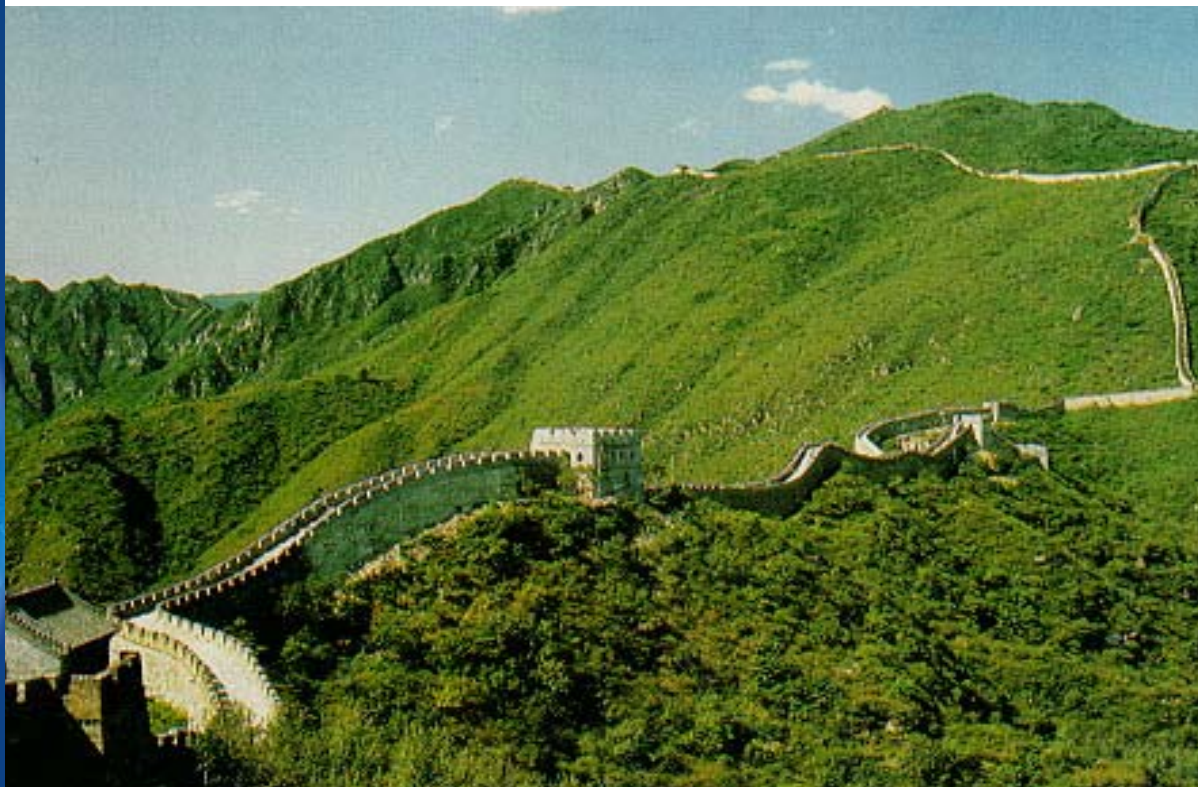


ORGANISATION AND IMPLEMENTATION OF TRAINING WORKSHOPS ON FOREIGN ECONOMIC COOPERATION

A Manual for Chinese Local Chambers of Commerce and Industry



WITH OTHER INSTI
RAL EASTERN NIS AND W
HERN MEDITERRANEAN MIDDLE
FOREST ENVIRONMENT GEND
D NLOS REVZELITION BUDGET AN
CONTRACTS IN LEGAL MATTERS
WITH-F... EVALUATION
WESTERN BALKAN
MIDDLE EAST LATI
ISSUES
BUDGET AND FINA
EVALUATION IN
WESTERN BALKAN
MIDDLE EAST LA
N' GENDER ISS
ION BUDGET AN
LEGAL MATTER
WITH OTHER INSTITUTIONS
RAL EASTERN NIS AND



PREFACE

This booklet has been developed in the framework of the project entitled: Asia Invest Alliance – Sino-European Network for Better Training Capacities in Intermediary Business Organisations (IBOs). Asia Invest Alliance is an instrument of the Asia Invest II programme.

The Asia-Invest Programme was launched in 1997 as an initiative of the European Union to promote and support business co-operation between the EU Member States and Asia. The Programme provides assistance to intermediary organisations to facilitate mutually beneficial partnerships between EU and Asian companies, in particular small and medium-sized enterprises (SMEs), as well as to strengthen the framework conditions to increase trade and investment flows between the two regions. The Programme will continue for another 5-year period from 2003-2007, with a budget for project funding of €35 million, in which three main areas of activity will be pursued: (i) Business to business match-making and partnership building; (ii) Asian private sector development, and (iii) Institutional capacity building, networking and dialogue.

The overall objective of this Asia Invest Alliance project is to strengthen the institutional capacity of Chinese IBOs in the area of training provision as well as its networking with European IBOs. Project partners are the German Foundation for Economic Development and Vocational Training (SEQUA), the Federation of Industry and Commerce (FIC) / General Chamber of Commerce of Jiangsu Province, the German Confederation of Small Business and Skilled Crafts (ZDH) and the Confederation of Danish Industries (DI).

This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of SEQUA, Jiangsu FIC, ZDH and DI and can under no circumstances be regarded as reflecting the position of the European Union.

Forward

EU-Chinese economic relations are marked by an ever-growing importance for European business. Having overtaken Japan in 2002 and Switzerland in 2003, China is now the EU's second largest trading partner after the US. While the public eye often tends to place the large enterprises at the centre of attention, foreign economic cooperation is of high relevance for the small and medium companies, too. In Germany, SMEs are regarded as a pillar of the national economy. These SMEs are more and more turning towards China when looking for new fields and possibilities of business activities.

For more than ten years, SEQUA and ZDH are cooperating with the Chinese chambers of commerce and industry in various fields of private sector and SME promotion. Experience has shown us that whilst the Chinese economic system has undergone a tremendous transition in the last 25 years, local SMEs still face constraints which are of relevance also with view to a potential cooperation with an EU partner. An important factor is the lack of knowledge on key issues such as rules and regulations of the global economy, market and business information, organisation of delegations etc. The Chinese chambers of commerce have taken up the task to provide their member enterprises with this and other information.

The project between SEQUA/ZDH, the Confederation of Danish Industries (DI) and the Jiangsu Chamber of Commerce and Industry has made a practical contribution to support this work. Key contents and experiences of the work of the project are summarised and reflected in this manual.

Gebhard Weiss
- MANAGING DIRECTOR SEQUA GMBH -

September 2005

Foreword

Two years ago, four institutions in three countries, the German Confederation of Small Business and Skilled Crafts (ZDH), the Foundation for Economic Development and Vocational Training (SEQUA), the Confederation of Danish Industries (DI), and the Jiangsu Provincial Federation of Industry and Commerce of China (CJSFIC), jointly launched the international business training program. So far six sessions have been organized and all were very successful.

Jiangsu is an economically advanced province in China, accounting for ten percent of the national GDP. In recent years, the private economy in the province has been developing very fast. CJSFIC now has nearly 480,000 private enterprise members, which is the highest among federations of industry and commerce in China. In the globalized world economy of today, many member enterprises in the province are challenged with more and more international business activities and they are in urgent need of support and services from the Federation. The textbook jointly compiled by the four institutions not only has satisfied the needs of the present training program but also will help federations of industry and commerce in other provinces with their training tasks.

In the six sessions of the program, 135 officers from industry and commerce federations of various levels in Jiangsu received training. Through study and discussions, they broadened their vision, updated their knowledge, expanded their business clues, and improved their capabilities. The compilation of the textbook and the successful organization of the six program sessions will definitely create very favorable conditions for the development of export-oriented private economy in Jiangsu and in China, for the creation of a new phase in the work of industry and commerce federations of various levels, and for the promotion of friendship and long-term cooperation between China and foreign countries.

Li Ren

President of Jiangsu Provincial Federation of Industry and Commerce of China

September 2005

Foreword

The world is changing rapidly. Distances and frontiers are losing economic importance and new unique opportunities for companies to create growth and prosperity emerge. China's growing importance as a market force and as a global outsourcing location has increased the need to provide a bridge between China and the European business community.

Taking advantage of the international division of labour is a key source of economic progress for most Danish companies. This is especially the case for the majority of the Danish SME sector, who for a large part sees the markets beyond the borders of the European Unions as the main engine for growth and innovation. The openness towards foreign markets and cooperation with foreign business is a natural part of Danish companies' business strategies. However, this is not the case for the main part of Chinese companies.

Due to lack of experience and knowledge, Chinese companies face difficulties in incorporating foreign companies and markets into their strategies. The Federation of Chambers of Commerce and Industry in the Jiangsu region has now initiated a process of assisting companies in acquiring the necessary knowledge on how to target these markets practically and cost-efficiently.

This manual, which is a result of the project between Jiangsu Chambers of Commerce and Industry, SEQUA/ZDH and the Confederation of Danish Industries (DI), will enable Chinese companies to face foreign markets with less uncertainty.

Thomas Bustrup

- Director of DI International Business Development and Head of DI's Globalisation Project -

September 2005

CONTENTS

1. INTRODUCTION

2. OVERVIEW OF CHAMBER SERVICES RELATED TO FOREIGN ECONOMIC COOPERATION

2.1 Organising and Hosting Business Missions

2.1.1 Assessment phase

2.1.2 Planning phase

2.1.3 Implementation phase

2.1.4 Evaluation phase

2.2 Trade Fairs and Exhibitions

2.2.1 Why take part in trade fairs and exhibitions

2.2.2 Assessment phase

2.2.3 Planning phase

2.2.4 Implementation phase

2.2.5 Evaluation phase

2.3 Trade and Investment Information, Business Contacts

2.3.1 Information on government and trade policies and procedures

2.3.2 Product-related information

2.3.3 Market-related information

2.3.4 Technology-related information

2.3.5 Investment-related information

2.4 Training for Members

2.4.1 Training on how to act on a trade fair

2.4.2 Critical factors for success in

2.4.3 Networks

3. ORGANISATION AND IMPLEMENTATION OF TRAINING COURSES

3.1 Developing a Training Programme

3.1.1 Assessment of Needs

3.1.2 Selection of Topics

3.1.3 Staffing and Expertise

3.1.4 Pricing

3.2 Preparation of Training Courses

3.2.1 Timeframe, Venue, Accommodation and Infrastructure

3.2.2 Advertising and Invitation of Participants

3.2.3 Participants

3.2.4 Training Methods

3.2.5 Trainer, Resource Persons, Moderators

3.2.6 Preparation of Training Materials

- 3.3 Implementation of Training Courses
 - 3.3.1 Preparatory Meeting with Trainers and Resource Persons
 - 3.3.2 Opening and Introduction
 - 3.3.3 Presentations
 - 3.3.4 Panel Discussions
 - 3.3.5 Working Groups
 - 3.3.6 Role Plays
 - 3.3.7 Field Visits
 - 3.3.8 List of Participants, Training Certificates
 - 3.3.9 Summary and Closing
- 3.4 Evaluation and Follow up
 - 3.4.1 Documentation and Evaluation
 - 3.4.2 Public Relations
 - 3.4.3 Follow up

Annexes

- Annex A Training Materials/Presentations of the 3 trainers of the Jiangsu Federation of Commerce and Industry developed by the project
- Annex B Questionnaire for workshop evaluation
- Annex C Template for company profiles

1. Introduction

This manual sets out to provide information and guidance to staff and decision makers in chambers on the field of foreign economic cooperation. The manual will do this by providing a starting point for developing services such as *organising and hosting business missions, participation in trade fairs and exhibitions, provision of investment and trade information, specific training services that can be rendered to members, organisation and implementation of training courses etc.*

The manual is not covering all relevant aspects of these services areas but is meant as a starting point and inspiration to staff and decision makers that embark on providing these services to their members.

Why should companies develop their export activities? For many companies it can be difficult to keep track of what happens on their home market. Why should they consider to develop their activities on export markets. There are mainly two reasons for this:

Diversification of sales on different markets minimise risks
Exporting can often be a good expansion strategy

Especially small and medium size companies are often lacking the resources to embark on selling their products outside of their country of origin. Therefore chambers can play a crucial role in facilitating and assisting companies who want to try their luck on the export markets.

2. Overview of Chamber Services Related to Foreign Economic Cooperation

2.1. Organising and Hosting Business Missions

Business missions are important tools in promoting your members' export oriented activities. The core objective of any business mission is to generate business contacts and preferably new orders to the participating companies. Business missions can be either in-bound or out-bound. In-bound business missions are defined by the fact that your own chamber plays the role of the host and receives representatives from foreign companies. Out-bound business missions involves members from your chamber going abroad to visit another country with the aim of promoting the member's. Out-bound business missions can either be visiting a chamber in the target country or it can be participating in a trade fair in the target country.

This chapter will address the challenges that arise from hosting an in-bound business mission. Please see the chapter on participation in trade fairs to get inspiration on how to conduct out-bound business missions.

Chambers are often used as entrance points to potential business partners for foreign companies participating in in-bound business missions. The business missions are made out of a group of companies within a certain sector of industry or from a specific geographic area of the visiting country. These companies participate due to their interest in specific company contacts that can develop their businesses in terms of know-how, joint ventures, etc.

Business missions are primarily characterised by orientation towards generating business for the participating companies, and with none or low interest in the political aspects of the visit. However, bringing higher official representatives from the political establishment or the business community can generate attention. The role of the official representatives is more of an ice breaking nature, while adding some media attention to the business mission in the visited country.

Hosting incoming business missions is a beneficial experience. Apart from individual business contacts, meetings with such delegations are also helpful to influence trade policies in both the host as well as the visiting countries. One-to-one meetings can be organised to assess the visiting delegates' business capabilities and potential. However, handled properly it could serve as an inexpensive way of creating business opportunities for members, while simultaneously attracting potential members.

In order to achieve the best results for both the members of your chamber and the visiting delegation, in-bound business mission have to be planned and coordinated very thoroughly. Therefore this chapter divides the activity of hosting an in-bound business mission into four important steps:

- Assessment phase
- Planning phase
- Implementation phase
- Evaluation phase

Each of these steps will be dealt with in greater detail in the next four sections.

2.1.1. Assessment Phase

Handling in-bound business missions can be time consuming and stressful for a chamber if not handled properly. Hence, the assessment phase is crucial for limiting the planning period and for a successful implementation of the business mission.

The assessment phase is resembling the assessment phase connected to participation in a trade fair. In order to assemble the right group of members to participate in the event, you need to obtain some basic information about the nature of the country where the visiting companies are situated in general, and more specifically you need to know something about the objectives of the companies'. You need to clarify the following in order to assess the details of the event:

Origin of the visiting companies:

It is of great importance to have relevant background information about the country or region where visiting companies are operating. Relevant details about the country's main sectors and key competencies are important in order to assess which companies from your own chamber that should participate in the event. Furthermore it is important to obtain information on cultural differences that might inhibit communication between the visiting companies and your members. Business cultures differs greatly from one country to another. E.g. exchanging of business cards is different from one country to another. How to present your products can be different, how to build trust between buyers and sellers can also be different. Therefore it is very important to have some background knowledge on the cultural differences.

Are they trading companies or are they production companies:

It is also equally important to have knowledge on the nature of the visiting companies. Are the visitors trading companies, are they production companies or is the delegation a mix of different companies. This information should be used to select relevant members from your chamber to participate in the event.

Are they interested in a specific sector in your country:

Some in-bound business missions have a very narrow focus, e.g. the IT-industry or the wood processing industry. Others have a broader focus and a more general approach. It is very important to have a clear picture of the companies making up the delegation visiting your chamber. Therefore you should find out who the visiting companies are and thereby avoid misunderstandings and less successful events.

Main objectives of delegation:

When you have a clear picture of the cultural and sectoral focus of the visiting companies you should try to find out if they have a specific objective attached to the visit. Sometimes the delegation will be communicating this on their own initiative and sometimes they will not. Therefore you need to make sure that you have a clear picture of their specific motives for visiting your chamber. Are they interested in marketing their products in your country, are they looking for joint venture partners, are they interested in finding suppliers of equipment, are they interested in finding suppliers of raw materials, are they interested in learning about advanced production technology that your members are possessing. The motives can be manifold and it is therefore important to clarify these prior to the arrival of the delegation.

Practical assessment:

Approximately 3 months before the business mission visits the chamber, an assessment of the event needs to be taken. Based on the assessment the decision should be made regarding how much effort the chamber should put into organising and hosting the business mission. Some of the questions that need to be asked are:

- What does the in-bound business mission expect of the visit?
- Is it interesting for our members of the chamber?
- What benefits could our chamber members expect to receive through participation in the meetings?

Based on these considerations a brief note should be prepared with the purpose of aligning expectations in the chamber. The note should be drawn up by the secretariat and presented to - depending on the size and structure of the chamber - the standing committee dealing with foreign business missions or the director for the specific area in the secretariat. The brief note should list the following:

The note provides decision makers in your chamber with the basis for assessing the cost and benefits of the visit - and whether receiving the business mission is worth the effort in relation to the chamber's membership. Once the decision makers have taken the decision that the chamber should host and organise a business mission the planning begins.

2.1.2. Planning Phase

Once the decision to host the business mission has been made the planning should begin. During the planning phase considerations concerning both very practical and conceptual matters should be made.

An in-bound business mission can take various forms. In this respect the description of the following planning phase takes the starting point in an in-bound business mission, which has the purpose of mainly promoting the business opportunities through individual business meetings for the companies participating.

Besides the individual meetings the programme also consists of a session, at which the business mission presents general information related to business opportunities, investments, etc. It is not uncommon that these business missions bring prominent officials. Hence, the officials adds a necessary degree of attention in order for making the chamber's members interested in meeting with the business mission. The matters related to the session held at the day of the event, prominent guest, etc. are referred to as practical matters.

The planning thus has to take place in relation to the preparations for:
Individual business-to-business meetings
Practical matters

Individual business-to-business meetings:

Company profiles from in-bound business mission: In order to identify the most suitable companies participating in the individual business-to-business meetings, a short company profile should be prepared before the visit. Hence, the chamber should contact the in-bound business mission in order to get the necessary information 2 months before the visit.

Contacting members:

Based on the incoming company profiles, the chamber contacts members who are interested in examining the potential business opportunities. As a time-consuming process, contacting members should be done 1 to 1½ months before the event takes place. The chamber should aim at setting up two to three meetings with each of the companies from the business mission.

Company profile from participating members:

As members signs up for the event, a company profile for each member is prepared with the purpose of having the members and participants from the business mission meet each other from an informed position.

Practical matters:

Venue: A suitable venue with professional service, good food and high-class facilities is highly recommended. Professional surroundings will make a good impression on the participants and thus help you set the scene for a serious event. This can be made at the chamber's premises, conference centres or hotels.

Hotels will quite often be a good way to ensure the right service and with events longer than one day this will also solve the needs for accommodation and food. It is recommended to negotiate with the hotels well in advance in order to obtain favourable deals. If you know that you will have several business missions within one year, try to book all mission at one time in order to achieve a discount.

Infrastructure:

When evaluating hotels and other facilities look for a well-suited main room for the general session, and smaller rooms for the individual business meetings. Make a check list of what is needed:

Accompanying ambassadors, important industrialists and other VIPs:

In the likely event of ambassadors, industrialists or other VIPs accompany an in-bound business mission the chamber can facilitate its members' interaction. Apart from giving a general overview of the host country's economic policies, such interactions would also result in familiarity and personal contacts, which could be useful in the future.

The chamber can arrange lunch/dinner meetings for such an event and charge fees to the participants. These events could, therefore, be income generating and not a burden to the chamber.

Public relations:

Visits from foreign business missions should be used to promote the chamber. Apart from giving potential members a feeling of benefits from being members, the awareness among existing members would be built. News and information on the in-bound business mission should be presented in:

- Chamber's publication as news flash before the event
- Press release to newspapers and other media
- Chamber's publication as article after the event

2.1.3. Implementation Phase

Final preparation:

In order to prevent any possible delays or mistakes during the execution of the event, some practical matters should be checked in the morning or the day before the event:

Check the table combination in the main and small meeting rooms.

Presentation equipment is tested (computer, television, sound, DVD, projector, etc.)

Flowers, flags and refreshments are placed in the meeting rooms and entrance.

Orders for lunch and dinner are checked.

Binder:

A binder should be placed in front of every participant's seat. The binder is perfect for providing background information for the event, but also for providing info on the chamber's services and other events. The content of the binder is presented below.

2.1.4. Evaluation Phase

In order to improve and enhance future visits from business missions it is important to evaluate the visit after the event. This could be done either orally or written

Some chambers organise "debriefing sessions" after the visit of their delegations. In the debriefing session, all interested members of the chamber are invited to participate. The delegation leader and other members share their perceptions with the interested members.

This results in the perceptions of the delegation members being shared by a larger business community. Visiting delegations always bring back a lot of literature and data about the countries visited. This data has relevance and is useful for the general membership. The chambers can bring out such data in a book form along with the major findings of the delegation. This delegation report could be a very useful document for members, government and other interested businessmen.

For more input on how to conduct evaluations please see section 2.2 on trade fairs and exhibitions and section 3.4 on evaluation and follow up.

2.2. Trade Fairs and Exhibitions

This section deals with trade fairs and exhibitions which represent some of the possibilities for international trade promotion. Among other possibilities are trade delegations which are more time consuming for the chamber and therefore should be embarked on only if the target market is showing a huge potential.

