

Insight Into a Changing Tianjin

BUSINESS JOURNAL TIANJIN

津衛商務

European Banks & Asian Markets

Martin Miller, GM of Commerzbank Tianjin Branch



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Business Tianjin / April 2010



P&G's plant in Tianjin

P&G is building its biggest plant worldwide in Tianjin to do battle in thriving but competitive local cosmetics and toiletries markets. The new 500,000sqm manufacturing base will be able to accommodate 13 production lines, allowing P&G to output much more of its China product in Tianjin. Upgrades to its baby care products plant in the Xiqing industrial zone will also boost production of Pampers diapers and other kid-cleaning goods. The Tianjin plant is one of ten wholly-owned in China but the city is also home to one of nine distribution centres, helping the firm shift goods around neighbouring counties. **See P20**

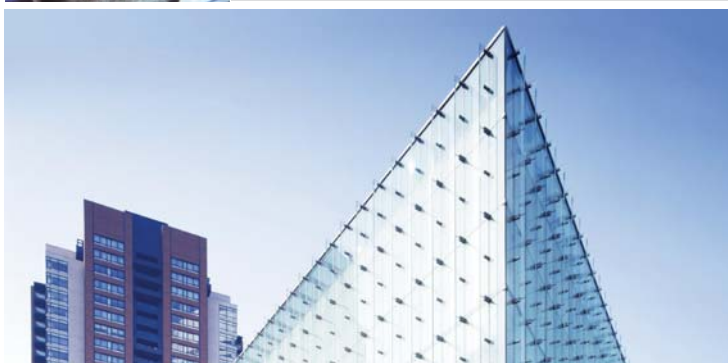
Creating trust and confidence

One of the greatest losses of recent corporate scandals in Europe and in the US has been the level of perceived trust and confidence between management and employees. Those executives will never fully realize the massive collateral damage they inflicted on the business community. Our task as leaders is to facilitate and accelerate the development of those difficult-to-define, but all-important intangibles: trust and confidence. There are many approaches which lead in the right direction; what follows is one strategy I have found effective. **See P25**



Rights man

Former journalist Li Tao, the chief coordinator of the Beijing-based Culture and Communications Center for Facilitators (CCCF), an NGO standing up against abuse of China's 200 million migrant workers, draws on an old saying – if one of us is enslaved then none of us is free – as inspiration. Today among the CCCF's 500 volunteers some 100 are workers assisted by the organization, which counsels migrant labourers and helps them claim their rights. "It's about empowerment... We believe migrants can help themselves, and help others," says the NGO's quiet-spoken founder. **See P30**



Tax implications on non-resident enterprises

After promulgation of the PRC Enterprise Income Tax Law on 1 January 2008, the State Administration of Taxation issued a series of regulations and circulars establishing various tax administrative requirements on non-resident enterprises with investments in China. Some of those regulations and circulars affect the operational income of non-resident enterprises derived from their Chinese subsidiaries, while others are targeted at regulating non-resident enterprises in the disposal of their China investments. **See P64**

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Dear Reader,

Last month the American Chamber of Commerce in China released the results of a market-access survey. The Chamber found that in four years of polling, US businesses now feel the most dissatisfied and unwelcome to operate in China. The Financial Times reported that the European Chamber of Commerce in China corroborates this opinion.

Recent regulations on government purchasing favor domestically owned intellectual property. Multinational organizations claim these new policy changes smack of protectionism. According to Amcham, 57% of US high-tech and information companies surveyed expect that, despite a growing market, the regulations will diminish their business in China.

On the extreme end of the scope, Google said that after half a decade in China, it will be closing its China-based search website, citing censorship and hacking as its primary motives. Google had hoped to affect a more open view of information transfer, but the Chinese government has either maintained or increased restrictions on web access.

This coming May marks the annual Sino-US Strategic and Economic Dialogue, in which each side will share its concerns and plans to guide bilateral business relations. Amcham will present its business environment survey to the US government for use in negotiations.

It will take the concerted work of the business community at large to bring about desired policy reforms and remove trade barriers. We at *Business Tianjin* urge you to contact your respective chambers of commerce – many of which are listed in the pages of this magazine – and inform them of your experiences and concerns. We will continue to keep you informed on any developments in this area.

As always, welcome your constructive input and inquiries. If you are interested in contributing to a future issue of *Business Tianjin*, or just have questions or comments on an article, please reach out to us at the contacts on this page.

Sincerely,

Jamie Michael Kern

Chief Editor – Business Tianjin

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TIANJIN NEWS

Eco-City Eco-Industrial Park welcomes first batch of investors



Sino-Singapore Tianjin Eco-City Investment and Development (SSTEC) celebrated another milestone of its Eco-Industrial Park (EIP) on 2 March by signing on its first several Singapore investors to launch eco-manufacturing operations in Tianjin Eco-City. The first of its kind in China, the EIP will occupy approximately 130 hectares of land in the northern part of the Tianjin Eco-City and create a self-sustaining business community. Capitalizing on the strategic positioning of the Eco-City, it will attract global clean technology and industries, and form green business clusters such as Clean Energy, Green Building, Green Transport, Clean Water, Waste Management and Environmental Management.

- 2 March

Jan high-tech exports up 62.4%



High-tech products exported through Tianjin Port increased 62.4% year-on-year to 1.05 billion USD in January, according to statistics recently released by Tianjin Customs. Most of the exports were produced in the processing trade, most of the exporters were foreign-invested companies, and most of the exports went to the EU, the US and South Korea. Tianjin exported 830 million USD of high-tech products assembled in China, 64.5% more than last

January. Such products accounted for 79% of Tianjin's total trade value in the period.

- *China Knowledge*, 03 March

Port auto imports soar



China's major auto import customs center in Tianjin Municipality has reported a strong increase in auto imports this year. Customs statistics show January imports to the port hit 24,000 vehicles with a total value of 820 million USD. Both figures represented a y-o-y jump of 120%. Tianjin's customs handle about half of China's total auto imports. The customs figures indicated 73.4% of the imports were from the European Union and Japan. Among the total, 14,000 vehicles were imported by foreign-funded firms in China.

- *China Daily*, 4 March

Geopark to be built in Qilihai wetland



Tianjin plans to build a geological park in Qilihai wetland in Ninghe County, Tianjin Municipal Bureau of Land Resources said. The plan was approved by a panel of geology experts, who unanimously agreed the geological ruins of the wetland qualify for a geological park. The wetland, covering 95 sq-km, is one of the oldest coastal wetlands in the world. It has the world's largest and most widespread bank, which was formed 5,800-2,200 years ago, and is evidence of the changes of ancient bays. The wetland is also an important transfer site for birds migrating from Southeast

Asia to Siberia, and nearly 200 species of birds now live there.

- *China Daily*, 25 February

Tencent builds data storage center in Tianjin



Tencent Holdings, a leading provider of Internet and mobile and telecom value-added services in China, started building a data storage center in the Tianjin Binhai New Area. With an initial investment of 600 million CNY, the project is expected to be completed this year. The data center will be capable of providing services to 400 million end-users, including sufficient data storage support for the North China market, said Tencent.

- *China Knowledge*, 05 March

Northern Petroleum plans petroleum base



Tianjin Northern Petroleum plans a petroleum storage base amounting to 650,000m³ in the Tianjin Nangang Industrial Zone. Construction on the base will start within the year and total investment stands at 1.2 billion CNY (129 million EUR). It will have the functions of storing, loading and transporting crude, oil and liquid petrochemical products. Once operational, it will realise an annual turnover capacity of 7.2 million tonnes. The company has inked a cooperation agreement with TEDA.

- *Tank Storage Magazine*, 09 March

Port expects throughput to hit 400m tonnes in 2010



Tianjin Port Group, the largest port operator in North China, is expected to handle 400 million tonnes of cargo this year, chairman Yu Rumin told China Knowledge Press. The company's cargo throughput was 380 million tonnes in 2009, up 6.7% y-o-y. Yu added that the group aims to handle 10 million TEUs in 2010. The group will invest 1.9 billion USD on infrastructure at the port this year, said Yu, adding that the company would start construction on several projects, including the second 300,000-tonne crude oil wharf and

an ore wharf.
- *Cargonews Asia, 10 March*

Tianjin to build scenic lake for Summer Davos Forum



Construction of the main venue hosting the 2010 Summer Davos Forum – Meiji Jiang International Convention and Exhibition Center – is well underway, and the project for greenery and lake surrounding the center has also begun. The “Scenic Lake” covers an area of 380,000 sqm and will be part of the panoramic view of forest and lake in Meiji Jiang Scenic Spot. All construction is scheduled for completion

by 31 May.
- *eChinacities.com, 11 March*

Spring Air receives first A320 assembled in Tianjin



Spring Airlines Ltd Corp., based in Shanghai, received its first A320 plane from Airbus (Tianjin) Delivery Centre on 10 March. It was the 16th plane assembled by Airbus Tianjin and also the 16th plane that joined the Spring Airlines’ Airbus fleet. The plane was equipped with CFM56 engines and an economic, efficient 180-seat economy class single compartment. It will serve new air routes launched by Spring Airlines.
- *12 March*

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FINANCE

Manufacturing growth slows, curbs overheating risk

China's manufacturing grew at a slower pace in February, reducing the risk of overheating in the fastest-growing major economy. A Purchasing Managers' Index released by the government slid to a one-year low. Another PMI, from HSBC Holdings Plc and Markit Economics, showed the weakest expansion in three months. A weeklong Chinese holiday in February may have affected the numbers. Investors are concerned that China's economy may lose momentum, undermining the global recovery, as the government reins in stimulus to counter inflation and asset-bubble risks.

- Bloomberg, 01 March

CIC '09 investments return over 10b USD



China Investment Corp (CIC), the country's 300-billion-USD sovereign wealth fund, made an unaudited return of more than 10 billion USD last year on its foreign investments, reported China Business News. CIC's return on overseas investment projects could therefore exceed 10% for last year, compared with -2.1% in 2008, the newspaper added. Jesse Wang, executive vice president and chief risk officer at CIC, said that the country's sovereign wealth fund completed most of its investments in 2009, leaving relatively little cash on hand.

- Reuters, 08 March

China sets 8% target for 2010 economic growth

China expects its economy to grow around 8% in 2010 from a year earlier, said Premier Wen Jiabao at the annual parliament session on 5 March, expecting a "crucial but complicated" year for

economic recovery. Setting the 8% target mainly "aims at ensuring the quality of economic growth, focusing on transformation of economic growth pattern and adjustment of economic structure," said Wen in his government work report to the National People's Congress. The increase of consumer price index, a main gauge of the country's inflation, will be held around 3%, the premier said.

- Xinhua, 05 March

Forex head: Gold "not a bad asset"

Yi Gang, head of the State Administration of Foreign Exchange, said that while gold was "not a bad asset," it would never become a big part of China's overall investment portfolio. "The international gold market is very limited. If I purchase gold on a massive scale, it will definitely push up global gold prices," Yi said at a news conference on the sidelines of China's annual parliament. "So, as for suggestions from many friends that we should increase gold holdings, we will give prudent consideration to this, according to market conditions."

- Reuters, 10 March

Auto sales reach 1.2 million in Feb



China's auto sales reached 1.2 million units in February, up sharply compared with the same month a year ago but below the monthly record set in January. Demand for new vehicles in the world's biggest market pushed sales up 46% in February from the same period a year earlier, the China Association of Automobile Manufacturers announced. But the figure marked a 27% decline from January, it said, when a record 1.66 million cars were sold. Sales may have fallen off in February due to the week-long Lunar New Year holiday, which was in January last year.

- AFP, 10 March

Housing sales slow



China's red-hot housing market shows signs of cooling, news that is likely to encourage Chinese leaders who face mounting political pressure from urban residents unable to afford new homes. Property prices are still going up: they were 10.7% higher than a year earlier, the National Bureau of Statistics said, even as prices of food and other daily necessities are also rising.

- The Wall Street Journal, 11 March

Feb exports jump 45.7%

China's exports rose in February in a new sign of growing global demand that could help persuade officials to let the Chinese currency rise. Exports were up 45.7% over a year earlier, the Chinese customs agency reported on 10 March, beating analyst forecasts of 35% to 40% growth. Imports surged 44.7%, the agency said, reflecting growing demand in China as it emerges from the global crisis. "China's trade is extending its recovery," said Zhu Jianfang, an economist for Citic Securities in Beijing. "Exporters are getting more orders these days."

- AP, 10 March

Inflation accelerates in Feb

China's inflation spiked in February, adding pressure on Beijing to prevent overheating and keep the recovery in the world's third-largest economy on track. Consumer prices rose 2.7% in February over a year earlier, up from January's 1.5% increase, the National Bureau of Statistics reported on 11 March. That exceeded most analysts' forecasts and was driven by a 6% jump in food costs, a key worry in a country where poor families spend up to 40% of their incomes on food. A spike in inflation over the past four months is forcing Beijing to divide its focus between boosting growth and preventing overheating.

- AP, 11 March

Obama urges China to adopt more market-based currency

"China moving to a more market-oriented exchange rate would make an essential contribution to that global rebalancing effort," Obama said in remarks prepared for delivery at the US Export-Import Bank annual conference. Obama, who rarely comments on currency matters, said a change in China's foreign-exchange rate would help the Group of 20 broad drive to rebalance the global economy, with countries with external surpluses, like China, boosting consumption and domestic demand and countries with external deficits, like the US, saving and exporting more.

- *The Wall Street Journal*, 12 March

Premier moves to boost business confidence

Premier Wen Jiabao on 22 March made good on a pledge to interact more with foreign businesses, amid growing complaints that the investment environment in China is souring. Mr. Wen fielded a series of polite questions from a meeting with more than 60 foreign executives. Among the companies represented were HSBC Holdings PLC, Dow Chemical Co. and Morgan Stanley. The topics, ranging from climate change to fiscal policy, provided no new insights into Beijing's thinking. "It's important to reinforce your confidence in China," Mr. Wen told the businessmen in a 90-minute question-and-answer session in the Great Hall of the People.

- *The Wall Street Journal*, 23 March

Foreign Investment rises 4.9%

China attracted 14.02 billion USD of foreign direct investment (FDI) in the first two months of this year, up 4.9% from the year-earlier period, official data showed on 15 March, reflecting the broader economic recovery worldwide. FDI fell early last year as the financial crisis deterred foreign companies from investing in developing economies, but has been recovering since August. Despite concerns among foreign businesses of China's investment climate becoming less hospitable, Beijing says it still welcomes foreign investors.

- *The Wall Street Journal*, 16 March

World Bank upgrades 2010 China growth forecasts

The World Bank on 17 March recommended higher interest rates and a stronger currency for China as it raised growth forecasts for the country, whose rapid economic growth has led to rising inflation expectations and concerns that a bubble is building in the property sector. In its quarterly assessment of China, the World Bank raised its forecast to 9.5% growth for 2010, from the 8.7% it had projected in November. It also estimated that growth would slow somewhat next year, to 8.7%. Separately, economists at UBS on 17 March also upgraded their 2010 China growth forecast to 10%, from 9%.

- *The New York Times*, 17 March

LAW & POLICY

ICBC, Bank of China plan to slow 2010 lending



Industrial & Commercial Bank of China Ltd., the world's largest lender by market value, and rival Bank of China Ltd. plan to slow lending in 2010 as the government seeks to curb last year's record expansion. "We aim to pace the growth in accordance with corporate demand on both a monthly and quarterly basis," said ICBC Chairman Jiang Jianqing at the National People's Congress in Beijing today. Bank of China President Li Lihui said at the same meeting that loan growth in 2010 will slow from last year.

- *Bloomberg*, 05 March

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Overseas institutions may trade China's stock index futures

Chinese authorities are making policies that would give overseas investors access to China's stock index futures trading. Overseas investors would be able to engage in stock index futures trading under the status of Qualified Foreign Institutional Investors (QFII), said Zhu Yuchen, general manager of the China Financial Futures Exchange and a deputy to the 11th National People's Congress. The overseas investors should comply with the overall investment quota of 30 billion USD under the QFII program, he said.

- *China.org.cn, 05 March*

Regulator mulls letting firms sell existing shares in IPOs

The China Securities Regulatory Commission is considering allowing a company's existing shareholders to sell their holdings when the firm carries out an initial public offering, to lower the tendency of companies to raise more funds than necessary when they list. At present, a company seeking a listing is only allowed to sell new shares in its IPO, while its pre-listing shareholders are subject to lockup periods on their holdings after the company floats. The Commission plans to revise this rule as part of its reform of share-issuance regulations, said CSRC Assistant Chairman Zhu Congjiu.

- *The Wall Street Journal, 08 March*

LOGISTICS

Air China Cargo launches Paris flight



Air China Cargo (ACC), China's largest cargo airline, launched its service to Paris on 6 March as the company saw a pickup in air cargo market following global recovery from the economic downturn. It is the fourth ACC cargo service between China and Europe, and runs from Shanghai to Paris via Beijing

and Copenhagen every Thursday and Saturday.

- *Trading Markets, 6 March*

China to buy 218 planes this year

China plans this year to buy 218 aircrafts, including jumbo jets and regional planes, to meet surging demand. China expects 700 million passenger trips a year by 2020, and the number is likely to double by 2030, said Li Jiayang, director of the Civil Aviation Administration of China. Last year China's passenger transportation hit 230 million trips, and cargo volume reached 4.46 million tons.

- *Xinhua, 8 March*

China drives ahead with Asian rail link

Plans for a long-discussed rail network to link China to six southeast Asian countries are advancing as critical gaps are filled in Cambodia. An antiquated line to Vietnam built by the French a century ago is at present China's only rail link to the region, but officials began plotting the new network in 1995 to extend the French connection through various national lines all the way to Singapore, the southern tip of mainland southeast Asia. The network is expected to strengthen economic ties by reducing transport costs and making travel more convenient. A new trade agreement came into effect in January slashing tariffs on most goods exported between China and members of the Association of South East Asian Nations.

- *Financial Times, 7 March*

Shanghai opens new airport terminal

A new airport terminal opened in Shanghai amid the city's effort to build a "world-class" traffic hub. More than 90% of all flights to Hongqiao Airport were to be transferred to the newly built No.2 Terminal as of 16 March when its operation was scheduled to begin, said Shen Xiaosu, deputy director of Shanghai's Urban, Rural Development and Traffic Committee. The 360,000 sqm terminal with a new runway has 45 boarding gates and an annual transport capacity of 40 million people, he said.

- *Xinhua, 12 March*

Chongqing becomes first inland bonded area

Chongqing has been approved to be the first inland bonded area of China by the State Council, revealed Bo Xilai, Secretary of Chongqing Municipal Committee of the CPC. As bonded area, the municipality will enjoy preferential tax policies like tax rebates for exports and no taxes for trading in the area. Bo said the Chongqing government has taken steps to create favorable opening up conditions in recent years, and the State Council has also adopted supportive measures for the city.

- *Global Times, 09 March*

TELECOM & TRANSPORTATION

China Southern to raise 1.57b USD to repay loans



China Southern Airlines Co. resumed trading after announcing plans to raise as much as 10.75 billion CNY (1.57 billion USD) through the issue of new shares in Shanghai and Hong Kong to repay its debts. The airline will use the proceeds to help repay 14 billion CNY of outstanding bank loans that mature by the end of next year, according to a filing to the Hong Kong stock exchange late yesterday. The company had 60 billion CNY of net debt at the end of June, 7.2 times its total equity, according to its first-half earnings report.

- *Bloomberg, 09 March*

Air China to raise over 950m USD in share issue



Shares in Air China rose on 12 March after the nation's flag carrier said it plans to raise more than 950 million USD through a private share placement to boost capital and lower financing costs. Air China, the country's second largest airline by fleet size, said it will raise 5.6 billion CNY (819.9 million USD) by selling up to 585 million new yuan-denominated A shares. The A shares will be sold to 10 institutions at a minimum of 9.58 CNY apiece, according to a statement filed with the Shanghai Stock Exchange late on 11 March. Parent

China National Aviation Holding Co. will subscribe to at least 1.5 billion CNY worth of A shares, it said.
- AFP, 12 March

China Mobile allowed to establish Taiwan subsidiary



Taiwan said on 5 March it has given the go-ahead for China Mobile to open a subsidiary on the island, making it the first mainland telecom firm to establish a foothold there. China Mobile, the world's largest mobile phone operator by users, plans to sell electronics materials wholesale, according to its application filed late

last year. The Taipei-based Commercial Times, however, said the firm was aiming to use the subsidiary to take a stake in Far Eastone Telecommunications, one of Taiwan's leading cell phone operators. China Mobile said in April 2009 it hoped to invest in Far Eastone, aiming to buy a 12% stake for about 560 million USD.
- AFP, 5 March

China Unicom preps iPhones with Wi-Fi



China Unicom is working with Apple to finally launch a Wi-Fi version of the

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ECONOMY AND CULTURE

iPhone. The iPhone hit China in October, but Chinese regulations had prohibited the sale of any Wi-Fi device that does not use the country's own WAPI (Wired Authentication and Privacy Infrastructure) wireless standard. As a result, Apple was forced to introduce the iPhone with Wi-Fi disabled in order to enter the Chinese market without delays. Due to a relaxation of rules, devices sold in China can now offer Wi-Fi as long as they also include WAPI.

- *CNET News*, 8 March

China Mobile wants its 3G format included in iPhone



The head of China Mobile has called on Apple to include Beijing's home-grown standard for third-generation mobile services in the next generation of the iPhone, underscoring the growing pressures on the world's largest mobile operator to attract 3G subscribers. The request comes amid fears that China Mobile risks falling behind rivals China Telecom and China Unicom – the only telecom operator in the country to have a distribution deal with Apple for the iPhone – in signing up subscribers. Wang Jianzhou, China Mobile chairman and chief executive, said that "including TD-SCDMA is not that hard to do - RIM is doing it". But he added that Apple had not yet responded to his proposal.

- *Financial Times*, 19 March

GENERAL

Full access to Internet in Xinjiang will not take long

It will not "take long" for people in Xinjiang to have a full access to Internet that was cut after a deadly riot rocked the regional capital of Urumqi eight months ago, a local senior official said on 7 March. So far, Xinjiang Internet users have regained access to all commercial

websites and 31 popular portal websites, such as Xinhuanet.com and Sohu.com, said Nur Berkri, chairman of the Xinjiang Uygur autonomous regional government.

- *Xinhua*, 08 March

Man who caused Newark airport breach pleads guilty

A lovesick graduate student from China who slipped under a rope barrier at Newark Liberty International Airport to say goodbye to his girlfriend prompted a security breach leading to worldwide flight delays. He pleaded guilty to a misdemeanor charge. "I want to deeply apologize to those (affected) for my breach," said Haisong Jiang outside of court. "I just wanted to spend more time with my girlfriend. I made a big mistake, and I also learned a big lesson."

