

# LATIN AMERICA & CHINA - A CULTURAL PERSPECTIVE

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# BASIC FACTS

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**Area** 21,069,501 km<sup>2</sup>

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**Population** 569 million

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**Countries** 23 Countries- Mexico, Belize, Honduras, Guatemala, Nicaragua, Puerto Rico, El Salvador, Costa Rica, Panama, Cuba, Trinidad and Tobago, Venezuela, Colombia, Ecuador, Guyana, Suriname, Peru, Bolivia, Chile, Paraguay, Uruguay, Argentina, Brazil

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**GDP** \$3.33 Trillion  
\$5.62 Trillion PPP(purchasing power parity)

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**Languages** Spanish, Portuguese, Quechua, Aymara, Nahuatl, Mayan languages, Guaraní, English, French, Dutch

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**Important Cities** São Paulo, Mexico City, Buenos Aires, Rio de Janeiro, Bogotá  
Lima, Santiago, Guadalajara, Santo Domingo, Caracas

**LATIN AMERICA AND THE CARIBBEAN: GDP GROWTH**  
(Rates of variation)

Country	2004	2005	2006	2007	2008 <sup>a</sup>	2009 <sup>a</sup>
Argentina	9.0	9.2	8.5	8.7	7.0	5.0
Bolivia	4.2	4.4	4.8	4.6	4.7	4.5
Brazil	5.7	2.9	3.7	5.4	4.8	4.0
Chile	6.0	5.6	4.3	5.1	4.2	5.0
Colombia	4.7	5.7	7.0	8.2	5.3	4.5
Costa Rica	4.3	5.9	8.8	7.3	4.3	4.0
Cuba	5.8	11.2	12.1	7.3	7.0	6.0
Ecuador	8.0	6.0	3.9	2.7	3.0	3.0
El Salvador	1.9	3.1	4.2	4.7	3.7	3.5
Guatemala	3.2	3.3	5.3	5.7	4.3	4.0
Haiti	-3.5	1.8	2.3	3.2	3.0	3.0
Honduras	6.2	6.1	6.3	6.3	4.5	4.0
Mexico	4.0	3.2	4.8	3.2	2.5	2.5
Nicaragua	5.3	4.3	3.9	3.8	3.0	2.5
Panama	7.5	7.2	8.7	11.2	8.0	7.0
Paraguay	4.1	2.9	4.3	6.8	5.0	4.0
Peru	5.1	6.7	7.6	8.9	8.3	7.0
Dominican Republic	1.3	9.3	10.7	8.5	5.5	5.0
Uruguay	11.8	6.6	7.0	7.4	7.5	6.0
Venezuela (Bol. Rep. of)	18.3	10.3	10.3	8.4	6.0	4.0
Latin America	6.1	4.9	5.7	5.7	4.7	4.0
Caribbean	4.3	4.8	7.0	3.7	4.0	4.2
South America	7.3	5.4	5.8	6.7	5.6	4.5
Central America	3.3	5.8	7.4	7.2	5.0	4.5
Central America plus Mexico	3.9	3.6	5.2	3.8	2.9	2.8
Latin America and the Caribbean	6.1	4.9	5.7	5.7	4.7	4.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

# MAJOR ECONOMIES - MEXICO

## ▶ Mexican Family Values Mexico Etiquette

- ▶ The family is at the centre of the social structure.
- ▶ Outside of the major cosmopolitan cities, families are still generally large.
- ▶ The extended family is as important as the nuclear family since it provides a sense of stability.
- ▶ Mexicans consider it their duty and responsibility to help family members. For example, they will help find employment or finance a house or other large purchase.
- ▶ Most Mexican families are extremely traditional, with the father as the head, the authority figure and the decision-maker.
- ▶ Mothers are greatly revered, but their role may be seen as secondary to that of their husband.

# MAJOR ECONOMIES - MEXICO

## ▶ **Hierarchical Society**

- ▶ Mexican society and business are highly stratified and vertically structured.
- ▶ Mexicans emphasize hierarchical relationships.
- ▶ People respect authority and look to those above them for guidance and decision-making.
- ▶ Rank is important, and those above you in rank must always be treated with respect.
- ▶ This makes it important to know which person is in charge, and leads to an authoritarian approach to decision-making and problem-solving.
- ▶ Mexicans are very aware of how each individual fits into each hierarchy--be it family, friends or business.
- ▶ It would be disrespectful to break the chain of hierarchy.

