

The International Forum

The China Forum



October 23-27, 2001
Shanghai, Suzhou and Hangzhou

Agenda & Biographies

THE INTERNATIONAL FORUM

THE CHINA FORUM

HELD IN
SHANGHAI, SUZHOU AND HANGZHOU, CHINA

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The International Forum helps leaders in business to think differently about globalization and the changes that are affecting them and their companies. It enables them to test themselves and their thinking by bringing them together with their peers from other industries and regions of the world. It emphasizes learning as an essential activity for leaders. It provides opportunities to learn from differences - other perspectives, sharing of ideas and experience - and supports this with an extensive network of resource people in different regions who are scholars and leaders in government, business, society, culture and the arts. Their involvement with The International Forum provides the context for participants to seek ideas, and solutions in a changing global marketplace.

ACTIVE LEARNING

The International Forum engages its participants in Active Learning as a way to find answers to problems, to develop ideas and opportunities and to formulate strategies for pursuing them. Rather than advocating any particular solution or course of action, it provides the process for participants to learn what others think and have done, to assess the choices, to form their own questions and to decide on a course, which they themselves understand and can execute successfully. This is achieved by emphasizing discovery, experience and encounter. It involves participants in going to meet people where they live and work - interviewing, listening and understanding - as they develop opportunities and find solutions. Over the past twelve years, programs of The International Forum have been attended by more than 600 of the most senior executives from 250 global companies in Europe, Asia and North America.

The activities of The International Forum are based on the following premises:

- Business is a part of the society in which it operates and to succeed business leaders must understand the societies in which they do business and how they are changing.
- Leaders must become eminently skilled in learning how all types of change will affect them and their company.
- The best way to learn is to be active in discovering, experiencing and testing ideas on others, especially those outside one's own organization.
- To understand the issues and opportunities in running a business in other parts of the world, it is necessary to be there.
- Understanding and working with problems and opportunities will be greatly enhanced by an approach that integrates many fields including the disciplines of business, government, science, technology, the arts, culture and history.

TABLE OF CONTENTS

Introduction to The International Forum in China	vii
1. Introduction to China	4
2. Re-shaping China	6
3. Re-shaping Business	14
4. Society in Transition	15
5. The State-Owned Enterprise: Transforming the Sector	23
6. Encounter: The Company & Community	27
7. Communities & Free Markets: Early Morning Bike Ride	29
8. Gardens of Suzhou: The Individual in Society and Nature	32
9. Ventures and Associations: Experience from the Front-Line	36
10. China and the World	40
11. The Environment	41
12. For All the Tea in China	48
13. Private Enterprises	50
14. Education & Youth	52
15. The Consumer	54
16. The Traditional Apothecary: Herbs & Wellness	56
17. Aristotle and Confucius: The Individual and Society	57
18. Inspirations on West Lake: The Legacy of the Southern Song Dynasty	61
19. Loyalty	62
20. Entrepreneurs	64
21. Building Organizational Capability	65
22. Strategies for the Global Corporation	69
23. Chinese Traditional & Modern Medicine	75
24. WTO: China Today	77
25. Future Outlook for China	80
List of Participants	82
List of Partners	83
List of Guest Resources	84
List of Faculty and Team	87
List of International Forum Team	88
Biographies of Participants	89
Biographies of Guest Resources	93
Biographies of Faculty	99
Biographies of The International Forum	104
List of Directors	105

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INTRODUCTION TO THE INTERNATIONAL FORUM IN CHINA

The International Forum in China is about China and the Chinese. It is designed for those who need to think strategically about China and its role in the world. During the five days in Shanghai, Suzhou and Hangzhou, the Forum will address the prospects for China's integration with the world economy, how China's policies of reform, and the initiatives of Chinese businesses and foreign investors are making this happen. Participants are the senior executives of companies based in Europe, North America and East Asia, and represent many countries of the world. They meet in Shanghai, Suzhou and Hangzhou with those who have direct experience in the marketplace in China and who work with foreign and Chinese companies.

The Forum begins with the implications of China's reform for economic growth, its entry into WTO, the future of the Communist Party and the outlook for social structure and values. Participants examine the opportunities and risks of market strategies of China as a source of production and its potential for developing products and services. China's infrastructure, its ways of doing business, its laws and regulations and its developing markets and investment opportunities are explored as part of the strategic focus. Joint ventures and experience with alliances within and outside China are discussed with those involved. Participants are required to think about how the Chinese assess the performance of foreigners as they develop ideas for a successful strategy for China and develop a global strategy that considers ways of successfully working with and competing with the Chinese in the world economy in the future.

Participants at The International Forum are asked to play an active role. During the five days they gain insights by working together on implications for risks and opportunities and in developing strategic choices. The many special guests of the Forum are invited to act as catalysts in the discussions and bring their experiences and perspectives to the sessions. As participants develop their ideas about China and their own strategic thinking, guests are available as resources to be consulted individually or by teams. The faculty of the Forum coordinates the sessions and moderates the discussions.

The Forum is held in various meeting sites, companies, schools, communities, healthcare facilities, gardens and markets so that participants gain first hand experiences as they learn about China and its future.

OTHER PROGRAMS OF THE INTERNATIONAL FORUM

The Wharton International Forum

Global Leadership Series 2001-2002

North American Forum
Philadelphia, USA September 5-9, 2001

East Asian Forum
Tokyo and Kyoto, Japan January 15-19, 2002

European Forum
Stockholm, Sweden April 23-27, 2002

The Creative Leader and The Innovative Organization March 10-13, 2002

San Francisco, USA

Leadership Through Music April 21-22, 2002

Stockholm, Sweden

The Creative Leader and The Innovative Organization September 29-October 2, 2002

Europe

The India Forum November 5-9, 2002

India

THE PARTNER EXPERIENCE

The Partner Experience of The International Forum offers an opportunity to share in an active learning experience and cultural encounter. This specially designed program uses onsite visits and small encounter groups to help partners gain insight into a new culture. Drawing participants from a variety of countries, partners will share their own perspectives while encountering the people, places and ideas that make up China.

Partners of participants will attend many of the sessions of The China Forum. To enhance this experience, the partners share specially designed sessions with guest resources of the Forum to consider how cultural values, lifestyles, education and social values are changing as China enters the 21st century.

INFORMATION

Hotel Lobby

The International Forum information desk at the Pudong Shangri-La Hotel will be located in the hotel lobby.

If you will be arriving following the closure of our information desk, we will send your materials to your room at the Pudong Shangri-La directly.

The Forum team is pleased to help you or answer any questions about the program or our traveling destinations. Facsimile and telephone messages can be left at the Pudong and Hangzhou Shangri-Las 24 hours a day. During our visit to Suzhou on October 23rd, facsimile and telephone messages can be left at the Suzhou Sheraton Hotel before noon. The International Forum on-site mobile phone number will be provided for you to give your office in the event of an emergency when you are away from the hotels.

“He always looked forward to the evening drives through the center of Shanghai, this electric and lurid city more exciting than any other in the world. As they reached the Bubbling Well Road he pressed his face to the windshield and gazed at the pavements lined with night-clubs and gambling dens, crowded with bar-girls and gangsters and rich beggars with their body guards.”

- J . G . BALLARD
Empire of the Sun

In its international heyday in the 1920s and ‘30s, Shanghai was the hub of trade between China and the West, a cosmopolitan city of enormous wealth, fashion and cultural complexity. Chinese and foreigners, although sharply segregated, collaborated in its commerce, forming secret but essential financial alliances. Artists conspired with radical political activists against a backdrop of tremendous social contrast, and it was here that the Chinese Communist Party was born.

Aldous Huxley once called Shanghai “Life itself. Nothing more intensely living can be imagined.” It had everything you could expect in a “paradise of adventures”—the millionaire and the coolie, the mobster and the revolutionary, the singsong girl and the poet. Property tycoons like Silas Hardoon and Victor Sassoon made their fortunes here; waterfront urchins like Du Yuesheng rose to become the Al Capones of China; and movie starlets like Jiang Qing—the future Madame Mao—sought fame on the silver screen.

Much of the landscape of old Shanghai has survived its bygone way of life, though the glitter has faded and the buildings and monuments are somewhat worn. Even under a canopy of cranes and new construction, almost all the present city dates back before 1949. Everything you see—from monument at least—is a legacy from those heady days. Most of the buildings have their own story, from mock-Tudor villa to bank headquarters to bar. If they now serve different purposes they remain as material associations of a lost era. They are Shanghai.

Yet the city is being rapidly revitalized, albeit on its own terms and without sacrificing the aura and memory of its past. Its revival is evident everywhere in its entrepreneurial vibrancy, its shops filled with luxury goods and its streets congested with automobiles, cyclists and pedestrians—vendors and consumers busily seeking fortune. New construction of bridges, tunnels and flyovers is well underway, and skyscrapers as far as the eye can see sprout up almost overnight. Here the character of modern China combines with a unique past to produce a singular and dynamic financial center. Burgeoning beneath its historic waterfront skyline, Shanghai launches forward, perhaps once again as the “gateway to China.”

T'AI CHI

INSTRUCTOR :

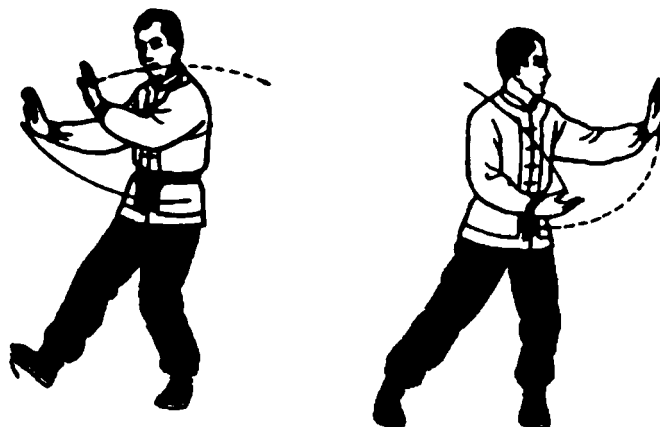
Dr. Tianxiang Zhan

Associate Professor of History,
Zhejiang University
Hangzhou

A traditional Chinese art, T'ai Chi originated more than 1800 years ago. It is based on the belief that a constantly active body is free from indigestion, circulatory troubles and other disorders. T'ai Chi is a highly absorbing form of physical and mental exercise in which all muscles and joints are in motion, breathing and movement are regulated to a tempo, and the mind is fully concentrated. This produces a sedative effect on the nervous system that preserves health and prevents diseases.

T'ai Chi is regarded as the mother of Yin and Yang - the two universal energies which contain and complement each other, a balance of forces regarded as the parents of all things. Yang is the creative initiator, and Yin is the cooperative, receptive energy, and a good balance between them is essential to health. Participants move outdoors this morning to learn T'ai Chi, an invaluable form of exercise which strikes a balance between these two energies.

Participants may join T'ai Chi as many Chinese do every day. T'ai Chi is an ancient Chinese means to better concentration, composure, self-confidence and self-control.



INTRODUCTION TO CHINA

LEADERS :**Mr. Michael O. Alexander**

Chairman,
The International Forum

Ms. Nancy A. Doyal

President,
The International Forum

The China Forum provides an opportunity to better understand the challenges and opportunities for doing business in China today. Through learning about China, its history, people, culture, political and business climate and how it is changing, participants are able to consider their critical choices in the context of China as a market, as a competitor, partner and as a strategic force in the region.

The China Forum is an experience, which takes participants to meet the people of China where they live and work. Participants will experience the business, political and social aspects of Shanghai, and then travel to Suzhou, in neighboring Jiangsu province and Hangzhou in Zhejiang province to understand the role that these regions plays in China's current and future plans. Issues to be addressed will include:

- China Today - The economic reform of China and the implications of WTO membership
- Ventures and associations - sharing experiences and lessons with other foreign companies as well as hearing the Chinese perspective on these joint ventures. What is the future of joint ventures in China?
- Changing Values - the perspectives of the youth, education, religion, the environment and the implications
- Marketing & Distribution - experience of foreign and domestic companies, the role of the consumer, retail and brands
- Management and the Workforce - the issues and the people from the perspective of management and the workers in both Chinese and foreign companies
- Technology - China's investment in itself and its abilities to innovate for an emerging national market
- Information - access to reliable information and the role of the media and privacy
- The changing role of the Communist Party - its privileges and its mission
- Financing the Chinese enterprises - access to capital, shareholders and corporate governance
- Alternative Future Factors - scenarios for the future of China and the world
- Entrepreneurship and the growth of private enterprises in China

INTRODUCTION TO CHINA

- Transparency, the legal system, regulators and other challenges
- History, art, aesthetics and culture as a mirror to China and the Chinese people. How is tradition being preserved as China modernizes arts, aesthetics and design?

The issues facing the participants are many and diverse. Each has a perspective that brings value to the way others will address these issues and seeks ways to resolve them. What are the key issues facing each participant at The International Forum as they look to China?

Throughout the Forum participants will be asked to consider such themes as:

- The unique relationship between government and enterprise
- The factors driving social and value changes in China
- The role of foreigners in the reform process
- The role of technology and information in transforming China

During the Forum participants will be asked to seek perspectives and experiences that will help them address the following questions:

- What is most at risk in this period of reform and change?
- What could the effects be on China? Chinese people? Foreign enterprises? And the rest of the world?
- How do these insights influence your strategy for China alone and as part of your global business strategy?

RE-SHAPING CHINA

LEADER :

Mr. Michael O. Alexander
Chairman,
The International Forum

GUESTS :

Mr. Wm. Patrick Cranley
Managing Director,
AsiaMedia,
Shanghai

Dr. Kenneth DeWoskin
Professor of International
Business and Asian Languages
and Cultures,
The University of Michigan

Ms. Jian Mei Gan
Director,
Credit Suisse First Boston
Shanghai

Mr. James McGregor
Managing Director
Vermillion Ventures
Beijing

If China were a train, we would admire its speed of travel and worry about control. China has continued to build momentum in its undertaking to reform its economy, and it has come a long way since Deng Xiaoping launched the efforts in the late 1970s.

Still, China is a country whose intrinsic caution, patience, and conservatism gave rise to such expressions as “The journey of a thousand li begins with a single step,” and “we will cross the river by feeling the stones.”

China is sprinting into its Olympic century, and much of the concrete reform and change currently unfolding could not be more radically different from the tradition of “feeling the stones.” Just the infrastructure investment planned for the city of Beijing in preparation for 2008 is expected to top US\$32 billion. In the next five years there are also plans to continue construction on the world’s largest dam, build the world’s longest high altitude railroad from Qinghai to Tibet, build one of the world’s fastest trains from Beijing to Shanghai, and continue investment in highways, water treatment, environmental recovery and protection projects, and power projects. There are plans to open domestic capital markets even more, continue the restructuring of government and major industry sectors, and continue China’s increasingly involvement with the global trading system.

China’s reform was launched with a series of dramatic regulatory changes. In China’s socialist market economy, the State continues to emphasize through policy and regulation major direct administrative control of major economic activities. In this scenario, with an active State Development and Planning Commission, an economically-focussed State Council, and a powerful State Economic and Trade Commission, regulatory reform is a major force of change.

But other forces are driving change in China. In addition to regulatory reform, the State-owned Enterprises themselves are facing up to commercial and market realities, and they are undertaking major changes. China’s imminent accession to the WTO has impacted the behaviour of foreign investors and domestic enterprises, and finally technology change is a force of major consequence in China’s evolving business environment. We will discuss these four change forces with an eye toward understanding their combined impact on China’s race forward.

RE-SHAPING CHINA

Regulatory Reform

Economic policy more than any other area has occupied the top Party and State officials. After the Tiananmen incident and several years of sluggish investment and transformation, Deng reignited both foreign investment and domestic reform during a trip to Shenzhen in 1992, when he signalled that Shenzhen's fast growth pattern should be a model for all of China.

Policy reforms continued steadily throughout the 1990s, and they included gradual reshaping of major sectors, like telecoms and iron and steel. But in 1998, as it became apparent China was approaching advanced stages of WTO negotiations, regulators addressed a series of problems. Ministries were merged or eliminated. New bureaus were created. The government was dramatically downsized, and the agenda to "separate regulation from business" was driven forward. Some sectors, like oil and gas, were consolidated into major companies, as China pledged to create its own Fortune 500 contenders. Other sectors, like telecommunications, saw incumbent monopolies broken apart, as China faced the need to introduce competitive mechanisms and forces to improve service and reduce prices. Severe liquidity problems in the banking sector were debated, and asset management companies were established to take over non-performing loans that had some prospect equity growth.

State-owned Enterprise Reform

State-owned enterprises continued to drain State coffers throughout the 1990s, and the problem remains the government's biggest headache. At the macro level, the military was generally pushed out of ownership of large enterprises, and new share-holding models of ownership were permitted to convert the assets of enterprises and create an ownership stake for managers. SOEs began to explore equity markets, at home and abroad, and the emphasis began to shift away from joint ventures to other forms of capital and technology acquisition.

Some SOEs emerged as business winners, especially in consumer products, appliances, and electronics. Numerous trade advantages were extended to SOEs to encourage achievement of new market share and improved performance. Well-known names such as Hai'er,

RE-SHAPING CHINA

Kelong, and Huawei extended their market and investment reach overseas.

Spurred on largely by the requirements of overseas listings, some major SOEs made improvements in governance, financial controls, financial reporting, strategy development, organizations, management, and processes. They have pursued portfolio rationalization, more efficient deployment of capital, and brand development paths that were largely unknown among SOEs in the past. As the era of the joint venture came to a close, Chinese enterprises began to seek targeted, strategic partnerships, with both domestic and international firms.

Still, the SOE reform process remains unfinished in very significant ways. Mismanagement, corruption, misallocation, poor technology, and other legacies of the past are not easily overcome. SOEs as a whole are reported to be doing better, but direct contact with them indicates how difficult the road ahead is. For years, media coverage of the WTO process has focused on the coming of fierce competition, and the need to rise to it has occupied more conscientious SOE managers. For the stronger, they recognised an imperative to improve competitiveness across the board to continue their growth. For the weaker, it is a matter of survival.

WTO

Just as the first major joint ventures were being formed in China in the mid 1980s, China expressed interest in rejoining the GATT, and negotiation began. Some fifteen years later, the final agreements have been reached, and China is positioned to accede formally in the early part of 2002. Remaining hurdles are largely domestic, approval by Chinese authorities and legislative bodies, which is not expected to be troublesome.

The impact of WTO accession will be complex and significant, and it will be different for foreign investors and domestic companies. Long-time China observers agree that it will take a number of years, perhaps five to ten, for China's regulations and administration of those regulations, at all levels of jurisdiction, to become compliant. There are major preserves within China's economy where protectionism, bureaucratism, corruption, and expropriation are fundamental and deeply rooted. The negotiation process in recent

RE-SHAPING CHINA

years has been in the hands of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), and there are many cases where the commitments are not understood outside of MOFTEC, even in ministries and bureaus that are directly impacted. The first challenge is to align the interests of many internal groups that have been opposed to the idea of China in the WTO, or opposed to specific provisions. The second is to educate them in the details of regulation and implementation. The third is to enforce the agreements at the local level as well as centrally. None of these is easy in the context of Chinese governance.

In terms of horizontal, cross-sector agreements, China is committed to greater transparency in the process of making laws, rules, and regulations, and greater clarity, balance, and consistency in implementing them. Intellectual property protection is to be enhanced, national treatment is to be accorded all participants in the economy, quotas are to be eliminated, and tariffs sharply reduced. The large number of non-tariff barriers is to be reduced. Multi-tier pricing becomes illegal, and many unfair bidding and procurement practices have been identified by the working group, surfaced, and addressed. The WTO dispute process will create for the first time an external agency China has recognized with authority to address and adjudicate trade disputes. Some trade experts expect China's entry to set the stage for an unprecedented number of dispute resolution cases.

Foreign investors are scheduled to get major access to service sectors and service activities related to their manufactured products. In financial services, insurance, banking, telecommunications, retail, distribution, logistics, information industries, and others are scheduled over time to open, at least to 50% foreign interests in joint ventures. Companies dealing in manufactured products gain significant rights to market, sell, distribute, and support their goods, overcoming the Byzantine system of regulations that in the past has plagued their efforts to get close to customers and develop direct understanding of the markets. In sales and distribution channels owned and controlled by foreign investors, domestically manufactured goods can be mixed with imported goods, and requirements to balance imports and exports, to import and transfer technology, or to invest in technology development on-shore are all to be eliminated.

