

THE US-CHINA BUSINESS COUNCIL  
美中貿易全國委員會

## Section VI: Business Etiquette

The information for this section is based on Council expertise and Scott D. Seligman's *Chinese Business Etiquette: A Guide to Protocol, Manners, and Culture in the People's Republic of China* (1999). Adapted by arrangement with Warner Books, Inc., New York, NY.

### Banquets:

- **Timing is Everything:** Guests should arrive on time. Punctuality is a virtue in China. Banquets and business meetings are scheduled to start and finish on time, and the Western concept of "fashionably late" is not understood. If an event is scheduled to begin at 6:00 pm, for example, then arrive a few minutes early or at 6:00 pm sharp. To arrive later would be considered rude. Just as they start on time, banquets also end on time. If a banquet is scheduled to end at 8:30 pm, the host should stand up and close the event at 8:30 pm sharp. It is considered rude to stay late or keep others at the banquet or meeting past the designated ending time.
- **Structure:** Chinese banquets typically last two hours. As guests arrive, they proceed through a receiving line in order of highest- to lowest-ranking hosts. Guests are then seated. Banquets in China have definitive beginnings and endings. The principal host offers a welcoming toast to begin the banquet (or shortly thereafter), and it is customary for the principal guest to reciprocate with his/her own toast. Upon toasting, the formal meal begins. At the conclusion of the banquet, the host will again stand and toast, thanking the guests for attending. Again, it is customary for the principal guest to reciprocate in thanks to the hosts.
- **Seating:** Seating is typically arranged ahead of time through staff-to-staff contacts, according to rank. The principal guest is seated to the right of the principal host at the head table. Other guests are seated at other tables in a manner mirroring seating at the head table. Guests should notify the Chinese host in advance of the rank of visiting members of the delegation. If hosting an event, be sure to seat people of high rank with others of high rank, doing otherwise may be considered offensive.
- **Toasting:** Toasting is an indispensable component of the Chinese banquet and it begins when the principal host offers a welcoming toast. Toasts are typically short (2 to 4 minutes) and may consist of a simple welcome, a brief statement filled with platitudes, or a substantive comment on the visit. Chinese rarely hold their glass at shoulder length when toasting, it is considered respectful to try and toast your glass lower than other's glasses.
- **Alcohol Cautions:** Several types of liquor are traditionally served at Chinese banquets (beer, wine, and *baijiu* (a potent liquor, of which the most famous brand is Maotai). Glasses are kept full during the meal to allow for toasting. Beer and wine may be sipped, but *baijiu* is traditionally downed at once like a western "shot" in toasts with the Chinese guests. The Chinese toast "*gan bei*" literally means "dry glass." However, the tradition of emptying one's glass at each toast is being tempered in major cities like Beijing and Shanghai where Western business etiquette has been more widely accepted. Increasingly, wine (frequently mixed with soda) is becoming the primary toasting drink in major cities. If you find yourself in a situation where *baijiu* is served, it is acceptable to drink less than the whole glass by saying "*ban bei*" (half a shot) or "*sui yi*" (as you wish). It is also possible to beg out of drinking alcohol entirely by saying that you have an allergy or simply explaining that you do not drink. It also is acceptable to toast with a clear carbonated drink like 7-Up or Sprite; just let the waiter know quietly that this is what you would like to do. If you are being hosted at a dinner (not a banquet) you often will be asked to choose what you would like to drink. Western drinks and social habits are becoming the norm in many ways, and are accepted in most urban areas, however, it is advisable to handle such situations by stating your preferences as food and drink are ordered.
- **Chinese Place Settings:** The place setting typically includes a rice or soup bowl, small plate for main courses, a small dish for condiments/sauces, a dessert dish, a porcelain spoon, a pair of chopsticks, and chopstick rest. Forks and knives are becoming common place settings, and can be used without causing offense or losing face. Glasses include a mid-sized glass for water, juice, soda, or beer; a smaller wineglass; and an even smaller glass for hard liquor. There should be a serving spoon or serving chopsticks for each dish. Cold dishes are usually placed on the small plate. At a banquet, rice is usually served at the end, before dessert, and is not an accompaniment to the other dishes. When not using chopsticks, return them to the rest.
- **Using Chopsticks:** Chinese appreciate foreigners' efforts to eat with chopsticks. If using chopsticks proves impossible and no forks are available, you can use the porcelain spoon.