# MAJOR ECONOMIES - MEXICO

- ▶ **Machismo**
- ▶ Machismo literally means 'masculinity'.
- ▶ There are different outward behaviours to display machismo.
- ▶ For example, making remarks to women is a stereotypical sign of machismo and should not be seen as harassment.
- ▶ Mexican males generally believe that nothing must be allowed to tarnish their image as a man

# MAJOR ECONOMIES - MEXICO

## ▶ Meeting

- ▶ When greeting in social situations, women pat each other on the right forearm or shoulder, rather than shake hands
- ▶ Men shake hands until they know someone well, at which time they progress to the more traditional hug and back slapping.
- ▶ Wait until invited before using a Mexican's first name

# MAJOR ECONOMIES - MEXICO

## Gifts

- ▶ If invited to a Mexican's house, bring a gift such as flowers or sweets.
- ▶ Gift wrapping does not follow any particular protocol.
- ▶ Do not give marigolds as they symbolize death.
- ▶ Do not give red flowers as they have a negative connotation.
- ▶ White flowers are a good gift as they are considered uplifting.
- ▶ Gifts are opened immediately.
- ▶ If you receive a gift, open it and react enthusiastically.



# MAJOR ECONOMIES - MEXICO

- ▶ Dining
- ▶ If you are invited to a Mexican's home:
  - ▶ . Arrive 30 minutes late in most places (check with colleagues to see if you should arrive later than that).
  - ▶ . Arriving on time or early is considered inappropriate.
  - ▶ . At a large party you may introduce yourself.
  - ▶ . At a smaller gathering the host usually handles the introductions.

# MAJOR ECONOMIES - MEXICO

## ▶ **Table Manners**

- ▶ Always keep your hands visible when eating. Keep your wrists resting on the edge of the table.
- ▶ When you have finished eating, place your knife and fork across your plate with the prongs facing down and the handles facing to the right.
- ▶ Do not sit down until you are invited to and told where to sit.
- ▶ Do not begin eating until the hostess starts.
- ▶ Only men give toasts.
- ▶ It is polite to leave some food on your plate after a meal.

# MAJOR ECONOMIES - MEXICO

- ▶ Protocol
- ▶ The right connections facilitate business success.
- ▶ You will be judged by the person who introduces you and changing this first impression is nearly impossible.
- ▶ Since the initial meeting is generally with someone of high stature, it is important that your delegation include an upper-level executive.
- ▶ After the initial getting-to-know-you meeting, the senior executive may not attend meetings or be visible.
- ▶ This indicates you are now getting down to business and they are no longer needed to smooth the introduction.
- ▶ Demonstrating trustworthiness, sincerity, and integrity are crucial to building relationships.
- ▶ Expect to answer questions about your personal background, family and life interests.

# MAJOR ECONOMIES - MEXICO

## Business Meeting

- ▶ Business appointments are required and should be made at least 2 weeks in advance. Reconfirm the appointment one week before the meeting.
- ▶ Reconfirm the meeting again once you arrive in Mexico and make sure that the secretary of the person you will be meeting knows how to contact you.
- ▶ It is important that you arrive on time for meetings, although your Mexican business associates may be up to 30 minutes late.
- ▶ Do not appear irritated if this occurs as people often run behind schedule.
- ▶ Meetings may be postponed with little advance warning.
- ▶ Initial meetings are formal.
- ▶ Have all written material available in both English and Spanish.
- ▶ Agendas are not common. If they are given, they are not always followed.

# MAJOR ECONOMIES - MEXICO

## Business Negotiation

- ▶ Since Mexicans are status conscious, you should always have someone on your negotiating team who is an executive.
- ▶ If you do not speak Spanish, hire an interpreter.
- ▶ It will take several meetings to come to an agreement.
- ▶ Face-to-face meetings are preferred over telephone, letters or email.
- ▶ Negotiations and decisions take a long time. You must be patient.
- ▶ Deadlines are seen as flexible and fluid, much like time itself.
- ▶ Negotiations will include a fair amount of haggling. Do not give your best offer first.
- ▶ Do not include an attorney on your negotiating team.