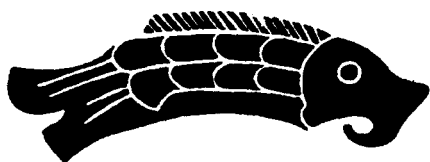
RE-SHAPING CHINA

For domestic investors, certain incentives given to foreign investors that domestics have long complained about will be eliminated. Future incentives used to guide economic activity will be based on industries and sectors, not the origin of investment capital or ownership. Tough competition will come to their doors, and for a period of time, the chronic overcapacity of China's various manufacturing sectors will be further aggravated. Margins will be squeezed, and a degree of downsizing and rationalization will be unavoidable. Access to foreign markets will be improved and stabilized in some respects, but domestic manufacturers also assume new risks, in particular those related to special sanctions, anti-surge protection, and anti-dumping rules. Very few Chinese enterprises have any idea how to mount a defence against unfair trade allegations. Very few have the process control, documentation, and legal understanding to deal with these issues, and that will be a major risk to address in the next three years. With such actions increasingly used as trade and diplomatic tools, it is likely they will prove instruments dangerous to the economic well-being of Chinese enterprises and China's export system if not addressed promptly and effectively.

Technology

The impact of technologies, especially information and communication technology on China is direct and profound. China is a country more characterized by its fragmented and regional dialects, jurisdictions, and economics than by the effective and uniform administrative reach of its central government, the unity of cultures and markets, or the consistency of any commercial practice. Among the frustrations of both foreign investors in China and aggressive and expansionist domestic firms, has been the difficulty of creating truly national markets and customer bases out of the fragmented pieces that exist on the map.

Now, the Internet and emerging eCommerce activities bring about the death of distance and ignore many traditional barriers to free internal trade. Even the spread of basic telecommunications services, and simple enhancements like toll free long distance dialing, have made it possible for call centers to service the entire country from a single location, and have begun to relax the grip of local interests and local protectors on local markets everywhere.



RE-SHAPING CHINA

The Internet connects some 15 - 20 million Chinese to each other and to the outside world. Managing the impact of the Internet so it contributes in a way deemed “healthy” by the government is a serious matter that gets top-level attention in China. Generally, Chinese governments throughout history have had the interest and the means to centralize control of both the channels and content of information, be the medium bronze, silk, stone, or paper. Despite the commitment to manage everything from the content of on-line news carriers to the behaviour of chat room visitors, the government is struggling with an unprecedented array of information sources competing with their own. Although the vast majority of China’s citizens rely on State-run print and broadcast media for their knowledge of China and the world, the surfing population represents a key slice of urban students and young professionals that is growing rapidly.

In the recent tragic events in the US, as well as previous newsworthy events that the State media chose not to cover or cover lightly, vast numbers of Internet users turned to on-line information sites to follow their interests. Information previously not available, news, financial information, individual development opportunities, is now readily available. The Internet is credited with forcing China top leaders to recant various pronouncements and interpretations of events, like the recent tragic explosion in an elementary school, where the children were obliged to make fireworks. The Internet is reshaping markets, reshaping public discourse, reshaping the State-run media, and reshaping the relationship between the government and the people of China.

It is remarkable how much technology is a focus of China’s reformist leaders. Whether it is a solution to the acute water crisis in northern China, the anticipated pressure on the food supply, the general environmental degradation, or management of the Internet, the leadership appears to have faith that technology solutions are to be found. China’s strongest schools and strongest students still are in technology related fields. Its top leaders overwhelmingly come from engineering and science backgrounds. In its long-term economic plans, China is committed to growing away from an economy based primarily on the export of cheap labour. As the recent diplomatic spats over allegations of technology theft indicate, China is both proud and sensitive about its ability to develop

RE-SHAPING CHINA

technology that is at world class levels and capable of making China a world-class competitor in technology sectors. In the years to come, we will see many of China's leading companies struggle to establish a position in global technology markets.

Conclusion

The next five years are likely to see dramatic changes in China, not only the economy but the entire political body. In late 2002 new leaders will emerge from the 16th Party Congress. Such succession watersheds, which are not guided by well-defined and transparent rules and procedures, are always times of risk. The changes will happen against a backdrop of increased potential for social turbulence, turbulence driven by separatist activities in Xinjiang and Tibet, and driven by economic inequality between the eastern seaboard and the inner provinces.

How these forces of change will transform China is difficult to predict. Economic reform on the scale and at the pace we are witnessing is unprecedented. It inevitably entrains many forces for social and political change. But the commitment of the Party and its leaders to maintaining monopoly control, against an array of new challenges and pressures, is also not to be underestimated.

- How will the global economic downturn impact China? While domestic demand is strong, China needs continued capital inflows to minimize the shocks of economic reform. If FDI slows down, how will China continue to cushion dislocated workers? How will China manage mass layoffs?
- Will SOE restructuring slow in the face of a global economic slowdown? If so, what are the implications?
- Is the financial system strong enough to support the further development of private enterprise and restructured SOEs?
- How will WTO implementation impact foreign companies? How will it impact domestic firms? Who will be the winners and losers?
- If the transition to a WTO environment is too painful (e.g. rising unemployment, political dissent, etc.) over the next few years, what action might China take?
- How will local government respond to the expected collapse of SOEs?

RE-SHAPING CHINA

	<ul style="list-style-type: none"> • What are the scenarios for next autumn's 16th Party Congress and China's future leadership? • Will the Internet lead to more pluralism within China? Is it already a catalyst for increased transparency and openness? How is the Internet changing information flows in China? How is the government managing this?
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CHRONOLOGY OF CHINESE HISTORY

Homo Erectus Lantianensis	800000 bp
Homo erectus pekingensis, Homo erectus yuanmouensis	700000 - 200000 bp
Neolithic Cultures, north, central and east coast of China	8000 - 4000 bp
Xia Dynasty	2100 - 1750 BC
Shang Dynasty	1750 - 1100 BC
Western Zhou	1100 - 771 BC
Eastern Zhou	771 - 256 BC
Spring & Autumn Period	771 - 476 BC
Warring States Period	475 - 221 BC
Qin Dynasty	221 - 206 BC
Han Dynasty	206 BC - 220 AD
Three Kingdoms	220 - 280 AD
Jin Dynasty	265 - 420 AD
Dynasties of North and South	420 - 589 AD
Sui Dynasty	581 - 618 AD
Tang Dynasty	618 - 907 AD
Song Dynasty	960 - 1279 AD
Northern Song	960 - 1125 AD
Southern Song	1125 - 1279 AD
Yuan Dynasty	1271 - 1368 AD
Ming Dynasty	1368 - 1644 AD
Qing Dynasty	1644 - 1911 AD
Republic of China	1912 - 1949 AD
The People's Republic of China	1949 - Present

RE-SHAPING BUSINESS

LEADER :**Ms. Nancy A. Doyal**

President,
The International Forum,

GUESTS :**Mr. Nobumasa Hirata**

Chairman and President,
Toshiba (China) Co., Ltd.
Beijing

Mr. Jesse Wu

Managing Director,
Johnson & Johnson China Ltd.
Shanghai

Mr. Thomas Zhai

Associate Director, CBD
National Sales Manager, Modern
Retailer Channel,
Procter & Gamble
Shanghai

The perspectives on China's change and reforms are put forth by those who operate and lead foreign enterprises in China.

- What have they learned from their experiences?
- What will they do differently now?
- What is the outlook for the future? How has that changed because of WTO membership?
- What are the key challenges that China faces in developing its domestic marketplace? What role will foreign companies play in this going forward?
- How will Chinese companies compete in the global and domestic marketplaces?

SOCIETY IN TRANSITION (AN INTRODUCTION)

LEADER :**Mr. Philip E. Barta**Managing Director,
*The International Forum***GUESTS :****Mr. Don Cohn**Founder,
Don Cohn Ltd.
*Hong Kong***Dr. Tom Hu Tao**Director of Environmental
Economics Program,
*Policy Research Center for
Environment & Economy, State
Environmental Protection
Administration (SEPA) of China
Beijing***Dr. Tianziang Zhan**Associate Professor of History,
Zhejiang University
Hangzhou

Changing values and changing times affects business throughout China, a multi-segmented population in the midst of dramatic transformation.

The rapid growth of the economy, especially in the booming south-eastern region, has contributed to substantial migration from rural areas. This causes congestion and major social problems in the cities and affects the well-being of rural communities. Also as a result of increased migration, more people are coming to understand the income disparity between the rural - urban populations grows.

According to the Asian Development Bank, there are approximately 230 million people (18.5 percent of the population) living below the \$1-a-day consumption norm, and about 670 million (53.7 percent of the population) living below the \$2-a-day consumption norm. Urban unemployment and poverty are now emerging as new challenges. The situation, however, is grimmer in interior provinces, especially western regions, where poverty is much higher than the national average. To address the challenges facing the impoverished west, China has launched a program named "Go West" to encourage development and investment. It is also believed the program is aimed at alleviating social and cultural tension, especially in places like Xinjiang province where Islam is strong.

As a result of increased migration, more people are coming to understand the income disparity between the rural - urban populations grows.

As a result of fast-paced economic growth - growth rates that will spurred on by WTO - China is expected to face unseen social dislocations over the next decade. Immediate concerns include the potential social consequences of widespread unemployment resulting from the restructuring of state-owned enterprises (SOEs). Some have estimated that another twenty-five million will lose their jobs over the next five years as a result of SOE reform. At present, alternative employment opportunities are scarce.

In rural China, there have been sporadic demonstrations against taxation and other policies. Groups have also protested to local government because of the growing number of unemployed. Housing reform is also transforming segments of the urban population into homeowners.

SOCIETY IN TRANSITION (AN INTRODUCTION)

- How is the growth of China's economy changing the family structure?
- Are values changing in China? How have they evolved in recent years? What are the implications for the social structure of China?
- What will be the effect of increased unemployment on the Chinese economy and its communities? How will China manage this? How will local government respond to mass layoffs? How will central powers entice local officials to comply with plant closures?
- Will WTO be the scapegoat should economic reform strains on China's social fabric become too severe? What would be the implications?
- At the individual level, what are the perceived opportunities of migrating to the cities? What are the expectations? Are they met and what happens when they are not?
- What unites China today in thought and ideals?
- How do young people view the future of China?
- What role is wealth creation, technology and access to information playing in changing the societies and re-setting values?
- What is the vision for the Communist Party? What is its role in the future of China?

THE SHANGHAI STATION

Increased freedom of mobility among people in rural areas in China has resulted in the mass migration of people to urban areas, particularly Shanghai, in search of work. Increased awareness of how much their city cousins have gained recently in material terms begs the question of whether or not the socialist market economy will be able to satisfy new appetites of material comforts. Migrant workers who lack skills required for many of the jobs in urban areas often end up unemployed, living on the streets and in railway stations with no place else to go. Increased crime and black market activity in Shanghai is blamed on this situation. A visit to Shanghai Station throws it into public view, and with it questions of how the government, businesses and residents of the city will cope with this pressing social problem.

TRAIN FOR SUZHOU 12:59 P.M.

**Box lunch on the train*

THE COMMERCIAL AND STRATEGIC SIGNIFICANCE OF JIANGSU PROVINCE

Jiangsu Province, which is located east of Shanghai, north of Zhejiang province, south of Shandong and east of Anhui, covers an area of over 100,000 square kilometers with a population of over 65 million. Jiangsu has historically been the center of both commerce and culture. Its location has been of strategic importance to its success as the province has a network of waterways that have enabled it to move goods, information and culture to and from its various cities, to the Yellow Sea and the rest of China. The Yangtze River, the Huaihe River and the Shuhe River, all flow through Jiangsu from west to east. The Great Canal links them together from south to north. The Yangtze itself reaches as wide as 18 kilometers in parts.

In recent years the cities of Jiangsu have rivaled Shanghai in their approach to foreign investment and the promotion of business growth. The city of Suzhou, located approximately 100 kilometers west of Shanghai, is home to a number of special zones dedicated to the development of joint ventures between Chinese and foreign companies.

Suzhou was the capital of the Wu State during the Spring and Autumn Period. In 514 BC, by the command of King He Lu of Wu, his senior minister Wu Zixu built the Great City of He Lu, and its wall measured 23.5 kilometers in circumference with 8 pairs of land-and-water gates. The city began to take the name of Suzhou and Gusu City during the Sui Dynasty. Numerous changes have taken place in Suzhou through its vast history. Suzhou has long been known as the “home of silk” and a “land of fish and rice”, reflected in the saying “Good harvest in Suzhou and Huzhou suffices to feed all under heaven”. Well developed in agriculture with abundant produce and stable and high yields, Suzhou has been regarded through the ages as a “granary” in China. While still preserving its historic center and beautiful gardens, Suzhou has also positioned itself to partake of the rising revenues from the tourist trade in China.

Kunshan, located 50 kilometers to the west of Shanghai and 37 kilometers east of Suzhou, is emerging as a key foreign investment site along the Shanghai - Nanjing Yangtze River Delta corridor, China's Silicon Valley. Kunshan's first development zone was established in 1985. Two year's later, Taiwan relaxed restrictions on travel and investment in mainland China. Taiwan has since become one of China's top investors and Kunshan is a leader in attracting Taiwan's high-tech companies as well as other corporations. About 10 percent of Taiwan's \$50 billion investment in the mainland has found its way to Kunshan. In addition to attracting 23 of Taiwan's largest companies, Kunshan has also created a special development zone for the Chinese Diaspora: Business Incubator for Overseas Chinese Scholars. As East China develops as the center for Taiwanese investment, Kunshan is solidifying its position as a key business center in the Yangtze River Delta corridor.

- What unique features of Jiangsu province and its people have contributed to its historic and current economic prosperity and growth?
- What infrastructure challenges or opportunities exist in Jiangsu that differentiate it from other regions of China?
- What role has its political powers played in the development of Jiangsu and its cities? What have they done differently than other cities and provinces and why?

THE COMMERCIAL AND STRATEGIC SIGNIFICANCE OF JIANGSU PROVINCE

- Which foreign companies have chosen to locate in Jiangsu and Suzhou versus other regions and perhaps Shanghai as well? What have been their reasons for this?
- What cultural differences exist between Jiangsu and its neighboring provinces? What has been the effect of this on its current situation?
- What key challenges do Suzhou and Jiangsu province face and how will they manage them? What role will foreign companies play in this?
- What role is the Chinese Diaspora playing in transforming the face of Jiangsu province?

BAMBOO NETWORKS

The current term “Chinese Capitalism” is perhaps a direct compliment and recognition of the extraordinary influence of the Overseas Chinese and the extraordinary success of their enterprises. Where are they from, and what is the secret of their business acumen? Most importantly, what is their relation to the future development of China and the entire Pacific Rim region?

There are roughly 50 million ethnic Chinese people in the Pacific Area outside China itself, including those in Taiwan, but their economic significance is disproportionately high compared to their number. They dominate the private business sectors of ASEAN, and they account for the dramatic success of the miracle states of Singapore, Hong Kong and Taiwan.

Chinese people also provide much of the current dynamic in regional investment, dominating the supply of capital not just into China, but also into Indochina and ASEAN. All of this tends to occur quietly and often at small scale and because it is not carried in the national statistics of any country, its extent is often underestimated.

The business environments of the region and of China are generally less regulated, more volatile and more ridden with uncertainties than the home environments of most multinationals, for them the region is often hard to come to terms with.

However, it is the natural context of the ethnic Chinese who have developed organizational and political skills to cope with it. Their economic instrument is the family business, either at small or large scale. This is centralized to facilitate tight control and to handle the regional networking, political co-optation, and reliable sharing of capital risk, which such environments demand. As such it is well adapted to exploit the opportunity spaces on such unlevelled playing fields.

These organizations are formidable competitors, but also potentially stable partners when handled appropriately. Many successful alliances are in place as the technology, marketing skills and capital of outsiders combines with the local knowledge, manufacturing efficiencies and distribution skills of the ethnic Chinese of the region.

THE COMMERCIAL AND STRATEGIC SIGNIFICANCE OF JIANGSU PROVINCE

The issues to be considered include:

- Why the Chinese family business form has emerged and remained their primary organizational form?
- Who are the major players and how do they interconnect?
- What strategies are effective in working with them?
- What are their weaknesses and their collective potential future?
- How will these relationships influence geopolitics in Asia Pacific?

THE MING DYNASTY: THRESHOLD TO MODERN CHINA

Founded in 1368 by a former Buddhist monk, Zu Yuanzhan, the Ming Dynasty took control from the Mongols and restored governance of China to the indigenous population. Marked by great pride in Chinese values and with self-confidence, the dynasty rose to preside over the greatest economic and social revolution in China before the modern period. The Ming, meaning “brilliant”, was to represent a peaceful, prosperous and stable China ruled by scholar-gentry on Neo-Confucian principles.

Political Authority

During the early Ming period, Zu (who renamed himself as Emperor Hong Wu) sought to combat the diffusion of the imperial government during Mongol rule by consolidating his authority over the nobility and others. By establishing rituals, he gave his office an almost divine air and tightened the bureaucracy to allow for absolute control, thus establishing a true autocracy. Moving the first capital of the dynasty from Nanjing to Peking, the gleaming yellow roofs and spacious marble courts of the Forbidden City symbolized the majesty of the Chinese emperor.

Although this centralization of power was to serve as a strength of the Ming, it was to become later a major cause for its decline. In a society where rule was so dependent on a single authority, when mediocre emperors raised in luxury did not have the will to administer with the same zeal as Hong Su, state affairs were neglected. Factions led by eunuchs, and scholars intent on fighting corrupt officials weakened and finally dismantled the imperial power, paving way for the new dynasty.

Economic Expansion

Under the Ming dynasty, China experienced one of the greatest economic expansions in its history. This expansion influenced agriculture, commerce, maritime trade and exploration. During the early Ming years, China experienced a revolution in agriculture unparalleled in its history. Innovative measures such as the use of Champa rice from southeast Asia which could be grown in a shorter growing season helped to double China’s agricultural production. Other important agricultural advances included the practice of crop rotation, which allowed fields to be kept in continuous cultivation and the use of irrigation pumps.

With a wealth of food supplies, the agricultural revolution dramatically affected the population growth. This led to the growth of small urban centers and a few large urban centers where industry and commerce began to boom in China. Small businesses that specialized in paper, silk, cotton and porcelain goods thrived.

While reasons for the maritime expeditions varied, many of the Emperors of the early Ming period cultivated trade with other countries simply to pursue their taste for imported and exotic goods. Trading from Africa to Southeast Asia, the expeditions made China the world’s greatest commercial naval power in the world at the time, far outstripping any European power. But this “outward trade” was to change drastically when in later years of the Ming dynasty (1435), this expansion was halted as court scholars began to influence the Emperor. Susceptible to a deep mistrust and condescending opinion of foreigners and all things foreign, Ming rulers abruptly curtailed foreign trade and began to shun any kind of contact

THE MING DYNASTY: THRESHOLD TO MODERN CHINA

with the outside world, and indeed concentrating on all things Chinese. Pressure from neo-Confucian bureaucrats, strengthened by the belief that they had created the most perfect civilization on earth, led China to an isolationism.

Intellectual Life, Culture and the Arts

The Ming reign is also noteworthy as a time of intellectual vigor. Working to revive scholarship and philosophy that had fallen into bad days under the Mongols, the Hong-Wu Emperor (1364-1397) sponsored high levels of scholarship activity and re-instituted a civil-service examination system which required extremely detailed knowledge of the Chinese classics and an ability to write with a great degree of style.

With new levels of literacy and widespread printing, by the late 16th century, Ming playwrights, novelists, essayists, philosophers and nature poets produced a wealth of work which today are still regarded today as the classics of Chinese civilization. Novels such as *Golden Lotus* provided a moral fable of the way greed and selfishness destroy those with the best opportunities for happiness. Realistically, it also reflected the tensions and cruelties in elite Chinese family life. Plays such as Tang Xianzu's *The Peony Pavilion* (1598) explored the themes of happiness in the peaceful and orderly life of an administrative bureaucrat who finds time when official duties can be put aside to enjoy nature and simple pleasures.

The classic Chinese garden--with pagodas, arched bridges, singing birds and tea houses--was perfected during the Ming period, but perhaps its most famous cultural artifact is the famous Ming porcelain, with coloring and decoration perfected to an exquisite degree. Ming scientists developed high-temperature kilns capable of producing porcelains of exquisite quality. The famous blue-white porcelain was to become a sensation in Europe and still bears the dynasty's name.

The spacious compounds of the rich were filled with products of Chinese artisans. Embroidered silks, lacquer, ornamental jade, delicate ivory and shining rosewood furniture combined to establish a new standard for Chinese aesthetics among the wealthy. The desk of the Ming scholar with its elaborately carved brush holder, luxurious paper and ink sticks and stones to produce the blackest of inks, revealed an elaborate ritual and sense of the Chinese aesthetic before he had even written a word.

THE STATE OWNED ENTERPRISE : TRANSFORMING THE SECTOR

LEADER :**Mr. Philip E. Barta**

Managing Director,
The International Forum

GUESTS :**Dr. Kenneth DeWoskin**

Professor of International
Business and Asian Languages
and Cultures,
The University of Michigan

Mr. James McGregor

Managing Director
Vermillion Ventures
Beijing

When Deng Xiaoping opened the door to China at the end of the 1970's, he began with agricultural reforms but soon followed with industrial reform. His industrial reform agenda focused on the reform of State-Owned Enterprises (SOE). It was widely recognized that these behemoth enterprises, created and funded by central planners and influenced by an array of regulatory and political interests, were draining resources from the economy and could not be sustained. In fact, even before Deng's reforms, the inability of such enterprises to meet China's development requirements was already recognized, at least implicitly, in programs like the back-yard iron furnace debacle of Mao's Great Leap Forward in the late 1950s.

