

## THE U.S. CHINA BUSINESS REPORT

John D. Liu Production Associates, an American independent television producer based in Beijing, is currently working on a one-hour documentary about China's economic reform for the PBS network. The program will be an in-depth and balanced look at China today, and will include profiles of individual Chinese whose lives are being transformed by reform and opening.

AmCham supports the production of this much-needed program. We all complain about misperceptions about China; now we have a chance to do something about it. At the Annual General Meeting on November 30, a fund-raising committee will be formed to seek corporate sponsors to underwrite the cost of making this program.

To date, John D. Liu has received sponsorship funds totaling just over \$30,000. Realistically, to make the kind of quality program that will air nationwide, they will need to raise an additional \$100,000. Sponsors will be credited at the end of any broadcast of the program, and will receive master cassettes and VHS copies of the program for their own, non-broadcast use.

Public opinion will play a key role in deciding the outcome of the MFN debate, but Americans aren't well-informed about the "revolution" that is underway in China. It's crucial that we reach a wide audience in the U.S. with this message so we can build a consensus for engagement with China's 1.2 billion people. We urge all companies with a big stake in China's future to consider sponsoring this program.

## China Hands / China Voices

John D. Liu Production Associates produced this half-hour television documentary earlier this year. VHS cassettes of the program have been widely distributed by AmCham in Beijing to members of Congress and other interested groups.

Excerpts from interviews with Barber Conable, Donald Anderson and others were provided to CNN and PBS, where they were used to present the views of the business community in news reports about MFN.

The program was made possible by support from the U.S. business communities in China and Hong Kong. Sponsors in Beijing included United Technologies, Coca-Cola China and Paul, Weiss, Rifkind, Wharton and Garrison.

Copies of *China Hands / China Voices* are available for sale at the AmCham office in the Great Wall Sheraton Hotel, room 301.

\*\*\*\*\* *Merry Christmas and Happy New Year* \*\*\*\*\*

# BEIJING TIMES

American Chamber of Commerce  
People's Republic of China - Beijing

Vol. 1 No. 4  
November/December 1993

## Presidential Chatter

by John Hart

It is hard to accept that this exciting and rewarding year is finally winding down. This board inherited a Chamber that was better than a year earlier. We are confident that we are passing on a Chamber that is better than what we took over. We hope that this process will continue.

Next year's Board of Governors faces a challenge to maintain momentum. This board is optimistic about U.S. and China relations, and the upcoming summit in Seattle provides opportunities for further improvement. However, the MFN issue is not going to disappear overnight, and we need to support Congress and other government leaders to come this way and see for themselves the changes taking place in China. We also need to continue our Washington dialogues.

A few things remain before this board fades into history. Our Annual General Meeting will be held on November 30. If you cannot attend the AGM, please give your proxy to any of the board members or to the office, as we need a quorum. The Nominating Committee will present a slate of candidates that assures a well governed AmCham in '94. Please use your ballot and vote!

This board expresses our deepest thanks to Ambassador Stapleton Roy for the support that he, Mel Searles, and the Embassy staff, have given us in our dialogue between business and government. My heartfelt thanks to the hardworking board and committee members who have made 1993 so successful!!

## The International Liaison Committee

by Phil Carmichael

AmCham participates in the International Liaison Committee along with the French and Japanese Chambers, the British Business Association, the Hong Kong Business Association, the Bankers Association, and the German and Korean business communities. The committee addresses such broad issues as FESCO indirect taxes, the "head tax" of \$1.00 per day, and hard currency payments to FESCO for local employees.

The forum meets every six weeks and has the advantage of being able to present positions on issues affecting all foreign businesses in China. We also discuss issues with other AmChams throughout Asia. If you have a business facilitation issue that you wish the committee to bring to the authorities, please contact either myself or the other co-chair, Diane Holtzman.

Co-chairpersons  
Phil Carmichael 512-4079  
Diane Holtzman 500-2255x1140

## Thanks, John

John is retiring from AmCham office at the end of this year. We, the 1993 Board of Governors along with the editorial committee of the Beijing Times, thank him for his years of service to our business community and to the development of the Beijing AmCham.