- *AP*, 09 March

Geely says Volvo talks hit snag



China's Zhejiang Geely Holding Group Co. chairman Li Shufu said he still expects to complete Geely's effort to acquire Ford Motor Co.'s unprofitable Volvo unit, but indicated the talks have hit a snag because of unspecified problems at Ford. Mr. Li said the auto maker has "done everything [it] can to prepare for the deal in accordance with the framework agreement" the two auto makers signed in December to allow Geely to acquire Ford's Swedish brand. The ball is now in Ford's court, he indicated. "We're ready to seal the deal," Mr. Li said on the sidelines of a ceremony to launch cooperation in automotive talent development between Geely and a company-affiliated university in Beijing. "If the deal fails, the problem is not on our side. We have not violated any part of the agreement."

- *The Wall Street Journal*, 22 March

Google stops China censorship



Google stopped censoring search engine results in China in a move that drew anger from Beijing and leaves the Web giant facing an uncertain future in the world's biggest online market. Google announced in a blog post that it had shifted mainland Chinese users of its Chinese-language search engine Google.cn to an uncensored site in the former British colony of Hong Kong. "Users visiting Google.cn are now being redirected to Google.com.hk, where we are offering uncensored search in simplified Chinese, specifically designed for users in mainland China and delivered via our servers in Hong Kong," Google chief legal officer David Drummond said.

- *AFP*, 23 March

More sandstorms on the way



Another eight to 10 sandstorms are expected to hit North China in April and May as a result of the frequent cold spells, meteorologists predicted on 22 March. The forecast came as sandstorms whipped across the country, shrouding cities in a cloud of sand, with winds carrying the dirt as far as Hong Kong and Taiwan. "The warm weather in March dries the sand, while the frequent cold spells in spring bring wind. Dry sand and wind trigger sandstorms," said Zhang Peiqun, chief forecaster from the National Meteorological Center.

- *China Daily*, 23 March

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April China Economy Review

By Hyuk-Tae Kwon

China is well on its way to 8% economic growth target

Chinese imports climbed for a fourth straight month in February, showing the increasing strength in domestic demand that is aiding the global economic rebound. According to customs bureau figures released on 10 March, imports rose 44.7% from a year before, and in January they rose a record high 85.5%, influenced by the lunar New Year holiday falling a month later this year.

“The global economic recovery, particularly in emerging markets, is buoying China’s exports,” said Sun Mingchun, chief China economist at Nomura Holdings Inc. in Hong Kong. “Even more important is China’s booming domestic demand, which is absorbing more imports.” Sun forecasts imports will grow 20% this year as exports climb 11%.

According to Bloomberg, China’s GDP climbed 10.7% in Q4 2009 from a year earlier, the fastest pace in two years, after the government loosed an unprecedented expansion in credit to counter the effects of the financial crisis. China this year is projected to overtake Japan as No. 2 in global GDP rankings, after the US.

Billionaire William Fung, the managing director of Hong Kong-listed Li & Fung Ltd., the world’s largest supplier of toys, clothes and furniture to retailers, said on 27 January that global demand seems to be recovering “very slowly, if at all.”

In contrast, Brian Jackson, an emerging-market strategist at Royal Bank of Canada in Hong Kong, said



that for China the “positive trend remains intact,” and bolsters the case for the government to tighten policies and let the CNY strengthen in coming months.

In February, exports rose 45.7% from a year before compared to January’s 21% and December’s 17.7% growth. AP wrote on 10 February that growth exceeded forecasts by many private sector economists, suggesting trade was recovering from the global crisis that battered Chinese exporters of shoes, toys and other low-cost goods and wiped out millions of factory jobs. On 20 February, the Ministry of Commerce reported its investment grew 7.8% from a year earlier to 8.13 billion USD. Bloomberg explained that

the growth is due to companies around the world that want to capitalize on China’s stimulus-fueled consumer spending and the fastest growth of any major economy.

The year of 2010 will be a “crucial but complicated” year for China’s economic development – the country will continue fighting against the global financial crisis while maintaining a stable and comparatively fast economic growth and accelerating transformation of growth pattern, said Premier Wen Jiabao at the annual parliament session on 5 March.

Amid expectations that high unemployment, high household debt and the end of government

subsidies are holding back a recovery in consumption in the US, EU, and Japan, the quality of growth in China needs to be its priority. "Even nine percent or ten percent of growth are within reach in the short-term, but that is no longer desirable since China has learnt from the financial crisis that the previous model is not sustainable," stated Zhuang Jian, senior economist with the Asia Development Bank.

Inflation concerns loom

China recorded the fourth straight monthly growth in consumer prices in February; the consumer price index rose 2.7% in February year-on-year according to the National Bureau of Statistics. This approaches the 3% target that Premier Wen Jiabao set in the first week of March in his speech to the National People's Congress.

Industrial production also surged, rising by 20.7% in January and February over the year before, above forecasts and December's 18.5% rise. Urban property prices in 70 of China's large and medium-sized cities rose 9.5% in January from a year earlier, accelerating from December's 7.8% rise, the National Development and Reform Commission said on 11 February. Prices in January rose 1.3% from

December, down slightly from December's sequential rise of 1.5%. Concerns that home prices in China have grown overly quickly prompted the government to begin tightening mortgage lending and land sales late last year. Prices of newly built residential properties rose 11.3% in January from a year earlier, accelerating from a 9.1% rise in December, the commission said. Prices in the secondary market rose 8.0% in January from a year earlier, higher than December's 6.8% rise.

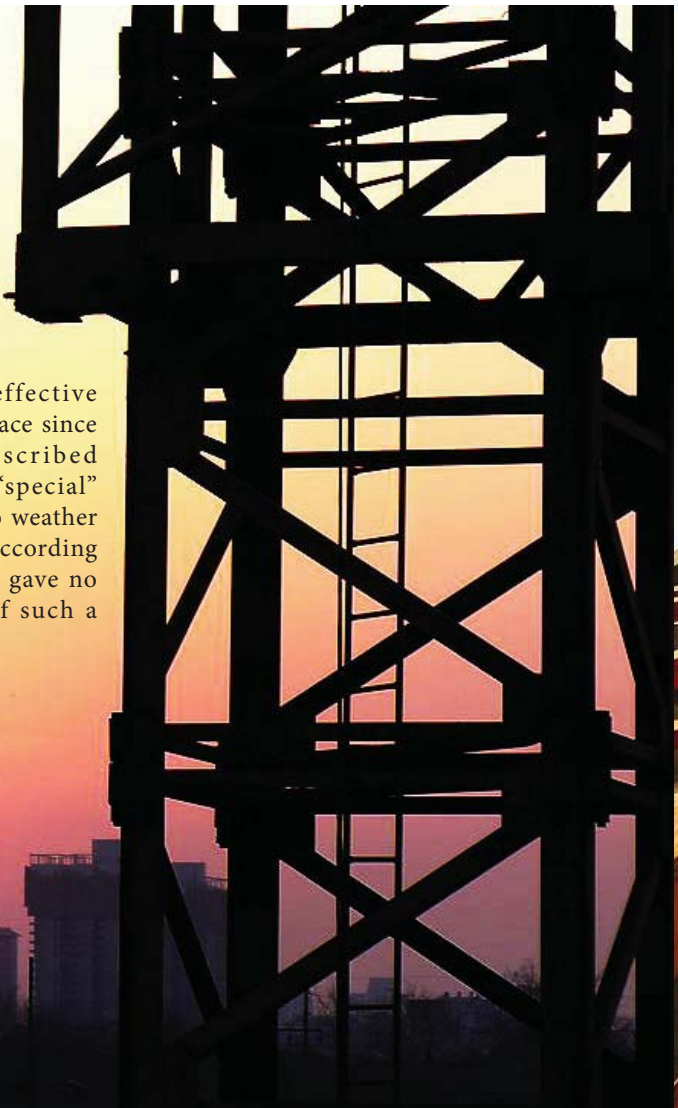
The government has taken a few modest steps to cool the economy, including twice increasing bank reserve requirements. Yet it has shown a reluctance to raise interest rates, in part because some officials believe the underlying recovery could still be weak and because they fear that if China raises rates ahead of other leading economies, it could attract a wave of speculative capital, reported Financial Times on 12 March.

In early March, Zhou Xiaochuan, head of the Chinese central bank, raised the prospect of China abandoning its effective peg to the US dollar, in place since mid-2008, when he described the current policy as a "special" measure to allow China to weather the international crisis. According to Financial Times, Zhou gave no hint about the timing of such a

move, saying that it would happen "sooner or later". Peng Wensheng, head of China research at Barclays Capital, predicted that the interest rate hike will take place in the second quarter of the year, noting that non-food prices were now picking up and that "it is important to control inflation expectations by raising rates in timely fashion".

Rules tighten on personal, working capital loans

In the first two months of the year, China took multiple steps to calm growing inflationary pressures as well as soaring stock and property prices caused by runaway bank lending, which doubled in 2009 from a year before to 9.6 trillion CNY (1.4 trillion USD).



On 8 March, Bloomberg reported that China plans to nullify all guarantees local governments have provided for loans taken by their financing vehicles as concerns about credit risks on such debt increase.

China's local governments are raising funds through investment vehicles to circumvent regulations that prevent them from borrowing directly. A crackdown on such loans, estimated at about 11.4 trillion CNY (1.7 trillion USD) at the end of 2009, could trigger a "gigantic wave" of bad debts when projects are left without funding, explained professor Victor Shih of Northwestern University.

In stark contrast, Jonathan Anderson, an economist at UBS AG, said on 5 March that he saw a "classic red

herring" in arguments that "enormous, hidden off-balance-sheet liabilities" among China's local governments could precipitate a debt crisis. The use of local-government financing vehicles is a "micro-level" issue, not one that affects judgments on the strength of a Chinese economy which is "nowhere near to a crisis or implosion," said Anderson.

Labour shortage strains export recovery

Despite the optimistic export prospect, Chinese factory owners are worried about their ability to service a surge in orders now that a new manufacturing cycle has begun after the lunar new year holidays.

The problem is particularly acute in southern Guangdong

province and its Pearl River Delta manufacturing heartland near Hong Kong, the region known as "the workshop of the world," according to the 25 February Financial Times. Guangdong accounts for a third of China's exports and would rank as one of the world's 10 largest exporters if it were a country in its own right. But the province's ability to attract and retain migrant labour from China's vast interior is slipping.

Quantifying labour shortages is extremely difficult given large variances by region, industry and skill level, yet "fiscal stimulus has spurred jobs growth in the interior provinces," said Ben Simpfendorfer, Royal Bank of Scotland economist in Hong Kong.




In Dongguan, a manufacturing centre near Guangzhou, the local government estimates that there is now just one worker for every two jobs. At the height of the crisis, which for Chinese manufacturers came last spring, local officials calculated there were four workers competing for every three jobs.

Challenge in 2010 is to adapt to the new reality

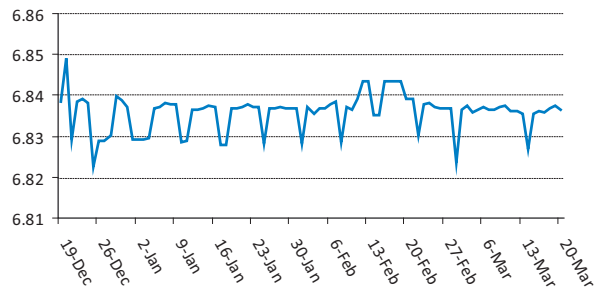
For the past 30 years, China has relied on exports to turbo-charge growth, a strategy that was entirely appropriate for a rising economy. But last year, China emerged as the world's top exporter, and is now poised to become the world's second largest economy. The old model is no longer sustainable, and China needs to transition to a new one driven by rising standards of living at home, said Patrick Chovanec at Tsinghua University.

China's static currency is increasing tensions with the US that range from anti-dumping duties on American chicken to arms sales to Taiwan to the Dalai Lama's planned meeting with President Barack Obama. On 4 February, China's Foreign Ministry rejected Obama's call for a stronger CNY, adding that "accusations and pressure will not help solve the issue".

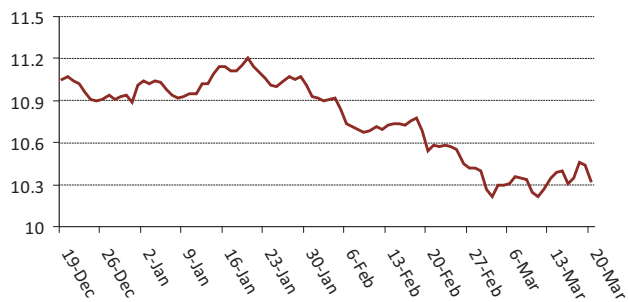
Adaptation will not only require China to embrace bold new policies – such as more flexible exchange rates and market-driven interest rates – it will require a change in the 30-year mindset that defines exports as "good" and imports as "bad", foreign investment as "good" and capital outflows as "bad". Japan's failure to make precisely this transition when the time came resulted in a bubble economy followed by a "lost decade" of stagnation. Chovanec warned that China cannot afford to make the same mistake. 

Three-month CNY trends

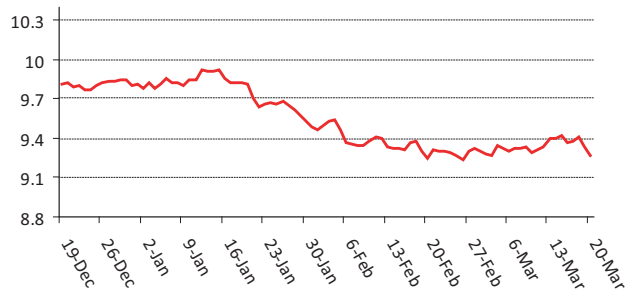
CNY vs USD



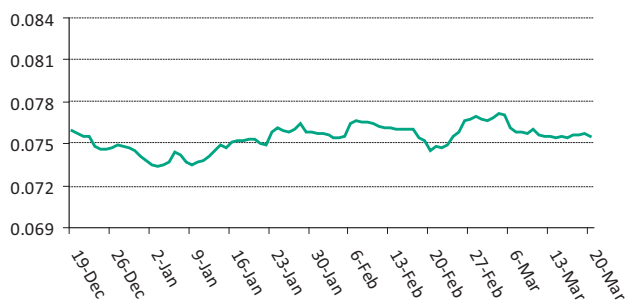
CNY vs GBP



CNY vs EUR



CNY vs JPY



Data source: Oanda.com interbank rate

COMMERZ, GERMAN STYLE

Interview with Mr. Martin Miller, General Manager of Commerzbank Tianjin Branch

Martin Miller has been with Commerzbank for 15 years. His previous positions have included Chief Representative of Commerzbank AG Representative Office Beijing, Relationship Manager Financial Institutions Middle East in the bank's Frankfurt Head Office, and Relationship Manager Corporate Clients in the Reutlingen Branch.

What brought you into the banking industry?

It was not a straightforward process. After my studies in Sinology, Politics and Civil Law I began looking at companies that I knew or thought would be engaged in China. The banking sector was one choice, specifically Commerzbank which had

just established a branch in Shanghai. At that time, in 1994, Commerzbank was also interested in my abilities, and I have been with them ever since.

What is Commerzbank's target market?

The bank was established in 1870 in Hamburg, one of the main seaports of Germany, so from the beginning Commerzbank was strongly committed to supporting German international trade. Commerzbank also developed into the private banking market, as well as into investment banking. The focus and main customer group, however, have always remained the corporates, small and medium-sized as well as big ones and multinationals.

Today Commerzbank has roughly a 50-60% market share in Germany among corporates. This means that more than half of all German companies have some form of relationship with Commerzbank. With over thirty branches worldwide, we can serve these companies wherever they do business.

Why does Commerzbank have an interest in Asia's emerging economic areas?

The main focus of our foreign branches are Europe and Asia. Europe can be perceived as an extension of our home market Germany since many German companies are already closely integrated into the European economy. Asia in contrast is a market of growing importance for German companies as a place of sourcing as well as of production and sales. A lot of German companies are here since quite some time, but others only these days are discovering that the attractiveness of these booming economies is not limited to cheap sourcing





but also on the sales side offers growth potential one in Europe only can dream of. And we in Commerzbank are committed to accompany them all, the “old China hands” as well as the newcomers.

What distinguishes the Tianjin market from the other domestic markets?

One specialty of the Tianjin market is clearly that it is one of the older industrial areas in China. It has over the last twenty or thirty years been overshadowed by the growth in the Southern and Southeastern provinces of China: Guangdong, Shanghai, Hong Kong, and Fujian.

But currently Tianjin is gaining momentum, especially with the policy of the central government towards the development of Tianjin's Binhai New Area. The government seems to want to develop Tianjin in both manu-

facturing and finance as a hub for Northeast China. This translates into a growth rate in Tianjin of about double that of the national average and higher than most other regions in China. In the already dynamic environment of China, Tianjin is even more dynamic.

Against this backdrop during the last years quite a number of German companies have chosen Tianjin as their place of investment, rather than the Yangtze River Delta which traditionally hosts a huge cluster of German enterprises.

What makes Commerzbank a wise choice for corporates?

When talking about what might attract German companies to Commerzbank, it makes sense to talk about who our customers are here in Tianjin. For the

foreign branches of Commerzbank, we have a distinctive cross-border business policy, which means that all of our customers have some connection with Germany: either they are Chinese subsidiaries of German companies or they are big Chinese companies with one or more subsidiaries in Germany.

To both groups we offer on-the-ground services which draw on our franchise as Germany's foremost bank for corporates. While the local subsidiaries of German companies are finding in us a partner which very likely already banks with their mother company and regardless of this strives to deliver the service they would expect in Germany, too, the Chinese companies with subsidiaries in Germany will find in us the biggest branch network of all German banks, present in virtually all places where



their subsidiaries might be located. And as Commerzbank handles the payment side of about 30% of total German foreign trade, both groups benefit from our outstanding transaction banking services.

We are attractive to SMEs and large corporations here and in Germany because we offer the entire range of products that they might need in the course of their business and during their entire lifecycle. This includes account services, beginning with the capital account for the registered equity pay-in either here or in Germany, then the handling of their domestic and international payment needs, financing, mitigation of interest and currency risk, and – in Germany – capital market products up to the issuance of securities or stock listings when they have grown bigger.

What are some risks and opportunities that you foresee from developing in the Tianjin Market?

An imminent challenge will be how

The local subsidiaries of German companies are finding in us a partner which strives to deliver to them the service they would expect in Germany, too.

the Chinese economy grows during the next months and years. We are seeing a positive development in regard to investment in industries that are linked to infrastructure and domestic consumption. Here, existing companies are expanding their business and even new subsidiaries are set up by German companies.

On the other hand the weakness of some of the foreign markets of Chinese exporters is causing concerns which sometimes lead to a delay of investment decisions of companies who planned to set up subsidiaries here in Tianjin. It is hard to predict how this will balance out in the near future. Of course we must bear in mind that Tianjin, and also China as a whole, is not an isolated

island. From looking at the growth rate alone, some people may feel China is separated from the “evils” of the world economy, but if there are no buyers for what is produced here, in the long run this may dampen development here.

The opportunities are quite clear. Tianjin has a superb location, being the main port for northern China. Actually it is quite astonishing for me that the fifth-largest port in the world is in a city of which most of our colleagues in Europe have never heard the name. So in the long term, the commitment of the Chinese government to bring balance to the development of various regions throughout China will have a very positive effect on Tianjin. The imported goods which the North and the West will utilize in this development will most likely flow through Tianjin. This in turn will further promote Tianjin as a manufacturing base.

So regardless of the medium-term fluctuation, I believe in the long run Tianjin has a strategic position as an entry point into northern, western and northeastern China, and in being a market as well as a sourcing place for neighboring areas, I see a bright future for Tianjin.

What do you feel is your greatest professional accomplishment?

Well, this clearly was the successful establishment of Tianjin Branch. In my previous positions I was always part of well-established units within Commerzbank, but here I had the opportunity to build up an operative entity from the very beginning, virtually from zero, and this in an environment as exciting as present-day China. ☐

Head & Shoulders Above the Rest?

P&G is building its biggest plant worldwide in Tianjin to do battle in thriving but competitive local cosmetics and toiletries markets. By Mark Gao



It's not so well-known that the biggest payer for airtime during the recent Spring Festival gala on CCTV is American-based personal care specialist Procter & Gamble (P&G). The company has done well in China, where its brands include Rejoice and Head & Shoulders shampoos and Safeguard soap, pushed with a media budget said to amount to 1 billion USD a year.

That's to be expected perhaps from the largest consumer goods firm in the country, which claims to be the biggest light-industry taxpayer in the country, too. The firm, run by svelte

local woman Laura Xiong, has beaten off local rivals and held its ground against its global rival, Unilever.

The company's success story in China is intimately intertwined with Tianjin, a manufacturing base for much of P&G's product in China. Zhang Qunxiang, the firm's chief China spokesman, says P&G is spending 248 million USD to make the Xiqing, Tianjin plant into its largest manufacturing base in Asia Pacific.

P&G's baby care products plant in the city's Xiqing Industrial Zone is being built-out so the firm can make more

of its Pampers diapers and other kid-cleaning goods. With its 800 employees and 500,000 square meters, the factory also currently produces Whisper feminine hygiene products.

The new manufacturing base will be able to accommodate 13 production lines, allowing P&G to output much more of its China product in Tianjin. The Tianjin plant is one of ten wholly-owned in China but the city is also home to one of nine distribution centres, helping the firm shift goods around neighbouring counties.

P&G – tops in all product categories – shows the dominance of foreign firms in the toiletries and cosmetics business. The American firm's strength in China is its willingness to manufacture locally for a thriving local market. Aside from the manufacturing side of its business here, P&G is also keen on racking up sales in local malls and supermarkets.

Market has room to grow

If anyone needs proof of how healthy the local cosmetics and toiletries market is, they should look to the latest results posting from Mary Kay, the US direct-selling giant: it's so happy with a 20% rise in sales in 2009 (slower than its 50% year-on-year jump in 2008 but outperforming the company's other markets) that it's spending 10 million CNY to build an online sales presence in China.

There's a lot to play for. A strong recovery which lifted GDP growth to 10% in the second half of 2009 appears to have in turn ensured strong retail sales. That's why growth of cosmetics sales in China remains strong at 10% in 2009, according to the China Association of Fragrance Flavor and Cosmetic Industries (CAFFCI). The figure is similar to 2008, when growth in China outpaced a global average



of 7.8%. Skin care and hair care account for 38% and 20%, respectively, of the overall cosmetics and toiletries market in 2008, according to research firm Euromonitor, which puts China as the second largest cosmetics market in Asia and eighth largest in the world. Sales of cosmetics and toiletries in China reached 116 billion CNY (17.6 billion USD) in 2007 according to CAFFCI. Data from the latter and from the National Bureau of Statistics suggest 2009 sales of 130 billion CNY (19 billion USD).