In the early years of reform, the SOEs accounted for over three-fourths of China's industrial output. The first assault on the old model was the introduction of the responsibility system, in which a "contract" was made with enterprise managers that gave them control over much of their asset base and revenues in exchange for a commitment to put the enterprises on more solid commercial footings. Some progress was made under the responsibility system, but it was not enough, and by the mid-1980s, discussion focused on the need for a dramatic build-up of technical management skills. Foreign governments and foreign investors were enthusiastically invited to support management development programs, new institutes for management training, and specialty seminars on everything from stock markets to insurance to produce development. A small number of mid-career ministerial officials and mid-level enterprise managers were financed for years abroad, and the Chinese government engaged foundation support for a variety of exchange and training programs.

Again, some progress was made through this shotgun approach to build management know-how, but it was not enough. By the late 1980s, government planners were talking more and more about the "socialist market economy," which signaled the introduction of structural changes that could profoundly influence the motivation and behavior of the top management echelons. They explained that before the perfect socialist economy could emerge, it needed to go through a period of capitalist development, or, more benignly, market development. Lively debate marked that period: What exactly was a "socialist market economy"? No one knew for sure.

THE STATE OWNED ENTERPRISE :
TRANSFORMING THE SECTOR

China made a slow recovery from the Tiananmen incident of late 1989, but foreign investment and economic growth shot ahead after Deng's famous trip to Shenzhen in 1992. With his successful resurrection of the reform rhetoric and agenda, Deng empowered technically sophisticated managers like Zhu Rongji to take command and move the economy forward. Zhu, who had won acclaim as a successful architect of Shanghai's economic growth, announced repeatedly in 1992 and the years following that State Owned Enterprise reform, was his highest priority.

The details of the discussion evolved throughout the decade, but the goals did not change. There was a general sense that the SOEs were proving too intransigent, and increasingly radical steps were taken. At first, the solution was thought to be consolidation; identify the best of the SOEs and let them devour the weaker ones. At the same time, more joint ventures with capable foreign multinational companies were encouraged, in the belief that these would effectively transform the local partners and Chinese national management staff into effective businesses and effective commercial managers. Some SOEs became involved in Hong Kong business, and managers were sent to Hong Kong to develop new skill sets.

Next, the solution was to submit the SOEs to the hard knocks of financial reform; cut off their lifelines from the state banks and let some go bankrupt. Finally, the solution was thought to be restructuring, which usually meant redefining the ownership of entities that put some of the asset ownership in the public's hands and in the hands of the key managers. This, it was reasoned, would make all involved parties work in the direction of economic rationality. By the mid 1990s, large numbers of foreign investors were getting discouraged with their SOE JV partners, and a strong trend emerged for them to go it alone, using more wholly foreign owned structures to avoid the pitfalls of partnerships. Beijing seemed to see a major force to potential reform slipping away, as the SOEs were left out in the cold, and in industry after industry, government regulators developed ways to obstruct both wholly owned and majority owned foreign entities in key sectors.

Repeatedly throughout the decade, Zhu, Jiang, and others voiced their determination to reform the SOEs. Model ventures, reported to have reformed successfully, were identified, their managers were

THE STATE OWNED ENTERPRISE: TRANSFORMING THE SECTOR



valorized, and even a book series about conversations with China's top managers were published. The leadership appears to have accepted the fact that many enterprises cannot be reformed without significant collateral damage. Hence Zhu formulated the somewhat concessionary line that reform would "Grasp the large and release the small," an argument that the State actually could not fix everything and would release many small and medium enterprises to the brutal selection forces of the market.

But to date the SOEs as a group seem not to have made the necessary reforms, and Beijing is showing increasing concern about its ability to support the on-going drain on central government coffers. Nonetheless, the reform agenda has been explicitly compromised, as more conservative elements in the government argue that China cannot withstand the level of social turbulence that continued, aggressive pressure on the SOEs might cause.

The speed with which reform will be pursued now hangs in the balance of political debates in Beijing. There remains in place countless forms of subsidy, privilege, corruption, and non-compliance that sustain the major players.

For foreign investors in China, an understanding of the state of SOE reform is important for understanding major opportunities to participate in the marketplace. No matter what other forces bear on the leadership, the condition and competitiveness of their own assets will be a major determinant of the pace and nature of market liberalization.

For foreign investors, every sector poses the prospects of shifting regulations and inconsistent practices, the threat of serious, even "fierce" competition from newly reformed SOE players, and new opportunities for partnerships and associations with well-established or newly formed State-owned entities. What is certain to remain true is that China will be China, committed primarily to meeting the ongoing challenges of supporting its huge population, the frugal use of its limited resources in food, energy, and materials, and striving to render the best possible value from the massive asset base the State painfully built over the history of the People's Republic.

- What differentiates China's enterprise reform challenges from the privatization process that has been globally so significant in the last twenty years?

**THE STATE OWNED ENTERPRISE :
TRANSFORMING THE SECTOR**

- What are the basic factors that tie the leadership's interests to continued State ownership of SOE assets?
- What are some examples of successfully reformed SOEs?
- What would a successfully reformed SOE look like?
- Are any sectors of China's economy sustainable in a largely SOE format? If so, which ones?
- What are the key issues in SOEs going to capital markets with equity issues? What other structures of financing and ownership have they pursued?
- What effects has the changing role of the SOE had on foreign companies operating in China who either have to compete or ally themselves with these organizations?

ENCOUNTER: THE COMPANY & COMMUNITY

LEADER :**Dr. Kenneth DeWoskin**

Professor of International
Business and Asian Languages
and Cultures,
The University of Michigan

GUEST :**Mr. Jing-Rong Liao**

General Manager,
*Suzhou Tefa Generatic
Development Company
Suzhou*

The program to dismantle China's State-owned enterprises and to convert them into viable business organizations for the future is ambitious, yet it is a critical part of China's modernization strategy. China cannot continue to finance the inefficiencies of these unprofitable entities. However the closure of many inefficient state-run factories and the laying off of workers has many concerned about social unrest. What happens to the social safety net that the State-owned enterprises provided to so many employees and their families? What will be the impact on the immediate communities, towns and people? How will China deal with this?

Participants will have an opportunity to speak with workers of Suzhou Tefa Generatic Development Company and hear their views on the reforms as well as other topics relating to family, health, government and changing values.

- How are the people responding to the current reforms? How have they been affected by the reforms?
- What opportunities are available for the worker that has recently been laid off from his/her job?
- What is the role of the village?
- The family has always been central to Confucian belief? How is the role of the family changing?
- How do the Chinese view the government and state control? How is China "opening" its doors, not only economically but also socially and politically?
- How has life changed in China over the last two decades? How will it change in the future? What are the people's expectations for the future?

MUSIC OF CHINA 6:45 P.M.

Chinese musical instruments are thought to resemble the sounds of nature and are classified accordingly: metallic, stone, earthen, silken, wooden, and bamboo. Reflecting the Taoist philosophy that man's ultimate quest is toward harmony with nature, the music of China is an attempt to elicit that harmony through the gentle tones of stringed instruments, flutes, drums, and bells.

According to Confucius's Book of Songs, "when music goes forth, orderly relations are clear, the ears are sharp, the eyes bright, hsueh is in harmony and the chi is balanced. Transforming ways and refining customs, music brings peace to all the world." So important was this sense of harmony to the ancient Chinese that musical performances became central to rituals performed to ensure the posterity of the Imperial court.

DINNER 7:00 P.M.

"Eating is the First Happiness..."

- CONFUCIUS

"Chi fan le ma?" "Have you eaten yet?" - a frequent greeting among friends in China, gives some indication of the role of food in everyday life. Business and society revolve around frequent and lavish family-style banquets. A shared meal is the cement that bonds relationships and reinforces goodwill. This evening's dinner is a sampler of some of the many fine regional cuisines of China, where food is as multi-cultural as the society itself in this vast and diverse country.

COMMUNITIES & FREE MARKETS: EARLY MORNING MARKET BIKE RIDE

LEADER :**Mr. Michael O. Alexander**Chairman,
*The International Forum***GUESTS :****Mr. Don Cohn**Founder,
Don Cohn Ltd.
*Hong Kong***Dr. Kenneth DeWoskin**Professor of International
Business and Asian Languages
and Cultures,
*The University of Michigan***Dr. Tianxiang Zhan**Professor of History,
Zhejiang University
Hangzhou

A bicycle ride along the old canals, tree-lined passageways and walled gardens of the city of Suzhou provide a glimpse of everyday life of the people of this thriving urban community in East Central China. Dating back 2,500 years, Suzhou is one of the oldest in the Yangzi River Basin. By the twelfth century, a grid pattern of canals linked the walled city with the Grand Canal and made it a thriving commercial center.

The Grand Canal, the longest artificial waterway in the world, passes through Suzhou, linking it since the seventh century to Beijing in the north and Hangzhou in the south. During the twelfth century, Suzhou flourished as a commercial center strategically located on a major trade route that kept it bustling with merchants and artisans. By the fourteenth century, the city became famous as the center of silk production, though less than one hundred years later, the silkworkers waged violent strikes in protest of the terrible conditions that existed in the sweatshops that made their owners wealthy.

Replaced as the main mode of transport by the railways and highways of the twentieth century, much of the Grand Canal has been filled in. The stretch that now remains is more a symbol of China's on-going problems with pollution, though steps have been underway to restore the canal and bring back its former beauty and usefulness.

Today, blocks of old tile-roofed houses still open their doors to the narrow streets along the canals. People live behind their open shops, selling clothing, sundries and foods. Street markets focus the attention of every neighborhood, though they are being crowded out by the constant construction of modern office buildings and new hotels.

Tourists continue to flock to Suzhou today as they have for ages to find out if the old proverb is true: "In Heaven there is paradise, on Earth there is Suzhou." But Suzhou is much more than a tourist town. With a population of 600,000 and the development of industrial parks just outside the old city gates, Suzhou is also opening its doors wide to international trade. Suzhou is very much a community in transition.

COMMUNITIES & FREE MARKETS: EARLY MORNING MARKET BIKE RIDE

Participants ride by bicycle through neighborhoods in Suzhou observing where and how the residents live.

- How are neighborhoods structured in China? Are there neighborhood rules? Are there neighborhood organizations? What is the community structure?
- What are the living accommodations like for the typical Chinese family?
- Where do people work? Where do people shop for their daily necessities?
- How do the Chinese people find their privacy? Where do they go to find it? Where do they socialize?
- How do extended families live together? Where do elderly people live? Who takes care of them?
- What are people doing in the early morning? Young people? Elderly people?

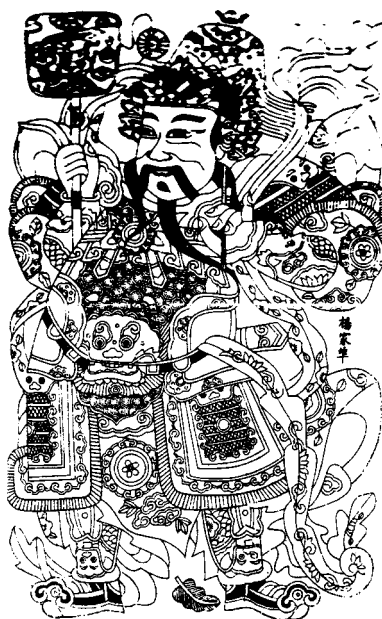
Free Markets in China

By 1979, China's government-controlled agricultural sector was not working well and the government recognized that something had to be done to revitalize this sector. It began by making several attempts at manipulating the People's Communes into growing products that were in short supply - first decontrolling government-set prices and later altering the production quota levels assigned by the government. These approaches were not successful however in increasing the amount of fresh produce to a level that could keep up with China's growing population. In 1985, the government took a bold step and withdrew entirely from trying to control production and distribution of non-staple crops, such as fresh fruits and vegetables, and it dissolved the People's Communes. This allowed farmers the opportunity to determine which products to grow and allowed the market to set prices. What developed from this is the free markets which are flourishing in China today and that account for the abundance of inexpensive, fresh produce that is available throughout the country.

- How is produce distributed in China?

**COMMUNITIES & FREE MARKETS:
EARLY MORNING MARKET BIKE RIDE**

- What competition do the neighborhood and city markets face today? How do they compete with the large government run indoor stores? Foreign stores?
- What are the vendor's obligations to the governments, city or community? Is there a sales tax?
- What other function in addition to selling food do the markets play in Chinese society?
- What do we expect will be the future of the markets in China? Will they continue to flourish?
- What role will the markets play in the future of China?
- What happens to the free markets and its merchants once they become successful? What are their aspirations for the future?



GARDENS OF SUZHOU: THE INDIVIDUAL IN SOCIETY AND NATURE

The Master of the Nets Garden

LEADER :

Ms. Nancy A. Doyal

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The International Forum

GUESTS :

Mr. Don Cohn

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Dr. Kenneth DeWoskin

Professor of International
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Mr. Zhen Yan Kuang

General President,
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Suzhou

Mr. Rong Long Tang

Managing Director,
Suzhou Foreign Economic
Development Corporation
Suzhou

During the Ming Dynasty (1368-1644), Suzhou was the home of over 250 gardens, built by the “literati,” or gentlemen-scholars of the age. Only about one hundred literati gardens survive today, and only a handful of those have been fully restored and are open to the public. Many of the men who built them were government officials, bureaucrats or merchants, who coveted the quiet lives of the hermit-poets of Chinese legend that lived meditative lives alone in remote mountain huts. The city of Suzhou was a thriving commercial metropolis in the sixteenth and seventeenth centuries, when most of the gardens were built. The literati built private urban gardens with high walls, tranquil pavilions, and landscaped ponds, as quiet retreats from the tawdry bustle of city life and the politics of public service. They intended to create within these walls the “the charm of mountains, forests and springs without going out of the noisy surroundings of the town”. Such a philosophy is congruent with traditional Taoism, which advocates peace of mind and the cultivation of an even temperament. The cultivated gentleman invited his friends to join him there in the garden for a quiet afternoon examining treasured scroll paintings or calligraphy, writing poetry, strolling beside the pond, or enjoying a cup of fragrant tea together. In the evenings, they held “moonviewing parties,” sipped wine and spoke of philosophy and art.

The traditional Chinese gardens were enjoyed on many levels. While the garden itself was a representation of the natural world in the form of scenes or live paintings. It was also a collection of philosophies and meanings imbedded in the selection of plant life and stonework. In the peaceful, albeit lonely confines of the garden, the master could contemplate the virtues of nature and enlightenment amid the dirt and mud of the society within which he had to live.

GARDENS OF SUZHOU:
THE INDIVIDUAL IN SOCIETY AND NATURE

Taoism and the Garden

The principles of Taoism are illustrated in the garden and also in the Tao Te Ching text:

There was something formless and perfect
Before the universe was born.
It is serene. Empty.
Solitary. Unchanging.
Infinite. Eternally present.
It is the mother of the universe.
For lack of a better name,
I call it Tao.

It flows through all things,
Inside and outside, and returns
To the origin of all things.

The Tao is great.
The universe is great.
Earth is great.
Man is great.
These are the four great powers.

Man follows earth.
Earth follows the universe.
The universe follows the Tao.
The Tao follows only itself.

- LAO TZU

On one level, the infinite transformations of the Tao are seen in the growth and decay of plants and flowers. Most plants in Chinese paintings, like bamboo, lotus and blossoming plum, have a specific symbolism. Bamboo, for example, has long been associated with distinctly Taoist qualities: resilience and inner strength. Other plants, such as the lotus flower (a Hindu and Buddhist symbol of purity) are included precisely because the Tao encompasses all things. The plumb blossom, which blooms in the cold of winter, is a symbol of overcoming adversity. *(an edited excerpt from the writings of Stephen Mitchell, Author and translator of Tao Te Ching)*

GARDENS OF SUZHOU:
THE INDIVIDUAL IN SOCIETY AND NATURE

The Garden of the Master of the Nets

This garden was laid out during the Song dynasty (960-1279), abandoned, and then restored in the 18th century as part of the residence of a retired official. It was said that the official announced that he'd had enough of bureaucracy and would rather be a fisherman. Hence its name.

Being the most exquisite and the best-preserved garden in all old residential gardens in Suzhou, the garden is divided into three parts. The eastern is residential area - originally with side rooms for sedan-chair lackeys, guest reception and living quarters. The central part is the main garden and the western part is an inner garden where a courtyard contains the Dianchun Studio, the master's study.

Half surrounded by a screen wall and two alleyway side entrances, the front door faces south with hairpin-like door ornaments above it. This type of front door showing owner's rank at the court has become very rare now. After entering the entrance are sedan-chair hall, grand reception hall and a two-story tower sitting successively on a north-south axis. Constructed in accordance with the strict regulations of feudalism, they are magnificent buildings with extraordinary furnishing and interior decoration. Every hall has a door or walkway leading to the main garden.

The main garden, occupying about four fifths of the total area of the garden, is situated northwest of the residential area with a pond in the center. Comparing the normal architecture in the east residential area, the garden architecture appears more free and was suitable for reading, painting, viewing, resting, sipping tea and holding small banquets.

The pond, covering an area of about 440 sqm, has a tiny arch bridge named Yinjing Bridge (Leading to Quietude Bridge) in its end. The bridge, with a total length of 212cm and width of 29.5cm, is the smallest arch bridge in this garden.

To the west of the main garden is the inner garden, which covers an area of 1 mu (about 667 square meters). Halls, pavilions, springs, plants, and verandas are scattering here and there in this garden, fully embodying the cream of the layout of the Suzhou gardens. Dianchun Studio, a solitary courtyard in this part, was perhaps the

GARDENS OF SUZHOU: THE INDIVIDUAL IN SOCIETY AND NATURE

first Chinese garden structure to have found its way to the outside world - Ming Hall, the miniature model of this courtyard was copied in the Metropolitan Museum of Art in New York City in 1981 and the Pompidou Center in Paris in 1982.

The most striking feature of Garden of the Master of the Nets is its use of space. Small as its size is, the scale of the building is large, but nothing appears cramped. Based on illusion, the garden is full of change, capturing the effect of boundlessness, and achieving a unity of part and whole. The Master-of-Nets Garden serves to illustrate how the few surpass the many and the small exceeds the large. (*excerpt from TravelChinaGuide.com*)

- What are the key characteristics of the Classical Chinese garden? Why were they created and by whom?
- What do the gardens reveal about the human spirit and in particular how the Chinese regarded the role of the individual in society and in nature?
- What are the similarities between the gardens in Suzhou and other gardens you may be familiar with around the world? How are they different or similar than your own garden in intent, design, nature and spirituality?

Garden Poem: The Plum Tree

BY LU YOU, SONG DYNASTY

Just near by the broken bridge the lonesome plum tree is
blooming in the early Spring
How cold and sad a day is about to go
with the setting sun.
But you, my plum tree, are still here
against the wind and rain.
You never think of being attractive by your blossoms
You never notice the envy from those
who in their warm shoots have just awakened
from long winter sleep.
I know, tomorrow you will fade away in the icy frost
and then fall onto the muddy road.
But your sweet fragrance will still be kept in the petals
lying under passing footprints.

- How is the relationship between humans and nature regarded differently in Chinese gardens versus western gardens? Between Chinese gardens and Chinese society at large?
- Who designed and built these gardens? Who designs and builds them now?
- How are Chinese designers managing their traditions and how are they modernizing them for China today and the international community?

VENTURES AND ASSOCIATIONS: EXPERIENCES FROM THE FRONT-LINE

LEADER :**Mr. Philip E. Barta**

Managing Director,
The International Forum

GUESTS :**Mr. Michael Browne**

General Manager,
*Suzhou Taihu Mercury Club &
Marina Co. Ltd.*
Suzhou

Mr. Johnny Lee

General Manager,
HCG Company
Kunshan

Dr. Kjell Stenstadvold

Senior Advisor,
Hydro Aluminum Wuxi
Xishan City

Mr. James Tu

General Manager,
*Lilly Suzhou Pharmaceutical Co.,
Ltd.*
Suzhou

Virtually all foreign investors enter the markets via alliances and associations. The primary contribution of these is managing efficiently the cost of the intertwined interests on the Chinese side. In the earliest decade of economic reform, the structures of these associations took the form of contractual or equity joint ventures, and management of much of the Chinese environment was left to Chinese partners, with mixed results. By the early 1990s there developed a preponderance of equity joint ventures. By the last half of the 1990s there have emerged many new variations on alliances and numerous wholly foreign owned operations. A parallel development has been increasing direct involvement by foreign investors in managing the Chinese environment.