# MAJOR ECONOMIES - MEXICO

## Dress Code

- ▶ Dress as you would in Europe.
- ▶ Men should wear conservative, dark coloured suits.
- ▶ Women should wear business suits or conservative dresses.

# MAJOR ECONOMIES - MEXICO

## Business Cards

- ▶ Business cards are exchanged during introductions with everyone at a meeting.
- ▶ It is advisable to have one side of your business card in Spanish.
- ▶ Business cards should contain both your professional and educational qualifications.
- ▶ Present your business card with the Spanish side facing the recipient.

# MAJOR ECONOMIES - MEXICO

## Important Festive days

Carnaval Parade

Mexico Carnaval - Feb16

Semana Santa – Easter

Cinco de Mayo

Mexico's Día de los Muertos (The Day of the Dead holiday)

Dia de la Virgen de Guadalupe - December 12

Christmas in Mexico - Posadas y Navidad



# MAJOR ECONOMIES - MEXICO

## ▶ **Mexico Food and Cuisine**

- ▶ The Mexican table is filled with an assortment of foodstuffs. Sauces, soups and stews are common and expected, while preparations range from a quick-fry to slow roasting. The following is a list of key elements in the Mexican diet.
- ▶ **Corn:** most commonly used for tortillas, the warm, flat rounds which accompany or enhance many a dish. Also used for tacos (tortillas stuffed with chicken, beef, fish or cheese) and tamales (steamed and stuffed with meat or vegetables).
- ▶ **Chilies:** used both fresh and dried, it's the white veins and seed pods that are the hottest part and pack a punch. Mexicans like to distinguish between heat and flavor, something that can be lost on the untrained palate.
- ▶ **Beans:** they run the gamut from lentils to kidney beans and fava beans and are found in many soups and stews. Small beans are often served refrito (refried in lard, tasty but heavy) or de la olla (boiled and served in a light broth).
- ▶ **Tomatoes:** the essential ingredient for a tasty salsa Mexicana and also used in sauces for both fish and beef dishes. Tomatillos are small green tomatoes encased in a stiff husk -- they're more tart and often used for a kicky tomatillo salsa which is laced with spicy chilies.
- ▶ **Fruit:** mango, papaya, coconut and pineapple are all eaten fresh as well as used in sauces and desserts
- ▶ **Special ingredients:** flor de calabaza (squash blossoms) are used in everything from soups to sauces.

# MAJOR ECONOMIES - BRAZIL

## Business Meetings

- ▶ While Brazil is well known largely for Carnaval, one should note that its business environment is very sophisticated, and foreign businesses should make efforts to comport themselves accordingly.
- ▶ Business meetings will often start late – sometimes more than 1 hour late – and they will often run late. Traffic in São Paulo above all other Brazilian cities means that sufficient time should be scheduled for transportation.
- ▶ If there is a business event such as a cocktail hour at night, it will often begin at 8 or 8:30, but most will not show up until 9:30 or later. Often there are associated events with the cocktail, such as an award ceremony, that may take an hour.
- ▶ Dinner in Brazil, even during the week, usually starts at 8:30 p.m. at the very earliest. Often, one can see families arriving at a restaurant sometime after 10 p.m. On the weekends, the meals may start even later, and last well into the late night or early morning.
- ▶ During a first visit to a company it is often customary to give a gift, though it is not required. Business dress is often formal, though it will depend on the type of business and position of the individual with which one is meeting.
- ▶ Personal space standards in Brazil are different than in India., so one should not be surprised if a local contact is standing very closely while speaking, pats one on the shoulder or even hugs. In spite of the difference in personal space, it is smartest to act more formal rather than less during an initial meeting.

# MAJOR ECONOMIES - BRAZIL

## ▶ Language

- ▶ Portuguese is Brazil's official language.
- ▶ English is spoken among many businesspersons, though it is often a good idea to have a translator accompany you on meetings to ensure that there are no major misunderstandings.

