

commitment to the future, and ITT Sheraton Corporation are very proud of the spirit of co-operation that has made the Great Wall Sheraton Hotel Beijing the best known hotel in China.

Boston-based ITT Sheraton Corporation, a subsidiary of ITT Corporation, is a worldwide hospitality network focusing on quality, with more than 400 owned, leased, managed and franchised properties in 61 countries, including three types of products: The Luxury collection (Hotels, Resorts and Sheraton Towers), upscale lodging (Hotels, Resorts and All - suites) and mid - priced Inns. The Asia Pacific Division includes 45 properties and over 18,000 rooms. The Asian region has 31 hotels in 13 countries and the Pacific region has 14 properties in Australia, New Zealand and the Fiji Islands. For further information, please call 500-5566.

**What More Can ITT  
Sheraton Do for  
AmCham?**

*by Robert Wang*

Where will you be spending your summer vacation during this hot and humid month of August in Asia? Perhaps the first reaction in your mind is the beach. The ITT Sheraton Sales Office in Beijing recently signed an agreement with AmCham which suggests that a Sheraton hotel would be the choice place to be. The ITT Sheraton in Asia has 31 hotels in 13 countries and is ready to honor AmCham members a 10% - 30% discount based on a rack rate. In addition to the room rate discount, AmCham members will be privileged to Sheraton Club International benefits. If you book a room at any Sheraton Hotel, or individual Hotel, simply mention AmCham and Number 13752. This is a special code number strictly for AmCham members. As an AmCham member, please feel free to use this code and receive a discount room rate in Bali, Indonesia, Labuan, Malaysia, Thailand, or anywhere else in Asia

where there is a Sheraton. For further information or for hotel reservations, please do not hesitate to call Mr. Robert Wang - Director of Sales / ITT Sheraton Sales Office Beijing. Phone 501-8276 or 500-5566 ext 322. Fax 500-2504.

**Second International  
Exhibition and Business  
Talks on New Products  
and Technology of Small  
and Medium Enterprises**

*By Zhang Ximing*

The Second International Exhibition and Business Talks on New Products and Technology of Small and Medium Enterprises (INTER SMEX' 94 BEIJING) is organized by China International Cooperation Association of Small and Medium Enterprises (CICASME) and China Center for Business Cooperation and Coordination (CCBCC). The purpose of this event is to promote the international cooperation of small and medium enterprises, expand the export of new products and technology, introduce foreign capital and technology, make progress in technological transformation and provide opportunities for direct contacts between foreign and Chinese SMEs.

China International Cooperation Association of Small and Medium Enterprises and China Center for Business Cooperation and Coordination are the sponsors of INTER SMEX' 94 BEIJING which co-sponsored by Beijing International Cooperation Association of Small and Medium Enterprises, with support from China National Technical Import and Export Corporation (CNTIC).

INTER SMEX'94 BEIJING Organizing Committee published two brochures on projects of Chinese enterprises for business talks, which totally contain 889 projects selected from thousands of projects continuously handed in from all over China. It might be the

great help which for you getting in touch with the Chinese enterprises.

INTER SMEX'94 BEIJING will cover an area of 10,000 sqm. About 370 domestic exhibitors as well as a large number of SMEs will participate in the exhibition and business talks. The main fields of interest are as follows:

1. Green food and food processing machinery;
2. Leather goods, tanning technology and machinery;
3. Textile dyeing, printing and finishing;
4. Medical and health care goods and equipment;
5. Digital control system of machine tools;
6. Advanced household electrical appliances and telecom products;
7. Building materials and indoor decorative materials;
8. Hardware and tools;
9. Packing machines and materials;
10. Auto parts and processing;
11. Other new products and advanced technology;

CICASME and CCBCC - work continuously in offering our sincere service to you in China, not only during the period of INTER SMEX'94 BEIJING!

Address of the Organizing committee for INTER SMEX'94 BEIJING: 5th Floor, 2 Xinzhong Xi Jie, East District, Beijing, China 100027.

