

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 4/29/2015

GAIN Report Number:

China - Peoples Republic of

Post: Beijing ATO

Business Travel in Beijing

Report Categories:

Agriculture in the Economy

Approved By:

Bruce Zanin

Prepared By:

Wang Tong

Report Highlights:

With more than 3,000 years of history, time-honored Beijing is home to more than 9,000 diplomatic missions, international companies, organizations, research institutes, universities, municipal & provincial offices, and countless historic landmarks. Based on a rising standard of living, high per capita income and significant influence over the rest of the county, Beijing is a place few should ignore when doing business in China. This report provides a brief overview of the city, and some useful suggestions for visitors planning to do business in Beijing.

General Information:

I. INTRODUCTION

Beijing, the political and cultural center of modern China, has served as Middle Kingdom's capital for more than 800 years. Today, the population of Beijing exceeds 21 million with over migrants from other areas of China. Beijing is the second largest Chinese city by urban population after Shanghai.

Beijing's GDP increased 7.3% reaching over \$347 billion in 2014.

Beijing's economy tripled in size from 2004 to 2013 making Beijing one of China's fastest-growing cities.

Beijing is also home to countless historic landmarks, five of which are on UNESCO's World Heritage List: the Temple of Heaven, Forbidden City, Summer Palace, Great Wall and Zhoukoudian.



the
than

38%

city

The

II. THE CITY OF BEIJING

Beijing has been the capital since 1153 during the Jin Dynasty with successive Yuan, Ming and Qing Dynasties. However, in the 13th Century the city put on the world map when traveler Marco Polo discovered the city's splendor and riches. As a result of over years' construction and expansion, Beijing has become one of most influential and booming cities' in the world. Beijing is a Special Municipality directly under the control China's Central Government.

Consequently, Beijing enjoys the same status as a province and its mayor has cabinet-level rank. The city covers an area of about 16,800 square kilometers currently divided into 14 urban and suburban districts and two rural counties: Dongcheng District, Xicheng District, Chaoyang District, Fengtai District, Shijinshan District, Haidian District, Mentougou District, Fangshan District, Tongzhou District, Shunyi District, Changping District, Daxing District, Huairou District, Pinggu District, Miyun County and Yanqing County. Many major trading, banking and commercial businesses are located within the Central Business District (CBD) in Chaoyang District. Beijing is structured with Tian'anmen Square at its center while the city's main thoroughfare, Chang'an Boulevard, runs 38 kilometers east to west. Located 1.5 hours by car or 35 minutes by high-speed train due west of Beijing is Tianjin, North China's largest coastal city. Tianjin is on the Bohai Sea and serves as the major industrial base and trade



was

800
today

of

gateway to Beijing and Hebei Province, as well as being an important manufacturing hub. Tianjin is also a Special Municipality like Beijing, and a number of plans are in place to integrate the two urban areas in next five years.

