

48 Group Club

Sishí-bājiā Jítuán 四十八家集团

The 48 Group refers to a collection of individuals and companies that, beginning in the 1950s, were among the first British firms to do business in the newly formed People's Republic of China. The "Club" of the name was added in 1991 after a merger with the Sino-British Trade Council.

The seed of the 48 Group Club was planted in 1953 by a group of British businesspeople who, along with then-premier Zhou Enlai (1898–1976), became known as the “Icebreakers” after a trip to China during which they discussed trade. Recognizing that it would be dangerous to isolate or try to ignore a great power such as China because of ideological differences between East and West, they defied the prevailing Western view of China during the Cold War by making business contacts in communist China.

In 1950 the United Kingdom was one of the first foreign states to recognize the People's Republic of China (PRC), but relations quickly turned hostile because of the war in Korea. In 1951 the United Kingdom joined in a U.S.-led embargo on the sale to China of goods of strategic importance. In 1952 Lord Boyd-Orr (1880–1971), the first director of the U.N. Food and Agriculture Organization, stated publicly that the Iron Curtain and the Bamboo Curtain would be less dangerous if the various sides engaged in trade with each other.

For their part, Chinese business and trade leaders, led by Zhou Enlai, were seeking better trade relations with

the West. It was Zhou who coined the phrase “Equality and mutual benefit” as part of the Five Principles of cooperation with the outside world while on a diplomatic tour of India and Burma (Myanmar). The phrase would eventually become the mission statement for the 48 Group. At the time, however, geopolitical discussion was dominated by the Cold War, and top Western and Chinese leaders were withdrawing from each other. Zhou and Lord Boyd-Orr foresaw that such isolation would lead to weaker relations and instability.

The Icebreakers

In 1953 Lord Boyd-Orr formed the British Council for the Promotion of International Trade, and with this group took sixteen representatives of British companies to China to discuss trade. Zhou welcomed the meetings and encouraged more dialogue between representatives of both nations. For their initial efforts both abroad and at home, Zhou, Boyd-Orr, and the business leaders involved, including textiles tycoon Jack Perry, became known as the Icebreakers. The first meeting in 1953 was known as the Icebreaker Mission.

At home the Icebreakers lobbied and pressured the British government to lift trade restrictions with and the embargo on China that had been in place since the beginning of the Cold War. At first the government was unresponsive, but eventually it moved to reclassify certain items that had been categorized as goods of strategic importance, leading to more freedom for trade. These small victories came slowly, but they led to wider support

among the British business community; in 1954 a delegation of forty-eight companies established a formal trading relationship between the two nations. Members of the delegation, led by Jack Perry, became the first Westerners to do business with the newly minted People's Republic of China, setting the stage for a relationship based on trade and mutual respect.

Bilateral Connections

Throughout the 1960s the group facilitated meetings between single-industry representatives—such as mining equipment producers, construction companies, and port installers—and officials from the Chinese government, providing the group with unprecedented connections within the Communist Party politburo. One of the group's biggest supporters, besides Zhou Enlai, was Bo Yibo, then chairman of China's Council for the Promotion of International Trade.

When Mao Zedong initiated the Cultural Revolution in 1966, leaders within the party, including the infamous Gang of Four, were leery of foreign involvement in the PRC. But there were deep disagreements within the leadership about trade policies and openness to the West. Despite this turmoil, the 48 Group maintained contact with the Chinese leadership that was sympathetic to normalized relations. Because of this, the 48 Group in 1970 was the first organization to be invited back to China after the chaos of the Cultural Revolution dissipated.

The relationship between China and the West began to thaw following the diplomatic efforts made in the early 1970s, and because of its strategic relationships maintained over the traumatic years, the 48 Group came to the forefront of foreign business relations with China. Without official ties to the British government and with its mission to support British industry, the group was able to keep its agenda relevant and flexible to China's changing needs. China had a plan to modernize, so it was important for the group to focus on China's requirements by introducing specific strategies, technologies, and products timely and effectively. The group sponsored bilateral exchanges, forums, and other programs giving British and Chinese companies that attended these gatherings an edge in winning business contracts within the two nations, and ensuring customer satisfaction, trust, and quality. The small

number of importers that were part of the group was just as active as the exporters were and gave China a chance to earn hard currency with which to buy further British goods. A virtuous circle was created, and for many years Britain led the trade with China among Western countries. At the twenty-fifth anniversary celebration in 1978, the 48 Group was recognized as the most potent force in bilateral trade and cooperation between China and the United Kingdom.

Due to Deng Xiaoping's reforms in the late 1970s and into the 1980s, China became more open to foreign investment and influence, resulting in an explosion of interest from the outside world. Once again the 48 Group, despite the new competition and other significant challenges, had a major role in signing agreements with city and provincial governments in China, engaging with business groups, and bolstering cooperation through a variety of other initiatives. In 1985 and 1988 the group established offices in Beijing and Shanghai to maintain a permanent presence in China.

The Group Becomes a Club

In the late 1980s, encouraged by the British Department of Trade and Industry, the group began to explore a merger with the Sino-British Trade Council, which had been operating as an area advisory group to the Overseas Trade Board. In 1991 the two organizations merged to form the China-Britain Trade Group, now known as the China-Britain Business Council, which is now the leading U.K. organization dedicated to helping British companies that do business in China.

The 48 Group Club was formed at the merger, taking on the networking and social functions of the 48 Group, just as the new organization took on its trade functions. The club continues its efforts at strengthening Sino-British ties through its network of *guanxi* (connections) and by using its reputation as a long-standing and highly respected organization dedicated to trade with China. The club continues to grow in size and influence, and the involvement of young business people from both China and the United Kingdom ensures the continuation of the organization.

China's president Hu Jintao in 2005 renewed the Ice-breaker mission for the twenty-first century, citing the

need to address the cultural differences between China and the rest of the world. He said that China has a massive trade surplus but a vast cultural deficit. The 48 Group Club's mission is to decrease that deficit.

The Editors

Further Reading

Schafer, L. (2007). *The Icebreakers: The spirit of the times*. Retrieved September 11, 2008, from <http://www.48groupclub.org/spirit.asp>

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