- **Eating:** Formal banquets often include a dozen or more dishes. While declining to taste a dish is not considered a cardinal offense, it is polite to try each dish that is served. This means it is important to pace yourself. Leaving a little on your plate signals your Chinese host that you are full. This is also a good strategy to avoid receiving another serving of a dish you do not like. An empty plate is a cue to your Chinese host that you are still hungry, and it will likely continue to be filled until you leave something on it. According to Chinese custom it is the role of the host to serve food to their guests, so do not be surprised if the host places food on your plate. If you are feeling very polite and have good chopstick control, you may reciprocate and attempt to serve the host, but it is not necessary. If you are hosting a dinner or banquet it is polite to make a gesture of serving guests on either side and then state clearly that everyone should please help himself/herself, adding "we are all friends and should be informal."

## Other Tips:

- **Last Name First:** In China, the family name (surname) appears first, and the first name (given name), last. So for Jiang Zemin, Jiang is the family name, Zemin is the given name. For a Chinese businessperson or official who frequently interacts with foreigners, names may be spoken/written in the Western format. If you are uncertain as to which is which, it never hurts to ask for clarification.
- **Meet, Greet, or Address:** Refer to a Chinese associate as Mr./Ms. (surname), or (title) and (surname). Using titles is a sign of respect and is done frequently in China. For example, it is preferable to address someone as Section Chief Zhang instead of Mr. Zhang. As in the United States, always address a person by the higher rank indicated in their title. For example, if you are meeting a vice governor or vice director, refer to them as Governor so and so or Director so and so, respectively, unless their superior (i.e. the governor or director) is present. Unless you are longtime friends, avoid calling Chinese by their first names. You may however call a Chinese you know well by his or her complete name. Chinese family names are usually listed first on their name cards and are almost always one syllable.

- **Exchanging Business Cards:**

Use both hands to both present and receive name cards. In presenting, grasp the card by the corners, and present the card so that it your name is facing your Chinese counterpart. Do not toss the card onto a table. Similarly, receive your Chinese counterpart's card with both hands. If it is a bilingual card, present the side printed in the native language of the recipient.

Read the card: When you exchange cards, read over the card. It is viewed as impolite to tuck away the card immediately without spending at least 10-20 seconds reviewing it.

Display the card: It is polite to lay the cards out on the table next to you. Placing cards in order also helps greatly in remembering people's names.

- **Expect Close Quarters but No Touching:** Chinese are comfortable with a closer social space than is characteristic of Western cultures, and may get a bit too close for your comfort. They do not, however, typically engage in shoulder touching, backslapping, or hugging.
- **Gestures:** Avoid gestures like the "come here" curled-index-finger, and the "I don't know" shoulder-shrug, which are Western and often not understood by Chinese.
- **Gifts:** Guests are expected to give a gift to their Chinese host. It is helpful to bring an extra supply of wrapped gifts lest you be caught short-handed. A visiting group can give one large gift to the host organization or smaller mementos to individuals. Avoid gifts of excessive value or that are too personal. Try to find a gift that represents your home state, such as locally made products. As a fallback, many companies rely on gifts of nice crystal or company products such as pens or calendars that can be distributed to everyone. Gifts are not usually opened in front of the person giving the gift, so do not think it is rude if your host tosses your gift aside. You also may receive gifts from your Chinese hosts. Again, as a rule, do not open the gift in their presence, although in some cases the Chinese may make a show of doing so for you. Gifts are usually exchanged at the end of a banquet or meeting.

