

## 14 Cities Urged to Speed Up Plans

China's State Council said that the 14 coastal cities chosen to open their doors wider to foreign investors must press ahead with development plans.

A leading State Council official said that opening to the outside world on a larger scale would be an important policy of China's for a long time to come.

The 14 port cities, which are to expand their decision-making powers over foreign economic relations and trade, and offer preferential treatment to overseas investors, are:

Dalian, Qinghuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai.

The government announced in April that they had been chosen to join the four special economic zones of Xiamen, Shantou, Zhuhai and Shenzhen and Hainan Is-

land as centers of foreign economic relations along the coast.

The State Council official said that since the announcement was made, special work groups had been set up in the provinces and municipalities where the port cities are located, headed by either a vice-governor or vice-mayor.

It was now most important for them to draw up their development plans in accordance with local conditions, and with emphasis on the various lines of business which could be catered for.

All the cities were located in economically-developed areas, with a fairly good foundation of industry and science and technology.

Being chosen to open up on a broader scale would help spur their development, and their advanced techniques and managerial methods would then spread to surrounding areas, said the official.

However, the cities must speed up the improvement of infrastructure, he said.

Airports, wharves and other facilities have to be built or expanded.

The cities will not have the same status as special economic zones but will be able to offer tax incentives to foreign firms which provide advanced technology in running joint ventures or coproduction projects with Chinese enterprises, or projects with exclusive foreign investment.

Machinery, equipment and other means of production imported for these enterprises will be exempt from import duty and consolidated industrial and commercial tax.

Their products for export will be exempt from export duty, and a certain percentage of product which requires advanced technique to produce may be sold on the domestic market. In addition, the entry and exit procedures for foreign business people to these 14 cities will be simplified for convenience.

The official said the timetable for opening the cities would be arranged in accordance with the differing conditions affecting them. A number of economic and technical development districts would be gradually set up in some of the cities which have developed higher technical and management skills and gained more experience in foreign economic activities.

All projects to be established in these districts, including joint ventures, coproduction and exclusive foreign enterprises, as well as joint scientific institutes, must be truly technically advanced.

The income tax for all the production enterprises in these development districts will be levied at 15 percent — the same as in the special economic zones. Preferential treatment practiced in the special economic zones will also be applied in the districts as regards imported equipment, exports and domestic sales.

The State Council official said, the 14 cities would first import advanced technology for revamping existing enterprises, and build a number of small and medium-sized projects aimed at producing good economic results.

Reform and opening to the outside world must not be separated, he said. These cities would, at the same time, carry out a series of reforms to make the system of management conform to an open policy. Some of the successful methods practiced in the special economic zones may also be tried out in the port cities.

The open policy required a group of competent city managers and a large number of personnel well versed in international economy, trade, finance, law, science and technology and management, he said. Training courses will be arranged for managers.

# A Shirtsleeves Guide to Chinese Corporate Etiquette

Scott D. Seligman

The Chinese themselves are generally the first to point out how underdeveloped and backward their nation is when compared with the West. But while the Chinese may acknowledge inferiority in science and technology, as the world's longest continuous civilization they do not feel the need for instruction from anyone in the areas of manners and courtesy. Being broadminded, they hold relatively few expectations that their Western counterparts can measure up to acceptable standards of behavior in most social situations. They are genuinely appreciative in the few cases when one does, however.

The norms and rules for behavior to which the Chinese subscribe among themselves and to which they adhere fairly rigidly are substantially different from our own. The "shoot-from-the-hip," or the "lay-all-your-cards-on-the-table" approach which is often the favorite of American and other Western business executives stands in marked contrast to their subtle, indirect, and quintessentially oriental way of getting business done.

Foreigners need not forget their own cultural values when doing business in China, or attempt to play completely by Chinese rules. But it is often useful to understand Chinese protocol if only to learn to read their signals more effectively. And attempts to follow their customs in social and business situations are welcomed by the Chinese as the most sincere of compliments.