# MAJOR ECONOMIES - BRAZIL

## Health & Safety

- ▶ Crime rates throughout Brazil have increased, but remain highest in the larger cities.
- ▶ The incidence of crime against tourists is greater in areas surrounding beaches, hotels, discotheques, bars, nightclubs, and other similar establishments that cater to visitors and is especially prevalent during Carnival (Brazilian Mardi Gras).
- ▶ Incidents of theft on city buses are frequent, and such transportation should be avoided. Several Brazilian cities have established specialized tourist police units to patrol areas frequented by tourists.
- ▶ "Express kidnappings," where victims are abducted and forced to withdraw money from ATMs, are becoming frequent.
- ▶ At airports, hotel lobbies, bus stations and other public places there is much pick pocketing, and the theft of carry-on luggage, briefcases, and laptop computers is common (including some reports of thefts on internal flights).
- ▶ Travelers should "dress down" when outside and avoid carrying valuables or wearing jewelry or expensive watches.
- ▶ If a tourist looks lost or seems to be having trouble communicating, they may be victimized by a seemingly innocent and helpful bystander. Care should be taken at and around banks and internationally connected automatic teller machines that take U.S. credit or debit cards.
- ▶ Very poor neighborhoods known as "favelas" are found throughout Brazil. These areas are sites of uncontrolled criminal activity and are often not patrolled by police.
- ▶ While the ability of Brazilian police to help recover stolen property is limited, it is nevertheless strongly advised to obtain a "boletim de ocorrencia" (police report) at a "delegacia" (police station) whenever any possessions are lost or stolen. This will facilitate the traveler's exit from Brazil and insurance claims.

# MAJOR ECONOMIES - BRAZIL

## Business Hours

- ▶ Brazil observes daylight savings from December to February. When daylight savings is in effect in the United States, i.e April to October, Brazilian time is one hour ahead. When daylight savings is in effect in Brazil, i.e November to March, Brazilian time is three hours ahead.
- ▶ While office hours in Brazil are generally 8 am - 6 pm, decision-makers begin work later in the morning and stay later in the evening. The best times for calls on a Brazilian executive are between 10 am - noon, and 3 - 5 pm, although this is less the case for São Paulo where appointments are common throughout most of the day.
- ▶ Lunch is often two hours.
- ▶ While many Brazilians may speak English, they may wish to conduct business in Portuguese. The non-Portuguese speaking executive may need an interpreter on more than 50 percent of business calls.
- ▶ Correspondence and product literature should be in Portuguese, and English is preferred as a substitute over Spanish. Specifications and other technical data should be in the metric system.
- ▶ Compared to the India, the pace of negotiation is slower and is based much more on personal contact. It is rare for important business deals to be concluded by telephone or letter.
- ▶ Many Brazilian executives do not react favorably to quick and infrequent visits by foreign sales representatives. They prefer a more continuous working relationship.
- ▶ The Brazilian buyer is also concerned with after-sales service provided by the exporter.
- ▶ The slower pace of business negotiations does not mean that Brazilians are less knowledgeable in terms of industrial technology or modern business practices.
- ▶ In fact, one should be as prepared technically when making a call on a, São Paulo firm. Indian businessperson is encouraged to learn as much about the Brazilian economic and commercial environment as possible before doing business.

# MAJOR ECONOMIES - BRAZIL

## Means of Communication

### Telecommunications

- ▶ Telecommunication standards in Brazil are good. Internet can easily be found in major hotels as well as Internet cafes. Within metropolitan areas the phone system is reliable and many people use cell phones.

### ▶ Transportation

Brazil has numerous international and domestic airports. The country's size often means that Indian businesses will have to fly during their time in Brazil, unless they stay in one metropolitan area. The country's taxi system runs very well, though Indian citizens are recommended to not simply hail them on the street but rather meet one at a Taxi Stand or ask the restaurant, hotel or other establishment to call one. Public transportation is available, though in major metropolitan areas it can often be unsafe.