That figure will expand: CAFFCI predicts growth of 10% a year over the next five years. Euromonitor predicts the local market will be worth 140 billion CNY in 2010.

Predictions are based largely on solid growth in both GDP and retail sales (which rose 16% year-on-year in 2009 according to the National Bureau of Statistics) and suggest China

will eventually overhaul Japan and the US as the world's top cosmetics and toiletries market.

Yet given that per-person spending on cosmetics and toiletries averages 7 USD against a backdrop of rising per capita GDP and income, the Chinese cosmetics market clearly has a long way to grow. Among individual segments, hair care and oral hygiene have been performing strongest. Data by P&G's top competitor, Unilever – which counts Lux soap and Zhonghua toothpaste among its local offerings – shows solid 10% annual growth in mass consumer products such as hair-care, toothpaste and personal hygiene products.

Foreign dominance

Remarkably, locals are significant players only in washing powder and face cleansing segments. Unilever's biggest product category in China is laundry washing products, fol-

lowed by hair-care, with the latter set to outpace the former in volume sales this year. The firm's marketing and researching staff conclude that the market is wide open: brand loyalty is low. A report titled *Unilever: Outpacing the Market* pointed out potential rich pickings for the company's product: 70% of Chinese have "dandruff concerns" and 40% say the existing products aren't meeting their needs.

Though several multinational brands already control more than 50% of the cosmetics and toiletries market, according to the China Association of Cosmetics Industry, there's still room for innovative new product. While international companies like P&G, L'Oréal and Christian Dior account for the bulk of revenues and advertising spend, local brands suffer from scale: 90% are SME-sized, most of them located in south China's Pearl River Delta Region, with over 1,500 cosmetics manufacturers.

Market access remains restrictive compared to Hong Kong but penetration is much higher than in India or Indonesia, other emerging regional markets. Yet it's clear that Hong Kong accounts for an enormous share of personal purchases. A 30% tax on cosmetics, classed as luxury, means high-end retailers like Sephora have grown slowly and online portals do a roaring trade shipping cosmetics from zero-tax Hong Kong to mainland users.

China is still "wide open" for cosmetics brands in particular, but newcomers need to hit the right balance in distribution, marketing and pricing. Brands like P&G and L'Oréal have succeeded by aiming products at several price brackets, explains Ben Cavender, analyst at

China Market Research. He also marks P&G's success down to its localization of manufacturing, with factories across China "bringing it nearer to local markets and local research talent."

Multinationals' PR power

Research remains a key asset for cracking China, which prizes technological transfers. While there are questions about the productivity of some of the R&D centers, several top brands have rushed to establish such centers. Shiseido and L'Oréal have been working on "China specific" hair and skin products at their R&D centers in Beijing and Shanghai. R&D investments also help brands wise to cultural eccentricities. Market leader in China's shampoo sales, P&G was caught off

guard in 2009 by domestic player Bawang's hit hair-loss treatment herbal shampoo.

L'Oréal, Unilever, Nivea and Shiseido also compete on marketing campaigns and distribution networks to pierce a fragmented market. L'Oréal still only gets 4% of its global revenues from China, and may find its stiffest challenge in emerging regional markets.

While southerly Guangdong province, bordering Hong Kong, remains the wealthiest, growth there has slowed next to poorer inland provinces that have been beneficiaries of government infrastructure largesse. "Building out distribution chains in places like Gansu, Ningxia and Qinghai is now a priority," says Matthew



Crabbe, an analyst with Shanghai-based research group Access Asia.

Increasing urbanization (47% of the population in 2009 to 63% in 2029) and emphasis on developing western hinterlands – Sichuan province, fulcrum of the Go West policy, recorded 12% GDP growth in the first 6 months of 2009, compared to 3.3% in Shanghai – suggests brands will have to work hardest to tap sales in interior cities.

Merill Lynch research of 2009 retail sales data shows a stronger performance in the western regions compared to traditional powerhouses like Beijing and Shanghai. So-called tier two and tier three is where it's at, explains Crabbe. He's suggested the build-out of distribution may come through expansion of international retailers like Tesco and Wal-Mart into peripheral cities.

For big brands like P&G, competition in provincial markets may also come from direct selling giants, obvious beneficiaries of expanding sales in China's periphery. Sales have rebounded for Amway, Mary Kay and Avon. All of them have recruited heavily in interior cities to compete in the mid-segment of the cosmetics and toiletries market. None of the companies were available for comment but anecdotal and local media reports suggest direct sales firms, which attract Chinese customers with free beauty courses, are popular in second- and third-tier cities where brand loyalty remains weaker.

But P&G and Unilever will have other distribution options. Clearly benefiting from sensitivities over quality and price, Hong Kong-owned chain Watsons has expanded fast in the mainland. Value outlets like Watsons are banking on McKinsey data that suggest private domestic consumption will grow

from 890 billion USD in 2007 to 2.5 trillion USD in 2020.

Brands like P&G and L'Oréal have succeeded by aiming products at several price brackets.

Regulations

When not battling each other for sales, international brands have been pressuring government to ease up time-consuming testing of imported cosmetics and ingredients.

China's cumbersome labeling and licensing requirements have long irritated foreign brands, prompting the American Chamber of Commerce to complain of "inconsistency" in licensing and "chaotic law enforcement." Both the Ministry of Health and

AQSIQ enforce testing and labeling requirements that importers want replaced with the single cosmetics product standards set by the International Organisation for Standardisation (ISO) and recognized across the US and EU.

Importers are also hoping China will clarify advertising laws, which are often arbitrarily applied or ignored in provincial backlashes against bill-boarding for luxury products. Clearly, however, the priority is scaling back taxes, which industry sources claim have made products 40% more expensive here than in other markets.

The growth of China's cosmetics markets seem assured for the long-term. But it's clear that competition, fierce among the main players, will move to the country's lesser known cities and towns. Getting distribution and pricing right in those more remote but fastest growing regions is the next challenge for market leaders like P&G. The latter's space-age production and logistics centre in Tianjin suggests the brand is well-set for the long haul. **E**



NUMBERS

100

Myanmar's military government has quietly begun the largest sell-off of state assets in the country's history, including more than 100 government buildings, to gain financing for election campaigns.



1958

On 27 June, Guinea will hold its first democratic election since it won its independence in 1958.

181

The Women Reservation Bill, if passed, would allow 181 women to occupy 545 seats in the lower house of India's Parliament.

16

Fears that Greece's debt-ridden economy is just the tip of the iceberg continue to pressure the Euro and send ripples of stress throughout the 16-nation Euro zone and global markets.



2,960,000,000

Royal Dutch Shell and PetroChina made a joint bid worth 2.96 billion USD for Australian oil company Arrow Energy.

340,000

A payment of 3.5 billion USD to Britain and 1.8 billion USD to the Netherlands was issued as compensation for funds that those governments paid out to around 340,000 Icelanders with savings in the collapsed Icesave Internet Bank.

2011

China has announced that its first unmanned space module, the Tiangong-1, "The Heavenly Palace", will be launched in 2011.

2,300,000

Toyota recalls have affected some 2.3 million vehicles.



1,400,000

Approximately 1.4 million students registered for the 2010 national entrance exam for postgraduate studies, up 13% from last year.



2012

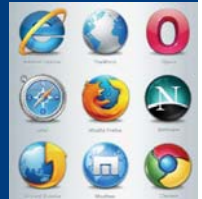
Mazda Motor Corporation and Ford Motor Company will dissolve their China joint venture by 2012.

70,000

After the release of the tourism-boosting plan, housing prices in Hainan surged, with some hitting 70,000 CNY (10,249 USD) per square meter.

60.8

China is currently representing about 60.8% of the total Internet population thanks to 3G services.



9,590,000,000,000

China's yuan-dominated lending in 2009 hit a record 9.59 trillion CNY; nearly double that of the previous year.

2,863

2,863 deputies attending the Second Session of the 10th NPC cast their votes for the amendments to the Constitution at the closing session of the NPC and CPPCC meeting.

0

A pavilion for Shanghai Expo 2010 will become China's first public building to have 0 carbon emissions.



16,500

The new 16,500-square-meter Sky Pier is designed with a maximum capacity of 8 million annual passengers for travels between Hong Kong and the Pearl River Delta.





Wolfgang Knüfer

GOOD COMMUNICATION SKILLS CREATE TRUST AND CONFIDENCE

Opening up for more transparency

At how many dining tables, in how many living rooms and over how many conferences dominates an iron silence when it comes to the essentials of life that have to be said to work out a relationship, partnership or cooperation? We learn from an early age that we “just have to say it,” that we “have to defend ourselves” or “must have authority,” but we never learn how to accomplish these three.

So we are left alone with all the good advice, all the theories, and are perfectly lost when the well-planned and well-meant conversa-

tions with a partner, colleague or customer end with a blow up or a fizzle.

Where did it go wrong? What could we have done? What should we have done? Hold sway, or point it out and in so doing add fuel to the fire?

Trust and Confidence

One of the greatest losses of recent corporate scandals in Europe and in the US has been the level of perceived trust and confidence between management and employees. Those executives will never fully realize the massive collateral damage they inflicted on the business community.



MANAGEMENT TIPS

Our task as leaders is to facilitate and accelerate the development of those difficult-to-define, but all-important intangibles: trust and confidence. There are many approaches which lead in the right direction; what follows is one strategy I have found effective.

First, in order to create trust, every employee from the CEO to the janitor must know and understand the organization's mission – its reason for being. You should be able to wake any employee at any level from a dead sleep, and upon asking "What is our mission?" they should be able to tell you instantly. And they should all say the same thing. The mission has got to be in the organization's bone marrow, a part of the company's DNA.

Then, in any sales situation, the buyer must answer "yes" to two basic questions before the sales process continues:

1. Do I have trust and confidence in this salesperson?

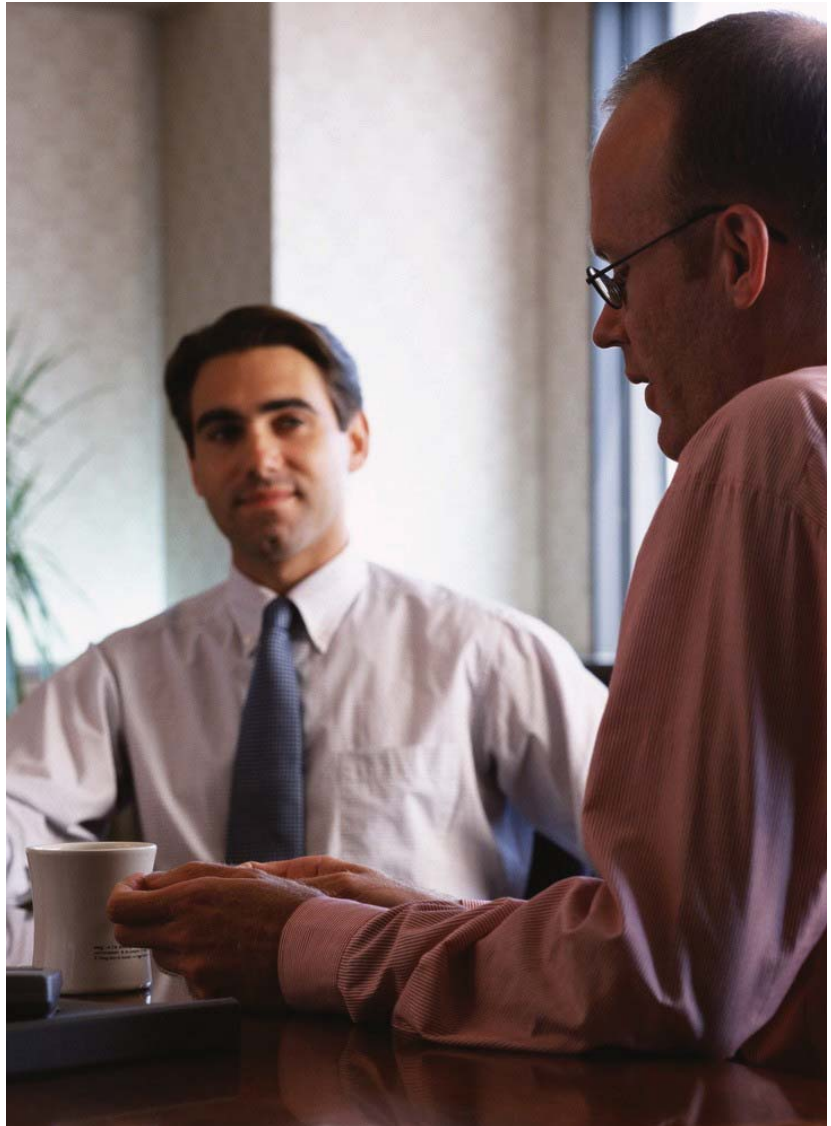
If this is answered "no" or "I am not sure", nothing else happens – fold up your tent and go home. If this is answered "yes" then you face the second question.

2. Do I have trust and confidence in the company or organization this person represents?

If this is answered "no" the customer will not do business with your company, but may try to hire your employee whom they may trust. If it is answered "yes" then the discussion moves to such general topics as quality, cost, benefits, features, schedules, etc. Now you are in head-to-head competition with the other vendors who passed these two questions. But, if you fail one of the two trust and confidence questions, you don't even get in the game.

Push and Pull

In order to create trust and confidence, we must understand the two



types of communication systems. The first is a pull system, in which information flows upon demand, question or request. For example, I think Monica, my administrative assistant, has the information. I might ask (pull), "Monica, what is the status of the current project?" She tells me. All recurring reports are pull systems.

The other type of communication system is a push system, in which information flows without demand. Monica might become aware of some information she thinks would be of

value to me, so she tells (pushes it to) me without my asking.

The great difference between pull and push systems is that pull systems meet the needs of the person pulling the information; push systems not only meet those same needs, they also build positive relationships.

Let us assume that a coworker of mine from the accounting department is on an airplane. He browses through the airline magazine and notices an article on organizational



development. He might think, “This article could be of value to Wolfgang Knüfer since he is a management consultant.” He will clip out the article and send it to me with a note: “Wolfgang, I saw this article on a recent flight; thought you might appreciate it.”

What is my reaction when I receive this information that my colleague pushed to me? I not only gain from reading an article in my field, but I also have a very positive feeling about my colleague who was thoughtful enough to (1) know enough about me and my business to realize what was of value to me and (2) take the time and trouble to push it my way. I also sensed his primary motivation was to help me succeed. You may rest assured that I will be sensitive to articles on accounting and will push valued information toward him.

One note of caution: pushing information only works when you know enough about the other party to know what information has high value and which information might be viewed as junk mail by the recipient. Bottom line – in order for push systems to truly build positive relationships, there must be sufficient

understanding about each other’s business to know what information is push-worthy.

Trust-destroying games of hidden agendas, half-truths, and self-serving politics cannot survive in a transparent organization.

What and Why

Finally, there are two parts to every communication. First, there is the “what” part. The “what” is the rule or policy. For example, “we are going to work late tonight” – “we have decided to raise prices” – “our policy does not allow smoking in the office.” The second part of every communication is the “why”, the supporting rationale and logic that makes the “what” make sense. The cement that bonds the “what” and “why” together is the word BECAUSE. For example, “We are going to work late tonight, BECAUSE

there is a power outage scheduled for tomorrow” – “we decided to raise prices BECAUSE our major supplier has raised its prices” – “our policy does not allow smoking in the office, BECAUSE of the health hazard to our employees and customers, and the smoke damages our computers.”

When we attach the “what” and “why” in every communication, we are creating understanding which builds trust and confidence, particularly when all the “whats” and “whys” support the basic mission of the organization. When everyone understands the rules, policies and decisions, the organization becomes transparent. Those trust-destroying games of hidden agendas, half-truths, and self-serving politics cannot survive in a transparent organization.

In conclusion, when the corporate culture is sensitive to “push” and “pull”, routinely wraps the “whats” and “whys” together, and drives them through the organization in a reasonable window of time, this powerful communication system inevitably establishes and maintains that all important bridge of trust and confidence, from CEO to janitor and everyone in between.

Effective communication that helps create trust and confidence is key to transparency and organizational survival. ☐

The author:

Wolfgang Knüfer can look back at a successful career as an international manager and management consultant. He works as a coach with main emphases on leadership, time management, sales and communication for a variety of companies worldwide. The list of his references covers well-known enterprises and organizations like IBM in Atlanta, Thyssen-Krupp in Düsseldorf, Pacific Bell in San Francisco, Harada in Osaka, Karstadt in Essen and Siemens in Tianjin. Wolfgang Knüfer has been working for the European Chamber of Commerce in Tianjin and makes himself available for exclusive seminars on diverse management and leadership topics.

Top 30 Business Mulan in 2010

8 March 2010, *China Entrepreneur*

The movie *Mulan* tells the story of heroine Hua Mulan, who joined an all-male army with her father in ancient China. Her bravery, responsibility, strength, gentleness, outstanding achievements and family values are legendary. The name 'Mulan' is used in present-day China to describe outstanding businesswomen of similar character.



Conducted by *China Entrepreneur* and Sina.com, the Top 30 Business Mulan in 2010 survey results were recently announced. The top three business Mulan: Dong Mingzhu, Chairman of Gree Electric Appliances, Inc. of Zhuhai; Wu Yajun, CEO of Longfor Properties Co. Ltd; and Sun Yafang, Chairman of Huawei Technologies Co. All 30 businesswomen work in mainstream business management, and their combined management wealth exceeds 100 billion USD.

All 2010 winners and finalists shared the consistent ability to resolutely handle affairs. Winning female leaders are good at mobilizing and motivating staff, accepting talents, making friends, using social capital, and applying communication skills to implement rules and policies.

China puts stamp on tanks

February 2010, *American Shipper*

After 30+ years of development, containerized bulk liquid transport technology is finally mature and actively used throughout China. These tank containers fit into a conventional 20-foot dry container frame, allowing the secure transportation of bulk liquid chemicals for manufacturing and food and beverage industries.



These low-cost ISO tank containers, manufactured primarily in China by makers CMIC and Singamas, comply with international shipping standards. Each tank typically costs 17,000-25,000 USD. The International Tank Container Organization estimates that of the 150,000 ISO tanks engaged in international deep-sea trades, China uses 4,000-6,000.

On land, a 20-foot tank container can carry 24,000-25,000 liters, depending on road weight restrictions and density of the liquid carried, as well as chassis height – a low center of gravity provides better stability.

China rarely allows shipper-owned tank containers with hazardous liquids into the railway system, opting for carrier-(i.e. state-) owned tank cars. Studies by the Shanghai Maritime University have stated that the Chinese government should open to the possibility of transporting this privately-owned seasoned technology. "With strong financial support, technical expertise, safety priority and consciousness of environmental protection, multinational operators score better thanks to their heavily invested facilities and management," reported the study.

Build 40,000 kilometers of urban rail over the next 30 years

19 March 2010, *China Investment*

Chinese urbanization has been accelerating since 1949, from 7.3% at the nation's founding to 45.68% in 2008. The result: a series of problems topped by urban traffic congestion and declining air quality. The development of urban rail transit is one necessary solution to such problems.



Urban rail transit combines the three advantages of environmental protection, energy savings and reduced area usage. Under China's family planning policy, it is estimated that the nation will achieve a height of urbanization and urban population stability by 2040. To support this growth, major cities in China must construct urban rail transit in conjunction with urbanization.

Based on urban rail transit development experience overseas (roughly 6-10cm of rail per capita), it is estimated that more than 100 Chinese cities whose populations exceed 1 million need to build an additional 40,000 kilometers of railways. To achieve this goal, the government needs to increase urban rail transit construction in major cities during its 12th Five-Year Plan (2011-2015).

The Building Bubble in China

1 March 2010, *BusinessWeek*

Jack Rodman, president of Chinese property investment advisory of Global Distressed Solutions, estimates that about half of Beijing's commercial space is vacant.



A large portion of last year's mandated bank-loan stimulus went towards skyscrapers and other commercial property without supporting the industries to fill the space. CBRE reported a 22.4% office vacancy rate – the 9th largest of 103 tracked markets – in the city for the third quarter, without taking into account several soon-to-open projects, including the 74-story China World Tower 3.

On 27 January, the China Banking Regulatory Commission restrained bank loan growth in an effort to taper the property boom. Then on 12 February the central bank increased reserve requirements to limit the amount of money banks have available to lend. If policies fail to curb speculation, a resulting property bust could elicit "a surge in nonperforming loans. A 10% fall in property values would triple the number of delinquent mortgages in Shanghai."

Yet prices continue to rise and builders continue to build – many with help from local governments. Officials plan to, for example, double the size of the sprawling Central Business District in eastern Beijing, which currently stands at 35% vacancy.



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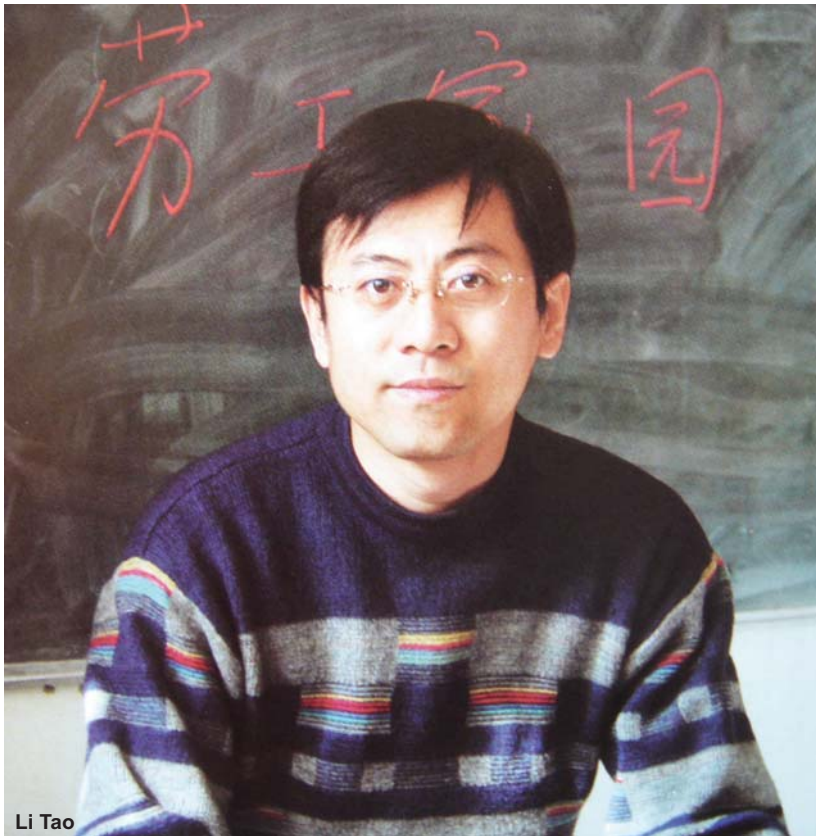
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RIGHTS MAN

Former journalist Li Tao brings factory workers justice and hope

By Mark Gao



Li Tao

Li Tao introduces himself by way of a horrific story, one of a migrant worker who hung herself one evening after work as a domestic helper in a Beijing villa. She left two kids behind. Homesick but with no one to turn to, the *ayi* decided to end her life. “I was really thinking, how desperate she must be,” recalls Li Tao, chief coordinator of the Beijing-based Culture and Communications Center for Facilitators (CCCCF), an NGO standing up against abuse of China’s 200 million migrant workers. Li, a former journalist, draws on an old saying – if one of us is enslaved then none of us is free – as inspiration for his NGO, also known as Facilitator.