Tel: 506-4523, 501-9842  
501-7711 ext. 2504, 2505  
Fax: 500-5908

## AmCham Update

by Philip Carmichael

Current plans call for a general AmCham membership breakfast meeting with Secretary Ron Brown on the 29th of August at 7:30 AM at the China World Hotel. I hope that as many members as possible will turn out in a show of support for this visit. As you may recall, Secretary Brown was one of the few vocal supporters of unconditional MFN renewal for China in the administration prior to President Clinton's decision. The Chamber applauds his position. Let's use this opportunity to express appreciation for his strong support and hope he will be a frequent visitor to China.

Prior to the visit all members/companies will be receiving a questionnaire to provide information on current projects pending for your respective companies. Use this opportunity to elevate the visibility of current projects where visibility at the senior PRC government level may be useful. It is also reported that members from Exim Bank may accompany Secretary Brown to China. Any questions, suggestions or comments should be directed to me at the Chamber office.

- Historical Perspective -

Your Chamber is also a member of the U.S. Chamber of Commerce, in Washington, D.C. During recent correspondence on the GATT issue, a few interesting old documents were unearthed regarding AmCham Beijing. AmCham Beijing became a member of the U.S. Chamber seventy-four years ago May 27, 1920. Dues to be a member of the U.S. Chamber were "\$10.00 gold."

Dues for members in AmCham Beijing were: \$10 Mexican silver for individuals and \$50 Mexican silver for companies. (Guess "hard currency" was an issue back then as well!) Today dues for members in AmCham Beijing are:

US\$300 for Corporate Member and Corporate Associate, US\$150 for Individual Member.

The charter of activities makes interesting reading. In a lot of ways - things haven't changed all that much:

In 1920: "The purpose of AmCham is to: watch over and protect the general interests of Americans, to collect information on all matters of interest to American Mercantile companies: to use every means within its power to remove all evils and, to communicate with Authorities".

After a long lapses, on November 11, 1981, AmCham Beijing renewed its U.S. Chamber membership - and became a "Chamber" again. Of the 36 members in 1981, 26 are still members today. Today current AmCham membership is over 480, which makes AmCham Beijing the fourth largest Chamber in Asia after Hong Kong, Japan, and Korea.

## The New Labor Law

by Chuck Hamrick

China is experiencing rapid change in human resource management, and a wide divergence in practice and policy is manifested at the enterprise level dependent upon various factors including technology, industry, investment, and location. "The Labor Law of the

People's Republic," which was published July 5, 1994 and becomes effective January 1, 1995, appears to be more of a bill of rights for workers rather than a set of specific regulations. The labor law, a blend of several local labor regulations, includes:

- \* loose standards for minimum wages, occupational training, and safety conditions;
- \* restrictions on the use of five mandatory social security funds,
- \* standards for the protection of female and under-age workers,
- \* the prohibition of discrimination based upon gender,
- \* overtime requirements,
- \* the content of labor contracts,
- \* trade union guidelines, and
- \* mechanisms for conflict resolution

Minimum wages are regional, stipulated by the province, autonomous region, or municipality. Each work unit defines its own wage levels and wage distribution policy dependent upon five factors: average local wage level, labor productivity, the work unit employment situation, the level of regional economic development, and the average minimum life expenses of the workers and their families. In practice, establishing a work unit specific wage policy appears to be a process of negotiation between the partners, the local labor bureau, and the trade union or personnel function. Developing trends are for rapidly increasing wages that are more job-specific, and for growing differentials between high and low skill-ranked employees.

The labor law provides that the work unit is to establish a vocational training policy, utilizing the funds set aside by the work unit in accordance with State provisions; however, the training plans are left up to the work unit depending upon its own situation. The work unit is to provide a safe and hygienic work environment with appropriate labor protection equipment, employee safety training, and regular health examinations. The law also allows the local labor administrative department to inspect the facilities, order the rectification of safety violations, impose fines, stop production, and institute criminal proceedings against those responsible. The law is nonspecific about the actual safety standards and training requirements. Although government regulations are general, there is a clear trend towards providing safer working conditions for employees, and companies need to be aware of their facilities' safety environments and assure that standards satisfy the local authorities.