Many Westerners are uncomfortable around Chinese officials precisely because they are uncertain as to the proper protocol for dealing with them. What follows are some guidelines which attempt to shed light on Chinese expectations in situ-



## *How a Western Barbarian Can Learn to do as the Chinese*

ations such as business meetings and banquets, and customs such as gift-giving and dress.

### **ARRIVALS AND DEPARTURES** *The Obligatory Welcoming Party*

When foreign business representatives or delegations arrive in China as guests of Chinese corporations or government ministries, a welcoming party is generally sent to the airport. Depending upon the rank of the principal guest, the Chinese side can be counted on to send an official of approximately equivalent stature—to do less would be to risk delivering

an insult. The welcoming party also generally includes an interpreter and whichever individual is to serve as the group's escort while in that city.

Chinese airports are equipped with special lounges which are rented by host organizations and used to receive arriving guests. Ceremonies are mercifully kept to a minimum, especially when the guests are arriving from distant locations and have been in flight for many hours. They are greeted, pleasantries are exchanged and luggage collected, and then they are shipped off to their hotels or guest houses.

Similarly, the Chinese attach great importance to seeing off their guests when it is time for them to leave. One measure of how highly the Chinese host organization regards the visiting guest is the status of the official who is selected to see him or her off.

Chinese groups visiting foreign countries have learned not to expect similar treatment, as the demands on the time of executives in the industrialized world seldom allow for lengthy trips to and from airports for strictly ceremonial purposes. But this is a gesture which is very much appreciated by the Chinese when it is made.

### **BUSINESS MEETINGS**

#### *No surprises, please*

Whether one visits a factory, a nursery school, a commune, or the Beijing headquarters of a nationwide corporation, one finds a striking similarity in the way the Chinese conduct their meetings. When they enter rooms, for example, it is generally in protocol order, with the highest-ranking cadre marching in first. The only exception to this rule is the interpreter, who is positioned next to the delegation leader—not necessarily in appropriate rank order—in order to provide the leader with a

voice. Conversely, Chinese generally assume that the first member of a foreign entourage who enters a room is also the head of the group. One can avoid the embarrassment of having a staff assistant taken for a CEO by taking note of this and filing in accordingly.

Chinese hosts will show their guests to their seats, whether they are around conference tables or overstuffed chairs lining the walls of a room. Generally the head of the guest group is seated to the right of the main Chinese host, though in formal negotiations they may sit across the table from one another. Others fill in seats as directed, with more senior members of the group sitting nearer to the heads. Interpreters position themselves in convenient locations.

The more advance information you can give your Chinese hosts about what you hope to accomplish and discuss at a particular meeting, the likelier you are to be pleased with the results. The Chinese don't like surprises in their dealings with Westerners; they prefer to know exactly what will be raised and have their responses fully planned ahead of time. Important meetings with foreign exchange at stake are no time for spontaneity. Early information also allows them to line up the most appropriate participants on their side, so that you are more likely to talk to the proper counterpart officials.

Meetings generally begin with some small talk—Chinese seldom launch directly into substance, feeling this a bit impolite, and so they are

a bit jarred when their American friends come in swinging. Safe subjects include the weather, how long one has been in China, how many previous visits one has made, and one's itinerary. The Chinese seem to have a never-ending and inexplicable fascination with hearing which other Chinese cities their guests have visited. It does tend to break the ice.

Meetings with Chinese officials are not free-for-all exchanges. They are generally public dialogues involving the principal host and guest, to which others in the room contribute only by invitation. Chinese cadres seldom meet foreigners alone; there is usually at least one staff member in the room, and often there are many. Don't be surprised or uncomfortable if the other individuals are never introduced. They may simply be there to take notes or to observe, and telling you who they are may not strike the host as particularly relevant or important.

If the meeting is held at your request, the host will make a short welcoming speech and then turn the floor over to you to state your business. The Chinese normally prefer others to make presentations to which they may then react. If you have a lot of unrelated points to make, stop after each and give the host a chance to respond; if not, summarize your business in your opening remarks and let the conversation flow from there. It isn't considered polite to interrupt, though you may interject a comment if it seems relevant as long as you remember who holds the floor.