Today among the CCCC’s 500 volunteers some 100 are workers assisted by the organization, which counsels migrant labourers and helps them claim their rights. “It’s about empowerment ... We believe migrants can help themselves, and help others,” says the NGO’s quiet-spoken founder.

Short and bespectacled, Li hopes “the helped” will become “helpers” who encourage other abused or injured workers. He says the country’s migrant workers pouring from rural to urban areas “live next to us but with a really difficult life, have come into our cities but not into our lives... They are not protected.” Hence CCCC is going into

factories around the country to train and empower workers, who are also kept informed via the NGO’s *Dagong Times* newspaper.

Success story

There’s a model of what the NGO would like China’s troubled workers to follow: a 29-year-old man who had lost three fingers in a Guangzhou factory. He’d left his Hubei home village for a chance of a better life for him and his blind and widowed mother.

Traumatized and laid off after his accident, the labourer turned to court, where clerks told him he’d have to put his case through the local Labour Bureau. The state-run body in turn told him it would have to see his contract, which he didn’t have. Desperate for help, and ridiculed by his colleagues, the injured assembly worker prepared a suicide bomb, to blow himself up with the boss.

Luckily before detonation, he remembered reading about Facilitator in a book titled *The Pain of the Profession*, which he’d picked up while browsing a book shop to pass the boredom of a cold evening. “He called to see who we were,” recalls Li. Sobbing, he told the Beijing NGO that he was at the end of his tether, the people he’d reached out to ignored him. “Our staff told him this happens often and he has many avenues. They calmed him, and paid for a ticket to take him to Beijing.”

After days of counseling the distraught labourer came to accept life with a two-fingered hand. His confidence back, he became a volunteer for a year, helping Facilitator reach out to other workers in his situation. The Hubei labourer got his compensation: 39,000 CNY, “13,000 yuan per finger,” says Li with a smile that’s more of a scoff. More importantly perhaps, he’s since gone back to Zhejiang and helped four ex-colleagues to get justice, processing their cases through the Labour Bureau.

Once a manual worker himself – he fed factory boilers with coal – Li’s inspiration for social justice comes from a visit several years ago to a childhood friend in Qingdao on the eve of Chinese New Year. “He was working as a stone mason on the hill, he had to work because his daughter was ill... they needed the money.” Li’s childhood friend was getting 50 CNY a day to carve a 10-metre-long sign for a national telecom company’s Beijing headquarters. “...And my friend had to spend his New Year’s Eve to carve it.”

Li believes Western corporations and consumers should be aware of their role in ensuring decent working standards in Chinese factories that make goods on contract for western brands. Workers’ lungs were damaged from breathing chemicals applied to shine glasses at a Shenzhen factory making dinnerware for a Swedish company. “They should have been wearing masks,” says Li, who details the story of a female worker who will not be able to give birth because of the chemicals.

Li’s list of horrors goes on. Another worker was burnt applying a chemical to make stainless steel watch covers shiny. Then there’s the man making knife and fork sets in a factory in Zhejiang who lost three fingers. The factory boss had taken away safety measures to cut costs and speed the production process. “Think next time you’re buying Made in China: Migrant workers are involved at every single stage.”

Li believes Western corporate management rarely visits factories that often produce on contract for world-famous brands. Oxfam, an international NGO promoting workers’ rights, has previously partnered with Facilitator to monitor such factories.

Wary of the public relations nightmare of being linked to sweatshops, foreign corporations have embraced corporate social responsibility (CSR) as a way to promote labour rights in China. The EU Chamber of Commerce in China welcomed China’s new worker-friendly Labour Contract Law, in force since January 2008, but

in an emailed unsigned reply warns that “compliance with the law by employers and the enforcement of its provisions by the authorities” differ across cities and regions.

Intimidation

So far Facilitator has had the imprimatur of government approval: officials from both Nanjing and Zhuhai invited the center to set up locally, having tracked the organisation’s work in Beijing. Facilitator opened in Nanjing in 2007: six employees and 150 volunteers staff the operation.

Helping migrant workers is dangerous work, despite official approval. Li has known intimidation and threats from factory owners. Li recalls a recent visit to a factory owner known for cutting corners on worker safety. “He asked me if I knew that people disappeared in his factory and were never found. Then he told me that people lost their legs and no one knew why, while he patted my leg. I was very scared.” Li tells the tale without bitterness. “It’s not about him [factory boss] being a nice guy or a



People's theatre

bad guy. I knew that I was harming his essential interests by exposing his factory and I knew he'd fight this."

Facilitator got a warmer reception from another factory it had tried to convince to send its underage workers to school. The factory owners escaped more serious consequences when local government launched its own crack-down on child labour a year later.

Facilitator's work has drawn offers – not always welcome – of help from international corporations. Newspaper coverage of CCCF's distribution of masks to protect workers from the SARS epidemic in 2003 prompted a Goldman Sachs executive to get in touch with an offer of cash – only to find his money turned down. "They [workers] didn't know how to use the money, and he was from the capital class," recalls Li. That offer was picked back up, however, when a migrant worker's child made it to college; his parents couldn't afford the fees and someone remembered the Goldman Sachs offer. The investment banker paid the four-year tuition.

Helping children too

Lately the organization opened an education centre for migrant



workers at a Zhuhai plant owned by the Taiwanese electronics firm Flextronics. Apart from patrolling the factory floor, Facilitator is also going into the cheap suburban settlements that typically house migrants. The organisation's mobile library lends books to the community. Volunteer doctors and medical students are recruited to check migrants' children.

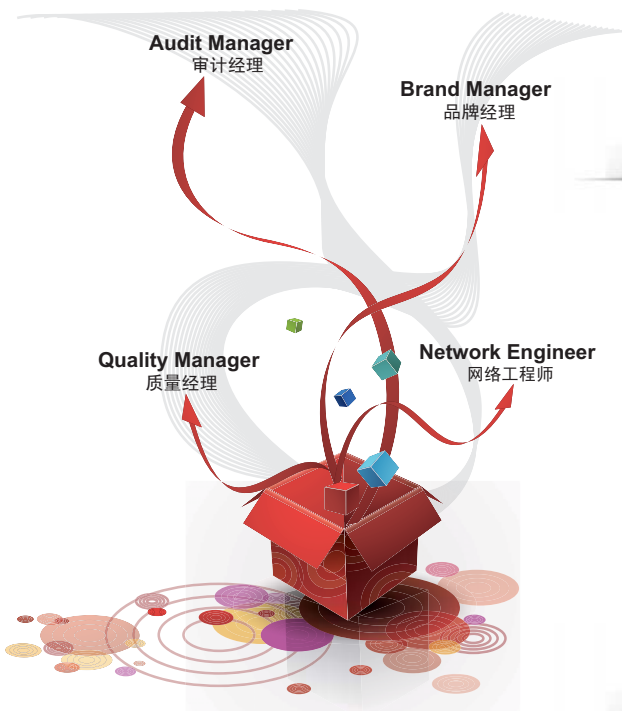
Li says Facilitator wants to help migrants' children "to grow, to live in the community, and to express themselves." The NGO has paid tuition fees for children whose parents are sick, and has lately gathered entertainers to Jinzhan village, a Chaoyang district shanty, to perform for migrants' children, who are disallowed from city schools under the national *hukou* residency permit system.

Li reckons there's a push for workers' rights on factory floors across the country. "China is going in the right direction, but there's a long way to go." For now, he says, the NGO he established wants to "get people to understand migrants." ■

Facilitator accepts clothes and household goods for migrants. For more see www.facilitator.ngo.cn

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Code: AM100401

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- Supervise work performed by audit team members and ensure the quality of work product
- Hold closing meeting with management and give value-added recommendations
- Issue and review assessment or audit report
- Implement and maintain effective cost controls over the audit expenses

WHO WE ARE LOOKING FOR:

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- Over 5 years of relevant experience in sizable multinational company or Big 4 accountancy firm
- Proficiency in both English and Chinese
- Familiarity with Microsoft Office
- Qualified as or studying CIA or CISA is highly preferred

Brand Manager
品牌经理

Code: BM100401

JOB DESCRIPTION:

- Develops brand strategies, promotional campaigns and tactical plans within marketing A&P budgets
- Execute, monitor and analyze the agreed-upon plans in order to ensure growth of brands
- Establish market research programs and market insights for group of brands and monitor/anticipate market development
- Develop and train marketing representatives

WHO WE ARE LOOKING FOR:

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- Very good written and spoken English
- Over 5 years of marketing or sales experience in multinational company
- Good computer skills

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质量经理

Code: QM100401

JOB DESCRIPTION:

- Provide business unit-wide leadership on matters pertaining to quality, testing, safety, ISO-9001, Q+ management and auditing, environmental issues, quality improvement training/initiatives
- ISO9001 ISO14001 quality system establishment, maintenance, documentation, internal/external audit, management review
- Drive implementation of quality system, manage the documentation of quality system to ensure reliability and effectiveness
- Organize and lead internal audit to improve quality system
- Deploy internal training on quality knowledge to insure comprehension of the quality standard demand, instruct department to establish and consummate documentation and operate

WHO WE ARE LOOKING FOR:

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- Strong knowledge of ISO9000 and profound knowledge of QS five tools manual
- Internal audit certificate required
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- Good command of English and Chinese

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网络工程师

Code: NE100401

JOB DESCRIPTION:

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- Good English communication is required



Diego D'Alma



Robbie Chen

by attorneys
Diego D'Alma
and Robbie Chen
Garrigues Shanghai

Chinese Tax Implications on Non-resident Enterprises Part I

It has been over two years since the PRC Enterprise Income Tax Law (EIT Law) took effect on 1 January 2008. After promulgation of the EIT law, the State Administration of Taxation (SAT) issued a series of regulations and circulars establishing various tax administrative requirements on non-resident enterprises¹ with investments in China. Some of those regulations and circulars affect the operational income of non-resident enterprises derived from their Chinese subsidiaries, while others are targeted at regulating non-resident enterprises in the disposal of their China investments. In this two-part article, we will discuss the recent developments of Chinese tax rules to which the non-resident enterprises would be subject, with a view on assisting the companies in evaluating the tax implications of their existing arrangements and in identifying the potential tax risks.

Royalties vs. service fees

As concerns the operational income, we will discuss how to differentiate royalties from service fees in contracts with mixed components of service and technicality. Further, we will focus on the new requirements imposed by the Chinese tax authorities in applying for the tax benefits under the tax treaties.

It is not uncommon for domestic enterprises, especially those in the industrial sector, to conclude contracts with non-resident enterprises involve both service and technicality components. For instance, certain technology is licensed to a Chinese manufacturer from a non-resident company and, under the license agreement, the non-resident company would provide onsite



trainings to the Chinese company to assist its use of the technology. When the domestic company makes payments to the non-resident company under the agreement, the in-charge tax authorities of the Chinese company could hold different views on the nature of said payments: should the payments be regarded as service fees or royalties, which would have different tax treatments according to the Double Tax Treaties (DTT) concluded by China.

In order to provide guidelines and unify the approaches of the local tax authorities, Guoshuihan [2009] No. 507 (Circular 507) was issued to address the core factors for differentiating royalties from service fees under some usually ambiguous scenarios involving both services and technicality components. Further, Guoshuihan [2010] No. 46 (Circular 46) was issued in time addressing some practical

issues that taxpayers encountered in the implementation of Circular 507. The general principles of Circular 507, which are similar to the standards in the OECD convention, are summarized as follows:

- Scenario 1: If, during the provision of service, special knowledge or technology is used by the non-resident service provider, but such special knowledge or technology is not transferred or licensed to the Chinese service recipient, the consideration received by the non-resident service

provider will be regarded as a service fee. In our previous example, if the non-resident enterprise only provides technical services to the Chinese company without letting it use the technology, the income obtained by the non-resident enterprise would be treated as a service fee.

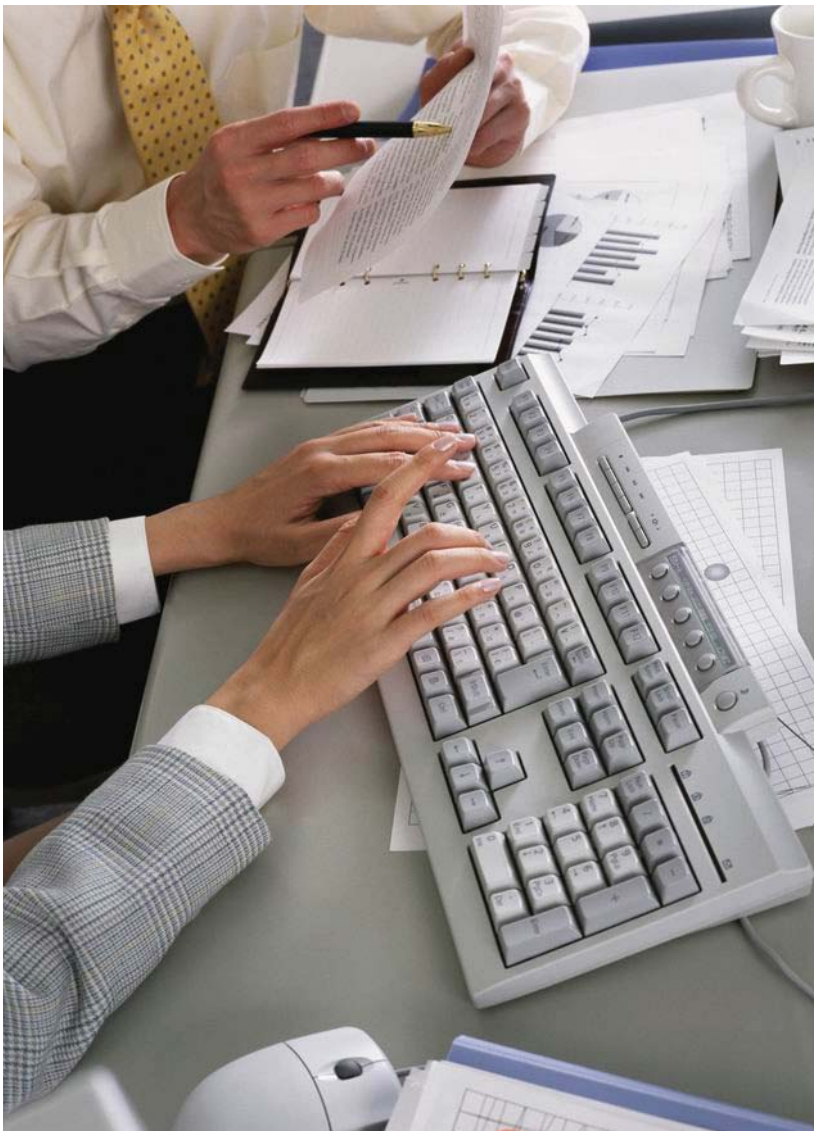
Tax treatment: If the service is rendered by the non-resident enterprise while overseas, the service income of the non-resident service provider would not be subject to Enterprise Income Tax (EIT) in

China. If, however, the service recipient is located in China, according to Chinese Business Tax (BT) rules the service fee received by the non-resident enterprise should still be subject to 5% BT in China, which will be withheld by the domestic service recipient.

- Scenario 2: If the technology developed by the non-resident service provider during the provision of services falls under the definition of royalty under the article of royalty of the DTT and the ownership of the technology is retained with the non-resident service provider, whereas the Chinese service recipient is only granted the right to use such technology, the consideration both for the service and technicality components of the agreement received by the overseas service provider will be treated as royalty. Back to our example, if the non-resident company developed certain technology in the provision of services to the Chinese company, but the Chinese company only has the right to use the technology, the income of the non-resident company would be regarded as a royalty.

Tax treatment: Royalty paid to a non-resident enterprise is generally subject to 10% EIT in China, but its applicable income tax rate could be lower according to different DTT signed between China and other countries. In addition, 5% BT still applies on the royalty income of the non-resident service provider.

- Scenario 3: If the service relevant to the licensed technology is rendered by foreign assignees, but the provision of service does not constitute a Permanent Establishment² (PE) in China, the whole consideration will be regarded as royalty, regardless of whether the service fee is billed separately or not. Also in our example, if the non-resident enterprise sends its



LEGAL ASSISTANCE

employee to provide onsite assistance to the licensed technology used by the Chinese company, but the presence of the employee in China does not exceed, say, 6 months, the total income of the non-resident enterprise will be treated as a royalty.

Tax treatment: Royalties derived by a non-resident enterprise will usually be subject to 10% EIT, which could be lowered by the relevant DTTs, and 5% BT in China.

- Scenario 4: If the service related to the licensed technology is rendered by foreign assignees, and a PE is triggered by the presence of foreign assignees in China, in principle, the consideration of the service provider will be assessed separately as service fees or royalties. As opposed to the example in scenario 3, if a PE is triggered by the assignee, the income of the non-resident company should be evaluated separately.

Tax treatment: The service fee attributable to the PE will be subject to 25% EIT, whilst the royalty portion would be generally subject to 10% EIT, which may vary according to different DTTs. In addition, 5% BT would be levied on both royalty and service portions. Finally, the foreign assignee would be subject to individual income tax in China if the PE is triggered.

However, since a PE existence cannot often be forecasted due to the unknown term of services to be provided by foreign assignees, in such cases, Circular 46 provides that the consideration paid by the service recipient could be temporarily treated as royalties. If, afterwards, the PE is triggered by the assignee's stay exceeding the prescribed threshold in the DTT, the consideration will be treated separately as service fees or royalties. In this case, the taxes on royalties that have already been collected would be adjusted accordingly.

Circular 46 further specifies the implementation guideline for differentiating royalties and service fees during the transitional periods before Circular 507 came into effect. If the enterprises have technology and service agreements signed before 1 October 2009 that had not been fully executed as of that date, Circular 507 shall be applied to such agreements provided that the taxes on the service income had been settled. However, the relevant EIT settled prior to 1 October 2009 based on the royalty article under the DTT will not be adjusted.

Circulars 507 and 46 appear to be welcome by both taxpayers and tax authorities, as they have offered better predictability in the differentiation between royalties and service fees. It is important for taxpayers to review their existing agree-

ments so as to ensure better compliance with the current rules. ■

Continued next month

1. In accordance with the EIT Law, a non-resident enterprise refers to an enterprise that is established in a foreign jurisdiction with its effective management outside China but (a) has establishments within China; or (b) does not have any establishment in China but has income sourced from China.

2. A permanent establishment (PE) is a fixed place of business through which the business of an enterprise is wholly or partly carried on. Generally, a PE could be triggered if the furnishing of services by a non-resident enterprise are through its employee in China, provided that such activities lasted for the same or connected projects for more than 6 months within any 12-month period.

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Simon Bai
Winners Law Firm

FOREIGN-INVESTED PARTNERSHIP A NEW INVESTMENT VEHICLE IN CHINA

The *Partnership Enterprise Law of the PRC* (PEL) was promulgated in February 1997 and amended on 27 August 2006. The 2006 amendment took a major step towards a more pro-investment approach by introducing some significant changes. Under the old PEL, only unlimited liability partnerships were permissible. The amended PEL permits investors to establish limited liability partnerships (LLP). The old PEL stipulated that partners to a partnership have to be individuals and the amended PEL allows both legal persons and individuals to invest in partnerships. The 2006 amendment also expressly exempts partnerships from paying income tax, taxing the income to partners on a pass-through basis. More importantly, the 2006 amendment allows foreigners to utilize partnership as a business form for investment. PEL as amended offers a useful investment vehicle for international investors, particularly because of the recent *Measures for the Administration of the Establishment of Partnership Enterprises in China by Foreign Enterprises or Foreigners* (FIP Measures) which just came into force on 1 March 2010.

Advantages of Partnership as a Business Form

There are good reasons for a business to opt for a partnership as opposed to corporation. Among them, the following are the major ones:

1. Flexibility in Partners' Liability

The amended PEL allows for the creation of both general partnerships, where partners are potentially personally liable for business debts, and limited liability partnerships where limited partners' liability is limited to his or her capital contribution to the partnership, a structure commonly adopted in developed jurisdictions for the setting up of professional service firms as well as private equity and ven-

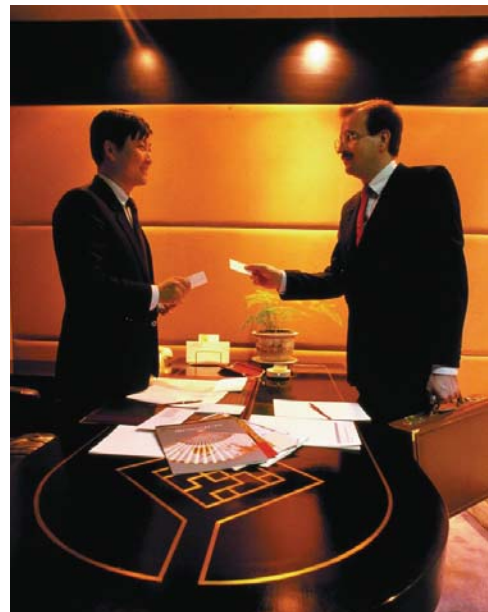
ture capital funds. This allows businesses to pool resources, expertise, and strengths from partners of diverse backgrounds.

2. Single Income Tax

Under Article 6 of the PEL, which is a result of the 2006 Amendment, for a partnership enterprise, the partners are required to pay their respective income tax. In other words, there is no taxation at the partnership enterprise level. All profits of the partnership enterprise will be "passed-through" and be attributed to the partners, which is one of the advantages compared with other existing investment vehicles.

3. Ease of Dissolving Partnership Enterprises

A partnership enterprise may go bankrupt under the 2006 Amendment. This means that a partnership may be dissolved easily according to partnership agreement among the partners. Nonetheless, if a partnership enterprise is declared bankrupt by a court,





its general partners are still subject to unlimited joint and several liabilities for the debts of the partnership enterprise.