Furthermore it should be mentioned that this section will not cover all relevant areas of consideration when participating in trade fairs or exhibitions. This section will focus on important areas to consider when *participating* in a trade fair or an exhibition only. The chapter is divided into four sub chapters

assessment phase

planning phase

implementation phase

evaluation phase.

The first chapter treats the considerations that should be done before starting the actual planning of participating in a trade fair. The planning phase addresses the challenges that chambers face when they are doing the actual planning of participating in a trade fair. The implementation phase deals with questions that arise in connection to the actual activity of participating in a trade fair. Finally, the evaluation phase suggests ways to assess whether the participation in a trade fair has been a success and which areas could be improved for the next event.

Before treating these four main steps connected to participation in a trade fair, the next section addresses the question of why companies should take part in trade fairs and exhibitions.

2.2.1. Why take part in trade fairs and exhibitions

Among the different international trade promotion activities, participation in trade fairs is perhaps the least demanding activity. Compared to e.g. arranging a trade mission, participation in trade fairs is less demanding for your chamber. The main challenge related to participation in trade fairs is "roughly said" to pick the right trade fair to the right members. Furthermore it is also of great importance that the logistics and the practical arrangements are all planned well in advance.

Companies participating in trade fairs will have the opportunity to take advantage of the following:

- They will have the opportunity to show their products and services to a large audience with specific interest in the specific sector
- They will have the opportunity to network with potential customers
- They will have the opportunity to benchmark their products and services towards their competitors

Therefore participation in trade fairs is a good and cost efficient way to market products and services towards a large audience.

2.2.2. Assessment phase

Before selecting which trade fair to participate in, it is advisable to address a few relevant questions. These are the following:

Which member segment should be the target group for the trade fair?

When deciding which group of members should be targeted for participation in a trade fair, it is important to consider which group needs most help. Furthermore, it should be considered in what way the participation in a trade fair can assist the group in question. It is not sufficient to be in need of assistance, there should be strong indications that the assistance will create substantial impact on the participating companies. Apart from considerations regarding the need and potential for impact, it should be considered which strategic openings are present. There should be a window of opportunity for the selected sector. This will depend on developments in the world markets etc.

Which products are in demand in the target country/countries?

If the participation in a trade fair is planned with point of departure in a specific country or area, in depth research should be conducted regarding the demand situation. Furthermore, it is important to consider the competitiveness of the member companies' products. If the members' products are considered competitive in the specific country or countries, the production capacity should be considered. Are the members able to supply the potential quantity in demand?

Access questions:

Possible barriers for access to the markets should be taken into consideration. Access questions relates to hygiene standards in the target country, tax and duties, political considerations, quality standards, quota barriers and conformity. Is it realistic that the members' products can be approved and certified in the target country or countries?

Key selling points:

In the assessment phase it is important to reflect on key competencies and selling points in relation to the target country. Key selling points should be presented in a brief manner giving the potential contacts/customers a quick and efficient opportunity to assess the possibilities within a future cooperation.

2.2.3. Planning phase

In order to be able to assess the impact of the participation in a trade fair, it is crucial to set up indicators for success. These indicators should be SMART (Specific, Measurable, Accurate, Realistic and Time Bound). Such indicators can be divided into two groups:

BMO performance:

Number of members assisted
Level of satisfaction among participants
Efficiency (cost pr. company assisted)

Company performance:

Number of contacts
Number of contacts with potential for future cooperation.

Other targets can be formulated, but the above mentioned are very crucial to the success of any trade promotion activity.

Fact finding trip:

Information regarding local conditions can be collected through use of counterpart organisations and web search. However, it is recommended to undertake a fact finding trip prior to the delegation visit in order to be properly prepared. This trip should help collect information on issues which are difficult to access through other information sources. This could be airport facilities and other conditions important to a successful trade promotion activity.

Budget planning:

It is imperative that the BMO does not suffer any loss or deficit in the facilitation of participation in a trade fair. Therefore, the following finance avenues could be considered:

Possibilities for discount should be explored. There can be considerable savings related to group discounts. Furthermore, some trade fairs have a policy that rewards participators who register early.

The BMO should charge the participants the full price for the booth space and an additional amount for construction of the booth/pavilion.

Discounts can be obtained through collective travel booking and hotel accommodation.

In general different funding opportunities should be considered. These funding opportunities can be accessed through support from export promoting departments. Therefore, it is important to know the possibilities for support from such agencies prior to organising international trade promotion activities.

Setting up a committee:

The planning and implementation of participation in a trade fair is a demanding task which requires staff capacity within the chamber. Therefore, it is important to reflect on the benefits of setting up a steering committee who coordinates the activity. Alternatively, a staff within the chamber can be assigned with the task. However, if the chamber is experiencing difficulties in dedicating the sufficient resources, members could be used as extra resources.

In general, it is recommended that the chamber dedicates a staff resource to the planning and implementation of trade promotion activities. It can, though, be recommended to set up a committee to assist the chamber staff. The advantage of this set-up is involvement of the members. Therefore, there are better chances that members will get the kind of trade promotion activities they want. The committee should be carrying out the following tasks:

- Recruiting participants to the trade fair
- Advising participants on general topics relevant to the trade fair
- Planning and implementing the support activities such as a seminar or business reception
- Approaching relevant authorities such as the Trade or Export Promotion Department for funding support
- Organising the travel and accommodation for the group
- Planning the promotion activities for the group
- Contributing ideas to the theme of the trade promotion activity e.g. design of the pavilion.

Planning support activities:

Participation in trade fairs is usually very costly, and therefore every effort should be made to insure that the activities have the highest impact possible. Therefore, side activities are generally a good idea which support the main event.

One way to maximise the impact of participation in a trade fair is through finding a counterpart organisation in the country where the activities are targeted. The counterpart organisation can assist with finding relevant companies to visit and contribute with knowledge regarding the local market etc.

Sales & Presentation materials:

To have the optimal impact, participation in a trade fair should be supported by a portfolio of informative materials. When planning participation in a trade fair, it should be considered to develop a brochure that presents all the participating companies.

To create an impression of the visiting companies, it is a good idea to enclose a picture of the companies' representatives. This makes it easier for the companies in the target country to relate to the visitors. Furthermore it is advisable to bring along price lists, business cards and other sales literature which can be handed out to interested companies. If the size of the products allows the delegation should bring along samples of their products. It is also recommended to bring posters, order forms, visitor books etc.

2.2.4. Implementation phase

When the right companies have been contacted and the "right" trade fair has been selected the next and very important step is the actual performance on the trade fair. In general the success of participation in a trade fair depends on three things:

- The competitiveness of the products
- The ability of the representatives at the booth to attract attention
- The design and location of the booth

Competitiveness of the products:

A basic condition for success is that the companies' products are attractive to the potential buyers in the target country. Therefore, it is important to assess this before even starting the planning. The more in depth research undertaken before the fair the higher are the probabilities for success.

The ability to attract attention:

The importance of attractive products which can meet a demand in the target country must not be underestimated. If the representatives are not able to attract positive attention to the booth, accordingly the results will be poor.

In order to attract positive attention, the following guidelines can be observed:

- Smile and get eye contact if you want to help
- Avoid "I don't care" body language
- Place your name batch visible
- Offer brochures and sales materials to serious visitors
- Be outgoing and show initiative
- Ask open questions (avoid yes and no questions)

Besides these guidelines, it is important to be aware of the cultural barriers which often exist between the different markets. In some cultures it can be perceived as a sign of reluctance if you are not outgoing and alert. Whereas other cultures are characterised by different habits and rituals. Therefore, it is advisable to give attention to the cultural setting in which the trade promotion activity takes place.

Finally, language skills are a critical factor for success. Good English skills are imperative in order to navigate in the international business community. It is not necessary to achieve fluency in English, but better language skills leads to better and easier communication. If the participating companies are represented by persons with poor language skills, this should be compensated for by assistance of

an interpreter. This will prevent costly misunderstandings, and furthermore the interpreter will often possess knowledge on cultural traits that are important in order to make a good impression.

The design and location of the booth:

The design of the booth is important because it is the exhibitors' primary means of communicating with the visitors. If the booth signals professionalism and quality, this will be projected to the products of the participating companies. Opposite, if the booth is poorly designed and lacks international appeal the visitor will avoid it, unless he or she has some prior knowledge of the companies represented.

The location of the booth is also important. The booth should be placed close to the main walks, which might ensure a high flow of potential visitors. If the booth is placed at the back of the fair, only a small number of visitors will come by and fewer contacts will be established. Early registration can often make it easier to pick a "hot spot" and savings can be made.

2.2.5. Evaluation phase

The more carefully trade promotion activities are prepared, the lower the risk for costly mistakes. However, some things will eventually go wrong. Therefore, it is important to conduct a systematic evaluation of the activities. Additionally, it is also crucial to learn which approaches will work out.

In general, the main idea is to focus on the good and the bad things when evaluating participation in a trade fair. In this connection, it can be suggested to conduct the evaluation on different levels. This approach might consume a little more time than a superficial evaluation. This expense is, however, retrieved in valuable information on how not to do the next time, and which components to reinforce.

The evaluation should take point of departure in the predefined objectives for the trade promotion activity. It is important that the evaluation not only establish if the objectives have been met. The evaluation should also give explanations as to why some objectives have been met and others not.

The main objective of any trade promotion activity is to create export opportunities for the participating companies. Therefore, it is advisable to distribute a short questionnaire to the participators upon the conclusion of the trade promotion activity. This questionnaire should address central issues in relation the activity.

The evaluation should give the organisers a good impression of the participating companies' general benefit of the activity. When evaluating, one should be aware that the immediate impression often is of a positive nature. This is due to the fact the participants have had an interesting travel experience, which might lead to a positive attitude. When the initial enthusiasm has faded away, the participators might be more focused on the concrete output of the activities.

Therefore, it is advisable to divide the evaluation into a two-step process. A first step conducted upon return, focusing on the immediate satisfaction regarding the activity. A second step conducted one month after returning, focusing on the value of the contacts made. This evaluation procedure should take into account the different aspects of the participation thereby creating a differentiated picture of the output of the activity.

2.3. Trade and Investment Information, Business Contacts

When a company embarks on selling its products and services to customers on foreign markets it is essential to have access to the relevant information on potential buyers.

Depending on the companies' capacity it can be a demanding task to obtain access to the relevant information. Therefore chambers have an important role in providing easy accessible and relevant information on trade and investment related issues.

Trade and investment information can broadly be defined as information that enables the companies to market and sell its products primarily on markets outside the domestic area of the company. Trade information typically refers to the following types of information:

- information on government and trade policies and procedures
- product-related information
- market-related information
- technology-related information

Below each of these areas will be treated separately in depth.

2.3.1. Information on government and trade policies and procedures:

When a company embarks on selling its products to a foreign market it is extremely important to have information on the rules and procedures that govern the market. As rules differ from one market to another it can be a difficult task for the individual company to keep track of rules and procedures on different markets. Therefore, chambers can provide this service to companies. This is a good selling point for the chamber and provides an important service to the members.

2.3.2. Product-related information:

This area of information is also of great importance to companies. It is closely connected to the information on trade information on government and trade policies and procedures. However, this type of information should be more focused on the special rules and conditions under which specific products can be marketed, distributed and sold in specific countries. There will often be differing rules from one country to another regarding special requirements for products. Chambers should be able to advise members on how best to market, distribute and sell a number of products on the most important export markets.

2.3.3. Market-related information:

Before a company decides to enter a specific market it is of great importance to have access to detailed information on market segments, buying behaviour, cultural norms etc. in order to be successful. Small and medium sized companies who do not have the in house capacity to gather and analyse this kind of information will often contract a private consulting company to perform this task. However, consultants are often very expensive to use. Therefore chambers can play a role in this information gathering and analysing process saving the companies from costs related to this area of information gathering.

2.3.4. Technology-related information:

If companies have to stay competitive they will often have to rely on the latest developments within production equipment, distribution systems and marketing techniques. Again, the individual company will experience difficulties in performing the task of keeping up-to-date on all relevant areas. This could be changes or new developments within the production process such as lean manufacturing. It could be developments in marketing techniques that will ease the job of marketing the company's products. Surveillance of this type of information can successfully be performed by chambers.

2.3.5. Investment information:

Sometimes companies are need of additional capital in order to start up activities on foreign markets. This can be in the form of publicly available support programmes or export supporting schemes financed by the government. It can also be in the form of access to private funding from investors. Finally it can be in the form of access to information and possibilities in connection with joint ventures or merger & acquisition activities. This information can be provided by chambers due to their knowledge on the area. If a company wants a partner on a foreign market the company should be able to obtain that information from a chamber that can utilise its contacts to others chambers.

Most small and medium size companies do not have the capacity to monitor and track information concerning government subsidies related to foreign economic cooperation. Chamber can with success collect this kind of information and provide it to the members.

2.4. Training for Members

2.4.1. Training in how to act on a trade fair:

When companies participate in trade fairs it is of great importance that the people representing the companies know how to act in such an environment. If the company is represented by a group of people who are not accustomed to representing and interacting with people it can have a very negative effect on the overall result in the trade fair participation. Some people are by nature very outgoing and extrovert whereas others are more shy and introvert. Therefore it is in the first place important to select the right type of persons to participate in a trade fair.

Furthermore there are certain basic skills that can be learned. Therefore chambers can as a part of the initial phases of planning phase provide training sessions on how to behave on a trade fair. The content can both be targeted at general interpersonal behaviour but it can also provide input on how to behave in the specific cultural surroundings where the trade fair is going to take place. An example of cultural differences is how businessmen exchange business cards. In some cultures this is considered a ceremony that can last up to several minutes whereas in other cultures there is a more relaxed approach. Knowing how to behave in different cultures is of great importance when embarking on international trade promotion activities. Therefore training sessions on this area is a very good service that chambers can provide.

2.4.2. Critical factors for success in...

Following the special focus on how to behave on a trade fair in a foreign country more general introductions can be provided to the members. A good example of this kind of training is seminars on critical factors for success in different important markets.

The philosophy behind this type seminars is based on a simple question: How to enable business professionals to make a more successful business in foreign countries? The main scope is to let seasoned and recognized scholars and experienced business executives provide the participants with information and tools that directly can be applied in their daily business operations. Among the topics to be covered in critical factors for success seminars are:

- Economic facts
- Trends
- Political developments
- Predictions for the future
- Other major events influencing the business climate.

2.4.3. Networks:

Finally chambers can facilitate networking activities among business people with interest in the same geographic area. It is often a good idea to provide networking opportunities for companies that have an interest in the same geographic area. Networks will allow the participating companies to share experiences and exchange knowledge on different areas of relevance.

Networks can be facilitated both physically and virtually or in a combination. Using specially developed software it is possible to develop virtual networks where information can be exchanged, discussions can be facilitated and calendar functions can be maintained to show when the next interesting event will take place.

A good thing about networking services is that the costs related to providing the service is very low. Often one employee can administer several networks with a large number of members.

3. ORGANISATION AND IMPLEMENTATION OF TRAINING COURSES

3.1. Developing a Training Programme

3.1.1. Assessment of Needs

It is the purpose of all workshops, to satisfy efficiently the requested information and training needs of local enterprises. Therefore assessment of needs should be the first step when developing a training program.

There are different ways to conduct a needs assessment. The work can be done by the chamber staff itself, that is in contact with the member enterprises anyhow. It should be documented in a small written report summarising the instruments used and the identified results. In principle, the following instruments can be applied for conducting a demand-side analysis:

1. Visit to enterprises

The most intensive form of demand-side analysis has the advantage that the needs of member enterprises can be evaluated in a more first-hand manner. Sending own staff to visit member enterprises also will increase the feasibility of the chamber and will be appreciated very much by the members. However, this instrument is very costly as much time has to be invested and travel costs might be considerable.

2. Questionnaire for (new) members

A very frequently used instrument is a standardized questionnaire. Demand-side analysis should begin as soon as a new member joins. Each enterprise registering as a new member should receive a questionnaire on its expectations regarding service delivery. Every event, in which many enterprises participate, should be used to poll the needs of members. Another possibility is to send a questionnaire by post. When doing so, an additional cover letter containing further explanations should be enclosed. It should point out that this survey serves the preparation of a workshop for enterprises. A deadline for returning the questionnaires should be mentioned. The chamber shall not expect a very high rate of return (max. 20-30 %). A well-drafted questionnaire or registration form permits the chamber to gain important information. Therefore before using a questionnaire for collecting information following prerequisites should be fulfilled:

questionnaire must be easy to read and complete and should therefore be no longer than two pages so that it does not take more than 5-10 minutes to fill it in. Otherwise, respondents may not be willing to answer all questions.

for evaluation purposes, it must provide a way to categorize members by sector, region, size of enterprise and other factors, so that the type of services offered can be adjusted accordingly.

thirdly, about a half of the space of the questionnaire should be dedicated to the expectations and needs of the new members.

After the survey has been carried out, the analysis report consists of two parts. The first, statistical one may include the following points:

how many persons have been asked
how many answered
percentage of answers to each question

The second part includes the analysis with conclusions. Within this part the topics and problems mentioned by the members are listed and evaluated. It is described briefly what kind of requirements are placed on the training workshop. The results of the assessment of needs determine the choice of topics, experts and the elements of the workshop.

3.1.2. Selection of Topics

Based on the results of the conducted needs assessment it will be possible to decide which training courses should be offered and what should be their contents. It is recommended not to start with many new training workshops at once. The chamber should concentrate on one to three new trainings based on the following criteria:

- income potential for the chamber/association (short-term, long-term)
- usefulness to members
- resources required (capital, know-how, personnel)
- degree of competition
- interrelationships with other services

The following decision-making grid may be used in discussing a focusing strategy based on these criteria:

The more a decision-making factor applies to the new service under consideration (A-D), the higher number of points (1-10) is awarded.

Naturally, certain details of the grid may need to be adjusted to account for the conditions of each chamber/association. This is especially true for the weighting of decision-making factors. Nevertheless, various consultancy projects have shown that this decision-making grid can structure, and considerably shorten, the difficult discussion process on the introduction of a new service.

There are a number of methods for implementing this step of service prioritization, e.g. a one-day workshop attended by various chamber staff as well as entrepreneurs serving as elected officers. A positive side effect is that a dialogue between professional and elected officers is held or intensified. The design of such "prioritization workshop" could look as follows:

- 10 participants
- 6 professional staff from various sections/departments
- 4 elected officers
- duration: 1 day
- venue: external, i.e. not at chamber premises
- general agenda:
 - presentation of results of the status-quo analysis
 - presentation of all available information from demand-side analyses
 - discussion of the prioritization strategy

3.1.3. Staffing and Expertise

The selection of trainers is of course an important success factor for introducing and establishing this type of service. The trainer must be able to present the respective seminar topic in a credible and competent manner. The following persons may be considered as trainers:

- self-employed consultants
- managerial-level employees of large enterprises
- entrepreneurs
- university professors and lecturers
- top-level ministerial staff
- managerial-level staff of public agencies and institutes
- chamber/association staff

Practitioners from the relevant field are ideal trainers for the type of practical, implementation-oriented seminars. As a rule, however, this desire for quality conflicts with the (honorarium) expectations of the prospective trainers. But there are innovative solutions which have been tried and proven in practice:

if one plans to hire an entrepreneur as a trainer, the honorarium (all or at least part of it) can be credited towards other services provided by the chamber.

entrepreneurs will often be willing to provide seminar lectures free of charge if they can promote their enterprises during the seminar – in a manner to be agreed upon in advance.

special arrangements with modest honoraria can usually be made with trainers from ministries or other leading national organizations.

The build-up of internal know-how aims to reach the point at which seminars can be conducted by the staff of the chamber rather than external consultants. This entails several advantages:

- the chamber is perceived to an even greater degree as a “know-how institution”, meaning an increase in prestige.
- there is no need to pay the trainer’s honorarium, usually one of the largest cost factors.
- thirdly, the motivational aspect for the staff members who become qualified trainers should not be underestimated. At the end of the day, the “train-the-trainer” principle is also a job enrichment tool, i.e. a way to qualitatively enhance a position and the demands placed on it. In this respect one may also consider innovative salary solutions: for example, a staff member who, in addition to his/her main function, becomes a qualified trainer for a certain seminar topic, may be paid a variable salary component – whose amount will depend on the success of the seminar.

For the practical implementation of the “train-the-trainer” principle the following steps are recommended:

discussion between the chamber management and staff who may be considered for a trainer function, as well as determination of the seminar topics.

workshops with the selected staff and the relevant external trainers in order to coordinate the concrete contents of the seminars and to take a “first tour” of an overall topic.

conduct of the seminar: a seminar should be conducted by an external trainer three times before the chamber staff take on this role independently. Naturally this may vary according to the type and complexity of the seminar topic.

3.1.4. Pricing

1. Cost estimates

The first step of the introductory phase is to estimate the costs that will be incurred as a result of introducing the new service. In general the following cost types need to be considered:

staff costs: The chamber has to analyze its own staff resources needed for implementation of the workshop. The introduction of the workshop may require hiring of additional staff.

consultancy costs: Introduction of the workshop may require the assistance of an external consultant (e.g. for market research).

marketing costs: This cost type encompasses the costs of marketing activities conducted specifically to promote the workshop (mailings, press conference, press releases).

equipment costs: These also encompass acquisitions such as additional PCs, special literature etc.

communication costs: phone, fax, etc.