At the same time, the top-level managers of China's economy have been experimenting with several new forms of domestic enterprise organization, including employee shareholder, foreign stock ownership, collectives, and business groups. As the ownership structures of Chinese enterprises diversify and open, new forms of association for foreign investors, some that approach international merger and acquisition models, have become possible.

At present with many models and options to consider, the best alliance and association choices for any particular foreign investor in China are largely determined by the nature of the industry and the structure and capability of their organizations in China. Exploring the full range of choices and effectively weighing them, as well as understanding the characteristics of Sino-Foreign business alliances, have not been strengths of many large foreign investors in China.

Perhaps one of the most common learnings about alliances between foreign and Chinese parties relates to the difficulty of understanding the strategic alignment of players and anticipating their positions on critical issues as the joint businesses develop. Chinese joint venture partners are difficult to align strategically with foreign investors on many major developmental and operational issues. To the contrary, over the long term, they may well be more aligned with local or national regulating authorities than their commercial partner. Many partnerships that have been successful in one business have not been expandable into a second business. Many partnerships that worked well for a few years ran into difficulty as they matured.

VENTURES AND ASSOCIATIONS:
EXPERIENCES FROM THE FRONT-LINE

From the beginning of reforms, structuring and alliance possibilities have continued to evolve quickly. From the standpoint of foreign investors, in the most recent developments there are positives and negatives.

Among the positives is the progress made in mutual understanding and overall investment environment. Many factors have contributed to a reduction in the level of cultural strangeness in Sino-foreign cooperation. There is now a history of 20 years. The cohort of Chinese language-speaking foreign managers and candidates in every industry is growing rapidly. The cohort of PRC natives experienced in international business practices, schooled abroad, or trained by corporations is orders of magnitude greater than it was just a decade ago. The reduced level of strangeness makes deals faster to conclude, projects quicker to launch, and project management costs to be significantly reducible.

Another positive is an improving appetite for foreign investment in the current Asian economic slump. Over the last eighteen months, the growth curve of new foreign investment into China has leveled, increasing pressures to open the market. Until recently, Chinese regulators have tended to surprise analysts by keeping regulations tight in spite of compelling needs for capital (e.g., telecommunications and power). There are signs this is changing, with a flurry of new infrastructure and development projects underway as models, supported legally by new regulations governing BOT projects and other large-scale foreign-financed undertakings. The consolidation of industries like automotive, banking, and telecommunications globally is putting more pressure on Chinese entities to be flexible in their partnering behavior, and it should over time lead to a willingness to become full partners in large global networks.

Among the negatives is a persistent inclination to protect State-owned enterprises, which eternally will reform slower than planners would like and compete less effectively on purely commercial terms than planners would wish. In some industries, recent reforms have forced the consolidation of industry players, reducing the number of potential partners for large-scale projects. Oil is an important example, as is basic telecommunications. This consolidation of players threatens to reduce dramatically the leverage of foreign

VENTURES AND ASSOCIATIONS: EXPERIENCES FROM THE FRONT-LINE

investors in negotiating ventures. In other industries, especially at smaller scale, the opposite is unfolding, with more partners, partner types, and approvable arrangements surfacing continually.

Finally, even under WTO pressure, China's schedule for liberalizing many key service sectors remains agonizingly slow, with one result being little willingness of domestic players enjoying monopolistic or oligarchic advantage to offer viable associations to foreign investors.

Making the best choices on alliances and associations is a key high level challenge in developing businesses in China, and one in which corporate executives attempting to coordinate several different business initiatives need to invest effort.

Participants meet in small groups with foreign venture general managers. What are the challenges and opportunities faced by those managing the day to day operations of the joint venture or wholly owned operation in China?

- What are some of the merits of wholly-owned vs. joint venture alliances? How is this changing?
- How have foreign managers worked through the various challenges with their Chinese partners? How is trust built? How are cultural differences bridged successfully? What learning can be shared from these experiences?
- How do government regulations and bureaucracies impact operations? How have foreign managers successfully dealt with this?
- What special incentives does the government offer? What surprises have occurred that have caused significant changes in strategy or execution?
- To what degree have these companies localized their management versus bringing in management from the global corporation or the company's headquarters? What are their futures plans in this area and why?
- What difficulties have these local managers had in the way they are viewed by their home companies?
- In what ways have foreign operations and managers in China been able to successfully build the headquarters' understanding of the local culture and ways of doing business?

**VENTURES AND ASSOCIATIONS:
EXPERIENCES FROM THE FRONT-LINE**

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| | <ul style="list-style-type: none">• How do the local partners view commercial success of the venture? Is it the same way that the global company does? Is economic value measured in the same way and is there a local concept of building intangible value?• How do local managers perceive foreign management? Does it appear that certain foreign nationalities are better accepted than others? |
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CHINA AND THE WORLD

LEADER :

Mr. Michael O. Alexander

Chairman,
The International Forum

Lessons from the past, from the follies of others - from following those who walk without question or hesitation, mindlessly on frozen lakes - what do they mean for the future and the decisions we must make today?

GUEST :

Dr. Marc Faber

Managing Director,
Marc Faber Limited
Hong Kong

LUNCH 12:00 P.M.

THE ENVIRONMENT

LEADER :**Mr. Philip E. Barta**Managing Director,
*The International Forum***GUEST :****Dr. Tom Hu Tao**Director of Environmental
Economics Program,
*Policy Research Center for
Environment & Economy, State
Environmental Protection
Administration (SEPA) of China
Beijing*

One of the more obvious problems confronting China today is the deterioration of its environment. For nearly five decades, China's leaders manipulated the environment to serve their development goals: 'Control the mountain, govern the water and change the heavens' reads one slogan. Since the 1980s, when GDP growth rates topped 10%, China's energy consumption has grown sharply. With rapid economic growth and industrialization, increasing use of automobiles in the cities and the resulting traffic congestion, over-farming, deforestation and the continued reliance on soft coal as a source of energy, China faces serious problems with its farmland, air pollution and water quality. In fact, many fear China is on the brink of an environmental disaster. According to the Asian Development Bank, 28% of the country is affected by desertification and 90% of its grasslands are moderately to severely eroded.

While great harm has been done over the past half-century, China is beginning to take-on environmental challenges: Since 1996, China has cut sulfur dioxide emissions, shut some of its worst polluters and is drafting legislation to stem further environmental degradation.

One of China's greatest challenges is water management. The entire Yellow River Valley, home to some 130 million people, faces a major drop in the underground water level. Today, more than half of China's 600 cities face water shortages. The situation in northern China is acute. Of great concern is evidence that the fate of the Yellow River Valley will be repeated in the larger Yangtze River valley. Soil erosion, illegal tree felling and dam building were among the causes for recurrent Yangtze River valley flooding in the '90s.

The Three Gorges Dam project is one of China's best-known mega-projects. Scheduled for completion in 2009, the dam will be the world's largest hydroelectric project, producing 85 billion kilowatt hours of electricity annually, equivalent to 10 nuclear power plants and 10-15 coal-powered plants that would burn up to 50 million tons of coal per year. The project, which is resulting in the re-settlement of town populations and is predicted to force several wildlife species to extinction, is expected to supply hydroelectricity to 10% of China's population. While a 'clean' power-source, the Three Gorges Dam would have a major impact on the Yangtze River valley and its population.

THE ENVIRONMENT

How China deals with these environmental challenges will be important to its economic future. The situation is also of great interest to China's neighbors, but the matter is also of global concern.

- What is the social infrastructure that is in place to deal with the conflicting interests of the environment?
- Will China surpass the United States to become the world's largest polluter?
- Will land and water shortages stall its economic development?
- Is there an environmental movement in China? Does it operate at the national, provincial or local level? How effective are its efforts? Is it connected with other world organizations, such as Greenpeace?
- What power do local communities and their governments have in dealing with issues of the environment? What role does the national government play?
- How are conflicts resolved among communities, national interests and growing industry?
- What are the most serious long-term issues on the environment?
- What are the immediate priorities?
- What are China's success stories in environmental management?

In the twenty years since China's economy has been under reform. The demand for energy and the resources to meet it have risen on a scale unprecedented in history. In doing what arguably central planners do best, China's powerful ministries of coal, petroleum, and power have overseen expansion of capacity at roughly four to six percent a year. And among the numerous problems confronted by China's two decades of economic reform, massive power shortages have not been among the serious ones. In fact, in terms of powering China's industrial and commercial expansion, the record is impressive.

This has been done with a complicated mix of development strategies and resources. Huge new capacity in coal-fired thermal generation of electricity has been created with a combination of large and small-scale plants, some centrally planned and funded and some locally planned and funded. A number of nuclear plants were built, some with domestic engineering and construction, and, until recently, all seemed to be operating safely and efficiently. Hydropower facilities were built in the western regions, and the huge Three Gorges Dam project trudged forward. Five regional grids have effectively balanced supply and demand. China's industrial plants hum along and the cities shine more brightly than ever before.

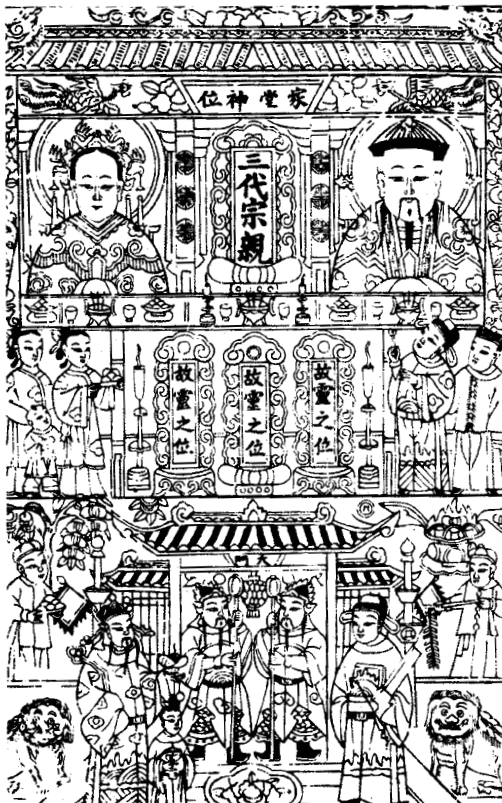
Still there are serious issues on every front, issues that are unavoidable in the kind of build-up that has been experienced. Environmental ones top the agenda. Use of coal has expanded dramatically, and China's cities now top almost everyone's list as the most polluted in the world. Concerns over China's large contribution to global warming have created a diplomatic burden for China, and domestic public health professionals and urban residents are becoming increasingly vocal about the long-term risks to the people. Even some of the newer thermal plants, especially the smaller ones that have sprung up in trade zones and small townships across the country, are very dirty and would require extensive retrofitting to meet even minimal environmental standards. At least one of China's nuclear plants had a potentially serious failure last year, and lingering doubts about the environmental impact, engineering reliability, and general safety of the Three Gorges Dam project dam that undertaking.

Pressures are growing to alter fuel consumption. China's major petroleum reserves are well past their prime, and as a result imports are growing and drawing on China's hard currency reserves. Proven natural gas reserves are expanding rapidly, but there is only the beginning of a pipeline network, and the ability to use gas is so far quite restricted.

The industry remains heavily subsidized, and price controls and a general lack of financial integrity have troubled foreign investors in generating capacity. Whereas investment restrictions are gradually being liberalized, the economics are barely competitive with other international investment options for large investors, and available means of financing and potential finance structures have not necessarily been attractive.

In the immediate future, China has to move forward to meet the demands for more power but heed the increasing urgency of paying for environmental protection. China has to put the entire industry on a more rational economic footing, but the real cost of power cannot be abruptly laid on the back of ailing State Owned Enterprises. New fuel sources need to be procured, but off-shore explorations have been very disappointing, as have the challenging exploration drives in the northwestern provinces.

- What are the major trends in China's energy policies and development emerging at the end of this decade?
- What roles are open to foreign investors, in terms of finance, management, technology, and operation of entities providing power to China?
- What are strategies for addressing the environmental crisis?
- What are possible solutions in the growing supply-demand imbalance of fossil fuels for transportation and industrial processing?
- How can China approach the economic rationalization of its power and energy industries?
- What are the security challenges might be imminent for China if it becomes less self-reliant in terms of oil supply? What geopolitical choices are under consideration?



- Group Discussions on various topics

RURAL CHINA

Approximately 900 million Chinese citizens live in rural communities. While they represent nearly three-quarters of China's population, they account for only 15% of its GDP. Economic reforms began in the agricultural sector. When industrial sector reforms began, agriculture was left behind. On a positive note, government statistics estimate rural poverty has declined from 42 million in 1998 to 27 million in 2000. Antipoverty programs, economic growth and macroeconomic stability have enabled this progress.

Historically, the state pursued a policy of total control over the production of surplus grain. The ancient bureaucracy collected, stored and distributed the grain. In fact, following China's unification under the Qin, the control of the agricultural sector became the Emperor's single most important responsibility. Communist China has imposed a similar plan. Reform has begun in the past 20 years. In 1978, Deng's Xiaoping dissolved communes and encouraged 'free markets' where agricultural goods and handicrafts could be sold. Nonetheless, peasants did not become landowners under Deng's reforms. Rather, they signed fifteen-year leases, remaining tenants of the state. As a result of further reform at the end of these fifteen-year leases, the state authorized thirty-year leases, but not the right to ownership. However, in many cases peasants are given short-term contracts for five or ten years. Ultimately, the Party maintains control over the land, having final say on how it is used, as well as having the right to take it away or allocate it for a different use.

WTO will adversely impact the agricultural sector. Today, farming techniques remain traditional and inefficient: nearly 90% of harvesting is done by hand, as is over 80% of sowing. The introduction of less expensive imported goods is expected to reduce farm incomes and employment. According to the Asian Development Bank, the key challenge for the Government is: 'to enable the farmers at the margin to shift from resource-intensive subsectors (such as food grains, and edible oils) to more labor-intensive subsectors (such as vegetables, fruits, meat, dairy products, and processed food) over time by disseminating technology, and providing better infrastructure and other support facilities, including finance.

- What is the state of the agricultural sector in China today? How will WTO impact China's agricultural sector?
- How are land rights changing for China's farmers?
- In early 1999, Hunan province farmers protested taxation policies by marching on government buildings, lighting fire to government buildings and overturning cars. A unit of the People's Armed Police returned fire. There have since been other protests over taxation in other villages. How will the government address this issue?
- How is the rural sector of the economy managed? How are the districts making up each of the agricultural sectors organized and administered?
- Is the traditional role of family being threatened by the migration of people from rural areas to the cities?

-
- The rapid growth of the economy on the East Coast of China and in the major cities has contributed to substantial migration from rural areas. This causes congestion and major social problems in the cities and affects the well being of rural communities. What are the medium and long-term implications of this?
 - How are rural communities dealing with the emigration of their young people to the cities? How does the national government view the migration and what strategies are in place to deal with it?
 - What transportation and infrastructure problems face rural areas throughout China? Are these being addressed?

Refreshments 5:30 p.m.

DINNER 8 : 0 0 P . M .

6:45 A.M.

Thursday, October 25th

T'AI CHI

I N S T R U C T O R :

Dr. Tianxiang Zhan

Associate Professor of History

Zhejiang University

Hangzhou

DEPART FOR TEA VILLAGE

7:15 A.M.

FOR ALL THE TEA IN CHINA

LEADER :**Mr. Michael O. Alexander**Chairman,
*The International Forum***GUEST :****Mr. Shuiquan Sun**Tea Farmer and Tea House
Proprietor
Mei Jia Wu

Tea has long been used in China for many health and medicinal reasons and as a stimulant. It became popular in the eighth century. The city of Hangzhou and Zhejiang Province are famous for Long-Jing tea, now sought after by many serious tea connoisseurs around the world. It is one of the many teas that are grown and used in China.

Why do the English say “tea” and the Portuguese say “Cha”?

The Dutch and Portuguese traders who developed active commerce with China during the 16th and 17th centuries had tea on their list along with silk and porcelain. The Dutch traded actively in Fukien Province where the word for tea in Fukienese was pronounced “tay” in contrast to “cha” in Mandarin. The Dutch brought their “tay” to Europe and all but the Portuguese adopted the word tay, or something close to it. Because the Portuguese traded with other parts of China they called it “cha” and most of Africa calls it “chai”.

Tea became a most sought after commodity by Europeans, who drank it from their “china” cups made of good porcelain that had been brought to Europe by Persian traders for centuries - following the “Porcelain Route” across the Indian Ocean and through the Middle East. (Porcelain was too delicate to go by the overland Silk Road). The Europeans tried in vain to discover the Chinese secret for making porcelain and did not succeed until the late eighteenth century.

Tea became a valuable luxury, sought after by all respectable members of society in Europe. The British Treasury suffered from a serious “payments deficit” as tea was purchased from China in exchange for silver. The outflow of silver was so significant that Britain had to take serious action to stem the potentially crippling effect on its finances. However, its trade in India - growing cotton - helped it to discover that other “drug” that would have so much appeal in China. From the poppy of India was produced the Opium that the British traders were able to sell to China - against its protestations and laws. Britain balanced its trade but began the “opium wars” that were to give it Hong Kong for the next 150 years.

The British and the Chinese are still drinking tea - and frequently together!

FOR ALL THE TEA IN CHINA

The Tea Entrepreneur

When a new road was built from Hangzhou to the village on the edge of the tea fields nearby, the local residents recognized that the increase in traffic to their village would supply them with potential customers for their famous Dragon Well tea. Participants visit with one of these tea growers and his family, who have been growing tea for generations here, and learn about the art and science of tea farming as well as the prospects for new business opportunities.

- How has tea farming changed in the past 20 years in China? And what are the prospects for the tea business in China in the future?
- Who owns the land on which the tea is grown? How is it managed? How is it paid for?
- What new businesses might these farmers now be able to expand to given recent changes in their village and the market in China? What will be the reaction of the state to this?
- What role does the village play in the planting and harvesting of each individual's tea stock? What roles do family members play?
- What are the dreams and aspirations of these villagers now? How do they hope to fulfill them?

PRIVATE ENTERPRISES

LEADER :**Ms. Nancy A. Doyal**President,
*The International Forum***GUESTS :****Ms. Eva K.C. Chiu**President,
Ocean Win International Ltd.
Hong Kong
Hangzhou Grandy Chemical Fiber
Company, Ltd.
*Hangzhou***Ms. Ling Li**General Manager,
InTime Department Store
*Hangzhou***Mr. Guanju Xu**General Manager,
Chuan Group Co. Ltd.
*Hangzhou***Mr. Jian Gang Xu**President,
Hangzhou Sanke High-Tech
Electronics Co., Ltd.
Hangzhou

As China continues to be transformed, business enterprises are acutely aware of competitive forces from both domestic and foreign firms. How are they addressing the growing domestic marketplace and competition? How are they dealing with issues of economy of scale, new technologies, distribution, and skilled workforce and management abilities?

What can be learned from the perspective of Chinese business leaders about the changes taking place in the China? What opportunities do they see for their business and for their customers? What have they learned from their relationships with foreign companies and what are their expectations for the future?

- How do these companies attract and retain employees? How have they managed their training and skill development? How are compensation systems structured?
- How do these companies identify and market to their customers?
- How do these companies build and maintain their relationships with their suppliers and distributors? What is important in this relationship? How is this different than in other markets in the world?
- Who owns these companies? What is the purpose of these companies? Is it to create wealth for shareholders, for the government, for the people? Is to serve a need in society or to help build the community? To whom is management accountable?

Corporate Governance?

“The term “corporate governance” translated into Chinese has a negative tone implying that someone will interfere with your company because you have done something wrong. It offends sensibilities to social harmonization...

...The Corporation is an abstract concept through which stakeholders relate to each other. It exists only in the abstract, governed by rules such as accounting and commercial law. Corporate governance is a set of rules of behavior to enforce fairness to all stakeholder, but it only works in a culture of compliance, so that enforcement is only needed for exceptions...the US culture is marked by immigration, an open frontier, the rule of law, free markets and democracy. The environment fostered concepts of

PRIVATE ENTERPRISES

fiduciary duty, a market for corporate control and a democracy of shareholders, and transaction costs were limited by a reliable legal system.

Compare that with China, the cultural barometer for ethnic Chinese in Southeast Asia, overseas Chinese in Hong Kong and Taiwan and Confucian Korea which despite importing some Japanese business practices, is really closer to China's personalized business culture. China is a closed, homogeneous society where familial relationships are of highest importance and where mandarins rule based on the mandate from heaven."

(Excerpt from The Confucian Way, by Jame DiBiasio, Finance Asia, Feb 2001)

- What form of corporate governance will emerge in China? Which Stakeholders will be considered in the decisions of the corporation? What system ensures that they will be treated "fairly"?

LUNCH 11:15 A.M.

EDUCATION & YOUTH

LEADER :**Dr. Tianxiang Zhan**

Associate Professor of History,
Zhejiang University
Hangzhou

Education is an essential part of economic development in any country. Among the most important issues facing China is how to develop the skill and educational quality of its workforce to a world-class level. The most important needs reflect issues of quality rather than quantity.