4. Flexibility of Management

Traditionally, laws governing foreign-invested enterprises – including *China Company Law* – are very rigid with respect to the permitted capital structure of a business, with injections of and reductions in equity being difficult, debt-to-equity ratios stringently regulated, and the creation of different types of ownership interests virtually impossible. PEL by itself does not contain any such restrictions. The partnership as a statutory business form is also characterized by flexibility in management structure, in the distribution of profits and losses, and in the making of organizational changes. In partnership agreements, the partners are free to set their responsibilities and benefits as they see fit or as the needs of the business dictate.

Types of Partnership under PEL

The term "partnership enterprise" under PEL refers to the general partnership enterprises and limited liability partnership enterprises which are established within China by natural per-

sons, legal persons and other organizations in accordance with the law.

A general partnership enterprise may be formed by general partners who shall bear unlimited joint and several liabilities for the debts of the partnership enterprise. This means that creditor(s) of the partnership can recover the whole indebtedness from any one of the partners regardless of the proportion of liabilities internally agreed among themselves. The general partners are then left to sort out their respective share of debt between themselves.

LLP provides for a class of partners with limited liability, but also requires at least one general partner in the partnership. The general partner is liable to the full extent of the debts of the partnership, while the limited liability partners' liabilities to third parties and to the other partners are limited to the extent of their capital contributions to the partnership.

Article 55 of PEL provides for a unique form of general partnership – "special general partnership". A professional service institution, which provides its clients with paid services on the basis of professional knowledge

and special skills, may set up a special general partnership enterprise.

The term "special general partnership enterprise" refers to a general partnership enterprise in which the partners bear liabilities in accordance with Article 57 of PEL, namely, a partner or several partners shall bear unlimited liabilities or unlimited joint and several liabilities for the debts incurred to the partnership enterprise because of his (their) intentionally wrongful act or willful or gross negligence.

All partners shall bear joint and several liabilities for the debts incurred by any partner(s) to the partnership enterprise which does not result from his (their) intentionally wrongful act or willful or gross negligence, and for other debts of the partnership enterprise. This provision distinguishes "special general partnership" from regular general partnership in the sense that bona fide partners in a "special general partnership" may claim a restriction on their liability in business debt provided they can prove that such debt arose out of an intentionally wrongful act or willful or gross negligence by the other partner(s).

Foreign-invested Partnership under PEL

In November 2009 the State Council promulgated the FIP Measures, a long-anticipated move since the introduction of the amended PEL in 2006, which contemplated foreign-invested partnerships (FIPs) for the first time.

Partners of an FIP are required to register at the local branch of the State Administration of Industry and Commerce (SAIC) but the registration does not require the approval of the Ministry of Commerce (MOFCOM), as is the case for other investment vehicles such as wholly-foreign-owned enterprises, Sino-foreign joint ventures or cooperative joint ventures. Historically, all forms of foreign investment in China are subject to review and approval by MOFCOM and its local counterparts before obtaining a business license issued by SAIC or its local branches (Registration Authority). Under the FIP Measures, however, FIPs may go directly to the Registration Authority for establishment. This change came as a surprising and significant departure from the traditional approval process. Instead of approving, MOFCOM only need be notified by the Registration Authority after the registration is completed. In addition, the FIP Measures subject FIPs to the same industry restrictions as other types of foreign-invested enterprises under the Foreign Investment Catalogue. Foreign investors are required to submit an explanatory document on compliance with foreign investment industrial policies to the competent SAIC, together with other application documents.

The FIP Measures fail to clarify whether non-cash contributions – i.e. goods, land-use rights, intellectual property rights or other property rights permissible for domestic partnership under the PEL – are also



recognized as valid capital contributions for FIPs.

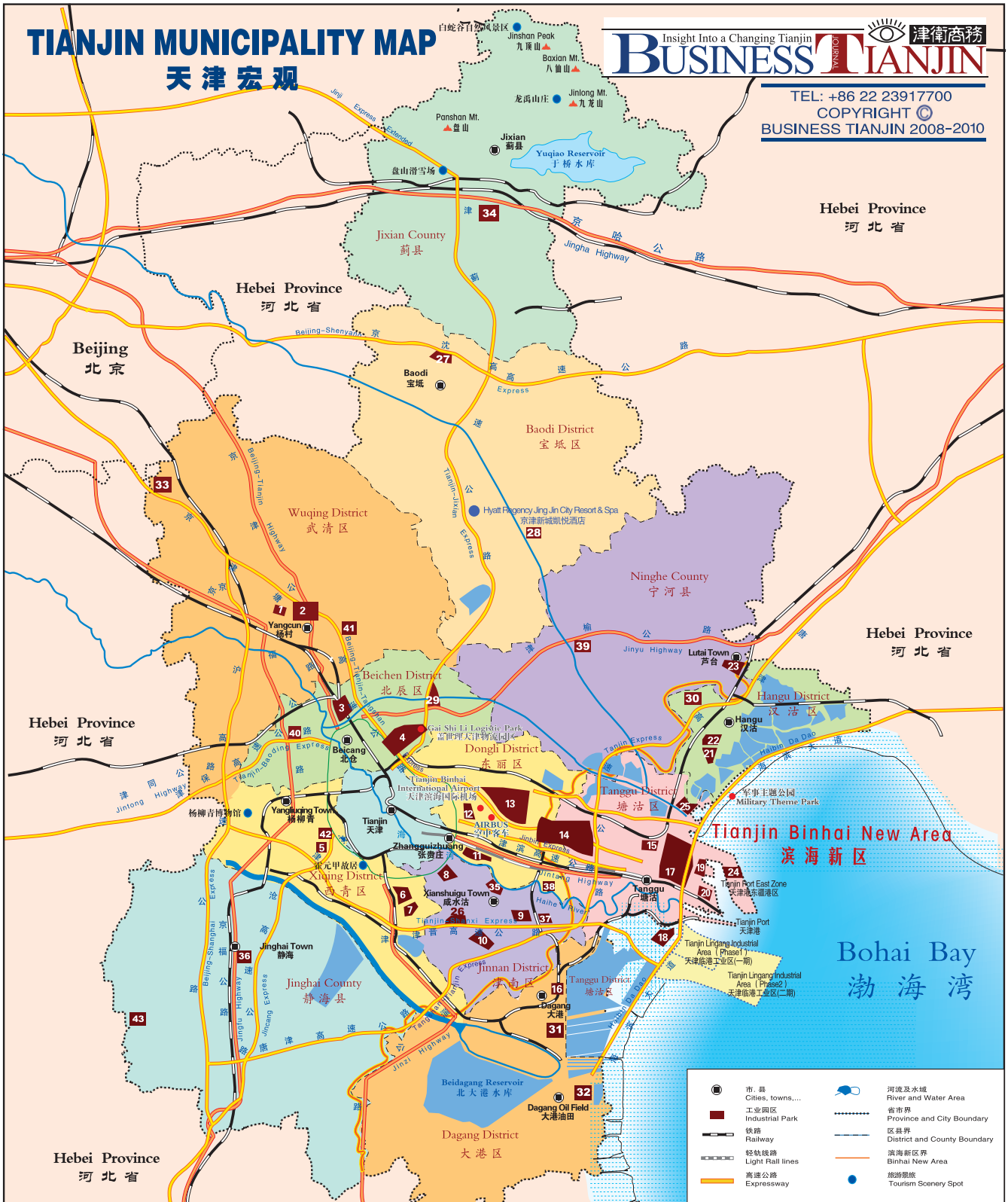
It is noteworthy that FIP Measures are silent on the minimum capital requirement or any contribution timeline, as is the case under the corresponding rules for other foreign-invested enterprises. Presumably the PEL would apply, whereby the partners may agree on capital contribution-related matters in the partnership agreement.

The FIP Measures are of particular interest to international PE and VC funds, which usually have a preference for a legal structure in the form of limited partnership that was not available in the past in China. The lack of an appropriate structure for investing onshore funds in China has been frustrating for foreign PE/VC funds that are agitating for mainland China market.

In conclusion, the FIP Measures represent a milestone of legislative development in China's foreign investment regime. Yet with only 16 brief articles, the FIP Measures do not specify sufficient practical guidance on many of the issues of FIPs, such as tax, foreign exchange, accounting and application for VC/PE business. An implementing regulation of PEL, which would address the above-mentioned issues, is anticipated in the future to supplement both PEL and the FIP Measures. ■

One of the biggest full-service firms in Tianjin, WINNERS (金诺律师事务所) provides legal service in Mandarin, English, Japanese, and Korean. WINNERS was named "Tianjin Law Firm of the Year" in 2008 and 2009 by Asia Legal Business, a testimony to our achievement as the market leader in Tianjin.

Tianjin Industrial Parks & Economic Development Areas



List of Tianjin Industrial Parks & Economic Development Areas

- | | | | |
|---|--|--|---|
| 1 TEDA Yat-Sen Scientific-Industrial Park
TEDA 赛迪科学工业园 | 10 TEDA (Jinnan) Microelectronic Industrial Park
TEDA 微电子 (津南) 工业区 | 19 Tianjin Port Container Logistics Center
天津港集装箱物流中心 | 28 Tianjin Baodi Jiuyuan Industrial Park 天津宝坻九园工业园区 |
| 2 Wuqing Development Area
武清开发区 | 11 Dongli Economic Development Area
东丽经济开发区 | 20 Tianjin Port Free Trade Zone
天津保税区 | 29 Tianjin Beichen Economic Development Area
天津北辰经济开发区 |
| 3 Beichen Hi-Tech Industrial Park (North)
北辰科技园 (北区) | 12 Tianjin Airport International Logistics Zone
天津空港国际物流区 | 21 TEDA Chemical Industrial Park
TEDA 化学工业区 | 30 Tianjin Chadian Industrial Park 天津茶淀工业园区 |
| 4 Beichen Hi-Tech Industrial Park (South)
北辰科技园 (南区) | 13 Tianjin Airport Industrial Park
天津空港物流加工区 | 22 Hangu Chemical Industrial Park
汉沽工业园区 | 31 Tianjin Dagang Economic Development Area 天津大港开发区 |
| 5 Tianjin Hi-Tech Industrial Park
Huayuan Industrial Development Area
天津高新技术产业园区华苑产业区 | 14 TEDA West
天津经济技术开发区 (西区) | 23 Ninghe Economic Development Area
宁河经济开发区 | 32 Tianjin Dagang Petrochemical Industrial 天津大港石化产业园区 |
| 6 Xiqing Development Area
西青开发区 | 15 Dagang Development Area
大港开发区 | 24 Dongjiang Duty-Free Port Area
天津东疆保税港区 | 33 Tianjin Wuqing Dawanggu Economic Development Area
天津武清区大王古经济开发区 |
| 7 TEDA (Xiqing) Microelectronic Industrial Park
TEDA 微电子 (西青) 工业区 | 16 Tanggu National Marine Hi-Tech Development Area
塘沽国家海洋新技术开发区 | 25 Sino-Singapore Eco-City
中新生态城 | 34 Tianjin Ji County Economic Development Area 天津蓟县开发区 |
| 8 Jinnan Economic Development Area (West)
天津市津南经济开发区 (西区) | 17 Tianjin Economic-Technological Develop. Area (TEDA)
塘沽国家海洋新技术开发区 | 26 Tianjin Bailaitai Industrial Park
天津八里台工业园区 | 35 Tianjin Jinnan Xinda Industrial Park 天津津南鑫达工业园区 |
| 9 Jinnan Economic Development Area (East)
天津市津南经济开发区 (东区) | 18 Tianjin Port Bulk Cargo Logistics Center
天津港散货物流中心 | 27 Tianjin Baodi Economic Development Area
天津宝坻经济开发区 | 36 Tianjin Jinghai Economic Development Area 天津静海经济开发区 |
| | | | 37 Tianjin Jinnan Economic Development Area 天津津南经济开发区 |
| | | | 38 Tianjin Junliancheng Industrial Park 天津军粮城工业园区 |
| | | | 39 Tianjin Panzhuang Industrial Park 天津潘庄工业园区 |
| | | | 40 Tianjin Shuangkou Industrial Park 天津双口工业园区 |
| | | | 41 Tianjin Wuqing Fuyuan Economic Development Area
天津武清福源经济开发区 |
| | | | 42 Tianjin Zhongbei Industrial Park 天津中北工业园区 |
| | | | 43 Tianjin Ziya Industrial Park 天津子牙工业园区 |



Your Active Partner !

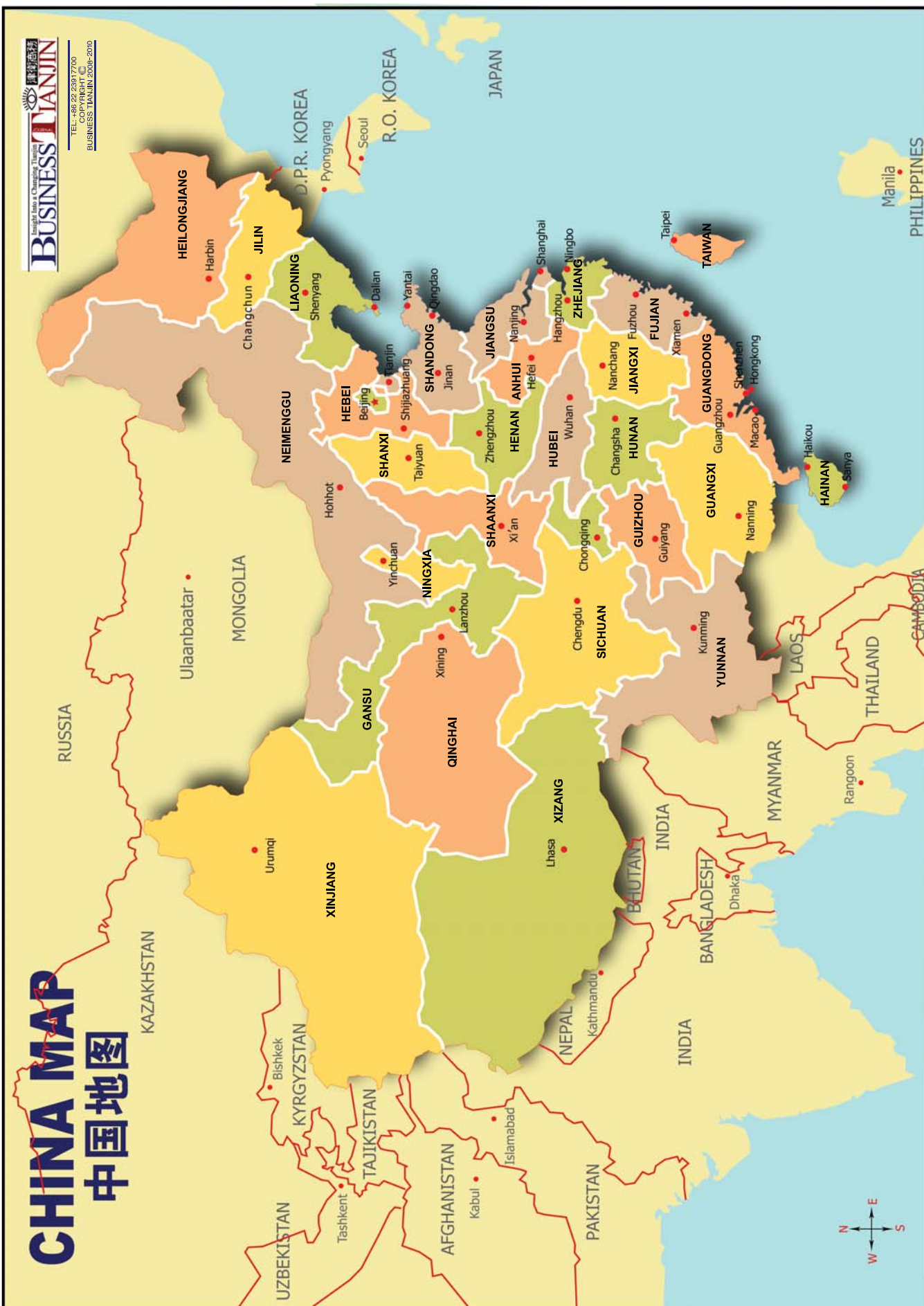
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CHINA MAP 中国地图

Business Map & Chamber of Commerce
BUSINESS TANJIN
TEL: +86 22 23917700
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DOMESTIC FLIGHTS

(1=Mon, 2=Tue, 3=Wed, 4=Thu, 5=Fri, 6=Sat, 7=Sun)

From Tianjin

DEST	DEP	ARR	Flight No	Days
Changchun	13:20	14:55	GS6571/HU6571	1234567
Changsha	13:00	15:10	BK2811	1234567
Chengdu	13:00	15:30	8L9976	1234567
Chifeng	14:20	15:15	MU2135	1.3.5.7
Chongqing	12:05	14:25	HU6238/PN6238	1.3.5.7
Dalian	11:00	11:45	GS7579/HU7579	1234567
Fuzhou	14:00	17:50	FM9291	123.56.
Guangzhou	13:30	16:20	HU7201	1234567
Guilin	14:10	18:30	MF8345	1.3..6.
Guiyang	08:10	12:20	GS7465/HU7465	1234567
Haikou	08:10	11:40	FM9295	1234567
Hangzhou	07:30	09:20	MF8377	1234567
Harbin	10:50	12:40	MU5483	1234567
Hefei	07:00	08:30	BK2847	..3.5.7
Huhhot	09:20	10:30	CA4717/SC4717	1234567
Jinjiang	07:00	10:40	BK2857	12...6.
Kunming	12:50	17:30	8L9976	1234567
Nanjing	14:00	15:45	FM9291	123.56.
Nanning	07:30	12:35	MF8377	1234567
Nantong	14:50	16:40	ZH9730	...4.6.
Ningbo	12:20	14:20	GS6603/HU6603	1234567
Qingdao	08:30	09:25	GS7575/HU7575	1234567
Sanya	17:20	21:00	FM9159	1234567
Shanghai	08:10	09:45	GS7205/HU7205	1234567
Shenyang	11:25	12:40	3U8861	1234567
Shenzhen	16:35	19:55	ZH9936	1234567
Taiyuan	11:30	12:30	GS7449/HU7449	1234567
Urumqi	15:15	20:50	CZ6928	1.3..6.
Wuhan	10:10	11:50	GS6695/HU6695	1234567
Xiamen	14:20	17:05	MF855	1234567
Xi'an	08:10	09:55	GS7465/HU7465	1234567
Yantai	08:20	09:20	GS7421/HU7421	1234567
Yinchuan	09:25	11:15	CZ6457	.2.4..7
Yuncheng	08:20	09:45	GS6677/HU6677	12.4.6.
Zhang Jia Jie	17:00	19:10	CA1012	1...5..
Zhengzhou	22:15	23:35	ZH8312	12.4.67
Zhuhai	13:25	16:10	BK2831	..3...7

To Tianjin

ORIGIN	DEP	ARR	Flights No	Days
Changchun	15:35	17:20	GS6572/HU6572	1234567
Changsha	21:10	23:10	BK2812	1234567
Chengdu	09:45	12:10	8L9975	1234567
Chifeng	16:05	17:15	MU2136	1.3.5.7
Chongqing	08:55	11:15	HU6237/PN6237	1.3.5.7
Dalian	19:45	20:40	GS7580/HU7580	1234567
Fuzhou	09:00	13:20	MF8137	1.3.56.
Guangzhou	17:20	20:10	HU7202	1234567
Guilin	19:20	23:30	MF8346	1.3..6.
Guiyang	13:20	17:50	GS7466/HU7466	1234567
Haikou	13:05	16:25	FM9296	1234567
Hangzhou	16:05	17:50	MF8378	1234567
Harbin	13:40	15:30	MU5484	1234567
Hefei	15:50	17:20	BK2848	..3.5.7
Huhhot	11:10	12:15	CA4718/SC4718	1234567
Jinjiang	11:25	15:20	BK2858	12...6.
Kunming	07:45	12:10	8L9975	1.34567
Nanjing	21:00	22:40	FM9292	..3.56.
Nanning	13:15	17:50	MF8378	1234567
Nantong	12:10	13:45	ZH9729	...4.6.
Ningbo	15:00	17:00	GS6604/HU6604	1234567
Qingdao	10:10	11:05	GS7576/HU7576	1234567
Sanya	22:05	01:20(+1)	FM9160	1234567
Shanghai	10:50	12:45	GS7206/HU7206	1234567
Shenyang	13:30	14:50	3U8862	1234567
Shenzhen	12:00	15:40	ZH9935	1234567
Taiyuan	15:45	16:45	GS7450/HU7450	1234567
Urumqi	09:20	14:25	CZ6927	1.3..6.
Wuhan	17:30	19:10	GS6696/HU6696	1234567
Xiamen	13:45	16:15	MF856	1234567
Xi'an	16:10	17:50	GS7466/HU7466	1234567
Yantai	19:20	20:20	GS7422/HU7422	1234567
Yinchuan	12:00	13:40	CZ6458	.2.45.7
Yuncheng	14:40	16:00	GS6678/HU6678	12.4.6.
Zhang Jia Jie	21:20	23:30	BK2814	..2..67
Zhengzhou	07:45	09:05	ZH8311	1234567
Zhuhai	20:50	23:40	BK2832	1.3.5.7

Airline Code

3U Sichuan Airlines
8L Lucky Air
BK Okay Airways
CA Air China
CZ China Southern Airlines

FM Shanghai Airlines
GS Grand China
HO Juneyao Airlines
HU Hainan Airlines
JD Deer Air

MF Xiamen Airlines
MU China Eastern Airlines
NS Northeast Airlines
PN West Air
SC Shangdong Airlines

VD Kunpeng Airlines
ZH Shenzhen Airlines



CUT OUT AND CARRY THESE TABLES

INTERNATIONAL FLIGHTS

(1=Mon, 2=Tue, 3=Wed, 4=Thu, 5=Fri, 6=Sat, 7=Sun)