# MAJOR ECONOMIES - ARGENTINA

## Appearance

- ▶ Dress is very important for making a good impression in Argentina; your entire wardrobe will be scrutinized. Business dress is conservative: dark suits and ties for men; white blouses and dark suits or skirts for women. Indian clothing is for Indians -- don't adopt any native costumes!
- ▶ Maintaining eye contact is very important
- ▶ A pat on the shoulder is a sign of friendship
- ▶ A sweeping gesture beginning under the chin and continuing up over the top of the head is used to mean "I don't know" or "I don't care"
- ▶ With thumb and finger touching (as if holding a pinch of salt), one taps them with the index finger to indicate "hurry up" or "a lot"
- ▶ Make sure to cover your mouth when yawning or coughing
- ▶ Don't put your feet up on any furniture
- ▶ Eating in the street or on public transportation is considered rude

# MAJOR ECONOMIES - ARGENTINA

## ▶ **Behavior**

- ▶ Prior appointments are necessary
- ▶ Argentine executives may put in a very long day, often lasting until 10:00 p.m.. An 8:00 p.m. business meeting is not unusual
- ▶ Business dinners are popular and are usually held in restaurants; business lunches are uncommon outside of Buenos Aires, since most people go home to eat lunch
- ▶ Tender beef and red wine virtual national symbols. American beef and red wine compare poorly to theirs
- ▶ Long meals and conversation is the norm. Crossing the knife and fork signal "I am finished". Never pour wine back-handed; it's considered impolite. When dining, keep your hands on the table, not in your lap
- ▶ Gifts to be avoided include personal items such as ties and shirts, leather, and knives. High taxes on imported liquor make this a highly appreciated gift; the most popular are scotch and French champagne
- ▶ If the visitor is entertained in the Argentine home, he/she should arrange to send flowers or candy to his hostess. Bird-of-paradise flowers are highly prized
- ▶ A guest should always wait for the host to sit down before sitting, and to open the door for him before leaving



# MAJOR ECONOMIES – ARGENTINA

## ▶ **Communications**

- ▶ Handshaking common when meeting for the first time
- ▶ Titles, especially among the elderly, are very important. Address a person directly by using his or her title only. A Ph.D or a physician is called *Doctor*. Teachers prefer the title *Profesor*, engineers go by *Ingeniero*, architects are *Arquitecto*, and lawyers are *Abogado*. Persons who do not have professional titles should be addressed as Mr., Mrs., or Miss, plus their surnames. In Spanish these are:
  - ▶ Mr. = *Senor*
  - ▶ Mrs. = *Senora*
  - ▶ Miss = *Senorita*
- ▶ Most Hispanics have two surnames: one from their father, which is listed first, followed by one from their mother. Only the father's surname is used when addressing someone
- ▶ Italian and German second and third languages
- ▶ Good conversation topics: soccer, history, culture, home and children, opera
- ▶ Bad conversation topics: the Peron years, religion, Falkland Islands conflict

