



中美總商會

China Alert

BUSINESS NEWS SUMMARY

FEBRUARY 6, 2006

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1. MESSAGE FROM THE PRESIDENT OF USCCC: LOOKING FORWARD

Happy New Year!

The latest news on the Chinese economy has been upbeat, and China now reportedly is trailing the United States, Japan, and Germany as the fourth largest economy in the world. There is no wonder that the last 12 months have proved to be very busy for all parties that are involved in China. Many American companies, with or without any prior experience or interest in China, have begun the process of looking into doing business in that country. Many writers, with or without any actual business experience in China, have rushed to publish a large number of books, articles, and "how to manuals" in conducting successful cross border transactions. My desk is filled with invitations to conferences, seminars, book signing events, receptions ... And yet, while there has been an enormous overflow of positive news, many US companies, with whom we deal on a regular basis, primarily small to medium sized family owned companies, are still struggling to figure out how they could profit from this "Second Industrial Revolution."

While I strongly believe that it is critical and essential for both US and Chinese companies to be actively involved with each other, I also trust that such engagements could be and need to be mutually profitable. US-China Chamber of Commerce, a non-profit, bi-national, non-political membership organization, is dedicated to developing increased US-China trade and investment activities by assisting American and Chinese companies to better understand the business environments and cultural traditions relevant to successfully doing business in both countries. We take pride in providing our members and the general public with independent, unbiased, and balanced information and services. As such, I am glad to report that in the last 12 months, we have organized a wide range of activities such as seminars and conferences, published limited original opinions and articles, and offered various services such as partner search and visa processing to address some of the issues. Nevertheless, our organization continues to be a small entity with limited resources. We have no funding from any government or foundation, and with a diverse membership base, we have worked very hard to strive to provide the relevant services. With a limited budget and manpower, we tend to be more successful in some instances than others.

To stay relevant, over all those years, we have launched new programs year in and year out. Although some of them have proved to be successful, some of them have proved to be less so. Nevertheless, I believe that for US-China Chamber of Commerce to continue to be one of the most resourceful organizations in this

community, we need to continue to identify what is critical for future US-China business practices, to innovate, and to take calculated risks; and we will follow this path in year 2006 and beyond.

As President of US-China Chamber of Commerce, I am deeply honored that you have faith in my staff and me and continue to give us the support. We have very limited resources, and I hope that some of you might agree with me that we have allocated such resources in the most efficient manner. As year 2006 or the Year of the Dog is marching in, I ask for your patience and generosity to continue to support us. As always, we have an ambitious plan, but the plan could not be carried out if we do not have your support. For instance, in 2006, we need to revamp our website; republish "China Alert," our newsletter; update the member directory; and bring you news on our members and US-China business; on a regular basis. All those require resources.

If you are not a member yet, please consider joining our organization. If you are already a member, please accept my sincere thanks and continue to stay with us. Please be active with our organization. Send us articles; share with us your experience; participate in our events; help us to reach out to those who might benefit from being part of this community. Knowledge is power, and there is nothing more dangerous than ignorance in action. I look forward to working with all of you in 2006 and beyond. Meanwhile, I would consider it a personal privilege if I would be contacted at 312-368-9030 or sivayam@usccc.org for any questions or suggestions that you might have.

Thank you. I wish you good health and good fortune in year 2006 or the Year of the Dog and beyond!

2. SPECIAL ALERT: BEWARE OF SCAM

The growing economy in China along with recent announcements of the purchase of IBM Personal Computer business by Lenovo by Chinese companies have generated an illusion that Chinese companies are buying into American just like the Japanese in early 80s. We have received a number of inquiries from small US companies regarding possible large purchase orders from Chinese companies. Our experience with them has indicated that some of those purchase orders might turn out to be scams. *Since USCCC has not done any extensive research, we are not in a position to make any comments. The following is an excerpt from one member who has fallen as a victim. We encourage you to do your independent research prior to making any decision. Based on our experience and discussions with a large number of executives who have done business in China, we strongly believe that doing business in China is safe and could be very rewarding. Nearly all people who have traveled to China have very fond memory of the people and the country. The following case is atypical, but we feel that we should bring your attention to such incident.*