## WADDEN'S WINE WORLD

by Chris Wadden

*If Claret (Red Bordeaux) is the queen of the natural wines, Burgundy is the king.*

George Saintsbury

The wines of Burgundy are some of the most famous yet unpredictable of all of the wines of France. Finicky grapes, northern climate, and bizarre labelling traditions combine to make every venture into the region a risky but often rewarding one. Carefully chosen, they can provide the most memorable wines of your life.

The most northern region is Chablis, famous for its crisp white wines from the Chardonnay grape. The area is 160km from the rest of Burgundy, and the cool climate is challenging even for the hardy Chardonnay grape. The great flinty dry white wine splits into four quality categories, Petit Chablis, Chablis, Premier Cru, and Grand Cru. One certainty is that the chablis are rarely inexpensive.

The next region is the Cote D'Or, famous for its red wines made from the Pinot Noir grapes. The area divides into the Cote D'Nuit (only red wines) and the Cote D'Beaune (red and excellent white wines). Names of vineyards are confusing and unreliable, so look for the producer's name as a key.

The Cote D'Chalonnaise is one of a few place to find bargains. Four villages having their own appellation (legal producing area) include Givry (red), Mercurey (red), Montagny (white), and Rully (red and white).

*cont'd*

## WADDEN'S WINE WORLD, CONT'D

The Macon area produces red wines, but is best known for the white wines also from the Chardonnay grape. Pick the wines by the producer, not necessarily the vineyard.

The most southern region is Beaujolais, famous for easy drinking red wines made from the Gamay grape. Nouveau Beaujolais is released on the third Thursday in November, and is considered "nouveau" until Christmas Day. Easy drinking and fairly inexpensive, it provides a contrast to the other red wines of Burgundy.

## Editorial Comment

This issue completes the first year of the Beijing Times. We published four issues over an eight month period, and plan to circulate issues monthly next year. The Shanghai Newsletter has joined our China business community, and we hope to coordinate efforts with them in the near future. We will also coordinate calendars with the American club.

Thanks to all of those who have contributed articles, entered text, edited, and performed those seemingly mundane tasks without which a newsletter would never clear the editors' mind.

The election of officers and board members is important. Use your vote and help continue the progress that AmCham is making towards being a professional organization.

If you wish to write for the Beijing Times, please submit your articles to the office or to any of the editors. We look forward to sharing your views!

### Editorial committee:

Phil Carmichael 512-4079  
Chuck Hamrick 576-3923  
Linda Pointer AmCham office  
Dian Terry 512-3524

## Back Door Negotiations Forum

A one day forum on back door negotiations will be held at the Shangri-La Hotel on December 8. Leading the meeting will be Ms. Chu Chin-ning, the author of *Asian Mind Games* and *Thick Face Black Heart*. Ms. Chu is a U.S. based consultant on China business, and will cover such sensitive issues as dealing with corruption, pay offs, mooching, and other back door tactics.

She will also lead a panel discussion with Phil Carmichael, EG&G China, Clinton Dines, BHP International Holdings Ltd., and Patrick Powers, SSM Coal BV. The registration fee for AmCham members is \$150. For further information, please contact:

XRG in Beijing Fax: 532-3652  
Hong Kong Fax: (852)845-1667

## Fifteen Seconds to a Good Impression

by Pamela Aumen

As instructor for the Telephone English Seminars for AmCham, I have had the opportunity to train secretaries and receptionists from various foreign companies. The seminar uses highly interactive and participatory approaches to develop international business and telephone language skills. The seminar also provides opportunity for the trainee to practice and improve telephone message taking.

An article in *Honeywell World* stated that improvement in phone matters could impact Honeywell business by ten percent, with little or no investment! The impact of poor telephone manners is immeasurable, but good phone manners are critical to maintaining market leadership. Few greater opportunities exist to make such business improvement in only 15 seconds!

## THE RUMOR MILL

One of the local airline people said that somebody requested a ticket to another country. The ticket agent asked to see a visa, whereupon the person asked "Will Mastercharge do?"

## Note from the Embassy

The U.S. Embassy urges all American citizens living in Beijing to register!

Registration facilitates reissuing of lost or stolen passports.

## Salary Survey

Please don't forget to fill out the AmCham Salary Survey.

Your response will help make the results more meaningful!

The board wishes to thank  
**Karen Tilken**  
for her dedication to this project.

## Diplomatic License Plate Numbers

Just in case you were wondering what countries belong to those black license plates, below is a partial list.