# MAJOR ECONOMIES – ARGENTINA

## Doing Business in Argentina

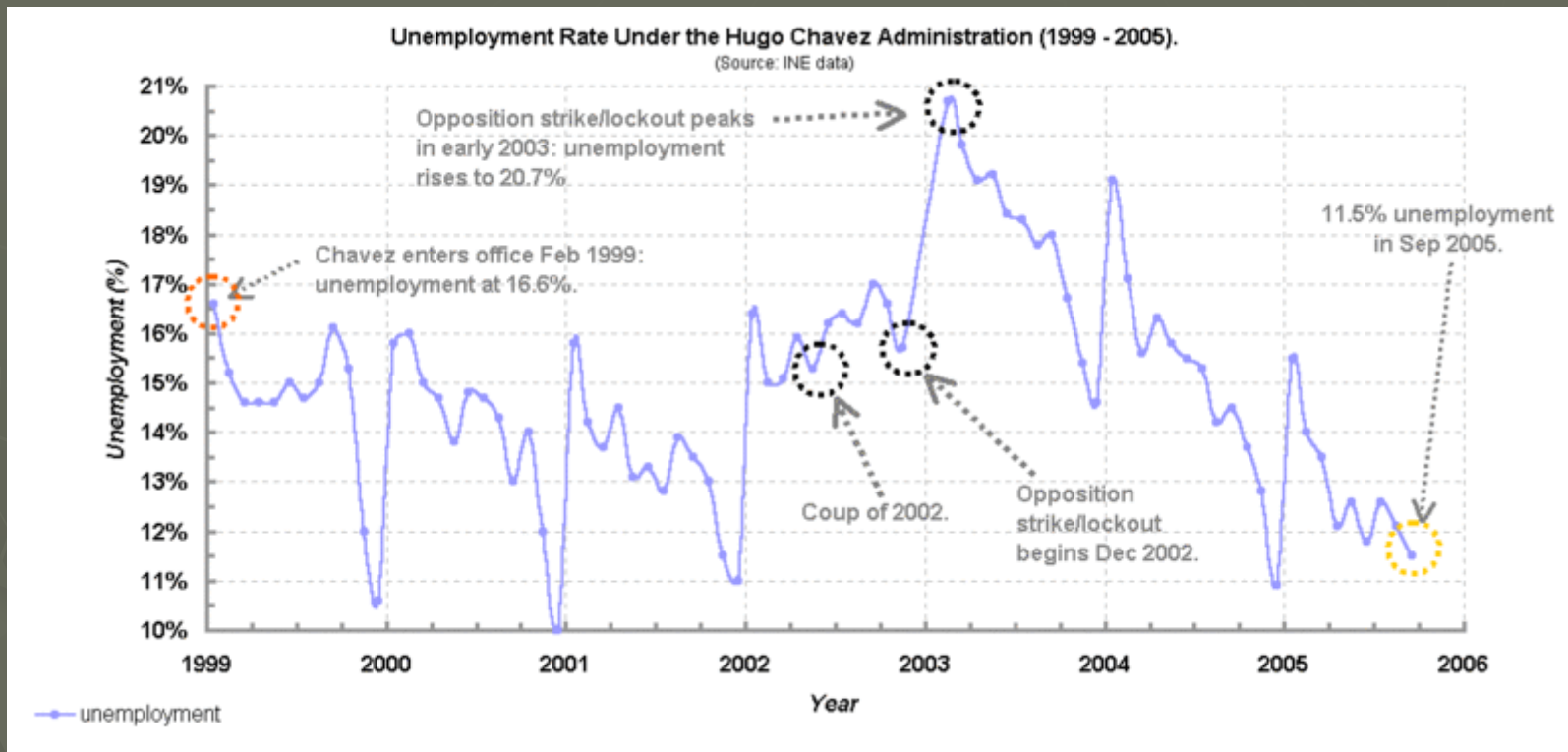
- ▶ Argentines are tough negotiators. Concessions will not come quickly or easily. Good relationships with counterparts will shorten negotiations.
- ▶ Contracts are lengthy and detailed. A contract is not final until all of its elements are signed. Any portion can be re-negotiated. Get everything in writing.
- ▶ An Argentine contact is essential to wading through government bureaucracy.
- ▶ Be punctual for business appointments, but prepare to wait thirty minutes for your counterpart, especially if you are meeting an important person.
- ▶ The pace of business in Argentina is slower than in the United States. A meeting that is going well could last much longer than intended, even if it means postponing the next engagement.
- ▶ Personal relationships are important and must be developed before business is done.
- ▶ Argentines often need several meetings and extensive discussion to make deals.
- ▶ Decisions are made at the top. Try to arrange meeting with high-level personnel.
- ▶ Guests at a meeting are greeted and escorted to their chairs. The visiting senior executive is seated opposite the Argentine senior executive.
- ▶ During business meetings, sustain a relaxed manner, maintain eye contact and restrict the use of gestures. Don't take a hard sell approach.
- ▶ Be prepared for a certain amount of small talk before getting down to business.
- ▶ Make appointments through a high-level person. Your Argentine contact can help with this.
- ▶ Confirm meetings one week in advance.

# MAJOR ECONOMIES – VENEZUELA

## Impact of Chavez's "Bolivarian Missions"

- ▶ Chavez's socialist ideology has led to a significant improvement in the social infrastructure of Venezuela. The mission's ultimate goal, according to Hugo Chavez, is to foster an economy that brings a quality and dignified life for all.
- ▶ Chávez's version of Bolivarianism, although drawing heavily from Simón Bolívar's ideals, was also influenced by the writings of Marxist historian Federico Brito Figueroa.
- ▶ Chavez was well acquainted with the various traditions of Latin American socialism and from a young age by the Cuban revolutionary doctrine of Che Guevara and Fidel Castro. Other key influences on Chávez's political philosophy include Ezequiel Zamora and Simón Rodríguez.
- ▶ When he assumed power in 1999, the unemployment rate in Venezuela was more than 16%. According to government figures, unemployment has dropped by 6.9% since the start of Chávez's presidency. The chart below shows the changes in the unemployment rates during different phases of the Chavez regime.

