

Bosch celebrates 100 years in China

A checkered history

“When we visited Wuxi, Shanghai, and Beijing in the early 1980’s, we saw imitations of Bosch pumps. They looked like ours from the outside, but did not produce the desired results. And this was where Bosch know-how came in.”

Ulrich Alvermann (involved with licensing issues in China from 1980)

The history of Bosch is checkered and exciting in many countries around the world, but nowhere has it been more surprising than in China. In 1980, when Bosch first started license negotiations in China, who would have thought that Bosch would have a workforce of more than 20,000 there today?

The beginnings

But let’s first go back to 1909. When it started business in China, Bosch established its first outpost on the Asian continent. The contract with Walter Schärff & Co. in Shanghai marked the beginning of the company’s operations in Asia. At this time, Bosch was still too small to establish

its own sales office there, so Schärff operated locally as an independent sales agent. The only product that Schärff sold for Bosch was the magneto ignition system for cars. Unlike other ignition systems, it ensured reliable combustion of the air-fuel mix, thus making life easier for China’s drivers.

A new partner

The first world war put a temporary stop to Bosch activities in China, and the company opted for a new sales partner in 1921 – Jepsen & Jessen, a shipping and trading company headquartered in Hamburg which had excellent



Reimers Bosch Car Service garage in Shanghai, 1935



Bosch sales office in Shanghai, 1928

links with China. By this time, Bosch had become an all-rounder in the field of automotive components, which meant Jebsen & Jessen was able to supply its customers in the Chinese metropolises of Shanghai, Tientsin, and Canton, as well as the British Crown Colony Hong Kong, with a whole range of automotive equipment, from lighting and electric horns to starters.

To ensure high-quality service, Bosch sent technicians to China, who showed their Chinese colleagues how to repair and service Bosch

products. With the establishment of the first Bosch Car Service garage in Shanghai, Bosch—in cooperation with Jebsen & Jessen and H. Reimers, the owner of this Bosch Car Service garage—laid the foundation for a service network for drivers.

Trading in turbulent times

The China operations were split up in 1927, with Jebsen & Jessen acquiring exclusive rights to sell Bosch products in southern China and its sister company Jebsen & Co. representing Bosch in northern China. After a turbulent decade,

which included the second world war and civil war in China, Bosch restructured its operations in 1949 in the newly founded People's Republic of China—with one very interesting change. In addition to the sole agency which was granted to Jebsen & Co. and contractually agreed in 1958, Bosch also created the position of direct factory representative as early as 1949. Bosch wanted to have one of its own associates on site to handle all government contracts and, to a certain degree, to supervise the activities of the company's partner Jebsen & Co.

“We have been selling your products the length and breadth of China for eleven years now, and in all this time we have never had a single complaint from customers about the condition of the goods.”

Jebsen & Jessen (Hamburg/Shanghai, February 25, 1932)



From left to right:
Ceremony at Jebsen & Co., Hong Kong, 1962

Banner showing Bosch power tools in Beijing, 1998

The German delegation is welcomed to the license negotiations with Agrimex, 1982.

Bosch in China	
1909	Walter Schärff & Co. in Shanghai becomes agent for Bosch in China.
1921	Jebsen & Jessen GmbH & Co. KG takes over as Bosch agent in China.
1926	The first Bosch Service in China is opened in Shanghai.
1975	A “special counsel for the Far East” is appointed.
1984	License agreements for diesel injection systems are signed with Weifu Co. Ltd. and Beijing Fuel Pumps Co. Ltd.
1989	Beijing liaison office opened on April 1.
1994–1996	Establishment of eight joint ventures with Chinese partners
1999	Establishment of Bosch (China) Investment Co. Ltd.
2004	Inauguration of Bosch Engineering Center (Suzhou) Co., Ltd.
2008	Bosch breaks ground for its China headquarters in Shanghai.

Although Jebsen was responsible for all Bosch activities again from 1951, once the idea of the company’s own direct representative had been sown, there was no going back. The Bosch board of management picked up on the issue time and again, until the company finally appointed a “special counsel for the Far East” in 1975.