When Chairman Mao took control of the country in 1949, 80 percent of Chinese people were illiterate. According to a government study, by 1997, 98.9 percent of Chinese children were attending school. Primary education is mandatory, and a high percentage of students continue their education beyond. Today there are over sixty million students enrolled in 79,000 middle schools in China. Middle schools most often consist of three years of junior and three years of senior high school. The system offers two courses of study, the first of which is an academic curriculum that includes classes in Chinese, mathematics, foreign language, politics, history, geography, physics, chemistry, biology, physiology, physical education, music, fine arts, and work skills. The second option for Chinese children is to enroll in technical or vocational schools which offer courses in agriculture, forestry, engineering, medicine, public health, finance and economics, management, political science and law, teacher training and physical education. Today, over 3 million students, selected according to test results, go on from academic middle schools every year to enroll in college. Though most colleges are still state-run, the emergence of the socialist market economy has encouraged the development of a more diversified college system, funded in a variety of ways, including privately.

Competition for enrollment in good schools is stiff, and many parents focus much of their energy on making sure their only child studies hard enough to get into the school of their choice.

- How does China organize and deliver education? How is this different or similar than in other parts of the world?
- How is technology integrated in the workings of the school and into the curriculum?
- What is a “key school” in China? How do they differ from other schools in China - both in the cities and in rural areas?

EDUCATION & YOUTH

Confucius said, "If a individual can practice five things anywhere in the world, he is a man of humanity" "May I ask what these things are?" said Tzu-chang. Confucius replied, "Reverence, generosity, truthfulness, diligence and kindness. If a person acts with reverence, he will not be insulted. If he is generous, he will win over people. If he is truthful, he will be trusted by people. If he is diligent, he will have great achievements. If he is kind, he will be able to influence others"

- excerpt from the Analects (551-479 B.C.)

- In the Chinese education system, what values and skills are emphasis in developing the individual?
- To what extent does this school's curriculum adhere to Confucian belief?
- How is the Chinese school system, with its deep historical and cultural roots, different than Western and Japanese school systems? What are the advantages and challenges of such a system?
- What are the aspirations for these young people in China today? Who are their heroes and role models?
- What do they do when they are not in school? What are their favorite forms of entertainment? What music do they listen to and what movies do they see?
- Who are their friends? How do they spend time together? What do they do with their families that they enjoy?
- What are their concerns about the future? Where do they see themselves fitting into the future of China and the world?
- What questions do the children have for the participants?

To what extent can it be said the educational system is a formalized and developed system based on merit? How much focus is given to science and technology, to foreign language, to Chinese, to ideology? As significant numbers of China's university students study engineering, will China begin to supply the world with engineering talent? For example, is Qinghua University destined to be a supplier for the Silicon valleys of the future? How is access to information through technology changing the education experience of China's students even today?

THE CONSUMER

LEADER :**Mr. Philip E. Barta**

Managing Directors,
The International Forum

GUESTS :**Dr. Kenneth DeWoskin**

Professor of International
Business and Asian Languages
and Cultures,
The University of Michigan

Ms. Ling Li

General Manager,
InTime Department Store
Hangzhou

Ms. Anne Stevenson-Yang

President,
Clarity Data Systems
Beijing

With disposable incomes increasing in China so have the spending habits of the Chinese consumers. Where, and on what, are people spending their money? Participants will visit one of the largest department stores in Hangzhou, Zhejiang InTime Department Co., for a discussion on the Chinese consumer and the evolution of the retail sector. In the consumer market, companies face challenges of segmentation, targeting purchasing power, counterfeit products and efficiently building brand equity and recognition. As WTO breaks-down monopolies and existing distribution systems, new markets and systems will emerge.

- What are the target consumer groups? What is their disposable income? How do they choose to spend it? How is all this changing? What does it mean for foreign companies operating in China?
- What impact has the growing middle class had on department stores? How has the store responded to the changing level of consumer demand? Have products shifted? How about services?
- Which Chinese companies are meeting local consumer demand for products and services? Have they been successful? Why? Why not?
- What role does a brand play? How is this different than in other parts of the world?
- How have companies protected themselves from counterfeit and intellectual property violations?
- How do consumers inform themselves? What media is most effective? What new channels of communication and information are emerging?
- How is social change and values affecting the Chinese consumer? What effect will this have on companies' product, pricing and promotion strategies?
- How is Chinese retailing changing? What is driving the change? What are the implications for existing businesses, both large and small? What are the opportunities?
- What are the hot consumer trends today?
- What are Chinese attitudes toward products made in China? How do Chinese consumers view imported products?

THE CONSUMER

- For what other reasons than purchasing products do people go to department stores in China?
- How are products displayed? How are products packaged? How is this similar or different than other areas of the world?

**THE TRADITIONAL APOTHECARY:
HERBS AND WELLNESS**

LEADER :**Mr. Michael O. Alexander**Chairman,
*The International Forum***GUEST :****Dr. Jianqiao Fang**Professor, Department of
Acupuncture,
*Zhejiang College of Traditional
Medicine
Hangzhou*

According to the traditional Chinese medical system, each herb and food is considered to have a particular dynamic force (i.e. it may cause energy to ascend, descend, or to move inward or outward), and a particular flavor (sweet, sour, salty, bitter, or pungent). These aspects have an association with one or more of the energy channels and possibly with “qi” or blood. Herbal concoctions are prescribed, based on the diagnosis, to bring about the desired effects.

- What is the history of herbal medicines?
- From where do the herbs used in Traditional Chinese Medicine originate? How are they prescribed, measured and taken?
- Who is using herbal treatments in China and typically for what purpose? Are they often prescribed in conjunction with Western medicines?
- How competitive is this market becoming in China? Around the world?

ARISTOTLE AND CONFUCIUS: THE INDIVIDUAL AND SOCIETY

LEADER :**Mr. Michael O. Alexander**Chairman,
*The International Forum***GUEST :****Dr. Tianxiang Zhan**Associate Professor of History,
Zhejiang University
Hangzhou

Confucius and Aristotle lived at about the same time. They could not have heard of each other, as globalization was a concept yet to be conceived. Yet each was committed to the ways in which their society should function.

Are there fundamental differences in the teachings of Confucius and Aristotle that can explain the values held by societies of the East and West today? If the good “civil societies” described by each of these philosophers are essentially the same, why do Chinese and Westerners look at things differently and have different values on how their societies work? Or do they?

Confucius was concerned with the “way” and the importance of family in society. The concept of the family, led by a father and mother, was seen as basic to Chinese life and was extended to the state itself. Citizens were expected to show respect for the leader, and Emperor, in the same way children were expected to respect their parents. The ruler, in turn, must behave as a responsible father or mother - showing compassion and understanding. Confucius saw this as the basis for a good society and provided a structure and code of conduct as the “way”.

As the stability and structure of China declined, the family unit itself became even more important as a refuge for the trust needed to live and do business. The ways of Confucius held filial piety as the cornerstone. But in the west, when the corporation confronted difficult times, the long standing social contract between it and its employees began to break down. Managers were under increasing pressure to respond to the interests of the corporation’s shareholders.

- Does China continue to have the advantage of the family as a social unit that provides an important level of support and security in daily life? What does the west have that serves a similar purpose?
- Does China see the economic need to lay-off company employees as a contradiction to the teachings of Confucius?

Aristotle and Confucius were both concerned with the “good man” - or gentleman. They set out the necessary values and behavior. Aristotle believed that a selection of people from any society were to

ARISTOTLE AND CONFUCIUS: THE INDIVIDUAL AND SOCIETY

become good or “magnanimous”. It was not possible for all to be members of this elite. While Confucius describes the ways of the good person the suggestion is more about social structure and hierarchy than exclusivity or an elite. Both China and the West have their “elites”; but the west rejects the idea of elites in society and sees social hierarchy as a potential impediment to individual freedoms.

- Does China today accept the social hierarchy proposed by Confucius? How important is the concept of individual freedom? When is it in conflict with the family values of Confucius?

Aristotle asked whether one could be both a good man and a good citizen. He saw that the two would inevitably be in conflict and the individual would have to choose the course he or she believed in. The west today places high value on individual initiatives and freedom to act as one believes. Yet how often does the individual in the West feel free to choose what he believes is best for him, rather than what is best for the company or the state?

- In what ways do China and the West seem to differ on Aristotle’s important question? What significance does this have for the ways of each Society?

Confucius said: “The mind of the superior man dwells on righteousness: the mind of the little man dwells on profit”.

- The West has been consumed increasingly by materialistic goals and visible signs of success. Is China on a similar course?

The Song Dynasty (960-1276) reunified China after the Tang Dynasty collapsed and left China separated for fifty years into five northern dynasties and ten southern kingdoms. In 1127 the Song were forced to abandon the North by nomadic invaders. This gave rise to the Southern Song Dynasty and Hangzhou was established as its capital.

The Southern Song Dynasty is considered one of the most culturally and intellectually rich dynasties in Chinese history. It established a centralized bureaucracy of scholar officials and developed a system of Civil Service Exams. The civil service exams that exist in China today have their origins in the Southern Song dynasty. Today in China, anyone may take these examinations however during the Southern Song Dynasty only the gentry class comprised of Confucian scholars, Government officials, landlords and rich merchants.

The Song is also attributed with the development of Neo-Confucian thought. The development of Neo-Confucian thought can be most attributed to Zhu Xi (1130-1200) who was the first to synthesize Confucian, Buddhist, Taoist and previous philosophers into one. The fruits of Neo-Confucianism formed the basis of Chinese education until the early 20th century.

A new merchant class emerged as well - supported by maritime trade and the spread of education, books, printmaking and papermaking. The exchange of knowledge supported many new inventions in China such as printing, gunpowder and the creation of the compass, all of which would be shared with Europe.

In due course, despite the high level of developments and achievement, The Southern Song could not defend itself against a Mongol invasion in 1276 and Kublai Khan.

EAST - WEST AND HANGZHOU

Over 2,000 years ago the Emperor Han Wudi sent a mission 7,000 km. Across the dreaded Talamankan desert to the West in a desperate attempt to find support for his fight against the northern barbarians. What his emissaries discovered were the great empires of Central Asia and a wealth of opportunities for trade with the kingdoms of India, Persia, and Rome. The route they traveled was later dubbed The Silk Road, the main road that linked China with the West, with precious Chinese silk being the most sought after cargo of the camel caravans that crossed it for centuries thereafter.

Trade between East and West cut its teeth on the Silk Road, not only of goods but of ideas. Down this path, priests brought Buddhism from India to China, along with the ivory, coral, and gold. The best-kept trade secret in the history of the world may well have been the knowledge that silk came from worms, not from vegetable fiber, as the Europeans had supposed. The Greeks and Romans knew China as the “Land of Silk” and coveted the secret of its source. Taking silk worms out of the country was punishable by and the secret of its origin became the most closely guarded piece of “intellectual property” in China for centuries, until a handful of silk worms were finally smuggled out of China in the hollow end of a priest’s walking stick, as one legend has it.

The first Western in modern history that reached the Far East along the Silk Road was said to have been Marco Polo (1254-1324), whose travels took him twenty-four years in all. He became a confidant of Kublai Khan and traveled the whole of China. He visited Hangzhou many times, marveling at its size of population and its natural beauty. It was one of his favorite cities in China.



INSPIRATIONS ON THE WEST LAKE: THE LEGACY
OF THE SOUTHERN SONG DYNASTY

LEADER :**Ms. Nancy Doyal**

President,

The International Forum

In past centuries, poets have written numerous poems and painters have drawn many painting praising the charm of the West Lake. For centuries, literary figures have argued about whether the beauty of the West Lake is best seen during a clear day, rainy day, at moonlight or in winter when snow falls.

By boat, under the gentle moonlight, participants will experience the tranquility of the West Lake.

DINNER 7:00 P.M.

LOYALTY

LEADER :

Dr. Tianxiang Zhan

Associate Professor of History,
Zhejiang University
Hangzhou

The Loyalty of General Yue Fei

During the 12th century, when China was attacked by Jurchen invaders from the north General Yue Fei (1103-41) was commander of the Song armies. Despite his successes against the invaders, he was recalled to the Song court where he was executed after being deceived by Qin Hui, a treacherous court official. More than 20 years later, in 1163, Song emperor Gao Zong exonerated Yue Fei and had his corpse reburied at the present site. Within the Mausoleum, iron statues of Qin Hui, Yue Fei's wife, Wang Shi, and the general himself reside with the words, "return the mountains and rivers to us", a reference to his patriotism and resistance to the Jurchen. The Yue Mausoleum was ransacked during the Cultural Revolution, but has since been restored.

Throughout history, loyalty within the Chinese culture has been a critical value. This value is described by Confucius in the *Analects*:

Confucius said, "if the Superior Man is not 'heavy,' then he will not inspire awe in others. If he is not learned, then he will not be on firm ground. He takes loyalty and good faith to be of primary importance, and has no friends who are not of equal (moral) caliber."

Chi K'ang Tzu asked: "How can I make the people reverent and loyal, so they will work positively for me?" Confucius answered, "Approach them with dignity, and they will be reverent. Be filial and compassionate and they will be loyal. Promote the able and teach the incompetent, and they will work positively for you."

Tzu Chung asked how to increase virtue and Confucius responded, "Base yourself in loyalty and trust and permeate yourself with Righteousness, and your virtue will be paramount."

- What does loyalty mean to you?
- How does each society or culture interpret the word "loyalty" and what does this mean for the society?
- Who would the Chinese people have been loyal to 200 years ago? 50 years ago? Today?
- Who are you loyal to?
- What is significant about the history of the General Yue Fei Mausoleum?

POWER, AUTHORITY AND THE BUREAUCRACY

There is a Chinese saying that if you must receive judgment, it is best to do so in the following hierarchy - first by man, next by custom, only last by law.

In this view, judgment by man maintains an element of flexibility and human spirit, whereas judgment by law is inflexible and unable to account for exceptional circumstances. Given such assumptions about the benefits of man-oriented rather than law-based foundations for power and authority, it is not surprising that Chinese and those outside China often start from different operating assumptions and approaches regarding power and authority.

There are also the realities of Chinese bureaucracy. It is said, “Make no enemies, not even with the doorman, because while no single person can approve what you want to do, a single person can veto it.” Indeed, the term “bureaucratic feudalism” is sometimes used to describe the Chinese decision-making system and process-divergent lines of influence and power, which run among shifting alignments of personal, regional, and institutional channels.

“Think local, act national” is as true as its counterpart, “Think national, act local” when mapping local and national power structures and in negotiating among divergence local and central actors and different levels of government in China.

This is true whether you are building roads, power plans, telecommunications networks, or other infrastructure projects; developing the function and mandate for your international government relations office; or seeking to involve varying Chinese institutions, including the People’s Liberation Army, in commercial transactions.

- What Chinese institutions play which roles in shaping the business environment?
- What strategies can you employ to map, and then navigate among, the power structure shaping your business?
- How does one both “Act local, think national” and “Act national, think local” when dealing with different levels of center-provincial relations in China?
- What strategies employed by foreign companies have been successful at getting things done in China’s complicated structure of power and authority? What has not been successful?

LUNCH 12:00 P.M.

ENTREPRENEURS

LEADER :**Mr. Philip E. Barta**

Managing Director,
The International Forum

GUESTS :**Mr. William Andrews Brent**

Director of Performing Arts,
*Shanghai GT Courtyard Cultural
Investments Ltd.
Shanghai*

Mr. Rupert Hoogewerf

Journalist and Writer
Shanghai

Mr. Robert W.H.S. Yung

Chief Executive Officer,
*One Studio
Hong Kong*

The spirit of entrepreneurship is everywhere in China. From the free markets, to the tea fields to the small technology ventures, coffee shops and services - what are the forces that drive this?

- What are the incentives and rewards for being an entrepreneur in China today?
- Where is this most likely to take place and in which industries and communities?
- How does an entrepreneur in China finance their venture?
- What are the obstacles to success?
- Do these ventures reach critical size? What supports this and what hinders it?

Participants meet and speak with those who seek their future in venturing out on their own to create opportunity and wealth in China.

BUILDING ORGANIZATIONAL CAPABILITY

LEADER :**Ms. Nancy A. Doyal**President,
*The International Forum***GUESTS :****Ms. Mary Reichlen**Vice President,
Human Resources - Asia,
Dell Computer Asia
*Singapore***Ms. Susan Shan**Admin Manager,
BP China Ltd.
Shanghai

Among the most challenging issues facing business, as a foreign investor is how to hire, train and retain a work force with the necessary skills and capabilities. Closely related is the difficulty of developing a competent management team with commitment to the company's objectives and with capability and experience in operating in the foreign country. There is perhaps no other market where these issues are more challenging than in China because of its high rates of growth, a rapidly changing business environment and substantial differences in culture throughout the country.

For those companies with experience in China, what important lessons have they learned from their mistakes and successes of recent years as they have hired and developed people with the skills and other capabilities necessary to produce quality products and services? What lessons have been learned in developing an effective team of managers composed of expatriates and Chinese nationals?

In particular, how are companies approaching the following?

- Recruiting and hiring of employees
- Training and development of the work force, compensation, other rewards and incentive systems and retention
- The company's social contract with the work force and the expectations of its employees
- The importance of the company's reputation in the market place, its image as an employer, and its products and their effects in attracting and retaining people
- Regulations and other constraints in developing a skilled work force
- To what degree should a company localize its management? How do companies strike the right balance between having local managers who are most effective because of cultural similarities while also having the power to influence investment and strategic decisions at a company headquarters half way around the world?
- To what degree have companies added Chinese managers to their global workforce? Will they increasingly place them in other managerial positions around the world as part of globalization?
- What have foreign companies learned about the importance of selecting the right expatriate to manage the local venture? What characteristics are important for this person to be most effective?

BUILDING ORGANIZATIONAL CAPABILITY

“Cultural differences will loom larger from now on and all societies will have to pay attention to culture as they deal with internal problems and the outside world.”

- FRANCIS FUKUYAMA,
TRUST

- What are the aspirations and expectations of the rising professional management generation in China? What are important factors for foreign companies to address if they are to retain this group of employees?
- Many foreign companies have chosen managers who have Chinese origins but are not from the mainland. How do mainland-born employees regard managers brought in from Singapore or Taiwan? Is this a more effective approach than a western manager who may or may not speak Chinese? What factors must be considered when making this type of selection?
- How will rising Chinese global companies compete with foreign ventures for this pool of talented managers? As private Chinese company names become more widely recognized and they become more attractive to work for, how might foreign companies have to adjust their “people strategy” in China?

*Comments by Ms. Qiyun Dai, Human Resources,
Ford Motor Company (China)
At The International Forum in Shanghai and
Jiangsu Province . October 28, 1999*

We all agree people are key to our success.
Building organizational capabilities is all about
people, how to attract, develop and retain them.
I'd like to share with you a few points, which I
believe are important.

1. Treat Chinese employees with respect and delegate authority

- Make them full team members as much as anyone else in the company. Involve Chinese employees fully in strategy, ideas, positioning - not only implementation. Delegate authority, obviously it requires a lot of trust, as we Chinese say "trust those who you use, do not use those who you do not trust"

2. A Strong Management Team

- The management team is like a mirror of the company, it reflects the company culture, values and they set examples for the employees.
- Select a management team who is good at building organizations, not just good at business. Select those who have an interest in helping the China organization grow and acquire the skills and knowledge that will help employees succeed in what they do
- Select those who appreciate that besides all the worldly principles, there is a Chinese way of doing certain things. They can learn that too.
- Select your management team well and use the right incentive tools to encourage such behavior, e.g. tie performance bonus to capability development goals.

3. Form a Corporate Culture which Supports Your Business Goals

- We name the Ford China organization as "A Big Professional Family", as you know the family ties are strong in Asia, this family concept is uniquely suited within Chinese culture which places a feeling of trust and confidence in the workplace as being highly valued by employees - this is similar to a person's direct family circle in China.
- Our objective is to help the company and the employee to succeed. We believe it has to be a win-win for both company and employees. Help employees to achieve their personal goals, in return, you will win their loyalty, their devotion and contribution.
- We want to help all members of the family to develop skills and competencies, we want to make our job and our workplace better everyday by enhanced communication, shared values, projects/actions which support this objective
- We want to provide employees with friendly working environment, where they enjoy working where their self value are reflected, and where it stimulates passion and creativity.

4. Do not Hire Employees Because they Speak English Well

- Do not only hire employees who speaks a foreign language well, hire employees who understand the marketplace, and hire employees who can deal with customers.

5. Promote Team Work

- Help employees to understand the importance & benefit of teamwork. It does not have to be win-lose, it could be win-win. Some people said Chinese employees are good when working individually, but you can't have them working together. I do not agree. Promote team work, recognize and reward such behaviors, and employees will get your signal.

