

## GIO Building Society Interest Rates

**4.45%** p.a.

90 Day Term Deposit Rate based on deposits from \$25,000

For more information, please call

**13 61 37****ANYDAY ACCOUNT PERSONAL OVERDRAFT FACILITY**

12.00% p.a.

(Subject to normal lending criteria)

## TERM DEPOSITS

30 DAYS	4.50% p.a.	2 YEARS	4.20% p.a.
90 DAYS	4.25% p.a.	3 YEARS	4.40% p.a.
180 DAYS	4.20% p.a.	4 YEARS	4.50% p.a.
1 YEAR	4.20% p.a.	5 YEARS	4.60% p.a.

Rates based on \$10,000 deposit. Interest paid on maturity. 2 Year to 5 Year Rates paid annually.

CASH AT-CALL ACCOUNT	\$0-\$4,999	\$5,000-\$9,999	\$10,000-\$24,999	\$25,000-\$49,999	\$50,000-\$99,999	\$100,000-\$249,999	\$250,000 +
Cash Management Account (% p.a.)	1.35%	2.60%	3.60%	3.60%	4.15%	4.15%	4.15%

Fees and charges may apply. Normal Government charges apply. Terms and conditions apply, full details available on request. Rates are current at time of printing. Rates, terms and conditions are subject to change. All interest rates quoted are per annum. GIO Building Society Ltd ABN 86 087 651 947.

## Bank on China's future

WTO membership will start a flood, writes **Anne Hyland**, AFR Hong Kong correspondent.

In the next five years, China is expected to become Asia's biggest investment banking market.

It is already the region's third-largest in terms of the value of merger and acquisition deals that clicked over \$US49 billion (\$96 billion) last year — on research firm Thomson Financial's calculations — ranking it behind Japan and Hong Kong.

The country's accession to the World Trade Organisation, which will remove many of the barriers restricting access by overseas firms, is also expected to cause a flood of direct foreign investment into China that will double from current levels to almost \$US100 billion by 2003.

Official WTO approval of China's membership came at the recent WTO meeting in the tiny emirate of Qatar.

In Hong Kong, the gateway to the mainland, companies are clearly preparing for deals as the number of regional head offices moving to the territory soared by 10.4 per cent to a record 944 in the past 12 months.

One person enjoying the fruits of these unique changes will be Australia's former Labor Prime Minister, Bob Hawke, when he's not playing a round of golf on one of Beijing's many courses or betting on the Guangzhou races.

Hawke's small advisory firm is one of many hundreds competing with the deeper pockets of the global investment banks for a slice of the millions of dollars in fees that will flow from China's rejoining of the world trade orbit. "There's going to be a lot of mandates," says Chris Hasson, vice-president at the Boston Consulting Group. "The global investment banks will be looking for returns from the significant resources they have allocated to China."

Yet China is still a communist country where companies and markets can change shape and disappear overnight at the whim of an often temperamental Government. The Government demonstrated that recently in the decision to turn the telecommunications industry on its head by announcing it would split up giant China Telecom.

The entry into the WTO will inject some predictability into the Government's decision-making. However, global investment banks will have to stay nimble and be cautious about being too confident of success.

Credit Suisse First Boston only recently had a ban preventing it from operating in China lifted. The bank had indirectly offended the Chinese Government over the issue of the sovereign status of Taiwan.

Nor can corporates afford to be too cocky. In China, some of the well-considered business ventures of multinationals like France Telecom and British Petroleum have failed, while the expansion initiatives of Foster's struggle.

The difficulties in China also mean that the heavyweights of the global investment banking business can't afford to take their eye off the smaller guys like Hawke.

And they don't. Ziwang Xu, a managing director of Goldman Sachs Greater China, says he is aware of Hawke and his consulting business.

"He's doing well here," he



Bob Hawke is doing well in China.

says. "I've even seen him carrying around that golf bag in Beijing."

Hawke first went to China in 1978 and he has been building his business there since retiring from politics in 1992. "I've had a long experience with China," he says. "I have good connections there and I'm pretty well-known."

For Hawke, the formula for a successful business in China is simply one of hard work and persistence.

"I think anyone who doesn't understand the importance of China shouldn't be in business," he says. "It also becomes even more important at a time

### "Multinationals seem to think that in China rules don't count."

of declining economic activity around the world. China is continuing to grow its economy between 7 per cent and 7.5 per cent. Secondly, in terms of security, China is one of the most secure places in the world."

Hawke is not without his own failures in China. A few years ago, he advised AXA Asia-Pacific, then National Mutual, on its losing bid to win an insurance licence in that country. AXA Asia-Pacific group recently won a sub-licence to operate there.

Mike Berchtold, managing director of Morgan Stanley Asia Pacific, says the rewards in China far outweigh the complexities of doing business in that country for both investment banks and corporates.

"It's a market that takes an enormous amount of effort to get right," he says. "Companies have got to be smart about how they go into China, who they partner with, do they partner, do they try to go it alone, what geographies do they enter, do they go to the south or do they try to do something more national?"

Morgan Stanley has a joint venture in China through its 35 per cent interest in local investment banking group CICC. Both firms were involved in the local and global public offerings of Sinopec and China Unicom last year that had a combined value of \$US9 billion.

"Our success has been targeting what we see as most important and

that is restructurings and corporations that are both important to the Chinese Government and are going to be readily accepted by the market, whether strategic or financial," Berchtold says. "As well, we'll be targeting some of the most important up-and-coming private enterprises."