According to the report, the situation is as follows:

- A small closely held US manufacturer received inquiries from a Chinese company (sometimes, Export/Import companies) claiming that it is placing a very large order (\$1-5 million) of manufactured products, which could potentially double the revenues of the US manufacturer.
- Typically, these "Chinese" companies are newly formed and undercapitalized. Sometimes, these companies claimed themselves branches of very large, well known, state-owned enterprises.
- The two parties will proceed to negotiate on the price and terms that are adherent to typical trade transactions (the Chinese company will promise to wire 40% as down payment; 30% in progress; and balance upon shipment).
- The Chinese company will ask the US company executives to visit them in China to finalize the negotiations. Sometimes, they will ask them to bring gifts (custom practice in China) to present to some leaders at the ceremony of signing. Occasionally, they will ask them to help them buy a laptop computer and promise to repay the money plus interest together with the down payment.

- When the US executives arrive, they will complete the negotiation process. A signing ceremony is arranged but then postponed based on some excuses. Then, they will take the visitors for sightseeing and somehow the visitors agree to make some payments on their credit cards.

How to Avoid the Scam:

- Our suggestions are as follows:
 - Use common sense. If something seems to be too good to be true, then it is too good to be true.
 - Do your homework. Talk to the people. Obtain a report on the company including registration report prior to making the trip.
 - Hire your own driver (local) and interpreter even though it may cost you US\$100-300 a day. There is no free lunch in the world.
 - Be alert. Keep important phone numbers on hand, and always carry your mobile phone (make sure you phone has been recharged.)

3. UPCOMING AND PAST EVENTS

UPCOMING EVENTS

Annual Chinese New Year Dinner Reception. February 9, Thursday, Chicago

A dinner reception in celebration of the Year of the Dog will be held on February 9, 2006, Thursday from 5:30 pm to 9:00 pm at the House of Fortune Restaurant in Chinatown, Chicago. We are grateful that Consul General and Mrs. Xu Jinzhong, Deputy Consul General Tang Ying, along with other consuls will be joining us on this very popular event. In addition, Dr. William Testa, VP at the Federal Reserve Bank will return to comment on the outlook of the economy. Spaces are limited, please RSVP at your earliest convenience.

Cross Cultural and Language Training Workshop. March 16, Thursday, Chicago

- Topics: A Brief History of China; The Lay of Land; Structure of Chinese Government; Ethnics and Religions; A General View of the Culture; Protocol; Dos and Don'ts; Art of Gift Giving; Introduction to Chinese written and spoken language; Practicing Puotnhua; Protocol; Living in China and Culture Shock (Subject to Changes)
- Instructors: Siva Yam, CPA, CFA, President of USCCC; Dr. Rick Mao, Dean Elgin Community College; John Clark, President, Alliant Energy (China).
- Fees: \$395 (members); \$495 (non-members)
- Detailed Agenda and Registration Form will be Available on February 15.

Setting Up Operations in China Workshop. April 20 & 21, Thursday and Friday, Chicago

- Topics will include: An Overview of the Mechanics in Setting Up Operations in China; Selecting The Right Entities: Rep Office; JV and WOFE; Site Selection (export versus domestic sales; high tech versus low tech; tax incentives; language; human capital); Tax and Accounting Strategies (Offshore Holding Companies; Financing; Transfer Pricing; Import Duties; VAT); Customs Issues; Human Resources Management (Recruiting; Social Welfare; Fringe Benefits); Legal Considerations (IPR; Liabilities); Use of Advisors (When and When Not to) (Subject to Changes)
- Workshop Materials will consist of presentation materials from instructors; checklists and sample forms
- Instructors: In formation
- Detailed Agenda and Registration Form will be available on March 1

China-US Business Forum. February 14 & 15, Tuesday & Wednesday, Beijing

A small delegation from US-China Chamber of Commerce will attend this two days conference in Beijing. The event is organized by the China General Chamber of Commerce and the People's Daily. The Conference fee is \$500 excluding lodging and transportation. For those who are interested, please contact our office as soon as possible. Subject to the number of delegation and confirmation, a private meeting with a very senior leader might be arranged.