2. Calculating seminar fees

Chambers frequently charge too little for their seminars. The reason for doing so is the concern that higher fees mean fewer participants. However there are three main arguments against cut-rate offers:

- low rates mean that only a small portion of the organizational costs are covered. As a consequence, the seminar service will at some point have to be discontinued, unless high proceeds are earned from other incomes.
- practical and transfer seminars in particular have a concrete, “hands-on” utility for participants; this justifies an appropriate seminar fee.
- often, people conclude that low seminar fee must mean poor content (“If it is cheap, it can not be good”).

On the other hand, participation in seminars should never present a real financial burden for the enterprises. The seminar fee should be derived from clean and systematic calculation. Initially, the deciding issue is not whether a seminar makes a certain profit or “only” aims at cost recovery of 100% or less – precise calculation is always necessary. It should be conducted along the following lines:

- the calculation must be made on full-cost basis. Particular the staff cost linked to this type of service are often neglected as “anyway costs” and not included in the calculation because the respective staff “is there anyway”. To make things perfectly clear: if the chamber cannot earn its staff costs by its attractive services, the point will come at which staff is no longer “there anyway”!
- labour costs are calculated by using a simple formula: gross annual salary/(200 working days x 8hours) = labour costs per hour.
- the follow-up phase must be included in the calculation. Apart from communication costs, this primarily includes labour costs.
- in a full-cost calculation, overhead costs which cannot be directly attributed (e.g. electricity) must also be considered. At least 10% should be assessed for these costs.
- depreciation of chamber equipment, which reflects loss of the value of these items over the time, is in most cases not considerable.

3.2. Preparation of Training Courses

3.2.1. Timeframe, Venue, Accommodation and Infrastructure

1. Timeframe

It is recommended to fix the timeframe for the workshop as well as its duration well in advance. This timeframe should neither coincide with vacation/holiday periods nor with other important regional events. It is recommended to start well ahead of the planned date. Especially when chamber starts a new programme, it will have to plan for adjustments, finding the right speaker, selecting venue, making budgets, etc. Therefore it should start planning five to six months before the actual workshop date.

2. Venue

A suitable venue with professional service, good food and high class facilities are highly recommended. Professional surroundings will make a good impression on the participants and thus help to set the scene for a serious workshop. If workshops are lasting several days participants and experts should be accommodated close to the workshop building. The choice of workshop-buildings should comply with local conditions, but the following criteria should be considered:

- appropriate big function room
- at least two smaller conference rooms (for sub-workshops)

- a quiet building/no external interruptions
- entrepreneurs, experts and other participants should be accommodated in the same building or at least close by
- appropriate catering should be possible within the house
- adequate cost/performance ratio

A lot of workshops are carried out in hotels. Hotels will quite often be a good way to ensure the right service and with seminars longer than one day this will also solve needs for accommodation and food. Normally it is possible to negotiate an all-inclusive price per diem.

3. Infrastructure

All workshop and conference rooms should be shielded to be prevented from any external interruptions. In order to make use of overhead projectors, it should be possible to darken the main function room and it must be ensured that the view of all participants is not affected by any pillars or other obstacles. When evaluating the location it should be taken into consideration that the room is equipped with enough tables and chairs, where participants can sit comfortably the whole day.

In general the following equipment is expected in the location:

- big projection screen
- white board with markers in different colours
- microphone equipment with at least two cable-less micros
- flip chart
- computer/laptop
- multimedia projector
- an overhead projector

3.2.2. Advertising and Invitation of Participants

The marketing plan is a very critical element when implementing a new service as it makes the new service known to potential clients. The marketing plan outlines the specific actions the chamber intends to carry out in order to get potential clients interested in the service and to persuade them to buy or use it. The time and money needed to market seminars are often underestimated. As a rule of thumb, about 15 – 20% of overall work time available of the chamber for training should be devoted to marketing.

The marketing plan should at least consist of the following sections:

1. Marketing objective

The first step in developing a marketing plan is to create a specific marketing objective by asking the question: What do you want your promotion efforts to do for you? A marketing objective should always lead to sales and clients. If not, different objectives have to be set out. The objectives should

be clear
 be measurable and
 have a stated time frame for achievement

2. Product and unique selling proposition

This part of the marketing plan defines the service, the uniqueness of the product and how the customer will benefit from using the service which the chamber is offering. The chamber should elaborate a precise description of the workshop offered and how this workshop differs from similar workshops offered by other organizations. Furthermore, the chamber should be able to define how a company will benefit from the workshop if it takes part in and makes use of it.

3. Target group

Identifying the target groups and orienting marketing activities towards this group are a crucial element of any marketing plan. A lack of orientation on a specific target group might cause unsatisfying results in attracting enough clients. Basically, a chamber can identify 3 different target groups:

- member companies: Member companies will usually be the most important target group.
- non-member companies: Workshops offered for free should only be given to member companies. However, fee-based workshops should also be offered to non-member companies. This can have a positive impact on the income generated by the service and can also attract new members. It is important to make a difference in rates for members and non-members. The latter should pay 50 to 100 % more creating a clear incentive towards membership.
- individual employees: Apart from companies certain groups of employees of companies can also be a target group of marketing efforts, e.g. finance officers for training on book-keeping, lawyers for legal advisory service, export managers for foreign trade services. However, establishment of contacts to individual employees is relatively costly and should only be made in very specific cases.

4. Pricing strategy

The pricing strategy determines the fee which the chamber will charge for the workshop. The first step of defining a price strategy is to estimate the costs that will be incurred as a result of introducing the new workshop (compare section 3.1.4). Once the cost-covering fee has been calculated, the chamber/association has four different options with regard to setting the price:

- As non-profit organization it can charge a cost-covering fee without earning any profit.
- it adds a reasonable profit (10-15 %) to the cost-covering price. This will help to build its reserves.
- it can charge a non-cost covering fee and decide to cross-subsidize its service from other sources of income like membership fees. In this case the chamber must make sure that it can count on such other sources of income.
- it offers the service for free. Again, the chamber must make sure that it has other sources of income in order to cover the costs of the workshop.

Finally, the chamber should compare its fee with the fees charged for the same service by other organizations/competitors. In case the chamber cannot compete with these other organizations it will have to cut down its costs in order to offer the service at a lower price or take the decision not to enter the market.

5. Advertising and promotion plan

Essentially the advertising and promotion plan describes how a chamber is going to communicate with its prospective customers. Promotion instruments vary according to target groups. For member companies the following instruments may be applied:

- telephone promotion
- direct mailings through personalized letters or e-mails with follow-up
- promotion at own events of the chamber
- reports and previews in chamber magazines/newsletters and other publications
- company visits

Under all circumstances, a data base of member companies should be established for this purpose.

For non-member companies and other target groups the following instruments may be considered:

- mailings to multipliers, e.g. other associations, public promotion agencies, ministries
- advertisements in local newspapers
- local radio or TV programmes
- own website
- local trade exhibitions

3.2.3. Participants

From a pedagogic point of view, the absolute minimum number of participants needed to create interaction, discussions and to bring in experience is 8 persons. In general, it is recommended to have 12 participants as a minimum; this will create a better financial base for the costs related to the workshop. The maximum 30 participants. Workshops with more than 30 participants limit the opportunity to work with individual questions, experiences and concrete problems. Furthermore, it will be difficult to ensure involvement of all participants.

If more than 30 participants register, the chamber will have to decide either to offer the workshop again at a later date or to design the workshop with parallel sessions during the same workshop.

3.2.4. Training Methods

The use of particular workshop elements depends on topic, participants and resource persons/trainers involved. In almost all workshops the following elements are applied:

- presentations
- panel discussions
- discussion of the working groups
- questionnaire

The more different elements are applied, the more interesting the workshop will be, but it is important that the balance between active and passive elements is assured. If the elements are changed frequently, it should also be borne in mind that a frequent change of the seating may be necessary.

3.2.5. Trainer, Resource Persons, Moderators

1. Trainer

It is essential to draw up an individual job profile for all trainers. It has to be based on the results of the assessment of needs. Every expert must prove his/her knowledge of the workshop topic by his/her previous works or presentations.

2. Resource persons

The involvement of business professionals constitutes the opportunity to provide the participants with hands-on experience, insight into actual problems, challenges and pitfalls. They are crucial for making the workshop a good experience, because the participants can directly identify themselves with the business professionals. It is also a good way to provide practical experiences.

3. Moderator

A good moderator is essential for the success of bigger workshops. Beside excellent moderating skills he should have a good knowledge of the workshop topic. Tasks of a moderator include:

- concise introduction into the topic
- moderation of panel discussions
- visual evaluation/analysis/utilization of the course and results of the discussion
- support of the moderators of small groups' discussions
- preparation, linkage and visual evaluation/interpretation of role plays
- preparation, linkage and visual evaluation/interpretation of questionnaire
- preparation of a report after the end of the workshop

3.2.6. Preparation of Training Materials

For the workshop the participants should be provided with a binder that can be used as a tool. It should at least consist of the following:

- workshop programme
- list of participants with contact details (e-mail, phone etc.)
- a copy of all slides
- background material for further studies (financial reports, analysis, copies of articles and other relevant material)
- dos and don'ts as a help for the participants to avoid basic mistakes
- a plastic holder for business cards
- note paper
- pen

For ensuring the higher quality of the workshop further services should be provided: name tags for participants and speakers

- name signs to be placed on the table
- tape for hanging up flipcharts
- blank overhead slides for participants exercises
- extra note paper
- promotion material for other events
- copies of handouts and group exercises

3.3. Implementation of Training Courses

3.3.1. Preparatory Meeting with Trainers and Resource Persons

Resource persons and trainers usually meet a day prior to the beginning of the workshop. It is recommended to thoroughly discuss with them all details of the workshop and the agenda and to show them the workshop rooms. A reception of participants with a reception desk in the event-building should be organised. The participants will get their name tags and important documents concerning the workshop.

3.3.2. Opening and Introduction

For the workshop opening the chamber can invite representatives of the local government and the business community as well as the local press. The opening is usually moderated by an executive manager of the chamber. The President or the Vice-President of the chamber officially welcomes all participants, the experts as well as the press and shortly introduces important local persons among the participants. He then hands over moderation to the moderator/trainer who points out the purpose and highlights of the workshop and introduces briefly and concisely into the topic. The opening should not take longer than 30 minutes.

3.3.3. Presentations

The presentations of resource persons consist normally of a prepared, but free kept lecture, which is visually supported through overhead slides or computer presentations. It is the choice of the experts if and when to allow interposed questions.

In order to support an open workshop atmosphere an open seating is recommended, which also enhances the participants' involvement in the following question and discussion part. After every presentation there should be enough time for questions from the participants.

3.3.4. Panel Discussions

Panel discussions are moderated conversations between experts and other panel participants about a specific topic. The other workshop participants are primarily audience, but they may ask questions or make a comment. Panel discussions are well suited for workshop elements, if panel participants have different positions concerning the workshop subject.

3.3.5. Working Groups

Working groups are suitable instruments to facilitate an active participation of participants and a direct exchange of experiences. At the beginning of the workshop the participants are given the topics of each working group so that they can consider in which of the topics they are most interested in. If the interest in the topics is

unequally shared, then two groups which will deal with the same topic can be formed. Each working group consists of the following persons:

- a working group moderator
- a working group commentator
- an expert
- at least 5, maximum 10 participants

It is the task of the moderator to get the discussion going and to keep it focused on the topic. The commentator does not have to take part in the discussion, he has to note the course and the result of the discussion and he has to present these findings in the panel. All the working group moderators and commentators will be informed about their tasks. After finishing the working group session, the results should be presented and discussed in the panel.

3.3.6. Role Plays

In the framework of a role play a given situation from the subject area will be acted out exemplarily by two to four participants. The rest of the participants are grouped and involved in the preparations of the role play. After the role play has finished the course and the results are analysed. Examples:

- negotiation between a Chinese seller and the EU buyer.
- a job interview between an entrepreneur and an applicant for the position of a marketing director.

In due time before starting the role play written instructions should be prepared for the role players. The role players are chosen by the moderator. When the role play begins, it is the task of the moderator to describe the purpose and course and to split up the participants in groups so that each group can support the player in preparing his strategy. It is important that the groups only know their own instructions and that except for the moderator nobody else listens to the discussions of the individual groups.

At least 30 minutes should be planned for the introduction and discussion of the strategy. For the role play, which takes place in the plenum, 20 – 45 minutes are needed. Afterwards a joint analysis/evaluation is done. Initially every role player outlines his own impression before other participants also get the possibility to comment the role play. The moderator collects all statements and presents them visually. At the end as the outcome the joint strategy is developed.

For the participants such a role play offers an excellent opportunity to apply the information gained and to clarify all existing questions concerning the interrelation between theory and practice.

3.3.7. Field Visits

Field visits are collective excursions of workshop participants. They can significantly contribute to reaching the workshop objective. They last at least half day. Field visits are mainly focused on visiting companies where their situation regarding the workshop topic is presented and evaluated by the expert group. Visiting authorities and associations specialized in the workshop topic can constitute other options for field visits but generally the presentation of an authority/association representative held at the workshop venue is mostly more efficient.

Sightseeing tours do not count for field visits and therefore form no part of workshops. Of course the chamber is free in offering such trips for participants before or after the workshop.

3.3.8. List of Participants, Training Certificates

Before starting with the workshop the chamber should prepare a list of participants with the names of registered companies and persons. One blank column next to the one with the names should be left for participants to confirm their presence with signature. For not registered, additional participants there should be few blank lines kept. It is recommended to sort names alphabetically according to Pinyin transcription or according to the number of character strokes so that no problem arises as when sorting them according to rank and importance. The list of participants is given to participants for signing on the first workshop day.

The chamber should issue certificates, on which the attendance is proved. Certificates should be additionally endorsed with a stamp by the chamber. Training certificates are normally handed over to every participant at the closing ceremony.

3.3.9. Summary and Closing

Workshops are ended with a short closing ceremony at which the President or Vice President of the chamber holds a speech and the training certificates are handed over. The ceremony takes place normally right after the workshop evaluation and lasts no more than 15 minutes.

3.4 Evaluation and Follow up

3.4.1 Documentation and Evaluation

Chambers/associations usually spend far too little time on monitoring and evaluation when developing a new service. A systematic evaluation is often neglected during day-to-day operation, even though this is highly significant for the quality of the future range of services and income development.

Therefore at the end of the workshop the chamber shall strive to obtain the feedback from participants on the usefulness and the impact of the workshop. Successful evaluation requires good information. The following evaluation tools have proven useful in practice:

questionnaires are the most common technique to collect feedback from participants. In order to save time and resources it is recommended to use standardized questionnaires. They should always be distributed directly at the end of the workshop, otherwise the number of filled in and returned questionnaires will be very low. Besides rating of every aspect of the workshop, questionnaires shall be designed in such a way (using open questions) that they allow participants to come up with suggestions for improvements and ideas for indicating topics for future workshops they would be interested in. (See questionnaire on Workshop Evaluation in Annex B). The participants shall also be given the opportunity to express and discuss their satisfaction or dissatisfaction with the workshop. But this shall be done only after questionnaires have been collected in order not to influence opinions of other participants.

interviews about the usefulness and the impact of the workshop can be the most effective method of evaluation. An interview can be structured or open – the results of the former may be more consistent while the latter may be more revealing. However, doing interviews is relatively time-consuming and costly in comparison with standardized questionnaires.

An analysis of evaluation is one of the best sources of knowledge about the individual parts of the workshop bringing the chamber valuable ideas for further improvements of workshop services. Simultaneously, the analysis offers an opportunity for another demand side-analysis, namely when participants were asked about other useful seminar contents and topics.

3.4.2 Public Relations

The chamber should organise a press conference and/or prepare a press release in order to make use of the workshop for its public relations work. Furthermore, an article in the chamber's newsletter and/or the publication should be published after each workshop. It will demonstrate the members that the chamber is taking care of their needs. For reference all reports and interviews about the workshop presented in local television and radio stations shall be listed with the name of the station and the date of broadcasting.

3.4.3 Follow up

It is obviously a good idea to use the workshop as a source for the chamber database especially if the chamber asks participants about other topics of interest. Questions that should be answered:

- what went well
- what to improve
- what to adjust
- suggestions for new topics to be covered in upcoming workshops

About four to six weeks after the workshop the participants should receive correspondence from the chamber referring back to the seminar. An example would be to send a recent newspaper or journal article dealing with the topic addressed by the seminar. This can be seen as an element of a modern customer cultivation strategy: customers – workshop participants – notice that the chamber cares about them and takes their concerns seriously. This increases the likelihood that they will participate in a seminar again.

ANNEX A

**Training Materials/Presentations of the 3 Jiangsu Chamber
Trainers Developed by the Project**

THE PROCEDURES AND POINTS OF ATTENTION FOR GROUPS GOING ABROAD

Li Bo, Dept. of Liaison, Jiangsu Provincial Federation of Industry and Commerce

With the developing trend of the world economic integration and the deepening of our country's opening to the outside world, communicating and exchanges with countries all over the world are increasing in recent years. Enterprises have much more needs to 'step outside' and pursue cooperation in foreign countries. Therefore, developing international markets, seeking cooperation and development, and helping our member enterprises go abroad is the duty and responsibility of the Association's staff members who are engaged in economic liaison. Then, how to 'step outside'? How to go through the procedures? What I want to discuss with you today is how to organize groups of different kinds to go abroad.

Generally speaking, there are four phases of the organization work. Here are the details of each phase.

A) THE FIRST PHASE (PREPARATION AND PLANNING PHASE) MUST BE STARTED THREE MONTHS AHEAD OF TIME. TWO TASKS MUST BE COMPLETED DURING THIS PERIOD.

1. CONFIRMING THE AIM AND PLAN OF GOING ABROAD

1.1. The type and size of a group

The type of the group and the number of visiting members should be decided by the actual aim of the visit and the operating plans should be practical.

1.2. A brief introduction of three kinds of groups

- Economic and commercial investigation group (also called commercial investigation group)

The group members are from government departments and enterprises. Their trades should not be too diversifying. It's better if they come from the same industry or not more than two industries. This is convenient to organize investigation group going abroad. The number of delegates in a visiting group should be more than 10 and not less than 20.

- Commercial exhibition attending group

The group members are mainly from enterprises and their visiting aim is to attend all kinds of exhibitions, commodities fairs and fairs. For that reason, the group members' trade should accord with the contents of the exhibitions or fairs. Usually this kind of groups has larger size. There had been groups that had dozens or more than one hundred or even several hundred members.

- A delegation working to promote friendship and communication with foreign countries

The group members mainly come from certain departments of the government, mass organizations or nongovernmental friendship organizations. The range of the trades of the group members can be relatively larger. The members should be representative, and their number should also be around ten.

2. ASKING FOR AN INVITATION LETTER

Asking for an invitation letter is an important part in group organizing. It's very important to choose a good unit abroad which sends the invitation letter. Here 'good' means that the unit has good credibility, strength and influence in her country or area. These factors should be considered together.

2.1. The type of the unit abroad that sends the invitation letter and the effect of the invitation letter

The rank and trade of the unit abroad that sends the invitation letter should be equal to the domestic unit that is invited. As to commercial associations, it would be best that the units abroad are commercial associations of the same rank. As to a government department, the counterpart should be a corresponding government department. As to an enterprise, the counterpart should be its cooperator or a unit which has business contacts with the enterprise. At some special time, the invitation letters sent by Chinese institutes stationed abroad, overseas Chinese organization or foreign institutes have different effects in certain circumstances (namely, the credibility of applying for visa from foreign embassy or consulate is different.).

2.2. The content of an invitation letter

The content of an invitation letter should include: the reason for invitation; every members' name, date of birth, working place, post, visiting time (such as from when to when, altogether how many days), the source of three expenses (international transportation fee, board and lodging expenses, medical insurance premium); the time when the invitation is sent, the inviter's unit, post and his or her signature (note: even when there is an official seal, there also should be the inviter's signature.).

B) THE SECOND PHASE OF GROUP-ORGANIZING (PROCEEDING PHASE).

In this phase, two tasks will be completed.

1. Submitting an application for a visit abroad to the higher authorities for approval

1.1. The content of the visit report, a written reply of the application for a visit abroad and a written reply which shows that the personnel going abroad is politically clear

After receiving an invitation letter, an application for the visit should be submitted to the higher authorities. The letter or the fax and its Chinese version should be attached to the application. The application should include: the list of the delegation, everyone's date of birth, sex, working unit and their posts, the aim of visiting, invited by whom, date of the visit, the source of visiting expenses and so on. If a person whose rank is equal to or higher than a deputy director of province will go abroad, a report should be submitted to the Ministry of Foreign Affairs for approval. If a person whose rank is equal to or higher than deputy director of a province department is equal to or higher than deputy director of a city directly under the province will go abroad, a report should be submitted to a provincial government for approval. If a person whose rank is equal to or lower than the leader of a county, a report should be submitted to the institution mentioned above.

(Municipal government directly under the province that has the right to approve those visit application can approve the application of going abroad submitted by personnel whose rank is equal to or lower than the leader of a county.)

At present, groups going abroad for official business usually apply to visit two countries, and are allowed to stay for 14 days at best. Generally, they can only stay for 12 or 10 days. After the application is approved, they can go through political inspection according to the cadre's management requirement and get an official written reply.