A word about talking through in-

terpreters is in order. Mandarin being the esoteric language that it is, the Chinese do not expect their foreign friends to come prepared with their own interpreters, unless the negotiations are extremely formal. In such circumstances the foreigner speaks through his or her interpreter, and the host through the Chinese interpreter. Normally, however, the Chinese will provide a translator who may be used for two-way exchange.

As a foreigner you should remember to pause frequently during your remarks, breaking them up into bite-size chunks so that the interpreter can digest them and translate them. Speak slowly, and don't pepper your remarks with too many idioms or slang expressions, unless you are prepared to explain them. Even if you don't speak any Chinese, try to get a feel for whether you are dealing with a novice or a crackerjack. The quality of interpreters varies tremendously, and speed and content of one's speech should be tailored to their competence.

If your Chinese host seems to sidestep direct questions, it is probably for a good reason. He or she may, on the one hand, not know the answer you are seeking. Or the answer may be no—it may be an effort to help you "save face." Negative replies are considered impolite in many oriental cultures, and you could well get a "maybe" when the answer is really no. If you are in doubt, you can always ask your escort or interpreter informally later. If you get an indication that the host needs to check on something before giving an answer, ask him to designate a contact person with whom you may follow up later.

Either side can end a meeting. The ranking guest may observe how much of the host's time he or she has already taken up, or the host may point out that the lunch hour is near, or that the guests may be tired, in a hurry, or busy. In either case, all rise, shake hands, and the guests are escorted by a representative of the Chinese side to their car or at least to the door.

## BANQUETS *Hold the Sea Slug*

Business representatives are forever being banqueted by the Chinese, and are occasionally in the position of hosting return affairs. The Chinese, for their part, are quick to



*"Is it possible to ask if their 'maybe' really means 'maybe'? Or does it mean 'no,' or 'probably yes,' or 'probably no,' or 'possibly,' or 'definitely not' ... ?"*

offer to host their guests over lunch or dinner, not only because it is a polite gesture, but in no small part because it generally means a sumptuous meal at the state's expense.

The Chinese hosts are expected to arrive before the guests, and they usually greet the foreigners in a separate room or in a corner of the banquet room where there are comfortable chairs. As with formal meetings, guests are directed to seats, with the principal guest seated to the right of the main Chinese host; the others fill in afterwards. Tea is served, and small talk is attempted. After a short period which may last between 5 and 15 minutes, the host suggests adjourning to the table, and the guests are ushered to seats.

Banquet seating is fairly rigid. Most of the time, especially when groups are large, place cards will announce who is to sit where. The guest of honor sits to the right of the principal host, usually at a round table, and generally facing the door to the room. The second-highest ranking foreign guest will sit to the right of the number-two Chinese host as well. This may be directly opposite the principal host and guest, or it may be in corresponding positions at another table. If more than one Chinese organization is represented at the banquet, the highest-ranking individuals from each unit will also be afforded places of honor, either to the immediate left of the principal host or else somewhere else at the head table. Interpreters are the only people who are permitted to break rank—they are seated where needed, without regard to status.

A cold platter will usually be in place in the center of the table before guests are seated, or else it will be served immediately thereafter. It is the responsibility of the principal Chinese host to serve the guest of honor from the platter first. He normally does not use his own pair of chopsticks, but employs a second set which is laid out above his place setting for this purpose. Lacking these, he may reverse his own chopsticks and serve with the larger end—a sign of respect and politeness. After he is finished putting food on the plates of all guests within his reach, other Chinese at the table will make it their business to serve foreigners around them in a like manner. The same procedure is followed when each new dish arrives at the table. After a dish



"Is there a polite way of telling Mr. Wang that I detest sea slugs?"

has been served, it is perfectly polite to help yourself if you would like some more, and no one makes a move to assist you.

When you do help yourself, remember one fine point of Chinese etiquette: It isn't considered polite to pick through a dish in search of a favorite morsel. The best approach is to study the plate with your eyes until you see the piece you want, then reach for it in one, deft movement.