BUILDING ORGANIZATIONAL CAPABILITY

6. Localization

- The reason we hire expats is because we don't have locals that are competent enough yet to perform the role. Locals are not adverse to that as long as the expat is more experienced and skilled in the areas of business they are leading. But the moment your local employees come of age - repatriate your expat quickly. Do not let them overstay their welcome. Failure to do this in a timely manner will cost you. Greener pastures will tempt your Chinese employees elsewhere.
- Be aggressive in your localization programs. Rather than continue to send in expats endlessly, hire talented and experienced candidates as shadows early, orient and expose them to your HQ and other more mature businesses in other countries to help them acquire the finer points of your business, before bringing them back later to fill your key positions and assume these responsibilities.
- Promote your locals when they are about 75% ready. Don't wait until they are absolutely ready. It may be too late!
- Young people want to get ahead FAST! They have high regards for their talent and are very impatient. We need to increase the volume and frequency of recognition practices. Money vehicles are usually short-lived.
- Differential clearly between pay rewards versus the recognition of leadership. Good performers may not necessarily be good leaders, thus high raises does not infer that the individual has good leadership!
- Be wary about "growing pains". They may not be patient enough to wait for promotions, advancements thus creating a lot of internal stress and dysfunction behavior. They need careful grooming and nurturing. You need to be able to explain to them what they are going through, why they are experiencing what they feel and how to deal with it. You need to be honest in your assessment and develop effective feedback as well as provide sound coaching to help them overcome the "growing pains".

7. Reward and Recognition

- Recognize and reward the right behavior. Let employees know when they do right, encourage them to improve when they make mistakes, recognize their contribution and reward them with a competitive compensation package.
- Develop performance management systems that combine competency development pay and pay for performance. Make the variable content substantial and align it closely with the business results.
- In China, we have a young work force. They are hungry for knowledge and growth. We must demonstrate that we as a company believe they can make a difference, not only be willing to take risks with them, but also coach them, guide them in doing the right things to gain the right and valuable experiences.

STRATEGIES FOR THE GLOBAL CORPORATION

LEADER :**Mr. Michael O. Alexander**

Chairman,
The International Forum

GUESTS :**Mr. Phil Carmichael**

President, Asia Pacific (China);
Vice President Lexmark
International,
Lexmark International
Toyko, Japan

Mr. Dominique de Boisseson

Chairman & Chief Executive,
Alcatel China Limited
Shanghai

The objective of this session is to examine specific examples of how companies have addressed their China strategy. What lessons have been learned from the mistakes and successes that can help to build an effective approach to a rapidly changing China?

Strategies differ markedly by industry and determine the relative importance of such factors as capital investment, supply, sourcing, manufacturing, marketing, distribution, management and work force, finance and organizational structure and decision making.

Which of the following elements are most important to a successful company strategy for China?

- Corporate image and identity of the company's products and services
- Growing market share and penetration in key segments
- Choice and quality of products and services
- Pricing
- Protection of intellectual property
- Quality and dependability of suppliers, import restrictions
- Relationships with ministries, provincial authorities and other parts of China's power structure
- Skilled work force
- Effective management team
- Financial returns and results that meet the realistic expectations (and understanding) of the company's home office management outside of China
- Currency and risk management
- Ability to work with partners-ethnic Chinese from other parts of East Asia and/or with PRC companies in China
- Organizational structure within China and as part of the company's regional and global organizational structure
- Competition-increasingly from local Chinese companies and from other foreign investors
- Support from the home office or global headquarters

The focus of the discussion will be on learning from the experience of recent years as a basis for looking to the future.

AN EVENING ON THE BUND

The history and commercial lore of the Western banking giants of old Shanghai provides a background for understanding the current revival of this legendary city as one of the premier financial capitals of Asia. Zhongshan Road East, or the Bund as it was called, is a symbol of the extent and scale of foreign control of this important Chinese port - the clock tower, the dome, the columns and the four-square design commemorate the powerful Western presence, dominating the view along the still popular promenade. Even the name of the foreshore is an expression of that presence: “bund” is an Anglo-Indian word meaning embankment or quay and bespeaks old Shanghai’s connections to the sweep of the British Empire. A brief survey of the history of this important period sets the scene for a walk along the Bund, where a row of stately stone structures line the boulevard, evoking the height of financial power held by foreign banking institutions through the 1920s and ‘30s.

A Walk Along the Bund

Participants walk along the Bund at sunset - past the once exclusive Shanghai Club, the favorite haunt of the British banking community in the 1920s. In its heyday, this private men’s club boasted “the world’s longest bar” stretching 111-feet down the length of the club-today it houses one of Shanghai’s most profitable fast food outlets, the city’s first Kentucky Fried Chicken. The promenade leads past the Customs House, built in 1927, with its legendary clock, the “Big Ching”. The chimes once comforted local people with the knowledge that the ringing sound would make the Fire God think it was a fire bell, so there was no need for him to plague the city with yet another disastrous fire. During the Cultural Revolution, the beloved clock was shut down and loud speakers broadcast political slogans from the tower, such as “The East is Red! The East is Red!” The tower has since been returned to its original function and is once again a part of the nostalgic ambience of the Old Bund.

The Hong Kong & Shanghai Bank Building

If the eyes and ears could lift away the throngs of human congestion and contemporary street sellers now juxtaposed against the architecture of by-gone days along the Bund, then one can imagine the early 1900s. The parade-of-faces has changed, but the parade-of-trades is once again the cosmopolitan contrast of predawn

AN EVENING ON THE BUND

street vendors and mid-day foreign businessmen, always to be enticed by ports unknown. However, today's businessman may hesitate before the entrance of the old Hong Kong & Shanghai Bank, reflecting back to one hundred years earlier, when the very same interests in financing foreign trade and manufacturing inspired the building of this magnificent structure.

At the turn of the century, British banks dominated the financial scene. But in 1865, the Hong Kong & Shanghai Bank established a branch in Shanghai, and soon no other foreign bank was able to achieve the level of the power and influence this institution did. It held a monopoly over trade finance in China for several decades as the British dominated foreign trade and controlled the Chinese Imperial Customs. After the 1890s, the bank's growth was further enhanced by the underwriting of the Chinese government and by the expansion of the railway system. The government also used the bank as a depository for its tax revenues. By 1923, it seemed only suitable for the bank to move its headquarters to the Bund, and to choose the most prominent architectural firm of Palmer and Turner, to create a monument to their power and their prosperity.

Following the Cultural Revolution the building was treated like so many other landmarks of wealth and capitalism. Many of the elaborate rooms were damaged, yet much of the heavy paneling remains inside and it was not seriously damaged on the outside. The building was used by the Shanghai government until 1994; the elaborate rooms were crowded with desks of the huge cadre of employees, with one or two vice mayors adjacent in the more prestigious room. In the years since 1994, the building has remained empty.

Recently, the impressive old building was purchased by the Pudong Development Bank and extensive restoration has been done to it. The grand banking floor we will visit still retains the splendor of its original marble. High above, the ghosts of the financial wizards that once controlled the Bund no doubt still float undisturbed.

THE SHANGHAI CONSERVATORY 7:15 P.M.

DINNER

7:45 P.M.

The Peace Hotel

The Peace Hotel is the former Cathay Hotel. The Penthouse was also the home of commercial magnate, Victor Sassoon, who lived upstairs, in an elegant penthouse. Recently beautifully renovated, the Heping Fandian, or Peace Hotel, as it is known in English, is still very much the masterpiece of Art Deco its creators intended. Much of the scandalous nightlife of old Shanghai took place here and in the hotel's Grand Ballroom on the floor below.

It was in the Old Cathay Hotel that Noel Coward wrote the first draft of *Private Lives*. He was no doubt but one among throngs of glitterati that seem now to haunt the hotel's legendary dance floor. The downstairs lobby of the Peace Hotel holds more surprises from Shanghai's illustrious past. The Old Horse and Turf Bar offers after dinner drinks and nostalgic entertainment by the ever-present "Jazz Band," whose members boast an average age of 65 and belong to the same era as the tunes they play.

Dinner will be held in the private salon on the 9th floor that once - and now again - serves an elite coterie of guests. From the balcony, the view of the Bund and the busy harbor beyond are breathtaking.

Shanghainese Cuisine

Chi fan le ma? Have you eaten yet?-a frequent greeting among friends in China, gives some indication of the role of food in everyday life. Business and society revolve around frequent and lavish family-style banquets, and China's economic reform policies have resulted in a flourishing of new street-side businesses, many of which are restaurants and food stalls.

Chefs from around the country have gathered in the cosmopolitan city of Shanghai to create a cuisine that is a blend of the best that China's kitchen's have to offer-braised, sautéed, grilled, steamed or fried. Shanghainese cuisine is noted for its fresh seafood and subtle blend of flavors-sweet, salty, rich, fragrant and piquant. Steamed and fried dumplings and handmade noodle dishes abound in the street stalls, and the city's 600 restaurants offer memorable dishes such as beggar's chicken, dazha crabs in season, and 'Lion Head' meatballs.

The concept of "fast food"-if not a Chinese invention along with gunpowder and the mechanical clock-was certainly perfected in the

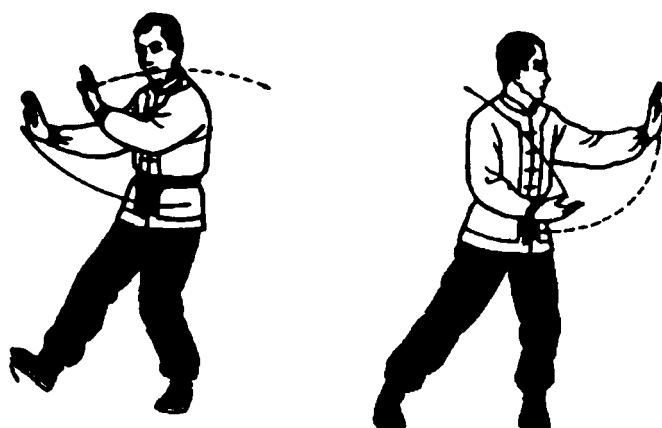
	<p>marketplaces of China's cities, where it continues to thrive today as it does nowhere else in the world. The extraordinary success of Colonel Sanders on the Bund in Shanghai proves how well fast service, mobility and low prices fit into a tradition of fast food that dates back over a millennium to the street markets of Old Cathay.</p>
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T'AI CHI

INSTRUCTOR:

Dr. Tianxiang Zhan

Associate Professor of History,
Zhejiang University
Hangzhou



CHINESE TRADITIONAL AND MODERN MEDICINE

LEADER :**Mr. Michael O. Alexander**Chairman,
*The International Forum***GUESTS :****Dr. Yuan Dong Shen**Vice President,
Shuguang Hospital
*Shanghai***Ms. Yan Yan Zhao**Shuguang Hospital,
Shanghai

Contemporary Chinese medicine represents the cumulative clinical experience of 5,000 years of continuous practice. It is an age-old system of diagnosis and health care that has evolved over the centuries to form a unique and holistic approach to the human body. It is preventive in practice, and is based on the spiritual concepts of Taoism, combining sophisticated practices of maintaining health with holistic attitudes towards curing illness.

Hospitals and medical schools in China typically offer both Western and traditional Chinese medicine, and clinics typically have two pharmacies: one dispensing Western drugs, the other dispensing herbs. The Chinese medical system encompasses a range of therapies including acupuncture, cupping, massage, and herbal therapy. The fundamental root of all disease, according to traditional Chinese medicine, is an imbalance of yin and yang and the principal of treatment is that “to treat disease one should determine its root.” Because of this Traditional Chinese Medicine takes a more holistic approach to health than does Western medicine, and focuses more on the prevention of disease and treating the body as a whole.

The question of who is responsible for providing health care promises to be one of the most important issues of the next few decades, particularly to corporations responsible for thousands of employees. State-provided health care has been a basic feature of socialism. What is the extent and quality of health care provided today in China?

This session takes participants to a local hospital that uses both Chinese and Western techniques of healing for a look at how a Chinese medical clinic functions. Diagnostic techniques are a particularly interesting aspect of Chinese medicine. The taking of the pulse is one of the most important methods of diagnosis in Chinese medicine. By feeling the pulse in different places on the wrist, a doctor can locate disharmonies in the function internal organs.

- What is traditional Chinese medicine? How is it practiced in China today? What can we learn from traditional Chinese medicine that would help the practice of medicine in the West?

CHINESE TRADITIONAL AND MODERN MEDICINE

- How are hospitals and health services organized and delivered in China? What form of social security is provided by the state and who is covered? How is it paid for?
- What medical care is available in rural villages? How does this differ from the cities? What health services are provided to children, the elderly, and the poor? Who pays for these?
- In China is the individual ultimately responsible for the cost of health care or is the State? Is this changing?
- How effective are China's health care services and medicine?
- What uses are made of Western medicine and how is it combined with traditional Chinese medicine?
- What are the important social issues confronting China in providing health and medical care to its people?

WTO: CHINA TODAY

LEADER :**Mr. Michael O. Alexander**Chairman,
*The International Forum***GUESTS :****Dr. Kenneth DeWoskin**Professor of International
Business and Asian Languages
and Cultures,
*The University of Michigan***Mr. Edward Epstein**Attorney,
Alzheimer & Grey
Shanghai

China's amazing economic transformation continues-with recent growth at 8% per annum and in bound investment of \$66 billion.

The development of a "socialist market economy" involved continued state control of certain sectors. Industries such as telecommunications and energy have remained domestic, while in automotive and consumer goods; increasing foreign involvement has taken place initially through joint ventures. Deng Xiao Ping began the important push of power and control to local sources, thereby stimulating the town and village enterprises and a setting up of special development zones. The state-owned enterprises known as "iron rice bowls" of China began a dismantling process that continues today, shedding jobs at an amazing rate and this will continue.

But at the same time, enterprises with collective ownership grew much faster and have assumed a greater percentage of the economy and economic growth.

China's membership in the World Trade Organization (WTO) will require that it reduce its tariffs to fewer than 10% on average by 2005. Its tariff rate quota system on agricultural products such as wheat will be reduced to zero. It will be required to eliminate all quotas and licenses on imports and to reduce state trading as a means of controlling imports. It will have to open its service sectors in telecommunications, distribution, banking, insurance, asset management and securities and increase its effectiveness on intellectual property protection.

- What were the reasons why China's leaders chose membership in the WTO?
- What difficulties will it present China during the next few years?
- Will WTO membership make China a more efficient market economy and what medium and long-term benefits will China receive from membership?
- Will increased competition for state-owned enterprises make them more efficient and viable businesses after a significant further loss of employment?
- Will further reductions take place in state sector jobs in the regulatory bureaucracy?

WTO: CHINA TODAY

- What impact will the rise in agricultural imports have on the farming sector and rural areas of the country?
- How will the WTO change China and the way its people view the rest of the world?
- What opportunities and challenges will WTO membership present for foreign businesses in China?
- What implications does China's WTO have for global markets and those who participate in them?

China's leadership perceives the value of WTO membership in the external pressures it will bring on China to develop its economic future. China's leadership believes that an appeal for economic growth, improved consumption, higher living standards and economic self-interest is strong enough to overcome the pain and dislocation that the country will have to experience in the shorter run. Judged against most western democracies this would seem to be a courageous political move and leap of faith in believing that economic growth will continue to take priority over nationalism and ideology.

China's leadership perceives the value of WTO membership for China as:

- Increased competition in the domestic market with the resulting efficiencies and structural reform that will be forced upon it,
- Great benefits to China through its future participation in the globalization of its production-the globalization process-by participating in cross-border production networks-for example, in automotive and electronics industries,
- Recognition that to participate in the global market, China must have an efficient domestic market economy.

From the perspective of the rest of the world, China's membership in the WTO is seen as positive because it will become a growing market for goods from Europe, North America, Japan and other parts of the world. As a member of the WTO, China will be a more constructive participant in the world economy. China is also more likely to meet the expectations of its own people and continued economic growth in China is also likely to make it a more pluralistic and stable country and possibly reduce its tensions with Taiwan.

WTO: CHINA TODAY

What are the chances that this reasoning will prove correct? What are the risks that it will be wrong and with what consequences?

How do we measure China's accountability to the World Trade Organization and what means will be used to resolve differences and disputes which must inevitably arise in the future?

How will China's society change in any one of these scenarios?

- Continued economic growth?
- Greater prosperity and economic efficiency?
- Disruptions and volatility of the market system resulting in unemployment and dislocation?
- Increased disparities between regions of China, particularly urban and rural?

How will membership in the WTO affect the psyche of China? In what ways does the build up to the 2008 Olympic Games, to be held in Beijing, influence China's attitude to the rest of the world?

As China follows its path to becoming a more effective and efficient "socialist market economy"-utilizing its advantages of low cost labor, a large domestic market and strong entrepreneurial spirit-how will this affect foreign participants in China's economy? What new roles will Chinese enterprises play outside of China in world markets? What networks will evolve? What new relationships and competitors emerge?



FUTURE OUTLOOK FOR CHINA

LEADER :**Ms. Nancy A. Doyal**

President,
The International Forum

GUESTS :**Dr. Kenneth DeWoskin**

Professor of International
Business and Asian Languages
and Cultures,
The University of Michigan

Dr. Xinbo Wu

Professor,
Fudan University,
Center for American Studies,
Shanghai

Mr. Robert W.H.S. Yung

Chief Executive Officer,
One Studio,
Hong Kong

What are our basic assumptions about the future of China? How have they changed?

Participants discuss their views and raise questions about the future of China and the world.

Questions posed by Participants at the conclusion of the China Forum 1999:

- What is the timeframe for transformation of China? What will happen in one year, five years and ten years?
- What role do the younger people in China want to play in its future? What kind of future do they wish to create?
- How can companies affect some of the issues that this country faces? How can the market forces be used to push for change?
- Will it take one or two generations to see China through the transition that it must make?
- What are China's feelings about itself? Its values, its identity, its public philosophy - as it goes through fundamental change? What will its choices be?
- Can the political system be separated from the economic system?
- How will a reliable legal system evolve to facilitate sustainable growth and in what time frame?
- What is the right process in dealing with the complexity of China?
- How will the rest of the world learn to deal with China? Will it have the patience?

CONCLUSION 12:45 P.M.

LUNCH 1:00 P.M.

PARTICIPANTS OF THE INTERNATIONAL FORUM IN CHINA

Participants of the Forum are leaders of global businesses with responsibility for the international growth of their company. They come to the Forum to learn and exchange views and perspectives on what is changing in China and how this will affect their businesses.

Mr. Gary Butler

Vice President, Europe and Asia, *Verizon Communications, USA*

Mr. Paul Hartley

President and Chief Executive Officer, *Asia Pacific, CIGNA International, Singapore*

Mr. Tor-Sverre Jacobsen

General Manager, *Norsk Hydro, China*

Dr. Hariolf Kottmann

Member of the Executive Committee, *SGL Carbon AG, Germany*

Mr. Ming Yan Lim

Chief Executive Officer, *China Residential, CapitaLand, China*

Mr. Bob McGill

Vice President, *Phillips, Hager & North Investment, Canada*

Mr. Hiroshi Mogi

General Manager, *Mitsubishi Corporation, China*

Mr. Stephen Moores

President, *Herman Miller Asia, Herman Miller Inc., Singapore*

Mr. Jun Kill Suh

President, *Shanghai PanAsia Paper Company, China*

Mr. Jean-Marc Tilliard

Chairman, *Unilever Foods España, S.A., Spain*

Mr. Masayasu Toyohara

Manager-Corporate Strategic Planning, *Toshiba, Japan*

Mr. Luc Vandenbroucke

President, *BarcoView, Belgium*

PARTICIPANTS OF THE PARTNER EXPERIENCE IN CHINA

Participants of the Partner Experience are the spouses of the Participants of The International Forum in China. They are invited to join many of the sessions of The China Forum as well as specially designed sessions for Partners.

Ms. Martine Demeyere *Belgium*

Ms. Tong Mue Lim *China*

Ms. Brenda McGill *Canada*

Ms. Patricia Moores *Singapore*

Ms. Eleni Tilliard *Spain*

EXPERT GUEST RESOURCES OF THE INTERNATIONAL FORUM IN CHINA

Guests of the International Forum bring experience and perspectives and act as resources for the participants.