From Beijing

DEST	DEP	ARR	Flight No	Days
Addis Ababa	21:05	06:55(+1)	ET605	1.3.56
Amsterdam	11:05	15:15	KL0898	1234567
Bangkok	17:50	21:15	TG615	1234567
Brussels	01:20	05:30	HU491	.2.4.67
Delhi	20:50	01:40(+1)	CA947	1.3..67
Dubai	23:55	04:15(+1)	EK307	1234567
Frankfurt	10:30	14:30	LH721	1234567
Hanoi	16:15	19:00	CZ323	1234567
Helsinki	10:55	14:25	AY052	1234567
Hong Kong	10:00	13:35	CX347	1234567
Istanbul	23:55	05:30(+1)	TK0021	123.56.
Kuala Lumpur	16:25	22:40	CA971	1.3..6.
London	11:15	15:10	BA0038	12.4.67
Los Angeles	21:00	18:00	CA983	1234567
Madrid	00:05	06:35	CA907	.2.4.6.
Moscow	11:40	15:55	SU572	1234567
New York	13:00	14:20	CA981	1234567
Osaka	13:50	17:45	JL886	1234567
Paris	12:50	17:30	AF125	1234567
San Francisco	16:00	12:40	CA986	1234567
Seoul*	11:50	14:55	KE852	1234567
	13:50	16:50	KE856	1.3.5.7
	21:15	00:10(+1)	KE854	1234567
Singapore	08:45	15:00	SQ803	1234567
Sydney	16:20	06:20(+1)	CA173	1.3.5..
Tel Aviv	22:00	03:55(+1)	LY096	.2.4...
Tokyo	09:30	12:35	JL023	1234567
Ulaanbaatar	07:30	09:50	CA901	1234567
Vancouver	15:50	11:50	CA991	1234567

To Beijing

ORIGIN	DEP	ARR	Flight No	Days
Addis Ababa	00:50	19:25	ET604	1.3.56.
Amsterdam	17:35	08:55	KL0897	1234567
Bangkok	10:10	15:50	TG614	1234567
Brussels	13:50	05:10(+1)	HU492	.2.4.67
Delhi	03:15	12:25	CA948	.2.4..7
Dubai	03:55	15:10	EK306	1234567
Frankfurt	17:20	08:30(+1)	LH720	1234567
Hanoi	10:50	13:20	CZ3050	1234567
Helsinki	18:05	06:55(+1)	AY051	1234567
Hong Kong	17:00	20:20	CX312	1234567
Istanbul	23:45	14:00(+1)	TK0020	12.45.7
Kuala Lumpur	23:40	06:00(+1)	CA972	1.3..6.
London	16:35	09:30(+1)	BA0039	1...567
Los Angeles	01:40	05:20(+1)	CA984	1234567
Madrid	11:35	05:10(+1)	CA908	12..56.
Moscow	22:25	09:50(+1)	SU571	1234567
New York	16:50	18:20(+1)	CA982	1234567
Osaka	09:50	12:20	JL885	1234567
Paris	19:00	10:50(+1)	AF126	1234567
San Francisco	14:50	17:55(+1)	CA986	1234567
Seoul*	09:30	10:35	KE851	1234567
	11:35	12:40	KE855	1.3.5.7
	19:00	20:05	KE853	1234567
Singapore	08:45	14:55	SQ802	1234567
Sydney	20:00	05:50(+1)	CA174	.234.6.
Tel Aviv	00:35	15:10	LY095	.2.4...
Tokyo	15:55	20:15	JL024	1234567
Ulaanbaatar	10:50	13:00	CA902	1234567
Vancouver	13:50	16:15(+1)	CA992	1234567

From Tianjin

DEST	DEP	ARR	Flight No	Days
Hong Kong	08:35	11:50	KA1103	1234567
Seoul*	13:10	15:55	KE806	1234567
Nagoya	13:00	16:50	JL840	1234567
Kuala Lumpur	15:50	22:15	D7 2613	1234567

To Tianjin

ORIGIN	DEP	ARR	Flight No	Days
Hong Kong	12:50	15:55	KA1104	123456
Seoul*	09:30	10:20	KE805	1234567
Nagoya	09:40	11:50	JL841	1234567
Kuala Lumpur	08:30	14:35	D7 2612	1234567

* Flights from Beijing/Tianjin to Seoul, from Seoul to Beijing/Tianjin provided by Korean Air.
Tianjin-Kuala Lumpur flights provided by AirAsia.
Schedules are subject to government approval and may be changed without prior notice.

Airline Code

AC Air Canada	EK Emirates	LH Lufthansa	SQ Singapore Airlines
AF Air France	ET Ethiopian Airlines	LY El Al Airlines	SU Aeroflot Airlines
AY Finnair	EY Etihad Airways	MS Egypt Airlines	TG Thai Airways International
BA British Airways	HU Hainan Airlines	NH All Nippon Airways	UA United Airlines
CA Air China	JL Japan Airlines	NZ Air New Zealand	UL Sri Lanka Airlines
CX Cathay Pacific	KA Dragon Air	QF Qantas Airways	
CZ China Southern Airlines	KE Korean Air	QR Qatar Airways	
D7 Air Asia	KL KLM-Royal Dutch Airlines	SK Scandinavian Airlines	

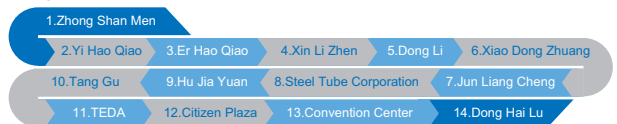
TRAINS

BJ-TJ-TEDA (¥14)			TEDA-TJ-BJ (¥14)		
Train	Departs	Arrives	Train	Departs	Arrives
4493	13:10	16:08	4494	08:05	11:21

LIGHT RAIL

TJ - BINHAI (¥6)				
Train	Monday - Friday		Saturday - Sunday	
	Time	Freq (min)	Time	Freq (min)
Zhong Shan Men (TJ - Binhai) ¥6 First: 06:30 Last: 21:00	06:00 - 06:45	15	06:00 - 07:00	15
	06:45 - 07:54	5 - 8	07:00 - 08:00	12
	07:54 - 11:00	10 - 12	08:00 - 10:55	8 - 10
	11:00 - 15:58	15	10:55 - 15:17	12 - 15
	15:58 - 18:15	10 - 13	15:17 - 17:25	8 - 10
Dong Hai Lu (Binhai - TJ) ¥6 First: 06:30 Last: 21:00	18:15 - 21:00	15	17:25 - 21:00	12 - 15
	06:00 - 07:00	15	06:00 - 07:00	15
	07:00 - 08:17	8 - 10	07:00 - 10:50	10 - 12
	08:17 - 10:05	11 - 13	10:50 - 12:20	15
	10:05 - 15:05	15	12:20 - 14:32	12
	15:05 - 17:02	10 - 12	14:32 - 17:40	8 - 10
	17:02 - 17:58	5 - 8	17:40 - 18:30	12 - 13
	17:58 - 18:30	10 - 12	18:30 - 21:00	15
	18:30 - 21:00	15	—	—

Stops:



TIANJIN-AIRPORT Shuttle Bus

¥70 one way

Tianjin - Beijing Airport Terminals 3
04:00-18:00, runs every 45 minutes
Tian Huan Distance Bus Passenger Station
The junction of Hongqi Lu and Anshan Xi Dao
Tel: +86 1686 8999

Beijing Airport Terminals 2/3 - Tianjin

07:00, 08:00, 09:00 then every 30 minutes until 23:00
Exit on the 1st floor at Gate 11/Terminal 2 and Gate3/Terminal 3
Tel: +86 10 6455 8718

TEDA-AIRPORT SHUTTLE BUS

¥80 one way

TEDA - Beijing Airport Terminals 2/3
06:30-19:30, runs every hour
1st Avenue, TEDA
Tel: +86 22 6620 5188

Beijing Airport Terminals 2/3 - TEDA

10:00-22:00, runs every hour
Exit on the 1st floor at Gate 11/Terminal 2 and Gate3/Terminal 3
Tel: +86 10 6455 8718

No. 1 Metro Stops: METRO Tianjin

Metro line 1

Metro line 1 is from Liu Yuan station to Shuang Lin station. It crosses Bichen, Hongqiao, Nankai, Heping, and Jinnan districts
¥2-5, depending on distance travelled
06:00-22:00, runs every 10 minutes, 5 minutes during peak hours
Tel: +86 22 6028 6777



BULLET (C) TRAIN

TJ ~ BJ (¥58 - ¥69)			BJ ~ TJ (¥58 - ¥69)		
Train	Tianjin	Beijing	Train	Beijing	Tianjin
C2002	06:25	06:55	C2001	06:35	07:05
C2202	06:40	07:15	C2201	06:45	07:20
C2004	06:55	07:25	C2003	06:55	07:25
C2006	07:10	07:40	C2271	07:20	07:50
C2008	07:30	08:00	C2005	07:30	08:00
C2010	07:40	08:10	C2007	07:45	08:15
C2204	08:05	08:40	C2009	08:00	08:30
C2012	08:20	08:50	C2203	08:10	08:45
C2014	08:35	09:05	C2011	08:45	09:15
C2272	08:51	09:25	C2013	08:55	09:25
C2016	09:20	09:50	C2015	09:15	09:45
C2018	09:30	10:00	C2017	09:30	10:00
C2020	09:55	10:25	C2019	09:40	10:10
C2022	10:05	10:35	C2021	09:50	10:20
C2024	10:25	10:55	C2205	10:10	10:45
C2026	10:35	11:05	C2023	10:25	10:55
C2206	10:50	11:25	C2025	10:55	11:25
C2028	11:00	11:30	C2027	11:30	12:00
C2030	11:15	11:45	C2029	11:40	12:10
C2032	11:35	12:05	C2031	11:50	12:20
C2034	12:00	12:30	C2033	12:00	12:30
C2036	12:25	12:55	C2035	12:15	12:45
C2038	13:15	13:45	C2037	13:00	13:30
C2040	13:25	13:55	C2039	13:15	13:45
C2208	13:35	14:10	C2041	13:40	14:10
C2042	13:50	14:20	C2043	14:00	14:30
C2044	14:00	14:30	C2045	14:10	14:40
C2046	14:20	14:50	C2047	14:45	15:15
C2048	14:45	15:15	C2049	14:55	15:25
C2050	15:05	15:35	C2207	15:05	15:40
C2052	15:20	15:50	C2051	15:20	15:50
C2054	15:30	16:00	C2053	15:30	16:00
C2056	15:45	16:15	C2055	15:40	16:10
C2058	15:55	16:25	C2057	15:55	16:25
C2210	16:15	16:50	C2059	16:20	16:50
C2060	16:30	17:00	C2061	16:30	17:00
C2062	16:40	17:10	C2209	16:40	17:15
C2064	16:50	17:20	C2063	17:20	17:50
C2066	17:15	17:45	C2065	17:30	18:00
C2068	17:40	18:10	C2067	17:40	18:10
C2070	17:50	18:20	C2069	17:50	18:20
C2072	18:15	18:45	C2071	18:05	18:35
C2074	18:25	18:55	C2073	18:25	18:55
C2076	18:50	19:20	C2075	19:00	19:30
C2078	19:00	19:30	C2077	19:15	19:45
C2080	19:10	19:40	C2211	19:40	20:15
C2082	19:20	19:50	C2079	19:55	20:25
C2084	19:50	20:20	C2081	20:05	20:35
C2086	20:05	20:35	C2281	20:25	20:55
C2088	20:35	21:05	C2083	20:15	20:45
C2090	21:00	21:30	C2085	20:55	21:25
C2212	21:15	21:50	C2087	21:25	21:55
C2092	21:40	22:10	C2089	21:55	22:25
C2282	22:05	22:35	C2091	22:25	22:55
C2094	22:45	23:15	C2093	23:00	23:30

TG ~ BJ (¥70-¥118)

Train	Tanggu	Beijing
C2272	08:29	09:25
C2274	12:14	13:10
C2276	13:44	14:40
C2278	18:14	19:10
C2280	19:59	20:55

BJ ~ TG (¥70-¥118)

Train	Beijing	Tanggu
C2271	07:20	08:14
C2273	10:45	11:39
C2275	12:35	13:29
C2277	16:55	17:49
C2279	18:50	19:44

Wuqing ~ BJ

Train	Wuqing	Beijing
C2202	06:51	07:15
C2204	08:16	08:40
C2206	11:01	11:25
C2208	13:46	14:10
C2210	16:26	16:50
C2212	21:26	21:50

BJ ~ Wuqing

Train	Beijing	Wuqing
C2201	06:45	07:05
C2203	08:10	08:30
C2205	10:10	10:30
C2207	15:05	15:25
C2209	16:40	17:00
C2211	19:40	20:00

* Beijing-Tianjin Bullet (C) Train opened on 1 August from Beijing South Railway Station to Tianjin Railway Station. The price of first class is 69RMB while the price of second class is 58RMB.
Beijing-Tanggu Bullet (C) Train opened on 24 September from Beijing South Railway Station to Tanggu Railway Station. The price of luxury class is 118RMB, first class is 84RMB and second class is 70RMB. Please call +86 22 6053 6053 for details.

BUSINESSPEOPLE & THEIR WORK

VOLUME 28

Many successful businesspeople started from scratch.

许多(1) | 成功的(2) | 商人(3) | 都是 | 白手起家(4)。
xǔduō | chénggōng de | shāngrén | dōushi | báishǒuqǐjiā.

The Board is considering him to fill the post of CEO.

董事会(5) | 正在 | 考虑(6) | 让 | 他 | 出任(7) | 首席执行官(8)。
dǒngshìhuì | zhèngzài | kǎolǚ | ràng | tā | chūrèn | shǒuxízhíxíngguān.

The new manager is responsible for marketing in southern China.

新任经理(9) | 负责(10) | 中国南方(11) | 的 | 市场营销(12)。
xīnrènjīnglǐ | fùzé | zhōngguó nánfāng | de | shìchǎngyíngxiāo.

She has very impressive credentials, holding an MBA from Harvard's business school and five years of experience as vice president in a large multinational company.

她有 | 令人钦佩的(13) | 资历(14), | 持有(15) | 哈佛大学 | 商学院(16) | 的 | 工商管理硕士学位(17),
Tā yǒu | lìng rén qīnpèi de | zīlì, | chíyǒu | hāfó dàxué | shāngxuéyuàn | de | gōngshāng guǎnlǐshuòshì xuéwèi,

并在 | 一家 | 大型的(18) | 跨国公司(19) | 任 | 副总经理(20) | 达 | 五年(21)。
bìng zài | yíjiā | dàxíng de | kuàguó gōngsī | rèn | fù zǒngjīnglǐ | dá | wǔnián.

He no longer manages the corporation's day-to-day operations.

他 | 已经 | 不再(22) | 管理公司(23) | 的 | 日常事务(24) | 了。
tā | yǐjīng | bùzài | guǎnlǐgōngsī | de | rìchángshìwù | le.

You need good interpersonal skills to manage a large team of sales and marketing staff.

要 | 管理 | 一批人数众多的(25) | 营销人员(26), | 你需要 | 具有 | 良好的(27) | 人际协调技巧(28)。
yào | guǎnlǐ | yí pī rén shù zhòng duō de | yíngxiāo rényuán, | nǐ xūyào | jùyǒu | liánghǎo de | rénjìxiétiáo jìqiǎo.

These mid-level managers face stiff competition from a younger generation of business school graduates.

这些 | 中层经理(29) | 面临着(30) | 年轻一代(31) | 的 | 商学院 | 毕业生(32) | 的 | 严峻
zhèxiē | zhōngcéngjīnglǐ | miànlín zhe | niánqīngyí dài | de | shāngxuéyuàn | bìyèshēng | de | yánjùn

竞争(33)。
jìngzhēng.

Entrepreneurs have the highest business risks and can potentially make the greatest profit.

创业者(34) | 要 | 承担(35) | 极大的(36) | 商业风险(37), | 同时 | 也有 | 获得巨大利润(38) | 的
chuàngyèzhě | yào | chéngdān | jí dà de | shāngyè fēngxiǎn, | tóngshí | yě yǒu | huò dé jù dà lì rùn | de

潜在机会(39)。
qiánzài jī huì.

We'll spare no effort to promote the interests of our customers, stockholders and employees.

我们 | 将 | 不遗余力地(40) | 提高(41) | 我们 | 的 | 顾客(42), | 股东(43) | 和 | 雇员(44) | 的 | 利益(45)。
wǒmen | jiāng | bù yí yú lì dì | tí gāo | wǒmen | de | gùkè, | gǔdōng | hé | gù yuán | de | lì yì.

He has a lot of experience with major international companies and also a down-to-earth management style.

他 | 有 | 在 | 好 | 几个 | 大型国际公司(46) | 工作 | 的 | 经验(47), | 同时 | 又有 | 脚踏实地(48)
tā | yǒu | zài | hǎo | jǐ gè | dà xíng guó jì gōng sī | gōng zuò | de | jīng yàn, | tóng shí | yòu yǒu | jiǎo tà shí dì

的 | 管理风格(49)。
de | guǎn lǐ fēng gé.

(1) 许多	xǔduō	many	(25) 一批人数众多的	yīpīrénshùzhòngduō de	a large team of
(2) 成功的	chénggōng de	successful	(26) 营销人员	yíngxiāo rényuán	marketing staff
(3) 商人	shāngrén	businesspeople	(27) 良好的	liánghǎode	good
(4) 白手起家	báishǒu qǐjiā	start from scratch	(28) 人际协调技巧	rénjì xiétiáo jìqiǎo	interpersonal skills
(5) 董事会	dǒngshìhuì	board of directors	(29) 中层经理	zhōngcéng jīnglǐ	middle-level manager
(6) 考虑	kǎolǜ	consider	(30) 面临着	miànlínzhe	face
(7) 出任	chūrèn	fill in a post	(31) 年轻一代	niánqīng yīdài	a younger generation of
(8) 首席执行官	shǒuxí zhíxíngguān	Chief Executive Officer	(32) 毕业生	bìyèshēng	graduates
(9) 新任经理	xīnrèn jīnglǐ	new manager	(33) 严峻竞争	yánjùn jìngzhēng	stiff competition
(10) 负责	fùzé	be responsible for	(34) 创业者	chuàngyèzhě	entrepreneur
(11) 中国南方	zhōngguó nánfāng	southern China	(35) 承担	chéngdān	undertake
(12) 市场营销	shìchǎng yíngxiāo	marketing	(36) 极大的	jídà de	highest
(13) 令人钦佩的	lìngrén qīnpèi de	impressive	(37) 商业风险	shāngyè fēngxiǎn	business risks
(14) 资历	zīlì	credentials	(38) 获得巨大利润	huòdé jùdà lìrùn	make the greatest profit
(15) 持有	chíyǒu	holding	(39) 潜在机会	qiánzài jīhuì	potential opportunity
(16) 商学院	shāngxuéyuàn	business school	(40) 不遗余力地	bùyíyú lì dì	spare no effort
(17) 工商管理硕士学位	gōngshāng guǎnlǐ shuòshì xuéwèi	MBA degree	(41) 提高	tígāo	promote
(18) 大型的	dàxíng de	large-scale	(42) 顾客	gùkè	customer
(19) 跨国公司	kuàguó gōngsī	multinational company	(43) 股东	gǔdōng	stockholder
(20) 副总经理	fù zǒngjīnglǐ	vice president	(44) 雇员	gùyuán	employee
(21) 五年	wǔnián	five years	(45) 利益	lìyì	interests
(22) 不再	bùzài	no longer	(46) 大型国际公司	dàxíng guójì gōngsī	major international company
(23) 管理公司	guǎnlǐ gōngsī	manage the corporation	(47) 经验	jīngyàn	experience
(24) 日常事务	rìcháng shìwù	day-to-day operations	(48) 脚踏实地	jiǎotǎ shí dì	down-to-earth
			(49) 管理风格	guǎnlǐ fēnggé	management style



If you meet any problems in learning Chinese, please send us an email at bizclass@businesstianjin.com
We'll do our best to help you. See you next month.

EUROPEAN CHAMBER



EUROPEAN CHAMBER IN TIANJIN

New Publication:

Business Directory 2010 Now Available!



The 2010 edition of the European Chamber Business Directory, an indispensable guide to European businesses in China, has recently been published.

An annual publication, the Business Directory is an ideal reference tool for European companies in China, or for businesses serving the European business community here. This latest edition is the most comprehensive yet, featuring over 1500 listings of members of the European Chamber, as well as embassies, consulates and business associa-

tions from EU Member States.

The European Chamber would like to give special thanks to all our members whose contributions have made this edition of the Business Directory possible, and also to those who have sponsored this publication as advertisers.

Cost

Members: RMB 500

Non-Members: RMB 1000

Event Review:

People risk management for manufacturing companies operating in developing countries

The European Chamber Tianjin Chapter, in cooperation with International SOS and Control Risks, organised a seminar on the topic of people risk management for manufacturing companies operating in developing countries on the afternoon of 17 March.

More than 20 members attended this workshop, where specialists reviewed the medical and security risks member companies' operations could encounter and offered tangible solutions. They also presented real case studies during the workshop.

Many foreign businesses are now gaining greater confidence operating in



China. After having explored the most developed cities they are now moving to second- or lower-tier cities or rural areas, and thus face new medical and security challenges.

The Chinese government has made it a priority to improve the health and safety of the employees working in a hazardous work environment. Despite new regulations and improvements, the Chinese government still reported 90,000 work-related deaths last year. Additionally, China faces a number of security threats which companies should plan for.

From a business perspective, companies operating abroad not only have to consider their duty of care to employees, but also examine the impacts these risks have on their business continuity. To do so, they must take a closer look at potential disruptions their businesses can suffer as a result of risks they could mitigate, and develop a plan that not only diminishes these risks but also helps them respond to crisis situations.

Upcoming Events in April:

Local board election

Final voting on 12 April

Discussion forum

Relationship management with officials

Human resource training course

Advanced Business Writing by Clark Morgan

Finance & taxation seminar

Free Trade Agreement (especially China-ASEAN FTA)

Equipment management, especially the potential intensified measures (valuation and classification) against used equipment
Interim Duty Rate

IPR workshop

How to use customs to protect your IPR and prevent fake goods from leaving/entering the country

Co-hosted by EUCCC China IPR SME Helpdesk and EU Delegation

Tianjin, a city of the future: VIP dinner with French delegation

Co-hosted with French Embassy and French Chamber

Visit to Eco-city & Dongjiang Port

Two major projects located in Binhai New Area

Monthly inter-chamber networking

Members from EUCCC, Tianjin Expats, Am-Cham, French Chamber, German Chamber, Danish Chamber, BenCham, Swiss Chamber, Australian Chamber, TEDA Chamber and more.

Room15A17, Suite 17, Magnetic Plaza, BinShui Xi Dao, Nankai District, Tianjin 300381.

