



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 5/15/2000

GAIN Report #CH0815

China, Peoples Republic of

Market Development Reports

Chinese Business Etiquette

2000

Approved by:

LaVerne E. Brabant

U.S. Consulate General, Shanghai

Prepared by:

Jane Hu and Wade Sheppard

Report Highlights:

China, as the world's most populous country, is fast emerging as one of the most important markets for many US businesses, with its vast potential markets being the largest draws. More and more people realize that to understand and sincerely respect Chinese etiquette is one of the keys to a successful business experience in China.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Shanghai ATO [CH2], CH

China Business Etiquette

China, as the world's most populous country, is fast emerging as one of the most important markets for many U.S. businesses, with its vast potential markets being the largest draws. Each day, the nation that is home to nearly one-quarter of the world's population welcomes business people seeking new opportunities. More and more people realize that to understand and sincerely respect Chinese culture is one of the keys to a successful business experience in China.

Some fundamentals about Chinese culture:

Chinese culture can be seen as a set of core values which underlie social interaction among Chinese people. As a result of socialization and other reinforcing factors, these core values tend to change only gradually - over generations rather than years. In relation to organizations, four key features of Chinese culture can be identified which (i) underlie social interaction within organizations; (ii) differ from other cultures, notably western ones though the differences are less with respect to other Asian societies; (iii) have persisted over time; and (iv) can be seen in the Peoples Republic of China as well in Chinese communities elsewhere, although sometimes expressed differently. These four features are:

- (a). respect for age and hierarchical position
- (b). group (rather than individual) orientation
- (c). the concept of face
- (d). the importance of relationships

Chinese business etiquette:

1). Establishing personal relationships

Personal relations are a bigger factor in getting things done in China than in the U.S. In business, relationships are important as contracts are often not strictly specified in legal terms but rely on trust between the parties. When you begin to do business with Chinese people, it is suggested that you talk a little bit about your hobbies, your family members and yourself, before you broach the topic of business itself. Treat your Chinese counterparts as your friends. Taking a more personal interest in your Chinese partners will help smooth your business relationship.

2). Conducting business over a meal

Working lunches and dinners are common. It is the Chinese way to get to know associates a bit before the business relationship intensifies. Count on attending banquets arranged by your host. As a guest, you should return the favor if feasible. If not possible on this visit, consider doing so on your next trip or when your Chinese counterparts come to the U.S., but be sure not to miss the opportunity.

At meetings and banquets guests will usually be seated in a fairly strict protocol order, so allow your host to seat you. At a meeting it is the custom to start with a few minutes of pleasantries before launching into business. At a meal, wait for your host to make the first toast before drinking. You may then offer a brief

return toast if you wish. It is polite to drink with both hands when offering or receiving a drink.

(3). Bring small gifts

It is useful, but not absolutely required, to have small gifts to reciprocate any gifts given to you during meetings or meals. Items that are not excessively expensive and are representative of the U.S. are best. Some examples: items with your corporate logo (mug, pen, key chain, etc.), or a book (with pictures) of the region where your company is based. Gifts should be given or exchanged at the end of the first meeting, or at the end of your stay in their city.

(4). Bring name cards

Name cards are an essential part of living and doing business in China. Whether here for business or pleasure, you should carry a good supply of name cards with you at all times. It is polite to accept and offer cards with both hands.

(5). Learn some greetings in Mandarin

Chinese counterparts will be impressed by those foreigners who can speak Chinese, because they equate learning Chinese with a fondness for China. Even one or two words will make a good impression. Business people in China will feel more comfortable with those who have taken the time to learn a bit about China, and will most likely be quite well informed about America. Don't be surprised if your host speaks passable or even excellent English, but insists on using an interpreter. If you can summon up a few Chinese greetings during your first meeting, then it will be helpful in setting the mood for a good relationship with your Chinese counterparts.

Some examples:

Nin hao - How do you do?

Wo hen gaoxing ren shi nin - Nice to meet you

Xiexie - Thank you

Qing zuo - Sit down, please

Zai jian - Goodbye

(6) Pay attention to the small details when you see your Chinese counterparts for the first time

Generally speaking, shaking hands and changing name cards is the common way to begin a first meeting with your Chinese counterparts. Don't be too demonstrative, such as by trying to hug or kiss your Chinese counterparts, as this will most likely cause embarrassment. Chinese people are not used to opening gifts in front of others, so if your Chinese counterparts don't open your gifts in front of you that doesn't mean they don't like your gifts. Laughing loudly is not polite or suitable in China when people meet each other for the first time. Try not to be too talkative, and be sure to take an interest in what your host has to say. Give your host a chance to bond with you, but expect your host to be more reserved in a business setting than would be the norm in the U.S. However, your host's behavior will be unexpectedly different if you are

invited to a Karaoke lounge for an ice-breaking evening of singing and drinking. When an impromptu event like this occurs, go with the flow, and you may have more fun than you expect.

7). The concept of face

This must be the most sensitive and complicated topic. Chinese people are accustomed to burying strong feelings deep in their hearts and keeping expressionless faces, so losing face is a humiliating experience - especially in a business context. Losing face one time can mean losing business with that client or contact forever, as an embarrassment such as this will not be forgotten easily. By comparison, those from western cultures tend to react emotionally to situations, and are comfortable expressing strong feelings (both positive and negative) without regard for the issue of face. So when you run into problems, either in meetings or on the street, raising your voice to solve a bad situation will generally only make things worse. Avoid losing your temper if at all possible.

Conclusion:

So, always bear in mind that as a visitor to China, it is only polite to show respect for the local customs, just as you would expect a visitor to the U.S. to not openly slight our country. If you want to learn more please see our **Business Travel in China** (CH9818) report, and our **Exporter Guide** (CH9830), both of which are available from our web site (www.atoshanghai.org). Our web site also contains constantly updated information on market conditions, ATO Shanghai promotional activities, and a broad range of market information reports. ATO Shanghai welcomes you to come explore export opportunities in China!