Ningbo Portman Plaza Grand Opening, February 25, Saturday, Ningbo, Zhejiang

We will lead a small delegation to attend the Grand Opening Ceremony of Ningbo Portman Plaza, an ultra luxury hotel/commercial/residential complex designed by an affiliate of the renown American architect, Jack Portman. It is anticipated that over 1,000 guests will be attending. For those who are interested, please contact our office as soon as possible.

PAST EVENTS IN FOURTH QUARTER OF 2005

Sixth Annual US-China Trade Conference

The Sixth Annual US-China Conference was held on November 10 & 11. Over 250 corporate executives and 18 seasoned speakers participated in this annual conference. The Conference covered a wide range of subjects and has received excellent review. Conference materials and DVDs are available for purchase for \$280 for the complete set. Please contact our office for further information.

Reception in Honor of Delegation from Dalian

On September 21, 2005 we hosted a reception in honor of the Dalian Business and Government Delegation led by the Honorable Xia Deren, Mayor of Dalian and Vice Governor of Liaoning Province. Over 100 corporate executives from seven states have attended this special occasion. During the reception, Mayor Xia and Director Liu introduced business opportunities and investment environment of Dalian. Mayor Xia emphasized that it had been the government policy not just to attract foreign investments into Dalian but also to encourage companies in Dalian to make investments overseas. For instance, Mayor Xia cited, Dalian Machine Tools has acquired certain operations of Ingersoll a couple of years ago. Dalian has a long term relationship with USCCC. Eight years ago, Prescott Bush, Founder and Chairman Emeritus of our organization has led a delegation to Dalian and met with The Honorable Bo Xilai, current Minister of Commerce and then Mayor of Dalian. Subsequently, Minister Xia visited the US at the invitation of USCCC. In the last 12 month, Siva Yam, our President, has personally accompanied a USCCC member, which is one of the world's largest food companies to Dalian to evaluate various investment alternatives in China. As Dalian is strategically located in Northeast China and is known for its dynamic growth, we firmly believe that a strong relationship between the city and USCCC will offer many benefits to both US and Chinese companies.

Reception in Honor of Delegation from Nanjing

On November 1, 2005, we hosted a private dinner in honor of the Government Delegation from Nanjing led by the Honorable Luo Zhijun, Party Secretary of Nanjing Municipal CPC Committee, the most senior leader in Nanjing. The Delegation consisted of other senior leaders. Nanjing is an up and coming city in which Ford Motor has made substantial investment. Nanjing has a long term relationship with US-China Chamber of Commerce, and about 10 years ago, Prescott Bush, Founder and Chairman Emeritus of our organization has led a delegation to Nanjing. During the dinner, USCCC and Nanjing government have made a commitment to strengthen its cooperation with a plan for USCCC to lead a delegation to Nanjing later this year.

4. CAREER OPPORTUNITIES

For those who are interested, please send us your resume (CV) via facsimile at 312-368-9922 or e-mail at the respective e-mail address. NO PHONE CALL PLEASE.

Interns (US)

Reference No. USCCC001
Respond To: job@usccc.org
Employer: US-China Chamber of Commerce
Location: Chicago, Illinois

Job Summary

Part time during school year (between 15 and 20 hours a week) and full time in the summer. Involve in all aspects of the operations of a non-profit organization dedicated to promoting the understanding between the US and China with an emphasis on business. Assist Executive Directors in planning, organizing, and hosting a wide variety of events including conferences, investment forums, seminars, workshops, receptions and others. Provide research support. Perform office administrative duties.

Qualifications

Good work ethics and attitudes. Ability to work under pressure and perform multiple tasks. Good communication and PC skills.