1.2. Obtaining a visa, the type of visas, and application for entry visa

With these two replies, you can go to the Passport and Visa Bureau of the provincial Foreign Affairs Office to fill in a form to apply for passports (at present, there are three types of passports issued respectively for official business: common passport, service passport, and diplomatic passport). The person whose rank is higher than a deputy director of a province can hold diplomatic passport, and can go through customs without being inspected. Apart from these passports, our country also issues a type of passport for private business. Citizens can apply for the passport in their local Public Security Bureau where they are registered permanent residents. It will take you 3 to 5 days to get a service passport. If you already have had a passport, you can continue to use it. But its valid period should be more than half a year and pass the inspection of Passport and Visa Bureau.

After getting your visa, you should put your signature on the passport—in Chinese or another foreign language. Then you must go through procedures of applying for entry visa at the Foreign Affairs Office.

- The materials needed when applying for visa with service passport
The visa application form of every embassy (consulate) is different, but the content is almost the same (these forms can be applied for and taken from the Passport and Visa Office of Provincial Foreign Affairs Office).

You should fill the forms in according to the requirements (you must fill the forms with a foreign language and your writing should be neat, clear and no altering.). After signing, you should send the form, your valid passport, the original version of the invitation letter (in foreign language) and the three expenses testimonial from the unit that send you abroad (transportation fee, board and lodging expenses, medical insurance premium) to the Passport and Visa Office. The Passport and Visa Office will present a note to the embassy or consulate of the relative country stationing in China by a confidential department and go through the entry visa procedure.

- The materials needed when applying for visa with passport issued for private business (here take French Embassy as an example)
The original version of the invitation letter, the sending letter from your working unit (written in foreign language, the sending letter should include: the source of three expenses, the reason of being sent abroad, the name of the person going abroad, date of birth, post), four two-cun-sized photos used on credentials, your residence booklet and a copy of your ID card (sometimes the original card is required), a copy of business license of the unit which sends you abroad, your valid passport, an order of a ticket of an international airline, an order of a hotel abroad, insurance company warranty (insurance premium should be more than three hundred thousand RMB). With all the above materials prepared, you should send them to the embassy (consulate) of the relative country. Of course, you can entrust a qualified intermediary organization to do it for you, and you pay a certain amount of service charges.
- The time needed in applying for a visa
Every country's embassy (or consulate) has their own valid working period, it may take them 3 to 5 days, or a week or ten days also, or even longer time (this refers to the time after you send your materials to them).

After the embassy (or consulate) has approved your visa, your passport (with your visa attached on it) will be sent back to the Provincial Foreign Affairs Office. The office will inform the unit that organizes the group to take back the passport which has been granted a visa (in some urgent circumstance, you can take it by yourself, but you have to go through the approval procedure at the Provincial Foreign Affairs office.). When you go to take your passport and visa after receiving the notice, you should check the visa carefully, and make sure the following items are correct: the name of the person who holds the visa, the type of the visa, the valid period, the retention period (the number of days you are permitted to go abroad). If there is any mistake, you should ask the embassy (or consulate) to make corrections in time.

- Visa approved by countries who joined the Schengen Agreement

Schengen visa originated from Schengen Agreement. In July 1985, Germany, France, Holland, Belgium and Luxemburg signed an agreement about coordinating security and refugee affair of EFTA (European Free Trade Association) countries in Schengen of Luxemburg. This agreement is Schengen Agreement.

According to this Agreement, Schengen countries cancel border inspection among them, but enhance border inspection between Schengen countries and non-Schengen countries. At the same time, Schengen countries enhanced the comprehensive cooperation of police among themselves. They accept the non-EFTA countries' citizens' valid visa given by Schengen countries and let them pass. Henceforth, more countries joined the Schengen Agreement.

- In May 1995, Spain and Portugal signed the Agreement:
- In October 1997, Italy signed the Agreement.
- In December 1997, Greece, Austria signed the Agreement.
- In March 2001, Sweden, Norway, Finland, Denmark, Iceland also signed the Agreement.

So far, 15 countries of EEC countries have signed the Agreement, and they are called Schengen countries.

In addition, some small countries which are located in Schengen countries (that is, a country located in another country) implement the Agreement naturally, because of their special geographic location. They are Monaco (which has a population of 28,000) in France, San Marino (which has a population of about 25,000) in Italy, Vatican (0.44 square kilometre; a population of more than 1000) in Rome, the Capital of Italy, Liechtenstein (which has a population of 29,000) in Austria, and Andorra in Spain.

Concretely speaking, if you get a visa from a Schengen country, you can go to all the other Schengen countries (including above-mentioned 5 small countries) without any visa from those countries.

There are 25 EFTA countries, including some Eastern European countries, such as Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia, Hungary, and Czech, and western European countries such as Great Britain and Ireland.

Not all EFTA countries are Schengen countries, but all Schengen countries are EFTA members.

2. CONFIRM THE DETAILED ARRANGEMENT AND CARRY OUT RECEPTION WORK IN THE COUNTRIES THAT WILL BE VISITED.

After passport and entry visa phase, detailed plans and reception arrangement should be put into effect. Here is the details that should be completed in this phase.

2.1. The activity arrangement in the countries that will be visited

You should contact the reception units of the countries that will be visited as soon as possible. You should notify them the requirements of the visiting group's business activities and ask the reception units to help arrange meetings, visits and exchange programs. Group organizers can also directly get in touch with their cooperator in the countries that will be visited and ask them to help arrange all the business activities. You should notify the reception unit of your arrangement of business activities as soon as possible so as to make unified plans. The foreign vacations of the countries that will be visited should be taken into consideration. July and August is the vacation time and should be avoided. Many reception units in the countries that will be visited cannot receive you or arrange activities for you during this period.

2.2. The activity arrangements of the group going abroad

It's important that the activity arrangements are reasonable. The whole itinerary should be in reason. Avoid backtracking and going by a roundabout route. Don't waste precious time abroad and try to avoid unnecessary traveling fatigue.

2.3. Transportation

There are some laws in arranging transportation. You'd better choose the same airline company. If you buy your round-trip tickets from two or more than two airline companies, the tickets will be relatively expensive. As to some foreign airline companies, if you buy their round-trip tickets, they will give you a short trip that is less expensive, or give you short-trip tickets within their country free of charge. If it is a large-sized group or it is the midseason, after you are approved you can order airline tickets to go abroad before you go through passport and visa. You can put the name list of the group into the computer of the airline company and order seats, but do not buy the tickets. No matter what circumstances, buy the tickets after you are sure that you can get the visa. There are discounts for group tickets, but discounted tickets cannot be transferred, postponed or returned for fear that you will suffer loss if you take the tickets.

2.4. Confirming the reception arrangement in the country visited

- Hotel
Has the reservation of rooms been confirmed? Do the criteria meet the guests' requirements? Is the place satisfying? By the way, the facilities and scale of the hotels in Europe and America are usually lower than the hotels of the same rank in China. But the hygienic condition and service are fairly good. Hotels of the same rank may differ in price, room facilities, area, and newness. All these should be known when organizing a group.
- Meals
Can the arrangement of meals (the number of meals, the type of meals, and the standard of the meals) meet the needs of the guests? In most cases, the breakfast is taken in the hotel, and the expenses are involved in the room charge. The breakfast is usually western-style. The lunch and dinner of Chinese Groups are usually Chinese-style and in restaurants which serve Chinese food.
- The traffic between cities
In many countries, groups take the trip by bus from the beginning to the end, except in some special cases. So the condition of the bus should meet the need of long-distance travel. There should be luggage trunks and spare seats. The detailed requirement should be clarified to reception units.
- Interpreters and tourist guides
In most cases, in order to reduce the cost (the labor cost is high in western countries), the driver of small groups with usually 10 members also works as tourist guide. If an economic and trade discussion is arranged, the interpreter should be good at a foreign language and have the professional knowledge. The requirement of an interpreter is different from those of tourist guides.

The details above should be confirmed one by one with reception units (it would be best to confirm in written form.), so as to ensure that everything will be going smoothly. It will be very difficult to make alterations temporarily.

- Asking about the price
After you have made sure the itinerary and activities, you can ask reception units about the price so as to make out an overall budget of visiting expenses. You'd better ask reception units to tell you the cost of every program, so as to make a comparison to save outlay. But you must consider the price and keep bargaining as well, you should consider the balance between cost and service quality so as to make a judgment whether the price is reasonable and the service is worthwhile the money you paid.

2.5. The preparation before going abroad

- Group's booklet for publicity
Booklets printed in foreign language should be made for important groups or groups of high level. They should contain group members' photos, names, posts, the names of the units which they belong to, their addresses, telephone numbers, and brief introductions of the business of their units. This will make it easy for the reception (cooperation) unit to understand the delegation, and these units can keep the booklets for reference later on.
- A brief introduction of destination countries (area)
You should briefly introduce their destination countries to the delegation (or group) so as the delegates will know something about destination countries. The introduction should cover political system, economic condition, customs, natural environment condition, relationship with China. The introduction should be in written form.
- Briefing before going abroad
All delegates should hold a meeting before the visit. This meeting is very important. The aim of the visit, itinerary and activities, the discipline in foreign affairs, the requirements, and points for attention, etc. should be clarified again in this meeting.
- Gifts
Gifts needed in official business should be prepared before the delegation goes abroad. The gifts should have special characteristics, delicate packing, small size and the gifts should be easy to be accepted, light in weight, hard to break and convenient to carry. The price of the gifts should also be appropriate.
- Others
You may ask every member of the visiting group to prepare a copy of their passport and two photos that will be used on certificates. If the passport is lost, you can use the copy as a proof and ask the Chinese Embassy (Consulate) to reissue a passport. This will greatly speed up the reissuing process and will not affect the plans of the whole delegation.

In addition, you should notify the delegates to take their necessities used abroad, and some commonly-used medicines.

3. DELEGATIONS (GROUPS) WHICH TAKE PART IN INTERNATIONAL TRADE EXHIBITIONS OR COMMODITIES FAIRS

Delegations taking part in international trade exhibitions or commodities fairs are more complicated to organize than investigation groups and goodwill delegations. Apart from the above operation points, the following points must be paid great attention.

- Firstly, keep yourself updated about detailed information
Through your international counterpart or the internet, you can keep updated about detailed information on all types of trade exhibitions or commodities fairs, commerce discussions, science and technology exchange conference (time, place, content, the requirements of joining), and then fix on a main target of international trade promotion activities. Find out the purposes and the needs of the enterprises which join the delegation
- Understanding the intention and requirements of the enterprise that joined the delegation
If you do not know the needs of the enterprises, you can not arrange suitable programs during the exhibitions, and can not achieve anything expected.
- Budget
As an intermediary economic unit, you should ensure that you will not have any deficit and will try to make both ends meet when you arrange every kind of international trade promotion programs. Therefore, you need to have a clear, accurate budget. It is important to put all the costs in control. You can save or reduce your cost by international practice or in other ways (For instance, you can look for group discounts—lodging, airline tickets, sign up to join exhibitions in advance).
- Publicity work
To those enterprises which take part in the exhibitions, in order to make good achievement in the international trade promotion, they should attach great importance to the publicity work. A good booklet of the delegation for publicity is indispensable. In most cases, this booklet should cover the following items: a preface, an introduction of the organizer of the exhibition, an introduction of the items exhibited, an introduction of the enterprises which take part in the exhibition (including an introduction of leaders of the enterprises and their photos), an introduction of the enterprises' products and their business scopes, telephone numbers and their retailers.
- The ability of the delegates who represent the enterprise
The ability of the delegates is very important. If they cannot draw customers' attention, a good effect of the exhibition can not be achieved. They must be good at their specialty, know the products well. They should be warm, friendly, kind, and be able to actively and accurately answer questions put forward by visitors in foreign languages.
- The design and position of exhibition platform
An exhibition platform is the face of a delegation at international commodities fair. The initial exchanges between the delegation and visitors will give clients deep impression. An specialized exhibition platform with high quality will reflect the quality of the products on the platform and draw visitors (or clients) to come and have a look. Whereas, if the design of an exhibition platform cannot reach the criteria and is not specialized enough or doesn't have any characteristics, the exhibition platform will not draw clients' attention. Visitors will not come

close, and the delegation will lose the chance of contacting with clients. In addition, the position of an exhibition platform is also important. The platform should be close to the main aisle of the exhibition hall so as to ensure that large stream of people will visit the exhibition platform. If the platform is set at the back of the exhibition hall or at a corner, there will be less visitors. And as a result, the opportunities of establishing business relation with clients will become less.

- Language question

Occasionally, people will ignore the language question. In fact, language is usually the key to successful international trade promoting activities. The better you speak a foreign language, the easier you communicate with your clients. This is an absolutely necessary condition you must create when looking for business (trade) partners. A good interpreter plays important role in the commercial negotiations and economic and trade exchanges. If a delegate cannot speak a foreign language fluently, the group organizer must ensure interpreters are enough.

- The products exhibited

The competition capacity of the exhibited products should not be ignored. The products should be able to draw foreign clients' attention and stimulate their desire to buy the products. Before the exhibition, the enterprise should carry out evaluation and penetrating market investigation. It's extremely important to know clearly the market demands of the destination country (area).

At the same time, market access, that is, trade protectionism, should be given attention. There are demands such as hygienic criteria, quality standard, requirements of packing, tax policy, political factors, quota obstacle and limits.

In addition, whether the enterprise's production capacity could meet the market or satisfy clients' requirements for product quantity and quality is important and is relative to the enterprise's prestige and success in the international trade promotion activities.

C) THE THIRD PHASES OF GROUP ORGANIZATION (THE PHASE OF VISITING ABROAD)

During this phase, you should consider the following points:

1. PUT EVERY BUSINESS ACTIVITIES PLANNED INTO EFFECT

You should strictly carry out every business activities, visits, and investigation programs according to the plans confirmed by the two parts. Foreign people attach great importance to making plans. They usually make plans ahead of schedule. Once everything is set, don't make changes rashly. Therefore, we should not rashly demand to put forward requirements to change plans (except in special circumstance) for fear that will bring inconvenience to the host or relative units and throw itinerary into confusion and influence the carrying out of the whole group organizing plan.

2. POINTS FOR ATTENTION IN THE ACTIVITIES ABROAD

- You should be punctual, keep your word and don't be late in business activities.
- You should strictly abide by the laws, regulations, local people's folkway and customs in the country you visit. Do remember that you should not do anything that will hurt local people's feelings.
- When you make introductions, you should be sincere, friendly, natural and graceful, reasonable but moderate, and be 'neither haughty nor humble'.
- Observe discipline, obey leader's order and ensure security.

When you are in a foreign country, safety is very important. Facing unusual situations or unexpected incidence, you must take the interests of the whole into account, obey the command of your group leader (the man at wheel) and move together.

When you are in a foreign country, do not go out alone. If you have to leave your group for a while because of something special, you must ask your group leader for leave or ask another person to go with you.

On the reception desk of all the three-star hotels, there are booklets about the hotels or cards with the hotel address on them. These booklets and cards are free. After you have checked in the hotel, you'd better ask for it and take it with you. In that case if you get lost from your group, you can show the hotel booklet or card to passersby or taxi drivers and ask them for help. Then you can go back to the hotel according to the address on the booklet or card.

You should be watchful and pay attention to the security of yourself and your property. Do not simply look around and ignore your safety. Now there are more and more Chinese traveling abroad. But they are still not used to travel cheques and credit card. They like taking cash with them, thus they are more apt to be stolen or robbed.

3. POINTS FOR ATTENTION WHEN LEAVING A COUNTRY

You'd better go through all the procedures together with your group members. Do not leave your passport, ticket, and boarding card on the boarding procedure counter. When you check your luggage, check the destination, flight, consigns labs and so on. If you find that your luggage is sent to another place after you arrived at your destination, report immediately to working staff on the airport.

You should ask for V.A.T. invoice when you go shopping in duty-free shops or big department store and conserve them well. After you have gone through boarding procedures at the airport, you can take back 10%—17% V.A.T by presenting the invoice and passport.

4. REQUIREMENTS OF MANNERS AND ETIQUETTE

There is no bagatelle in foreign affairs. Everything should be done under instruction and everything should be given attention. This means that we should pay attention to some bagatelles, details in your life and habits. Try to observe the following requirements.

- You should pay attention to your image and impression, be refined and courteous, and in decency behavior.
- You should be neatly and gracefully dressed (esp. on formal occasions). The color of your clothes should be in harmony and solemn.
- Do not make uproar, laugh and frolic in public. Pay attention to your style of conversation and behave properly.
- Pay attention to public hygiene. Do not spit casually. Do not throw wastes and film case at random.
- If you smoke, please smoke at the right time and right place. Smoking is not permitted in many public places in foreign countries. For instance, trains have smoking carriage and non-smoking carriage; restaurants have smoking area and non-smoking area. If there is no clear sign, you'd better not smoke. If you really want to smoke, you should ask the host or ladies around you for permission. This is not only a good hygienic habit, but also shows respect for others.
- Some foreigners are very polite and warmhearted. When they meet you on the street, they will greet you although they do not know you. In this circumstances, you should not wear a blank expression, instead, you can nod, smile, wave your hands for goodwill.
- Don't get drunk. In activities involving foreign countries or nationals, drink less than 1/3 of what you can
- Don't make noise, when you take soup or noodles. Pay attention to close your mouth, when you are chewing. When clearing your teeth, use your hand to cover your mouth.
- Don't ask about other's private information, such as salary, age (especially to ladies) at random, even if you are familiar. Besides, foreigners seldom invite guests to visit their home, except you are their relatives or intimates; so don't put forward such suggestions or requirements, so as not to make them embarrassed.
 - Observe traffic rules strictly. Don't run red lights.
 - Keep a distance of one meter between you and the person who is at the counter or window in post offices, banks, and airports when you are queuing. Wait patiently, and do not push forward.
 - Observe the rule of "lady's first" everywhere and at any time. If you meet a lady or a young girl when taking a lift, a bus or metro, entering and leaving a hotel, restaurant and department store, etc., you should let her go first.
 - We often ignore these small matters, but in western countries, people judge whether you are civilized or not from them. If you don't pay attention to these matters, maybe foreigners will misunderstand us or have prejudice against us. This will even undermine the image of our country, people and nation. So when we go abroad, we should pay attention to our conducts, set strict demands on ourselves concerning etiquettes, and refrain ourselves from doing everything wantonly.

D) THE FORTH PHASE OF THE ORGANIZING PROCESS (OUTLINE OF THE WHOLE WORK AND ASSESSMENT)

After the delegation goes back, the unit that organized the visit need to finish several important undertakings. They are:

1. ASKING THE FINANCIAL SECTION (BUREAU) TO CHECK EXPENSE ACCOUNTS AND REIMBURSE THESE EXPENSES

When you ask the finance section (bureau) to check expense accounts and reimburse these expenses, you should submit original invoices written out by overseas reception units. On those invoices the units should affix seals. You also should submit the counterfoils of the international airline tickets. Some people think that after getting off the plane, the counterfoil is useless, and throw them away. This causes big trouble during the process of checking expense accounts. In order to reimburse all the expenses spent on business, you should ask the leader of the delegation to sign on a list of original invoices, and then submit it to the Financial Section (Bureau) for reimbursements.

2. WRITING A REPORT ON THE VISIT

It is very important to write a report to make assessment on the visit. The report should be placed on file. According to regulations, the documents concerning the organizing work should be sent to the security office, and be placed on file. The organizing unit can keep a set of copies.

3. WRITING LETTERS OF THANKS TO THE OVERSEAS COOPERATIVE UNITS

You should write letters to the overseas units which invited and received (or cooperated with) the delegation, and express your thanks for their reception, cooperation and facilities that they have provided. Courtesy demands reciprocity. The organizing unit should attach great importance to this process.

4. RETURNING SERVICE PASSPORTS

According to regulations made by the department concerning China, a person who goes abroad should return his passport to the department concerned within 15 days after he comes back (the department concerned includes the department of foreign affairs in the government of various levels, and the section of foreign affairs in provincial departments or bureaus, which are entrusted by the provincial office of foreign affairs and can keep passports).

5. FINISHING THE FOLLOW-UP WORK

You should finish or help the units that joined the delegation to finish follow-up work. For instance, the agreement signed by both parts should be put into effect. Help the delegation to keep in touch with their clients in foreign countries. This should be given great attention and done earnestly for these agreement and cooperation intention are the achievement of going abroad.

These are the work you should finish and matters for attention in organizing a group to go abroad. If there is anything wrong, please point out so that they can be corrected

You can ask question now.
Thank you!

A BRIEF INTRODUCTION TO SINO-EU ECONOMICA AND TRADE RELATIONSHIP

**Shen An Sheng, Dept. of Liaison, Jiangsu Provincial Federation of
Industry and Commerce**

1. GENERAL INTRODUCTION TO EU

1.1 Brief history of EU

To know EU history, we must know 4 treaties and 5 enlargements. The Europe Union is a very important regional unitary organization. It is both a political entity and an economic entity. Now it has 25 member countries and has the population of 450 million.

The countries that make up the EU (its 'member states') remain to be independent sovereign nations but they pool their sovereignty in order to gain a strength and world influence none of them could have on their own. Pooling sovereignty means, in practice, that the member states delegate some of their decision-making powers to shared institutions they have created, so that decisions on specific matters of joint interest can be made democratically at European level.