III. THE ECONOMY

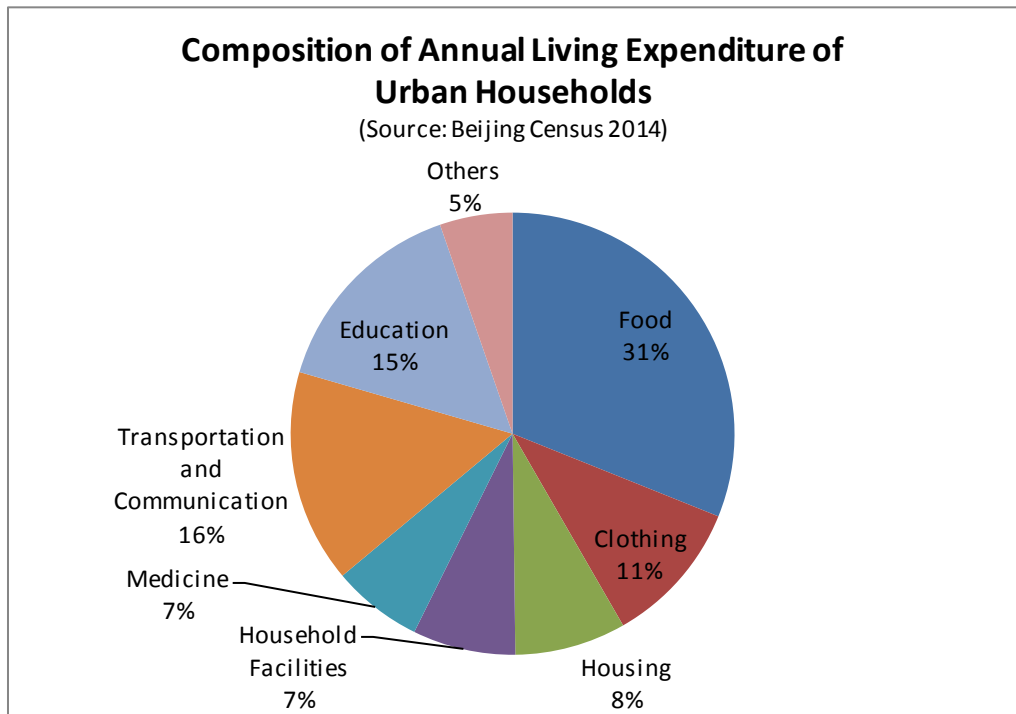
Beijing serves as both the nation's capital as well as the economic hub of Northern and Western China. Per capita GDP exceeded \$16,200 in 2014; however, the rate of growth has gradually slowed over the past four years, from 10.3% in 2010 to 7.3% in 2014. This is due in large part because of a changing and maturing macroeconomic environment. The total value of Beijing's imports and exports in 2014 was over \$415.65 billion, a decrease of 3.3% from 2013.

IV. THE CUSTOMER

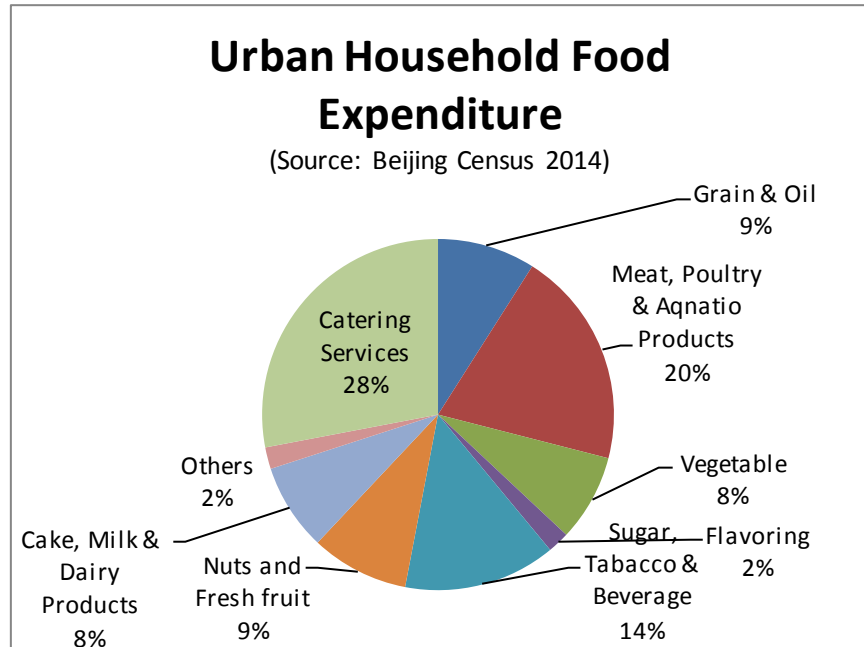
Beijing is one of the most prosperous cities in China with per capita disposable income increasing 7.2% and reaching \$7,151 in 2014. At the end of 2014, Beijing had more than 5.3 million private registered cars on the road or 0.43 cars per household.