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Email: tianjin@euccc.com.cn www.europeanchamber.com.cn



天津韩国商会

The Korea Chamber of Commerce & Industry in Tianjin, China

Recent Events

(최근 현황)



제2차 확대운영위원회 개최

1. 2nd Expanding Operational Committee

Time: 11 March 2010, 16:00

Venue: 1F Banqueting Hall, Fenglin Hotel

Attendees: delegation of the chairman, supervisors, special heads of committee, delegation of the vice-chairman, delegation of the general affairs, delegation of the committee members

Content:

- A. Report and discussion on the event plan of each group
- B. Report on the general meeting of China Korea Chamber
- C. Discussion on the problems in Tianjin Korean Chamber and Tianjin Korean Society
- D. Other

2. Ambassador H.E. Mr. Yu Woo Ik of Korean Embassy in China visiting Tianjin

Time: 19 March 2010, 16:00 – 17:30

Venue: 1F Banqueting Hall, Fenglin Hotel

Number of attendees: 200

Attendees: member companies members and Korean expats

Content: Discussion on China's 2010 economy and future China-Korea economic cooperation

3. Chairman Cup soccer game, Tianjin Korean Chamber and Tianjin Korean Society

Time: 21 March 2010, 8:00 – 18:00

Venue: Tianjin Middle School

Tianjin Korean Soccer Association members party (formal team only)

Attendees: 6 members and the delegation of Tianjin Korean Chamber, and the staff and former players of Tianjin soccer

Number of attendees: 200

Rule of the game:

Competition policy established by the committee of Tianjin Korean Soccer Association, and

Prepared by Tianjin Korean Soccer Association

4. Domestic sales market strategy meeting

Time: 25 March 2010 14:00 – 16:00

Venue: 1F Banqueting Hall, Fenglin Hotel

Sponsor: Korean Import and Export Insurance Company



주중한국대사관 대사님 천진 방문

1. 제2차 확대운영위원회 개최

1) 일 시: 2010년3월11일(목) 16:00

2) 장 소: 풍림호텔 1층 연회청

3) 참석대상: 회장단, 감사, 특위 위원장, 부회장단 총무단 및 위원단

4) 회의내용:

- A. 상반기 각 분과 및 지역분회 활동예정사항 보고 및 토의
- B. 중국한국상회 총회 결과 보고
- C. 천진한국인회 천진한국상회 현안 토의
- D. 기타 토의

2. 주중한국대사관 대사님 천진 방문

◆ 일 시 : 2010년3월19일 (금) 16:00-17:30

◆ 장 소 : 풍림호텔 1층 연회청

◆ 참석규모 : 200명

◆ 대 상 : 회원사,기업인,한국교민

◆ 내 용 : 2010년 중국경제전망과 한중경제 협력방안

3. 천진한국인회.천진한국상회 회장배 축구대회 대회

◆ 일 시 : 2010년 3월 21일 08:00~18:00

◆ 장 소 : 천진중학교

◆ 참석안내: 천진대한축구협회 동우회 정식가입된 팀만 참석 (현재6개팀임)

◆ 참가인원: 6개동우회원과 천진한국상회 임원진과 직원 및 천진 축구원로 등으로 대회 참가인원 규모 약 200여명

◆ 경기규정:

대회규정:천진대한축구협회 경기위원회의 제정한 경기방식 적용
대회준비:천진대한축구협회

4. 현지금융활용 내수거래확정전략 세미나

◆ 일 시 : 2010년 3월 25일14:00~16:00

◆ 장 소 : 풍림호텔 1층 연회청

◆ 협 조 : 한국수출입보험공사



AmCham-China Tianjin Chapter

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Tel: +86 22 2318 5075
Fax: +86 22 2318 5074
Website: www.amchamchina.org

Events Review

Aligning Employee Rewards for Maximum Results & Total Compensation Measurement 2010 - Tianjin City 2:00 - 5:00 PM, Friday, March 5 – Renaissance Tianjin Hotel

Over 150 people attended the annual Hewitt Tianjin HR Survey event on March 5th at the Renaissance Tianjin Hotel. The event focused on several issues relevant to HR including recruiting, retaining, and inspiring employees. In addition, experts discussed ways to maximize workers' potential in a cost effective manner. Attendees not only learned how to align the goals of employees with the company, but also gained insight about Tianjin's current work environment. The American Chamber of Commerce offers informational seminars in several cities, so members can stay up to speed with China's dynamic economy.



AmCham-China, Tianjin Chapter and Rutgers University EMBA Beijing Program jointly present Managing Risks in Global Supply Chains 11:30 - 13:30 PM, Friday, March 5 – Hotel Nikko Tianjin



Gordon Smouter, an Adjunct Professor at Rutgers University, gave a lecture on supply chain management and effective methods that reduce supply chain risk on March 5th at Hotel Nikko Tianjin. Over 30 people attended the luncheon to listen and discuss the current issues of supply chain management. The American Chamber of Commerce, Tianjin Chapter often holds events that feature local experts and foreign professors who offer new ideas and insight about changes and opportunities in China and the world.

People risk management for manufacturing companies operating in developing countries 2:30 - 5:30 PM, Wednesday, March 17 – Hotel Nikko Tianjin

Several individuals attended a seminar on risk management for manufacturing companies at the Hotel Nikko. Dr. Renshaw, Director-Medical Services, North Asia, International SOS and John So, Director Crisis & Risk Consulting, discussed many of the issues companies face when operating outside of first tier cities in China. The speakers addressed several ways to manage medical and security risks, and explored a variety of crisis management and crisis prevention tools. After the presentation, a group of security consultants examined several case studies with attendees to offer real solutions to problems that companies face. The American Chamber of Commerce in China, Tianjin-Chapter, offers many seminars and forums where members can learn how to improve their company.



DCCC proudly announces the Danish Charity Gala Ball 2010

DCCC DANISH CHAMBER OF COMMERCE IN CHINA

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Upcoming Events

April 10: Nordic Chamber Golf Tournament 2010

April 23: Visit to charity project around Beijing – keep an eye on our webpage

Past Events

February and March DCCC Young Professionals events – with much more to come!

March: Breakfast seminar: Annual Tax Compliance & Audit Requirements

March 18: AGM

March 19: Workshop: Positive attitude and stress management

March 23: Breakfast Seminar Entrepreneurship: How to start up your own company in China – Anne Charlotte Lembye

For additional information on events and schedule please visit our website: www.dccc.com.cn and for additional information on the DCCC charity Gala Ball please visit www.danishball.com

Please remember, you are automatically a member if your company has a membership with **DCCC**.

If you wish to receive invitations to events and news from the **DCCC** please send a request to mail@dccc.com.cn

Best Regards,

DCCC



BENCHAM
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OF COMMERCE
IN CHINA

The BenCham Ball Goes Expo

On March 6 and March 13, the BenCham Gala Ball took place in Beijing and Shanghai respectively. Both feasts were a smashing success. This yearly event is *the* opportunity for the Benelux Business Community and their Chinese friends to get together and have a *ball*. Geena Lisa, our host, was glamorous and won the crowd over with her beautiful voice. With good food and wines, even our taste pallets were satisfied. The money raised during the evening's live and silent auctions was donated to charity.

We would like to thank our sponsors and our members for making this an unforgettable evening.





Camera di Commercio Italiana in Cina
中国意大利商会
China-Italy Chamber of Commerce

French Chamber of Commerce, German Chamber, SwissCham Beijing, China-Italy Chamber of Commerce and BenCham are pleased to invite you to a breakfast meeting on the topic:

What was Corporate Payment Behavior in China in 2009?



Findings of 2009 Coface Survey on Corporate Credit Management in China and Sector Outlook



A Seminar presented by **Xavier Farcot**, Deputy Regional Managing Director, Greater China, Coface.

What did companies in China experience during the global credit crisis? How did they deal with it from a credit perspective? Which companies were affected most by the crisis?

Thanks to the 4-trillion-CNY stimulus program and the active fiscal policy China has adopted, strong growth resumed, driven by the recovery of domestic demand in 2009. That activity is expected to stay on track in 2010. Looking forward, which sectors with specific risks merit close observation in 2010?

In this workshop, experts from Coface will share the findings of their 7th survey on corporate payment behavior in China as well as insights on sector outlook in 2010:

- Corporate credit management practices in China in 2009
- Most affected companies by global crisis
- Risk mitigation – lessons learned
- Sector outlook in mainland China in 2010

Target Audiences:

- CEOs
- Presidents and directors
- Finance directors & managers
- Corporate treasurers
- Credit directors & managers
- Sales directors & managers

Speaker's biography

Xavier Farcot
Deputy Regional Managing Director, Greater China, Coface

Xavier Farcot is responsible for underwriting and claims, managing a team of risk and claims specialists located in Hong Kong, Taiwan and China. He has been with Coface since 1981, and stationed in Hong Kong since 2001. Over his years with Coface, Xavier has worked in market survey insurance, human resources, finance and administration, and subsequently the short-term risks underwriting department. Prior to joining Coface, he worked for Renault's Management Control Office in the UK.

Xavier graduated from the European Business School – after studying in Paris, Frankfurt and London – in 1981 with a Diploma in Finance.

Date: Wednesday, 14 April 2010

Time: 8:00-10:00am

Language: English

Venue: The Westin Beijing Chaoyang
North Dongsanhuan Road, Chaoyang District
金茂北京威斯汀大饭店
东三环北路 7 号
Phone: 5922 8888

Fee: Members: 200 CNY; non-members: 350 CNY

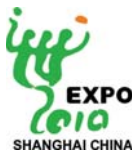
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Shanghai Expo

Better City, Better Life

From 1 May until 31 October one of the greatest events of 2010 will take place: the World Expo will come to China and one of its more metropolitan cities, Shanghai.

The World Expo is a global fair in which countries from all over the world are invited to display their latest innovations in science and technology, economy, arts, sciences and culture to enhance international communications and exchanges. This year's expo is expecting more than 70 million visitors from all over the world.

Infrastructure

As a visitor from afar, one of the issues that must be faced is access into the country. The government of China has ensured that the visa process will be expedited during the time period of the World Expo to allow more visitors the opportunity to participate.

Shanghai and its surrounding cities have established a solid infrastructure that will provide expo participants with the necessary transportation and lodging. According to the deputy director of the Shanghai Expo, more than 500,000 rooms will be available in areas surrounding the Expo.

At the actual expo, an intricate design layout has been created to encompass the 200+ countries participating. The layout is comprised of five zones, each partitioned into squares. Within each zone participants will be able to see the unique areas of each continent and its neighboring areas. While every area is worth seeing, the continental zones are usually the most popular.

Navigating the expo

Zone A is the Asia Zone. In passing through Zone B you will come across Oceania Square. Zone C includes a wide range of countries, bringing forward European Square, American Square and African Square. Zone D introduces the Entertainment Hall, while Zone E presents the Corporate Pavilion Square.

Events

Numerous events, planned by the executive committee as well as the participants, aim to engage and entertain. Global participants have organized events into four cycles. The first cycle, entitled the Folk Series, is designed

to show traditional arts and promote national culture. The second cycle is the Festive Series, encouraging celebration of the expo at the event and in participating countries abroad. The third cycle is the Youthful Expo Series, with a goal of uniting the next generation to exchange ideas and resources for the world of tomorrow. The final cycle is called the Community Series. This series shows the world the local culture of the host city.

Shanghai's history

This year's host, Shanghai, is a city full of history and novelty. In 1842, concessions were established along the area currently known as The Bund. For political reasons, the foreign concessions (originally to France, the USA and Japan) were untouchable by national law. After the concessions were firmly established, banks and trading companies from abroad flocked to this important port city.

The Foreign Concessions Era ended in 1943 and the national government began to enforce policies to ensure a unified China. Shanghai lost its prominence as one of the modern cities of Asia. It was not until 1976 with Deng Xiaoping's open-door policy that Shanghai began to regain international recognition.

Today Shanghai is one of the most modern cities in all of Asia, with a population of over 17 million.

China participants at the expo

Participant regions, companies and individuals are racing to register for the first World Expo to be hosted by a developing country.

Two such locations include Jilin Province and Tibet Autonomous Region. Jilin aims to display its natural scenery and growing technologies. Tibet is looking to showcase its tourism industry with short narratives and films on transportation and popular attractions.

International participants at the expo

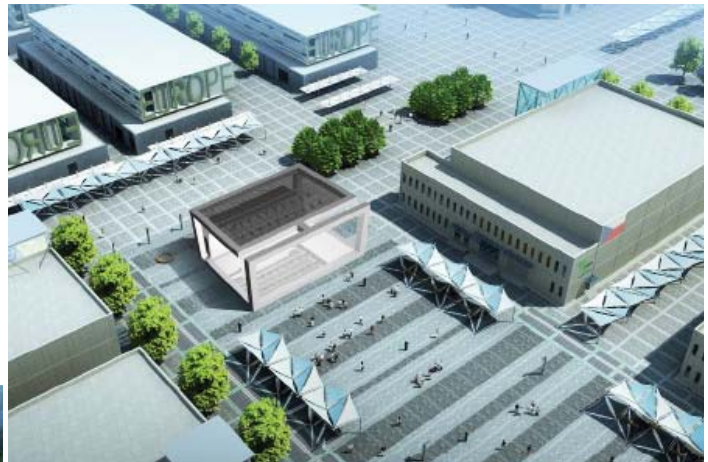
Internationally, you can expect to see the future come to Shanghai. Japan, a country known for its advancements in technology, plans to allow guests to experience comfort in one of the most common facets of life: innovative and future-class commodes.

The 2010 Shanghai World Expo is sure to hold true to its promise of "Better city, better life".



Shanghai waterfront



Africa Square	European Square
	Oceania square



TIANJIN & BEIJING EVENTS IN APRIL & MAY 2010

April							May						
一	二	三	四	五	六	日	一	二	三	四	五	六	日
MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN
			1	2	3	4	31					1	2
5	6	7	8	9	10	11	3	4	5	6	7	8	9
12	13	14	15	16	17	18	10	11	12	13	14	15	16
19	20	21	22	23	24	25	17	18	19	20	21	22	23
26	27	28	29	30	31		24	25	26	27	28	29	30

Business Events

Date	Event	Location	Organizer
Apr.12	Michelin star chef Tam Sek Lun culinary tour 	Renaissance Tianjin TEDA Convention Centre Hotel	Marriott International Hotels
Apr.16-18	China Golf Show 	Beijing - National Agricultural Exhibition Center (NAEC)	Zhongzhan Golf Alliance (Beijing) Co., Ltd.
Apr.21-24	China Sign Expo 2010	China National Convention Centre	China Electronics International Exhibition & Advertising Co., Ltd.
Apr.23-25	China International Wine & Spirits Exhibition 	China World Trade Center(CWTC)	Beijing Regalland Convention & Exhibition Co, Ltd
Apr.23-May.2	Beijing International Automotive Exhibition	Beijing China International Exhibition Center (CIEC)	Adsale Exhibition Services Limited
May.5-9	Beijing International Swimming Pool SPA Bath Show	Beijing China International Exhibition Center (CIEC)	China National SPA Committee
May.12-14	Wire Asia	Tianjin China International Exhibition Center	AIT Events Co., Limited
May.19-21	China Import and Export Commodities (Tianjin) International Trade Fair	Tianjin International Exhibition Centre	
May.20-23	China International Sporting Goods Show 	New China International Exhibition Center	China Sporting Goods Federation
May.25-27	Snackex Asia	China National Convention Center(CNCC)	European Snacks Association
May.26-28	China International Tire Resource Cyclic Utilization Expo	Binhai International Convention & Exhibition Centre	Zhongrong Shanghai (Beijing) International Exhibition Co., Limited

Special Days

Apr.1	April Fools' Day	Apr.5	qīng míng (Tomb Sweeping Day)
Apr.2	Good Friday	Apr.20	gǔ yǔ (Grain Rain)
Apr.4	Easter	Apr.22	Earth Day

TIANJIN

Chinese

China Station

2F, Radisson Plaza Hotel Tianjin
No. 66, Xinkai Lu, Hedong District
Tel: +86 22 2457 8888
中国站
河东区新开路66号天津天诚丽笙
世嘉酒店2层

Ding Tai Fung

No. 18, the junction of
Zi Jin Shan Lu and Binshui Dao
Hexi District
Tel: +86 22 2813 8138
鼎泰丰
河西区宾水道与紫金山路交口18号

Fortune Restaurant

2F, Crowne Plaza Tianjin Binhai
No. 55, Zhongxin Da Dao
Airport Industrial Park
Tel: +86 22 5867 8888 ext. 2355
富淳中餐厅
空港物流加工区中心大道55号
天津滨海圣光皇冠假日酒店2层

Fountain Lounge

Hyatt Regency Jing Jin City
Resort & Spa
No. 8, Zhujiang Da Dao
Zhouliang Zhuang, Baodi District
Tel: +86 22 5921 1234
碧泉茶园
宝坻区周良庄珠江大道8号
天津新城凯悦酒店

Go Believe

Shipin Jie, Heping District
Tel: +86 22 2727 1116
狗不理
和平区食品街

Tao Li Chinese Restaurant

6F, Hotel Nikko Tianjin
No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 8888 ext. 3561
桃李中餐厅
和平区南京路189号
天津日航酒店6层

Zen5es

4F, The Westin Tianjin
No. 101, Nanjing Lu
Heping District
Tel: +86 22 2389 0088
中国元素中餐厅
和平区南京路101号
天津君隆威斯汀酒店4层

Indian

Alibaba Indian Restaurant & Bar

2F, Sports Hotel
No. 90, Weijin Nan Lu, Nankai District
Tel: +86 22 2391 6368
阿里巴巴印度餐厅酒吧
南开区卫津南路90号
体育宾馆2楼

Japanese

Benkay Japanese Dining

5F, Hotel Nikko Tianjin
No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 8888 ext. 3558
弁慶日本料理餐厅
和平区南京路189号
天津日航酒店5层

Chitose

5F, Ningfa Group
No. 21, Shuishang Dong Lu
Nankai District
Tel: +86 22 2392 0287
千登世
南开区水上东路21号宁发集团
5层

Kasumi

1F, Crowne Plaza Tianjin Binhai
No. 55, Zhongxin Da Dao
Airport Industrial Park
Tel: +86 22 5867 8888 ext. 2322
霞日式料理
空港物流加工区中心大道55号
天津滨海圣光皇冠假日酒店1层

Kushi Grill

2F, Radisson Plaza Hotel Tianjin
No. 66, Xinkai Lu, Hedong District
Tel: +86 22 2457 8888
串烧
河东区新开路66号天津天诚丽笙
世嘉酒店2层

Seitaro

Sheraton Hotel Tianjin
Zi Jin Shan Lu, Hexi District
Tel: +86 22 2731 0909
清太郎日本料理
河西区紫金山路喜来登大酒店

Thai

Golden Elephant Thai Restaurant

No. 78, the junction of Yong'an Dao
and Guangdong Lu, Hexi District
Tel: +86 22 2328 7801
金象苑泰国餐厅
河西区广东路与永安道交口78号

YY Beer House

(Behind International Building)
No. 3, Aomen Lu, Heping District
Tel: +86 22 2339 9634
粤园泰餐厅
和平区澳门路3号
(国际大厦后侧)

Western

Café@66

1F, Radisson Plaza Hotel Tianjin
No. 66, Xinkai Lu, Hedong District
Tel: +86 22 2457 8888
咖啡66
河东区新开路66号天津天诚丽笙
世嘉酒店1层

C'est la Vie French Restaurant

3F, bldg. D, Shang Gu
Tianta Dao, Nankai District
Tel: +86 22 2341 9808
三乐味法国餐厅
南开区天塔道上谷商业街D座3层

Chateau35 Wine Bar & Bistro

Opposite 79, Changde Dao
(Between Kunming Lu and Yunnan Lu)
Heping District
Tel: +86 22 2331 5678 +86 159 2218 2183
城堡35西餐葡萄酒吧
和平区常德道79号对面
(昆明路与云南路之间)
www.chateau35.com

Glass House

Hyatt Regency Jing Jin City
Resort & Spa
No. 8, Zhujiang Da Dao
Zhouliang Zhuang, Baodi District
Tel: +86 22 5921 1234
水晶厨房
宝坻区周良庄珠江大道8号
天津新城凯悦酒店

La Seine

No. 50, Tianjin Italian Style Town
Ziyou Dao, Hebei District
Tel: +86 22 2446 0388
赛纳河法国餐厅
河北区自由道意大利风情街50号

Paelleta Spain

No. 50-52, Kaifeng Dao
Xiao Bai Lou (1902 Street)
Heping District
Tel: +86 22 2311 0081
百意达海鲜饭
和平区小白楼欧式风情街50-52号

Pan Shan Grill & Wine

2F, Main Building
Sheraton Hotel Tianjin
Zi Jin Shan Lu, Hexi District
Tel: +86 22 2731 3388 ext.1820
盘山葡萄酒扒房
河西区紫金山路天津喜来登大酒
店主楼2层

Pizza Hill

Bldg. B, Magnetic Capital
Lingbin Lu, Nankai District
Tel: +86 22 2385 5025
天津嘉喜来比萨餐饮
南开区凌宾路奥城商业广场B区

Prego

3F, The Westin Tianjin
No. 101, Nanjing Lu
Heping District
Tel: +86 22 2389 0088
意大利餐厅
和平区南京路101号天津君隆威
斯汀酒店3层



PREGO
意大利餐厅

Seasonal Tastes

知味 seasonal 1F, The Westin Tianjin
Tastes No.101, Nanjing Lu
Heping District
Tel: +86 22 2389 0088

“知味”全日餐厅
和平区南京路101号
天津君隆威斯汀酒店1层

Venezia Club

No. 48, Tianjin Italian Style Town
Ziyou Dao, Hebei District
Tel: +86 22 8761 3413
威尼斯酒吧
河北区自由道意大利风情街48号

Wyndsong Restaurant

1F, Crowne Plaza Tianjin Binhai
No. 55, Zhongxin Da Dao
Airport Industrial Park
Tel: +86 22 5867 8888 ext. 2333
风之细语西餐厅
空港物流加工区中心大道55号
天津滨海圣光皇冠假日酒店1层

Banks

Agricultural Development Bank
Tianjin Branch

FF, bldg. B, no. 139, Nanjing Lu
Heping District
Tel: +86 22 2711 5744
中国农业银行天津分行
和平区南京路139号B座F层

Bank of China, Tianjin Branch

No. 80, Jiefang Bei Lu
Heping District
Tel: +86 22 2710 2001
中国银行天津分行
和平区解放北路80号

Bank of East Asia (BEA)

Bldg. G, Rome Gardens
No. 47, Youyi Bei Lu, Hexi District
Tel: +86 22 2332 1662
东亚银行有限公司
河西区友谊北路47号罗马花园G层

BNP Paribas

11F, The Exchange
No. 189, Nanjing Lu, Heping District
Tel: +86 22 2318 7000
法国巴黎银行
和平区南京路189号津汇广场11层

China Bohai Bank

Bldg. 1, Magnetic Capital
Binshui Xi Dao, Nankai District
Tel: +86 22 5839 1358
渤海银行
南开区宾水道奥城商业广场1号楼

Citibank

18F, The Exchange
No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 1988 ext. 73812
花旗银行
南京路189号津汇广场18层

HSBC, Tianjin Branch

Ocean Shipping Plaza
No. 1, Haihe Dong Lu
Hebei District
Tel: +86 22 5858 8888
香港上海汇丰银行天津分行
河北区海河东路远洋广场1号