The labor law sets requirements for, and restrictions upon, the use of five mandatory social security funds: *pensions, health, accident and disability or occupational disease, unemployment compensation, and 90 day maternity benefits*

As a summary of current regulation, not included in the new labor law, 49% of the actual wages paid in an FIE is set aside in addition to actual wages paid. These funds are distributed as follows: 17% going to the State for government distributed pensions, 3% to a pension fund regulated by the State for increases in cost of living or other increases, 20% to general welfare funds, 7.5% to medical benefits, and 1.5% to employee education. Benefits for health, accident, disability, and occupational disease are largely 100% funded by the FIE from the 7.5% allocation, with some negotiation possible for health

benefits of employee family members. The distribution of these welfare funds change periodically, so it is important for companies to maintain close relationships with local labor officials to assure the firm's compliance. Funds may be invested; however, the company is held responsible for any losses.

From the 17% State pension fund, the State pays retirement benefits equal to 45 to 55% of the average of the last three year's salary of the employee, inclusive of bonus and other welfare payments. The difficulty is that at the time of an employee's retirement, 70-80% of the average of the last three year's salary is used to calculate the monthly stipend to be paid to the retiree. The current trend appears to be the implementation of Singapore-styled portable employee provident funds, composed of contributions equal to a percentage of salary from both the employee and the company. These percentages, currently at 2-3% in some areas, are in addition to the pension funds mentioned above. These systems, while an additional cost, may alleviate the pressures of the current system.

The labor law provides for labor contracts between the company and its employees on an "equal and voluntary basis." The contract is to include seven items, three of which refer to:

*contract time limits, contract termination, and the legal liability of the parties.*

The other four stipulations are for the contract to establish:

*the actual work contents, labor protection policies, wage guidelines, and labour disciplinary policies.*

Finally, the labor law recommends a mechanism for conflict resolution, consisting of a progression from mediation through arbitration and litigation. Employees may consult at any time a conflict arises, the

company's Labor Dispute Mediation Committee composed of representatives from the employees, the trade union, and the work unit. Should mediation not suffice, the employee may turn to the company's Labor Dispute Arbitration Committee, composed of representatives from the local labor administrative department, the trade union, and the work unit. Legal proceedings can be brought should arbitration not be satisfactory.

As with many Chinese laws, there is a great deal of flexibility in the implementation of policy, so please let AmCham or myself know of your experiences. Generally, in my experience, trends are positive with incentive systems being revised to reflect wages commensurate with ability, skills, and performance. In addition, management control systems are allowing more flexibility in matching people's desires to job opportunities, personnel systems are becoming less intrusive into the personal lives of employees, and there is a genuine growing awareness of the need for environmentally safe working environments. Certainly this is a step in the right direction.

### Schedule of August Events

WEDNESDAY, AUGUST 17

AMCHAM BOARD MEETING

4:00 TO 6:00 PM

HIBISCUS ROOM

2/F, GREAT WALL SITERATON

MONDAY, AUGUST 29

7:30 AM CHINA WORLD HOTEL.

BREAKFAST MEETING

WITH

SECRETARY BROWN

DETAILS WILL BE PROVIDED VIA FAX

### FESCO Progress Report

by Jeff Bell

A meeting with FESCO was held on Tuesday, July 26, 1994. At the meeting, we reviewed the FESCO employee contract draft. Please note that the discussions with FESCO are an ongoing process; we, however,

will keep you posted about any progress with FESCO. Please contact the AmCham office if you are interested in obtaining a copy of the latest draft of the FESCO employee contract.