Banquets can include as many as 10-15 courses, so it is imperative that you pace yourself and not eat too much of any one dish. The cardinal rule of Chinese banqueting is that if you are finished eating a particular course, be sure to leave some food in your plate or your host will continue to serve you and continue to expect you to eat.

After the cold appetizers are consumed, the dishes that follow will probably include those representative of the five basic Chinese "tastes," namely sweet, spicy, sour, bitter, and salty. You'll know the meal is coming to a close when you see a fish dish, a soup, and finally a dessert of some sort—often fresh fruit.

It is generally not considered polite to refuse a dish altogether, though you may certainly eat less of one dish than another. On the other hand, Chinese with experience banqueting Westerners will understand if you feel obliged to pass up a delicacy like sea slug, duck brains, jellyfish, or fish stomach. If you can hazard a bite or two, so much the better; alternatively, you can achieve nearly comparable results by pushing the food around in your dish. The fact that such dishes continually reappear in banquets despite increasing aware-

ness by the Chinese that they don't figure high on foreigners' wish lists is further indication that banquets are as much for the Chinese as they are for their guests. Chinese consider sea slug a rare and costly delicacy, despite its unmistakable similarity in Western eyes to a worn automobile tire.

Drinking figures heavily in the art of Chinese-style banqueting. At formal banquets guests will automatically be served small glasses of Chinese wine (tasting a bit too much like fermented rose petals), a choice of beer (very palatable) or *qishui* (soda pop—the only available flavor is orange), and of course the famous *maotai*. This is a 120-proof liquor made from sorghum which is allegedly also used to power Chinese airplanes and retrorockets.

*Maotai* is more often than not the beverage of choice for toasting. A few courses into the meal, the main host will offer a toast to the guests. It may be a short speech (not exceeding three or four minutes, and often much shorter), and may include some substance (refer to a contract or memorandum of understanding about to be signed), or else stay with the relatively safe topics of friendship, equality, and mutual benefit. All guests stand at the conclusion of the toast and raise their glasses, saying *ganbei*, the equivalent of "bottoms up" which translates literally as "dry glass." Finishing what liquor remains in the glass, the guests then demonstrate that it is indeed all consumed by turning the glass upside down.

Sometimes, if it is a large banquet, the host may travel to other tables and offer a toast to each of them. This is not required, though it is

appreciated, especially when it is the Chinese who are guests. In any event, a few courses after the host offers his toast, the guest of honor is expected to offer one in return. After these two obligatory gestures are complete, the floor is opened and anyone may join in and offer a toast, either to the assembled crowd generally or to a specific individual or subgroup. This tack is often used as a convenient excuse by the thirsty, since it isn't considered polite to drink alone; one simply obliges others to drink at the same time.

People who cannot drink alcohol, or who find *maotai* a bit too strong for their taste, should not feel compelled to imbibe it. The Chinese host probably will offer a good-natured protest if a guest refuses *maotai* or even wine, but if one makes it clear that one is uncomfortable, he or she can be counted on to desist. As much as the Chinese enjoy exchanging toasts and some good-natured drinking competition, they are genuinely interested in the comfort of their guests and will not knowingly set one ill at ease. If you must decline an alcoholic beverage, simply offer to toast with soda or some other drink.

Conversation at banquets need not be substantive. The Chinese are often content to stay on "safe" subjects such as food, language, climate, and geography. On the other hand, banquets sometimes provide foreigners with their only exposure to very high-ranking cadres, and they should not hesitate to use these opportunities to pose some questions to which they might otherwise never get answers. The only cautionary note to be sounded is that one should avoid putting the host on the spot; if the answer is embarrassing and the host resists, do get off the subject quickly. A public embarrassment is considered a serious breach of etiquette.

*"Friendship" refers to cooperation and good working relationships between the foreign firm and the Chinese unit; individuals should be able to come and go without affecting it significantly.*

From start to finish a banquet generally lasts only about an hour and a half or at most two hours. The Chinese don't tend to stay long after they have finished eating, so don't expect lingering conversation over coffee and cigars. You can usually count on your Chinese host to make the first move to leave, observing that the guests have had a long day and must be tired, but feel free to take the bull by the horns and thank your host, rising to leave. Just be sure that the last course has been served before you do.

