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China Trade: Prospects and Perspectives

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BOOK REVIEW

CHINA TRADE: PROSPECTS AND PERSPECTIVES, David C. Buxbaum, Cassondra E. Joseph & Paul D. Reynolds, Editors, New York: Praeger Publishers, 1982. Pp. 424. Index. \$38.95.

*Reviewed by Fook-lun Leung**

According to its preface, the intended readers of *China Trade: Prospects and Perspectives* are those United States businessmen "who have entered, or wish to enter, the China market."¹ The book is not necessarily directed towards lawyers. Although the three editors are lawyers, all but two of the contributors are not. Heretofore, the overwhelming majority of the literature on China trade written and published in English has been a singularly American product; *China Trade* is no exception. In her section on entering the China market, Ms. Pamela M. Owen observes: "Americans relish new frontiers, and undoubtedly it is this spirit of adventure that has, in part, prompted a surge of interest in trade with the People's Republic of China."² This book is, no doubt, a tangible manifestation of such a comendable spirit.

The book is divided into four parts. Part I consists of three chapters, all of which are discussions on the foundations of trade with China: her economy, politics, and people. Chapter one is a short summary of China's economy. It is an understandably superficial treatment of a vast subject matter. Sadly, though, the data contained in three tables is far out-of-date, current only through 1978. Most disappointing of all is that chapter one does not include a more extensive or updated bibliography, as it should, to assist an enthusiastic reader to further explore the subject.

Chapter two is a penetrating albeit brief study by Mr. Michael L. Baron of China's political climate with direct implications for foreign trade. He raises a note of caution as to a number of indeterminables affecting China-United States trade, e.g., (1) the growing imbalance of trade; (2) the stability of the leadership in China; and (3) the tenuous Sino-United States connection due to China's anti-American stance

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1. CHINA TRADE: PROSPECTS AND PERSPECTIVES at x (1982).

2. *Id.* at 315.

prior to 1972, which is further complicated by the as-yet unresolved Taiwan issue.

In chapter three, Mr. Alfred Le S. Jenkins' tell-tale approach in describing his dealings and observations of China and her people is written in a style perhaps more suited to *Newsweek* than a scholarly treatise. Not surprisingly, as a reader of *Newsweek* would expect, there is no bibliography following the end of chapter three.

Part II contains chapters on agriculture (by Dr. John L. Nuttall, an agricultural economist), petrotechnology (by Dr. Arthur A. Meyerhoff, a geologist), mining (by Dr. K.P. Wang, a mining engineer), machine tools (by Mr. Jesse Maffuid, a marketing director in machine tools), and transportation (by a Mr. Robert W. Smith, whose qualifications, are, for reasons unknown, not mentioned). Save confessing that this reviewer is a mere lawyer with no formal training in technology and that the five contributors to Part II (except Mr. Smith whose background is unknown) are eminent experts in their respective fields, these special subjects are well beyond this reviewer's competence to discuss and Part II therefore is passed upon without comment.

From the businessperson's perspective, Part III is probably the most informative and useful of all. It presents case studies of Sino-German, Sino-Japanese, and Sino-American trade. Mr. Robert Heuser's chapter on Sino-German trade is based upon a myriad of sources, primarily German trade publications, newspapers, and personal interviews with German executives. Mr. Douglas B. Payne does likewise with Japanese sources and data. With the possible exception of the United Kingdom and Hong Kong, Japan, as a Western nation, has had the longest history of trade with China, trading since 1949. (In this regard it was indeed a pitiful omission not to include a Sino-British case study. The "British Hongks" or trading companies, such as Jardine & Matheson, have a longer history than any other Western organization in conducting China trade, and their untold experiences would have been unquestionably noteworthy).

The remainder of Part III describes how four United States corporations negotiated deals with the Chinese. (Although Summit Industries Limited is incorporated and based in Hong Kong, it is a wholly-owned subsidiary of a public company based in New York). Each chapter of case descriptions provides interesting reading.

Part IV forms the intellectual core of this, generally speaking, trade-magazine style publication. Three of the the four chapters in

this part are written by the editors, and the one which is not adheres to the same casual and matter-of-fact style of writing. Dr. Buxbaum's chapter on contracts is solid and informative, but could have been improved by the inclusion of clauses commonly used in China trade contracts. In addition, one would have preferred him to devote more attention to the problem of the specific language of China trade contracts, such as the translation of Chinese terms into English. In this reviewer's experience, the translation of crucial terms can create intricate interpretational problems. Hence, although Dr. Buxbaum observes that contracts executed in more than one language often contain stipulations to the effect that "both versions are official" (i.e., Chinese and the foreign language),³ a party should know in advance, in the case of linguistic ambiguity, which version will prevail. Unfortunately, the reader is left unenlightened.

Professor Joseph's chapter deals with the history of Sino-American trade from 1950 to 1980, dividing it into three eras: embargo, liberalization, and the present. Each era is further divided into sections on China and the United States. It is this reviewer's opinion that the sections on the United States are better written than the sections on China. Moreover, the last section of Professor Joseph's chapter on assessment is shallow and loaded with clichés. The notes, however, are fairly exhaustive and useful.

Finally, unlike Mr. Michael L. Baron, who maintains a rather guarded view on China trade, Professor Reynolds in his section manifests, in this reviewer's opinion, unjustified optimism for the future of China's trade financing. For example, Professor Reynolds asserts that "China cannot afford to default on an obligation or become involved in major disputes with its new business partners,"⁴ but does not further explain his position. Perhaps a financier would have been better qualified than a lawyer to write on China's trade finance.

In conclusion, this book is recommended reading for China traders. International lawyers, however, would find it of only passing interest.

3. *Id.* at 343.

4. *Id.* at 414.