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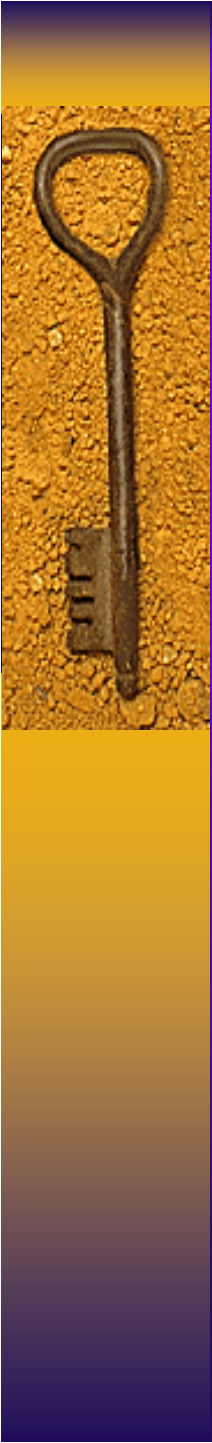
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# Chinese Cultural Awareness





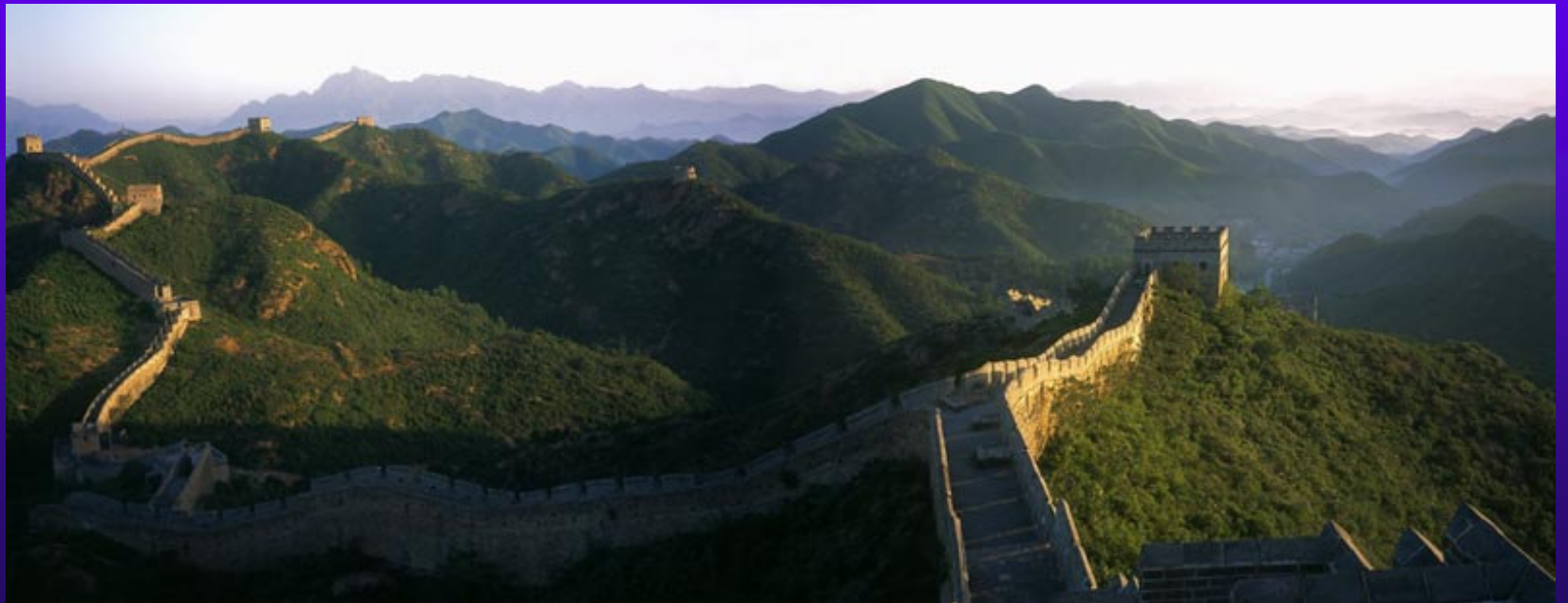
## Introduction

- ◆ The rise of the awareness of different cultural perspectives that lay the foundation for all different cultural values.
- ◆ The rise of the need to know each other's cultural background within a globalized business environment.
- ◆ The rise of the necessity to understand and be sensitive to the cultural differences.
- ◆ This 'Awareness' is aimed to help you better understand the basics about the Chinese culture and business etiquette.

