

NI HAO? HUAN YIN!

How are you? Welcome!

China: Hot & Happening!

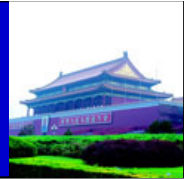


How to do Business
with the fastest growing economy
and the biggest market place in the world.



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Agenda



- Economic Perspectives for China
- Business Perspectives for China
- Risks and Opportunities
- Lessons learned
- How to work with the Chinese?
- 10 Golden Rules



Context



- 1.320.000.000 plus
- Pop. Growth 0,6%
- 37 % City
- 63 % Country
- 330 x size Belgium
- 22 Provinces
- € 1 = 10 RMB Yuan
- GDP 2007 \$ 3.5 Trillion
World \$ 54, USA \$ 14,
Netherlands \$ 0.76
- 600 mil. TV's
- 750 mil. Radios
- 100 mil. Internet
- 9 mil. bikes in Beijing



Context

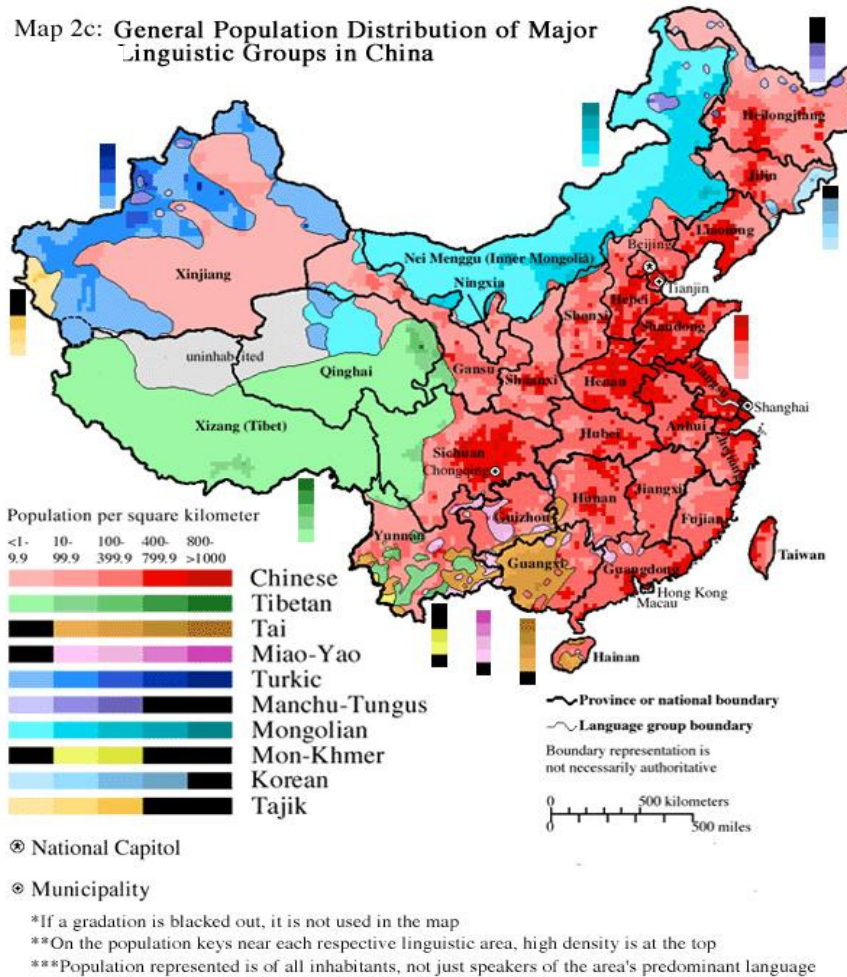


1. Russia
2. Canada
3. China



Context

Map 2c: General Population Distribution of Major Linguistic Groups in China



Map 4: Dialects of Mandarin and Southern Chinese



Context



• Beijing Tianjin corridor



● Yangtze River Delta



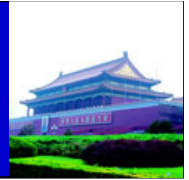
● Pearl River Delta



Context



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Economic Perspectives



- New World Order (BRIC countries)
- Government invested heavily in physical infrastructure,
- Government emphasis
- Government income



Economic Perspectives



- Liberalization of services
- RMB currency control.
- Income re-distribution
- Obstacles
- Abundant supply of labor
- Farmers.