Australia	107
Austria	108
Belgium	111
Brazil	115
Canada	121
France	144
Germany	148
Japan	163
Malaysia	175
New Zealand	187
UK	223
USA	224

**COMMUNICATION,  
SELECTION,  
and GREEN HATS**

By Chuck Hamrick

A few years ago I requested our Chinese engineering manager to make 200 small wooden blocks with one half painted red, and the other half white. The blocks were to go on the tops of the production machines, with white up in case of raw material shortage, red up in case of machine trouble. He said "It won't work," so rather than argue with him, I told him to "Just do it." A few days later, he ceremoniously placed two large boxes on my desk and said smugly "I told you that it wouldn't work." Picking up one of the boxes, I huffily took him out to the production floor, removed a few blocks and placed them on the machines. Then the reason for his smirk became very clear. The tops of the machines were slightly slanted, and the blocks would only slide off!

Those blocks are buried in the Malaysian jungle next to 600 green hats that I chose not to distribute to our male Chinese technical staff. I wonder what theories will develop when some future archeologist comes across that find.

Sometimes as business people in another country, we don't listen very well. Japanese and Chinese cultures refer to a cooperative spirit and reciprocity that must be developed for successful communication. This article focuses on that reciprocity.

In the first two articles in this series, I spoke of the importance of mission and the development of employees in concert with that mission. Another factor critical to the success of organizations is that of selection, rewards, and promotion. Without question China needs a new management methodology in their burgeoning market economy, and it is part of our responsibility to import organizational systems to govern our

new companies. Even though these imports may be a goal of the Chinese as well as ourselves, we also have a lot to learn from the Chinese.

*Western civilization—a good idea?*

In 1972, during President Nixon's China visit, one reporter asked a peasant what he thought of Western civilization. He replied "I think it would be a good idea."

Much of what I have learned about management in China is best illustrated by the *chengyu*, idioms with a 4000 year old authority of history. One of the first *chengyu* given me when I arrived in China was "When a new official takes office, he sets three bonfires."

**新官上任三把火**

*Xin guan shang ren san ba huo*

The first bonfire that a new manager will probably need to set in an organization in China is the personnel selection process. General Managers diverge widely in their views about their personal effect on their organizations. Some say that they have complete control over the selection and promotion process. Others report limited freedom, with partners, staff, and even government agencies influencing decisions. On whichever end of the influence spectrum that you find yourself, first, as the Chinese would say, find who are the "fish eyes among the pearls."

**鱼目混珠**

*Yu mu hun zhu*

This may not be so easy, given the language barrier that most GMs find they have. Recently, one of my colleagues was attempting to speak Chinese. The Chinese to whom he was speaking replied "You speak very good Chinese. Are you speaking Chinese now?" The ability of a Chinese to speak English is of itself no guarantee of a person's capability. This often over-looked caveat can cloud an expatriate's vision and create an environment in which other Chinese view with

suspicion those chosen for promotion. Selection and promotion based on capability needs to be balanced with a policy of matching responsibility to the person; that is, "Measure the body, cut the cloth."

**量体裁衣**

*Liang ti cai yi*

Some Western organizational circles say that the organization is first; others say that the individual is paramount and is not a "tool" to be used as one uses a machine. In the Chinese context, it is acceptable to utilize people without entrusting or empowering them. While this may rankle organizational behaviorists, this may be acceptable management philosophy at this stage in China's development. At least, one should understand the practice and adapt it if necessary. Supporting this view is the *chengyu* that admonishes "Don't chase a poor enemy."

**穷寇莫追**

*Qiong kou mo zhui*

Often a person will be in a position of organizational power without adequate capability. Two common options are to remove the individual or to truncate the person's responsibility. Think three times, as the Chinese say, before acting. Other Chinese staff will watch you to see how you handle the situation.

The *Tao Te Ching* says that if you do not trust your subordinates, they will become untrustworthy. It is interesting that it does not say that if you trust your subordinates, they will necessarily become trustworthy. The ancient oracle bones show that the original character for trust was a person blowing a trumpet. The message was that everybody should listen to whoever speaks after the trumpet blows. It is our imperative to use our trumpets well.

Note:

To many Chinese, wearing a green hat means that your wife is running around on you!

