zhu Rongji</i>	xi
<i>Introduction</i>	<i>Laurence J. Brahm</i>	xv
PART I: Economy and Reform		1
The Road Map	<i>Zeng Peiyan</i>	10
Unprecedented Experiment	<i>Sidney Shapiro</i>	16
Dealing with Globalization	<i>Claude Smadja</i>	24
Fighting Corruption Amidst Economic Reform	<i>Huang Weiding</i>	38
PART II: International Relations		57
China's Foreign Affairs in the New Century	<i>Tang Jiaxuan</i>	68
The Canada-China Relationship: A Personal Perspective	<i>Howard R. Balloch</i>	74
ASEM — A New Dimension in Asian-European Relations	<i>Christopher Bo Bramsen</i>	88
China in a World of Risk	<i>Mark Daniell</i>	98

Copyright © 2001 by John Wiley & Sons (Asia) Pte Ltd
Published in 2001 by John Wiley & Sons (Asia) Pte Ltd
2 Clementi Loop, #02-01, Singapore 129809

All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as expressly permitted by law, without either the prior written permission of the Publisher, or authorization through payment of the appropriate photocopy fee to the Copyright Clearance Center. Requests for permission should be addressed to the Publisher, John Wiley & Sons (Asia) Pte Ltd, 2 Clementi Loop, #02-01, Singapore 129809, tel: 65-4632400, fax: 65-4634605, e-mail: enquiry@wiley.com.sg.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering professional services. If professional advice or other expert assistance is required, the services of a competent professional person should be sought.

Other Wiley Editorial Offices

John Wiley & Sons, Inc., 605 Third Avenue, New York, NY 10158-0012, USA
John Wiley & Sons Ltd, Baffins Lane, Chichester, West Sussex PO19 1UD, England
John Wiley & Sons (Canada) Ltd, 22 Worcester Road, Rexdale, Ontario M9W 1L1, Canada
John Wiley & Sons Australia Ltd, 33 Park Road (PO Box 1226), Milton, Queensland 4064, Australia
Wiley-VCH, Pappelallee 3, 69469 Weinheim, Germany

Library of Congress Cataloging-in-Publication Data

China's century : the awakening of the next economic powerhouse / Laurence Brahm.
p. cm.

Includes index.

ISBN 0-471-47907-2 (cloth)

1. China--Forecasting. 2. Twenty-first century. I. Title: Awakening of the next economic powerhouse. II. Brahm, Laurence J.

DS706.C51137 2001

303.4951--dc21

00-068630

Typeset in 10/12 points, Revival by Cepha Imaging Pvt Ltd, India
Printed in Singapore by Saik Wah Press Pte Ltd
10 9 8 7 6 5 4 3

PART III: Investment and Trade		109
China's Foreign Economic Trade in the 21 st Century	<i>Shi Guangsheng</i>	118
Kodak and China: Seven Years of Kodak Moments	<i>George M.C. Fisher</i>	126
China's WTO Accession — The Big Picture	<i>Michael J. Furst</i>	136
China, Unlike Its Famous City, Is Forbidden No More	<i>André Desmarais</i>	142
Private Equity in China	<i>Robert A. Theleen</i>	154
PART IV: Industry and Commerce		165
Striving to Realize the Three-Year Target of State-Owned Enterprise Reform and Separation of Losses	<i>Sheng Huaren</i>	174
Progress from Tradition — China Moves into the 21 st Century	<i>Heinrich von Pierer</i>	184
Industrial Automation and China's Future Development	<i>Don H. Davis</i>	190
Fueling China's Growth	<i>Charles W. Pryor, Jr.</i>	198
Chemicals — A Key Pillar for China's Economic Development in the New Century	<i>Manfred Schneider</i>	204
PART V: Government and Law		211
A New Chapter in Constructing China's Legal System	<i>Xiao Yang</i>	218
Governance in China: The Present and Future Tense	<i>Donald J. Lewis</i>	234
The Role of Arbitration in Resolving Chinese-Foreign Business Disputes: Past, Present and Future	<i>Michael J. Moser</i>	244
The Future of Law and Order in Hong Kong: Reinventing the Hong Kong Police	<i>Kam C. Wong</i>	250

PART VI: Banking and Finance		259
China's Banking and Financial Sector Reforms in the New Century	<i>Dai Xianglong</i>	266
China: The Long March to Capital Market Reform	<i>Peter D. Sutherland SC</i>	278
Banking and Finance in China	<i>A.H.G. Rinnooy Kan</i>	288
China's Insurance Industry — Facing a New Era of Opportunities and Challenges	<i>Walter B. Kielholz</i>	298
China's Financial System Needs Transparency and Accountability	<i>Mark L. Clifford</i>	306
PART VII: Technology and Internet		313
The Development of the Information and Network Technology Industry of China	<i>Wu Jichuan</i>	320
How the Internet Will Shape China	<i>Peter Yip</i>	326
Wiring China for the New Century	<i>Thomas G. Lewis</i>	334
Internet/E-Business in China: Development of a Legal Framework	<i>Jon Eichelberger</i>	348
PART VIII: Media and Communications		361
China's Media Is Welcoming Network Time	<i>Zhao Qizheng</i>	368
The New Millennium: China in the Connected World	<i>James Murdoch</i>	374
Third Eye to Read China's News	<i>Ma Ling</i>	380
Creeping Freedoms in China's Press	<i>Li Xiguang</i>	386
Conclusion		403
Index		415