1.1.1 Four treaties

The origins of European integration date back to the end of World War II. In 1946 British prime minister proposed to establish a "Europe Republic". But European countries gave little response to his proposal because of certain political reasons. On May 9, 1950 Robert Schuman, the French Foreign Minister, proposed that French and German coal and steel production should be "pooled". Belgium, Italy, Luxembourg and the Netherlands joined France and Germany in setting up the European Coal and Steel Community (ECSC) and merging national interests in these industries. On April 18, 1951, the European Coal and Steel Community Treaty was signed. It was also known as the Treaty of Paris. On July 25, 1952, the ECSC was formally established. In 1957 the six members of the ECSC formed the European Economic Community (EEC) and began the process of developing a common market for goods and services. The Treaties of Rome, signed in March 1957, created the EEC and the European Atomic Energy Community. The treaty was taken a step further with the signing of the Brussels Treaty on April 8, 1965. The Brussels Treaty began the reunification process of European states under one political system and one economic system, and the treaty established a commission, council, parliament, and court for the union. In 1967 these organizations were consolidated under a comprehensive governing body. The Brussels Treaty has taken effects since July 1, 1967. The term "European Union" was introduced by the Maastricht Treaty in November 1993. The new Treaty set out a timetable for economic and monetary union and the introduction of a single currency. The Treaty also established new areas of European co-operation in foreign and security policy, and justice and home affairs.

The above is a brief introduction to four treaties in the EU history.

After the foundation of the EU, its economy has developed rapidly. During the first nine year after the foundation, its GDP increased by US\$ 3,300 billion and amounted up to US\$ 10,000 billion.

1.1.2 Five Enlargements

Since 1957, the EEC has seen five stages of enlargement and now brings together 25 countries in what is known as the European Union (EU).

- Denmark, Ireland and the United Kingdom joined in 1973;
- Greece in 1981;
- Portugal and Spain in 1986;
- Austria, Finland and Sweden in 1995;
- Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia on May 1st, 2004.

After successfully growing from 6 to 25 members, the European Union is now preparing for the next enlargement. As regards the 3 remaining candidate countries, Bulgaria and Romania hope to join by 2007, while Turkey is not currently negotiating its membership. The truth is that a small fraction of Turkish territory lies in the common geographical definition of Europe.

1.2 Structure of EU

The main institutions of EU include:

European Council

The European Council was established as a result of the summit meetings involving Heads of State and Governments. These meetings are held four times a year. Because of its composition, the European Council has developed into the highest decision-making authority.

Council of the European Union

Formally known as the Council of Ministers, the Council of the European Union is the EC's central decision-making authority.

European Commission:

The European Commission represents the first real supranational organization of European countries. It is currently composed of 25 members, who are proposed by the governments of the member states and appointed for a five-year term; it is now also subject to a vote of appointment by the European Parliament before it can be sworn in. The commissioners are not appointed as negotiators promoting the interests of their respective states, but are supposed to act completely independently in the interests of the Community. They are supported by a staff of around 19,000 officials - less than some large cities! - which is split up into 24 Directorates Generals (such as transport, agriculture, external relations, regional policy etc.) and special institutions such as general services, translation services and legal services. The precise number of members is specified by the Council following a unanimous vote (the number must be no greater than 26). In order to ensure that all member states are treated fairly, a rotation system will be introduced for choosing the nationality of the commissioners.

The Commission is responsible for monitoring the application of treaty provisions and decisions made by other EC institutions and can appeal to the European Court of Justice when violations are identified. The main task of the Commission, then, is

to monitor and supervise the actions of member states. The Commission represents the EU at the GATT negotiations and international organizations. The most important characteristics of the Commission are: it represents a multi-national bureaucracy which uses an extensive system of committees (commitology), which, in turn, features very close cooperation with member state administrations and with national and European associations.

European Parliament

The Parliament's 20 standing committees are incredibly important for the work of the EP and its influence. These standing committees include committees on Foreign Affairs, Human Rights, Common Security and Defense Policy, on Agriculture and Rural Development, on budgets and on Economic and Monetary Affairs. The Commission, the Council and the Parliament form the decision-making centre of the EU system.

European Court of Justice

The ECJ is responsible for making sure that Community law is upheld. It is responsible for ruling on legal disputes between member states, between the EU and member states, between EU institutions and authorities as well as on disputes between individual citizens and the Union. It has 15 judges and 9 prosecuting attorneys nominated by member states.

European Court of Auditors:

The Court of Auditors is responsible for checking the financing of the Union's activities.

1.3 Symbols of the Union

The 105-member European Convention signed the draft EU Constitution on 10 July 2003. It also designated the symbol of the Union.

The flag of the Union is a circle of twelve golden stars on a blue background.

The anthem of the Union shall be based on *the Ode to Joy* from the Ninth Symphony by Ludwig van Beethoven.

- The motto of the Union shall be: United in diversity.
- The currency of the Union shall be the euro, effective Jan 1, 2002.
- 9 May shall be celebrated throughout the Union as Europe day.

Some publications of the EU:

Bulletin of the European Union, EuroDocs, Europe News, Europe Economy and so on.

2. SIGNIFICANCE OF THE EASTERN ENLARGEMENT

2.1. Outcome of the Enlargement

1 May 2004 marked an historic moment as Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia joined the EU as new member states sealing a period of enormous change. The European Union has successfully grown from 6 to 25 members, with the total territory of 740,000 sq.km and population enlarged from 380 million to 450 million. Its GDP can amount to that of the U.S. In one word, EU has become an important pole in the world politically

and economically. A non-typical world power has been created. Why called “non-typical”? For its system of politics, economy, military and diplomacy tends to be like that of one nation, but it is different from a unitive sovereignty. The enlargement of EU will benefit the prosperity and stabilization of Europe. The market capacity and size of EU will extend as well. And at the same time the trade order will be more normative, the investment environment will be more fascinating, and the internationalization grade will be well improved. The growing up of EU will bring huge changes to world political and economic situations. First of all, for hundreds of years, Europe has been the political center of the world as well as the source of instability. The immediate effects are a dramatic improvement in the security situation in Europe and the opening up of a huge potential for economic development. Outbreaks of trouble become less likely, causes of conflict, such as minority issues and border problems, are removed, and integration removes the potential for conflict. A stable political framework is a precondition not simply for lasting peace and neighbourly co-existence, but for economic vigour. Secondly the enlargement created a vast free trade area of 450 million consumers with “immense potential for the future”. The EU has a 24% share of world trade with the currency reserve of 20% of the world total. The EU’s direct investment abroad takes up 46% of the world total.

2.2 Sino-EU Trade

2.2.1 Status Quo of Sino-EU Trade

Over the last two decades, China has successfully maintained political stability and rapid economic growth. The report on the trade and investment environment of foreign countries in 2004 said the trade volume of imports and exports of China will reach or surpass 1,000 billion US dollars. China has become the third largest in world trade. *The Report on World Investment in 2004* published by UN Trade and Development conference, says China and the U.S. have become two engines that boom the world economy. EU Trade commissioner Peter Mandelson thought that China has already replaced the U.S. and become the world largest consumer of food, meat, coal and steel which covers four of the five basic consumables. Only the U.S. consumes more oil than China. The foreground of China’s economic booming and its future policy will engender great effects on world economy (especially the prices of energy sources and raw materials).

In 2004 China remained the EU’s 2nd biggest trading partner (after the US) and, according to China’s statistics, the EU became China’s 1st trading partner (ahead of the US and Japan). The EU-China relationship is highly regarded by both sides. The huge market capacity of China is very attractive to Europe countries. Basically speaking, the European economy is on the whole export-oriented. In the last few years, its economy develops relatively slowly and it faces serious unemployment rate. It needs a larger market desperately to boost its economy. As the deepening of the reform, the implementation of the strategy of west exploitation and boosting of the old northeast industrial region goes on, China will play a more important role in world economy. The Chinese market will greatly benefit the EU’s economy.

The EU has always attached importance to its investment in China. But EU’s investment is far from the satisfaction from both sides. British’s investment in China just covers 2.4% of the whole foreign investment in China, France 1.2% and German 1.8%. There is altogether 5.4%. So there is much to do in this area for both sides. The EU is actively taking measures to change this situation. Many large-scale enterprises are looking for commercial chances in China, and now, small and medium-size companies also join the queue. Let’s take France for example, the

Representative of French Commercial Department, Rouse visited China three times in 2004, encouraging small and medium-sized French enterprises to invest in China. And during this year, more than 2000 French companies came to China to see about chances of investment.

2.2.2 Great commercial chances brought by the enlargement of the EU

The enlargement of the EU has brought historical opportunities to China. As a union of developed countries, the EU plays a very important and irreplaceable role in China's economic development. Many advanced technologies and equipments that are forbidden by the U.S. are available in the EU. There is great potential in the EU-China trade. That is of great significance politically and economically.

After the enlargement, the domestic trade system of the new member countries will be more normative, the demands of production and consumption will be increased, and the investment environment will be improved. A stable and secure commercial environment will favor Chinese enterprises in investment and co-operation in Europe. The enlarged EU will provide more chances and better conditions for Sino-EU economic and trade development. These are:

2.2.2.a An Unified and convenient large market

In 1970s, an outstanding U.S. politician and diplomat proposed a famous problem: If I want to talk to Europe, who should I call? Now there seems to be an answer to it. The EU operates almost all the functions of sovereignty. You can directly communicate with the Europe Commission when you need to negotiate about some deals. You do not have to bargain with every country. The EU is a unitary market. It practices the same administrators, the same trade rules and custom inspection procedure, and the same custom duties.

The unified market enormously simplifies the operating procedures of foreign products, and improves the efficiency of trade and investment. By now, the EU has invested hundreds of Euros into building an advanced transport network to facilitate the delivery of goods.

2.2.2.b The Unified Custom Duty will be a Happy Boon

This will be the most attractive advantage. According the investigation in March 2004, the average custom duty of the EU's 15 member countries was about 4%. At the same time the custom duty of the ten new members was nearly 9%. After the enlargement, the unitary custom duty will drop to 3.6% or 4%. This will bring great benefit to Chinese products. For instance, in 2004, Poland is the 2nd largest trade partner of China among these 10 countries. The Poland-China trade covers 30% of the total. The tax rate for watch is about 20% to 35%; the tax rate for costume jewelry is about 21%. But now, the tax rate for all the products will be reduced to 3.6% to 4%.

2.2.2.c A larger consuming market

After the enlargement, the EU has created a much larger market for China. According to the estimate of certain EU organization, joining the EU will cause high-speed development for its new members. Furthermore the new members themselves are making up a rich and generous market. So the integration can not only stimulate the trade among member countries, but also create new chances for

China, the U.S. and other EU's major trade partners.

The EU has always been the significant partner for economic cooperation and investment. The EU's investment in China has surged for years. The enlargement of the EU has foreshown immense commercial opportunities for Jiangsu companies. Now the EU has replaced Japan, being the 1st trade partner of Jiangsu. In the first session of the year 2005, Jiangsu's export has amounted to 8.41 billion U.S. dollars, increased by 48.4% compared to the same time last year. The advantaged Chinese electrical products have enjoyed much more chances in EU. The new members of the EU, such as Lithuania, Latvia, Slovenia and Estonia have a great demand for Chinese products including communication equipments, mobile phones, computer devices and so on. From January to November in 2004, Jiangsu's export on electrical products at the first reached 52.015 billion RMB, hitting the historical record. The National Commercial Department sent letters to congratulate. Take Suzhou for example, in the first two months of this year, its export to EU has amounted to US\$ 2,160 million, increased by 63.7% compared the same period last year, with the value of 87.7% percent of the total export to EU.

2.3 The negative factors in Sino-EU trade relation

The effects of the fifth enlargement of EU are just like a "double-blade". It brings both advantages and disadvantages to the future development of Sino-EU trade. While China engages into more commercial chances, it will also encounter more competitions. The ten new members of EU have the similar economic levels and commercial structures with China. The bilateral trade agreement signed by China and these countries will be disabled. Things like that will do some harm to Chinese exporting.

2.3.1 Trade shift

The EU practices non-custom duty within its territory. The new acceding members share the similar economic developing level and trade structure with China. So after the enlargement, the EU's trade dependence on exterior region will be decreased. So there will be a shift of EU's capital and labor market from the exterior area to Europe region. More and more world famous enterprises invest in these countries.

According to the investigation made by German Mercer Labor Sources Company, the labor cost in Belgium, Germany, Sweden, Luxemburg and UK is the highest within EU members. The average laborage per year has reached 50,000 Euro. But in Latvia, Lithuania and Slovenia, the average laborage per year is less than 7,000 Euro, only 1/7 to 1/8 of the former. The cheap labor cost attracts more and more foreign investments, forming an impelling competition with China. The difference between China and these new EU members lies in the fact that the technical capability in these countries is not lower than that in China. Half of the people between the age of 30 and 45 have advanced degree. So they enjoy huge geo-economic and labor force advantages to China. The geo-economic advantage means low costs of transportation; the labor advantage means the higher education level and low cost of labor.

The statistics show that the per capita GNP in these acceding countries is quite lower than that EU's average level. To help solve the problem, the EU Commission adopted on 14 July a proposal for renewed Structural Funds and instruments. Over the period 2007-2013, these instruments present about one third of the EU budget or a total of EUR 336.1 billion. The majority of this amount will be spent in less-developed Member States and regions. Structural Funds and instruments aim to

promote growth-enhancing conditions for the Union's economy and will focus on three new future objectives: convergence, competitiveness and co-operation.

All these have already taken effect. In 2004, the foreign investment in these new members of the EU reached US\$ 36 billion. Many world famous enterprises such as Siemens, Lufthansa, French Home Appliances, Electrolux, Philips, Clarks Shoes and so on, have announced that they will move some of the manufacturing bases abroad into these countries. This will be an alert to China.

2.3.2 Corporate policies will affect all the EU members

After these ten countries joined the EU, they will implement EU's "common trade policy". This will bring the convenient bilateral trade agreement into a mere scrap of paper, and they will also take the measures of quota administration, anti-dumping, trade valuation and so on. This will make it difficult for Chinese exporting companies. At the present time, there is no quota for Chinese shoes, porcelains and tablewares, but in short time there will be such a quota. So these three categories of Chinese products will not flood into these ten countries as freely as before.

On Feb 16, 2003, the Kyoto Treaty took real effect. The European Union last August instituted a law to tackle the recycling of e-waste. The legislation is scheduled to take effect on August 13, 2005. The law will ban sales of products that cannot be recycled, as well as those filled with specific toxic chemicals. China is both a major manufacturing base and a big market for home appliances and electronics products. The law will affect a wide range of products produced by China, not only those within the information technology (IT) and telecoms industries. The consumer electronics, lighting, toy, sports and medical equipment industries will also be affected. The competition in Europe market will be more drastic for e-enterprises in Jiangsu.

2.3.3 China will encounter more anti-dumping imbroglios

At present, an average of every seven anti-dumping cases worldwide, one involves Chinese products, making China always one of the countries that are subjected to the most anti-dumping investigations, as well as the biggest victim of anti-dumping and other trading remedy measures.

The EU is one of the most important trade partner of China. And China by now, has become the country most accused of dumping by the EU. According to incomplete statistics, the EU has conducted 101 anti-dumping investigations related to Chinese goods. 33 cases are still being investigated, affecting the sum of exporting has amounted to US\$ 4,000 million.

On March 17 the EU Committee made a preparatory judgment on anti-dumping investigation on Chinese textile products. This is the first time the EU investigate the "dumping" of Chinese products after the textile quota was lifted.

On 16 March 2005, the Official Journal published Commission Regulation 426/2005 imposing provisional anti-dumping measures on the product concerned. According to the published data, 827 Chinese textile manufactures are involved in the total value of US\$ 416 million. These Chinese enterprises are located in Jiangsu, Shanghai and Zhejiang. Wujiang Suzhou is a rallying point. From the second half of 2002 a great sum of civilian capital was absorbed into the local textile industry during the system transformation period. Throughput of the local enterprises has

been tremendously increased. So exporting has become an important way out. For example the Wujiang Silk Imports and Exports Ltd. Exports 45.4% of its product to European market in 2004. This time its products were under EU's anti-dumping investigation with the total value of US\$ 8 million.

The industries in these ten countries share the similar characteristics with that of China. They will be a vigorous counterworker to China. But the EU will take measures like anti-dumping to protect the interest of its member states. So China must encounter more and more trade cases. Four characteristics can describe these trade frictions: more and more trade frictions; new forms of trade barriers; more industries involved; diversity of the frictions.

2.4 The Issue of “China Market Economy Status”

2.4.1 Differences over the Issue

New Zealand, Singapore, Malaysia and Thailand have already granted China market economy status. In 2005, Chinese Premier Wen attended ASEAN “10+3” Conference. ASEAN confirmed China market economy status in due form. However, the EU and US have not yet recognized China's status as a market economy.

In September 2002, Zhu Rongji, Premier of the State Council of the People's Republic of China, asked Prodi, the President of the EU commission, to admit China's “complete market economy status” at the ASEM 4 in Copenhagen, the capital of Denmark. In 2003, the EU for the first time asked China for “Basic Documentations of China Market Economy”. In April 2004, the China's Department of Commerce handed its *Supplementary Reports of China's Market Economy* with the length of several hundreds of pages to EU Commission. On 29 June 2004 the European Union has refused to grant China the coveted Market Economy Status (MES) following a request submitted by Beijing. It is unfair for China to have no Market Economy Status (MES) especially when its products are engaged in trade entanglement. Most of the anti-dumping suits have led to relatively high custom duties on Chinese products.

When some countries are determining whether Chinese companies are dumping products below the cost price in their territory, they do not consult the real cost of the product in China, but often choose the cost of the products in a developed country as the reference. Under this circumstance, many Chinese products are under anti-dumping investigations because the labour cost in China is quite lower than developed countries. So in many cases, Chinese companies often lose the lawsuit unfairly. This often causes great impact on Chinese export. For example, before 1993, China exported more than 1 million televisions to EU countries. The EU began its anti-dumping investigation on Chinese television. Markets with much more expensive labor costs or much more developed economies than China have been taken as references. In the 1990s, [Singapore](#) was taken as a substitute country's method for calculating cost in the EU's anti-dumping against China's color television sets. At that time, Singapore's labor cost was over 20 times higher than China's cost, Chinese products naturally were counted as dumping. This caused great loss of the market share of Chinese television in EU.

The issue concerning the status of China's economy has become a big problem for Chinese enterprises when dealing with anti-dumping problems with the EU. The definition that the EU gives to a country's economy affects the value that the EU puts on that country's goods in anti-dumping investigations. Some EU member states have not yet recognized China's status as a market economy. They unfairly implement trade protectionism. There exist undeniable randomness and injustice in anti-dumping investigations on China's products.

The so called “market-status” in this context refers to the market status that the Chinese companies can apply in the anti-dumping cases. From 1998 till now, more than 20 Chinese companies involved in anti-dumping investigation cases have applied for market economy status. In 2004, 100 Chinese companies applied, but only 2 of them have been approved by the Commission.

The market economic status is a big question which confronts China. If EU member states still do not recognize China's status as a market economy, they can always take anti-dumping measures. This will be a major obstacle to China's exporting.

2.4.2 Why EU refuse to grant China Market economy status?

2.4.2.a EU views China as unconsummated market economy

The EU denotes that the Chinese law system of market economy is not consummate, Chinese government has been taking non-marketing measures to control the importing of resources, there exist some leakages in Chinese safeguarding system of information and episteme products, and with the country in the midst of its meteoric transition, the central government is still setting some price controls, and at the same time banks are still favoring lending to the politically-connected unprofitable state-owned enterprises. The EU's head office said Beijing needed to make progress in four key areas before winning the coveted Market Economy Status. These four areas are the financial sector, corporate and banking law, state interference and property law. In short term China can not meet the requirements of EU.

2.4.2.b EU worries about the increasing trade deficit to China

In the year of 2002 when China joined the WTO, our total exporting amount increased by 21.8% compared to the year of 2001, and increased by 37.1% in the year 2003. In 2004, it rose to US\$1000 billion. Its status in world trade has rose from the sixth in 2001 to the third in 2004.

The EU, like the US, has a large and growing trade deficit with China. The ‘original’ EU 15 had a deficit of 70.8 billion euros on their trade with mainland China in 2004, compared with 55.5 billion euros in 2003.

EU officials denoted that the trade deficit to China must be “under control”. If China is recognized as the market economic status by EU, its export to Europe will be increased to a huge extent. When television from South Korea was under EU's anti-dumping investigation, South Korea won the lawsuit because of its acknowledged market status in WTO. And it even covered the Chinese market share when China lost the case. Chinese products deliver a huge wallop to world market. Let's take textile products for example.

Firstly, China is now subject to an increasing number of anti-dumping investigations, cases in which China is accused of selling goods, such as televisions and bicycles, at artificially low prices in order to corner a market.

On Jan 1, 2005 the textile quota was ended by the World Trade Organization. People predict that there will be a “blowout” of Chinese textiles. The World Bank boldly prognosticate that in 5 or 6 years, more than half of the finished textile products in the world will be stuck with the trade mark “made in China”.

In recent years, as the textile quota was cancelled, Chinese textile export to Europe has increased rapidly. In January and February, China exported US\$ 1.46 billion, increased by 30% to last year. Thereinto there is 85% increase to the U.S. and 75% to EU. Take Suzhou for example, in the first quarter, Suzhou exported 196.71 million suits, with the total sum of 648.98 million U.S. dollars, increased by 14.9% and 18% respectively. Its total textile export to the U.S. and EU rose to 103.68 million suits, worth of US\$304.22 million. Its export to EU has increased by 86.1% compared to the same period last year.