## Something about China

One of the most ancient civilizations in the world

- China has more than 5000 years of recorded/written history.
- The Chinese believe that their first king was Yellow King (B. C. 2697).
- The Great Wall (over 2,000 miles long) was built in 214 B. C.





## Something about China -- continued

- ◆ There are 56 ethnic groups in China
  - Almost each has its own language and culture.
  - 92% are Han Chinese.
  - More than 270 million Chinese are named either Li, Wang or Zhang, making them the ‘big three’ family names in the world.
- ◆ There are more than 200 dialects, but one common written language.
  - Mandarin (nation wide)
  - Cantonese (Hang Kong and Guangdong areas)

## Something about China -- continued

### Some big numbers

- 1.3 billion population (the highest in the world)
- 6.7 million square mile territory (third in the world) – nearly identical to the size of the U.S.
- More than 260 millions cell phone users by 2003 and 305 millions by July of 2004
- 87 millions people can access internet
- 30,000 km of highway by 2003
- Consumed 36% and 55% of the global steel and cement production in 2003
- 2.12 million college graduates in 2003
- \$1090 per capita GDP in 2003



# Auto Industry in China

## Auto OEMs

- 123 OEMs – top 12 OEMs (3+9) take 90% market share
- 4.4 million units in 2003 - 35.2% up
- 3.85 million in first 3 quarters of 2004 – 21.3% up
- No more than 50% ownership of OEM by foreigner allowed

## Auto suppliers

- More than 4000 auto suppliers
- \$50 billion capacity
- Exp. \$8.3 billion
- Imp. \$13.4 billion

## Major OEM production and market share

| OEMs     | 2003   | Market.<br>Share | 1-9 Months<br>2004 | Market<br>Share |
|----------|--------|------------------|--------------------|-----------------|
| FAW      | 902.0k | 20.5 %           | 705.5k             | 18.3 %          |
| SAIC     | 800.0k | 18.2 %           | 634.7k             | 16.5 %          |
| Beijing  | 330.0k | 7.5 %            | 389.0k             | 10.1 %          |
| Changan  | 410.5k | 9.34 %           | 376.0k             | 9.8 %           |
| Dongfeng | 468.0k | 10.7 %           | 371.7k             | 9.6 %           |

# Auto OEMs in China





# Chinese New Year (Spring Festival)

- ◆ **Tradition celebrated for more than 4700 years**
  - The first day of the first lunar month.
  - The celebrations lasts an entire two weeks.
  - The Year 2004 (Monkey) is the 4701st Chinese year.
- ◆ **The biggest and longest holiday**
  - Wish peace to friends and family.
  - Seed out the old year and celebrate the new one.
- ◆ **Greetings most often made during the Chinese New Year:**
  - “Wish you prosperity and wealth in the new year.”
  - “Happy family reunion.”
- ◆ **Big volumes**
  - 10 billion text greeting messages were delivered through the cell phones during the week of the 2004 Chinese New Year.
  - 1.89 billion train passenger trips were made during the 2004 Chinese New Year.

# Chinese Old beliefs

## ◆ Yin and Yang

- Many Chinese believe that universe is made up two forces: Yin (feminine) and Yang (masculine).
- Yin and Yang are opposites working together to create a balance.
- The well-being of the world, the body, and the soul are believed to depend on these forces staying in balance.
- Traditional Chinese Medicine is based on the philosophy of Yin and Yang

## ◆ The teachings of Confucius

- Confucius was a great scholar who lived in 500 B. C.
- He shaped the practices and beliefs of Chinese society and his philosophy continues to influence Chinese thought.
- According to his code of ethics, an ideal person should be polite, honest, courageous, and wise.
- Confucius code of behavior: children must be taught to obey their parents and people were expected to respect the elderly and obey their country's ruler.



