




RESEARCH ARTICLE

# ‘In the interest of your bank and our country’: Two encounters between China and the International Chamber of Commerce

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## Abstract

This article examines China’s path to joining the International Chamber of Commerce (ICC), a private international organization founded in Paris in 1920, of which China was a member from 1931–1949 and from 1994 onwards. The article charts the actors and debates behind two meaningful encounters. The first took place while the Nanjing government was raising funds for economic reconstruction, and the ICC aimed to mediate China’s fundraising efforts through private multilateral channels. The second was in the 1980s, when the People’s Republic was seeking to enter the world trade system. ICC members acted as educators and facilitators of world trade practicalities for the People’s Republic, which eventually rejoined the ICC in 1994. The article draws on Chinese, European, and American source material collected from governments, chambers of commerce, and private businessmen to make a twofold contribution. First, it adds nuance to the narrative of China’s economic internationalization by identifying an important non-governmental diplomatic channel. Second, it questions the ICC’s self-proclaimed identity as a non-political economic organization by showing how the political was indissociable from the economic when it came to China’s membership.

**Keywords:** International Chamber of Commerce; China; Business; Economic diplomacy; Internationalization

## Introduction

I consider myself very lucky in having you in Europe at a time when you can attend both labour and commercial conferences. With your judgement and cool-headedness, I am sure you will make an excellent impression on the conferences. You will kindly cooperate with our Ministerial Representatives and refrain from paying any attention to destructive criticism in the biased foreign press. [...] I hope you will continue to emphasi[ze] the work on the expansion of foreign

trade in the interest of your bank and our country. Trusting that your efforts in Amsterdam will be crowned with success.<sup>1</sup>

In June 1929, the minister of industry and commerce under China's Nationalist government, Hsiang-Hsi Kung (H. H. Kung), sent a letter containing instructions and well-wishes from Shanghai. The recipient was the founder and general manager of the Shanghai Commercial & Savings Bank, Kwang-Pu Chen (K. P. Chen, Guangfu Chen), who was in Europe representing China, both as an employers' delegate at the International Labour Organization (ILO) in Geneva and at the Congress of the International Chamber of Commerce (ICC) in Amsterdam. These lines from Kung's letter encapsulate the intertwined nature of relations between the Nationalist government and Chinese businesspeople when it came to international commerce and trade organizations. While officially representing Chinese business circles at both the ILO and the ICC, Chen was in no way cut off from the government's political objectives. Kung made clear that Chen was to collaborate with ministerial representatives and emphasize the promotion of foreign trade, reminding Chen that doing so was in the interest not only of Chen's bank but also the entire country. There are established accounts of Chen's financial diplomacy for the Nationalist government,<sup>2</sup> but his 1929 mission to the ICC—the very first he carried out—has sunk into historical oblivion.

The ICC, which was established in Paris in 1920, provides an innovative vantage point from which to examine China's interactions with the world in the twentieth century. The ICC is unique among international organizations as a parliament of world business in which businesspeople from different nations voice their concerns, defend free trade, and promote international exchange. Despite the apparent contradictions between China's state-led economic system and the ICC's blueprint for free world trade driven by private capital, China was a member of the ICC from 1931–1949 and rejoined in 1994. There were numerous encounters between Chinese businessmen and ICC delegates both before and between those periods, especially in the late 1920s and in the 1980s, when attracting foreign capital was high on the Chinese government's agenda. However, those encounters were tainted by an ongoing point of tension: both the Nationalist government of the 1920s and the Communist government of the 1980s sought to exercise significant control over the business sector, whereas the ICC urged its member states to appoint businesspeople as representatives and to follow its liberal, capitalist economic tenets. These putatively conflicting economic ideologies are representative of the complex nature of economic practices and offer a unique insight into how corporatist institutions (i.e., Chinese chambers of commerce under the Nationalist government; the China Council for the Promotion of International Trade (CCPIT), a semi-governmental organization founded in 1952; and the ICC) mediated and softened ideological conflicts in international economic relations.

Drawing on Chinese, American, and European source material collected from governments, chambers of commerce, and private individuals, this article seeks to provide

<sup>1</sup>Letter from H. H. Kung to K. P. Chen, 22 June 1929, Q275-1-2398, Shanghai Municipal Archives, China.

<sup>2</sup>Pui-Tak Lee, 'Chinese financial entrepreneurship: The case of K. P. Chen', *Journal of Asian Business*, vol. 14, no. 1, 1998, pp. 23–40; Kwong-Shing Ho, 'China's quest for American monetary aid: The role of Chen Guangfu, 1935–1944', PhD dissertation (University of Hong Kong, 2010).

a nuanced account of the changing roles of Chinese businessmen and officials while the ICC was seeking to establish relations with China in the twentieth century. Specifically, the ways in which the ICC negotiated with China provide insights into the organization's role as a hub for parallel diplomacy and its contribution to sustaining the liberal underpinnings of the global economy. In the 1920s, the ICC insisted that China should send representatives who were private businesspeople, not government officials. However, Western and Japanese business circles also sought to advance their countries' interests, leading to political stalemate. The ICC's private multilateralism therefore failed. China's trade negotiations consequently took place outside the ICC, and national governments continued to play a central role in negotiating bilateral trade accords. In the 1980s, however, growing global economic interdependency and Communist China's recognition by the United Nations made collaboration with the ICC another way for China to obtain both international recognition and better integration into the global economy. The ICC, within which multinational companies had increasing influence, facilitated China's entry by accepting that the association representing China within the ICC was very much a governmental organization. As we demonstrate, the leaders of the ICC nevertheless hoped that Chinese business circles would become privatized once China had joined the ICC.

Before delving into two specific encounters between China and the ICC, we will first outline the history of the ICC and discuss China's economic internationalization in the twentieth century.

### The International Chamber of Commerce: A new form of business internationalism

The ICC was established by European and American businesspeople in 1920 as an exclusively economic organization. However, political implications were unavoidable when rebuilding global markets following the First World War. Scholars have established the ICC's importance in connecting business actors across the globe and have argued that the organization is key to understanding economic diplomacy after the First World War, as it brought together national committees formed from business associations and chambers of commerce and offered an arena for corporatist representation of economic interests.<sup>3</sup> The industrial mobilization triggered by the war accelerated collaboration between businesses and governments through corporatist institutions 'founded on officially recognized functional groups, such as organized labor, business, and agriculture' in which 'institutional regulating and coordinating mechanisms', created 'a pattern of interpenetration and power sharing'.<sup>4</sup> According to Michael Hogan, corporatist interpenetration between state and non-state actors at

<sup>3</sup>M. Herren, "'They already exist': Don't they? Conjuring global networks along the flow of money', in *The nation state and beyond: Governing globalization processes in the nineteenth and early twentieth centuries*, (eds) I. Lühr and R. Wenzlhuemer (Heidelberg: Springer, 2013), pp. 43–62; Th. David and P. Eichenberger, 'Business and diplomacy in the twentieth century: A corporatist view', *Diplomatica. A Journal of Diplomacy and Society*, vol. 2, no. 1, 2020, pp. 48–56. On the intellectual contribution of the ICC, see: Q. Slobodian, *Globalists: The end of empire and the birth of neoliberalism* (Cambridge, MA: Harvard University Press, 2018).

<sup>4</sup>M. J. Hogan, 'Corporatism', in *Explaining the history of American foreign relations*, (eds) M. J. Hogan and T. G. Paterson (Cambridge: Cambridge University Press, 2004), p. 138.

the national level—a global phenomenon, which was also known as the ‘associative state’ in the USA after the patterns of public–private collaboration promoted under US Secretary of Commerce Herbert Hoover—was a crucial element of diplomacy in the aftermath of the First World War.<sup>5</sup> The tripartite structure of the ILO—where business and labour are represented separately and in addition to governments—is one crucial example of globalized corporatism.<sup>6</sup>

The ICC’s national committees were devised to reflect the business community across the globe—with the notable exclusion of small businesses and rural interests. These committees elected delegates to the ICC Council, which in turn appointed an executive committee of a dozen members to assist the organization’s president. Every two years, the national committees nominated delegates to the ICC Congress, which elected new presidents and voted on resolutions reflecting the views of the ‘Businessmen of the World’.<sup>7</sup> The ICC maintained a headquarters in Paris (with 45 employees in the late 1930s, a number roughly similar to that of the League of Nations Economic and Financial Organization at the time), where an executive committee and the national committees (which met regularly and had their own secretariats) worked to implement resolutions adopted at the ICC Congress. In addition, the ICC had technical committees on a number of issues important to business circles, including the standardization of commercial terms, transportation, and trade, etc.<sup>8</sup> The organization also served as a platform where business stakeholders could meet and have their disputes mediated. Specifically, the ICC established the International Court of Arbitration in 1923 to provide peaceful resolution of international trade disputes in addition to offering networking platforms and related services for its members.<sup>9</sup> Despite an interruption during the Second World War, the number of ICC member states grew substantially in the twentieth century. By 1935, the ICC had 32 national committees, and more than 90 in 2019.

The ICC gradually consolidated its position as the leading international forum for businesspeople and global business advocacy. During the interwar years, the ICC’s technical committees were in constant contact with the League of Nations and promoted free trade policies, rules, and standards for the (self-)regulation of international trade and finance.<sup>10</sup> After the Second World War, the United Nations granted the ICC

<sup>5</sup>Ibid.

<sup>6</sup>M. Louis, *Qu’est-ce qu’une bonne représentation? L’Organisation internationale du travail de 1919 à nos jours* (Genève: Dalloz, 2016); M. Zanasi, *Saving the Nation*, Part 2 ‘Building the corporatist state’; M. Herren, ‘Global corporatism after the First World War — the Indian case’, in *Globalizing social rights: The International Labour Organization and beyond*, (eds) S. Kott and J. Droux (London: Palgrave Macmillan, 2013), pp. 137–152.

<sup>7</sup>Th. David and P. Eichenberger, ‘“A world parliament of business”? The International Chamber of Commerce and its presidents in the twentieth century’, *Business History*, 2022, pp. 1–24.

<sup>8</sup>D. Kelly, ‘The International Chamber of Commerce’, *New Political Economy*, vol. 10, no. 2, 2005, pp. 259–261; K. Ronit, *Global Business Associations* (New York: Routledge, 2018).

<sup>9</sup>C. Lemerrier and J. Sgard, *Arbitrage privé international et globalisation(s)*, research report published online on 2 June 2015, available at <https://halshs.archives-ouvertes.fr/halshs-01158980> [accessed 2 November 2022]; E. Jolivet, *Les Incoterms - Etude d’une norme du commerce international* (Paris: Litec, 2003); G. Beausire, ‘Institutionnaliser la justice commerciale internationale privée : une histoire de la place arbitrale suisse au 20e siècle’, PhD dissertation, University of Lausanne, 2023.