In 1966, Bosch had entered into a second partnership in addition to the one with Jebsen. Melchers GmbH & Co. took on responsibility for the entire power tools business, while Jebsen kept the areas of automotive technology, industrial equipment, and household appliances. The Bosch subsidiary Fernseh GmbH sold television technology directly without an agent, and from 1986 via the new joint venture company BTS (Broadcast Television Systems), which it had set up with Philips. Because Chinese state tele-

vision had been fitted out to a large extent with Bosch television technology in the 1970’s, this sector played a certain pioneering role with regards to Bosch’s presence in the Chinese market.

Licenses in demand

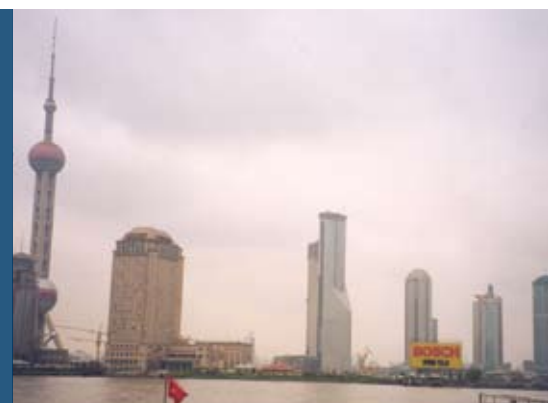
When economic reforms started to be introduced in China in 1978, Bosch began its first license negotiations with China. A new era was ushered in with the conclusion of license negotiations with Weifu Co. Ltd. in Wuxi and Beijing Fuel Pumps Co. Ltd. in 1984. Now, licensed products with the Bosch label were coming off Chinese production lines, and ties with the traditional sales partners who had handled Bosch business for decades were gradually loosened. Bosch underpinned its presence in China with the establishment of a liaison office in Hong Kong in 1986. From here, Bosch stepped up its activities



From left to right:
Street scene in Shanghai, with a roadside billboard for Bosch automotive equipment, 1998

Bosch advertising display in Shanghai, 2000

First meeting of the directors of Wuxi Europe-Asia Diesel Fuel Injection Co., Ltd. (WEAD), 1995





in China – still in collaboration with Jepsen – focusing especially on expanding the aftermarket business for automotive equipment and creating a network of Bosch Car Service garages.

Going it alone

The opening of a Bosch liaison office in Beijing on April 1, 1989, paved the way for further strategic moves. The time was ripe for local production in China. This was the only way to ensure the long-term development of business in the rapidly growing Chinese market. While local experts recommended the contract manufacturing of simple products, Bosch leaned toward establishing production facilities in line with its own standards. The plans were thus deferred and Bosch continued with licensing for the time being. From the start of the 1990's, Bosch felt the market conditions were right for establishing manu-

“When I started at Bosch in 1989, people were saying we had to gain a foothold in the Chinese market. Our automotive customers expected us to start industrial activities in China. But what would be a suitable product to start out with? The spark plug, of course! It had made a name for us worldwide and involved simple technology. It therefore seemed to be a reasonable product with which to make a start in China. The relevant ministry informed us which companies would be available for negotiations.”

Helmuth Kuklinski (first director of the representative office in Beijing from 1989)

facturing sites of its own, and by 1996 the company had signed contracts for eight joint venture companies with Chinese partners. Gradually, Bosch obtained the majority holding in most of these joint venture companies, creating a network of subsidiaries that covered the entire Bosch portfolio. The foundation of a holding company, Bosch (China) Investment Co. Ltd., rounded off this development

in 1999. Today, this holding company coordinates the activities of all the Bosch divisions in China, which together employ a workforce of more than 20,000 people. It is headquartered in Shanghai, the lively economic hotspot in which Bosch did its first business deals 100 years ago.

■ Dietrich Kuhlitz



“In the years after 1994, the advantage of our first joint ventures was our partners' familiarity with the local markets and their contacts to customers and authorities, which are so absolutely crucial in China. To put it simply, they knew how to do business in the country. This way, we didn't run the risk of putting our foot in it too often.”

Klaus J. Majer (responsible for coordinating China operations at company headquarters from 1986)