### Release of The 1994 Membership Directory

*by Wendy Chow*

Hot off the press, it's here! The 1994 Membership Directory is ready for distribution. The office has done its best to provide the most acute information. If you find any errors, please contact Ms. H. D. Kim at the AmCham office. Please note that attached to the newsletter is a list of corrections and new members. *Here, we apologize for any errors that have occurred.*

In addition, the office sale price for the Directory is US \$30 or RMB 270. For domestic shipping and delivery we charge US \$40 or RMB 350. For international shipping and delivery we charge US \$50. If you need any additional copies, please send your order along with your payment to the office.

### Reminder of The 1994 Salary Survey

*by Wendy Chow  
for the Salary Survey Committee*

By now, you would have probably received the Salary Survey questionnaire. AmCham regards the salary survey to be a vital service to its membership. Therefore, we would greatly appreciate all your participation for the sake of obtaining accurate and useful survey results. Through the use of a coding system, AmCham ensures confidentiality of responses. The surveys should be filled out and returned by August 20, 1994 to the attention of Ms. Mary Liu at the AmCham Office. The final results should be out by September 30, 1994. Participating companies will receive one free copy of the survey results. Otherwise, the summary

results will be available to the membership for a fee of US\$75.

### A New Labor Law

A new labor law was adapted on July 5, 1994 at the 8th Session at the 8th National People's Congress. The law will be effective starting January 1, 1995. Mike Boccio has made available an unofficial translation of the new labor law. Anyone interested can obtain a free copy of the translation at the AmCham office.

### AmCham Board Meeting

The following summarizes the Board of Governors meeting of July 27, 1994. Copies of the full minutes of Board meetings are available to members upon request to the AmCham office.

#### Training Update:

- Ms. Susanna Schneider introduced Mr. Antony Willoughby and Mr. Guy Gobourn from I Will Not Complain Int'. The organization designs 3-day courses that are designed to teach trust, reliability, and teamwork.
- The training program has received very good responses and achieved a significant financial success.
- Due to time limitation, we have canceled the training course which was supposed to be held in Tianjin. However, Susanna promised to provide help to AmCham Shanghai to start their initial training program
- Susanna also requested Board members to offer their suggestions on the training program for her to compile the training plan for 1995.

#### Embassy Report:

- Mr. Steve Hendryx announced Secretary of Commerce Brown's visit to China from August 27 to September 1.
- A Breakfast Roundtable with the AmCham general membership

on Monday, August 29 at the China World Hotel is planned.

- After Beijing, the Secretary plans to visit Shanghai, Guangzhou, and finally Hong Kong. Board members suggested that Ron Brown should visit hi-tech industries.