The nation's capital is also home to more than 400 research

institutes and 162 institutions of higher education, including the most prestigious universities in China such as Beijing and Qinghua Universities, and The People's University. And there are over 70,000 international residents who have lived at least one year in the city. By the end of 2013, more than 35% of local residents enjoyed access to higher education. Primary consumers for U.S. food and agricultural products are a large and growing population of well-educated, urban and affluent middle class residents. Whereas in the United States key consumers tend to be aged 40 – 55, in Beijing the average is much lower between the ages of 25 and 40. Increasingly these well informed consumers seek high-quality, safe, diverse and fashionable products. Tourists from overseas are also an important market segment with nearly 4.5 million international visitors in addition to millions of Chinese coming to Beijing for tourism and business.



With recent surges in expenditures for housing, autos, education, travel and even organic food products, it is evident Beijinger's are becoming more and more interested in the quality of life. Beijing consumers, like most urban Chinese, are consuming more meat, dairy and fruit, and less traditional cereals and grains than ever before. Organic products have become a standard fixture in the market as affluent Beijinger's pursue improved health.



V. RETAIL MARKET

Beijing's retail market is near saturation. It is difficult to find store locations downtown given the rising and high cost of property and rent. The retail industry has slowed with the economy and anti-corruption policies being implemented by the Central Government. The 2014 growth rate dropped to 8.6% from 8.7% in 2013. International hypermarket operators in China have established outlets in Beijing such as Carrefour, Wal-Mart, Jusco, Ito-Yokado, RT-Mart and Metro. However, facing the dampened economy and high property costs most have slowed expansion in the city.

Convenience stores, however, are attracting new interest in the market. Based on China Store & Franchise Association (CCFA) data, there are 20,000- 30,000 consumers on average for every convenience store in Beijing yet in Tokyo the average is 2,800 consumers per convenience store. Thus, great potential exists for convenience store expansion in the market given changing lifestyles, rising rents, and high demand for take-out food. 7-11 is the leading convenience store operator in Beijing with 76 stores throughout the city followed by Family Mart and Hao Lin Ju.

Competition is very intense in Beijing as the number of stores grows and standards rise. Local consumers increasingly demand greater diversity and higher quality foods at competitive prices although price is not necessarily the driving determinant for many consumers. Imported food products are easily sourced in Beijing hypermarkets with special supermarket aisles featuring European and U.S. foods. By contrast products from Southeast Asia and Korea only make up a small percentage of the high-end market.

I. TIPS FOR DOING BUSINESS IN BEIJING

1. BUSINESS ETIQUETTE

a) Chinese Names

Most Chinese have two or three syllable names; however, the most important to know is the family name. Normally, family names are pronounced or written first, before given names. When you address someone in China it is better to avoid using their first or given name unless you know them extremely well. It is usually a good idea to use salutations such as Mr., Mrs., Miss or title such as Director or Manager when addressing Chinese people.

b) Tipping

Usually, tipping is not required in China, and in some hotels and restaurants it is forbidden. However, it is not inappropriate to tip hotel staff that help with luggage, etc. Tips are rarely given in restaurants and taxis are never tipped.

c) Bring Plenty of Business Cards

Exchanging business cards is essential in conducting business in China. It is a very important custom to use both hands when presenting and receiving business cards, combined with a slight bow of the head. It's a good idea to have your name cards printed on both sides with one side in English and the other in Chinese. This can be done fairly quickly after arrival in China, but if you have the time it's probably best to arrange this beforehand if you are on a tight schedule. Nearly everyone you meet will want to exchange or have your card so it is important to bring or prepare an ample supply even for a short visit.

d) Banquets & Receptions

When invited to a business meal, the Chinese like to share dishes together, family-style. The Chinese like to celebrate with food and will order more, often much more, than can be eaten, to express their appreciation. It would not be unusual for someone to refill your plate or bowl if it is empty, especially if you are a fast eater. Eventually, you will be too full to move. Sometimes, the host will give a toast at the meal. Often a choice of drinks, both alcoholic and non-alcoholic, is offered. Beware of the Chinese toast "Gan Bei" (bottoms up or literally "dry glass"), especially if you are drinking Chinese Bai Jiu (white liquor). It is polite to use both hands when offering or receiving anything, especially a drink. And remember, white rice sometimes has to be ordered separately; fried rice, noodles and soup come last in a traditional Northern Chinese meal. At meetings, seating will follow strict protocol, so let your host seat you. Start with a few pleasantries before discussing business.