Mr. William (Willie) Andrews Brent

Vice President, *Groove Street Consulting Co. Ltd.*; Director of Performing Arts, *Shanghai GT Courtyard, Cultural Investments Ltd, Shanghai*

Mr. Michael Browne

General Manager, *Suzhou Taihu Mercury Club & Marina, Suzhou*

Mr. Philip S. Carmichael

President, *Asia Pacific Lexmark International (China)*; Vice President, *Lexmark International, Tokyo*

Ms. Eva K.C. Chiu

President, *Ocean Win International Ltd, Hong Kong*

Mr. Don Cohn

Founder, *Don Cohn Ltd., Hong Kong*

Mr. Wm. Patrick Cranley

Managing Director, *AsiaMedia, Shanghai*

Mr. Dominique de Boisseson

Chairman and Chief Executive, *Alcatel China Ltd., Shanghai*

Mr. Edward Epstein

Attorney, *Alzheimer & Grey, Shanghai*

Dr. Marc Faber

Managing Director, *Marc Faber Limited, Hong Kong*

Dr. Jianqiao Fang

Professor, *Department of Acupuncture, Zhejiang College of Traditional Chinese Medicine, Hangzhou*

Ms. Jian Mei Gan

Director, *Credit Suisse First Boston, Shanghai*

Mr. Nobumasa Hirata

Chairman and President, *Toshiba (China) Co., Ltd., Beijing*

Mr. Rupert Hoogewerf

Journalist, *Shanghai*

Mr. Zhen Yan Kuang

General President, *Suzhou Institute of Landscape Architectural Design, Suzhou*

EXPERT GUEST RESOURCES OF THE INTERNATIONAL FORUM IN CHINA

Ms. Ling Li

General Manager, *InTime Department Store, Hangzhou*

Mr. Jing Rong Liao

General Manager, *Suzhou Tefa Generatic Development Company, Suzhou*

Mr. Johnny Lee

General Manager, *HCG Company, Kunshan*

Mr. Jim McGregor

Managing Director, *Vermillion Ventures, Beijing*; Former Managing Director, *Global Internet Venture, Hong Kong*

Ms. Mary Reichlen

Vice President, Human Resources, Asia, *Dell Computer Asia, Singapore*

Ms. Susan Shan

Admin Manager, *BP China Ltd., Shanghai*

Dr. Yuan Dong Shen

Vice President, *Shuguang Hospital, Shanghai*

Dr. Kjell Stenstavold

Senior Advisor, *Wuxi Hydro Aluminum Company, Xishan City*

Ms. Anne Stevenson-Yang

President, *Clarity Data Systems, Beijing*

Mr. Shui Quan Sun

Tea Farmer and Tea House Proprietor, *Hangzhou*

Mr. Rong Long Tang

Managing Director, *Suzhou Foreign Economic Development Corporation, Suzhou*

Mr. Tom Hu Tao

Director of Environmental Economic Programs, *Policy Research Center for Environment & Economy, State Environmental Protection Administration (SEPA) of China, Beijing*

Mr. James Tu

General Manager, *Lilly Suzhou Pharmaceutical Co., Ltd., Suzhou*

Mr. Jesse Wu

Managing Director, *Johnson & Johnson China Ltd., Shanghai*

Dr. Xinbo Wu

Professor, *Fudan University, Center for American Studies, Shanghai*

EXPERT GUEST RESOURCES OF THE
INTERNATIONAL FORUM IN CHINA

Mr. Guangju Xu

General Manager, *Chuan Group Co. Ltd. Hangzhou*

Mr. Jian Gang Xu

President, *Hangzhou Sanke High Tech Electronics Co, Ltd., Hangzhou*

Mr. Robert W.H.S. Yung

Chief Executive Officer, *One Studio, Hong Kong*

Mr. Thomas Zhai

Associate Director, *Customer Business Development National Sales Manager, Modern Retailer Channel, Procter & Gamble, Shanghai*

Ms. Yan Yan Zhao

Shuguang Hospital, *Shanghai*

FACULTY AND FACILITATORS OF THE INTERNATIONAL FORUM IN CHINA

The faculty and facilitators of The International Forum are involved throughout the Forum and perform roles as moderators and leaders of sessions, team discussions and projects.

Mr. Michael O. Alexander

Chairman, *The International Forum*

Mr. Philip E. Barta

Managing Director, *The International Forum*

Ms. Nancy A. Doyal

President, *The International Forum*

Dr. Kenneth J. DeWoskin

Professor of International Business and Asian Languages and Cultures, *The University of Michigan*, Partner, *PricewaterhouseCoopers*, USA

Dr. Tianxiang Zhan

Associate Professor of History, *Zhejiang University*, Hangzhou

Ms. Jennifer L. Berg

Forum Manager

Ms. Genie Parzakonis

Manager, *Partner Experience*

Ms. Sarah P. Sarmiento

Coordinator

biographies

MR. GARY BUTLER

Gary Butler is Vice President of Europe and Asia for Verizon's International Group, he is responsible for maximizing the performance of the group through the integration of strategic and operational initiatives. Prior to the Bell Atlantic / GTE merger, Mr. Butler was Executive Vice President of Operations for TelecomAsia Corporation, a position he held since 1998. He was responsible for all network operations including design, construction and maintenance for the Bangkok, Thailand telecommunications operator. From 1994 to 1998, Mr. Butler was Vice President of Operations Assurance for Bell Atlantic, he was responsible for maintenance processes, operating procedures and process control development. He also oversaw the provisioning and infrastructure processes at NYNEX and then Bell Atlantic at that merger's close. Mr. Butler joined NYNEX in 1987 and held various leadership positions in the Upstate New York region. In 1991, Mr. Butler became Director of LMDC / E-911 Provisioning, where he was responsible for provisioning support for New York including conversions to E-911. He began his career with Texas Instruments in 1984 as a Manufacturing Manager, responsible for the operations of two production facilities. Mr. Butler is a member of the West Point Society of New York and is a lifetime member of *Who's Who of Global Business Leaders*. He is also an active member of his community, supporting the Boy Scouts of America and the local Little League. Butler earned a B.S. from the U.S. Military Academy at West Point, and an M.B.A. from Golden Gate University. He completed numerous executive programs at various institutions including Duke University, Columbia University and the University of Virginia. Butler served in the U.S. Army from 1979 to 1984 as a Captain-Aviation, Fort Bragg, North Carolina.

MR. PAUL HARTLEY

Paul Hartley is President and Chief Executive Officer, Asia Pacific for CIGNA International Corporation. Mr. Hartley began his career with CIGNA in 1985, as the Chief Financial Officer, Bahamas. He held a variety of positions throughout the world including Treasurer; Chief Executive Officer-Life Operations; Regional Vice President-Life Operations; Chief Financial Officer, Asia Pacific; Chief Operations Officer-Asia Pacific; and Chief Executive Officer-Asia Pacific with CIGNA. Prior to his career at CIGNA International Corporation, Mr. Hartley was a Partner with PRB, UK; an Audit Manager with Pannell Kerr Foster; and a Senior Auditor with Hawsons and Co. Mr. Hartley has a degree in Accountancy from Sheffield & Hallam University and is a fellow of the Institutes of Chartered Accountants in England and Wales. He holds Directorships with PT Asuransi CIGNA Life, CIGNA Worldwide Insurance Company, CIGNA Life Insurance New Zealand Limited, Maxicare PCIB CIGNA Healthcare Corp., CIGNA International Corporation-USA and CIGNA International Corporation-Singapore. Mr. Hartley lives in Singapore and is married with three children.

MR. TOR-SVERRE JACOBSEN

Biography to be included in Addendum.

DR. HARIOLF KOTTMANN

Hariolf Kottmann is a Member of the Executive Committee SGL Carbon AG. Dr. Kottmann began his career in the Central Research Department of Hoechst AG. Dr. Kottmann continued at Hoechst AG, first as the Head of Organic Synthesis Laboratory and the Fluororganic Chemistry Group. In 1991, Dr. Kottmann moved over to the Chemicals Division of Hoechst AG, where he served as the Assistant Plant Manager in the acetic acid and acetic anhydride plant. He then moved into a role as the Head of Research and Development for SBU. In 1992, Dr. Kottmann moved to the Corporate Staff Department where he became the Head of Coordination Divisions, Central Service Department, Sites and German Affiliates. In 1994, Dr. Kottmann moved into the Specialty Chemicals Division, first as the Head of Production Höchst South, then as the Head of Production and Engineering. In May 1996, Dr. Kottmann became a Member of the Executive Committee, Deputy Division Head, Vice President and General Manager, and Head SBU Inorganic Chemicals. In 1997, Dr. Kottmann worked as a Member of the Executive Committee, Vice President and General Manager, Head of SBU Oxoproducts and Amines, Head of SBU Inorganic Chemicals and Managing Director of Celanese GmbH for Hoechst AG and Celanese. Dr. Kottmann became Executive Vice President, President of Chemical Intermediaries of Europe and Asia for Hoechst AG/Celanese Ltd. in July of 1998. In 1999, Dr. Kottmann worked for Celanese Ltd. as the Executive Vice President and President of Chemical Intermediaries. In 2000, he became President of Acetyls and Chief Technical Officer at Celanese AG. Dr. Kottmann received a degree at the University of Stuttgart in Chemistry and Biochemistry. Dr. Kottmann also received his PhD in Organic Chemistry from University of Stuttgart. Prior to entering the industry, Dr. Kottmann was an Assistant Lecturer for the Institute for Organic Chemistry, Biochemistry and Isotope Research at The University of Stuttgart. Dr. Kottmann is married with a son.

MR. MING YAN LIM

Biography to be included in Addendum.

Mr. Lim will be joined by Ms. Tong Mui Lim as a participant of the Partner Experience.

MR. BOB MCGILL

Bob McGill is a Vice-President and Senior Portfolio Manager at Phillips, Hager & North Investment Management Ltd, Canada's largest privately owned investment counselling firm. He is responsible for private client discretionary portfolio management and is a shareholder of the firm. Bob was hired by Phillips, Hager & North in 1986 to expand and enhance the private client division of the firm, which previously had only been focused on pension fund portfolio management. Prior to his current position, Mr. McGill worked for a major Canadian investment dealer in various sales and management roles.

Mr. McGill will be joined by Ms. Brenda McGill as a participant of the Partner Experience.

MR. HIROSHI MOGI

Biography to be included in Addendum.

MR. STEPHEN MOORES

Stephen Moores has been with Herman Miller since 1995. Stephen originally joined the company as Financial Controller and assisted in restructuring Herman Miller Australia to improve its operational effectiveness. Stephen became Managing Director, Herman Miller Australia, in June 1996. Prior to joining Herman Miller, Stephen held a number of senior financial and project leadership roles in several large Australian multinational corporations including Email Ltd, CRA Ltd and CSR Limited. He was part of the Management Team responsible for the restructure, then the amalgamation of the PGH, Zacuba and Monier brick and tile operations, following the merger of these CSR business units. During his time with CSR, Stephen's role encompassed not only financial and management accounting, but also information systems, property and facilities management as well as business analysis for the New South Wales business unit. In his role as Managing Director, Stephen has led the restructure of the Australian Operations to achieve profitability. More recently the Australian operations has moved toward a "Master Dealer" business model, targeting growth of Herman Miller Australia through the establishment of a country wide dealer network in support of its direct sales offices in Sydney and Melbourne. In February, 2001 Stephen was named President of Herman Miller Asia. Stephen has a Bachelor of Business (Accounting) degree from the University of Technology, Sydney and is a member of the Australian Society of CPAs. Steve and his wife Patricia have two daughters, Kylie 28 and Kristy 25.

Mr. Moores will be joined by Ms. Patricia Moores as a participant of the Partner Experience.

MR. JUN KILL SUH

Jun Kill Suh is the President of Shanghai PanAsia Paper Company. Prior to this position he was Senior Vice President and Chief Procurement Officer of PanAsia Paper Company. Prior to working for PanAsia Paper Company, Mr. Suh was the Vice President of Norsk Skog Korea Co. Ltd, Chief Executive Officer of Pascorp Paper Industries SDN.BD, Executive Director of Mechanical and Industrial Plant Division at Korea Shipbuilding and Engineering Corporation, Division Manager for Mechanical and Industrial Plant Division of SAKOTECH, Director for Industrial Plants Division with Korea Heavy Industries and Construction Company, Project Manager for Gizan Cement Plant, Senior Project Engineer for Johnson and Johnson, and Project Engineer for W.F. Hall Company. Mr. Suh attended Hanyang University and received a Bachelors of Science degree in Mechanical Engineering. He received a Masters in Mechanical Engineering from North Dakota State University. Mr. Suh lives in Seoul, Korea with his wife.

MR. JEAN-MARC TILLIARD

Jean-Marc Tilliard is the Chief Operating Officer of the Ice Cream and Frozen Foods Division of Unilever Foods Spain. Prior to working in Spain, Mr. Tilliard was the Chairman of Operations in Turkey and Portugal for Unilever. He joined Unilever in 1974, beginning in the Sales and Marketing of food, then moving into the Ice Cream and Frozen Foods organization. Mr. Tilliard studied Economics and Politics in the French University. His other interests include enjoying the "fantastic" Spanish food, skiing, motorcycling and reading. Mr. Tilliard is married with two children, a boy of 21 and a girl of 16.

Mr. Tilliard will be joined by Ms. Eleni Tilliard as a participant of the Partner Experience.

MR. MASAYASU TOYOHARA

Masayasu Toyohara is a Group Manager for the Corporate Strategic Planning Division, at Toshiba Corporation, which is one of the leading manufacturing companies in the electronics business in Japan. Mr. Toyohara is in charge of planning the strategic governing systems for Toshiba to enhance the corporate business, based upon extensive research of dynamic changes in the industrial and governmental environment. Prior to his current position, Mr. Toyohara was a manager of the Planning Group for the Human Resources Division from 1999 to 2001 and was responsible for planning the human resources management systems. Mr. Toyohara was a Corporate Personnel Manager from 1994 to 1999, and was in charge of the promotion and rotation of the general manager class employees. He joined Toshiba in 1980, following his graduation from Tokyo University with a degree in Japanese Law.

MR. LUC VANDENBROUCKE

Luc Vandenbroucke is President of Barco View. Prior to this position he was the Managing Director of BARCO n.v., Display Systems, with full responsibility for profit and loss and for short-term and long-term product and market development. BARCO n.v., Display Systems has 587 employees of which 171 are in the United States. Mr. Vandenbroucke is also Vice President of BARCO n.v. and a Member of the Management Committee. He is a board member of several companies and affiliates of BARCO as well. Mr. Vandenbroucke joined BARCO in 1975 and assumed different functions in marketing and sales with emphasis on product introductions and internationalization. Successively, he was active as Sales Executive, Sales Manager, Product Manager and Commercial Director. Subsequently, he took responsibility for the setting up and managing of international distribution channels. He also became involved in the start-up and general management of an innovation company for high technology products. Mr. Vandenbroucke acquired expertise in the search for and the acquisition of companies on an international level in his position of New Business Manager. He is also involved outside the company in several activities concerning entrepreneurship. He is Co-Founder of the “Seat Entrepreneurship” of the Catholic University of Leuven and Board Member of Institute for Industrial-Technological Market Research and Development (IMO). He is a Fellow of the Hoger Instituut voor de Wetenschappen van de Katholieke Universiteit van Leuven for the Research Unit “Managerial Economics and Strategy” (1998-2001). He regularly gives lectures and seminars in several institutions. Mr. Vandenbroucke received his degree from the Catholic University in Leuven in 1973 and is a Commercial Engineer, Quantitative Business Economics and Informatics. He is also an Expert in International Trade after attending the International Trade Invest Institute in Antwerp in 1977.

biographies

MR. WILLIAM A. BRENT

Willie Brent is the Director of Performing Arts at Shanghai GT Courtyard, Cultural Investments and Vice President of Business Development Greater China at Groove Street Consulting Company, Limited. Prior to his current positions Mr. Brent was the President, China Entertainment Network Holdings Ltd., Shanghai since 1994. He has advised multinational entertainment/media companies on Chinese market entry strategy, joint venture negotiations, programming distribution and production. He also published *CENews*, the first English-language newsletter on the Chinese film, television and home video industries. He also manages a full-time staff of five. In 1991, Mr. Brent served as China Correspondent for Agence France-Press (AFP) in Beijing. In 1993, he covered daily developments in economics, business, politics and culture for this international news agency and traveled extensively in China. In 1989, he served as Editor/Correspondent for AFP in Hong Kong. He also served as an Assistant at the *Wall Street Journal/Asian Wall Street Journal* in Beijing in 1989. Mr. Brent received a Bachelor of Arts from the University of Wisconsin, Madison, where he majored in World History and minored in Mandarin and French. He attended the Sidwell Friends School in Washington, DC in 1983. He speaks Mandarin and has a working knowledge of French.

MR. PHILIP S. CARMICHAEL

Phil Carmichael is currently President of Lexmark Asia Pacific and Vice President of Lexmark International Asia Pacific operations. Based in Tokyo, he is responsible for all of the company's strategic and operational and P/L performance in twenty-two Asian countries, including Australia and Japan. Having lived in Asia for over 18 years and worked in the region for twenty-four years, he has spent his career helping U.S. high technology companies develop their business in Asia. Mr. Carmichael was Chairman of the American Chamber of Commerce in China in 1994 and 1998, a role which gave him the opportunity to make an important contribution to the development of US-Sino bilateral relations. Before joining Lexmark, Mr. Carmichael was Vice President and Regional Director for Asia at Rockwell International, a global electronic control and communications company. Key achievements in this time included launching a multimillion US dollar corporate identity program to boost awareness of the company in the region, overseeing a major facilities acquisition in China and consolidating the activities of five divisions in order to generate significant cost savings. From 1991 to 1996; he was President of EG&G Services Ltd, a unit of Fortune 500 EG&G Inc., a major scientific instrumentation, high technology equipment and components manufacturer, based in Beijing. During his five-year tenure, he started two high technology manufacturing joint ventures in China and Hong; built a nation-wide distribution network on the mainland and initiated the first private enterprise acquisition in China by a foreign company. Prior to this he worked for McDonnell Douglas from 1987 to 1991, serving as General Manager for Office and Trade Development in Hong Kong and China. While there, he implemented an aerospace buy-back program helping bring the entire MD80 aircraft program to profitability. Mr. Carmichael holds a Bachelor of Science in International Business Management from the University of Maryland Far East Division, and attended the University of Chicago 1990 MBA programme from 1996 to 1997. He is a fluent speaker of Mandarin Chinese.

MR. DON COHN

Don Cohn is a freelance writer and editor in Hong Kong and the founder of Don Cohn Tours. He is the author of the 1992 book *Beijing Walks: An historical guide to the City* and of many articles. He worked as books editor at *Far Eastern Economic Review* in Hong Kong from 1990 to 1998. Mr. Cohn, who is fluent in spoken and written Mandarin Chinese, has been involved with China since the late 1970s. In 1981-84, he worked in Beijing as an editor and translator. He founded Don Cohn Tours in 1984. Since then the firm has organized over 100 special interest tours to China, Hong Kong and other Asian countries for corporate clients and others. He is presently engaged in a project that involves researching the history of Chinese children's books.

MR. DOMINIQUE DE BOISSESON

Dominique de Boisseson is Chairman and Chief Executive Officer of Alcatel China Limited. He has held this position since 1997. Mr. de Boisseson has been with Alcatel Telecom since 1987. He began as Director of Strategic Marketing in the Transmission Product Group. In 1989, he became Senior Vice President of Alcatel CIT Transmission Division. From January 1990 to January 1991, he was Executive Vice President of the Network Integration and Marketing Division, and then he was promoted to Vice President of the Network Systems Group, where he was in charge of the Network Integration and Marketing Division. Immediately prior to his current position, he was Director of Corporate Marketing and Business Development and as such, he was a member of the Alcatel Telecom Executive Committee. Before joining Alcatel, Mr. de Boisseson held several positions at IBM, including Manager of Large Systems and Networks Marketing for IBM - Europe and Director of Marketing, Telecommunications, Networks and Connectivity for IBM - France. Mr. de Boisseson received a Master of Engineering from Ecole Centrale des Arts & Manufactures Paris in 1965, and a Master of Science degree from Stanford University in 1969. Mr. de Boisseson is based in Shanghai.

DR. MARC FABER

Marc Faber was born in Zurich, Switzerland. He went to school in Geneva and Zurich and finished high school with the Matura. He studied Economics at the University of Zurich and, at the age of 24, obtained a PhD in Economics magna cum laude. Between 1970 and 1978, Dr Faber worked for White Weld & Company Limited in New York, Zurich and Hong Kong. Since 1973, he has lived in Hong Kong. From 1978 to February 1990, he was the Managing Director of Drexel Burnham Lambert (HK) Ltd. In June 1990, he set up his own business, *MARC FABER LIMITED* which acts as an investment advisor, fund manager and broker/dealer. Dr Faber publishes a widely read monthly investment newsletter “*THE GLOOM BOOM & DOOM*” report which highlights unusual investment opportunities, and is the author of the book “*THE GREAT MONEY ILLUSION - THE CONFUSION OF THE CONFUSIONS*” which was on the best-seller list for several weeks in 1988 and has been translated into Chinese and Japanese. A book on Dr Faber, “*RIDING THE MILLENNIAL STORM*”, by Nury Vittachi, was published in 1998. In addition, Dr Faber is also a regular contributor to several leading financial publications around the world. A regular speaker at various investment seminars, Dr Faber is well known for his “contrarian” investment approach. He is also associated with a variety of funds including the Iconoclastic International Fund, The Baring Chrysalis Fund, The Overlook Partners’ Fund, The Income Partners Global Strategy Fund, The Hendale Asia Fund, The India Capital Fund, The Matterhorn India Fund, The Central and Southern Asian Fund, The Regent Magna Europa Fund plc, The China Mantou Fund and Sofaer Capital Inc.