<sup>10</sup>S. Pedersen, ‘Back to the League of Nations’, *American Historical Review*, vol. 112, no. 4, 2007, pp. 1091–1117. See also P. Clavin, *Securing the world economy: The reinvention of the League of Nations, 1920–1946* (Oxford: Oxford University Press, 2013); M. d’Alessandro, ‘Global economic governance and the private

the highest consultative status, which enabled it to collaborate closely with the UN Economic and Social Council and regional commissions. The ICC was regularly invited to comment on international trade issues within the UN system. In 1969, its status among international organizations was enhanced when the Economic Consultative Committee formalized annual meetings between the ICC, the General Agreement on Tariffs and Trade (GATT), and UN agencies active in economic fields. These meetings helped the ICC to reach high-ranking people at the UN. The ICC thus managed to remain the most representative global business association, joining the UN in the Global Compact of 2000. In a joint press release issued in 1998, the two organizations stated that there was ‘great potential for the goals of the United Nations—promoting peace and development—and the goals of business—creating wealth and prosperity—to be mutually supportive’.<sup>11</sup>

### Chinese economic internationalization in the twentieth century

Historian William Kirby uses the term ‘internationalization’—which he considers more appropriate than ‘globalization’—to describe China’s exchanges with other countries both before and after 1949. ‘States and governments matter, critically, to the private as well as the public dimensions of Chinese foreign relations in the twentieth century, which took place in settings that were inescapably inter-national [...] And states and governments mediated, regulated, and registered an ever-growing percentage of the activities of non-state actors.’<sup>12</sup> Kirby underscores the leading role played by Chinese authorities in guiding the country’s appropriation of foreign cultures, products, science, and technology. Official diplomatic relations were often the driving force behind waves of appropriation of foreign cultural and nation-building models in China. Formal diplomatic ties both conditioned and spilled over into other aspects of modern Chinese society.<sup>13</sup>

China’s presence in intergovernmental organizations complicated that process. Studying organizations where multilateral negotiations took place can contribute to our understanding of the determining role played by diplomatic relations in introducing foreign governing practices to China. Indeed, the Chinese governments’ presence

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sector: The League of Nations’ Experiment in the 1920s’, in *The foundations of worldwide economic integration, power, institutions, and global markets, 1850–1930*, (eds) C. Dejung and N. P. Petersson (Cambridge: Cambridge University Press, 2013), pp. 249–270.

<sup>11</sup>UN Press Release: SG/2043, 9 February 1998, p. 1, quoted in D. Kelly, ‘The business of diplomacy: The International Chamber of Commerce meets the United Nations’, CSGR Working Paper, no. 74/01, 2001, p. 9.

<sup>12</sup>W. C. Kirby, ‘China’s internationalization in the early People’s Republic: Dreams of a socialist world economy’, *The China Quarterly*, vol. 188, 2006, p. 873.

<sup>13</sup>For concrete examples, see e.g.: W. C. Kirby, *Germany and Republican China* (Stanford, CA: Stanford University Press, 1984); W. C. Kirby, ‘The internationalization of China: foreign relations at home and abroad in the Republican era’, *The China Quarterly*, vol. 150, 1997, pp. 433–458; J. Waley-Cohen, *The sextants of Beijing: global currents in Chinese history* (New York: W. W. Norton & Company, 2000). In particular, Peter Hamilton’s recent book presents a compelling exception by focusing on Hong Kong. Hamilton coins the term ‘straddling merchants’ for Chinese who emigrated to Hong Kong in the 1940s. These individuals mobilized their previous American connections and made Hong Kong, by that time a British colony, a node of the US-led transpacific network of economic capitals. See: P. E. Hamilton, *Made in Hong Kong: Transpacific networks and a new history of globalization* (New York: Columbia University Press, 2021).

in a burgeoning international system led by imperial powers can be traced back to the 1890s. Near the end of the Qing government's reign, China sent delegations to international gatherings and sought to participate in the international community.<sup>14</sup> Even the decision at the Paris Peace Conference to allow Japan to take control of former German holdings on Chinese territory—despite China having sided with the Allies during the war—did not compel China to retire from the international scene. Nor did the divisions of the Warlord Era prevent Chinese diplomats from pushing for their country to be given equal footing in different international venues including the League of Nations.<sup>15</sup> In the 1930s, at the Nationalist government's invitation, the League of Nations provided expertise for China's reconstruction programmes.<sup>16</sup> The government also called on the League of Nations for support in response to the Japanese invasion of Manchuria in 1931 and the Shanghai Incident of 1932. After the Second World War, the Chinese government played an essential role in launching the United Nations and its specialized agencies.<sup>17</sup> The establishment of the World Health Organization, for example, was an initiative led by the Chinese and Brazilian delegations,<sup>18</sup> and China was made one of the five permanent members of the UN Security Council, with veto rights. The Nationalist government's loss of the Chinese mainland in 1949 did not change the situation until the 1970s. When the People's Republic replaced the Nationalist government within the UN system in 1971, it used the UN as a platform to tout its social and economic development models to the world.<sup>19</sup>

Researchers have demonstrated how international political concerns define and even dominate China's participation in international organizations.<sup>20</sup> The diplomatic battle between the Communist People's Republic of China (PRC) and the Nationalist Republic of China (ROC) within the UN, for instance, was a recurring theme in many international meetings and conferences in the postwar period. Although inevitably influenced by diplomatic events, intergovernmental organizations and

<sup>14</sup>G. Xu, *China and the Great War: China's pursuit of a new national identity and internationalization* (Cambridge: Cambridge University Press, 2005), p. 63.

<sup>15</sup>A. A. Kaufman, 'In pursuit of equality and respect: China's diplomacy and the League of Nations', *Modern China*, vol. 40, no. 6, 2014, pp. 605–638.

<sup>16</sup>L. Chang, *Guoji hezuo zai Zhongguo: Guoji lianmeng jiaose de kaocha, 1919–1946 [International Collaboration in China: An inquiry of the role of the League of Nations (1919–1946)]* (Taipei: Academia Sinica, 1999); M. Zanasi, 'Exporting development: The League of Nations and Republican China', *Comparative Studies in Society and History*, vol. 49, no. 1, 2007, pp. 143–169; I. Borowy (ed.), 'Thinking big—League of Nations efforts towards a reformed national health system in China', in *Uneasy encounters: The politics of medicine and health in China 1900–1937*, (Frankfurt am Main: Peter Lang, 2009), pp. 205–228.

<sup>17</sup>E. Helleiner, *Forgotten foundations of Bretton Woods. International development and the making of the postwar order* (Ithaca, NY: Cornell University Press, 2014).

<sup>18</sup>M. Cueto, T. M. Brown, and E. Fee, *The World Health Organization: A history* (Cambridge: Cambridge University Press, 2019), chapter 2.

<sup>19</sup>The best-known example regards the World Health Organization. See: Zhou Xun, 'From China's "bare-foot doctor" to Alma Ata: The primary health care movement in the long 1970s', in *China, Hong Kong, and the long 1970s: Global perspectives*, (eds) P. Roberts and O. A. Westad (London: Palgrave Macmillan, 2017), pp. 137–157.

<sup>20</sup>H. Goto-Shibata, 'The League of Nations as an actor in East Asia: Empires and technical cooperation with China', *International Relations of the Asia-Pacific*, vol. 17, no. 3, 2017, pp. 435–461; G. Barrett, 'Between sovereignty and legitimacy: China and UNESCO, 1946–1953', *Modern Asian Studies*, vol. 53, no. 5, 2019, pp. 1516–1542.

their specialized agencies both before and after the Second World War introduced China to elements of modern statecraft such as public health administration, central banking, and civil engineering.<sup>21</sup> For example, recent historiographies have illustrated that Chinese experts' collaboration with the League of Nations left its mark on both postwar China and the United Nations.<sup>22</sup>

The ICC's encounters with the different Chinese governments present two intriguing aspects that complement the literature described above. First, the ICC allowed only private actors to act as representatives, which limited direct intervention by national governments. Both Chinese governments were forced to step aside and exercise their influence through intermediating individuals or organizations, such as chambers of commerce. China's 'internationalization' as described by Kirby was forced to take a different form. Second, the ICC's advocacy in favour of private enterprise clashed with the Chinese governments' attempts to control the country's economy. The two sets of policies were entirely at odds. Studying China's relationship with the ICC allows us to test the limits of various Chinese governmental efforts to control the country's internationalization through political influence and negotiations with a private international organization and the impact on the Chinese states' relations with their business circles.

The Chinese states' relations with the ICC were also grounded on Chinese state-business relations, often mediated by business associations. Existing research confirms Margaret Pearson's findings that business associations in China 'exhibited elements of autonomy from the state and, simultaneously and in significant ways, were controlled by the state'. Writing in the 1990s, Pearson pointed to two periods of exception. First is the early years of the republican period, when the weak national government left a large manoeuvring space for business associations; and the second was in the late 1950s to 60s, when the PRC government strengthened its control over business circles, preventing private profit-seeking activities.<sup>23</sup> Sixty years apart, China's two encounters with the ICC, probably not coincidentally, took place at moments that immediately followed the two exceptional periods. Those moments of policy change created opportunities for the ICC to create meaningful contact with China as the Chinese central government sought a new balance.

Study of the interactions between the ICC and China also complements a second body of literature that examines foreign trade activities and competition in the Chinese market. Most such literature concentrates on specific companies or the commercial interests of a single foreign power in China<sup>24</sup> and is less focused on

<sup>21</sup>Zanasi, 'Exporting development'; L. Pan, 'National internationalism in Japan and China', in *Internationalisms: A twentieth-century history*, (eds) G. Sluga and P. Clavin (Cambridge: Cambridge University Press, 2016), pp. 170–190; Y.-T. Lin, 'Waiguo weisheng zuzhi yu minguo huangjin shinian de gong-gong weisheng shiyan: Dingxian xiangcun baojian xitong yu zhongyang weisheng sheshi shiyanchu de Jiangning shiyan xian [Foreign health organizations and public health experiments during the Nanjing Decade: Ting Hsien Rural Health Experiment System and the Central Field Health Station's Jiangning County Experiment (1928–1937)]', *Journal of Social History of Medicine*, no. 3, 2017, pp. 156–175.

<sup>22</sup>See: M. A. Brazelton, *Mass vaccination: Citizens' bodies and state power in modern China* (Ithaca, NY: Cornell University Press, 2019).

<sup>23</sup>M. Pearson, 'The Janus face of business associations in China: Socialist corporatism in foreign enterprises', *The Australian Journal of Chinese Affairs*, no. 31, 1994, pp. 27–31.

<sup>24</sup>S. C. Cochran, *Encountering Chinese networks: Western, Japanese, and Chinese corporations in China, 1880–1937* (Berkeley: University of California Press, 2000); N. Horesh, *Shanghai's Bund and beyond: British banks, banknote issuance, and monetary policy in China, 1842–1937* (New Haven: Yale University Press, 2009).

the interaction between foreign powers and business circles in safeguarding their commercial interests on Chinese soil. One exception is Ghassan Moazzin's work on China's liquidation of Deutsch-Asiatische Bank (DAB) upon entering the First World War, which showcases how multilateral diplomatic relations intertwined with China's governance of its banking sector.<sup>25</sup> The DAB should not have been liquidated, according to the Hague Convention, which prohibits countries from directly taking over private commercial activities. The Chinese government decided to liquidate the DAB nonetheless, entrusting the task to British experts so as to obtain the Allied Powers' trust and be invited to the Paris Peace Conference. Moazzin's research thus demonstrates how multilateral relations spilled over from the diplomatic to the business arena. Valeria Zanier also tackles the relationship between diplomatic policies and international trade in China, but during the PRC period. Zanier provides an account of trade relations between China and Western Europe via businesspeople and European chambers of commerce, which took place despite the official Cold War rivalry.<sup>26</sup> Her research shows that a form of 'parallel diplomacy' existed and that non-governmental business interests gained traction against the PRC's official trade policies through chambers of commerce.<sup>27</sup>

Following Moazzin's and Zanier's lines of study, this article uses the ICC as a prism through which to study the relationship between business and politics in China's economic diplomacy. It also provides a new vantage point on Western multilateral efforts to gain access to the Chinese market. The private platform offered by the ICC not only mediated competition between foreign business in China but also inevitably touched upon Chinese foreign policy. Specifically, the Chinese governments of the 1920s and the 1980s sought integration into the global trade network while maintaining control of the Chinese market and promoting their political agendas within the ICC. They entrusted their plans to intermediaries, although at various levels of distance from the government: in the 1920s, it was the banker K. P. Chen, whose business model aligned with the government's aim of abolishing extraterritoriality; in the 1980s, it was officers of the CCPIT, a semi-governmental organization founded in 1952. For the ICC, integrating the world's most populous country into trade networks was vital to the organization's very identity as a global forum for private business. The issue of Chinese membership not only demonstrates the ICC's failure to provide an efficient multilateral hub for economic policy in the 1930s<sup>28</sup> but also testifies to the organization's

<sup>25</sup>G. Moazzin, 'From globalization to liquidation: The Deutsch-Asiatische Bank and the First World War in China', *Cross-Currents: East Asian History and Culture Review*, vol. 4, no. 2, 2015, pp. 601–629.