#### Salary Survey Update:

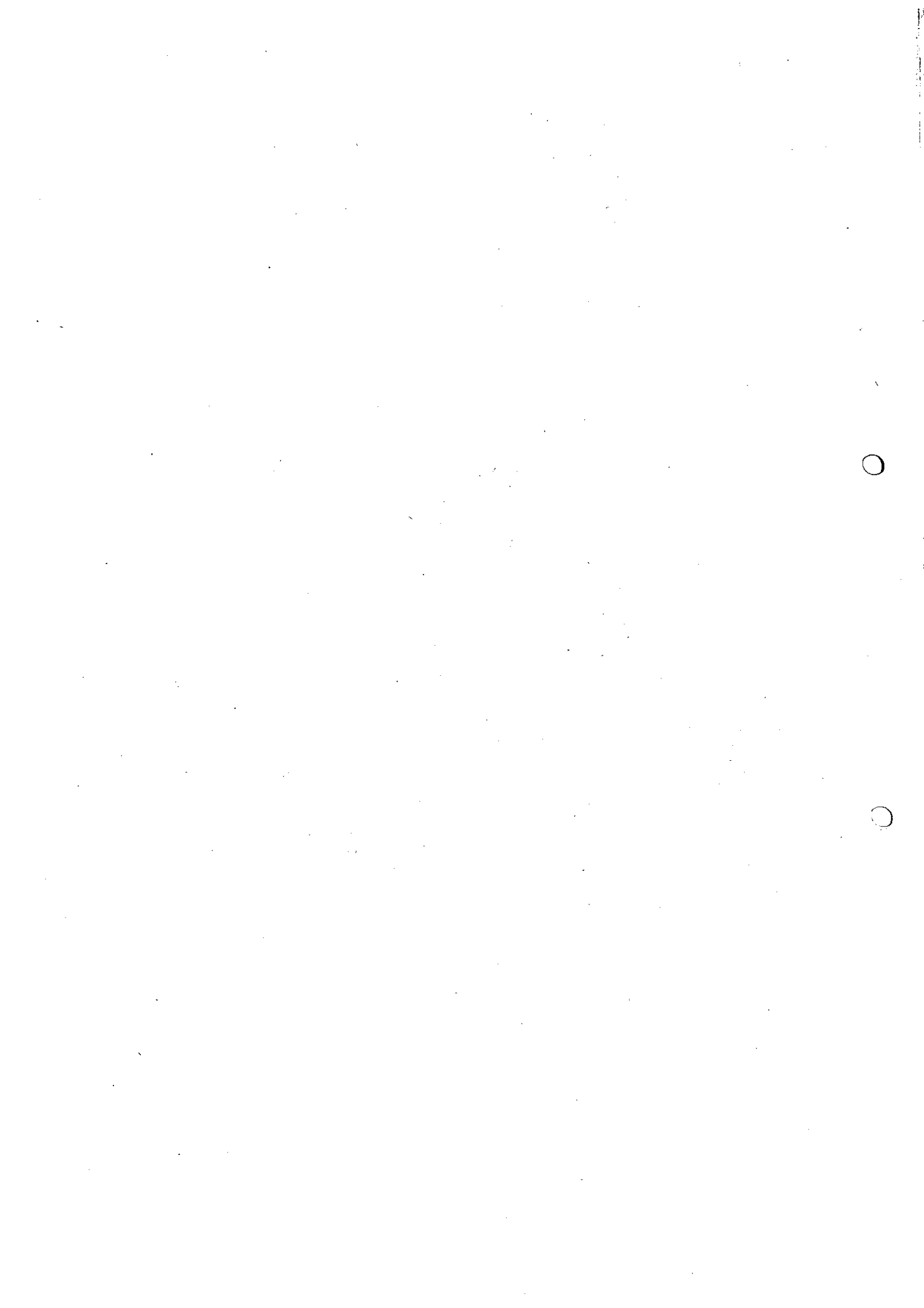
- Karen L. Kiely opened her report by complimenting the "very talented" AmCham office staff for producing a new, 50-question salary survey.
- The survey will be sent out by the end of the week and should be returned by August 20.
- Confidentiality of participant's information will be guaranteed by using a code system.
- The Board agreed on a nominal fee of \$75 to non-participating members and \$150 for non-members.

#### Budget Update:

- Delinquent members will be billed.
- Mr. Chen reminded the Board that AmCham should start to budget for additional office space.

#### Office Report:

- Mr. Jeff Belt began his report by announcing the completion of the 1994 Membership Directory. Ms. H. D. Kim will be responsible for selling the rest of directories as soon as possible. Steve offered that FCS could help on selling membership directory.
- Mr. Belt discussed the extension of Ms. H. D. Kim's contract. Further details concerning Ms. Kim's position will be discussed among Board Members.
- With the use of new computers, a laser printer, and a Xerox machine, the 1994 Membership Directory was easier to produce. Therefore, the 1995 Directory should be worked on



immediately. Our goal is to publish the Membership Directory at the beginning of every year

- The Board is discussing the possibility of hiring a full time accountant who would handle all receipts, data, and surveys.
- The office will need more equipment such as a new computer (for the accountant) as well as a telefax machine that can store thousands of numbers. Efficiency is key.
- A perpetually increasing membership calls for more office space. AmCham has sent a letter to Mr. Leon Larkin of the Great Wall Sheraton Hotel requesting a meeting concerning a vacant room next to the office.
- Ms. Karen L. Kiely proposed an official resume file which would benefit both employers as well as prospective employees. Jeff agreed that we should add this as one of our formal services.
- AmCham will consider putting the Membership Directory floppy disk up for sale. However, further items need to be discussed.