# MAJOR ECONOMIES – VENEZUELA



Unemployment rate under the Chavez Administration (source : Venezuela Instituto Nacional de Estadísticas)

# MAJOR ECONOMIES – VENEZUELA

## Schemes Under Chavez

- ▶ The various schemes have reportedly made more than one million adult Venezuelans literate. In 2004, about 600,000 students were enrolled in this night school programme, and paid a small stipend. They were taught grammar, geography and a second language.
- ▶ The various healthcare schemes have reduced the infant mortality rate by 18.2% between 1998 and 2006. The government earmarked 44.6% of the 2007 budget for social investment, with 1999-2007 averaging 12.8% of GDP.

# MAJOR ECONOMIES – VENEZUELA

## Analysis of Hugo Chavez's policy

- ▶ Hugo Chavez's social development initiatives received praises from various international agencies like the UN, UNICEF and WHO. It led to a general improvement in the standard of living of the people of Venezuela. It also led to a reduction in the unemployment levels. Health care facilities in the rural areas received a boost. Despite these positive effects, Chavez's policies had a huge cost associated with it. It cost the exchequer a huge amount.
- ▶ Hugo Chavez's socialist policies relied heavily on the oil sector of Venezuela for funding. The profits earned in the Oil sector were used to subsidize the social schemes. In order to raise these finances, Hugo Chavez nationalized the major industries in Venezuela.
- ▶ He also imposed severe restrictions on private participation. The administration's unwillingness to utilize private sector resources has resulted in a crumbling public infrastructure and a deficit in housing.
- ▶ The huge amount of finance involved in the social schemes also led to major corruption scandals and a large complicated bureaucracy. Corruption and bureaucracy also affected the effectiveness of implementation of the schemes.
- ▶ Chavez promised to build 150,000 houses in 2006, but in the first half of the year, completed only 24 percent of that target, with 35,000 houses.
- ▶ Many of these programs involved importing expertise from abroad - Venezuela is providing Cuba with 53,000 barrels (8,000 m<sup>3</sup>) of below-market-rate oil a day in exchange for the service of thousands of physicians, teachers, sports trainers, and other skilled professionals.
- ▶ Thus, the benefits of 20th century socialism of Chavez have come at a huge cost.

# MAJOR ECONOMIES – VENEZUELA

## Venezuela's relationship with the United States

- ▶ The United States is the largest destination of Venezuela's petroleum exports. During the first half of 2006, Venezuela exported 1.45 million bbl/d of crude oil and petroleum products to the United States. The U.S. Gulf Coast is the largest recipient of these imports, with refineries there specifically configured to handle Venezuelan crude varieties.
- ▶ In spite of the strong economic ties between the US and Venezuela, Hugo Chavez has been a staunch opponent of the free market system of the US.
- ▶ Chávez's warm and public friendship with Cuban President Fidel Castro has markedly compromised the U.S. policy of isolating Cuba diplomatically and economically.
- ▶ The rhetoric between Chavez and Bush has been hostile. In response to the Bush administration's anti Chavez rhetoric (he has been called a tyrant, populist dictator and drug trafficker), Chavez once referred to U.S. President George W. Bush as a devil, and refers to him as Mister Danger.
- ▶ Chávez's socialist ideology and the tensions between the governments of Venezuela and the United States have had little impact on economic relations between the two countries.
- ▶ In 2006, the United States remained Venezuela's largest trading partner for both oil exports and general imports; bilateral trade expanded 36% during that year.
- ▶ In order to reduce the reliance on United States, Hugo Chavez has embarked on a policy of strengthening ties with other large economies like China, India, Brazil & Russia.

# MAJOR ECONOMIES –CHINA

## Know your own Company

- ▶ Know your own company and its products inside and out.
- ▶ At the beginning of a relationship with a Chinese company or government bureau make a special point of emphasizing that your own company follow high ethical standards, that you are bound by those standards, and that they specifically prohibit under-the-table payments.
- ▶ In order to make this pill go down a little easier it pays to emphasize how everyone on both sides of the table will benefit from a successful business relationship, appealing to the nationalist pride of the Chinese.
- ▶ It is recommend that this statement of your company's ethical standards be in written form and printed on impressive stationery.