<sup>26</sup>V. Zanier, 'Redéfinir la relation de l'Europe et de la Chine après 1945: les organisations économiques britanniques à la recherche d'échanges commerciaux « politiquement corrects » (1952–1963)', *Relations internationales*, vol. 167, no. 3, 2016, pp. 95–112; V. Zanier, "'Energizing" relations: Western European industrialists and China's dream of self-reliance. The case of Ente Nazionale Idrocarburi (1956–1965)', *Modern Asian Studies*, vol. 51, no. 1, 2017, pp. 133–169; A. Romano and V. Zanier, 'Circumventing the Cold War: The parallel diplomacy of economic and cultural exchanges between Western Europe and Socialist China in the 1950s and 1960s: An introduction', *Modern Asian Studies*, vol. 51, no. 1, 2017, pp. 1–16.

<sup>27</sup>Romano and Zanier, 'Circumventing the Cold War.' See also G. Bernardini, 'Principled pragmatism: The Eastern Committee of German Economy and West German–Chinese relations during the early Cold War, 1949–1958', *Modern Asian Studies*, vol. 51, no. 1, 2017, pp. 78–106.

<sup>28</sup>M. Rosengarten, *Die Internationale Handelskammer: Wirtschaftspolitische Empfehlungen in der Zeit der Weltwirtschaftskrise 1929–1939* (Berlin: Duncker und Humblot Verlag, 2001); S. R. Tomashot, 'Selling peace:



resilience and flexibility in the 1980s, which paved the way for China's re-entry into global capitalist networks.

### The ICC and Nationalist China: Business internationalism meets national rivalries

In July 1928, a month after Chiang Kai-Shek's Nationalist army took control of most of China, prominent Italian industrialist and ICC President Alberto Pirelli wrote to the banker Thomas W. Lamont, chair of the American national committee at the ICC that, 'the Chamber could prepare usefully, studies by competent persons, in order to be ready—the day that interested governments might declare themselves in agreement—to send to China a delegation of business men with the purpose of realizing an accord of all parties upon a concrete program for the economic and financial reconstruction of the Celestial Empire'.<sup>29</sup> As a unified Chinese government was forming, Pirelli envisioned the ICC working with global businesses interested in China's economic and financial reconstruction. Highlighting 'the importance of China in world trade' and stressing that the 're-establishment of Chinese stability was one of the factors of peace for the world',<sup>30</sup> Pirelli's vision for the Chinese market echoed the ICC's contributions to the resolution of German war reparations and economic reconstruction in the 1920s.<sup>31</sup> In a letter to the General Chamber of Commerce in Shanghai, an organization he deemed to be representative and powerful in China, Pirelli explained that the ICC wanted Chinese businessmen to take 'the empty seat at our table that should be filled by China'.<sup>32</sup> Pirelli was convinced that the economic principles of the new Chinese government—unlike those of the Soviet Union—would be compatible with the views of the ICC and that the new government was supported by Chinese and international business circles.<sup>33</sup> At several financial and commercial conferences, the Nationalist government had underscored its collaboration with businessmen, which fitted well with global corporatist economic policies that were mainstream in the 1920s.<sup>34</sup> For Pirelli, joining the ICC would provide Chinese businessmen with the opportunity 'to create personal relationships with personalities of the business world from all countries'. Chinese businessmen could, he continued, 'voice their preoccupations freely in the great international meetings where the future of the economic world is decided'.<sup>35</sup>

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The history of the International Chamber of Commerce, 1919–1925', PhD dissertation (Georgia State University, 2015).

<sup>29</sup>Letter from Pirelli to Lamont, 24 July 1928, Box 36 Folder 7, in Thomas W. Lamont Papers, HBS Archives, Baker Library, Harvard Business School (hereafter Thomas W. Lamont Papers).

<sup>30</sup>Minutes of the 29th session of the Council, 12 April 1929, p. 7, Archives of the International Chamber of Commerce, Paris.

<sup>31</sup>G. L. Ridgeway, *Merchants of peace: The history of the International Chamber of Commerce* (Boston, MA: Little, Brown, and Company, 1959); Clavin, *Securing the world economy*.

<sup>32</sup>Letter from Pirelli to the 'Président de la chambre de commerce chinoise de Shanghai', 2 October 1928, p. 4, Box 36, Folder 9, Thomas W. Lamont Papers.

<sup>33</sup>Minutes of the 17th session of the Executive Committee, 15 February 1929, pp. 3–6, Archives of the International Chamber of Commerce, Paris.

<sup>34</sup>M. Zanasi, *Saving the nation*, Part 2.

<sup>35</sup>Letter from Pirelli to the 'Président de la chambre de commerce chinoise de Shanghai', 2 October 1928, pp. 5–6, Box 36, Folder 9, Thomas W. Lamont Papers. Translated from French by the authors.

Pirelli's objective was to bring Chinese delegates to the ICC Congress in Amsterdam in the summer of 1929. With this objective in mind, a consultative meeting was held at the ICC headquarters in Paris in January that year. Pirelli envisioned the meeting as a forum for preparing a resolution that the Amsterdam Congress could pass. For him, the Congress would be an opportunity for Chinese businessmen to voice their commitment to capitalist principles on the international stage.<sup>36</sup> In practical terms, those principles included 'monetary stability, budget equilibrium, payment of debts, efficient organization of a central bank, and so on'.<sup>37</sup> He also hoped that the meeting would provide an opportunity for the ICC to express its concerns regarding trademark protections, arbitration, and custom duties. Although the ICC insisted that it was an apolitical organization, there was no way around political questions in either Paris or Amsterdam. At the Paris meeting, held over three days, the two Chinese delegates met with some 30 representatives from 12 nations, including the USA and Japan. The meeting included subcommittees on industry, trade, and legal matters under Sir Arthur Balfour of Great Britain, financial matters under Georges Theunis of Belgium, and transportation, communications, and public works under Felix Kilian of Germany.<sup>38</sup>

The differences between the Chinese delegates and the ICC representatives were conspicuous. On the ICC's side, the participating members were business managers and capitalists who had commercial interests in China. In addition to Pirelli, whose firm owned rubber plantations in southeast Asia,<sup>39</sup> other participants included the managers of the Tientsin branch of the *Disconto-Gesellschaft*, *La Banque de l'Indochine*, and Mitsui Co. of London; Thomas W. Lamont was represented by J. R. Carter from the Paris office of J. P. Morgan & Co. Some representatives had formerly served in their respective governments and maintained political ties. Georges Theunis, who succeeded Pirelli as president of the ICC in 1929, was a former prime minister of Belgium and a businessman who was involved in 'Chinese business for many years (especially railways)'.<sup>40</sup> The Chinese delegation, on the other end, comprised two diplomats stationed in Europe with no business background. The chief delegate, Liang Lung (who also used the name Liang Hsueh-Sung, 1893–1968), was a Chinese diplomatic official based in Berlin. The other was Hsia Chi-Feng (1889–1961), the unofficial public relations man for the Chinese delegation to the League of Nations from 1923–1928. In order to be accepted by the ICC, Hsia was presented as a representative of the National Association of Chambers of Commerce, the General Chamber of Commerce of Shanghai, and the National Association of Bankers, despite having no ties with those associations and absolutely no business experience.<sup>41</sup>

<sup>36</sup>Minutes of the 17th Session of the Executive Committee, 15 February 1929, p. 5, Archives of the International Chamber of Commerce, Paris.

<sup>37</sup>Ibid.

<sup>38</sup>For a summary of the proceedings, see: 'Meeting of the Preparatory Committee at Paris', no date, Box 38, Folder 13, Thomas W. Lamont Papers.

<sup>39</sup>A. Montenegro, 'The development of Pirelli as an Italian multinational 1872–1992', in *The rise of multinationals in continental Europe*, (eds) G. Jones and H. G. Schroöter (Aldershot: Edward Elgar Publishing, 1993), pp. 184–200.

<sup>40</sup>Preparatory Committee of Chinese Affairs, 26–28 January 1929, p. 19, Swedish National Committee of International Chamber of Commerce, National Archives (hereafter SICCN), Box F I d: 24.

<sup>41</sup>J. C. Hu, *Guoji shanghai gailun [Introduction to the International Chamber of Commerce]* (Shanghai: Commercial Publishing, 1933).

The Paris meeting failed to achieve consensus for several reasons. One was the political tensions between China, certain Western countries, and Japan. The latter countries had extraterritorial trade privileges in China, abolition of which the Nationalist government considered its highest diplomatic priority. Hsia explained that 'it was necessary to find a practical way of revising the unequal treaties' that had established extraterritorial rights in China. Doing so was of course the responsibility of governments, not business, but Hsia asserted that the ICC's national committees could convince their governments to act. Although Chinese delegates claimed that their traders were no different from those of the West and simply wanted 'to make money', they insisted upon the need for equal rights among member states.<sup>42</sup> Some delegates argued that these issues were too political to be discussed at the ICC, which should stick to economic matters. Other participants, however, sided with China and denounced the inequalities between countries that enjoyed extraterritorial rights and others that did not. One German delegate protested against any endeavour 'to obtain the cooperation of the International Chamber of Commerce in the protection of the unequal treaty rights of the former allied and associated powers'.<sup>43</sup>

The ICC's failure to unite meant that its member states had to apply separate strategies. The administrative commissioner of the ICC US Committee, Richard Eldridge, was aware of the stalemate. He reported to his fellow American businessmen that 'the political problems involved such as the unequal treaties, Japanese demands, and the conflict of interests between European 'Treaty' States and European 'non Treaty' States make it very desirable to deal with Chinese affairs very cautiously'.<sup>44</sup> The *Reichsverband der Deutschen Industrie*, the main German business association, on the other hand, pursued its own negotiations with the Chinese government that year. Nonetheless, some members of the ICC Council remained optimistic. For the ICC's honorary president, former French Minister of Trade Etienne Clémentel, '[t]he International Chamber alone was in a position to undertake the work that would finally open the way to government action'.<sup>45</sup>

At the Amsterdam Congress in July, the same deadlock prevented the ICC from passing a resolution on the matter. The only significant difference between the Amsterdam and Paris meetings lay in the composition of the Chinese delegation. At the ICC's request, the delegation sent to Amsterdam included a majority of businessmen.<sup>46</sup> The delegation's speech to the Congress was delivered by its acting chief, K. P. Chen, who was traveling in Europe on business. Speaking as an envoy of the Chinese General Chamber of Commerce, Chen read a speech that he had prepared with Chinese diplomats.<sup>47</sup> Unsurprisingly, the speech was similar to the pseudo-business representative

<sup>42</sup>Preparatory Committee of Chinese Affairs, 26–28 January 1929, p. 9, SICCN, Box F I d: 24.

<sup>43</sup>Report of Eldridge on the Preparatory Committee on Chinese Affairs, 29 January 1929, pp. 1–2, Box 36, Folder 10, Thomas W. Lamont Papers. See also 'Chinese Affairs. Meeting of Preparatory Committee at Paris', 26–28 January 1929, Box 38, Folder 13, Thomas W. Lamont Papers.

<sup>44</sup>Report of Eldridge on the Preparatory Committee on Chinese Affairs, 29 January 1929, p. 1, Box 36, Folder 10, Thomas W. Lamont Papers.