#### FESCO Update:

- Mr. Jeff Belt met with FESCO last Tuesday, and reviewed the FESCO employee contract draft.
- A progress report will appear in Beijing Times

#### The Guidebook Presentation:

- Mr. Magnus Bartlett, Chairman of The Guidebook Company, presented his calendars to the Board and invited AmCham to customize a Beijing Calendar.

### **A Word From Our Friendly Intern**

*by Jimmy Lee*

My name is Jimmy, currently the fearless intern of AmCham, Beijing. This summer marks my third trip to the land of rice and rickshaws. My first and foremost intention for coming to Beijing was to improve my Chinese. Along with 39 other students, I came with the Council on International Educational Exchange (CIEE) to study Chinese at Beijing University. Classes are every week day from 7:30 to 11:30 A.M. Having morning classes, we students are free in the afternoon to go sightseeing, buy silk, "xiu xi," or in my case, grab a cab to Room 301 of the Great Wall Sheraton Hotel.

As foreign exchange students, we tend to develop comfort zones where we spend time with each other speaking absolutely no Chinese. I like to do things a little differently. In fact, it is most beneficial for me to separate myself from my fellow American colleagues as often as possible. One of my most memorable experiences here in Beijing was my Rollerblading excursion from Bei Da to Tiananmen. I had a map, my skates, and a grasping desire to be one of the first to Rollerblade in the historical Tiananmen Square. Believe it or not, I made it. Quite a few stares and glares from all directions! Quite a few near death experiences as well! Of course I have to give a lot of credit to a fourteen year old friend I made on the way there. Riding his bike, he looked at my strange, four-wheeled shoes with eyes the size of half-dollars and I asked him to be my unofficial tour guide of Beijing. He found me interesting and also found it kind of neat to hang out with an older foreigner. I long for this kind of "cross-cultural" experience and am perfectly willing to take a risk here and there to find it.

After Tiananmen, my next goal for the summer was to find an internship. All of my previous jobs have been manual labor jobs so I thought that this summer I could try something different. Working with the AmCham office staff has been a

fruitful experience for me. With me, they are firm yet very gracious. From time to time I get to apply a little bit of my manual labor experience by moving boxes here and there. However, most of my time is spent at a computer editing memos, writing letters, or editing newsletters. In the future, I hope to work full-time here in Beijing. And who knows? Maybe in the year 2004, the Membership Directory will include my name in it somewhere. All in all, I feel that this summer internship has been mutually beneficial and I will certainly miss working with my "girlfriends" in Room 301. I would like to thank Wendy, Mary, Kathy, and Kim for teaching me the functioning's of the office. And a final thanks to AmCham for paying for my cab fares! See you in the near future! In fact, I will be looking for you.

### **China's Second Great Wall Celebrates It's 10th Anniversary**

*by Faye Kooperman.*

The Great Wall Sheraton Hotel Beijing celebrated their 10th anniversary in June, and 10 years experience in China. The hotel, an investment of USD82 million in 1982 was the first international luxury hotel in the capital of China, built and operated by a joint venture, whose partners are Beijing Tourism Corporation and E-S Pacific Development and Construction Co. Ltd.

The owners of the Great Wall Sheraton have invested USD\$7 million in upgrading the hotel's guest rooms and public areas. The extensive renovations program is a significant phase that has been undertaken for the future and to ensure the high standard of service for the five star hotel. The hotel's "new look" has created many features to focus on the needs of our future customers.

With 10 years experience, the hotel has a dedicated team that has a