The fundamental reasons that cause trade conflict between China and the EU include a deep-rooted preference towards trade protectionism and problems with Chinese products. China is now subject to an increasing number of anti-dumping investigations and cases. Chinese exports are usually products of industries that have comparative advantage or labour-intensive products with low added value, which often compete with many other similar products. China is accused of selling goods at artificially low prices in order to corner a market. In January, there is a rise of more than 200% in Chinese women shirts and smocks exported to EU, but prices dropped by 41 per cent over the same period. This has not only caused malignant competition among Chinese enterprises but also caused considerable market disruptions to EU producers. This is caused by China's inconsequential trade structure and inadequate profit-taking capability.

The textile products bring up the prosperous phase of exporting and at the same time this surge caused more international trade friction. EU Commissioner for Trade Peter Mandelson has requested several times that EU should take measures to limit speed of importing Chinese textiles and to decrease the rise of imports. In order to collect information for the possible safeguard measures or anti-dumping charges, the EU has implemented a new mechanism towards footwear from China since February 1, requiring the shoe importers to apply for the permits from governments of any EU members. This system covers all items under the quota regime, which was lifted from the beginning of this year.

Many European countries view Chinese products as a threat to the local textiles industry. French minister of Foreign Trade Department has issued a report this year. It said the textiles industry offers 2.5 million jobs to EU member countries including 200 thousand jobs to France. So the EU should take measures to protect its local textiles industry, and special articles must be enforced to limit the Chinese textile products.

Products made in China flood into Europe. On one hand, this brings products with attractive prices to the EU consumers; on the other hand, this also brings some hardships to Europe countries. Some governments even attribute the rise of unemployment in their countries to the growth of Chinese exports. Recently, a cartoon was published in a newspaper. It was drawn by an extremely right winger. The cartoon described a naked man using a cardboard to cover his private parts. The cardboard was printed with "MADE IN CHINA". The meaning that the author wanted to express was that, the Chinese export surge has deprived some French people's of their job. They did not have the chance to make clothes by themselves. They had to use Chinese products even the cardboard used to cover the private parts.

For the moment, South Africa, Tunis and Madagascar also alleged that the surge of Chinese export has cause heavy unemployment in their countries. People called for limit on Chinese products to protect their domestic textile industry.

Recently the EU has been taking measures one after the other to cope with Chinese export.

- **Most of Chinese products are removed from the Generalized System of Preferences(GSP)**

China is the main beneficiary of the EU's Generalized System of Preferences (GSP) scheme, under which the EU grants autonomous trade preferences to imports from developing countries, with a share of more than 30% of all preferential imports under GSP. The GSP is to be adjusted every ten years. The existing GSP should be invalid by the end of 2005. But the new system has already come into effect on April 1st this year, and most of the Chinese products were cast out of the system.

EU Trade Commission's top official says Chinese textile products may be removed from Generalized System of Preferences, or GSP list. The EU countries are the major importers of China's textiles. If they remove China from its GSP list, that will have a direct influence on our textile exports. The cancellation of GSP privileges will have a negative impact on Chinese exports. The European Union discontinues Generalized System of Preferences (GSP) privileges for sixteen categories of Chinese exports. The sectors concerned include food products of animal origin such as eggs, plastics and rubber, paper, electro-mechanics, consumer electronics, optical and clocks. Another eighteen export sectors of China will remain on the GSP list. Statistics from the Chinese Customs show that China exported products with the value of US\$70 billion under the GSP to the European Union in 2004. By careful calculation, China will pay US\$ 3,500 million more than last year after the GSP is cancelled. At present, the EU's average tariff on textiles is 9 percent, After the removal it will rise to 12 percent. According to the visa amount in 2004, textile companies in Jiangsu province will pay US\$15.48million more than last year.

How should we treat EU's adjustment on its trade policy? The EU cancel the GSP for most of Chinese products, but it still gives custom favor to other countries in this area. This will weaken competitive ability of certain Chinese products in the EU market. This will undoubtedly bring great effect on Sino-EU trade. But some experts pointed out that in short term it will cause certain obstacles to Chinese export of plastics and rubber, paper, electro-mechanics, consumer electronics, optical and clocks, but in the long term the growing mightiness of Chinese enterprises can not rely on the given trade favor. Chinese products will graduate from the GSP sooner or later. The European Union's discontinuation of GSP privileges for six categories of Chinese exports will weaken the products' competitive edge. The Chinese enterprises should enhance innovation to sharpen products' competitive edge in the EU market and to minimize the impact of the discontinuation of the GSP.

- **EU implementing Chinese shoes-importing monitoring**

China is the largest shoes-producing and exporting country in the world. Every year Chinese producers manufacture 7 billions pairs of shoes, that is, 60% of the word-output. And 70% to 80% of these shoes will be exported to the U.S., EU and Japanese market. According to the Sino-EU association, the EU lifted the quota system from Jan 1 this year. Chinese footwear export to EU has been greatly increased. The European Union is the second largest market of Chinese shoes, accounting for some 14.6% of the country's exports. According to Nanjing CIQ, Jiangsu exported about 3.937 million pairs of shoes, worth of more than US\$ 6.23 million in January 2005, increased by 92.5% and 64.2% separately.

In nearly ten years, this rise has been causing considerable market disruptions to EU producers, especially in Italy and France.

The Valencian town of Elche in Spanish was long the capital of the Spanish shoe industry. But over the past two years, more than 50 shoe factories have closed because they couldn't compete with low-cost imports. On Sep 16, 2004 hundreds of laid-off workers took to the streets in protest, some of them reportedly chanting "Chinese out!" They attacked a truck full of shoes and set fire to a warehouse belonging to Chen Jiusong, a Chinese importer. Tens of thousands of pairs of shoes, worth an estimated more than 8 million RMB (\$1.2 million), lay in blackened piles of ash. Historically this is the first large-scaled violence against Chinese people.

In order to collect information for possible safeguard measures or anti-dumping charges, since February 1 the EU has required importers of shoes from categories previously covered by quotas to apply for permits. This is the prophase preparation for further more rigorous restrict on Chinese shoes. This monitoring measure will facilitate EU's data collecting. Whenever they find a surge of Chinese textile exporting, EU will start up the anti-dumping investigation immediately.

Guidelines to determine use of textile safeguards against China

On April 6, 2005 the European Commission agreed to publish guidelines that will clarify under what circumstances it would consider safeguard action against [textile](#) and clothing imports from [China](#). The guidelines relate to the textiles-specific safeguard clause written into China's Protocol of Accession to the WTO in 2001, which was incorporated into EU law in 2003. The guidelines establish procedures and criteria for the objective and transparent use of safeguard proceedings.

The guidelines establish when, and on what basis, action could be taken. The guidelines establish alert zones for each category of Chinese textiles imports allowing for increases in China's current market share. To reach these alert zones Chinese exports will need to show a rapid and sustained rise over a defined period. The guidelines, like the safeguard clause itself, respond to the potential market disruption that could be caused by a sudden and sustained surge in Chinese textile exports to the EU. As well as threatening EU textile producers, such a surge could displace textile imports from highly vulnerable developing countries with an historic dependence on trade with the EU market.

The guidelines published by the European Commission on 6 April 2005 set out clearly and transparently how and on the basis of what criteria the EU will interpret and, potentially, implement the TSSC (Textiles-Specific Safeguard Clause). The publication of guidelines equips the EU to take effective and appropriate action should the need arise. If this is still insufficient, safeguards can be invoked. Safeguards would take the form of quantitative import restrictions applicable for a year, but extendable on reapplication. These measures can be used until the end of 2008.

On April 25 the European Commission opened investigations into sharp surges in imports of [Chinese textile](#) exports to the EU. This decision was made in the light of data on nine categories of textile imports from [China](#) during the first quarter of 2005. The Commission will now conduct a two-month investigation to determine if market disruption has occurred and

whether the EU should impose special [safeguard measures](#). In parallel, it will launch immediate consultations with China in an attempt to find a satisfactory solution. The product categories to be covered by the investigation are: T-shirts, pullovers, blouses, stockings and socks, men's trousers, women's overcoats, brassieres, flax or ramie yarn and woven fabrics flax.

The above is a brief introduction to Sino-EU trade relation. We cannot call it a scientific and technical research for some data and examples are not carefully verified. We only want to call your attention to relevant circumstances. Thank you all.

Sino-European International Trade and Investment

Zheng Hong, Dept. of Economics, Jiangsu Provincial Federation of Industry and Commerce

I. WHY DO BUSINESS WITH THE EUROPEAN UNION (OR INVEST IN THE EU)?

1.1. ADVANTAGES OF THE EU MARKET

- A population of 450 million
- Relatively high incomes
- Stable financial market and interest rates etc.
- A continent rich in talents and high technology
- Mature legal systems, excellent business credit, stable social order, and new policies etc.

The European Union, one of regions that have the most stable political and economic situations in the world, has unified market conditions, unified currency, unified rules, and in addition, favorable new policies that have been adopted from time to time. All these add to the EU's attraction to foreign investors. For example, the new *Immigration Act* that was promulgated in Germany in the beginning of 2005 brings great benefit to the stabilization of investor groups. ^λ

1.2. THE NEED OF SELF-DEVELOPMENT IN ENTERPRISES

1.2.1. Expanded sales or larger market shares of finished products.

EU has a population of 450 million, which represents a high market consumption level.

1.2.2. Higher profits.

Orders from Europe usually have relatively high quotations and good credit and are very stable.

1.2.3. Lower risks than in a single market.

1.2.4. Improved product quality, updated know-how, and eventually higher global competitiveness.

As many export products are required to pass the certification in the target countries or reach certain technical standards, these requirements prompt our enterprises to continuously improve their product quality and management. Further, through domestic and international commodities fairs and exhibitions, our enterprises can communicate with foreign companies, expand their visions, and come to know the latest international market situation. The process will bring much benefit to their development and market orientation.

Here's a good example about one of our member enterprises. The former Changshu Jack Factory opened its subcompanies in Los Angeles and Antwerp. In the beginning these subcompanies did not bring any direct profits. However, as they were in the frontier of international market and technology development and they established long-term relations with big companies such as Renault, Ford, and Lock, they provided their mother company with large amount of first-hand information on international market demands and technology development trends and helped the enterprise make shrewd decisions. After years of development, the enterprise has established a powerful marketing network in foreign countries and stable cooperation with the foresaid big companies and has won a significant share for its jack products in the international market. Today, the factory has grown into a big enterprise under standardized management - Jiangsu Tongrun Machinery & Electrical Group, which has an export scale of over US\$100 million.

II. HOW TO ESTABLISH TRADE RELATIONS WITH EU?

2.1. UNDERSTAND THE EU RULES.

2.1.1. Major rules: CE marking

If you want to enter a country or a region, you must first understand the rules there. Here I'd like to introduce CE, a safety marking extensively used in the EU market.

2.1.1.a What is CE?

CE is a safety marking. So far, among the products in the EU market, more than 70% have been required to have CE marking as their mandatory mark.

A CE certified product must guarantee its conformity with European health and safety standards (essential requirements in laws on environment protection) throughout all processes from its design, production, packing, user manual, transportation, sales, to its entire service life and recycling etc. Here "safety" refers to the safety of users (human), pets (domestic birds and animals), properties (realities), and environment (natural environment).

2.1.1.b Why use CE marking?

It allows a product to legally enter the EU market. Otherwise, the product will be detained in the customs of the EU countries.

CE marking on a product ensures the free movement of the product within 28 European countries (including 25 EU countries and Iceland, Liechtenstein, and Norway as well).

The implementation of CE marking has greatly simplified the procedures for products to enter the European market and lowered their costs of entrance. Manufacturers need only to abide by a set of legislations and guidelines, namely the EU Product Directives. Before the implementation of CE marking, if a manufacturer wanted to export its products to the foresaid 28 European countries, it had to abide by the legislations and the requirements in each country. There were more than 20 legislations and various requirements, which made the export very time-consuming and costly.

CE certification will make a product more standardized and safer in its design, production, and packing and thus reduce the possibility of accidents which may result in legal actions that consumers bring against the manufacturer. Furthermore, the insurance and the product service costs will also become lower. (Consumers harmed by a defective product have the right to claim on their losses within **3 years** starting from the date when they find themselves being harmed or they know the defects of the product and the identity of its manufacturer. **The manufacturer, importer and retailer** of the product all must assume their responsibility on the harm and indemnify the harmed.)

However, many non-EU exporters and manufacturers are still unaware of the importance of CE marking and its impact on their exports to the EU.

2.1.1.c What products need CE Marking?

CE Marking is required for the following 22 groups of product - appliances burning gaseous fuels (AppliGas), cableway installations to carry persons, low-voltage electrical equipment, construction products, equipment and protective systems for use in potentially explosive atmospheres (Atex), explosives for civil uses, hot water boilers, household refrigerators & freezers, lift, machinery, marine equipment, medical devices, active implantable medical devices, in vitro diagnostic medical devices, non-automatic weighing equipment, measuring instruments, radio equipment & telecommunications terminal equipment (R&TTE), personal protective equipment (PPE), simple pressure vessels, pressure equipment, recreational craft, toys and trans-European conventional rail system.

2.1.1.d Notified bodies for CE marking certification and procedures

So far over 1200 Notified Bodies have been approved by the EU to offer CE certification services. However, most of these Notified Bodies are in EU member states. (Generally speaking, a Notified Body is authorized by EU to certify products of one or more than one category in a certain module or several modules. For each EU Product Directive, there is a list of Notified Bodies corresponding to the Directive.)

Product certification in China: China Compulsory Certification- CCC, China Quality Certification Center - CQC, etc.

Manufacturers can adopt the self certification procedure in which they prepare a Declaration of Conformity (An option only for products with minimal risk) or designate at least one EU-approved notified body to conduct the certification procedure including sample testing, factory inspection, annual inspection, different quality system reviews etc. and get the corresponding test reports and certificates etc.

Enterprises can select a suitable procedure for their category of products. One of the most practical and reliable ways is that the manufacturer designates an Authorized Representative in the EU member states who will take care of the CE Marking issue and if necessary registers its products in EU countries. (General speaking, the Certificate of Registration of a product obtained in any EU member states will make the product automatically obtain the CE marking and subsequently be able to enter the EU single market.)

It takes 1 to 2 months to get your application approved. For very few products, samples are needed for the certification application. For most products, the application is done through various documents.

2.1.2. Other rules - SA8000

It is the first social accountability system in the world. It is a requirement for enterprises to bear their corresponding responsibility on environment protection and employee's interests while making profits. SA8000 sets the minimum requirements on specific issues like **working conditions, employee health and safety, training, salary, and labor union rights** etc. Mainly include 9 aspects: child labor, forced labor, health and safety, freedom of association and right to collective bargaining, discrimination, working hours, compensation, and management systems.

It is a standard that some suppliers volunteered to establish and follow. They also want factories to reach this standard, otherwise their products won't be accepted.

Some enterprises think that SA8000 will result in much more expenses for them and increase the production costs and that SA8000 certification will not be widely accepted. However, a Chinese agency (Certification and Accreditation Administration of the People's Republic of China) believes that SA8000 will be able to apply to enterprises in China. Carefully read the requirements of SA8000, and you'll find that many of them accord with the labor protection policies in China. So long as enterprises abide by the corresponding Chinese legislations, they will easily pass the SA8000 certification. Moreover, many enterprises in China have already passed the initial stage of development and they are now strong enough to accept the SA8000 standard.

So, personally, I believe these new trade barriers like SA8000 are somewhat not bad signs to the export-oriented enterprises in China. Actually these barriers will prompt enterprises through market mechanisms to quickly adapt themselves to various standards and become more mature. They will also restrict the development of low-level enterprises and provide more opportunities for those who have standardized and modern business operation and production.

2.1.3. Rule differences between EU member states.

Although there are unified market rules in the EU, each EU member state has its own unique rules. Enterprises shall pay attention to these different rules when exporting to these countries.

2.1.3.a Tax

Although there are unified rules in many fields in the EU, differences do exist on value added taxes and excises between different EU member states.

2.1.3.b Small differences in quality standards

The Green Dot logo in Germany: Enterprises need to pay recycling fees based on the package materials of their products and the products cannot enter Germany until they get the Green Dot logo.

Bicycle lamps in Denmark: Lamps are compulsory for bicycles in Denmark.

Azo-dye: Products that contain azo-dye are prohibited in Holland, Austria, and Germany.

2.1.3.c New rules keep on emerging.

State Bureau of Quality and Technical Supervision and Quarantine often reminds relevant Chinese enterprises through public announcements of the new regulations promulgated in EU.

In June 2004, furniture made in China experienced a technical barrier of trade from EU. On June 30, an EU directive banned the use of arsenic (chromated copper arsenate, CCA) treated wood. As most furniture manufacturers in China use CCA treated wood, the directive posed a severe barrier for the export of 1-billion-yuan Chinese furniture to the EU.

In order to avoid losses to our enterprises, Ningbo Municipal Administration for Entry-Exit inspection and Quarantine required that all enterprises in the city must submit samples of their raw wood, preservatives, paints, dyes, and coating materials used in their production for tests in authorized labs before they export their wood products to Europe and they shall not start their production before they pass all the tests. However, only a few enterprises volunteered for the tests. Furniture enterprises will suffer even higher losses if they are unaware of the problem until they export their product to Europe.

Furthermore, we'd better pay attention to the situation of garment and shoe exports. As export quotas have been lifted, garment and shoe exports are soaring, but their prices are falling in great scale. EU and US are keeping a close eye on this situation. This February EU implemented the import licensing and inspection mechanism on Chinese footwear exports. If anti-dumping measures and high tariff rates are imposed on these exports, we'll lose our precious market shares that we have won over the years.

2.2. QUALIFICATIONS FOR OPENING TRADE WITH EU

2.2.1. Import and export enterprise registration

First, the registration for an import and export license. The business scope of a company is specified in its business license. If the business scope in the business license of a company is wholesale or retail, the company may open the corresponding import and export businesses that were originally done by a foreign trade company. (Legally registered self-employed businessmen [sole proprietors] shall submit documents of private property notarization issued by lawful notarization agencies.)

For domestic enterprises, submit the following documents to Dept. of Foreign Trade & Economic Cooperation of the Provincial Government for record: correctly filled *Registration Form for Foreign Trade Enterprises* + copy of *Business License* + copy of *Organization Code Certificate*;

For foreign-invested enterprises, submit copy of *Approval Certificate of foreign-invested enterprise* in addition to those listed in item A;

For registered self-employed businessmen [sole proprietors], submit documents of private property notarization issued by lawful notarization agencies;

For legally registered foreign (regional) enterprises, submit credit certificates issued by lawful notarization agencies.

Application procedures can be found in the website of the Department of Foreign Trade & Economic Cooperation.

2.2.2. Human resource

Including international business engineers, customs clearance operators, document makers, and senior financial experts etc.

2.2.2.a Suitable products

2.3. KNOW-HOW ON TRADE PROCESSES

2.3.1. Find target market and customers

2.3.1.a Find trade partners in various trade fairs

China Export Commodities Fair and East China Import and Export Commodity Fair are the two most typical trade fairs in China. In recent years, more and more fairs in special fields appear in China, such as China Yiwu International Commodities Fair and China Guangzhou Fish Equipment Expo etc. Detailed information concerning these fairs can be found in the Internet;

Famous trade fairs in other countries include Ambiente Frankfurt - the world's largest consumer goods trade fair, DOMOTEX Hanover - the World Trade Fair for Carpets and Floor Coverings, Intertext Milano – International Textile Trade Show, Texworld Trade Show in Paris, and Motexha Autumn (Dubai) - the largest fashion, textiles, leather and accessories trade exhibition in the Middle East etc.

Enterprises may participate in these fairs and shows through the help of government departments or local chambers of commerce to find their target customers. They may also apply to exhibition allowances from the government.

2.3.2. Promote sales through the Internet

Enterprises can release their trade information in some famous trade websites such as alibaba.com, tradeol.cn, and local economic and trade information networks etc. to wait for the responses from potential customers. They can also directly send information to possible buyers in foreign countries.

Today, EU enterprises depend very much on the Internet. Previously, foreign businessmen looked for partners through their acquaintances and there were not many choices. Now they search for manufacturers and contact with them directly through the Internet, which not only saves the time but also offers more choices.

2.3.3. Search for partners through friends or some intermediate agencies like commerce chambers in othe countries.

2.4. UNDERSTAND TERMS OF INTERNATIONAL TRADE

2.4.1. Definition

International trade terms, also called price terms, which were formed in the long-term international trade practices, are used to denote the price constitution of goods, and to define relevant risks, responsibilities and costs in the delivery process.

Actions: simplify the transaction procedures, shorten the negotiation time, and save the costs.

In international trade, the buyer and the seller determine their respective obligations through negotiations. Due to the complexity of international trade, trade terms are often used in the actual business practices. Therefore we must grasp these terms and become able to use them correctly.

Here we introduce Incoterms 2000 devised by International Chamber of Commerce. The scope of Incoterms is limited to matters relating to the rights and obligations of the parties to the contract of sale with respect to the delivery of goods sold (in the sense of "tangibles", not including "intangibles" such as computer software).

2.4.2. International trade terms

Incoterms 2000 offers 13 definitions in four groups: Group E (Departure), Group F (Main Carriage Unpaid), Group C (Main Carriage Paid), Group D (Arrival).

