

# Cross-Cultural Business Tips



Author Daniel Tschudy

## Doing Business in China?

### Then put Chongqing on the radar

Juggernaut, metropolis, or location for dooms-day science-fictions; Chongqing is all of it. Yet, the world knows little about this huge municipality; the largest in the world. A gigantic melting-pot at the Yangtze River, where high-rise buildings are shooting up like mushrooms. A rough place – noisy and dirty. Nothing pretty for sure, but impressive. And worthwhile to be put on the international business radar.

Chongqing (重庆) is a megalopolis in South-west China with 19 districts, 19 counties and over 1'200 townships and sub-districts. In 2013, the population was 27'753'063 and it is assumed that, including the urbanized area, the greater territory has over 34 million residents. Chongqing is one of China's four direct-controlled municipalities (with Beijing, Shanghai and Tianjin).

Although little known to the West, the city has its good share in history. After its first settlement around 1000 BC, and later known as Jiangzhou and Chungking, it became a formal municipality in 1929. During the 2<sup>nd</sup> Sino-Japanese War, the defence industry was big; mainly because of the mountainous environment, which made it difficult for the Japanese to attack the city. Chiang Kai-shek made it then the provisional capital of China, until the Nationalist KMT government fled in 1949 to Taiwan. Chongqing, as we know it today, was created by Beijing's State Council in 1997 and is a result of the Chinese government's campaign "Go West", as an attempt to build up the population in the interior of the country through business development & investments in infrastructure. Chongqing's abbreviated name derives from the old name of the Jialing River that runs through Chongqing and feeds into the Yangtze River. And so, Chongqing now serves as fast emerging economic centre of the upstream Yangtze basin.

#### From Qinghai Tibet to East China Sea

In fact, the Yangtze River is a key 'obstetrician' to the recent economic growth, respectively the construction of the Three Gorges Dam. First envisioned in 1919, the preliminary work began as early as 1932.



Although Mao supported the project after his takeover in 1949, the project eventually died and only remerged in the 1980s. The dam was approved in 1992 by the National People's Congress and constructions started 2 years later. It was only fully operational in May 2012. Now, bulk transport (coal, raw minerals and containerized goods) is possible upstream until Chongqing. To be followed by an increasing number of tourism cruise-liners, for sure.

#### Murder case to create awareness

It was Bo Xilai, who served as secretary of the local Communist Party and as a member of the Central Politburo, who, intentionally or not, brought Chongqing into global awareness. He was known for heavy-handed populism by initiating campaigns against organised crime. Under his leadership, Chongqing created double-digit percentage growth, yet Bo soon became a controversial figure (reportedly, he had personal assets of US\$ 136 mil.). His career came to an abrupt end after the 2011 homicide case involving his wife Gu Kailai and UK business associate Neil Heywood, who was found dead at his at Chongqing hotel. Gu got a suspended death sentence, and Bo was found guilty of corruption and sentenced to life imprisonment.

Today, Chongqing is beyond its 'Bo-years'. In 2012, the GDP grew by 13.6% to US\$184 billion, which is the second fastest growth rate in China. Domestic and foreign direct investments to the municipality grows year-on-year by 20%. Foreign trade surged in 2012 by an incredible 82.2% and exports almost double every year. Now Chongqing needs to improve its infrastructure, and the tourism- and exhibition-industries can lead the way. International flights are still limited with Singapore, Thai, Finnair, and Air China. But corresponding flights via Beijing, Shanghai or Chengdu are regularly available. The expansion of the Jiangbei Airport is underway; the authorities aim at becoming by 2020 the largest airport in

Western China. Key international hotel brands keep opening up; and excellent 420-room Kempinski Hotel for example last year, and a Westin these very days.

#### Still missing are expatriates

Although the "foreign expert's affairs authorities" announced that it is going to welcome more expatriates to help with the city's economic & social development, in fact, only a couple of thousand Westerners are believed to work and study in Chongqing. One of them is Dany Lützel, Residence Manager at the Kempinski. "You have to understand that Chongqing is still the pure China; and not like Shanghai or Hong Kong. What you need here is flexibility, persistency, Chinese cultural awareness, and a good sense of humour. If you can make it here, you can make it everywhere."

Chongqing. It's a rough place, for sure, yet worthwhile to be on the radar.

#### About the Author



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