## Chinese Old beliefs -- continued

### ◆ Qi

- Many Chinese people believe that illness is caused by a disruption in the Qi, the vital energy of the body.
- Just as the Yin and Yang create a balance in the universe, the forces of Qi must also be balanced in the body so that the Qi can flow properly.
- Tai Chi (soft Qi) and Kong Fu (hard Qi)



# Chinese Favored Animal Mascots

## ◆ Dragon

- A fictitious animal combining some features of deer, fish, tiger, lion, horse, ox, donkey, snake and vulture
- Many Chinese people consider themselves descendants of the dragon, and believe it is mascot and embodiment of power, dignity, luck, strength and success
- The dragon dance is an important festive tradition in China.



## ◆ Lion

- The symbol of power, majesty and courage, capable of warding off evil spirits.
- Sculptures of lions are often placed as guards outside important buildings.
- The Lion dance is another important tradition in China. A good lion dance performance is believed to bring luck and happiness.



# Chinese Horoscope



- ◆ The ancient Chinese horoscope predicts that people born in a certain year have a particular set of personal traits based on the year of the designated animal.
- ◆ The cycle of 12 animal names repeats every twelve lunar years.
- ◆ The Chinese have named years after animals for thousands of years.
- ◆ The 12 animals are: rat, ox, tiger, rabbit, dragon, snake, horse, sheep, monkey, rooster, dog, and boar.
- ◆ 2004 is the 'Year of the Monkey – the 4701<sup>st</sup> Chinese year.



## Cultural Don'ts

- ◆ Never place chopsticks in the rice-bowl vertically or at an angle as this resembles sticks of incense burned at a funeral and is considered bad luck or highly inauspicious.
- ◆ Never present knives or scissors as a gift as these symbolize conflict.
- ◆ Never give a clock as gifts -- 'giving a clock' in Chinese sounds the same as 'seeing someone off to his death'.
- ◆ Never give green color hats as gifts – to wear a green hat is the Chinese symbol of a cuckold.
- ◆ Be aware of the Chinese pronunciation of the number '4.' '4' in Chinese is pronounced the same way as the word for 'death.'
- ◆ Lucky number -- A cell phone number (135 8585 8585) is worth a million.



## Cultural Don'ts -- continued

- ◆ Avoid writing notes in red ink as this can convey the notion that the writer will die soon.
- ◆ Do not use the index finger to point at someone; use the hand with fingers motioning downward as in waving.
- ◆ Be aware that not all Chinese immigrants have known and adjusted to the western culture just because they live western countries.
- ◆ Avoid using a lot of idioms or slang when talking to Chinese.
- ◆ When meeting with the people from P. R. China, refrain from using the terms such as 'Red China', 'Mainland China' and 'Communist China'. Just say 'China'.

## Business Practice

Three concepts that are essential to Chinese behavioral norms: Mianzi (Face), Guanxi (personal connections), and Keqi (politeness)

- ◆ **Mianzi (Face)**

Addresses the basic need to safeguard a person's self-respect to maintain good relationships, good communication and psychological balance

- **'Saving face'**

'Face' could be loosely defined as the 'status' or 'self-respect' in Chinese. It is the worst thing for a Chinese to lose face. Don't try to openly challenge, or criticize someone. When communicating a 'NO' to someone in China, you should be less straightforward than you are in the US.





## Business Practice – continued

### ◆ **Guanxi (Personal Connections)**

Relates to the interdependency between the members of a group or society.

#### -- **Guanxi network**

Whereas Western business culture is transaction-based, Chinese business culture is relationship-based. In China, the successful business person would be described more as well-connected instead of wealthy. Guanxi (personal connections) networks are a valuable source of information on issues for which the official channels are inadequate.