Group	Terms	Full Name
Group E (Departure) The buyer bears all risks, responsibilities and expenses; the seller delivers goods and commercial invoice (lowest price).	EXW (uncommon)	EX Works (Buyer arranges transportation)
Group F (Main Carriage Unpaid) The seller shall hand over the goods to the carrier specified by the buyer and the freight from the handover place to the destination will be paid by the buyer.	FCA FAS FOB	Free Carrier Free Alongside Ship Free On Board
Group C (Main Carriage Paid) The seller shall make the contract of carriage, but will not bear any risks and extra costs derived from goods damages or losses which happen after the goods depart the place of loading.	CFR CIF CPT CIP	Cost and Freight Cost, Insurance and Freight Carriage Paid To Carriage and Insurance Paid To

Group D (Arrival) To conclude a deal in terms of this group, the seller shall bear all risks, responsibilities and costs of delivering the goods to the specified location in the importing country.	DAF DES DEQ DDU DDP	Delivered At Frontier Delivered Ex Ship Delivered Ex Quay Delivered Duty Unpaid Delivered Duty Paid
---	---------------------------------	---

Among these terms, FOB, FAS, CFR, CIF, DES, and DEQ are applicable to ocean shipping; other terms are applicable to all kinds of transportation.

2.4.3. Most commonly used terms

Terms	Charter, booking, and carriage	Insurance	Export license, documents, customs clearance	Import license, customs clearance
FOB	buyer	buyer	seller	buyer
CIF	seller	seller	seller	buyer
CFR (formerly C&F)	seller	buyer	seller	buyer
FCA	buyer	buyer	seller	buyer

2.4.4. Issues under FOB

2.4.4.a Understand the exact meaning of “Everything is divided at the ship's rail”.

It is one of the important characteristics of the terms of FOB, CIF, and CFR that they use the ship's rail at the port of loading to divide the risks to be assumed between the buyer and the seller.

“Ship's rail”, as a dividing line, indicates that the seller shall bear all risks before the goods are laden on board across the rail, including the risks that the goods fall off onto the ground or into the sea when being loaded at the dock. “Ship's rail” is only a line dividing the risks instead of responsibilities and costs, because the loading operation is a continuous process and the seller, if it is responsible for the ship loading, must complete the whole process. As for expense division, Incoterms 2000 has this stipulation: “The seller must pay all costs relating to the goods until such time as they have passed the ship's rail.” Its actual meaning is that, in normal conditions, the seller shall pay the most costs of the ship loading except those of stowage and trimming which happen after the goods have been loaded on board. **In actual business practice, both parties can make their stipulations on the division of costs.**

2.4.4.b Linking the ship and the goods

- Under FOB, the seller delivers the goods to the loading port in due time while the buyer is responsible for the shipping arrangements. Here arises the problem of linking the ship and the goods. This problem, if not properly handled, will affect the fulfillment of the contract.

According to relevant legislations and common practices, there are three ways to deal with the problem:

If the buyer fails to dispatch the ship on time (early or postponed dispatch without the approval of the seller), the seller has the right to refuse to deliver the goods and all losses and the storage charge increases thus incurred to the seller shall be the buyer's responsibility.

- If the seller fails to get the goods ready when the buyer has dispatched the ship to the loading port on time, all expenses thus incurred to the buyer will be the seller's responsibility.
- Both parties are dealing with each other actually under FOB. But later the buyer wants to entrust the seller with the shipping arrangement. The seller might accept the entrustment, but all risks and expenses involved in the process will be the buyer's responsibility.

So, we can see, when dealing under FOB, we shall be careful with the terms concerning delivery time and the loading port. After signing the contract, both parties shall strengthen the communication and the coordination between them on the status of goods preparation and ship dispatch in order to ensure a successful linking between the goods and the ship.

2.4.4.c Different interpretations of FOB

According to *Revised American Foreign Trade Definitions 1941*, FOB consists of 6 categories. So, when doing business with companies in US and Canada, you'd better make detailed stipulations on relevant issues under FOB in order to avoid disputes caused by different interpretations.

2.4.5. Issues under CIF

2.4.5.a Insurance types

"I" in CIF means insurance. In terms of price constituents, "I" refers to insurance premium. The seller is responsible for procuring insurance. However, for different insurance types, an insurer offers different risk coverage and different premium rates. In the sale of commodities under the CIF term, what kind of insurance policy shall a seller procure for its export commodities?

Proceed according to contract terms if the contract has specific insurance terms.

Proceed according to common practice if the contract has no insurance terms.

Incoterms 2000: sellers need only to buy insurance policies in the minimum cover. However, if the buyer wishes to obtain even more protection and is willing to bear the corresponding costs, the seller could arrange additional insurance against war, riots, civil commotion, strikes or other labor disturbances.

2.4.5.b Shipping

The seller usually selects shipping routes which are customary in normal conditions and hire suitable seafaring vessels (or inland water transport vessels) to deliver the goods to the port of destination, unless otherwise stipulated in the contract.

2.4.5.c Cargo discharge expenses

CIF variations include CIF Liner Terms, CIF Landed, CIF Ex Ship's Hold, and CIF Ex Tackle etc. CIF variations are for the purpose of specifying who will pay for cargo discharge expenses and they will not change the place of delivery and the division of risks.

2.4.5.d Symbolic delivery

CIF represents a typical symbolic delivery.

Symbolic delivery, opposite to actual delivery, means that the delivery is accomplished so long as the seller fulfills the shipping process within the specified time limit at the specified location and submits to the buyer all relevant documents (including the document of title) specified in the contract. The seller need not promise that the goods arrive at the port of destination.

Actual delivery: The seller must deliver the goods that conform to the contract terms to the buyer or its appointee at the specified date and location. In this case, document delivery cannot represent goods delivery.

Therefore, in the mode of symbolic delivery, the seller submits the documents for goods delivery and the seller pays upon reception of documents. **So long as the seller submits to the buyer a full set of correct documents as specified in the contract within the specified time, the buyer must fulfill the payment even if the goods are damaged or lost during the transportation.** On the other hand, if the seller's documents do not conform to the requirements, the buyer has the right to refuse to pay even if the goods arrive at the destination in good condition.

In sales transactions under CIF, the seller is responsible for the delivery of documents, which is only a precondition of the payment from the buyer. In addition, the seller must fulfill the goods delivery. When the commodities from the seller fail to conform to the requirements, the buyer has the right to make compensation claims to the seller even if the buyer has already finished the payment.

2.5. TRADE NEGOTIATIONS

2.5.1. Preparations for negotiation

2.5.1.a Sufficient preparation

At least 2 persons will attend the negotiation and there must be experienced negotiators (even if one of them leaves the company, the business can still go on).

Negotiators shall understand the languages of their counterparts (such as English, French, etc.).

Be fully prepared for the content of negotiation (What do I hope to achieve? What are my interests in it? What's my bottom line? And we shall also understand the interests of the opposite party and have a clear idea of how to achieve a win-win situation).

2.5.1.b Understand the negotiation style of the Europeans

There is little margin between the quotation and the final price.

All terms must be realizable (do not make promises on what you cannot realize, such as very high production output, very tight delivery schedule etc.).

Negotiation shall cover every detail, including packing requirements, price terms etc.

Most European enterprises, as buyers, like to make euro and CIF quotations.

2.5.2. Basic factors in a negotiation

2.5.2.a Translation

Translation is very important throughout the negotiation process. Prior to the negotiation, technical training is necessary for your interpreters and relevant company documents shall be given to them in advance. During the negotiations, technical terms must be translated directly and correctly. As we know, people in countries like Germany pay great attention to technical data, while in France technical standards are somewhat unique and we shall get familiar with them in advance.

2.5.2.b How to start a negotiation

Directly enter into negotiation, present all your requirements, and do not feel shy about your requirements (because friendly relations are based on successful cooperation).

Dinner invitation is not a proper act until substantial progress has been achieved in negotiation. Never have too much alcoholic drink in a business dinner.

2.5.2.c Do not rashly demand for modifications once the contract has been signed. However, timely communication is highly necessary whenever there is a problem. It's not wise to speak out your problems when it's too late.

2.5.3. European habits

2.5.3.a Understand your negotiation counterparts (your future partners)

North Europe

Relatively open, willing to have small talks; it's also important to establish close personal relations with them.

Business terms are relatively flexible and low-rank officers can also make decisions for their company.

Germany

Germans never talk about their private affairs in business negotiations.

Business terms are not flexible; they are strict with technical terms and attach great importance to technical data, which are not changeable once determined.

Low-rank employees such as technicians can also make decisions for their company.

2.5.3.b Negotiation time

Generally speaking, 90% of the negotiation will be done in formal negotiation time and only 10% can be solved in informal talks. In North Europe and Germany, the working hours for negotiations are usually 9:00-12:00 and 13:00-16:00, and the supertime is 18:00-20:00; In South Europe, everything is a bit late. People get up at 9:00 in the morning and their supertime is as late as 21:00-22:00.

2.5.4. Social manners in business talks

UK

When doing trade talks in UK:

- Avoid wearing striped neckties, because striped neckties might be regarded as mimics of ties used in military or student uniforms;
- Avoid telling jokes about the royal family; 3. Do not call UK citizens "English people".

France

When doing trade talks in France, strictly avoid talking too much about private affairs, because the French people do not like to mention their privacies.

Germany

Germany businessmen pay great attention to their work efficiency. So, when talking business with them, do not talk too much on irrelevant topics or gossip with them. Businessmen from northern part of Germany care a lot about their official titles. They will feel very happy when you shake hands enthusiastically with them and call their official titles repeatedly and respectfully.

Switzerland

When writing letters to a company in Switzerland, use the full name of the company as the addressee and avoid mailing the letter to a specific person in the company. Because, the mail will never be opened when the person is out. The Swiss admire old companies. For example, if your company was founded in 1895, you shall specially print this on your employee's card or business cards.

Finland

When doing trade talks with Finnish businessmen, do not forget to shake hands whenever necessary and always call your counterparts their official titles such as "manager". Negotiations are often done in offices instead of at dinner table. After a successful negotiation, Finnish businessmen usually will invite you to a family dinner and a sauna bath, which are very important polite gestures. Never be late for such dinners and do not forget to bring 5 or 7 flowers (even numbers are not acceptable) to the hostess. Guests are not supposed to drink before the host formally makes a toast. Avoid talking about local political issues at the dinner table.

2.5.5. Tips for negotiation

- It's better to give some small gifts that represent typical Chinese cultures.
- Have a try on local food.
- Give 2-week's notice before traveling to middle, west and north Europe; inform other parties of your traveling schedule and it's better not to make any unnecessary changes to your schedule.

2.6. CONTRACT

2.6.1. Sign the contract

2.6.1.a Official procedures for formulating a contract

Inquiry - Offer - Counter-offer - Accept an offer

As soon as one party accepts the offer of the other party, the deal comes to terms and the contract is signed; both parties shall respectively fulfill the terms of their obligations.

Inquiry and counter-offer are not indispensable parts of a dealing, while offer and accepting an offer are indispensable in reaching a deal.

2.6.1.b Basics of a written contract

Contract heading: usually includes contract title, contract number, address, phone and fax numbers of both parties etc.

Basic terms: this is the main body of a contract, including product name, quality and specifications, quantity or weight, packing, price, delivery terms, transportation, insurance, payment, inspection, liabilities, force majeure, and arbitration etc.

Contract ending: date, place, signatures of representatives from both parties etc.

2.6.1.c Payment terms

Payment by remittance

The buyer actively fulfills the payment, usually in the form of payment in advance or payment upon delivery. Characteristics: low handling charge, simple operation, but relatively high risks.

Collection

Commercial credit, assisted through banks, which will not bear the payment responsibilities. The payment is based on commercial credit. In case of documentary collection, there are the following categories:

D/A (Documents against Acceptance):

Instructions from an exporter to his bank that the documents are deliverable to the drawee against his acceptance of a draft. For the exporter, it has already given the document of title and the payment solely depends on the importer's credit. Once the importer refuses to pay, the exporter will lose both the goods and the payment.

D/P (Documents against Payments):

The documents from the exporter are deliverable to the drawee against his payment. This kind of collection is much safer to the exporter.

L/C

Bank credit, relatively safe, and it is possible to get financing from banks. An exporter may approach local banks for a packing loan against the pledge of the export letter of credit, or obtain the payment for its goods through negotiation of drafts under L/C. However, L/C involves a high cost, including fees of issuance, advising, negotiation, confirming credit, and amendment etc.

2.6.2. Contract fulfillment (document preparation)

Most export contracts in China adopt CIF and CFR terms and L/C payment. Therefore, many works must be properly done during the fulfillment of such kind of contracts, including goods preparation, urge for L/C issuance, L/C verification, L/C amendment, shipping, customs declaration, inspection application, insurance, lading, document preparation, and payment etc. Among them, the most important four items are goods (goods preparation), L/C (urge for issuance, verification, amendment), shipping (hire ships and reserve shipping spaces for goods), and payment (document preparation and payment).

The work procedures for other trade terms or transportation means are more or less the same as the above-mentioned items for CIF and CFR. Here, I'd like to make a brief introduction to the procedures in contract fulfillment in the sequence of goods, L/C, shipping, and payment:

2.6.2.a Goods preparation and inspection application.

Make goods preparations according to the requirements of quality, packing, quantity and delivery time limit in the contract. During the process of preparation, special attention shall be paid to quality, quantity, packing, marks (for transportation), and time requirements, and goods inspection shall be accomplished in due time specified in the contract.

2.6.2.b Urge for issuance, verification, and amendment of L/C

Every procedure in contract fulfillment is important. But here, I'd like to give a detailed attention to L/C. First, you shall urge your partner to issue L/C. Second, verify the L/C terms and make sure they comply with the terms in the contract. If terms inconsistent with the contract are found, they must be modified immediately, otherwise it will be impossible to get bank payment.

In actual practice, some foreign importers tend to delay the issuance of L/C when they are facing market changes or financial difficulties. In this case, we shall urge them to complete the L/C issuance immediately. When the deal involves large amount of commodities or special custom-made products for the buyer, it is even more necessary to persistently urge the L/C issuance in the process of goods preparation.

In actual practice, banks and import & export companies will jointly verify L/C. Banks usually focus on the political background and credit record of the opening bank, payment responsibilities and payment routing etc. while import & export companies focus on the content of the L/C.

It is common that an L/C needs amending in a number of places. It's better to present all amendment requests to the L/C opener once and for all. Otherwise the amendment will become annoying and increase expenses to both parties. Further, all L/C amendment notifications shall be scrutinized. We have the right to reject the amendment if we find errors or terms that we cannot accept in the amendment. Yet we need to immediately notify the amendment notification bank of the rejection in order not to affect the fulfillment of the contract.

Acceptable L/C amendments or those that have been accepted shall be attached immediately to the original L/C and the times of amendment shall be indicated. This way we can prevent the amendments from being separated from the original, as this kind of separation will make L/C terms incomplete and affect the timely and safe reception of payment.

2.6.2.c Shipping and customs declaration

Shipping arrangements involve many activities. The important parts of them include shipping consignment, customs declaration, loading, and sending of shipping notice.

After the goods are loaded on board, the foreign trade enterprise or the foreign trade transportation company will submit the B/L to a ship company or its agent for signature. The ship company or its agent will formally issue the B/L and mark it with "laden on board" and the shipping date after the B/L content is confirmed identical to the mate's receipt.

After the goods have been laden on board, the foreign trade enterprise shall promptly send "shipment notice" to the foreign buyer so the latter can proceed with the formalities of payment, document collection, customs declaration, and goods reception.

2.6.2.d Document preparation under L/C terms and bank settlement of foreign exchange

After the goods are shipped, the export enterprise shall immediately and correctly prepare all required documents according to the terms of L/C and deliver all documents and necessary certificates to the specified bank before the expiry date for presentation of documents indicated in the L/C and proceed with the formalities of payment request, draft acceptance, or negotiation, and complete the bank settlement of foreign exchange after the reception of payment.

2.6.2.e Main export documents

- **Inspection application form.** It is an application form that an export enterprise must fill in and submit to the specified inspection and quarantine administration for export goods inspection according to the stipulations of *Law of the People's Republic of China on Import And Export Commodity Inspection*. For example, the European Union requires that official inspection certificates must be provided for imported livestock, food and plant products.
- Customs declaration form
- Insurance policy
- Shipping note
- **Mate's receipt.** In ocean shipping, a ship's captain or his mate will sign a mate's receipt for goods laden on board. The shipper will present the receipt to the shipping agent to pay freight charges and exchange the receipt for an official B/L. **If the receipt contains the mate's remarks, these remarks shall be duly written on the official B/L (foul B/L).**
- Instrument for the collecting, verifying and writing-off of export proceeds in foreign exchange
- **Export commodity tax refund bill**, namely, the tax refund page in the export commodity customs declaration form. It has the same format with the customs declaration form, but it is printed on a yellow-color page. During the customs clearance procedure, the customs office will stamp the page to indicate that the commodities have been exported. The exporter can present the bill to the

revenue administration in charge of tax refund and ask them to refund the product tax or VAT that has been collected on the exported commodities.

2.6.2.f Documents of import and export payments

- Draft
- **Invoice.** There are invoice of different purposes, such as customs invoice, consular invoice, manufacturer's invoice, and pro forma invoice (commercial invoice) etc.
 - **Commercial invoice (pro forma invoice).** It is an invoice issued by a seller. It contains commodity name, quantity, and price. It is a major document used for goods transaction and payment between buyers and sellers and also one of the indispensable documents presented for customs declaration and tariff collection. There is no official format for this kind of invoice, but the main items of different commercial invoices are more or less the same.
 - **Customs invoice.** It is an official invoice devised by the customs offices in some countries. It has fixed formats. Foreign exporters are required to present such invoices to the customs office of the importing country. It is mainly used for customs valuation or the collection of differential duties or anti-dumping duties or for the purpose of statistics.
 - **Manufacturer's invoice.** It is an invoice issued by the manufacturer of the export commodities and priced in the exporting country's currency. It presents the factory price of the commodity in the domestic market of the exporting country. It is mainly used for customs valuation or the collection of customs duties or anti-dumping duties. If an L/C from a foreign country requires such invoice, the exporter shall prepare the invoice according to the domestic price format of customs invoice.
- **Bill of lading.** B/L is a goods receipt that a shipping company or its agent issues to the shipper when it receives the goods to be shipped. It is also a document certifying the transportation agreement established between the shipper and the carrier. In legal sense, it serves as a document of title. The original of B/L must be submitted when the consignee collects the goods at the port of destination. So, we can see that B/L is the most important among various import and export documents.
- **Insurance policy.** The insured in an insurance policy shall be the beneficiary specified in L/C and the insurance policy shall have a blank endorsement for the convenience of assignment of the policy. Insurance coverage and amount shall be identical to the specifications in L/C. The currency used in a policy shall be identical to that in L/C. The date of issue of a policy shall be appropriate, because banks will reject the policy that is dated later than the dates of lading, shipment or shipment supervision unless the policy clearly states that it will be become effective no later than the dates of lading, shipment or shipment supervision.

- **Certificate of origin.** This is to certify the origin or the place of manufacture of the goods. Countries that do not accept customs invoices or consular invoices usually demand for certificates of origin so that the customs tariff rates of the goods can be determined. Some countries ban the imports from certain other countries and regions. Some require certificates of origin of manufacture to certify the sources of goods.

Declaration of origin is usually issued by notary public or industrial and commercial societies in the country of export. In China the document can be issued by Administration for Entry-Exit Inspection and Quarantine or Council for the Promotion of International Trade.
- Generalized System of Preference (GSP) documents
- **Packing list and weight list.** The two documents are a supplement to the commercial invoice and will make it convenient for the customs of the destination port to inspect and verify the goods.
- **Inspection certificates.** Various inspection certificates are used to certify quality, quantity, weight, and sanitary conditions of the goods. In China, these certificates are usually issued by Administration for Entry-Exit Inspection and Quarantine. If the contract or the L/C has no special requirements, some certificates can also be issued by import & export companies or manufacturers. In this case, title, items, and inspection results in the certificates shall comply with the terms in the contract and the L/C.
- In L/C settlement, if an L/C demands for other documents besides transportation bills, insurance policies, and commercial invoice, the L/C shall specify the issuer and the content of these documents.

2.7. RISK PREVENTION IN FOREIGN TRADE

2.7.1. Risks in foreign trade

Green hand in export business often go into trouble as they are inexperienced and not familiar with the rules of international trade. A company in Shenzhen signed a US\$1000,000 export contract with a New Zealand client. After the delivery, the company was happily waiting for payment. In the end it received a rejection notification because the packing of the goods does not conform to New Zealand laws.

Fraud is often seen in international trade. For example, a Canadian businessman issued a 320,000 Canadian dollar cheque to a company in Shenzhen. A new employee in the Chinese company, who was inexperienced and had trust in the Canadian, thought that the payment was OK as he had the cheque and mailed the bill of lading for the 320,000 Canadian dollar export goods immediately to that Canadian client. In the end, the goods were taken away, but the cheque issuer stopped the payment of the cheque and the Canadian company went bankrupt and the cheque became a piece of waste paper.

2.8. PRECAUTIONS

2.8.1. Be careful with jack-of-all-trades companies

Generally speaking, companies dealing with businesses in one special field have a relatively high credit. Our enterprises shall never believe those so-called “big companies” that claim to be able to deal with everything from weapons to small consumer goods. If you meet a businessman who has a dozen titles printed in his business card, you’d better not come into contact with him, because a person will never have the time and the energy to fulfill the responsibilities of so many titles.

In addition, you shall also be very careful of big orders of small commodities. For example, a businessman wants to order 1.6 million dozens of gloves. In this case you shall be extremely careful because there are often traps in such kind of orders. These people tend to ask to pay them off first before any talk on a contract. You’d better not touch such kind of business.