## MARKETING IN CHINA: SOME FOOD FOR THOUGHT

By Dian Terry

Planning for 1994 is well underway for most companies doing business in China. Budgets may be in place, but now managers may be thinking, "OK, now how can I make the best use of the marketing resources I have?" Here are 7 tips that may be useful in planning marketing strategies in China.

### 1. *Promote Your Company's Image.*

In China, knowledge of the company behind the product or service is key to virtually every buying decision.

Doing business with well known, high quality companies makes Chinese partners, policy-makers and regulators less vulnerable and gives them assurance that they are dealing with companies that have the resources to make the ventures succeed.

Research consistently shows that Chinese consumers invariably select products based on whether they know something about the company behind the product.

Research also shows that business and general consumers in China believe imported products are best, followed by joint venture products, those produced through technology transfer and, last, locally produced products.

Therefore, perhaps more than in any other market, marketing in China must start with promotion of a company's image.

### 2. *Understand your market.*

China is made up of many very different markets. In Shanghai, recent reports are that cosmetics and personal care products are second only to food among

consumer purchases. But that's hardly the case in the countryside.

Understand the environment and pressures on your buyers or partners as well. With the shifting role of ministries and the decentralization promised in the recent party plenum, the end-user who may want your imported product is going to have to answer to policy-makers who may be sticking to the import substitution policy or who may want to demonstrate their authority over local or end-user decisions.

### 3. *Demonstrate Your Value.*

Demonstrate the ways you, your brand and your company add value. This can support premium pricing. Make your company's commitment to China well known and clearly communicate the quality and benefits of your products.

### 4. *Reach Your Market.*

Study the ways you can reach your market. More media outlets for advertising messages, especially in the lifestyle area, are on the way. And advertising regulations are changing. Foreign companies and joint ventures are charged substantially higher rates for advertising than local advertisers. Have you considered other approaches such as program sponsorship, advertorials and other public relations techniques? The price of one full-page ad in Guangming Daily -- the price to foreign companies and joint ventures, that is -- can buy months of public relations support and gain the greater credibility of editorial coverage.

### 5. *Adapt to the Culture.*

It's fine to apply Western techniques here, but be sure to adapt them for China and pay attention to cultural differences. Remember that China is a culture thousands of years old; you're not dealing with a typical developing nation.

### 6. *Keep Trying!*

Be prepared for frustrations such as more time needed to execute virtually any program.

### 7. *Don't Assume Anything.*

Don't assume anything. In particular, don't assume that the Chinese understand -- or care to know -- your company structure and whether one unit can or can't speak for another. Presenting a united "face" is usually best.

Perceptions of your company -- the corporate image -- leads to establishing preference for your products or services. Strategic communications about your company can create a better environment in which your transactions can take place.

The first point is worth repeating. In China, knowledge of the company behind the product or service is key to virtually every buying decision.

## AMERICAN CHAMBER OF COMMERCE IN SHANGHAI, PRC

Shanghai AmCham published its first issue of their newsletter called AMCHAM BULLETIN. They report that their chamber has grown from 54 corporate members to 178 corporate members in the past eighteen months.

It is interesting to note that the American Chamber of Commerce was organized in 1915, just three years after the founding of the U.S. Chamber.

Shanghai AmCham has formed a Human Resources Committee which meets monthly. Good Idea for Beijing? Volunteers for Chairpersons?

### *Shanghai AmCham Contact:*

Shanghai Centre, Room 435  
1376 Nanjing Road West  
Shanghai 200040  
Tel: 279-7119  
Fax: 279-8802

## MEMBERSHIP UPDATE

### NEW NAMES

#### Company:

Paragon Law Office  
(Paragon Consulting)

#### New Voting Member:

Coudert Brothers  
*Philip Chritton*  
Great Wall Sheraton Hotel  
*Leon M. Larkin*  
KMPG Peat Marwick  
*Johnny Ng*  
Trafalgar House Plc.  
*Cecilia Tse*  
United Airlines  
*Robert Copeland*  
US-China Business Council  
*Anne Stevenson Yang*  
Westinghouse  
*William Nygren*  
Xerox Corporation  
*Frans Ryckeboosch*