<sup>45</sup>Minutes of the 29th session of the Council, 12 April 1929, p. 8, Archives of the International Chamber of Commerce, Paris.

<sup>46</sup>Letter from Hsia and Liang to K. P. Chen, 09 April 1929, Q275-1-2402, Shanghai Municipal Archives, Shanghai.

<sup>47</sup>Untitled document, 7 July 1929, Q275-1-2402, Shanghai Municipal Archives.

Hsia's stance during the January meeting<sup>48</sup> and concluded: 'The Chinese people are always willing to cooperate with you in making China a world's market for trading on an equal footing and on a basis of reciprocity.'<sup>49</sup> Chen finished by stating that Chinese business circles were willing to collaborate with foreign businessmen but also pushed for the cancellation of unequal treaties.

Chen was more than just a government mouthpiece, however: his speech was also in perfect alignment with his own business interests. Such 'nationalist internationalism' had been the backbone of the Republican government's diplomatic policy; that is, international collaboration was welcome on condition that China recovered its full rights as a modern nation.<sup>50</sup> Chen's business interests followed the same line, as he worked to introduce China to modern banking products and practices—such as foreign exchanges and insurance—by partnering with foreign banks.<sup>51</sup> Chen was open to using foreign experts and capital and suggested that the new Nationalist government formed in 1928 should work with League of Nations experts to design a central bank.<sup>52</sup> At the same time, Chen was a vocal advocate for restored tariff controls. Pushing for the abolition of extraterritoriality was also in Chen's business interests, as it would put his bank on an equal footing with foreign banks in China; the latter attracted more capital at the time, as they were exempt from Chinese law and any governmental interference,<sup>53</sup> while Chinese banks were often forced to issue war bonds at the government's request.<sup>54</sup> The situation became even more unequal during political and military incidents. For example, in his diary, Chen recorded his frustration when Chinese banks had to close during the Shanghai Incident of 1932 because they feared that they would lose their savings accounts to foreign banks in Shanghai.<sup>55</sup>

Chen's Amsterdam speech met with well-prepared opposition from countries with extraterritorial rights in China, exposing the diplomatic tensions at play. In June 1929, the American, British, French, and Japanese chambers of commerce in Shanghai (the USA, Great Britain, and Japan were China's top three trading partners at the time) proposed an ICC resolution that was discussed during the Congress.<sup>56</sup> The resolution stipulated that governments should 'refrain from modifying the existing status of foreigners in China'.<sup>57</sup> A British delegate further accused the Chinese delegation of

<sup>48</sup>Preparatory Committee of Chinese Affairs, 26–28 January 1929, p. 3 and Annex 1, SICCA, Box F I d: 24.

<sup>49</sup>Untitled document, 7 July 1929, Q275-1-2402, Shanghai Municipal Archives.

<sup>50</sup>G. Xu, *China and the Great War*, p. 59; L. Pan, 'National Internationalism in Japan and China', p. 190.

<sup>51</sup>K. S. Ho, 'China's quest for American monetary aid: The role of Chen Guangfu, 1935–1944'; J. Xing and P. T. Lee, *Chen Guangfu ri ji [K. P. Chen's Diary]* (Shanghai: Shanghai Bookstore Press, 2002), p. 67.

<sup>52</sup>Xing and Lee, *Chen Guangfu ri ji*, p. 67.

<sup>53</sup>G. Moazzin, 'Sino-foreign business networks: Foreign and Chinese banks in the Chinese banking sector, 1890–1911', *Modern Asian Studies*, vol. 54, no. 3, 2020, pp. 970–1004.

<sup>54</sup>L. Cheng, *Banking in modern China: Entrepreneurs, professional managers, and the development of Chinese banks, 1897–1937* (Cambridge: Cambridge University Press, 2007).

<sup>55</sup>Xing and Lee, *Chen Guangfu ri ji*, p. 169.

<sup>56</sup>L.-L. Hsiao, *China's Foreign Trade Statistics, 1864–1949* (Cambridge, MA: East Asian Research Center, Harvard University, 1974).

<sup>57</sup>Resolution of the American, British, French and Japanese Chambers of commerce in Shanghai, 27 June 1929, file 'Questions Chinoises 1929', Archives of the International Chamber of Commerce.

bringing a political agenda to the ICC.<sup>58</sup> At the official session of the Congress on 10 July, Chen's speech focused on the Chinese government's promise to consolidate its financial situation and invite international collaboration for the country's development; he left it to his colleague Ping-Wen Kuo, a state official and well-established educator who had been trained at Columbia University, to relay the government's appeal to abolish unequal treaties.<sup>59</sup>

Thomas W. Lamont also delivered a speech that carried considerable weight among ICC representatives, as he and J. P. Morgan Bank had played a central role in Europe's economic recovery during the 1920s, and he had collaborated, directly or indirectly, with some of the ICC's main figures.<sup>60</sup> Lamont's speech set the tone for the ICC's response to China's appeals. Speaking directly after Chen, Lamont stressed the importance of China paying its debts before seeking international capital for development. He opened by asserting that he was in favour of collaborating with China, but his tone changed when it came to the government loans that some Chinese officers secretly hoped would be forthcoming from American banks: 'On this point we must be realists, and the greatest lack of friendship that we could show today would be simply to speak pleasant words to the Chinese, to give them general assurances and yet to fail to make concrete mention of certain steps that are requisite in the situation.' Lamont's position was clear: unless China introduced measures to restore its international credit, no loans to the Chinese government 'could be made in the markets of New York and I will venture to add in those of Europe as well'.<sup>61</sup> Lamont's attitude was in line with the business strategy at J. P. Morgan. Lamont, who had led the first Wall Street mission to Japan in 1920, was instrumental in the issuance of several large loans to the Japanese government in the 1920s. As historian E. S. Rosenberg has chronicled, Lamont always favoured Japan over China, as 'Japan offered immeasurably greater investment security and opportunity for profit'. Rosenberg further argues that 'the House of Morgan actually helped deprive China of capital [and] (because no competing loans could be offered [...]) helped build Japan's economic strength'.<sup>62</sup>

The tensions among Western powers posed a challenge to Pirelli's goal of making the ICC a platform for coordinating business interests in China. However, Germany's

<sup>58</sup>Y. Zhu, 'Zhongguo shanghui zouxiang guoji wutai de xin bufu: Zhongguo shanghui jiaru Guoji shanghui de licheng ji yingxiang [The Chinese Chamber of Commerce's new steps into the world stage: On the process and influence of Chinese Chamber of Commerce's entering into the world commerce]', *Journal of Modern Chinese History*, vol. 1, no. 1, 2001, pp. 6–17.

<sup>59</sup>The Chinese Delegation, 'Guoji shanghui di wu jie Zhongguo daibiaotuan baogao shu [The Report of the Chinese Delegation to the International Chamber of Commerce's Fifth Congress]', no date, pp. 4–5, 001110020008006a, Academia Historica, Taipei.

<sup>60</sup>R. F. Smith, 'Thomas W. Lamont: International banker as diplomat', in *Behind the throne: Servants of power to Imperial Presidents, 1898–1968*, (eds) T. J. McCormick and W. LaFeber (Madison, WI: University of Wisconsin Press, 1993), pp. 101–125; K. Burk, 'The House of Morgan in financial diplomacy, 1920–1930', in *Anglo-American relations in the 1920s*, (eds) B. J. C. McKercher (London: Palgrave Macmillan, 1991), pp. 125–157; R. Chernow, *The house of Morgan: An American banking dynasty and the rise of modern finance* (New York: Grove Press, 2010).

<sup>61</sup>'Remarks of Thomas W. Lamont, Chairman of the American delegation', Amsterdam, 10 July 1929, p. 4 (Box 149, Folder 25, Thomas W. Lamont Papers; see also the reactions in the press). On the position of the Chinese officers, see Xing and Lee, *Chen Guangfu ri ji*, p. 101.

<sup>62</sup>E. S. Rosenberg, *Spreading the American dream: American economic and cultural expansion, 1890–1945* (New York: Hill and Wang, 1982), p. 150.

*Reichsverband* launched bilateral negotiations with the Chinese government in 1929, advancing Pirelli's project. As Kirby has illustrated, the *Reichsverband* established a China study group in January 1929 based on previous contact with the Chinese government. Two months later, the study group sailed to China to confer with government officials there.<sup>63</sup> The *Reichsverband* conspicuously did not wait for the ICC Congress in July. When, in 1929, K. P. Chen arrived at the Berlin office of the general manager of the Deutsch-Asiatische Bank, Felix Kilian, who was also a member of the ICC China meetings (chairing a subcommittee in Paris), chose to sideline the ICC in favour of Germany's bilateral initiatives.<sup>64</sup> Kilian pointed out to Chen that the ICC's core aim was to support coordination between countries that wanted to issue loans to China. At the January meeting, he had understood that China did not want a coordinated effort<sup>65</sup> and put that fact forward to Chen. Also from the January meeting, Kilian was aware of the Chinese government's focus on abolishing imperialist treaties. He told Chen that it was Germany who had insisted on including China in the ICC's China Affairs Committee.<sup>66</sup> Kilian's conversation with Chen was not the only driver behind the bilateral relationship. China and Germany also shared a similar position vis-à-vis the post First World War international organizations. Both governments felt persecuted by the terms of the Treaty of Versailles; they thus sympathized with each other and preferred bilateral dealing. The Chinese government also preferred to collaborate with countries with no imperial presence, making Germany one of the suitable candidates among industrialized countries. The German delegates to the ICC were aware of their advantage when it came to working with China—as described above, they had sided with China regarding the abolition of extraterritoriality during the consultative meeting.<sup>67</sup>

The 1929 encounter between China and the ICC demonstrates that the latter was indeed a forum where businesspeople met and compared their interests, but not one where agreements were reached. Rather, the business communities from different countries worked to safeguard their respective economic interests via the ICC. China's main trade partners even used the ICC to counter China's diplomatic agenda, petitioning not to discuss extraterritoriality there. The American banker Thomas W. Lamont, in line with the House of Morgan's business interests and in close collaboration with the US government, cautioned ICC members against dealing with the Chinese government, citing its lack of financial credibility. The German *Reichsverband*, however, expressed support for China's political appeals, partly because it was in Germany's interest to open up the Chinese market. As these powers did not manage to find common ground within the ICC, the organization lost its role as a consortium for investment in Chinese

<sup>63</sup>Kirby, *Germany and Republican China*, pp. 63–64.

<sup>64</sup>Xing and Lee, *Chen Guangfu ri ji*, p. 103.

<sup>65</sup>*Ibid.*, p. 103. See also the Session of the German ICC National Committee, 'Niederschrift über die Sitzung des Präsidiums der Deutschen Gruppe der Internationalen Handelskammer', 22 January 1929, Historisches Archiv GHH, Nachlass Kommerzienrat Dr. Paul Reusch, 4001012, Stiftung Rheinisch-Westfälisches Wirtschaftsarchiv zu Köln, Cologne.

<sup>66</sup>Xing and Lee, *Chen Guangfu ri ji*, p. 103.

<sup>67</sup>The *Reichsverband*'s China study group returned from China in July 1929, which coincided with the ICC's Amsterdam Congress. Kirby has chronicled how German private capitalists' interests in China had diminished at that time. Finding the Chinese market too risky for private capital, the China study group recommended leaving the leading role to Chinese officials, with the German state remaining active in industrial diplomacy. See: Kirby, *Germany and Republican China*, p. 68.

economic reconstruction, and all stakeholders went on to advance their respective agendas through other platforms.

