

## „Potentials and Problems on the Chinese Market for German Companies“

A survey by the German Delegation of Industry and Commerce and the Chinese Chamber of Commerce, in co-operation with EAC - Euro Asia Consulting

*- Questionnaire for Representative Offices -*

**Dear Sir/ Madam,**

We would like to cordially invite you to participate in our survey on the current situation and future perspectives of German companies in China.

The aim of the survey is to provide you with an overview about German companies' assessment of potentials and risks on the Chinese market and their recommendations in various business fields. Furthermore we will use the results of this survey to promote your interests and proposals at governmental levels both in Germany and in China.

We would greatly appreciate you taking the time (about 15-20 minutes) to fill out this survey in the English or German version and sending it back to us:

*by fax:* + 86 (0) 21 – 6875 8573 ext 5840

*by email:* [Survey2007@sh.china.ahk.de](mailto:Survey2007@sh.china.ahk.de)

*by mail:* Survey 2007  
German Industry and Commerce  
29/F POS Plaza  
1600 Century Avenue  
200122 Shanghai

In order to thank you for your efforts we will provide you with a free copy of the survey and a PowerPoint presentation on the results, if you send back the attached voucher form. (optional)

All questionnaires will be processed anonymously by applying strict standards of data protection. If you have any further questions about the questionnaire, please contact us:

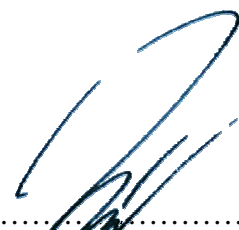
Nils Heininger - [heininger.nils@sh.china.ahk.de](mailto:heininger.nils@sh.china.ahk.de) - Tel: +86 (0)21 6875 8536 ext. 1840

We are looking forward to sharing the results of the survey with you!

Yours faithfully,



**Bernd Reitmeier**  
(Deputy Managing Director)



**Manfred Rothgänger**  
(President & Chief Representative)

## A) Potentials of the Chinese Business Environment

Which aspects are benefits for your company in China?	Valuation of current situation			Future expectations (next 3 years)				
	major benefit	benefit	no benefit	don't know	more beneficial	remain same	less beneficial	
Cost of operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sourcing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sales market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>How satisfied are you with the following aspects in China?</b>								
<b>1. Cost of operation</b>	very satisfied	satisfied	un-satisfied	very unsatisfied	don't know	will improve	remain same	will worsen
Labour cost for qualified employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Labour cost for unqualified employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tax conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost for energy supply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost for logistics and transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental regulations in China	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>2. Sourcing</b>	very satisfied	satisfied	un-satisfied	very unsatisfied	don't know	will improve	remain same	will worsen
Price level of locally sourced products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of locally sourced products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Punctuality of Chinese suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooperation readiness of Chinese suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Replacement period for sourced goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3. Sales market</b>	very satisfied	satisfied	un-satisfied	very unsatisfied	don't know	will improve	remain same	will worsen
Size of the Chinese sales market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
China as base to target other Asian markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Price sensitivity of Chinese customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chinese consumer product requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chinese savings behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competition in China	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Who are your competitors? (please check only one)

- Mainly Chinese (locally invested) companies  
 Mainly foreign (foreign invested) companies  
 Equally Chinese and foreign invested companies

### To what extent do you adapt your products to the Chinese market?

	great extent	little extent	no extent
Adapted to meet specific Chinese customer requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Differentiation to reach lower price segments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**6. Availability of human resources**

	very satisfied	satisfied	un- satisfied	very unsatisfied	don't know	will improve	remain same	will worsen
Recruiting qualified staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retention of staff (fluctuation rates)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of training services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**7. Has your company been directly affected by corruption?**

- Yes, often       Yes, rarely       No

**8. Has your company been directly affected by violations of intellectual property rights in China?**

- Yes, often       Yes, rarely       No

**9. What impact will the latest developments have on your business operations in China?**

	strong negative impact	slightly negative impact	no negative impact	don't know/ haven't heard about it
Increase of land using rights fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Labour contract law changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cutback of FIE tax subventions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RMB Appreciation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**C) Perception of Own Performance and Future Plans****1. What have been your company's initial motives for entering the Chinese market?**

	major motive	minor motive	no motive
Following key account customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low labour and/ or production cost in China	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Chinese sales market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
China as a platform to target other Asian markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low cost sourcing in China	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**2. Has your Chinese company reached its targets so far?**

- Yes, we even exceeded them       Yes, most/all of them       No, only some/ none of them

**3. To what extent has your company used consulting services for its China business strategy?**

- Great extent       Little extent       No extent

#### 4. What are your plans for the coming years in China?

- Expand our activities  
 Keep the same level of current activities  
 Reduce our activities  
 Stop our activities/ exit the Chinese market

#### 5. Which of the following operations will you pursue in China?

	yes	maybe	no
Increase sourcing in China	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Start production in China	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increase staff levels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up a business in Central/Western China	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up a JV (Greenfield)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up a JV (M&A)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up a WFOE (Greenfield)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up a WFOE (M&A)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### 6. According to your insights into the Chinese market, which market entry strategies do you consider promising for companies of your size?

	very promising	promising	not promising	not promising at all	don't know
CJV	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EJV (Greenfield)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EJV (M&A)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
WFOE (Greenfield)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
WFOE (M&A)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### D) Company Characteristics

#### 1. Which sector does your German parent company focus on? (please tick only one)

- Production       Services       Trade

#### 2. Which business field does your German parent company focus on? (please tick only one)

- Plant Engineering/ Construction       Chemical and Medication  
 Machine Building/ Engineering       Automotive  
 IT / Telecommunication       Consumer Goods  
 Environmental / Energy       Finance

Other: \_\_\_\_\_

**3. Which province is your REP located in?**

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**4. How many years ago did you establish your REP in China?**

- 0-2     2-4     4-6     6-10     10-15     > 15

**5. What was the annual turnover of your worldwide activities in 2006 in million €?**

- 0-25     25-50     50-100     100-250     250-750     > 750

**6. Please indicate your Company's employees worldwide at the end of 2006:**

- 0-49     50-249     250-499     500-1000     1000-2000     > 2000

**7. How many employees did you employ in your Chinese REP at the end of 2006?**

- 0-5     6-15     16-49     50-149     150-500     > 500

*THANK YOU VERY MUCH FOR YOUR TIME AND EFFORT!*