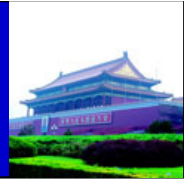
Economic Perspectives



- Migration
- Increase service sector
- Increase trade flow
- Outsourcing and offshoring.
- Critical view in production process.
- Emphasis

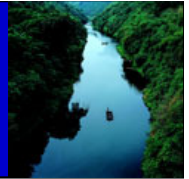


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Looking back at 2007.

- Political stability, rule of law and economic dynamism.
- Overcapacity in specific sectors
- Growth remained high at 11.4 % for the year.
- Foreign investments
- China and the international arena

Business Perspectives



Continued growth through 2008 and beyond.

- Currency
- Power of local governments
- Forecasted growth rate of 9.8 % for 2008.
- Private sector
- Foreign investment



Business Perspectives



Continued growth through 2008 and beyond.

- Exports
- Imports
- Trade tensions
- Political situation
- Major structural problems
- Olympics August 2008, Beijing



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Risks and Opportunities



Macro risks, although lower than before, are still there.

- China and WTO commitments.
- The regulatory environment
- Social instability



Risks and Opportunities



Operational risks.

- Competition from Chinese companies
- Quality control.
- IPR (Intellectual Property Rights)
- Cost increase
- Human resources
- Cultural dimensions



Risks & Opportunities



China is and will be a major opportunity.

- Remains global focus
- Major growth opportunity
- Huge future market size.
- China Domestic Market
- China sourcing
- The win-win potential



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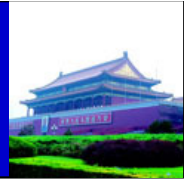
Lessons learned



- China is no Threat, it is an Opportunity.
- Communication differences, Ari van der Steenhoven,
- Business etiquette:
- Success of Shell Nanhai (size of Pernis & Moerdijk) project in China (25.000 people) according to CEO Jeroen van der Veer
- Great respect for tradition, authority, face mianzi etc
- Development of Western mindset.



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How to work with the Chinese



- Some Practical Examples for WTC:
 1. What is “Guanxi: Grease of the Wheels of China?!”
 2. What to expect in a business meeting/arrangement?
 3. What to expect at a Chinese banquet?
 4. How to be a host for a Chinese delegation?
 5. How to prepare best for doing business with Chinese?



How to work with the Chinese



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2. What to expect in a business meeting/arrangement?



- Chinese business meeting follows a protocol.
- background information
- The set-up
- The course of the meeting
- Concluding a meeting
- Meal



How to work with the Chinese



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3. What to expect at a Chinese banquet?



- Reason for the Banquet
- Time - Host - Seating – Sequence
- Location of head table & principal host/guests
- The Meal
- The process
- Banquet ends: late night entertainment
- Reciprocate Hospitality if applicable



How to work with the Chinese



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4. How to be a host for a Chinese delegation?



- Choice criteria for the host:
- Expectation of the host
- Conducting meeting
- Feel at home extra's
- Briefings & Flexibility in program changes



How to work with the Chinese



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5. How to prepare best for doing business with Chinese?



- Understand the diversity of the Chinese Market
- Speak the same language: Chinese language material – Use native speakers for initial oral contact
- The right partner
- Avoid illegal agreements
- Problem prevention
- Risk analysis



Being successful in China



10 Golden Rules:

1. Everything is possible
2. Nothing is easy.
3. Patience
4. Time.
5. Separate fact from fiction.
6. Build relationships.
7. Respect Face.
8. Signing the contract means the beginning of negotiation.
9. Importance of hierarchy
10. Be prepared to play the game.



XIE XIE & ZAI JIAN!

Thank You & C U soon!

I wish you success in doing Business
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CHINA CONNECTION 888

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