Chinese participation in the ICC was intermittent after 1929. Progress on ‘Chinese questions’, as the ICC termed them, was crippled by internal disagreements and the general weakening of the ICC due to the Great Depression and failed conferences of the 1930s, such as the World Economic Conference of summer 1933. The Chinese government instead turned to the League of Nations—a public intergovernmental organization—for support with economic reconstruction. German business circles would eventually obtain their share of the Chinese market through industrial diplomacy in the 1930s.<sup>68</sup> Even Great Britain, which had the greatest commercial interests in China, followed the German *Reichsverband*’s example and sent its own separate naval mission and study commission to China.<sup>69</sup> The failure of the ICC’s initiative on China was in line with the interests of the Chinese government, whose main diplomatic tactic was to negotiate with foreign powers separately.

The most significant contribution of the 1929 Congress, from the Nationalist government’s perspective, lay perhaps in the discovery of its business diplomat, K. P. Chen. In the 1930s and 40s, Chen continued to act as the Nationalists’ envoy to the USA for loan negotiations. He carried out his final mission of business diplomacy in 1944, at an ICC event, heading China’s delegation—the second-largest after the Americans’—at the International Business Conference in Rye, New York, which relaunched the ICC’s activities after the Second World War.<sup>70</sup> After the conference, Chen remained in the USA for another two years, investing capital for US–China joint ventures in Chinese reconstruction.<sup>71</sup> When Communist forces took Beijing, Chen retired from financial diplomacy and moved his family and bank to Hong Kong, and then to Taiwan in the 1950s.<sup>72</sup> Interviewed in 1961, Chen explained that international meetings such as those of the ICC ‘helped immeasurably’ in broadening his outlook and enabled him to meet key people in the financial world, such as the banker Winthrop Aldrich, chairman of Chase Manhattan Bank, who became president of the ICC in 1944 and with whom Chen remained in contact for decades after the Amsterdam meeting.<sup>73</sup>

### The ICC and the People’s Republic: From brief encounter to lasting relationship

Chen’s retirement from financial diplomacy was followed by a long hiatus in China’s relations with the ICC. The newly founded People’s Republic of China implemented a

<sup>68</sup>Ibid.

<sup>69</sup>Ibid., p. 74.

<sup>70</sup>Q.-S. Huangfu, ‘Zhongguo gongshang jie mouqiu zhanhou fazhan de nuli —1944 nian guoji tongshang huiyi xintan [Efforts in seeking the post-war development by Chinese industrial and commercial circles: New exploration of the International Business Conference held in 1944]’, *Historical Review*, no. 05, 2016, pp. 156–163, 221.

<sup>71</sup>Ibid.

<sup>72</sup>P. T. Lee, ‘Avoiding isolation by the revolution: K. P. Chen’s dealings from Hong Kong with Shanghai and Taipei, 1948–1956’, in *The capitalist dilemma in China’s cultural revolution*, (ed.) S. C. Cochran (Ithaca, NY: Cornell University East Asia Program, 2016), pp. 45–65. On Chen’s activities in Hong Kong, see: P. E. Hamilton, *Made in Hong Kong*, pp. 48–58.

<sup>73</sup>K. P. Guangfu Chen 1881–1976, Chinese Oral History Project Collection, Columbia University, NY, p. 74.

socialist system modelled after that of the Soviet Union, which emphasized the collectivization of land, state-owned enterprises, and heavy industry. It also introduced several controls on cross-border trade and investments.<sup>74</sup> Integration into the global capitalist economy was no longer an official policy. Instead, the Chinese Communist Party (CCP) developed close ideological, military, and economic relations with the USSR in the 1950s. While the CCP's United Front policy gradually disassembled the business class,<sup>75</sup> government influence also penetrated into chambers of commerce, starting in 1951 via representatives sent by state-owned enterprises.<sup>76</sup> The rest of the 1950s saw a wave of nationalization and collectivization of private enterprises.

The PRC withdrew from the Western-led international scene at the exact moment when the ICC was fortifying its position in international business. In the 1950s, the PRC had minimal contact with the ICC. A PRC delegate attended the ICC's Asia and Far East Conference in 1956 but left early to protest the inclusion of the exiled Nationalist regime settled in Taiwan.<sup>77</sup> As at other international gatherings during the same period, the PRC was firmly against the Nationalists' being present at the same conferences as the People's Republic, which created a 'two Chinas' situation. The PRC did not make an exception for the ICC, despite the organization's private nature. The PRC's absence from the ICC over the following years lowered the political barrier for the Republic of China (ROC) to establish an ICC national committee, which the organization approved in 1966 and which had been instrumental in the creation of the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI) that same year.<sup>78</sup> However, the status of the ROC committee and the relationship between the PRC and the ICC underwent profound changes from 1978 as soon as the PRC introduced policies that successively opened its economy and entered into contact with the ICC again.<sup>79</sup>

<sup>74</sup>L. Brandt, D. Ma and Th. G. Rawski, 'From divergence to convergence: Reevaluating the history behind China's economic boom', *Journal of Economic Literature*, vol. 52, no. 1, 2014, p. 92–94; D. J. Solinger, *Chinese business under socialism: The politics of domestic commerce, 1949–1980* (Berkeley, CA: University of California Press, 1987).

<sup>75</sup>Due to the inaccessibility of archives, business circles' voices regarding PRC's policy at that time remain to be explored. For work showing business-people's ephemeral resistance, see: X. Xiao-Planes, "'Buy 20 years': Li Kangnian, class identity and the controversy over the socialisation of private business in 1957", *European Journal of East Asian Studies*, vol. 13, no. 2, 2014, pp. 214–239.

<sup>76</sup>M. Ma, 'Zhongguo jianzheng chuqi shanghui de zhidu zhuanxing [Institutional transformation of the chambers of commerce in the early Period of the PRC's establishment]', in *A history of Chamber of Commerce in Modern China*, (ed.) M. Ma, vol. IV (Beijing: Social Sciences Literature Press, 2010), p. 1850.

<sup>77</sup>Guoji shanghui yazhou yu yuandong shiwu weiyuanhui zai wanlong kaihui, wo guo daibiao Shu Ziqing kangyi huiyi dui woguo de buyouhao taidu [The International Chamber of Commerce Asia and Far East Committee met in Bandung. Our representative, Shu Ziqing, protested against the unfriendly attitude of the conference towards our country], 7 April 1956, *People's Daily*. Shu was employed by Guang-Da-Hua-Hang, a CCP trading company, during the Second Sino-Japanese War. After 1949, he became known for his work importing Western medicines from the USA.

<sup>78</sup>Chen-Fu Koo, 'My participation to the ICC Council 108th Meeting', November 1966, 36-19-003-002, Archives of Ministry of Economic Affairs of the Republic of China, Academia Sinica, Taipei; G. Guiheux, 'Diplomatie privée: le patronat taiwanais et l'action extérieure de la République de Chine', *Monde(s). Histoire, Espaces, Relations*, no. 5, 2014, pp. 137–150.

<sup>79</sup>The reform process was far from linear. In the 1980s there were periodic campaigns against the private sector, while Chinese leaders such as Chen Yun, Zhao Ziyang and Hu Yaobang believed in different degrees of market liberalization, which sometimes burst into governance crises. See: K. S. Tsai, *Capitalism*



Under the leadership of Deng Xiaoping, waves of reform opened up China's economy to foreign capital, stimulating economic growth and legitimizing the CCP's governance.<sup>80</sup> Domestically, the private sector—eliminated by the CCP in 1956—gradually reemerged as a salient actor for the Chinese economy. During the 1980s, and despite some ebbs and flows, the PRC became progressively integrated in the world economy—Chinese exports and imports grew steadily, as did foreign direct investment to China. The country also participated in international organizations such as the World Bank and the International Monetary Fund (IMF).

The first contact between the ICC and China took place immediately after China introduced its open-door policy. Between 1979 and 1980, the ICC launched several 'unofficial contacts' with the Chinese representative to the United Nations, and the Chinese ambassadors to France and Pakistan.<sup>81</sup> A year later, in 1981, the ICC pressured the ROC national committee into changing its name and downgraded its status. The Chinese Business Council of the ICC in Taipei, previously the National Committee of the Republic of China, retained rights to take part in the ICC's activities but no longer enjoy 'the status of a National Committee for diplomatic or protocol purposes'.<sup>82</sup> As proposed by the ICC Secretary General, 'the position of Taiwan in international organizations had evidently been a sensitive matter ever since the PRC joined the United Nations in the 1970s'.<sup>83</sup> In 1980, PRC's membership in the IMF and the World Bank led to the expulsion of Taiwan from those institutions.<sup>84</sup> Following international organizations' protocol regarding PRC was crucial, as the ICC derived its legitimacy within the business community from its close relations with international organizations. The President of the ICC pointed out to the board in 1987 that the failure to achieve an institutionalized relationship with the PRC 'could have important repercussions on ICC relations with the United Nations'.<sup>85</sup> Beijing authorities were informed of the demotion of the ROC national committee to the ICC and 'apparently accepted it'.<sup>86</sup>

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*without democracy: The private sector in contemporary China* (Ithaca, NY: Cornell University Press, 2007), p. 51; Zhao Ziyang, *Gai ge li cheng [the secret journal of Zhao Ziyang]*, 1st edn. (Xianggang: Xinshiji chubanshe, 2009), pp. 120–121. I. M. Weber, *How China escaped shock therapy: The market reform debate* (London: Routledge, 2021).

<sup>80</sup>L. Brandt et al., 'From divergence to convergence', pp. 92–94. See also: H. Feng, *The politics of China's accession to the World Trade Organization: The dragon goes global* (London: Routledge, 2016).

<sup>81</sup>Jiang Min, 'Jiannan de licheng—Ji Zhongguo shenqing jiaru guoji shanghui de shimo [The difficult process: On China's accession to the International Chamber of Commerce]', *China's Foreign Trade*, no. 09, 1994, p. 7; 39th session of the Executive Board, Paris, 3 December 1984, Summary record, p. 12 (ED 708, B I. 2.11, Institut für Zeitgeschichte (thereafter IfZArch), Munich, Germany).

<sup>82</sup>40<sup>th</sup> Session of the Executive Board, Seoul 25 March 1985, Summary record, p. 6–7 (IfZArch, ED 708, B I. 2.12).

<sup>83</sup>Ibid., p. 6.

<sup>84</sup>H. K. Jacobson and M. Oksenberg, *China's participation in the IMF, the World Bank, and GATT: Toward a global economic order* (Ann Arbor, MI: University of Michigan Press, 1990), chapter 3. On the PRC's policy towards Taiwan during the 1980s, see M.D Swaine, 'Chinese decision-making regarding Taiwan, 1979–2000', in *The making of Chinese foreign and security policy in the era of reform, 1978–2000*, (ed.) D. M. Lampton (Stanford, CA: Stanford University Press, 2001), pp. 310–312.

<sup>85</sup>52<sup>nd</sup> Session of the Executive Board, Rio de Janeiro, 1 December 1987, Summary record, p. 4 (IfZArch, ED 708, B I. 2.17).

<sup>86</sup>40<sup>th</sup> Session of the Executive Board, Seoul 25 March 1985, Summary record, p. 7 (IfZArch, ED 708, B I. 2.12).

