

- China is currently undergoing a decentralization of purchasing and procurement power. The provinces and large cities have more freedom to manage their own affairs than ever before. In this situation, it is more and more critical to develop close relationships with local decision makers. Market research should focus on identifying the right region to launch oneself in this vast market.
- China's weak infrastructure puts many seemingly attractive export areas beyond reach. If you set up a factory in the country's interior where labour rates are low, you may find it impossible to import supplies and export product quickly enough to make your venture viable. China's roads, railways and communications have not kept up with the country's burgeoning population and development needs. Your business plan will have to focus on a specific region or unified sector where you can realistically market your product or service.
- The modernization of China's infrastructure to help create a truly national market is a priority of the Chinese government, which wants foreign participation in this work. One of China's recent great successes has been in telecommunications development, a sector in which major international firms are now competing with each other and with the rapidly developing and aggressive domestic industry. Roads and bridges, railways and airports, and technical training are also important. Businesses with strengths in these areas may wish to explore their application to China.

A Market Economy with its own Characteristics

China's path of economic and political development differs greatly from that of Western countries. This will have a tremendous impact on how you do business there.

- China is attempting to combine a one-party state – the Chinese Communist Party -- with a program of economic liberalization that encourages foreign investment and rapid economic development.
- The transition from a centrally-planned to a market economy with Chinese characteristics is an enormous and complex undertaking, is not complete and will be evolving for years to come. Though the Chinese government has removed Communist Party committees from direct control of many enterprises, Party officials hold key positions in government at every level.
- Attitudes to work vary widely. Until recent years, due to the lack of market discipline, the sense of workplace responsibility was weak. Jobs were guaranteed for life, irrespective of the worker's performance. This is changing rapidly. Many young Chinese are working hard to share in the benefits of modernization and make exemplary employees, but remnants of old attitudes remain.