Computer Intern (US)

Reference No. USCCC002
Respond To: job@usccc.org
Employer: US-China Chamber of Commerce
Location: Chicago, Illinois

Job Summary

Part time during school year (between 15 and 20 hours a week) and full time in the summer. Responsible for the setup and maintenance of the in-house PC network system. Update website. Create various computer templates and programs (PC). Setup A/V system in events. Involve in all aspects of operations, which might not be computer related, of USCCC.

Qualifications

Good work ethics and attitudes. Ability to work under pressure and perform multiple tasks. Excellent knowledge and skills in programming and applications (PC)

Plant Manager (China)

Reference No. MO001
Respond To: mo001@usccc.org
Employer: A privately held medium-sized plastics/rubber manufacturer
Location: China, Zhongshan, Guangdong

Job Summary

Direct and coordinate all phases of product production. Assume responsibility for building and building equipment. Supervise installation, maintenance, and repair of machine tools and equipment, electrical, gas, air, and water installations, sewers, fire sprinklers, the operation of building equipment and facilities. Work with outside contractors and architects on building construction as necessary. Plan, lay out and assign work, involving diagnosing and remedying difficult problems. Expedite building and machine repairs in construction to avoid production delays. Responsible for the implementation and continuous operation of the plant quality management system.

Qualifications

Knowledge/Experience: Requires a BS or BA and broad knowledge in business, manufacturing, chemistry, and environmental compliance. Clear verbal and written English communication skills. Skills in computer, plant manufacturing equipment, measuring devices, tooling machines, drafting equipment, manuals, blueprints and company policies and procedures.

Mold Shop Manager (China)

Reference No. MO002
Respond to: mo002@usccc.org
Employer: A privately held medium-sized plastics/rubber manufacturer
Location: China, Zhongshan, Guangdong

Job Summary

Responsible for developing, maintaining, and implementing standard operating procedures and work instructions for the Mold Shop.

Qualifications

Knowledge/Experience: Requires a college degree with three to five years experience as a machinist or mold maker and one year administrative and supervisory experience. Also requires clear verbal and written English communication skills. Skills in machines, Tools, Equipment, Work Aids: Computer controlled milling machines, lathes, drill presses, personal computer, metrology tools, machine shop hand tools.

Tooling Development Manager (Asia)

Reference No. IT001
Respond to: it001@usccc.org
Employer: A diversified Fortune 200 Company
Location: China, Shanghai

Job Summary

Responsible for managing all aspects of tooling development in Asia for multiple divisions of a Fortune 200 company. Identify and qualify potential Asian sources for tooling. Primary emphasis on injection molds. Potential secondary emphasis on other tooling such as progressive stamping dies and assembly fixtures. Coordinate all quoting activities between the Company's divisions and qualified sources; Clarify technical requirements for each tool and insure that quotes provided are compliant in all aspects. Negotiate favorable pricing, terms, and lead times with qualified Asian sources. Coordinate order

placement for tools. Monitor progress of all tools ordered. This will include the design phase, tool build, tool assembly, mold "tryout" and first piece submission. Coordinate shipment of tools with vendor and ordering the Company's division. Develop processes for tool quoting and building which will result in molds being built on time and on budget with no technical deficiencies. Insure that all tools are documented properly and that proper documentation is provided to the purchasing division. In cooperation with the ordering division, provide Asian sources with any specified components which are not readily available in Asia. Insure compliance with all local and national legal requirements. In cooperation with Purchasing, negotiate favorable agreements with key suppliers and service providers. Analyze near term and long term requirements for continued successful operation including capacity planning and capital equipment requirements. Oversee successful implementation of new product launches and prototype activities. Actively participate in local Asian Trade associations. Assist various company's divisions in the identification and qualification of sources for a variety of components (example: injection molding and metal stamping) as well as assembly of finished goods and assist various company's divisions in the identifying potential candidates for future staffing requirements in Asia

Qualifications

Prior successful experience in tooling design and development (5 years minimum); Background which includes actual mold design a plus. Bi-lingual (written and spoken): Chinese / English. Excellent written and verbal communication skills. Strong organizational skills. Working knowledge of injection molding. Reasonable computer skills including Word, Excel, and Outlook; Proficiency in CAD a must. Knowledge of or an existing network of key contacts and potential tooling sources in Asia. The individual we seek must be personable, conscientious, and possess a strong work ethic. An engineering background and strong technical aptitude is a plus.

