

Leadership and Responsibility

EDITORS' NOTE *There is no doubt that globalization has become an important tool for Chinese companies wishing to integrate themselves into the international community. Furthermore, the new position China holds in the world requires a new kind of leadership, which is composed of a different set of responsibilities. With this in mind, we invited government officials and business leaders who are driving China's globalization process to discuss their responsibilities as members of, and contributors to, today's global economy.*

The rise of China has created both excitement and anxiety among the global community. In these pages, a number of distinguished leaders – Li Rongrong, Chairman of SASAC; former President Ramos of the Philippines; Long Yongtu, Secretary-General of Boao Forum For Asia; Jiang Chaoliang, Chairman of Bank of Communications; Guo Shuqing, Chairman of China Construction Bank Corporation; and Liu Tinghuan, Chairman of China Union-Pay – share their thoughts on the role China plays in an increasingly integrated world.



LI RONGRONG

Chairman, State-owned Assets Supervision and Administration Commission of the State Council (SASAC), Beijing

The State-owned Assets Supervision and Administration Commission of the State Council is in charge of more than 1,500 state-owned enterprises [SOEs]. What responsibilities do Chinese SOEs and their leaders have in the context of the global economy?

The first thing I want to say is that China is willing to take on responsibility in the global community. The so-called globalized economy is a big machine that is branded “world,” not just “America.” All nations have a responsibility to ensure that the machine runs well. Being a part of the competition in this big machine,

and participating in globalization, is very important for China. The big machine will run faster and better when China is installed as a component, and it already works much better than it used to. To allow that to happen, the machine should accept our participation in the open competition. If we were found to be not as capable as other competitors, we would draw back, so we could improve, win back our position, and play a better role and function.

Regarding the responsibilities of the leaders of SOEs, I think leaders of enterprises should see themselves not only as leaders but also as common citizens. They should have a clear idea of what the common people aspire to, while fulfilling their roles as heads of enterprises. This will make a leader handle his job better. Enterprises grow as communities within society; a retreating society will limit the development of an enterprise. Therefore, I agree with the notion that enterprises and society should get along in harmony.

I frequently talk to leaders of SOEs about this and have discovered that many of them are behaving in this way. The construction of the Qinghai-Tibet railway is a good example. China Railway Engineering Corporation has paid close attention to the protection of local vegetation. Turf taken from one place has been put back in the same place after construction work has finished. Although this makes the cost higher and the workload heavier, our precious environment has been well protected. This is one contribution that SOEs have made to the harmony that exists between society and the environment. ☞



H.E. FIDEL VALDEZ RAMOS

Chairman, Ramos Peace and Development Foundation, Inc., Muntinlupa City, Philippines

You have been very active not only in leading the Philippines on the road to

prosperity, but also in promoting the concept of “family” among Asian countries. In retirement from public office, you continue to devote great energy and much of your time to the same purpose. Could you share some of your thoughts behind the concept?

It is the responsibility of government – supported by civil society – to serve our citizens equitably, so that everyone can live in dignity and decency. Furthermore, a country should care not only for its own well being, but also for the development of neighboring countries, in order to create a better global future together. Nations should treat each other like family members and then talk about building the larger community that ensures peace, security, and stability. The essence of family is for everyone to care for each other regardless of social status or economic condition.

In today's world, it has become necessary for one's own security to help the less fortunate, since poverty has become another kind of terrorism. It is far more effective to fight the war against terrorism by helping needy groups and poor countries in their fight against poverty. China has risen to be an economic power that presents both challenges and opportunities for its neighboring countries. However as a “family” member, I'm glad to see that China has been investing more in Southeast Asian countries, to help their economic growth while benefiting from those markets.

What are the fundamental influences that shaped your leadership?

Leadership always begins with oneself, because it's necessary to attain self-mastery. If someone aspires to lead others, he must first be able to discipline and lead himself. His ideals and character will define his leadership. The principles he lives by, and the moral values he cherishes, will characterize the nature of his leadership. As a caring, sharing, and daring person, my life-long guidepost is that, regardless of one's religious beliefs,

there is one Supreme Being who governs the affairs of people and nations, so that they treat each other as they would want to be treated. This is the universal "golden rule." ☞



LONG YONGTU
*Secretary-General,
Boao Forum For Asia
(BFA), Beijing*

Since it started, BFA has focused on Asian economic integration, to help Asian countries to achieve their development goals. What social responsibilities should China shoulder for neighboring countries so as to maximize its own value?