The People's Republic established institutional relationships with the ICC at the beginning of 1985 via the China Council for the Promotion of International Trade (CCPIT), which was founded in 1952 and served as a buffer between the Chinese government and foreign firms.<sup>87</sup> These relations began after the PRC introduced a series of economic reforms furthering the open-door policies, despite some policy swings in the early 1980s.<sup>88</sup> In October 1984, the Twelfth Center Committee of the CCP adopted the 'Decision on the Reform of the Economic Structure', which not only enlarged the proportion of the market economy but also appealed for the enterprise to become a 'relatively independent economic entity' and 'producer and operator of socialist commodity production'.<sup>89</sup> The decision granted enterprises substantial power in terms of making and retaining profits.<sup>90</sup> The Chinese authorities also improved the environment for foreign investment through the Joint Venture Implementing Regulations in late 1983 and, in 1984, expanded the geographical scope of the Special Economic Zones by opening 14 coastal cities to foreign investment.<sup>91</sup> Moreover, the PRC took on permanent observer status at GATT in 1984 in order to facilitate its admission as a full member.<sup>92</sup> All these changes constituted a precedent for ICC members, leading the ICC executive board to undertake high-level contacts with China in January 1985.<sup>93</sup>

Two months later, in March 1985, the organization concluded its Congress in Seoul by acknowledging China's growing role in the world economy. The final report added that China 'should be brought increasingly into the world's multilateral trading system'.<sup>94</sup> This expressed the ICC's motivations in sending an official delegation to China in April 1985, which laid the groundwork for integrating the People's Republic into the ICC. The delegation was led by the ICC's president, M. F. van den Hoven, chairman of Unilever, which had opened a joint venture in Shanghai in 1985.<sup>95</sup> Other members included ICC Secretary-General Hans König and Adnan Kassar. A Lebanese

<sup>87</sup>T. Hale, *Between interests and law: The politics of commercial disputes under public and private authority* (Cambridge: Cambridge University Press, 2015), p. 313; M. Lipkin, 'The Moscow Economic Conference of April 1952: Tactical change or a new line of Stalin's foreign policy?', *Relations internationales*, vol. 147, no. 3, 2011, pp. 19–33.

<sup>88</sup>See the report 'Relations of the ICC with the China Council for the Promotion of International Trade/China Chamber of International Commerce' written by the Australian National Committee on the second phase of economic reforms since 1984, p. 1 and f. (IfZArch, ED 708, B I. 2.20).

<sup>89</sup>Joseph Yu-shek Cheng, 'Reform of the economic structure and "one country, two systems"', *The Australian Journal of Chinese Affairs*, no. 13, 1985, p. 110.

<sup>90</sup>Zhao, *Gai ge li cheng*, p. 137.

<sup>91</sup>M. Pearson, *Joint ventures in the People's Republic of China* (Princeton, NJ: Princeton University Press, 1992), p. 73; L. C. Reardon, 'Seven policies that opened China to the outside world, 1979–1990', in *Chinese Economic Statecraft from 1978 to 1989*, (ed.) P. Roberts (Singapore: Palgrave Macmillan, 2022), p. 48.

<sup>92</sup>This led to the visits to China of high-level GATT officials in the following two years. See Jacobson and Oksenberg, *China's participation in the IMF, the World Bank, and GATT*, p. 87.

<sup>93</sup>See for example the discussions during the 40th session of the ICC executive board (Seoul, 25 March 1985) on the PRC's 'special economic zones', which 'seemed to be acquiring considerable autonomy and did not necessarily have a consistent or harmonized approach to foreign trade and investment'. 40th Session of the Executive Board, Seoul 25 March 1985, Summary record, p. 7.

<sup>94</sup>'The Sixth ICC Annual Conference, Seoul, Republic of Korea, 25–28 March 1985. Final Report on the Conference', p. 34, Archives of the Swiss Committee of the ICC, 480.1.4.6.2, Archiv für Zeitgeschichte, Zurich, Switzerland.

<sup>95</sup>G. Jones, *Renewing Unilever: Transformation and tradition* (Oxford: Oxford University Press, 2005), p. 160.

businessman and banker, Kassar was a founder and partner of Adnan & Adel Kassar enterprises (AA KASSAR), a group with activities in several economic sectors. He was an influential figure within the ICC, serving as chairman of the Lebanese national committee from 1973–2006 and president of the ICC from 1999–2000. His business relations with the PRC dated back to the 1950s; in 1955, he was instrumental in concluding the first trade agreement between Lebanon and China.<sup>96</sup>

At the end of that same year, a PRC delegation flew to Paris to meet with the ICC.<sup>97</sup> At the helm of the delegation was Zheng Hongye, director of the CCPIT and an experienced diplomat specialized in commercial affairs.<sup>98</sup> Just as at the 1929 meeting, the ICC's principle of private-sector participation was challenged by the Chinese government's choice of envoy. The ICC had probably expressed some doubts as the PRC worked to demonstrate that the CCPIT was 'equivalent to the central Chamber of Commerce in a market economy country'.<sup>99</sup> Both parties eventually agreed in a joint declaration issued following the 1986 meeting that the CCPIT was qualified to represent China during its application for ICC membership. The creation of the CCPIT–ICC cooperative council aimed to allay concerns regarding the openness of China's economic system. The CCPIT was allowed official status despite the ICC constitution stipulating that 'member organizations [must] subscribe to the principles of the market economy and private enterprise'.<sup>100</sup>

With the visits of Kassar and Zheng setting the basis of collaboration, no fewer than eight meetings between the ICC and the CCPIT officials took place between June 1986 and November 1988. The meetings focused mostly on 'technical and practical issues'<sup>101</sup> such as commercial practicalities and related legal systems. Specifically, ICC-nominated experts visited the PRC on an ad-hoc basis and the ICC assisted in organizing trips for Chinese officials to visit Western countries, to deepen their knowledge of technical and legal issues.<sup>102</sup> This series of meetings was part of a process of 'international education' that played a salient role in opening up China's economy. Margaret Pearson describes the international learning process in her work on China's learning of international trade policy starting from the 1980s, which is useful for understanding meetings and exchanges within the ICC framework. That is, China turned to 'representatives of foreign businesses, foreign governments and multilateral economic institutions' about drafting laws 'in the areas of foreign investment,

<sup>96</sup>Minutes of the 148th Session of the ICC Council, 13 June 1985, p. 3 (Archives of the Swiss Committee of the ICC, 480.1.1.1.13, Archiv für Zeitgeschichte). See also 'Adnan Kassar. Avec la Chine, une relation de gagnant-gagnant', *Magazine le Mensuel*, 1 February 2019.

<sup>97</sup>Jiang Min, 'Jiannan de licheng—Ji Zhongguo shenqing jiaru guoji shanghui de shimo [The difficult process: On China's accession to the International Chamber of Commerce]', *China's Foreign Trade*, no. 09, 1994, p. 7.

<sup>98</sup>Before joining the CCPIT in 1979, Zheng was a career diplomat in charge of commercial affairs at the PRC's embassies in Austria and Greece.

<sup>99</sup>Minutes of the 148th session of the ICC Council, 13 June 1985, p. 3 (Archives of the Swiss Committee of the ICC, 480.1.1.1.13, Archiv für Zeitgeschichte).

<sup>100</sup>Minutes of the 151st session of the ICC Council, 3 December 1986, p. 5 (Archives of the Swiss Committee of the ICC, 480.1.1.1.13, Archiv für Zeitgeschichte).

<sup>101</sup>CCOIC/ICC Cooperation Council, p. 2 (IfZArch, ED 708, B I. 2.20).

<sup>102</sup>46th Session of the Executive Board, Paris, 23 September 1986, Summary record, pp. 5–6 (IfZArch, ED 708, B I. 2.14).

trade, IPR, and currency convertibility'.<sup>103</sup> Their suggestions impacted official rule-setting.<sup>104</sup> Hui Feng mentioned a similar situation regarding China and the World Trade Organization (WTO), as the foreign actors 'brought in the norms and rules of the market economy and international regime into the Chinese polity, including various levels of the government and the business community'.<sup>105</sup> The ICC was thus part of this ecosystem of international education, organizing its technical meetings with Chinese officials, alone or in collaboration with UN agencies.<sup>106</sup>

The ICC acted as the specialist in commercial law and trade practices in this ecosystem. Since its creation, the ICC had created dozens of technical committees on practical matters of international trade, such as customs formalities, banking techniques, or taxation.<sup>107</sup> Throughout the history of the ICC, these committees had formulated numerous self-regulated instruments, such as codes, standards, model contracts, guidelines, etc. which were voluntarily implemented by large firms around the world and often acknowledged by international organizations and national governments. The meetings between the ICC and China during the second half of the 1980s were dedicated to such instruments, aiming to favour international trade.

Meetings on international commercial arbitration and on the instruments to settle business disputes of an international character were also organized. The ICC boasted legitimacy and abundant experience in that field as it created the ICC International Court of Arbitration in 1923, the leading body in commercial arbitration. In June 1988, the CCPIT invited Michael Gaudet, the director of the ICC International Court of Arbitration, to Beijing for a business seminar.<sup>108</sup> The issue was crucial for China's ICC membership, as the ICC Council initially required a country to adhere to ICC's international arbitration regulations before considering an application.<sup>109</sup> There were significant differences between the Western and Chinese processes of arbitration. According to the ICC Australian national committee, China's integration in the global economy was undermined by the fact that the legal framework for conducting business transactions was 'considered by many in the legal profession to be in its infancy'.<sup>110</sup> It further suggested that the ICC 'could assist China in narrowing those differences. This would increase the confidence of foreign investors in arbitration as a viable option in dispute settlement'.<sup>111</sup>

<sup>103</sup>M. Pearson, 'The case of China's accession to GATT/WTO', in *The making of Chinese foreign and security policy in the era of reform, 1978–2000*, (ed.) D. M. Lampton (Stanford, CA: Stanford University Press, 2001), p. 355.

<sup>104</sup>*Ibid.*

<sup>105</sup>H. Feng, *The politics of China's accession to the World Trade Organization*, pp. 160–161.

<sup>106</sup>46th Session of the Executive Board, Paris, 23 September 1986, Summary record, p. 5 (IfZArch, ED 708, B I. 2.14) and 63rd Session of the Executive Board, Paris, 1st October 1990, Executive Summary, p. 3 (IfZArch, ED 708, B I. 2.23).

<sup>107</sup>G. L. Ridgeway, *Merchants of peace: Twenty years of business diplomacy through the International Chamber of Commerce, 1919–1938* (New York: Columbia University Press, 1938), 261f.

<sup>108</sup>'Bo Yibo huijian Guoji shanghui daibiao tuan [Bo Yibo Met with the International Chamber of Commerce's Delegation]', *People's Daily*, 6 June 1988.

<sup>109</sup>On the importance of international arbitration for China during this period, see: Hale, *Between interests and law*, pp. 320–351.

<sup>110</sup>'Relations of the ICC with the China Council for the Promotion of International Trade/China Chamber of International Commerce', p. 5 (IfZArch, ED 708, B I. 2.20).

<sup>111</sup>*Ibid.*, p. 7.

China gradually developed a 'pro-arbitration stance' in the 1980s and 90s. The emergence of a more professionalized legal field in China linked to the global legal community partly explains this phenomenon.<sup>112</sup> Two individuals embodied this development and played a pivotal role in the rise of Chinese arbitration: Tang Houzhi, the 'father of modern arbitration in China' and Ren Jianxin, the 'Judge and Party' who, during these two decades, held various high positions within the legal system (President of the Supreme People's Court between 1988 and 1998) and within the Party.<sup>113</sup> Both, in particular Tang Houzhi, participated regularly in technical meetings between the ICC and China from 1985 onwards.<sup>114</sup> The ICC played a part in contributing to the legitimization of arbitration in China.

Political negotiations between China and the ICC continued. Despite the 1981 demotion of the ROC's national committee, China continued to stress its reservations concerning the ICC's relations with Taiwan. In particular, it insisted that the Chinese-language name adopted in 1981 by the ROC's national committee should be amended as it implied that the latter was still the ICC's Chinese National Committee. For the ICC Executive Committee, 'ICC's overall interest to strengthen and institutionalize the constructive relations already established with PRC representatives [...] [and] clearly required the change.'<sup>115</sup> After lengthy negotiation,<sup>116</sup> the committee was renamed the Chinese Taipei Business Council in 1988.<sup>117</sup> Chen-Fu Koo, the committee's chairman, played a critical role in the change.<sup>118</sup> Koo, fulfilling the same role as K. P. Chen in the 1920s, had substantial business interests in China.<sup>119</sup> In the 1980s and 90s, Koo contributed to improving relations between China and Taiwan: he helped set up private institutions on both sides to discuss issues such as the management of capital and migratory flows without touching on political issues such as reunification.<sup>120</sup>

Albeit playing along with China's diplomatic policies, the ICC had reservations regarding integrating China as a full member. The ICC Executive Board reasoned

<sup>112</sup>Hale, *Between interests and law*, p. 334 and f.; Y. Dezalay and G. Bryant, *Dealing in virtue: International Commercial arbitration and the construction of a transnational legal order* (Chicago, IL: University of Chicago Press, 1996), p. 258 and f.