Manufacturing Engineer (China)

Reference No. ME001
Respond to: me001@usccc.org
Employer: A middle market electronics company
Location: China, Shanghai

Job Summary

Translates product design into working manufacturing plans. Identifies the process, procures the equipment, and launches the assembly line by performing the following duties: Quotes the necessary assembly tooling for the plan. Identifies and implements the manufacturing process. Troubleshoots new and existing production programs. Documents production line data such as FMEA, process flowcharts, process specifications, SPC specifications, job instruction, etc. Defines and implements Standardized Work. (R) Interfaces and communicates with the customer. Active in MAC Chart an continuous improvement agendas. Coordinates launch (tooling, facility, layout, PSO, PSA, PSB's). Works on continuous improvement and lean manufacturing agendas. Budgets and manages program spending and establishes budget plans as requested. Works with Best Practice Methods and reports to team findings. Leads and/or supports TS and ISO 14001 Roles, Responsibilities, and Authorities.

Qualifications

Bachelor's degree (B. S.) from four-year college or university; one to two years related experience and/or training; or equivalent combination of education and experience.

Quality Engineer (China)

Reference No. ME002
Respond to: me002@usccc.org
Employer: A middle market electronics company
Location: China, Shanghai

Job Summary

Plans and directs activities concerned with development, application, and maintenance of quality standards for industrial processes, materials, and products by performing the following duties: Addresses customer concerns by writing corrective actions, interacting with customers, working with core team to resolve issues promptly. Inputs any customer concern into the corrective action (CA) tracking database, which is reviewed regularly for closure. Addresses internal line concerns by reviewing line rejects and working with core team to resolve the issues promptly. Addresses supplier concerns by notifying the supplier about issues through Quality Concern Rejection (QCR) forms, reviewing supplier corrective actions for closure, and visiting supplier facilities for re-occurring issues. Addresses lab concerns by working with core team on lab failures and following up with corrective actions for closure. Addresses audit concerns by working with core team on daily audit findings and following up with resolution for closure. Prepares and ensures control plans conform to customer, product, process, and line specifications. Develops and initiates standards and methods for inspecting, testing, and evaluating. Ensures dimensional layout inspection meets customer print requirements for PPAPs and Annual Dimensional Layout and works with core team and/or supplier to resolve any open issues. Analyzes warranty returned parts, provides feedback to the warranty group through the warranty report, writes corrective actions for nonconforming parts as a result of the Company's product or process related issues. Participates actively in design and manufacturing reviews by reviewing design prints for assigning Receiving Inspection criteria and for assigning critical dimensions [significant characteristics (SC), critical characteristics (CC)] and addressed all customer, supplier, and internal issues on previous programs with the core team. Participates actively in the stages of Project Sign Off (PSO, PSA, PSB) and addresses any open issues promptly. Participates actively in Process Improvement Team (PIT) and the Factory Improvement Council (FIC) and addresses any open issues promptly. Reviews and maintains the Quality Open Issues Deck and addresses issues with core team for timely closure. Leads and/or supports TS and ISO 14001 Roles, Responsibilities, and Authorities.

Qualifications

Bachelor's degree (B. S.) from four-year college or university; one to two years related experience and/or training; or equivalent combination of education and experience.