2.8.2. Do not sign a contract that is beyond your capability/contract fulfillment

2.8.3. Payment settlement methods/process

If you choose L/C to get paid and if the coming L/C has the terms like prepaid commission, guarantee fund, or one-off shipping for a large amount of goods, you shall refuse such L/C to prevent your advance payment from being swindled.

2.8.4. Traps in soft clause L/C.

L/C has become a major payment method in the international trade today. However, you shall pay extreme attention to the traps in soft clause L/C. Soft clause L/C can also be called “pitfall clause” L/C. This kind of L/C, though having complete standard terms, is a revocable L/C in nature. For example, the its terms requires that the shipping company, ship name, date of loading, port of loading, port of destination, and goods inspector etc. shall be informed or approved by the L/C applicant, or that the L/C will not become effective until the issuance of export license or the applicant’s approval of the samples. These terms make the importer totally control the delivery of export goods.

2.8.5. Enterprises that operate the export by themselves shall have some countermeasures when the tax refund cannot be promptly paid and their cash flow is affected.

III. IMPORTANT ISSUES FOR ENTERING THE EUROPEAN MARKET

3.1. SELECT A PROPER MODE TO ENTER THE EUROPEAN MARKET

One mode is product entry and the other is enterprise entry. The common ways of product entry include distribution and agency (also consignment sale and exhibition sale etc.). For enterprise entry, main ways include: opening a company or an office, merge, and joint venture.

3.1.1. Distributorship (low risk and low profit)

Distributorship is a mode in which an exporter (supplier) makes use of a distributor's sales channels. According to the agreement, the distributor purchases and sells a certain product in a specified period and specified regions. Distribution can be categorized into exclusive sales and general distribution.

Exclusive sales refers to a trade practice that an exporter (principal) authorizes through an agreement a foreign client or company to have the exclusive rights of selling a kind/category of product(s) in a certain area and specified term. Exclusive sales are different from the usual export trade. Besides the sales contracts, both parties shall also sign an exclusive sales agreement in advance. The distributor owns the exclusive business rights (the distributor is the exclusive buyer and seller). Characteristics of exclusive sales:

- The distributor own the exclusive right of sales and the exporter does not sell products directly to customers in the area.
- The distributor is under the obligation not to purchase the products from a third party.
- There are quantity and sales requirements in exclusive sales.
- Both parties are engaged in a sale relation and the distributor shall bear the sales risks by itself.

Advantages: it is possible to make use of the distributor's marketing channels and human resources, achieve market share expansion and maintain low risks, and keep one's own proprietary brands.

Disadvantages: the exporter tends to be easily controlled by its distributors and the prices tend to be low.

Both parties in an exclusive sales agreement have a simple buyer vs. seller relationship. The principal (exporter) does not operate the sales business in the exclusive sales area. However, the principal will be very concerned about market expansion in the area. In order to publicize its products and brands, the principal often requires that its exclusive distributor advertise for its products. For example, there are such terms in some exclusive sales agreement: "The buyer is responsible for exhibition, order collection, and advertising in local media of the seller's _____ equipment in its area of exclusive sales." Some agreements have such terms: the exclusive distributor shall regularly visit potential customers and/or

the exclusive distributor shall provide as much market information as possible for the seller.

3.1.2. Agency (also a common way of sales and the principal bears the risks by itself)

An agent, under the authorization of its principal and on behalf of the principal, signs contracts with third parties and carries out other legally bounding activities. Any rights and obligations derived herein are effective directly on the principal.

Characteristics:

An agent and its principal have a relationship of commissioned sales. The agent represents its principal in business activities such as finding customers, collecting orders, signing sales contracts on behalf of the principal, handling goods of the principal, and collecting payments etc. The agent itself will not act as a signing party of a contract in any business transactions.

An agent's business activities are usually funded by its principal.

An agent usually does not sign contracts with a third party in its own name.

The profit for an agent is commissions that it has earned.

Agency categories:

- a) General agency: refers to a principal's universal agency in a specified region. The agent has the authorization to conduct business activities on behalf of the principal such as signing sales contracts and handling goods etc. and some non-business activities as well. The agent has the right to designate subagencies and have its due share in the commissions of the subagencies.
- b) Exclusive agency: refers to the exclusive right of sales in specified region and term.
- c) Commission agency, also called "general agency", refers to that several agents work for a principal in the same business region and the same business term. Commissions will be paid to agents according to the actual sales of the product and the percentage specified in the contract. The principal can also directly carry out sales by itself in the region and need not pay commissions to agents for such sales.

3.1.3. Open a company (for example in Denmark)

An enterprise can open its parent company in Europe, which could be a stock limited company or a private limited company. The income tax rate for the company is 30% and the dividend tax rate is 10%. If it is a stock limited company, there is a limitation to the percentage of non-EU directors in the board and it is required that most directors shall come from EU member states. Furthermore, there are requirements on the amount of registered capital. In Denmark, a stock limited company shall have a minimum registered capital of 500,000DKK; while for a private limited company,

the registered capital shall reach 125,000 DKK. There are also requirements on employment. In different country, the requirements are different.

If a Chinese company opens its branch in Denmark, the branch can pay 33% income tax in China and 10% dividend tax in Denmark, as there is a double taxation agreement between China and Denmark.

3.1.4. Offices

An office opened in Denmark cannot do business directly in its own name. The office can have employees and bank accounts. But it does not have real rights and it cannot directly receive payments for goods. What it can do is restricted to publicity, order reception, and product services etc.

Product entry and company entry have their respective advantages and disadvantages. In the mode of product entry, as the distributor and the agent are familiar with the local market and the consumption habits in Europe, they can effectively achieve market expansion. But in this mode, the profit share for the company is relatively low. If an enterprise directly enters the European market, it will be able to broaden its vision and keep a close eye on its terminal market. And it is also a good opportunity for the enterprise to improve its product quality and personnel capabilities. The enterprise can determine the product prices at its own will and get higher profits. However, in this company entry mode, the costs and the risks will be higher. Of course, considering their own actual conditions, enterprises can choose a step-by-step way of entry. They can first export their products to Europe and then open their subcompany there at their own discretion.

3.2. CHOICE OF LANDING PLACE

As EU is a large market, entrance into one country means free circulation among all EU member states. Therefore, it's important to choose the right country for the landing place. In this process, we shall consider the following points:

3.2.1. Products

Germany and France are suitable for the field of ordinary consumer goods, as the two countries have big population and higher consumption demands. Textile businesses shall choose Italy and France, which are centers of textiles and garments in Europe. Auto part businesses shall enter France, Italy, Germany and Czech, where the automobile industry is highly developed. For new products with exquisite designs, the market in North Europe is the choice, because people in North Europe have high incomes and consumption levels and they are willing to spend money on artistic and delicately designed products.

3.2.2. Prices.

For food, beverage and tobacco, their prices in Denmark, Switzerland, Iceland and Norway are over 30% higher than the EU average; in Sweden, Finland, UK, and Ireland, 10%-30% higher; in Austria, France, Germany, Italy, Holland and Belgium, the average level; In Spain, Greece, Slovenia and other old member states, 10%-30% lower; in those countries that newly joined the EU, over 30% lower than the average (the price level in Romania is the lowest). So we have to consider product price levels before we decide which market to enter.

3.2.3. Tax rates and capital circulatio

Value Added Tax Country	Rate %	Country	Rate %
Austria	20	Belgium	21
Czech	22	Cyprus	15
Denmark	25	Estonia	18
Finland	22	France	19.6
Germany	16	Greece	18
Hungary	25	Ireland	21
Italy	20	Latvia	18
Lithuania	18	Luxemburg	15
Malta	15	Holland	19
Poland	22	Portugal	19
Slovakia	19	Slovenia	20
Spain	16	Sweden	25
UK	17.5		

Though customs tariffs are unified in EU member states, there are differences on VAT, excises and income tax. The difference on VAT is not big as the EU member states have coordinated with each other for a relatively unified VAT level. But, for income taxes, there are big differences. For example, in Germany, the rate of corporate tax (based on company income and dividends) is 38%, while in Estonia the rate is zero (but you have to pay a 26% tax if you want to transfer your capital to other countries). The rate is low in countries that newly joined the EU. For example, in Poland, it is 19%. Therefore, when our enterprises open companies in the EU, they shall consider not only tax rates but also capital circulation conditions.

3.2.4. Working hours and labor market.

In Europe, most employers do not want their employees to work overtime. On one hand, the governments have strict regulations on working hours. On the other hand, the overtime pay is very high. Let's see the following figures:

Country	Weekly Working Hours	Max. Working Hours	Restriction on Overtime	Overtime Pay
Denmark	37	48	11/week	50%
Sweden	40	40	200/year	80%
Germany	37	40	60/year	25%
UK	40	40		25%
Netherlands	38	48	12/week	25%

Labor market: Employment rules differ among EU member states. In Germany, Spain, Italy, and France, employees cannot be easily dismissed even during economic recession periods and the labor unions in these countries are very influential. However, employers can enjoy more freedom of employment in Denmark, UK, and other North European countries. As these countries apply high standards of social welfare, the government will provide free vocational training and various kinds of relief for the unemployed. In these countries, the economic losses (deprived parts of salary) of the employees caused by sick leave, injuries on the job and babysitting will also be compensated through social welfare.

3.2.5. Manpower and its costs

Manpower in Europe has a high quality. In Germany, Denmark and Sweden, 80% of their manpower got the education from colleges of professional training or higher institutions of learning. In UK and Holland, the figure is 60%. In Germany, technicians of medical instruments, automobile manufacturing and electronics are in sufficient supply. In France, we have costume designers and bio-engineering research and development experts; in Italy, we have designers for cloth materials, suitcases and handbags. In short, all kinds of R&D experts are available in Europe.

Let's see the levels of annual salary in multinational companies in some countries (unit: 1000US\$):

Country	CEO	Marketing Manager	Sales Manager
Denmark	127	91	66
Sweden	362	109	84
Germany	321	111	99
UK	600	130	83
Netherlands	227	97	68

3.2.6. Public utility and other expenses:

The infrastructure in new EU member states, including roads, ports and telecommunications etc., is less developed than in other member states. In Denmark, the electricity fee is charged on the basis of consumption quantity. If the annual consumption is 4000 kwh, the electricity price will be 0.65 DKK/kwh (tax included). Telecom service in Denmark is also very cheap. However, house rents are expensive in old EU countries. In Bonn, the monthly rent for a medium-sized apartment is over 1000 euros.

So, enterprises shall weigh carefully all aspects and determine their landing place.

3.3. RISKS

There are many risks for an enterprise (especially a private enterprise) to enter into the European market.

3.3.1. Risks in staff management and asset control.

Mainly refer to the management of staff in foreign countries, control of assets and products, and financial safety etc.

3.3.2. Increase of trade costs.

Including the costs of management, traffic and office rents etc.

3.3.3. Risks due to being unfamiliar with local legislations.

Be unfamiliar with the legislations of taxation, accounting, employment, and working hours etc. in the foreign country and cause economic and other losses to the enterprise.

3.3.4. Risks due to exchange rate changes and other political and economic changes.

Foreign investment experiences of enterprises in our province: centralized financial management and strict control over funds; employ local accountants (especially in Germany) to do audits; company HQ shall directly deal with market issues and shall have effective management measures; employee salaries shall be paid through accounting agencies in order to avoid disputes; attach great importance to the issues of human and property safety.

3.4. OPENING AND OPERATION OF EUROPEAN (BRITISH) COMPANIES

3.4.1. Registration at Companies House:

According to *the Companies Act* of UK, anyone, including British citizens, foreign enterprises and individual, who are engaged in trade activities in UK, must register themselves at Companies House. For private company limited, there is no minimum share capital requirement, nor requirement on the minimum number of shareholders or directors; its shareholders or directors can be individuals or companies; there is no limit on the nationality or the residence of shareholders and directors. A private company limited needs only to have one director and one secretary. The company needs to submit to the registration agency (Companies House) its memorandum of association, articles of association, names and addresses in UK of its directors and secretaries, and other documents needed in the registration, and to confirm that its registered capital is over scores of pounds and pay £ 20 registration fee. Companies House will check all the submitted documents and provide incorporation. Once an enterprise is registered, it can go in for trade activities including import and export businesses.

3.4.2. Companies House, HM Revenue & Customs (HMRC), Export Control Organization (ECO) and Import Licensing Branch (ILB) of the Dept. of Trade and Industry in UK controls and supervises the import and export enterprises and their business activities.

3.4.3. Any company registered at Companies House can apply for quotas of imported products from ILB.

The UK government implements import quota control on ceramics and footwear and import license control on iron & steel, chemicals, glassware, fireworks, leather gloves, toys, and artistic porcelain products. And these control measures are maintained in ILB.

3.4.4. The UK government implements the end user monitoring measure on military and high-tech product exports.

British companies must apply for export licenses from ILB when exporting high-tech products (including transit trade). During the application, a declaration of the importer and the government of the importing country must be submitted to guarantee that the product will be used in the country. Licenses are also needed for weapon exports.

3.4.5. HMRC is responsible for collecting the tax revenue for the country.

All goods exported from UK to non-EU countries must make export declaration to HMRC. Exporters whose export to other EU member states exceeds £ 233,000 must submit monthly statements to HMRC for statistics. Annual review is applied to companies whose export is below the foresaid amount.

Under ordinary conditions, the UK government won't interfere with the foreign trade activities of companies. For imports, upon approval of the customs, enterprises with bank guarantee can delay the payment of import duties and VAT until 15th of the month following the actual importation. For exports of goods from UK to non-EU countries, upon approval of the customs, simplified procedures of customs clearance can be adopted, with specific procedures depending on the sum of the export trade.

There is no specific law on foreign trade in UK. The UK government fully implements all the trade policies of EU. Today, UK has developed a unique and effective system of foreign trade management. We can describe it as: a highly open and free trade management system based on private ownership and rule of law and dominated by the policies of the Department of Trade and Industry with the assistance of customs control and supervision.

IV. POLICY SUPPORT IN CHINA FOR SMALL AND MEDIUM ENTERPRISES TO OPEN INTERNATIONAL MARKET

International market promotion funds for small and medium enterprises

Jiangsu Government will provide specific supports for enterprises that have an annual export of no more than 15 million US dollars. Please search the following website for details: <http://www.jsmoftec.gov.cn> (Department of Foreign Trade & Economic Cooperation of Jiangsu Provincial Government)

4.1. FUNCTIONS OF EUROPEAN COMMERCE CHAMBERS IN INTERNATIONAL TRADE PROMOTION

Here we introduce Confederation of Danish Industries and German Confederation of Small Business and Skilled Crafts.

4.2. Confederation of Danish Industries (DI):

Confederation of Danish Industries has 400 employees, 30 departments, and 6300 member companies (which constitute 50-70% of basic industrial enterprises). The membership due is 1000DKK/person, which is charged according to the number of employees in an enterprise. The A.P. Moller - Maersk Group alone has 20,000 employees and its membership due reaches 20 million DKK. So the 50 biggest enterprises in Denmark will be able to bear all the expenses of DI.

DI is a private organization and its most important work is policy advocacy. As DI represents most industrial enterprises in Denmark, it will influence government decisions according to the demands of its members and represent employers to conduct dialogues with labor unions (on issues of working hours, wage etc.) and coordinate with the government.

DI uses commercial means to prompt enterprises to promote their international market. It may open training courses for only 3 to 5 enterprises, so the training can have very specific aims. When DI organizes big enterprises or big delegations for business visits in other countries, it often invites the Prime Minister and other ministers and even the royal family members to join and makes the delegations look very important. DI is also capable of solving some trade problems through dialogues between government of Denmark and other countries. That's why DI is very influential among Danish enterprises.

4.3. German Confederation of Small Business and Skilled Crafts (ZDH)

Situations in Germany are different from in Denmark. German legislations require that every enterprise must join in a chamber of commerce (they may not join in associations. Our partner, ZDH, is a confederation of small businesses and skilled crafts in Germany. It comprises 55 chambers of small business and 65 associations of small business and currently consists of 840,000 companies). These chambers and associations play important roles in promoting the development of medium and small enterprises and international trade:

- a) Take part in the drafting and the modification of relevant legislations (commercial laws).
- b) Provide training for employers and employees. Every year Germany spends about 500 million euros for the training of medium and small enterprises (including the establishment of new training facilities). Every year the Confederation submits its training programs to the Association of German Chambers of Commerce and Industry and applies for training funds from the government.
- c) Provide consultation services. ZDH has 800 professional consultants (50% for economic affairs and 50% for technical affairs). Among them 500 consultants are paid by the federal and state governments and partly from the Confederation's membership dues. The Confederation also has its offices in other countries, which provides consultation services jointly with local

commerce chambers.

- d) Provide flexible support for German enterprises to take part in foreign trade fairs and expos (in remote regions). For example, it will offer a 33 million euro assistance in 2005 and 50% of the assistance is for the Asia and Pacific region. Assistance procedure: the Confederation seeks the idea of enterprises and if the number of show stands reaches more than 6, the Confederation can submit its assistance scheme for government approval. So we can see that the commerce chambers in Germany are very powerful and most German (as well as Danish) enterprises show great interests in the Chinese markets. They hope to cooperate with commerce chambers in China. We believe this is a new opportunity for every one.

ANNEX B

Questionnaire for Workshop Evaluation

WORKSHOP EVALUATION

Workshop Title:

Date of Workshop:

Thank you for your keen interest and participation in this training workshop. Your frank evaluation will help us improve our design of training workshops for the benefit of future participants. Please answer all the questions. Where a question calls for a numerical rating, please circle the appropriate number.

Scale of Rating

1	-	Poor	(Very much below expectation)
2	-	Fair	(Below expectation)
3	-	Satisfactory	(Up to expectation)
4	-	Very Good	(Above expectation)
5	-	Excellent	(Very much above expectation)

1. COURSE EFFECTIVENESS

	Poor		Excellent		
1. Achievement of stated objectives	1	2	3	4	5
2. Amount of knowledge and skills acquired	1	2	3	4	5
3. Adequacy of notes and handouts	1	2	3	4	5
4. Design and Organisation of course	1	2	3	4	5
5. Your overall rating of the course	1	2	3	4	5

2. INSTRUCTOR EFFECTIVENESS

	<i>Instructor 1:</i>					<i>Instructor 2:</i>				
1. State of preparation of instructor	1	2	3	4	5	1	2	3	4	5
2. Instructor's knowledge of topics	1	2	3	4	5	1	2	3	4	5
3. Instructor's ability in presenting lectures	1	2	3	4	5	1	2	3	4	5
4. Instructor's ability to hold your interest	1	2	3	4	5	1	2	3	4	5
5. Instructor's ability in using teaching aids	1	2	3	4	5	1	2	3	4	5
6. Interaction within the group	1	2	3	4	5	1	2	3	4	5
7. Your overall rating of instructor	1	2	3	4	5	1	2	3	4	5

3. WORKSHOP ADMINISTRATION

1. Suitability of the training venue	1	2	3	4	5
2. Quality of snacks provided during the breaks	1	2	3	4	5
3. Quality of handouts	1	2	3	4	5
4. Condition of the training equipment	1	2	3	4	5
5. The attitude of the training staff	1	2	3	4	5

4. How do you rate the time frame of the seminar?

too short

too long

well chosen

5. The following topics / contents

should be presented more in detail: _____

should be shortened:

should be added:

should be omitted:

6. Please make an overall comment on the workshop and instructor(s).

7. Would you recommended this training workshop to other members from your Organisation?

Yes No

If yes, give the name(s) of the person and the Job title

If no/ please give the reasons for your answer

8. What suggestions do you have for improving the program?

9. What other seminar topics are of importance to you?

ANNEX C

Template for company profiles



Foundation for Economic Development
and Vocational Training

**ASIA INVEST II ALLIANCE
Sino-European Network for Better Training Capacities in Intermediary Business
Organisations**

COMPANY PROFILE

The objective of this questionnaire is to get as exact and precise information as possible about your company and your search for a business partner in Germany and/or Denmark. Please follow the headings and questions below to provide this information. The more detailed a company profile and request, the greater the likelihood that it will catch attention.

Company name	
Name of proprietor	
Name and position of contact person	
Postal address	
Telephone	
Fax	
Email	
Website	
Year of establishment	
Number of employees	
Turnover for the last three years in RMB	
Turnover for the last three years in EUR	

Line of business (*please mark*):

Manufacturer

Manufacturer's Representative

Exporter

Importer

Wholesaler

Retailer

Other

Purpose for search of business partner (*please mark and answer question*):

I want to import from Germany/Denmark

If yes, which products?

I want to represent German/Danish companies in China

If yes, which products are of particular interest?

I want to export to Germany/Denmark

If yes, which products?

I am looking for an agent for the distribution of my goods in Germany/Denmark

If yes, for which products?

I am looking for a German/Danish investor

If yes, for which project? Please provide as detailed information as possible about the project idea, e.g. market data, market prospects (estimated market potential, competitors etc.), production capacity, required facilities and raw materials, expected type of cooperation (license agreement, joint venture etc.), size of total investment, financing structure etc.

Should the available space in this table be insufficient, please submit a separate page.

Imprint:

Responsible for the contents:

Alexandra Voss, Project Manager SEQUA, Ralf Meier, Expert Curriculum Development
SEQUA

Pang Hui, Project Manager Jiangsu FIC, Li Bo, Trainer Jiangsu FIC, Zheng Hong, Trainer
Jiangsu FIC, Shen Ansheng, Trainer Jiangsu FIC

Thomas Bustrup, Project Coordinator DI

Thomas Reichenbach, Regional Representative ZDH

Responsible for the layout:

Uschi Tenhagen, Project Assistant SEQUA