# MAJOR ECONOMIES –CHINA

## Know Chinese Company

- ▶ Know everything possible about the Chinese company or agency you are going to be dealing with, including personal details about the managers and executives you will be meeting.
- ▶ If necessary, engage the services of an investigative agency to get behind the facade of the organization. Make sure that whatever investigation is done covers the "corruption rating" of the company or bureau concerned.

# MAJOR ECONOMIES –CHINA

## Bribes

- ▶ If you are going to do business in China through an agent, take special pains to ensure that the agent is not one of the many that rely on primarily bribes in dealing with bureaucracy and suppliers.
- ▶ If you are asked for a bribe, do not show anger. Apologize sincerely present a copy of your company's ethical guidelines, adding that if you agree to any kind of unauthorized payment you will be fired. (If you need and escape from this position, you can always agree to try to arrange some kind of authorized consideration).
- ▶ If you are going to have employees in China, prepare a formal written code of conduct and require that all new employees sign the code as part of their employment contract.

# MAJOR ECONOMIES –CHINA

## Be Informed

- ▶ Be as informed as possible about current social, economic, and political aspects of China. One of the best ways to accomplish this is to interview other foreign business people who are stationed in China and have been there for several years.
- ▶ Know as much as possible about the Chinese market as it relates to your products and goals. Again, the insights of foreign business people on the scene can be invaluable.
- ▶ Keep in mind that there is a social and political as well as economic content to business in China and that you will have to be knowledgeable enough and flexible enough to adapt to the Chinese environment.

# MAJOR ECONOMIES –CHINA

## Be very clear

- ▶ Make sure your presentations are specific, comprehensive, and clear.
- ▶ If you are using your own interpreter, make sure you qualify him or her in advance. Also make sure he or she has studied your presentation before your meetings.
- ▶ Prepare summary copies of your presentation, preferably in English and Chinese, and pass them out at the beginning of the meeting.
- ▶ Take an open, friendly, sincere stance in your presentation. Some say nice things about China (but don't overdo it) and about your own country, adding that you believe a successful relationship will contribute to both countries.

# MAJOR ECONOMIES –CHINA

## Be Honest

- ▶ Be totally honest and frank in your responses to questions, proposals, or criticism. If anything is amiss, if there is any kind of misunderstanding, cover it immediately.
- ▶ If you let it go by, it will likely come back to haunt you because the Chinese will assume that you approve or have no objections.
- ▶ Exude sincerity and goodwill, but be firm and consistent in making points and position clear.

# MAJOR ECONOMIES –CHINA

## No Fast agreement

- ▶ Do not expect fast agreement from the Chinese side. Do not expect seemingly endless litany of questions, requests for more information, and a variety of demands.
- ▶ Be prepared to give a little on some points where you have leeway, but always get something in return.
- ▶ Do not put yourself in a position where you have to have an answer or a contract in three days or any other short time-frame. It also pays to not put all your eggs into someone else's basket.
- ▶ Keep in mind that the Chinese are generous in their use of time. They know that in most cases it is on their side and they will take the fullest possible advantage of it. Put yourself in a position where you can be patient and do not suffer.

# MAJOR ECONOMIES –CHINA

## Stay Firm

- ▶ Stay friendly, stay firm, stay unflustered. Let the Chinese know that, if you cannot reach an agreement within a reasonable period of time for any reason beyond their control or your control, you are prepared to do business with someone else.

# MAJOR ECONOMIES –CHINA

- ▶ **Develop Powerful Connections**

If you do not have powerful connections in China, get some help from friends and or other connections and make them.





# MAJOR ECONOMIES –CHINA

## Emphasize on Mutually Beneficial Relations

- ▶ Emphasize that the relationship must be mutually beneficial—a relatively new concept in Chinese thinking. (The traditional and still generally automatic reaction is that, in any foreign relationship, the Chinese side should benefit first and foremost.)
- ▶ Part of this reaction is a holdover from the generations when foreigners were expected to bring gifts to demonstrate friendship and recognition of China as the supreme power.
- ▶ Nowadays, part of it is based on the concept that China's needs take precedence over the foreigner's desires to make what are typically perceived of as excessive profits.)