MS. JIAN MEI GAN

Jian Mei Gan is Director, Investment Banking, China at CS First Boston, Hong Kong. Ms. Gan has had an extensive career in banking in the region. Earlier in her career, Ms. Gan works for several years at the World Bank in Washington as a financial analyst for infrastructure projects in India. She worked on an \$11 billion structural adjustment-lending project aimed at promoting industrial restructuring in India and a \$150 million lending project aimed at privatizing certain sectors of the Indian Railway. Ms. Gan received her MBA from the University of Pennsylvania’s Wharton School and an MA from Penn’s School of Arts and Sciences. She was born and raised in Shanghai

MR. NOBUMASA HIRATA

Nobumasa Hirata is Chairman and President of Toshiba (China) Company, Limited. Prior to this position he was the Corporate Representative - Asia and General Manager of the International Division for Toshiba Corporation. Mr. Hirata joined Toshiba in 1968, and went on to hold a number of management positions of increasing responsibility. In 1989, Mr. Hirata was appointed Senior Manager of International Operations Energy Systems and in 1994, he became Senior Manager of Toshiba’s China Corporate Staff Group. Mr. Hirata was General Manager of the Asia Oceania Division from 1996-98, and he served concurrently from 1997-98, as Chairman of Toshiba Dalian Co., in China. Mr. Hirata became General Manager of the International Division in 1998, and Corporate Representative - Asia in 1999. Mr. Hirata will be joined by his wife at The China Forum.

MR. ZHEN YAN KUANG

Zhen Yan Kuang is President Corporate President of Suzhou Landscape Architectural Institute, in charge of the planning and designing of West Lake Garden of Zhuhai, Tiger Hill of Suzhou, Lotus Park of Huzhou, Serenity Garden of Malta, and Portland Classical Chinese Garden in Oregon. He has held this position since 1982 and has received over ten Excellent Design Awards of City, Provincial and National Levels. He is also One of the chief editors of the publication, *Suzhou Gardens*. Prior to his current position, Mr. Kuang was Director of the Tibet Architectural Design Institute (1965-1983), which is responsible for collecting, collating and research on Tibetan Architecture. He has published *The Potala*, *Dazhao Temple*, *Luo Bu Lin Xing*, and *Architectural Relics of Ancient Ge Kingdom*. From 1958 to 1965, Mr. Kuang was a Researcher on Chinese gardens and classical buildings at the Architectural Science Institute of the National Architectural Department. Mr. Kuang is a Senior Architect, 1st Class Registered Architect, recognized as an expert on gardens and classical buildings as well as a Model Worker of Jiangsu Province.

MR. JAMES MCGREGOR

James McGregor is the Managing Director of Vermilion Ventures, a China investment advisory firm. Previously, Mr. McGregor was the Managing Director in China for Global Internet Ventures, a \$140 million venture capital fund specializing in investing in technology start-ups in China and India. Prior to joining GIV, Mr. McGregor was Chief Representative in China for Dow Jones & Co. and Vice-President in the Dow Jones International Group. From 1987 to 1990, Mr. McGregor was The Wall Street Journal's Taiwan bureau chief based in Taipei and from 1990 to 1993, he was The Wall Street Journal's China bureau chief, based in Beijing. As a journalist, Mr. McGregor traveled extensively in China, visiting hundreds of farms, factories, village enterprises, tech-startups, government agencies and private businesses in nearly every province. In 1991, Mr. McGregor also served as President of the Foreign Correspondents Club of China. Starting with himself and one assistant in late 1993, McGregor built a portfolio of profitable businesses in China for Dow Jones that employed some 150 Chinese professionals with offices in Beijing, Shanghai, Shenzhen and Hong Kong. In 1996, McGregor was Chairman of the American Chamber of Commerce in China and he is currently a member of the AmCham board of governors. As an investor and information provider, Mr. McGregor has been a pioneer of the Chinese Internet. He led Dow Jones' investment in Sohu, a leading Chinese portal, which listed on Nasdaq in June 2000. Mr. McGregor remains a director of Sohu. Through his role as an information provider, Mr. McGregor has been an advisor to many Internet companies in China, helping advise them on fundraising and business development strategies. Mr. McGregor graduated from the University of Minnesota with a BA in journalism.

DR. KJELL STENSTADVOLD

Kjell Stenstadvold is Senior Advisor at Wuxi Hydro Aluminum Company. Prior to this position Dr. Stenstadvold was Chief Representative for Norsk Hydro Corporate in China. His responsibilities include business development, project support and human resource development with formal responsibility for Beijing and Shanghai. Dr. Stenstadvold joined Norsk Hydro in 1993 as Corporate Controller in Oslo. In November 1997 he moved to China to assume his current position. Before coming to Norsk Hydro, Dr. Stenstadvold was Environmental Manager (1992-1993) and General Manager for Metallurgical Industries (1988-1993) for the Federation of Norwegian Process Industries in Oslo. Prior to this, he held various positions with Norwegian Petroleum Consultants (1981 - 1988). These positions included Regional Manager, Bergen office (1982-1985), President, Nortek Engineering in Newfoundland (1986-1987) and Executive Vice President, Norconsult International (1988). Dr. Stenstadvold is currently a member of the board of three private companies as well as two professional organizations. He received his MA in Business Administration in 1968 and his PhD in Economic Geography in 1973.

MS. ANNE STEVENSON-YANG

Anne Stevenson-Yang is President of Clarity Data Systems, a software company owned by Metromedia China Corp. that makes direct marketing and data-analysis systems for the Chinese retailing industry. Prior to forming Clarity, she co-founded and managed 66cities.com, which publishes a biweekly magazine called City Weekend, a series of Chinese-language travel books, and the web site Real China Travel. She came to China at the end of 1993 as China Director of the US-China Business Council, an association of US businesses that invest in China. She has lived in Beijing for more than seven years and speaks fluent Mandarin.

MR. RONG LONG TANG

Rong Long Tang is Managing Director of the Foreign Economic Development Corporation and Director, Foreign Affairs Office for the Suzhou Municipal Government. He has held these positions since 1992. From 1985 to 1992, Mr. Tang was Deputy Director of the Sister City Program for the Foreign Affairs Office of the Suzhou Municipal Government. He began working at the Foreign Affairs Office in 1982 as an Interpreter. Prior to this, he was a teacher at Suzhou No. 5 Middle School (1976-1981). Mr. Tang was a representative of the Suzhou Municipality to Portland, Oregon, United States in 1995 and an attendee of the MGO Program (Executive Education) Business School at Harvard University this same year. Mr. Tang attended the Suzhou Educational Institute, China Suzhou Technical School of Light Industry from 1977 to 1981 and the Business School at Portland State University in the United States from 1989 to 1990.

MR. JESSE J. WU

Jesse Wu is Managing Director of Johnson & Johnson China Ltd., a wholly owned Johnson & Johnson subsidiary responsible for Consumer product franchises. Mr. Wu has been with Johnson & Johnson since 1989. Prior to joining Johnson & Johnson, Mr. Wu worked for Procter & Gamble in the US and Europe, as well as PepsiCo in the US. Mr. Wu received his MBA degree from the Fuqua School of Business of Duke University in 1982. He obtained his undergraduate degree in Economics from the National Chengchi University in Taiwan in 1980.

DR. XINBO WU

Xinbo Wu is currently a Professor at the Center for American Studies at Fudan University. He teaches China-US relations and writes widely about China's foreign policy, Sino-American relations and Asia-Pacific issues. Dr. Wu is the author of *Dollar Diplomacy and Major Powers in China, 1909-1913* (Fudan University Press, 1997) and has published numerous articles and book chapters in China, the United States, Japan, Germany and India. He is also a frequent contributor to China's newspapers. Dr. Wu has spent one year at George Washington University as a visiting scholar (1994) and in the Fall of 1997, he was a visiting fellow at the Asia-Pacific Research Center, Stanford University and the Henry Simson Center in Washington D.C. Born in 1966 in Anhui Province, East China, Dr. Wu entered Fudan University in 1982 as an undergraduate student and received his BA in History in 1986. He received his PhD in International Relations from Fudan in 1992. In this same year he joined the Center for American Studies, Fudan University.

MR. ROBERT W.H.S. YUNG

Robby Yung is the Chief Executive Officer and Founder of One Studio, one of the largest Internet solutions firms in North Asia. One Studio provides services and develops software solutions for multinational clients throughout North Asia and North America, focusing on business process automation through the usage of the Internet and open platform technologies. Mr. Yung has an extensive background in Asian start-ups and the wireless space, having co-founded OSMEDIA, a start-up cable TV venture in China. Previously, Mr. Yung was the General Manager of US-listed Metromedia International's Asian arm, focusing on developing wireless telephony & data services in China and Indonesia. Mr. Yung holds a BA from The University of Chicago and an MA from New York University, both in International Relations and East Asian Studies.

biographies

MR. MICHAEL O. ALEXANDER

Michael Alexander started The International Forum in 1989. Three decades and several careers required him to travel the world doing business and he discovered the consequences of not understanding cultural differences. As the forces of globalization presented new challenges for leaders of international companies, he developed the Wharton Global Leadership Series as a unique learning experience for the most senior executive. This program is now running in its twelfth consecutive year. The International Forum grew beyond its origins and is today an active global network of leaders in business supported by experts in many other fields and disciplines from around the world. While helping executives to understand business in Asia, Europe and North America, by bringing them face to face with people they do not usually meet, he discovered active encounters with leaders in other, sometimes very different fields to be a rich learning experience. What emerged are the creative programs of The International Forum that involve learning by doing and integrating business with art, history, society, science and technology, music and culture. His career experiences, when considered at face value, hardly seem to prepare him for this kind of work. He started as an accountant. Finding it difficult to make any set of accounts balance, he sought ways to avoid such embarrassments and became Director of the FASB (Financial Accounting Standards Board) in the United States from 1978 to 1982 and Executive Partner at Touche Ross International during the 1980's where he was responsible for worldwide services in accounting, auditing, taxation and management consulting. During the late 1980's he tried his hand at international investment banking. His earlier career was mixed with experiences in computers, operations research, organizational development, and strategic planning. He wrote a book on Inflation Accounting and in 1976, the Government of Ontario, Canada, appointed him Chairman of a Royal Commission to study the effects of inflation on taxation, business, capital markets, and the economy. Never the stereotype accountant, in 1969 he attempted to reform the accounting profession in Canada by forming Task Force 2000 and led a group of 200 young professionals from across Canada in a year long examination of the role of their profession and its future. While this did not change the accounting profession it was a useful learning experience. During the 1970's he led an innovative research group that developed accounting for social costs, the environment, and human resources, completing contracts for the US government and several corporations. His efforts to be a painter were not impressive and his musical abilities enabled him to play the piano accordion poorly and privately. But he is actively involved in building the Stowe International Music School which brings leading musicians as faculty and students from Asia, Europe, and North America together with youth from Vermont. The School and Festival is now in its fourth year. He travels the world extensively, meeting members of The International Forum community while dreaming up new ideas for yet another kind of learning experience for leaders in business. While at home in Stowe, Vermont, USA, he is difficult to reach in the mornings when he is usually downhill skiing, playing ice hockey or, in summer, hiking up a mountain with his two dogs.

MR. PHILIP E. BARTA

Phil Barta is Managing Director of The International Forum. Prior to joining The International Forum in 2001, Mr. Barta was William Davidson Institute's Director for Management Development Activities. The Davidson Institute is a non-profit educational institute at the University of Michigan Business School dedicated to developing and disseminating expertise on issues affecting corporations in transition and emerging economies. Mr. Barta was responsible for the Davidson Institute's corporate, government, and NGO relationships and management development initiatives. During his time at the Davidson Institute, Mr. Barta was involved in The International Forum as a guest resource and faculty member at the European Forum as well as Forums in the Czech Republic and Poland. Mr. Barta has extensive experience working in emerging markets, especially Central and Eastern Europe. Prior to joining the Davidson Institute, Mr. Barta managed a privately funded technical assistance project focused on economic and public policy issues in the Czech Republic and Slovakia for The Foundation for a Civil Society. Mr. Barta also taught business English in Kosice, East Slovakia and studied at the University of Zagreb, (then) Yugoslavia. He has written on privatization and political economy in Central and Eastern Europe and has co-authored a case study on the restructuring of a truck manufacturer in the Czech Republic. Mr. Barta holds a B.A. in government from Beloit College, Beloit, Wisconsin and an M.A. in Russian and East European Studies from the University of Michigan.

DR. KENNETH J. DEWOSKIN

Ken DeWoskin is Partner in charge of Strategy and Business Development for PricewaterhouseCoopers in China. A former professor of International Business and Asian Languages and Cultures at the University of Michigan, Ann Arbor, former Chair of his department and former Director of Michigan's Center for Chinese Studies, Dr. DeWoskin has been involved with China for over 35 years. He has lived and worked for several years in both China and in Japan. He received his B.A. from Columbia College in 1965 and his Ph.D. from Columbia University in 1974. He has also studied at National Taiwan University and Kyoto University, and he is a fluent speaker of Mandarin Chinese and Japanese. In recent years, he has worked for dozens of Fortune 200 companies on China projects in a range of industries, including manufacturing, automotive, consumer products, telecommunications, and energy. Dr. DeWoskin is a co-founder and core faculty member of the Wharton International Forum in Shanghai and author and presenter in the video series, *Doing Business in China*. He appears regularly in press interviews, with the *New York Times*, *Business Week*, *Fortune*, *Asian Wall Street Journal*, the *Washington Post*, *Far Eastern Economic Review*, and major wire services. He has presented on China business issues across the US and throughout Asia and Europe, in the World Economic Forum, Beijing and Taipei American Chambers of Commerce, Economist Conference Unit, US China Business Council, and for numerous corporate clients and business interest groups. He is also co-founder of Michigan's Center for International Business Education and Board Member of Michigan's Asia-Pacific Human Resource Partnership. Dr. DeWoskin's experience with mainland China goes back to 1977, when he first traveled there. Subsequently he served with former ambassador to China Leonard Woodcock as executive director of the Michigan Governor's Commission on China. In that capacity, he worked with government, public sector, and private sector projects in China, developing partnership relationships with a variety of Chinese companies and governmental organizations. Dr. DeWoskin's consulting work focuses on China strategy and market entry and expansion, and organizational development. Dr. DeWoskin's recent projects include a World Bank sponsored project to assist China's Ministry of Information Industries with the next round of telecommunications regulatory reform and an e-Commerce strategy for one of China's major providers of commercial and financial information. He has served as an advisor to China's mobile operators for strategic development of their businesses, participated in projects and seminars with Chinese network providers, systems integrators, software manufacturers, and telecommunications equipment makers. Recently, he has also been researching issues related to China's WTO accession and the impact on high technology industries and telecommunications.

MS. NANCY A. DOYAL

Nancy Doyal is President of The International Forum. Before joining The International Forum in 1997, Ms. Doyal was Vice President of Business Development and Strategy for Ameritech's Consumer Business in Chicago and General Manager of Credit Card Services. It was in this role that she came to The International Forum as a guest resource to give a perspective on the changes taking place in telecommunications. So inspired by the process at the Forum of learning from differences in trying to solve the many challenges that she faced as a business leader, Ms. Doyal re-connected with the Forum Directors and became part of their effort to build the enterprise beyond the Global Leadership Series. Now as President, Ms. Doyal works with her colleagues and friends around the world to create experiences that help leaders of global companies to understand what is changing in the world and what it means to them. As an artist, she has understood the advantage of gaining inspiration and perspective from different places and people, and believes that this is a very important part of life and work. She is fascinated by what she learns from the people she meets around the world and finds the greatest satisfaction from seeing the linkages between history, business, art and society. She could not imagine doing anything as interesting as what she does right now, nor creating something that has such meaning for so many people as the face-to-face Forum experience does. From 1992-94 Ms. Doyal ran her own firm which helped mid-sized companies and not-for-profit organizations develop direct marketing and customer database solutions. Before this, Ms. Doyal held several positions at American Express Travel Related Services Co. Inc. in New York. Earlier in her career, Ms. Doyal worked for Shisheido Co. Ltd. in Tokyo where she learned, among other things, about the challenges of distributing to the end consumer in Japan. At Blyth & Co., a Canadian tour operator she traveled around Europe setting up education experiences for young people, and at RBC Dominion Securities she immersed herself in selling treasury bills, commercial paper, fluctuating interest rates, and the boot camp of the trading room. She claims she learned a great deal about how the world works from this first work experience. Ms. Doyal received an A.B. from Smith College and an M.B.A from The Wharton School, University of Pennsylvania. She is a British citizen, born in Canada, and resides in the United States. When not travelling around the world, she is hiking, skiing, printmaking, or playing the piano with her two sons. Her biggest frustration: Life is too short and there are so many good books to read.

DR. TIANXIANG ZHAN

Tian Zhan has been a member of the Faculty of the History Department at Hangzhou University in Hangzhou, China, since 1982. In 1997, he completed a one-year sabbatical in Portland, Oregon at Portland State University, where he conducted research and taught classes in Modern Chinese History and Chinese Culture. He also taught T'ai chi for the North West China Council in Portland. From 1993 to the present, Professor Zhan has worked as an academic advisor with the China Center developed by the Friends World Program at the Long Island University. From 1986-93, Professor Zhan served as Vice Director of the department. From 1984-85, he was a visiting scholar in prehistory in the Anthropology Department at Indiana University. From 1968-79, he was a high school teacher. Professor Zhan is the author of a number of books and articles, including *The Brief Biography of Figures in World History* and *Compilation of Great Events in World History*. He also contributed articles on a number of topics, including the Hassuna, Halaf, Eridu and Uruk cultures, to the *Volume of Archeology* in *The Chinese Encyclopedia*. Professor Zhan is a member of the National Association for the Ancient and Medieval World History and Vice Head of its Prehistoric Branch. He also is Vice Chairman of the Historical Association in Zhejiang Province. He received a BA in Russian from Hangzhou University in 1967, and an MA in History in 1982.

biographies

MS. JENNIFER BERG

Jennifer Berg is a Manager with the International Forum. Prior to joining The International Forum, she worked for Catalyst Consulting Group, a management and technology consulting firm that provides strategic planning and change management approaches to its public and private sector clients. At Catalyst, Ms. Berg developed numerous comprehensive client deliverables such as business continuity plans for a major metropolitan school district, a strategic technology plan for a major metropolitan department of housing, and a reorganization initiative for a public sector human services client. Ms. Berg graduated from Beloit College, where she received a Bachelor of Arts in Political Science with Minors in European Studies and Environmental Economics. Ms. Berg also attended Palacky University in Olomouc, Czech Republic for four months, where she had the opportunity to travel throughout Central and Eastern Europe studying the economic, political, and cultural aspects of the region. Her outside interests include running marathons throughout the world, volunteering for Little Brothers Friends of the Elderly and the Leukemia/Lymphoma Society, and spending time with friends and family.

MS. GENIE PARZAKONIS

Genie Parzakonis is Manager of the Partner Experience and Research and Communication Coordinator for The International Forum. Prior to joining the Forum, Ms. Parzakonis' love of travel led to a career in developing world-wide travel programs for professional associations. She has also served as a monthly correspondent for a Chicago-based medical journal and as a consultant in planning cultural programs for meetings in the United States. She enjoys her role as facilitator of book discussion groups with a focus on contemporary world literature. Ms. Parzakonis received her B.A. degree from DePaul University, Chicago, and is the mother of two. She has never encountered a city anywhere in the world that she hasn't loved and dreams of visiting many more.

MS. SARAH P. SARMIETO

Sarah Sarmiento is a Coordinator for The International Forum. Ms. Sarmiento graduated from the University of Illinois at Urbana-Champaign, where she received a Bachelor of Science in Consumer and Textile Marketing in May 2001. While in school, Ms. Sarmiento spent five months studying at CEGRI, an intensive Spanish language school, in Granada, Spain. Ms. Sarmiento spent two summers working for Nielsen Media Research in New York City. Her outside interests include traveling, any outdoor activity, and spending time with family and friends.

The International Forum is a network of business leaders from around the world. They come together with experts in the many different disciplines of art, science, music, politics, economics and religion to learn and reflect on the opportunities and challenges of change and how it affects their companies and communities.

Mr. Michael O. Alexander

Chairman, *The International Forum*

Dr. James C. Abegglen

Chairman, *Asia Advisory Service K.K.*; Author, *Kaisha, The Japanese Corporation and Sea Change: Pacific Asia as the New World Industrial Center*, Japan

Mr. Robert M. Baylis

Former Vice Chairman, *CS First Boston, New York*; Former Chairman and Chief Executive Officer, *CS First Boston Pacific, Inc., Hong Kong*

Sir Bryan Carsberg

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