Purchasing Manager (US)

Reference No. BL001
Respond to: bl001@usccc.org
Employer: A middle market industrial and flexible packaging manufacturer and distributor
Location: Carpentersville, IL

Job Summary

Responsible for cost effective procurement of raw materials, supplies, outside contract services. Extensive price, delivery and contract negotiation and competitive analysis. Maintain and expand existing partnerships with National and International Suppliers. Managing quality and cost containment strategies; negotiate Win-Win solutions in highly competitive markets. Review costing data for accuracy. Ensure accuracy of purchase orders/receiving, and monthly reports. Assist Sourcing Director to identify/qualify/develop new supplier relationships. Assist Sourcing Director in evaluating supplier performance against specified benchmarks. Perform quantifiable cost savings/reduction and value

analysis programs while consistently maintaining quality standards. Ensure “You’ll never be without the right bag”. Optimized purchasing process and the “Right” Supplier Partnerships. Developed Supplier Quality Programs and strong Supplier Relationships. Develop and integrate computer/tracking systems

Qualifications

Chinese speaking preferred. Professional strategic corporate focus. Strong Negotiation Skills in highly competitive markets. Results Oriented; Sense of urgency/Drive to Accomplish tasks and goals. Strong yet Diplomatic. Analytical and Attention to Detail. Proven Time Management and Multi-tasking Skills. Adept at understanding Manufacturing Operations/Process. Ability to build and tailor different approaches to multi-cultural environments. Problem Solving Skills/Techniques. Communicate effectively with all levels of company. Bachelor's degree (B. S.) from four-year college or university; one to two years related experience and/or training; or equivalent combination of education and experience.

5. TRAVEL TO CHINA

HOTEL ARRANGEMENTS

US-China Chamber of Commerce has signed an agreement with certain Shangri-La hotels, the luxury hotel chain, offering its members contracted room rates at various hotels. We strongly encourage you to take advantage of this program. When you make any reservation, please go to [http:// www.shangri-la.com](http://www.shangri-la.com) and enter C55015300 in the Corporate Rate ID. Alternatively, you can call 1-866-565-5050 and mention US-China Chamber of Commerce and our Corporate Rate ID.

Ningbo Portman Plaza, a luxury hotel in Ningbo, has also offered special rates for USCCC members and guests. Please contact USCCC for further information.

USCCC is also currently negotiating with other hotel properties to offer competitive rates to its members. Further information will be available upon the execution of such an agreement. Meanwhile, if you need any help in your traveling plan, please feel free to contact our office.

I STRONGLY URGE YOU TO TAKE ADVANTAGE OF THESE PROGRAMS. THE MORE NIGHTS THAT OUR MEMBERS AND GUESTS STAY AT THOSE HOTELS WILL GIVE US MORE BARGAINING POWER IN FUTURE CONTRACT NEGOTIATION TO HELP OUR MEMBERS TO MANAGE COSTS AND STAY COMPETITIVE IN THIS GLOBAL MARKET.

ONE YEAR MULTIPLE ENTRIES VISA TO CHINA

USCCC has been offering the hassle free visa processing service including **one year multiple entries** visas for over a year.. This service has proved to be very popular as it is convenient, reliable, and efficient. To obtain a visa, all you will need to send to USCCC are: (1) Valid Passport; (2) Completed Application Form; (3) One Photo (or electronic format); and (4) A Check or Credit Card Information. You DO NOT NEED TO WAIT FOR (1) an Invitation Letter; or (2) an Itinerary. Under an emergency situation, USCCC will assist you to obtain the visa in time to travel. In addition, USCCC is now resuming its passport processing services: (1) adding pages; (2) renewal; and (3) applying for new visas. Please note that to avoid any delay you will need to follow the instructions carefully as stipulated. Please contact our office for any further assistance.

6. ENCLOSED ARTICLES

- a) Are Chinese Cars Ready for the Prime Time?
- b) List of Upcoming Trade Shows

For further information about the USCCC and how we may serve your needs, please feel free to contact us at:

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55 West Monroe Street, Suite 630, Chicago, IL 60603
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Email: info@usccc.org

Attention: Siva Yam, CPA, CFA, President or Paul Nash, Editor

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