

Recap: “Current Trends in Corporate and Cross-Border Transactions in and with China”

By Michael Homer, J.D. Candidate 2020 | November 17, 2017

On November 14th, 2017, the [Boalt Global Corporate Law Society](#) welcomed Bruce Quan, former Associate Professor at Peking University Law School and former Vice Chair of the Public Policy Development Committee of the American Chamber of Commerce in Beijing (AmCham Beijing), for a discussion about his experience in transnational transactions, trends in foreign investment, and implications of President Xi Jinping’s *One Road, One Belt* initiative.

A graduate of UC Berkeley (’71) and Berkeley Law (’78), Mr. Quan started his career in China in the early 80’s helping foreign companies invest in China. After Chinese leader Deng Xiaoping declared, “To get rich is glorious,” during his famous Southern Tour advocating economic reform, Mr. Quan served as an external observer on the development of the rule of law system in support of those reforms.

When asked about the impact of the recent Communist Party Congress, Quan said that the collective leadership balance set up by Deng is no longer valid, because Xi is now the “sole power,” elevated to the same level as Mao Zedong, as he has unchallenged control over the military and a substantial part of the economy. Quan believes that Xi’s ultimate goal is to challenge the West’s dominance of the global economy. As part of these efforts, China set up its own infrastructure bank as an alternative to the World Bank and the IMF, develops its own homegrown industries, and seeks to limit the influence of foreign companies in China.

Quan characterized Xi’s *One Belt* initiative as a “mirror image” of the global financial organizations established by the U.S. and its allies after World War II. From China’s perspective, the *One Belt* is a response to perceived unfair treatment by the IMF and World Bank. Through this initiative, China has built ports around the world, a rail system stretching from East to West that mirrors the historical Silk Road, and provides economic aid to developing countries.

With regards to foreign companies doing business with China, Quan noted that only a handful of Chinese companies can compete world-wide, so China would like to “level the playing field.” As a result, there is not a strong focus on anti-trust, because China is focused on making their state-owned enterprises competitive globally. Furthermore, China is interested in business that will support national interests in the long-term, rather than sectors like entertainment, sports, and real estate, which is why they have tightened foreign investment policies in an effort to crack down on offshore acquisitions by companies like Wanda Group and Fosun International Ltd.

Quan’s advice for corporate lawyers interested in working in China? “It’s pretty darn frustrating. It’s not easy,” noting that one prerequisite for working in China today is fluency in Mandarin. For more information about a specific industry, Quan recommended consulting the AmCham China [White Paper](#), which offers insight about what foreign companies feel are the current issues of doing business in China.