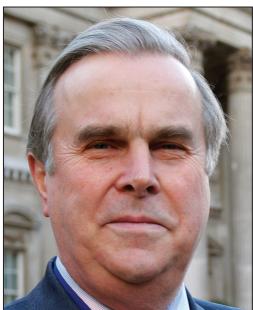


# Strength in depth

By ALDERMAN DAVID BREWER CMG

THE RT HON LORD MAYOR OF LONDON



DAVID BREWER is a graduate of Grenoble University and has spent his career in the insurance industry. His senior positions include that of Chairman of Sedgwick Insurance and Risk Management Consultants, China and of Sedgwick Japan. He was elected an Alderman in 1996 and Lord Mayor in November 2005.

The world's international financial and business firms take China very seriously indeed and we know that the return of China to prominence on the world stage marks a major and lasting change in the global economic landscape.

China's new strength is good for China – and good for business around the rest of the world, especially in London. By working in partnership, China and the City of London financial centre can each secure mutual prosperity, using each other's strengths and learning from each other.

In September I made my 105th visit to China – my second extended visit in 2006 alone – and I led the largest-ever delegation from the City of London. As ever I was impressed with the depth of opportunities. Firms working into and with China would do well to follow our delegation's example and build contacts not just in the familiar major centres such as Beijing and Shanghai but also in the regional cities.

On this recent visit we took care to hold meetings in the North East. Here, traditionally a centre of heavy industry, manufacturers are restructuring and municipalities are building stronger infrastructure in financial services and business. All of this offers good prospects for world-class City firms.

Excellence is vital and is exemplified by the financial "City" at the heart of London, the world's largest

international financial services district. Its world-class role is recognised by the UK Government and both Michael Snyder, the City of London's Chairman of Policy & Resources, and I sit on the UK Chancellor Gordon Brown's special taskforce that seeks to forge closer business links with China.

The City of London is truly international. More than 600 foreign companies are listed on the London Stock Exchange, including AIM. Over 75 per cent of Fortune 500 Companies have London offices and there are nearly 300 foreign banks based in London.

But to continue the success of the City as a global finance and business centre (currently \$753bn foreign exchange each day, 70 per cent of all Eurobonds traded and 44 per cent of the global foreign equity market) it is important that the City develops stronger links and partnerships with China. We cannot wait for closer links: we must forge them ourselves.

Our latest delegation arrived in China in September from the City of London (accompanied by a 60-strong delegation of the City's leading financial services figures, including the Chairman of the London Stock Exchange).

During the visit we met with key figures in banking, insurance and financial services, as well as regulators and political leaders. A key component of the visit was to promote the opportunities offered by UK-based financial services companies to the Chinese private sector and government bodies. The business delegation travelling with us explored the opportunities to invest in high growth Chinese companies and dynamic authorities.

We have also strengthened our own infrastructure to support the City in China and China in the City. In July 2006, the City of London opened its third Representation in China – in Shenzhen. The City's Representations in Beijing and Shanghai opened in November 2005. These three City of London Representations form an important conduit for promoting financial services links between the City of London and the Chinese public and private sectors; facilitating access to London exchanges, insurance, asset management, infrastructure finance and consultancy, legal services, business education and training. The Representations also promote the City of London as a location for Chinese companies, and facilitate the business development of City firms in China.

The City of London has also signed a Memorandum of Understanding with both Shenzhen and Shanghai.

The Lord Mayor Alderman David Brewer opens financial services infrastructure



## The City of London's agenda closely matches that of China's

In fact, during my visit in September, the Mayor of Shanghai and I celebrated the close cooperation between the two cities, as 2006 marked the 10th anniversary of the signing of our Memorandum of Understanding.

Michael Snyder and I often meet senior Chinese business delegations in the City, and China is a cornerstone of the Lord Mayor's overseas visits programme. As mentioned earlier, I have visited China 105 times over my career, twice as Lord Mayor, and this year we have paid special attention to links with cities beyond Beijing, Shanghai and Shenzhen. It is essential that the City forges its own direct links with the local cities in China as well as the national hubs. All of them have needs and resources to be regional financial centres.

In September Beijing, Shanghai, Tianjin, Shenyang and Dalian were our focus, with a special emphasis on encouraging the modernisation of China's banking systems, including participation in the privatisation agenda, deepening the debate on financial services issues, participating in seminars in Tianjin and Shenyang and meeting with the Dalian Commodities Exchange.

By listing on the London Stock Exchange's Main Market or Alternative Investment Market (AIM) for smaller companies, Chinese companies, regions and municipalities are already accessing London's deep pools of capital to position themselves for the European market, or to fund expansion and development within China.

So far this year there are some 20 new Main and AIM listings by Chinese companies, bringing to 39 those on AIM alone. These are raising growth capital in London through the UK's broad investor base. In this way 'common prosperity' is being advanced. Such activity is also beneficial to the City's standing as the world's leading international finance and

business centre.

The City of London's agenda closely matches that of China's. For example the City has a keen interest in development plans for north-eastern China, and in investigating how City expertise could support regional development. One example is how the City can share its experience of developing a corporate bond market, especially with regards to achieving the right balance of regulation.

There is no doubt that a strong financial services sector is a powerful lever for sustainable growth, and the more rapidly domestic financial services are liberalised in China, the more rapidly the further real benefits of globalisation will be enjoyed.

In the City of London we believe that the consumer, the customer, needs to be protected against unscrupulous or over complicated financial products. But the balance is different in wholesale markets.

Take the example of bonds. Anyone thinking about corporate bonds will be very sophisticated in their approach. What these investors need instead of hand-holding, is the assurance that the market is open, increasingly transparent and that regulatory energy is directed towards those who would damage your reputation.

Building a regulatory framework for the future means that China will be looking at international recognition which itself brings with it reform, not least in corporate governance.

In the end, however, in China as elsewhere, success for City firms will depend on the value of the work they do and the effort they put in to build long-lasting relationships of trust and mutual respect.

As more City firms work into and across China in greater depth, the City of London Corporation stands ready to help. F

Michael Snyder, City of London Chairman of Policy, the Mayor of Beijing and Lord Mayor Alderman David Brewer