## Business Practice – continued

### ◆ Keqi (politeness)

Involves the strategies employed to attend to another's face, and to protect one's own face, and as a result, build up personal connections

### -- Respectful Behavior

The norms of respectful behavior in China sometimes seem to be the exact opposite of those in the U.S. It's common that a Chinese host will not praise a meal when he or she serves it. Rather, the host would apologize for serving such 'plain food'. Further, you should not respond to a compliment with a simple 'Thank you', as in the U.S., but with a counter compliment that the host would then defer.

### -- The Chinese art of apology

The apology is used frequently in China. Sometimes an 'apology' may simply be part of a ritual. 'Please excuse my poor English', a translator may say to you in perfect English. In Chinese, a request or question often is preceded by 'please excuse me', serving merely as a polite sound. Other times the apology may be quite sincere.



## Business Practice -- continued

### ◆ Introduction

Chinese prefer to be formally introduced to someone new. Always stand up when being introduced and remain standing throughout the introductions. Shaking hands in an affirmative manner is widely accepted and common practice in Chinese business world. Normally when you are shaking the hand of a Chinese official or business person it is polite to slightly bow your head forward, but not your whole body.

### ◆ Business card exchange

Use both hands when presenting business cards and be sure the card content faces the person to whom you are presenting your card. Cards should also be received with both hands. Do not immediately put the card in a pocket or bag - this is considered rude. Follow with the standard "I am pleased to meet you, or "ni hao" in Chinese. When seated, place cards on the table.

## Business Practice – continued

### ◆ Names and titles

In China, the first name is the family name, followed by the given name of one or two syllables. Most Chinese like being called the family name plus a title, such as Dr. Liu, Professor Wang, or Chairman Hu.

Married Chinese women will keep their maiden names. Don't be surprised to see that a wife and her husband have the different family names

### ◆ ‘The big leader’

In the meetings or public events, rank typically determines who speaks. It's common for the high-ranked person to talk more or lead the conversation unless the lower-ranked persons are asked to do so. Don't be surprised to see if only one Chinese boss is talking while others Chinese just keep quiet in a big meeting.



## Business Practice – continued

### ◆ Dining and drinking

Dining and drinking are social activities for building relationships. Learn to use chopsticks well, and do not eat food with bare hands. In the Chinese tradition, your host or hostess will serve food onto your bowl or fill your glass.

### ◆ Gifts

The giving and receiving of small gifts is much more common in China than in the US. The gift typically is something that either favors the recipient's interest or is a symbol of their own background, such as something from their hometown. The three basic rules: give and receive the gifts with both hands; do not unwrap or ask the recipients to unwrap the gift in your presence; if you later give a gift in return for a gift you have received, reciprocate with a gift of equal or less value.



## Business Practice – continued

### ◆ Learn a few words in Chinese

Use a few words in Chinese before your greeting or speech. Your initiative will be recognized and appreciated. Make sure you know the meaning and appropriate occasions for what you say. Make sure you know whom you are speaking to.

### ◆ ‘No big problem’

Negative replies are considered impolite in China. When your Chinese counterparts politely or even enthusiastically say ‘No big problem,’ they usually mean ‘There are still problems.’



## Business Practice – continued



### ◆ Nod is not ‘yes’?

Do not take the Chinese nod for agreement. Typically, it's only a sign that they are listening attentively.

### ◆ No tip?

China is one of the few countries where giving service tips is not practiced. In most places, it is not necessary to give tips and nobody will ask for them.

## Common Chinese Phrases (Mandarin)

- ◆ Ni Hao – Hello! Hi! How are you?
- ◆ Zao Shang (Xia Wu / Wan Shang) Hao – Good Morning (Afternoon / Evening)
- ◆ Wo Shi ... – I am ...
- ◆ Xie Xie – Thanks
- ◆ Dui Bu Qi – Sorry
- ◆ Zai Jian – Good Bye





**Thank you!**