e) Bring Small Gifts

Small gifts are a good idea and always welcome in Beijing and China. They can be small and inexpensive things such as food, pens, books or items with your corporate or organizational logo. A book with pictures of your country or region is also a good bet. However, some gifts are better avoided, such as clocks, chrysanthemums, shoes, green hats, and turtles, which are all considered in some way to be negative. Also, be sure **not to use** white paper for wrapping gifts; red would be a much better choice for nearly any occasion.

2. LEARN A LITTLE MANDARIN

Your Chinese clients or hosts will be flattered and very impressed if you show a little initiative and try to learn some basic Chinese. Try to learn a few simple greetings as below:

Ni Hao (Knee How):	Hello/How do you do?
Xie Xie (Shay Shay):	Thank you!
Zai Jian (Sy Jen):	Goodbye!

3. WORKING HOURS

Business and Government hours vary according to individual work ethics, but normally the government is open 8:00 am to 5:00 pm, Monday through Friday, closed for lunch during the 11:00 am to 1:00 pm period. Visits are better scheduled at times neither too early nor too late in the day, and particularly not at or near lunchtime. China observes a number of national holidays but there are two major ones you need to keep in mind. The first is Spring Festival (Chinese Lunar New Year) that falls between the second half of January and first half of February (dates change year to year based on the lunar calendar). The second is National or Establishment Day holidays, October 1-7. Travel during these periods should be avoided if possible since almost all government offices, businesses and organizations will be closed during these times for a week, or more. Most hotels and restaurants are open during these holidays, but are often fully booked due to domestic tourism and travel.

4. CURRENCY

The RMB (Renminbi) is the official currency of China. The basic unit the Yuan is sometimes called “kuai” (in the same way a dollar is sometimes called a “buck”), and is divided into 10 Jiao or Mao (dimes). One Jiao is further divided into 10 Fen (cents). Chinese currency is available in 100, 50, 20, 10, 5 and 1 Yuan notes as well as 5 and 1 Jiao notes. Notes can be distinguished by their relative size, unique color and Latin numbers printed on them. Most major credit cards—American Express, MasterCard and Visa—are accepted at major hotels, restaurants and shops in Beijing. Many ATM machines will also accept most American ATM cards. However, when traveling outside of China’s major cities, it is best not to rely on credit or ATM cards.

5. BARGAINING

In the larger shops in Beijing, bargaining is no longer necessary. However, in many of the tourist markets and back-street shops, the buyer is expected to bargain before making a purchase. The seller’s initial price is often at least 50-75% higher than the item’s actual market price, and can sometimes be much higher. The best option for foreigners in Beijing is usually to bargain by countering the seller’s initial offer with a big smile and a much lower price. For example, if the seller offers an item at 60 RMB, the buyer might counter with 10 RMB, and so on. Also, during the process of haggling, it may be a good idea to walk away once you’ve offered your final price, and if you are called back, the price is right!

6. USEFUL BEIJING CONTACT INFORMATION

American Embassy Beijing
55 An Jia Lou Road, Beijing 100600
Tel: (86-10) 8531-3000

Agricultural Office Beijing
55 An Jia Lou Road, Beijing 100600
Tel: (86-10) 8531-3600
Email: AgBeijing@fas.usda.gov

Agricultural Trade Office (ATO) Beijing
55 An Jia Lou Road, Beijing 100600
Tel: (86-10) 8531-3950
Email: ATOBeijing@fas.usda.gov

Animal and Plant Health Inspection Service
55 An Jia Lou Road, Beijing 100600
Tel: (86-10) 8531-3030

Police	Dial 110
Ambulance	Dial 120
Fire Department	Dial 119
Local Directory Assistant	Dial 114