With regard to Asian economic integration, the world and Asia should view China's social responsibilities realistically, and should not overestimate the role China can play in the global and Asian economies. China is unique. Although it is growing fast, it's still a developing country, with an average annual income of a little more than \$1,700 per capita – lower than many other Asian countries. Also, as China is facing all kinds of challenges in building its own economy, it is not very realistic to burden China with responsibilities not consistent with its level of development. For those reasons, there is still some distance between the expectation and the reality.

However, it is not as if China has done nothing for Asian economic integration. On the contrary, China has started fulfilling its responsibilities by quickly developing its economy to stimulate economic development throughout Asia. China is providing a huge market for neighboring countries, including South Korea and Japan, as well as those of the Association of Southeast Asian Nations [ASEAN]. For 2005, China's total trade deficit with the above-mentioned countries reached \$100 billion.

On the other hand, we should see China's entry to the World Trade Organization [WTO] as a commitment to shoulder more responsibilities in global society. We all know the two commitments China made to the world when entering the WTO: to obey the international rules and regulations laid down in the legal framework of the WTO, and to open China's market gradually and continually. For no matter how strong and powerful it is, as long as China follows the international rules, it will never be a threat to other countries. From an economic perspective, once a country has committed to opening its market, the more it develops its economy and the more it contributes to the world. ☞



JIANG CHAOLIANG
*Chairman, Bank of
Communications,
Shanghai*

As the first national joint-stock commercial bank in the country, Bank of Communications [BOCOM] has witnessed many changes to China's economic system. How do you define your responsibilities?

Since its reorganization in 1987, BOCOM has been conducting its responsibilities with a dual identity: First, as the heir to the nation's financial brand, backed by a century of glory; and second, as a pioneer of China's financial-system reform. Less than two years after the resolution on deepening the joint-stock system was approved by the State Council, BOCOM has completed its three-step reform – financial restructuring, foreign capital absorption, and public listing – and has become the first international public shareholding bank in China. Since being publicly listed, we are accountable not only to the government and shareholders in China, but also to our shareholders from the rest of the world. We'll keep developing our corporate governance processes, refining our risk-management system, and improving other internal-management systems, with the aim of building BOCOM into one of the best public shareholding banks in the world. ☞



GUO SHUQING
*Chairman, China
Construction Bank
Corporation, Beijing*

As the leader of a company that has just completed its transformation from a state-owned bank to an internationalized commercial bank, what is your view of leadership? What responsibilities should you and your bank, in its new form, assume?

A person in my position must assume a certain responsibility. My most important responsibility is to transform China Construction Bank Corporation into a joint-stock company, which means changing from a state-run specialized bank to a modern commercial bank. An important element in the bank's culture is social responsibility. We encourage our employees to care about their society, their country, and the world at large. We have the long-established Love Fund, for helping poor college students. We also give financial aid to children who have caught fatal illnesses, and we have sponsored many cultural activities. All employees who have been diverted out of the bank are eligible to apply for aid from the fund in cases of special difficulties, pro-

vided that they have worked for the bank for more than 10 years. These measures are necessary for enhancing our cohesiveness and our core competitiveness. ☞



LIU TINGHUAN
*Chairman, China
UnionPay, Shanghai*

As Chairman of China UnionPay, you've often said that it is the responsibility of China's commercial banks to create ethical bank-card brands. Could you elaborate?

The idea of creating independent bank-card brands comes from the need to break the monopolization of international bank cards. We see that as our responsibility and historic mission because it is vital to protect the country and the nation's interests. If China does not have its own independent payment-card brands, it will become a distribution market for other countries' bank cards and the huge payment system in China will be under others' control. Therefore, financial innovation is crucial. We must arrange the financial integrant market properly through constant innovation, including financial tools, productions, services, and governances. The responsibility on our shoulders is not only to be a driver for constant innovation, but also the foundation for regarding branding as the core essence of our daily work. As the national and international bank-card industry rapidly grows, China UnionPay will make full use of the opportunity to promote ethical bank cards to the world.

We regard our responsibility to create independent payment-card brands as a historic mission. Facing threats from international bank-card magnates, we have to create an ethical bank-card brand that is a life-or-death point for China's bank-card industry. Domestic bank cards are mostly debit cards. The domestic credit-card market has been taken over by Visa and MasterCard. Their selling point is "dual currency" and "global payment." Actually, less than 5 percent of these cards have been used globally. The remaining 95 percent-plus have been used domestically. All these cards have China UnionPay's logo on them, which means China UnionPay and all national banks are helping these multinational companies to distribute their credit. Therefore, we need to go all out to create an ethical, self-determined brand that carries independent knowledge and intellectual property rights, and suits our position as a powerful country. From 2006 to 2008, we'll try our best to make China UnionPay the first choice of domestic cardholders, as well as building a network for global acceptance. ☞