Goldman Sachs's Xu says the restructuring of China's economy is occurring at hyperspeed, with every core industry from telecommunications, banking, media, transport, oil and gas being smartened up for foreign competition.

"There are still major sectors that need to be privatised and restructured and the ones that are already privatised will continue to grow and raise funds," he says. "We will see that part continue and we will also see the non-State-owned enterprise sector in the next three years grow much healthier and bigger and raising more capital."

Goldman Sachs is advising on the privatisation of the Bank of China, which is expected to occur next year.

How big a share of the market in China foreign investment banks will win really depends on the operational structure they have established in China. That is, if they have either a representative or branch office or a joint venture with a local investment banking firm.

At present, foreign investment banks are not permitted to underwrite a local equity or bond issue, unless it is through a joint venture partner.

That said, the major upcoming public offerings from China will more than likely include a dual listing on either the Hong Kong or New York stock exchanges.

The combination of WTO membership, a domestic economy chugging along at an expected average annual growth rate of 7 per cent for the next five years and the 2008 Beijing Olympics offer very strong platforms of growth for any business entering that country.

However, Bruce McLaughlin, chief executive of Sinogie Consulting, believes it could also spell disaster for many, simply because they don't do their research.

His investigative research skills have been used by multinationals wanting anything from an accurate profile on Chinese markets to finding a joint venture partner.

"The first mistake most foreign firms make is they think it's impossible to find out about companies in China. But there's a lot of information," McLaughlin says. "It's been a centrally planned economy for 52 years — they do keep files."

He says the other mistake is that many investors, from solo operators to multinationals, often fail to properly understand the law in China.

"You've always got to try to play by the rules and regulations in case the Government does have these sudden crackdowns. Multinationals wouldn't break the rules in their own countries yet they seem to think in China rules don't apply."

Xu, who grew up when China's paramount leader Deng Xiaoping was in power, says that, with a little patience, investment banks and companies would be rewarded.

He says he watched as Deng spurred the Communist Party to open the country's economy to the world little by little to the point where it is now.

"Every day in China you have so many frustrations and every three years you are amazed when you look back and in 10 years it's a different place."

## Australia's First Bank Business Loans

Business Finance Rate	<b>6.40%</b> p.a.
Business Development Rate	<b>6.40%</b> p.a.
Reference Lending Rate	<b>7.75%</b> p.a.
Indicator Lending Rate	<b>8.25%</b> p.a.
Business Equity Rate†/Overdraft Business Rate	<b>6.70%</b> p.a.
Mortgage-free Business Finance Rate†	<b>10.95%</b> p.a.

For enquiries call **1800 804 371**, 8am to 6pm, Monday – Friday

## Home Loans (Owner Occupied)

First Option Rate	<b>5.74%</b> p.a.
Premium Option with 1 Year Guaranteed Rate (for new loans**)	<b>4.89%</b> p.a.
Premium Option Home Loan (Variable Housing Rate)	<b>6.32%</b> p.a.
Fixed Rates**	
1 Year	<b>5.95%</b> p.a.
3 Year	<b>5.99%</b> p.a.
5 Year	<b>6.79%</b> p.a.

Basic Housing Rate†	<b>6.12%</b> p.a.
Income Maximiser Rate†	<b>6.53%</b> p.a.
Rocket Repay Housing Rate	<b>6.42%</b> p.a.

## Equity Access

Equity Rate* including Equity Access – Plan 1	<b>6.42%</b> p.a.
Equity Access – Plan 2 Rate	<b>6.42%</b> p.a.
Equity Access Rate	<b>7.32%</b> p.a.
Rocket Access Equity Rate	<b>6.42%</b> p.a.
Rocket Equity Investment Rate	<b>6.42%</b> p.a.

## Investment Property Loans

(Residential Investment)

First Option Investment Rate	<b>5.74%</b> p.a.
Investment Loan with 1 Year Guaranteed Rate (for new loans#)	<b>4.89%</b> p.a.
Investment Property Rate	<b>6.42%</b> p.a.
Fixed Rates#	
1 Year	<b>5.95%</b> p.a.
3 Year	<b>5.99%</b> p.a.
5 Year	<b>6.79%</b> p.a.
Rocket Investment Rate	<b>6.42%</b> p.a.

For enquiries call **131 900**, 24 hours, 7 days a week

## Personal Loans & Overdrafts

Secured Fixed Rate Personal Loans‡	from <b>9.70%</b> p.a.
Unsecured Fixed Rate Personal Loans‡	from <b>10.95%</b> p.a.

For personal loan enquiries call **132 651**, 7 days a week

Secured Personal Overdraft Rate†	<b>10.75%</b> p.a.
Unsecured Personal Overdraft Rate	<b>11.25%</b> p.a.

All interest rates quoted are variable unless otherwise indicated. Fees and charges apply. Full details of terms and conditions are available on application. All loans are subject to the Bank's normal lending criteria. Interest rates are subject to change and margins may apply. †Not available to new borrowers. \*\*After the fixed rate period, the interest rate will convert to our Variable Housing Rate. #After the fixed rate period, the interest rate will convert to our Variable Investment Property Rate. ‡For new loans approved from 25 March 1998. †Personal Loan interest rates will depend on loan amount, term and the applicable State or Territory.

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