to mediate commercial disputes impartially, although most Western legal counsel still entertain reservations in this regard. But much positive progress has been achieved.

Realistic Expectations

- Some of the difficulties that you encounter doing business in China will be unavoidable.

- You must be prepared to sacrifice some short-term gains. The return on your investment will likely not come as quickly as you would expect. You may have done all of the right things, but still find your venture held up by unanticipated delays. You may have excellent agents but find that your potential partners are totally lacking in business experience. They may make unacceptable demands. These difficulties will take time to work out, so don't go in with false expectations.

The SME Advantage

- While some of these difficulties may make the China market seem difficult to reach, many SMEs ("small and medium-sized enterprises") enjoy a great deal of success there. Smaller companies can take advantage of niche markets and may be more flexible than bigger companies that have large bureaucracies. SMEs can offer more direct access to the real decision makers in their company. This access is important to your Chinese counterparts.

- By preparing carefully to export to China, SMEs can overcome the disadvantages of size. You may not have the resources of a large company, but you can take the time to prepare, conduct market research, identify sources of financial support, and seek expert advice from those experienced in the Chinese marketplace.

- SMEs can form strategic alliances with larger multinationals or Chinese companies.

- SMEs can export technology and provide management support with a licensing/royalty deal.

- SMEs are in a better negotiating position, have lower margins for profit to compete successfully since they generally operate with lower overhead than bigger companies.