After eight years in China, American lawyer sees U.S. relations there as upbeat

by Dean Calbreath

If you were watching TV talk shows in Beijing last month, you might have caught a glimpse of lawyer Jim Zimmerman trying to explain the intricacies of trade policies and currency rates to a Chinese audience.

At the time, Federal Reserve Chairman Ben Bernanke, Treasury Secretary Henry Paulson and other U.S. officials were on a mission to encourage Beijing to raise the value of the yuan as a way of relieving the United States' massive trade deficit with China.

EAST MEETS WEST - Jim Zimmerman, chairman of the American Chamber of Commerce in Beijing, holds an artifact from China. CNS Photo by John Gibbins.Zimmerman, a lawyer with Squire, Sanders & Dempsey in Beijing, met with the U.S. officials several times during their three-day visit and then spent much of the week trying to explain their views on Chinese talk shows, as well as discussing other trends in U.S.-Chinese relations.

In general, despite some saber-rattling against China by some of the new leaders on Capitol Hill, Zimmerman's outlook on relations between the two countries is pretty upbeat.

"I anticipate that the Bush administration will continue to engage China in a dialogue that sets a framework and foundation for the two sides to move forward in a positive and constructive manner," he said.

In a way, the Bernanke visit worked as a curtain-raiser for Zimmerman's one-year term as chairman of the American Chamber of Commerce in Beijing, which officially began New Year's Day.

As the head of the chamber, Zimmerman's role is to represent the interests of 900 foreign companies operating in China. His election to the volunteer position comes after eight years of working as a legal counsel in Beijing, as well as writing one of the pre-eminent books on Chinese corporate law.

But despite his growing responsibilities in China, the University of San Diego Law School graduate continues to think of San Diego as home base. He maintains a house there, where he and his family spend large chunks of time, especially during summer and winter vacations.

As a former board member of the San Diego World Trade Center, Zimmerman keeps local businesses apprised of events in China, including appearances last month at a World Trade Center seminar in nearby San Marcos, Calif., and a board meeting of the San Diego Regional Chamber of Commerce. And his clients in China have included a number of San Diego companies, such as Cubic Corp., PriceSmart and Quantum Design.

"To have a guy like Jim on the ground in China was absolutely invaluable," said Kenneth Kopf, general counsel at Cubic, which used Zimmerman to find a joint-venture partner in China. "We didn't know what kinds of things needed to be done, what order they needed to be done in, what kind of partners to look for. He not only helped us make the right arrangements but went through all the red tape to get us set up."

Zimmerman's interest in China dates to the early 1980s, when he pursued a master's in business administration from the University of California Irvine. In search of a topic for his master's thesis, Zimmerman settled on Deng Xiaoping's plans to turn China into a major economic power.

At the time Zimmerman wrote his thesis in 1984, Deng's reforms were barely under way and China was far from being an economic power.

"China was just opening up," he said. "It wasn't really on many people's radar screens, especially for businesses."

After earning his MBA, Zimmerman pursued a law degree at USD, where he continued to gravitate toward global issues: trade law, international labor and environmental regulations, political risk assessments and policies regarding offshore investments.

At first, much of Zimmerman's international law practice focused on the San Diego-Tijuana border region, helping U.S. corporations deal with the legal complexities of setting up factories in Mexico.

But as Deng's reforms took hold in China, a number of Zimmerman's clients shifted their operations from Mexico to Chinese manufacturing centers, such as Shenzhen and Guangzhou.

By 1998, Zimmerman was doing so much business in China that his then-employer, Morrison & Foerster, asked him to relocate to its offices in Beijing. His youngest daughter was just 3 months old when the family moved.

Zimmerman concedes that it was a challenge moving three young children 6,000 miles away. But he says his daughters have benefited from the move. All three are now proficient in Mandarin and have traveled extensively through much of Asia.

Much of Zimmerman's work in China has consisted of helping U.S. businesses find Chinese partners, setting up their own operations in China or protecting against the theft of intellectual property.

Warehouse retailer PriceSmart used Zimmerman's services when one of its licensees became embroiled in a lawsuit in China. The plaintiff confused PriceSmart with the licensee and sued both.

"Jim helped us understand some of the practical realities of the Chinese legal system so we could better understand what our alternatives were and how to best fashion a solution to a problem," said Ernesto Greave, PriceSmart's senior vice president of legal affairs. "We eventually got all charges dropped against us."

Quantum Design, a firm that makes research and measurement instruments, relied on Zimmerman to reshape its distribution channel in China. The firm had been selling its products through an independent distributor in China, but it decided to sell the products on its own through a wholly owned Chinese subsidiary.

Dave Schultz, the firm's chief financial officer, said one of the chief hurdles was the lack of firm rules in China.

"Generally, in the United States, you can read the rules and even though you might disagree with them, at least you know how they apply," he said. "In China, rules get applied differently in different situations, locales or industries."

Zimmerman helped the firm negotiate its way through the murky regulations to get a distribution license.

To make Chinese laws more understandable, Zimmerman has compiled most corporate regulations into a single book, "The China Law Deskbook," which was first published by the American Bar Association in 1998, with a second edition in 2005.

And he has acted as a consultant to Chinese authorities on the development of laws regarding intellectual property, real estate transactions, personal property rights, court procedures and remedies for tort victims.

"Chinese law is still a work in progress," he said. "It's extraordinary for a lawyer to help develop the legal

system for the biggest country in the world. The local bar is very receptive to new ideas and working with foreign lawyers. But you have to be careful not to say, 'This is the best way to do things.' Instead, you say, 'These are our recommendations,' and the Chinese will decide which recommendations to use."

Over the past several years, Zimmerman has made repeated visits to Capitol Hill to assure legislators that the rule of law is advancing in China. He concedes that there are still major flaws, especially in protection of intellectual property. But he believes that more protection will evolve as China develops intellectual property that it wants to protect.

"They are trying to break away from being viewed as the low-valued knock-off economy," Zimmerman told a meeting of the Congressional-Executive Commission on China in 2005. "They want to move toward something where their homegrown I.P. has value, because as we have mentioned, that is where the true economic development lies."

When not delving into legal issues, Zimmerman spends his spare time in China scouring construction sites and antique stores for old stone and wooden carvings, steles, hitching posts and Buddhas. As China modernizes, many of its artifacts are being paved over for new buildings and roads.

At a construction site in Beijing, for instance, Zimmerman spotted a centuries-old small stone bridge, which he offered to buy from the developer. But by the time he came back with his money, the bridge had been destroyed by a horde of workers with picks, shovels and a backhoe.

"It's a tragedy that so much of China's culture is being ground up into gravel, given the big push for infrastructure and property development," he said.

Zimmerman said there are similarities between his amateur archaeological work and his work in compiling Chinese laws.

"Researching laws, analyzing legislative intent and determining the implementation of the law is much akin to digging through layers of history to gain a better understanding of history and culture," he said.

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