<sup>113</sup>Hale, *Between interests and law*, pp. 346–347; J. de Goldfiem, 'Ren Jianxin, juge et Parti', *Perspectives Chinoises*, vol. 11, no 1, 1993, pp. 17–18.

<sup>114</sup>'Interlocuters within the CCPIT and other Chinese bodies', 17 March 1989 (IfZArch, ED 708, B I. 2.20).

<sup>115</sup>50th Session of the Executive Board, Paris, 11 June 1987, Summary record, p. 7 (IfZArch, ED 708, B I. 2.16).

<sup>116</sup>The CCPIT also lobbied national committees for the change (Minutes of the 156th session of the ICC Council, 30 November 1988, p. 1. Archives of the Swiss Committee of the ICC, 480.1.1.1.15, Archiv für Zeitgeschichte.)

<sup>117</sup>See the self-congratulatory review by Santos in: T. Santos and L. Lisboa, *Theophilo de Azeredo Santos* (Rio de Janeiro: Editora Rio, 2003).

<sup>118</sup>'Note on the Mission of the President and the Secretary General to Taiwan and the People's Republic of China', 52nd Session of the Executive Board, Paris, 1 December 1987, p. 2 and f. (IfZArch, ED 708, B I. 2.17).

<sup>119</sup>G. Guiheux, *Les grands entrepreneurs privés à Taiwan: La main visible de la prospérité* (Paris: CNRS Editions, 2002), p. 107; T.-M. C. Ho and W. Sun, 'A spell breaker: The dynamism of the Koo Family', in *Chinese capitalism: Historical emergence and political implications*, (ed.) Y.-W. Chu (London: Palgrave Macmillan, 2010), pp. 176–198.

<sup>120</sup>Guiheux, 'Diplomatie privée', pp. 137–150.

that the ICC constitution ‘required members to support the principles of the market economy and the existence of a substantial private sector—conditions to which no PRC-based body could yet subscribe’.<sup>121</sup> Zheng Hongye recalled that the PRC had to submit reports on economic reform and development to the ICC to ease the latter’s concerns regarding its economic system and to conform to the ICC’s rules.<sup>122</sup> In 1988, the CCPIT added a new title, the China Chamber of International Commerce (CCOIC),<sup>123</sup> counting 170 founding enterprise members with all kinds of capital composition—state-owned, but also private, joint ventures, Chinese-foreign co-management, and wholly foreign-owned enterprises—across a variety of sectors.<sup>124</sup> The CCOIC was considered officially by the ICC as the ‘foremost organisation in the People’s Republic of China paving the way for the internationalisation of Chinese business’.<sup>125</sup> However, scholarly research conducted in the 1990s indicated that Chinese business associations, such as the CCPIT and China Individual Laborers Association,<sup>126</sup> still lacked power in negotiating with the state and argued that their revival or establishment was the CCP’s corporatist efforts in devising state-sanctioned business organizations to pre-empt a business voice independent of the government.<sup>127</sup>

The ICC’s reservations regarding integrating China were not shared by all ICC members and led to lively debates in the Executive Board.<sup>128</sup> Hari Shankar Shingania, an Indian businessman who became President of the ICC in 1994, wrote a long and critical letter to ICC Secretary General Hugh Faulkner in 1989. Among his arguments, he put forward that many ICC members had ‘mixed economies in which public sector plays varying degrees of role’. He concluded by asking: ‘Should the aims of integration of all countries in the world economies and promoting higher international trade and

<sup>121</sup>47th Session of the Executive Board, Paris, 2 December 1986, Summary record, p. 5 (IfZArch, ED 708, B I. 2.15).

<sup>122</sup>S. Jiang, ‘Zheng Hongye huizhang jiu Zhongguo jiaru Guoji shanghui da jizhe wen [Director Zheng Hongye’s responses to the journalists regarding China’s accession to the International Chamber of Commerce]’, *China’s Foreign Trade*, no. 5, 1995, p. 8.

<sup>123</sup>Maocuhui tongshi shiyong “Zhongguo guoji shanghui” mingcheng [The China Council for the Promotion of International Trade (CCPIT) will also be the China Chamber of International Commerce], *People’s Daily*, 30 June 1988.

<sup>124</sup>S. Jiang, ‘Zheng Hongye huizhang jiu’, p. 8.

<sup>125</sup>‘Draft resolution/statement for issue by the ICC/CCOIC cooperation’, Council on 13th June 1989, p. 1 (IfZArch, ED 708, B I.2.20).

<sup>126</sup>This association was created in 1986 just after the Chinese private sector obtained a legal basis in civil law. It was devised to represent private-owned companies at the national level, which on paper resembled the ICC’s ideal (Kraus and Holz, *Private business in China*, p. 92; W. C. Kirby, ‘China unincorporated: Company law and business enterprise in twentieth-century China’, *The Journal of Asian Studies*, vol. 54, no. 1, 1995, p. 56). We mention this association as, a year after its creation, the ICC Executive Board was ‘informed that, in addition to the CCPIT, at least two other bodies were claiming to represent overall business and commercial interests in the PRC’. However, Adnan Kassar assured them that ‘the CCPIT was the most appropriate [...] for the general purposes of developing ICC relations with the PRC’. 48th Session of the Executive Board, New Delhi, 10 February 1987, Summary record, p. 6 (IfZArch, ED 708, B I. 2.15).

<sup>127</sup>Pearson, ‘The Janus face of business associations in China’; Tsai, *Capitalism without democracy*. On the state of the private sector in China at the beginning of the twenty-first century, see H. Holbig, ‘The party and private entrepreneurs in the PRC’, *The Copenhagen Journal of Asian Studies*, vol. 16, 2002, pp. 30–56.

<sup>128</sup>56th Session of the Executive Board, Paris, 29 November 1988, Summary record, p. 6–7 (IfZArch, ED 708, B I.2.19).

investment conducive to both greater global prosperity and peace among nations not override other considerations?<sup>129</sup> Another consideration that Shingania hinted at was the possible implications of the ICC's links with China with regard to its relations with the communist countries belonging to the Council for Mutual Economic Assistance (CMEA). Through an East-West Committee created in 1964, the ICC had official contacts with these countries without the latter being members of the ICC. The ICC was concerned that this situation might destabilize if the COMECON countries 'perceived any formal ICC-PRC relationship as implying that the PRC would have a higher form of association with ICC activities than the CMEA group'.<sup>130</sup> The ICC was all the more inclined to be cautious about the possible claims of the CMEA countries vis-à-vis China as this was 'currently a sensitive matter at intergovernmental level due to the desire of both the PRC and the U.S.S.R. to join GATT'.<sup>131</sup> Indeed, at the end of the 1980s, with both China and the Soviet Union eager to become members, the GATT found itself caught between these two large economies.<sup>132</sup>

As an article in the CCP-controlled news outlet the *Beijing China Daily* recalled in 1995, China's formal contact with the ICC related to China's application for re-entry into the GATT and attempts to join the WTO over the next decade.<sup>133</sup> Zheng, the director of the CCPIT, further specified that China's strategy of using the ICC as a stepping stone towards GATT. He noted that '[w]e will use the important channel offered by the ICC, to further connect with foreign business associations, in the hope that the WTO would recover China status within the GATT as soon as possible'.<sup>134</sup> Chinese perceptions of the closeness between the ICC and GATT were not baseless. The ICC had regarded the GATT as a crucial partner since the 1940s. In 1986, ICC intensified its relation with GATT by organizing annual meetings between its members and the heads of the permanent missions of the GATT contracting parties, aiming to make its voice better heard in the GATT, in particular during the Uruguay Round negotiations (1986–1994). Tellingly, Arthur Dunkel, less than a year after leaving his position as Director General of the GATT, became Chairman of the ICC's International Trade Commission, in 1994.

On 12 June 1989, a high-level meeting between the ICC Executive Board and representatives of the CCOIC was planned in Stockholm to prepare for the creation of the ICC-CCOIC Co-operation Council. The Council would be in charge of policy issues in which the CCOIC had a specific interest in ascertaining the positions of the ICC

<sup>129</sup>Letter from Hari Shankar Shingania to Hugh J. Faulkner, ICC Secretary General, 22 May 1989, p. 2 and 3 (IfZArch, ED 708, B I. 2.20).

<sup>130</sup>55th Session of the Executive Board, Istanbul, 20 September 1988, Summary record, p. 6 (IfZArch, ED 708, B I. 2.19).

<sup>131</sup>46th Session of the Executive Board, Paris, 23 September 1986, Summary record, p. 6 (IfZArch, ED 708, B I. 2.14).

<sup>132</sup>L. F. Damrosch, 'GATT membership in a changing world order: Taiwan, China, and the former Soviet Republics', *Columbia Business Law Review*, no. 1, 1992, p. 27; F. McKenzie, *GATT and global order in the postwar era* (Cambridge: Cambridge University Press, 2020), p. 102 and f.

<sup>133</sup>Wang Yong, 'Country gains ICC status', *Beijing China Daily*, 25 January 1995, p. 1. FBIS-CHI-95-016, Foreign Broadcast Information Service Daily Reports.

<sup>134</sup>Shan, Jiang, 'Zheng Hongye huizhang', p. 8. See also 'Le prochain Congrès se tiendra à Shanghai', *CCI Rapport annuel 1995*, p. 17.

e.g., privatization, foreign direct investment, international trade policy and the GATT Uruguay Round; technical and practical issues such as arbitration and the ATA system;<sup>135</sup> the organization of seminars on such issues; and finally, the exchange of experiences relating to cooperation between PRC enterprises and member enterprises of the ICC.<sup>136</sup> The PRC had endorsed the creation of this Council after the change of name of the ROC committee for the second time and after the ICC had expressed willingness to seek 'a lasting and mutually satisfactory solution as regards the legal status of CCOIC in the ICC within 18 months as from January 1, 1989'.<sup>137</sup>

Although the meeting was delayed for several months as the CCOIC delegation was unable to travel to Stockholm after the Tiananmen Square protests and massacre, China's integration into the ICC accelerated once the meeting was held. In 1993, the CCPIT participated in the ICC Congress as an observer. Chinese delegates became increasingly well versed in liberal market discourse. Ji Chaozhu—who had been Mao Zedong's and Zhou Enlai's English interpreter and was by that time under-secretary-general of the United Nations—read an open letter at the end of that Congress, encouraging governments to adapt to a free market and entrepreneurs to take an active part in making free trade a reality.<sup>138</sup> On 29 December 1993, the day when the Chinese National People's Congress voted in favour of the PRC's first company law, the *People's Daily* published an article on a CCPIT conference focusing on the roles of chambers of commerce. The article stated that chambers of commerce and business associations played a unique role as intermediaries between the government's macro-economic policymaking and (private and public) companies' microeconomic strategies, and that such associations could stimulate the development of the socialist market economy.<sup>139</sup> Although the *People's Daily* listed the author as Zhang Dongqi, business journals had published similar pieces a year earlier signed by Zheng, the director of the CCPIT.<sup>140</sup> Again rhetorically, the Chinese government sided with the ICC's conception of the role of associative work of businesspeople. In reality, the associations maintained a close relationship with the government and functioned in a constrained way in mediating between private sector and the government.<sup>141</sup>

<sup>135</sup>The ATA Carnet system was set up in 1963 following a collaboration between the GATT, the Customs Co-operation Council, a Brussels-based intergovernmental organization, and the ICC. This allowed the temporary, duty-free admission of certain classes of goods. After 1985, the CCPIT sent staff to European chambers of commerce to acquire 'advanced practice skills and management experience'. It nevertheless took China a decade to formally implement the ATA Carnet system. H. Yang and C. Hao, 'Historical Development of ATA Carnet System in China: Commemorative Album for the 10th Anniversary of the Implementation of ATA Carnet System in China', *e-ATA China*, available at <https://www.eatachina.com/ueditor/jsp/upload/file/20151228/2ed66203502c4c988dfa001f0d90769f.pdf>, [accessed 25 August 2022].