When hosting a Chinese group at a Chinese-style banquet in the United States, or when holding a return banquet for one's hosts in China, a business representative can be guided by the foregoing rules and simply re-

verse the roles. The Chinese may protest when their foreign friends continue in their attempts to serve them throughout the meal (especially if they fumble with their chopsticks), but they'll appreciate the gesture nonetheless.

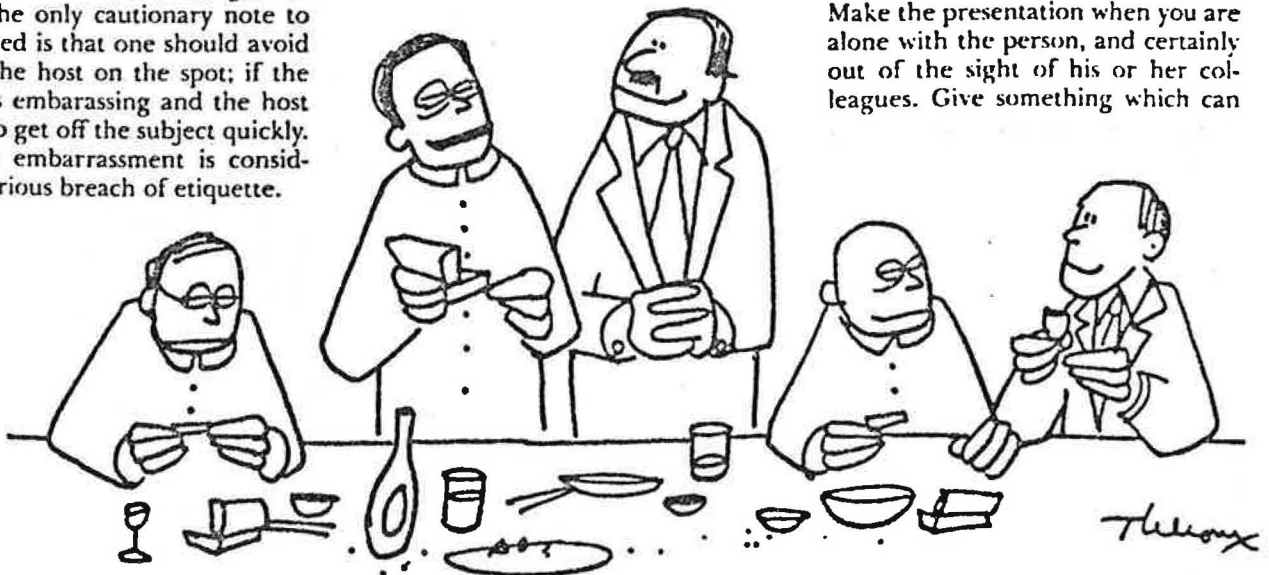
## GIFT-GIVING

### *Beware of Bourgeois Corruption*

The official directive from the State Council, read by and known to all Chinese, states that individual gifts from foreigners are to be politely declined. The understandable fear is that innocent gift-giving will develop, if unchecked, into such bourgeois corruptions as bribery and graft. Such activities have indeed increased in certain areas of China in recent years. No distinction is made in the rules between a pocket calculator or cigarette lighter with a company logo and a color television set or cassette recorder.

In order to be on the safe side, foreigners desiring to show appreciation for a kindness or a favor, or merely to leave behind a token which will recall their visit, should plan on making one large presentation to the unit as a whole, rather than giving out a number of small gifts. Books are a good idea, especially if their content is related to the technical work of the unit. So are models of equipment and samples of merchandise.

For those intent on presenting small tokens to individuals who have been especially helpful or cooperative, however, there are some precautions which should be heeded. Make the presentation when you are alone with the person, and certainly out of the sight of his or her colleagues. Give something which can



*"Of course we shall always think of your esteemed company when we use these lovely tie clasps."*