### NEW MEMBERS

#### Corporate:

Alcoa Beijing Rep.  
*Li Hui Ping*  
Allen-Bradley  
*Carl A. Cozine*  
Anadarko China Co.  
*Ronald A. Bain*  
Beijing Chun Yuan Real Estate  
*Teddy Chang*  
*Amie Chang*  
Dorr Olive Beijing Rep.  
*Zhiping Wang*  
Enron International  
*Roland Tong*  
Honeywell China Inc.  
*Stephen Y. Kao*  
Manitowoc Nevada Inc.  
*Donald W. Bast*  
*Cui Jian*  
National Semiconductor  
*John Phelps*  
PacRim Consulting  
*Yao Fang*  
Tian Jin Golden Food Production Co.  
*Tom Shen*  
United Parcel Services  
*John Ma*  
WJS China Ltd.  
*Ben Chen*

#### Individual:

*Doug Markel*  
*Patrick White*  
*Ronald Kah Chang*  
*Geoffrey Edward Davisson Karren*

## AMCHAM MEMBERSHIP DESCRIPTIONS

### Corporate Member

Corporations, partnerships, sole proprietorships or other legal entities formed, or founded or incorporated in the U.S. or if formed, founded or incorporated outside the U.S. having substantial investment or operational interests held by U. S. legal entities or citizens. The company must be established in or have a regional representative in China and have sufficient capital investment or operating interest in China, as determined by the Board of Governors. Each Corporate Member should designate one person as voting representative.

### CORPORATE ASSOCIATE

Companies who are not legal U.S. entities but are interested in or connected with the U.S. Each Corporate Associate should designate one person as representative.

### ADDITIONAL ASSOCIATES

Additional members of each Corporate or Corporate Associate membership who are interested in attending AmCham PRC functions. AmCham encourages corporate members and corporate associates to list employees as Additional Associations.

### INDIVIDUAL MEMBER

Any U.S. citizen resident in China who is engaged in business or a profession in China, but who does not qualify for Corporate Membership, shall be eligible for Individual Membership, provided he or she is twenty-one years of age or over.

### INDIVIDUAL ASSOCIATE

Individuals who do not otherwise qualify for Individual Memberships, subject to the relevant provisions of Chinese law.

### VOTING RIGHTS

Corporate Members and Individual Members are entitled to vote. All other memberships are non-voting.

### TERM OF MEMBERSHIP

Memberships is valid for the duration of the calendar year.

### MEMBERSHIP POLICY

AmCham membership policy has been established according to the PRC Regulations on Foreign Chambers of Commerce and approved by the Ministry of Civil Affairs.

## SCHEDULE OF EVENTS

### NOVEMBER 30

ANNUAL GENERAL MEETING  
VOTING MEMBERS ONLY  
CHINA WORLD HOTEL  
FUNCTION ROOM I  
BASEMENT I  
4:00-6:00 PM  
MEMBER QUORUM REQUIRED  
PLEASE ATTEND

### DECEMBER 7

SPEAKER LUNCHEON  
MR. RICHARD BUSH WILL SPEAK  
ABOUT THE PERCEPTIONS AND  
ATTITUDES OF CONGRESS TOWARD  
ASIA/CHINA  
GREAT WALL SHERATON  
11:45 AM CASH BAR  
12:15 PM LUNCH  
110 FEC PER PERSON

### DECEMBER 8

AMCHAM BOARD MEETING  
GREAT WALL SHERATON  
VIOLET ROOM  
4:00 TO 6:00 PM

### DECEMBER 10

AMCHAM ANNUAL DINNER  
PALACE HOTEL  
CRYSTAL BALLROOM II  
6:30 PM CASH BAR  
7:00 PM CHRISTMAS DINNER  
250 FEC PER PERSON

### DECEMBER 14

AMBASSADOR'S ROUNDTABLE  
AMERICAN EMBASSY--SAN BAN  
4:00 TO 5:00 PM  
HAPPY HOUR  
COMMERCIAL SECTION  
5:00 TO 6:30 PM

An **ANIMAL CLINIC** will be conducted from 28 December 1993 through 4 January 1994 by Dr. Todd Meyer, visiting veterinarian from Boston. Dr. Meyer will be prepared to perform most pet surgeries and vaccinations. If you are in need of specific medications, please advise when you schedule your appointment. To confirm an appointment or for more information leave a **voice or fax** message for **Debbie @ 532-3350**.