Lifestyle Listings

Standard Chartered

36F, The Exchange
No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 1360
渣打银行
和平区南京路189号津汇广场36层

Woori Bank

Bldg. 1, Magnetic Capital
Binshui Xi Dao, Nankai District
Tel: +86 22 2338 8008
友利银行
南开区滨水西道奥城商业广场1号楼

Car Dealers

Porsche Center Tianjin

No. 59, Qiche Yuan Zhong Lu
Airport Industrial Park
Tel: +86 22 2435 9911
天津保时捷中心
空港物流加工区汽车园中路59号

Tianjin Star

No. 28, Huanhe Bei Lu
Airport Industrial Park
Tel: +86 22 8490 9090
天津之星
空港物流加工区环河北路28号

Tianjin Tianbao Auto Sales & Service

No. 70, Huanhe Bei Lu
Airport Industrial Park
Tel: +86 22 8827 7777
天津天宝汽车销售服务有限公司
空港物流加工区环河北路70号

Chambers

European Chamber, Tianjin Chapter

Room 15A17, Suite 17
Magnetic Capital
Binshui Xi Dao, Nankai District
Tel: +86 22 2374 1122
中国欧盟商会天津分会
南开区滨水西道奥城商业广场15A17座17室

German Business Circle Tianjin

Deutscher Unternehmerkreis Tianjin, DUT
Office 803, Huake Center
No. 3, Kaihua Dao, Huayuan Industrial Area, Nankai District
Tel: +86 22 8371 7855
天津德国人联谊会
南开区华苑产业区开华道3号华科创业中心803室

German Chamber of Commerce, Tianjin Office

No. 3, Yuliang Lu, Nankai District
Tel: +86 22 2301 1709
德国商会天津分会
南开区育梁路3号

The American Chamber of Commerce, Tianjin Chapter

Room 2918, 27-29F, bldg. B
The Exchange
No. 189, Nanjing Lu, Heping District
Tel: +86 22 2318 5075
美国商会天津分会
和平区南京路189号津汇广场B座27-29层2918室

Tianjin Japanese Association

Room 607, International Building
No. 75, Nanjing Lu, Heping District
Tel: +86 22 2313 2522
天津日本人会
和平区南京路75号国际大厦607室

Tianjin Korean Chamber of Commerce & Industry

1F, Feng Lin Hotel
No. 6, Binshui Xi Dao
Nankai District
Tel: +86 22 2395 7991
天津韩国商会
南开区滨水西道6号枫林宾馆1层

Tianjin Korean Society

1F, Feng Lin Hotel
No. 6, Binshui Xi Dao
Nankai District
Tel: +86 22 2395 6600
天津韩国人会
南开区滨水西道6号枫林宾馆1层

Education

International Schools

International School of Tianjin
Weishan Lu, Jinnan District
Tel: +86 22 2859 2001
国际学校天津分校
津南区津南微山路

Tianjin International School

No. 1, Meiyuan Lu, Huayuan Industrial Area, Nankai District
Tel: +86 22 8371 0900
天津国际学校
南开区华苑产业区梅苑路1号

Tianjin Rego International School

No. 38, Huandao Xi Lu
Meiji Jiang Nan, Hexi District
Tel: +86 22 8816 1180
天津瑞金国际学校
河西区梅江南环岛西路38号

Wellington College International Tianjin

No. 1, Yide Dao, Hongqiao District
天津惠灵顿国际学校
红桥区义德道1号

Kindergartens

Hopeland International Kindergarten & Day Care Center

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Weijin Nan Lu, Nankai District
Tel: +86 22 2392 3803
华兰国际幼稚园
南开区卫津南路霞光道46号

Universities

German Language Centre Tianjin Foreign Studies University

Bldg. 3, Tianjin Foreign Studies University
No. 177, Machang Dao
Hexi District
Tel: +86 22 2326 5642
天津外国语学院 歌德语言中心
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河西区友谊路32号

Hotels & Apartments

★★★★★ Hotels

Crowne Plaza Tianjin Binhai

No. 55, Zhongxin Da Dao
Airport Industrial Park
Tel: +86 22 5867 8888
天津滨海圣光皇冠假日酒店
空港物流加工区中心大道55号

Golden Crown Hotel

No. 18, Nanjing Lu, Hexi District
Tel: +86 22 2303 8866
金皇大酒店
河西区南京路18号

Golden Ocean Hotel

No. 338, Nanjing Lu, Nankai District
Tel: +86 22 2746 6666
金泽大酒店
南开区南京路338号

Holiday Inn Tianjin Riverside

Phoenix Shopping Mall
Haihe Dong Lu, Hebei District
Tel: +86 22 2627 8888
天津海河假日酒店
河北区海河东路凤凰商贸广场

Hotel Nikko Tianjin

No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 8888
天津日航酒店
和平区南京路189号

Hyatt Regency Jing Jin City Resort & Spa

No. 8, Zhujiang Da Dao
Zhouliang Zhuang, Baodi District
Tel: +86 22 5921 1234
京津新城凯悦酒店
宝坻区周良庄珠江大道8号

Radisson Plaza Hotel Tianjin

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和平区南京路219号

Renaissance Tianjin Hotel

No. 105, Jianshe Lu, Heping District
Tel: +86 22 2302 6888
天津滨江万丽酒店
和平区建设路105号

Sheraton Hotel Tianjin

Zi Jin Shan Lu, Hexi District
Tel: +86 22 2731 3388
天津喜来登大酒店
河西区紫金山路

TEDA International Club Tianjin

No. 7, Fukang Lu, Nankai District
Tel: +86 22 5869 5555
天津泰达国际会馆
南开复康路7号

The Westin Tianjin

No. 101, Nanjing Lu, Heping District
Tel: +86 22 2389 0088
天津君隆威斯汀酒店
和平区南京路101号

Tian Bao International Hotel

No. 368, Jingmen Da Dao
Baoshui District
Tel: +86 22 2576 1588
天津天保国际酒店
保税区京门大道368号

Tianjin Saixiang Hotel

No. 8, Meiyuan Lu, Huayuan
Industrial Area, Nankai District
Tel: +86 22 2376 8888
天津赛象酒店
南开区华苑产业区梅苑路8号

★★★★ Hotels**Best Western Byronn Hotel
Tianjin**

No. 90, Xi'er Dao
Airport Industrial Park
Tel: +86 22 8486 0000
Global free reservation telephone:
0800 0013 1779
天津空港白云酒店
空港物流加工区西二道90号

Crystal Palace Hotel Tianjin

No. 28, Youyi Lu, Hexi District
Tel: +86 22 2835 6666
水晶宫饭店
河西区友谊路28号

Dickson Hotel

No. 18, Binshui Dao, Hexi District
Tel: +86 22 2836 4888
帝城大酒店
河西区宾水道18号

Geneva Hotel

No. 32, Youyi Lu, Hexi District
Tel: +86 22 2835 2222
津利华酒店
河西区友谊路32号

Jinbin International Hotel

No. 135, Anshan Dao
Heping District
Tel: +86 22 8331 1818
晋滨国际大酒店
和平区鞍山道135号

Jun Yue Hotel

No. 16, Guizhou Lu, Heping District
Tel: +86 22 2308 8888
君悦酒店
和平区贵州路16号

Apartments**Astor Apartment**

No. 32, Tai'er Zhuang Lu
Heping District
Tel: +86 22 2303 2888
利顺德公寓
和平区台儿庄路32号

Crystal Palace Hotel Apartment

No. 28, Youyi Lu, Hexi District
Tel: +86 22 2835 6666
水晶宫饭店公寓
河西区友谊路28号

Magnetic Capital Apartments

Binshui Xi Dao, Nankai District
Tel: +86 22 2385 5488
奥城商业广场酒店公寓
南开区滨水西道

Sheraton Apartment

Zi Jin Shan Lu, Hexi District
Tel: +86 22 2731 3388
喜来登公寓
河西区紫金山路

Somerset Olympic Tower

No. 126, Chengdu Dao
Heping District
Tel: +86 22 2335 5888
天津盛捷奥林匹克大厦服务公寓
和平区成都道126号

Somerset Youyi

No. 35, Youyi Lu, Hexi District
Tel: +86 22 2810 7888
天津盛捷友谊服务公寓
河西区友谊路35号

TEDA International Club Tianjin

No. 7, Fukang Lu, Nankai District
Tel: +86 22 5869 5555
天津泰达国际会馆公寓
南开区复康路7号

Tianjin Centre Residences

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THE WESTIN
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The Art of Italian Cuisine

In southern Europe, eating is more than a verb. It is a very well-preserved tradition that when excellent can bestow an almost religious experience. This is the true meaning of eating, and probably no other European culture regards it in as high esteem as Italians do.

To create the perfect experience of food and wine a few undeniable elements must be entwined: the trinity of staff, décor and passion. Properly mastering these ingredients, an art itself, and choosing the perfect location are secrets of the culinary arts; the Westin's Prego reveals those secrets here.

Prego's Executive Sous Chef Puck Seng exudes passion. No matter how great a chef one might be, without the enthusiasm this art demands, no amount of knowledge will ever be enough to cook beauty. His kitchen is his canvas, where he vibrantly blends traditional Italian food with creativity and genius. It naturally goes with the elegant, sophisticated décor of the restaurant – cosy and yet unimposing. The kitchen is open without being distracting, tables are well distanced from each other, chinaware is absolutely unique and amply sized, and a large wine cellar opens palates to scented Mediterranean delicacies. The English-speaking staff are polite, well-presented and friendly.

Prego would like to share with our readers two of the most emblematic Italian delicacies: Calamari with Tartar Sauce and Tiramisu. Chef Puck Seng has applied his talents and secrets to make the two much more than a simple calamari and tiramisu meal.

Tranquil dining at Prego at The Westin: where traditional Italian food combined with modern cooking methods allows you to indulge all your senses.



Executive Sous Chef Tang Puck Seng
Calamari with Tartar Sauce | Tiramisu

Prego at The Westin – an Italian-flavoured haven



Radisson

PLAZA
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Japanese beef udon – traditional Japanese cuisine!

Udon is a thick noodle, said to have been first created by Buddhist monks during their travels to China. Udon recipes come by the thousands, and they're definitely some of Japan's tastiest. Chef Charles Ren prepared for us a traditional and scrumptious beef udon meal. It's easier than you think!



Charles Ren
chef@business-tianjin.com

Ingredients

- Beef Slices 100g
- Dashi Sauce 700cL
- Egg 1
- Mirin 50cL
- Mushroom 30g
- Soya Sauce 50cL
- Spring Onion 5g
- Udon Noodles 250g
- Pinch of Hondashi, sugar and salt

Time of preparation
15 minutes

Drinks
Sake

Preparation

- Cook the noodles in plenty of water for 10-15 minutes.
- For the noodle broth, mix the dashi sauce, soya sauce, mirin, salt, sugar and hondashi in a frying pan until boiling, then reduce.
- Add the mushrooms to the broth and cook for a few minutes.
- Sauté the meat with olive oil and add sake.
- Add the broth to the noodles and mix.
- Place the noodles and broth in a bowl and top with the meat.
- Decorate with spring onion and the egg. *Itadakimasu!*

Chef's Tips

All the ingredients can be found at Isetan supermarket.
You can use other kinds of mushrooms and vegetables.



Japanese food at Kushi Grill at the Radisson – the rich taste of traditional and authentic far-east delicacies.



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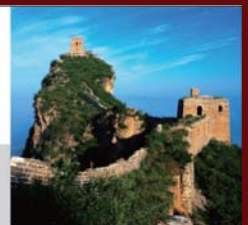
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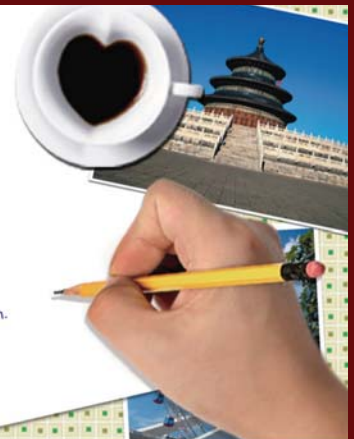
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A Sun-Tzu for Everyone

By Joei Villarama

You may have a well-thumbed, dog-eared, highlighted copy of "The Art of War" on your shelf, or you may have been intending to purchase one since it's one of those inescapable recommendations for business and management. If the latter, you can select a pure translation or one that applies the main principles directly to a specific field, such as entrepreneurship, sales or poker. Yes, there is actually a "Tournament of Poker and the Art of War: How the Classic Strategies of Sun Tzu Can Transform Your Game" by David Apostolico. There's even a chick-lit novel called "The Art of Social War" about a modern-day female executive empowered by Sun Tzu's teachings.

The website Sonshi.com lays out multiple versions and translations of the text, each with a substantial interview of its author or translator. I wish I had come across this resource before the John Minford edition landed on my lap. Though written by a highly credentialed Oxford graduate, it did not exactly sit well with me. It was like reading an over-extended haiku, and although the translator meant to reflect the Chinese structure, I was distracted by the epigrammatic format. But to be fair, Sun Tzu enthusiasts and learned academicians from Sonshi rave, "Just when we thought a new Sun Tzu The Art of War translation is not needed, retired Professor John M. Minford's masterful work proved us wrong."

There's an "Art of War" for everyone. A search for other "Sun Tzus" leads to a number of titles pertaining to business: "Sun Tzu: The Art of War for Managers, 50 Strategic Rules" (Gerald Michaelson), "Sun Tzu for Success: How to Use the Art of War to Master Challenges and Accomplish the Important Goals in Your Life" (Gerald and Steven Michaelson), "The Art of War for Executives: Ancient Knowledge for Today's Business Professional" (Donald Krause), "Sun Tzu and the Art of Business: Six Strategic Principles for Managers" (Mark McNeilly), "The Art of War 3: The Canons of Commerce" (David Goldenberg) and the book with the most kilometeric name of all, probably due to an Amazon.com glitch or a marketing ploy, "Applying Sun Tzu and Art of War in Corporate Politics: Spiced with Real Life Illustrations and Observations, It is Written in a Breezy Style that Allows for Easy Reading, Understanding and Retention" (Khoo Kheng-Hor).

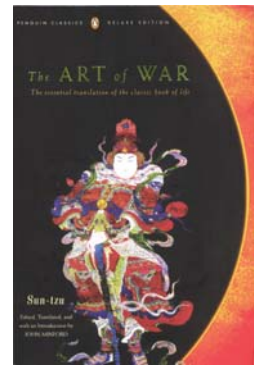
Translators have heatedly debated the accuracy of interpreting ancient Chinese characters, splitting hairs over semantics. On his website, Gary Gagliardi went as far as claiming his take on the revered book to be the only award-winning one, while pointing out mistakes and misinterpretations in other versions. Compare for instance the review of the Denma Translation from Sonshi.com with the opinion from the Science of Strategy Institute (SOSI), Gagliardi's site. "Since 2001, Sonshi.com has listed the Denma Translation Group's Art of War version as #1 on the recommendation page. Although initially hesitant to review yet another new translation of the Art of War, we were pleasantly surprised as to the superior quality of their work." SOSI, on the other hand decries, "The Denma translation is one of the strangest, perhaps the most 'fortune cookie' of all, in the sense of keeping the meaning vague."

Going back to John Minford's "Essential Translation of the Classic Book of Life," his subtitle to "The Art of War," the book is divided into two parts – the pure translation and the translation with commentaries from past scholars and Minford himself. More than anything I read in the book, what struck me most were lines from his interview at Sonshi.com. Unlike other translators who live and breathe Sun Tzu, Minford admits he is no Sun Tzu fan, so he approached the text with "complete objectivity". Minford went on to say, "I also find much in the book that is frankly unacceptable! It proposes what is to me an insidiously calculating approach to human relations, one which is directly contrary to many of the fundamental humanistic values that I uphold. All the talk is of manipulation, of using every situation to one's advantage. The consequent accumulation of personal power and the attainment of psychological mastery are goals in themselves."

Whatever contrary or supporting views may be out there, readers are continuously drawn to the potent concepts of "The Art of War", driving a desire to master themselves through Sun Tzu's teachings. Words to live by, as interpreted by Minford:

Ultimate excellence lies
Not in winning
Every battle
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QUOTATIONS OF THE MONTH

A business that makes nothing but money is a poor business.

— Henry Ford

Give thanks for what you are now, and keep fighting for what you want to be tomorrow.

— Fernanda Miramontes-Landeros

Great wisdom is generous; petty wisdom is contentious. Great speech is impassioned, small speech cantankerous.

— Zhuang Zi

Anticipate the difficult by managing the easy.

— Lao Tzu

CLEAN THANKS TO CHEMISTRY

from soap to washing powder

What is soap?

Soaps are the salts of fatty acids and potassium or sodium bases. In ancient times, people recognized that the mixture of vegetable ash (base) and oil (acid) had a cleaning effect. For a long time, the Romans were considered pampered because they used soap at a time when most people used pumice stone to clean their skin, but gradually soap caught on. Soap is particularly effective against fatty dirt. These days soap is manufactured principally from vegetable fats such as palm oil, olive oil and coconut oil, and from animal fats such as bone fat, tallow and lard.

How does soap wash?

Soaps are made up of bipolar surfactants, which bond fatty dirt particles with their hydrophobic ends and water with their hydrophilic ends. Surfactants settle together and form hollow balls in the water. The hydrophilic (water-absorbing) ends of the surfactants span the outer surface, which is why the balls dissolve in water; the hydrophobic (fat-bonding) ends are oriented inwards. Thus, dirt particles are removed from the skin by the surfactant, sealed into the ball, and can be washed away with flowing water.

What is the difference between hard soap and soft soap?

First and foremost they are

distinguished by their consistency, and soft soaps are produced from potash salts (e.g. potash and fatty acids) while hard soaps are made of sodium salts (e.g. soda).

Do detergents damage the environment?

Generally speaking, yes. However, their harmfulness has already been significantly reduced. Soaps have the disadvantage that they flake up (flocculate) in hard (calciferous) water and no longer have sufficient washing power. So for a long time phosphates were added to detergents to soften the water. They then entered the environment via wastewater.

Phosphates are strong fertilizers and encourage growth of algae and bacteria in the watercourses which, in their turn, use up the diluted oxygen in the water. The result: lack of oxygen promotes only certain forms of life. In the US, concern has been growing since the mid 1980s, and states have adopted various measures concerning the use of detergents containing phosphates.

Modern detergents contain improved surfactants in place of soaps; these do not need phosphate water softeners to increase their washing power. These detergents, however, are still environmentally damaging because surfactants – due among other things

to their fat-dissolving properties – have an impact on water habitats and disturb the natural balance. To minimize such impact, surfactants are microbiologically degraded in wastewater treatment plants. They can be removed to a large extent but unfortunately it is not possible to remove them completely.

What are liquid soaps?

Liquid soaps are made from especially short-chain fatty acids. Unlike classic soaps they do not react as a base and are often promoted as pH-neutral in advertising. The advantage of pH-neutral wash lotions is that they are kinder to skin; if soaps are too aggressive, skin problems can arise, such as sensitivity and dryness. □



It's the Little Differences

What's China like?



"What's it like over there?" is question you often get from friends and family left behind in the homeland, especially the ones who you know will never visit. How can you explain China? How can you sum up a nation of 1.3 billion people, of several thousand years of recorded history, of such contrasts and incongruities? Modern and ancient, parochial and open-minded, delightfully polite and brutally rude, opulently rich and grindingly poor, rustically rural and cosmopolitanly

urban – all meld together in a human melting pot the scale of which makes New York seem a mere suburb. But such are the immensities, you can't comprehend it all; you can't encompass "China" with distinct, neat categories. So you naturally settle on stories with which you try to illuminate how different China is, and what "it" is like. (As though a polymorphous disparate entity like China could have a single identity!)

The differences are both self-evident and obscurely subtle. The former strike you immediately. The appalling driving, constant horn-parping, and the consequent life-threatening junctions. Shops signs with Hanzi characters and Chinglish. Oceans of black hair. The sheer rank stench of the toilets. All of these differences jump out at you and form your immediate first impressions of China. But it's only later on that you begin to appreciate more subtle, and more profound, aspects of Chinese culture, such as how not to queue, how to successfully negotiate prices, and how to pronounce those impossible sounds with no English comparison.

To me, the most fundamental difference I have observed is between having a "consumerist" and a "productivist" outlook. Developed economies like those in Europe and the US are less and less dependent on making things (the UK, for example, doesn't even have its own car manufacturer now; its manufacturing base has been shrinking for decades) and have ever-expanding service sectors. Their economies depend on consumer demand and are geared to meeting those demands. Hence "the customer is always right" and "service with a smile".





Shops, public transport, bars, restaurants, web-designers, accountants, even banks – they generally do their best to treat you well, so you come back with further business. So to us Westerners, the consumer is king, and that seems the natural way things should be. We live in a consumerist society, and have done so since the 1960s, if not before that.

But here in China domestic consumption (the proportion of the economy based

on what people spend) now accounts for only one-third of GDP, the overall size of the economy. This is a record low even in thrifty China. Instead, exports and infrastructure projects such as new motorways and schools drive the economic boom China is experiencing, and the service sector isn't as developed. So one does get service, but the quality is remarkably variable. Those who produce the service are in charge here, and they often want to let you know it.



This is, after all, a worker's nation, and service still carries overtones of servility and inferiority which are perhaps less common in Western countries. (Few Western students now get through university without having a service job of some kind.) China is now the workshop of the world; here it's the production (a word with strong Marxist connotations) of goods which matters above all. The producer is king.

This trait manifests in many ways. Buying toiletry items like razor blades or deodorant at the supermarket – there's only ever one till for these items, though there may be a dozen staff standing about doing nothing. I paid for three months of winter heating, yet when I received little heat from the radiators I could not get anyone from the heating company to come fix them. Shop assistants sometimes seem more concerned with maintaining their turf than helping customers. Vendors impassively toss change or tickets towards you instead of handing it to you. Waitresses glumly hand out menus. Just think, how many times have you had a waitress or shop assistant say "meiyou" to you? Is it merely in the hundreds, or have you been here for over a year and reached the thousands?

This is not to say that all service is terrible. Sometimes it is excellent, as I've found in places such as Jackie's in TEDA, in Shangu's Baiyi teppanyaki restaurant and in some cheap noodle joints. Undoubtedly, as China's economy develops and rises up the value chain, the service sector will too. (Already, for example, China is one of the most visited counties on earth.) And with that development goes an emphasis on delivering service with care and attention, and, perhaps most importantly, the status which these jobs deserve. (I've been a nightclub barman, I know how hard a job that is). But, please, waitress, I'm sitting at the table right now – won't you give me a smile? ☑



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* Valid from 1st April to 30th June, 2010

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