<sup>136</sup>CCOIC/ICC Cooperation Council (IfZArch, ED 708, B I. 2.20).

<sup>137</sup>CCOIC-ICC High Level Meeting, Beijing, 17/18 November 1988, Minutes, p. 1 (IfZArch, ED 708, B I. 2.20).

<sup>138</sup>'Guojiao shanghui di 31 jie daibiao dahui bimu [The close of the International Chamber of Commerce's 31st Congress]', *People's Daily*, 25 October 1993.

<sup>139</sup>D. Zhang, 'Chongfen fahui zhongguan xietiao de zuoyong [To fully exploit the role of mid-level coordination]', *People's Daily*, 29 December 1993.

<sup>140</sup>H. Zheng, 'Cankao he jiejian waiguo shanghui de gongzuo jizhi [Refer to and learn from the work mechanism of foreign chambers of commerce]', *Journal of Commercial Economics*, no. 09, 1992, p. 64.

<sup>141</sup>Pearson, 'The Janus face of business associations in China'; Tsai, *Capitalism without democracy*.



China joined the ICC in 1994; the CCOIC came to act as the Chinese national committee of the ICC.<sup>142</sup> At the inaugural meeting of ICC China in Beijing, ICC Secretary General Jean-Charles Rouher claimed that ‘by joining ICC and encouraging the adoption of its codes of business practice’, ICC China’s members ‘were helping to give confidence to companies wanting to invest in China’.<sup>143</sup> The following year, the PRC passed the Arbitration Act, which was ‘the first effort to put all arbitration—domestic and foreign—on a formal legal footing’.<sup>144</sup> In 1997, the PRC hosted the ICC Congress in Shanghai. In his closing speech, PRC Vice Premier Li Lanqing aligned with the ICC policy by affirming that China would continue to improve conditions for foreign investors and that his government would enhance the legal system to secure a free market. Li also promised that China would combine the introduction of foreign investment, the acquisition of technology, and the improvement of China’s industrial structures into the same agenda and promote them conjointly.<sup>145</sup>

The ICC opened a regional office in Hong Kong a few months before the handover of Hong Kong to China. The main goal of ICC Asia was to provide arbitration resources for businesses in the region. Setting it in Hong Kong was clear evidence that Hong Kong was strategically important for international arbitration activities.<sup>146</sup> In an interview, the first director, Louise Barrington, a pioneer in arbitration,<sup>147</sup> made clear that the ICC Asia would focus purely on business matters and not take a stance on labour or human rights issues, ‘[o]therwise, we will divorce ourselves from most of our members’.<sup>148</sup> A year later, in December 1998, the International Chamber of Commerce–Hong Kong (ICC–HK) was created as the Hong Kong representative body of the ICC. It consisted of leading companies, chambers of commerce, and businesses in Hong Kong. Until then, some business associations, such as the Hong Kong General Chamber of commerce, had been members of the ICC, but no umbrella committee had been created.<sup>149</sup>

For the second time in the ICC’s history, China was able to create a lasting, meaningful relationship with the organization. This collaboration was made possible by a ‘confluence of interests’ between foreign multinational corporations and the Chinese

<sup>142</sup>‘Guoji shanghui Zhongguo guojia weiyuanhui chengli [The Chinese National Committee of the International Chamber of Commerce is established]’, *People’s Daily*, 25 January 1995.

<sup>143</sup>‘Le prochain Congrès se tiendra à Shanghai’, *CCI Rapport annuel 1995*, p. 17.

<sup>144</sup>Hale, *Between interests and law*, p. 323.

<sup>145</sup>Zou Chunyi, ‘Guoji shanghui di 32 jie shijie dahui bimu Li Lanqing zai huishang fabiao yanjiang [The close of the International Chamber of Commerce’s 32nd Congress, Li Lanqing Gave the Closing Speech]’, *People’s Daily*, 11 April 1997.

<sup>146</sup>On the place of Hong Kong in the field of international arbitration during the 1980s and 1990s, see Y. Dezalay and G. Bryant, *Dealing in virtue*, chapter 12.

<sup>147</sup>‘Louise Barrington. Portrait’, breaking.through <https://www.breakingthrough.ch/portraet-louise-barrington>, [accessed 25 August 2022].

<sup>148</sup>Wendy Kan, ‘ICC has some business to take care of’, *South China Morning Post*, 24 January 1997.

<sup>149</sup>‘About ICC\_HK’ <http://www.icchkcbc.org/abouticchk.htm>, [accessed 25 August 2022]; ‘The International Chamber of Commerce. Working for you’, *The Bulletin of The Hong Kong General Chamber of Commerce*, January 1978, p. 16 and f. On the history of business associations and chambers of commerce in Hong Kong during the twentieth century, see A. HY Chen, ‘The autonomy of Hong Kong under “One Country, Two Systems”’, in *Routledge Handbook of Contemporary Hong Kong*, (eds) T. Lui, S. WK Chiu, and R. Yep (Abingdon: Routledge, 2018), pp. 33–51.

government during the 1980s and 90s.<sup>150</sup> On the ICC's end, commercial interests were crucial: businesspeople with ongoing commercial interests in China mediated in the relationship. Besides Adnan Kassar and the ICC's president, F. Van den Hoven, subsequent ICC presidents such as Peter Wallenberg, Joseph E. Connor, and Helmut Maucher—who negotiated China's admission to the ICC—chaired multinational companies that had invested in the country.<sup>151</sup> After an investment seminar organized in China in 1987, several participants from the ICC delegation 'were able to move ahead in joint venture negotiations that had been stuck for some time or to initiate negotiations in view of new joint ventures'.<sup>152</sup> The establishment of strong links with the PRC was also related to ICC's relations with international organizations, such as the United Nations, the World Bank, and the GATT. On the PRC's side, the main motivation was joining the global market and attracting foreign technology and capital.<sup>153</sup> The ICC offered training in commercial and trade practicalities and privileged access to numerous multinationals. Preparing for ICC membership was also a way for China to signal and complement its efforts to join the GATT and the WTO. The PRC applied to join the GATT in 1986 and was accepted into the WTO in 2001—achievements that overlapped with its intensified contact with the ICC.<sup>154</sup>

## Conclusion

The encounters discussed in this article reveal what happened when state-led economic internationalization came up against the private multilateralism of capitalists. The two incidents took place almost 60 years apart, both at times when China was seeking to attract foreign investors. In this sense, Kirby's observation of China undergoing government-controlled 'internationalization' guided by official policies remains valid as concerns relations with the ICC despite the organization's private nature.<sup>155</sup> The Nationalist government and the People's Republic—each of which had its own trade agenda—applied different strategies to adapt to the ICC's requirements as an international yet private organization: at the 1929 meetings, the Nationalists sent businessmen representatives as per ICC policy; in the 1980s, the People's Republic proposed

<sup>150</sup>L. Brandt *et al.*, 'From divergence to convergence', p. 97.

<sup>151</sup>On Wallenberg's business empire, see Y. Zhou and Z. Ma, 'Wallenberg enjoys three decades of investment in the country', *China Daily*, 7 December 2009. On Price Waterhouse (Connor), see P. L. Gillis, 'The big four in China: Hegemony and counter-hegemony in the development of the accounting profession in China', PhD dissertation (Macquarie University, 2011). Nestlé (Maucher) began discussions with PRC authorities concerning possible partnerships with local companies in 1979, and the Nestlé Shuangcheng factory began production in 1990. See Roland Decorvet, 'Nestlé in Greater China: Winning in the new reality', Nestlé Investor Seminar, 25 September 2012, available at <https://www.nestle.com/sites/default/files/asset-library/documents/investors/nis%202012%20shanghai/china%20final.pdf>, [accessed 2 November 2022].

<sup>152</sup>Note on the mission of the President and the Secretary General to Taiwan and the People's Republic of China', 52nd Session of the Executive Board, Paris, 1 December 1987, p. 3 (IfzArch, ED 708, B I. 2.17).

<sup>153</sup>R. I. White, 'Relations with the China Chamber of International Commerce', 1989 (IfzArch, ED 708, B I. 2.20).

<sup>154</sup>On China and WTO, see M. Pearson, 'The case of China's accession to GATT/WTO'.

<sup>155</sup>W. C. Kirby, 'The internationalization of China', pp. 433–458; W. C. Kirby, 'China's internationalization in the Early People's Republic', pp. 870–890.

that the CCPIT could act as its official representative because it functioned as the country's general chamber of commerce, which the ICC accepted.

Although political issues were crucial during both encounters—i.e., the abolition of extraterritoriality in 1929 and Taiwan's status in the 1980s—private economic interests remained the fundamental driving force behind negotiations between the ICC and China. At the ICC gatherings in 1929, representatives of Great Britain, Japan, and the USA (China's three main trade partners) as well as Germany (which aimed to cash in on China's reconstruction) and China's own representative, K. P. Chen, all made appeals that were in line with their countries' economic interests. In the 1980s, the negotiations were steered by multinational companies and actors with long-standing interests in the People's Republic (such as Kassar). Chen-Fu Koo, the chairman of the Chinese Taipei Business Council, which represented Taiwan at the ICC, accepted his committee's downgrade from national status to meet the demands of the People's Republic, perhaps in part due to his business interests in cement and banking on the mainland.

The ICC's relationship with China reveals the inevitably political nature of some of its endeavours. Though less than a decade old in 1929, the ICC was already well established. However, like the League of Nations, the geopolitical tensions of the time prevented it from asserting itself as a necessary go-between if China hoped to trade with industrialized countries. When the extraterritoriality issue led to a stalemate, the Chinese government and foreign capitalists took their trade negotiations and financial collaboration elsewhere. Business associations—especially in Germany—remained at the forefront of such negotiations. The extent of this kind of corporatist diplomacy has yet to be fully investigated.

The 1980s encounter produced a very different outcome. The ICC was by then more fully incorporated into the international system. By representing private-sector voices, it had become a clearing house and authority on international trade and multinational corporations. As the People's Republic was integrated into some key international organizations (i.e., the UN, World Bank, and IMF) in the 1970s and 80s, working with the People's Republic became crucial for the ICC, not only for the potential market but also for aligning with other international organizations' protocols. The ICC compromised by agreeing to collaborate with the CCPIT, a government-sanctioned organization, while hoping to change China's commercial ecosystem through technical training. Before the People's Republic officially rejoined the ICC in 1994, it had introduced several reforms to align with the global market economy, including encouraging the establishment of chambers of commerce in China. The People's Republic's considerations regarding the ICC also compounded economic and international political interests. The ICC's expertise in commercial and trade practices and access to numerous multinationals provided significant support for China to attract foreign investment. Having an official relation with the ICC also signalled and complemented the Republic's effort in integrating into the GATT and WTO, as the ICC offered channels through which to connect with foreign business associations. Seven years after joining the ICC, the People's Republic was admitted to the WTO and officially entered the global market. However, the story of earlier encounters between the ICC and the People's Republic should spark further investigation into private bridges between non-capitalistic regimes—the People's Republic being a case in point—and the global capitalist economy.

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