

## 3.2. Meetings with officials (RC)

### Introduction

If you are in a managerial position in China, meeting with (government or other) officials can suddenly pop up in your agenda – no matter if you want it or not.

As “officials” are classified for the purpose of this document are

- all government representatives in their role
- all organizations or companies that support the government in executing the rules and regulations and
- all organizations or companies you are dependent on and which operate with a perceived position of strength

### General (personal) advice

In general, local staff might handle the personal relationships better than you are able to since they grew up in the Chinese environment. At the same time, they might be more vulnerable to use strategies for negotiation and discussion that do not reflect the values of your company.

Sometimes sending along a foreigner with Chinese staff can be helpful in getting what you want or in reducing complications, especially in regions in which foreigners are rare. Mostly still Chinese staff has a better feeling on how to handle the communication.

In general, you can be straight with the partners you are discussing about if it concerns facts, still the correct “packaging” of the facts might have a big influence on the talks that you are going to have.

The strategy that I found to be working best for me is: Take along a Chinese employee who speaks good English and is competent in the topic that is to be discussed. During negotiations and discussions, let the employee “translate” between both sides with a focus on the true intention, not so much on the words. In the most extreme cases, this even goes that far that they are completely free to

change the contents during translation as long as the message is supportive in reaching the common goal.

This works best if you have at least a general understanding of Mandarin to confirm that the translation is not something completely unrelated.

### Classify the nature of the meeting

Most of the meetings with officials will fall in one of the following categories

#### Friendly visit

Sometimes government officials will come to your company for a friendly visit due to a myriad of possible reasons, e.g. they really want to know if they can support your business, they got the task from a superior to get more knowledge about what happens in the market or they want some nice pictures of being the friendly government caring about the businesses in their area of responsibility. Sometimes it is all of them.

Showing that you are supportive might help to strengthen the relations a bit but mostly your company will not have many benefits out of this. Still, try to be a good host, show them around and take care that they leave with what they came for.

#### Request for Cooperation from the company's side

When a company has requests towards the government for cooperation, it often is helpful to ask in a very friendly and not demanding way. Even if clear rules exist, mostly being humble brings you a far longer way than trying to push your topics through.

#### Complaint from the company

Issues with government officials should at first be tried to be solved with direct negotiation in a friendly way as described in the passage above. If you reach the stage of complaint, you already are escalating the issue to one of their superiors: If you have a complaint because you assess that someone in the official organization acted outside of his

authorization or misinterpreted regulations, you should come well prepared to the meeting with written documentation and specific descriptions on how someone was acting out of the line. Depending on the facts and your proof you can either be more demanding or more be acting as a petitioner who humbly asks “the high officials “ for assistance.

At the same time: When you are complaining about someone who you might encounter again in the future, you should consider the long-term effects of annoying someone. Telling on them can lead – if your claims are true – to punishments on their side which on the other hand might set off them coming to check on your implementation of rules and regulations more often, more detailed or they could even send other government departments as a revenge.

### **Inspection or Raid**

When an Inspection is happening this mostly means that either it is a general regular inspection (which can be controlled to a certain angle) or that the authorities have been tipped off that you are – at least allegedly –breaking the rules. The inspectors should be asked for an ID and a copy of the inspection decision, a judicial warrant might not be needed. Cases like this should be handled by the relevant staff, the required documents or information should be given but at the same time the information flow and transferred documents should be kept to an absolute minimum to prevent additional findings on their side of things that they were not even looking for. Still, cooperation should be made clear and is highly recommended since especially destroying relevant documents can have serious consequences for the company or even personally for the staff. The Inspectors are allowed to access everything that they deem useful including all printed and digital information on all the local devices and they might conduct interviews with key staff. In serious cases a lawyer should be asked to

come for assistance or at least should be put on “Standby” for the case of senior management staff gets taken away for questioning. If possible, the case should be handled by qualified personnel in non-senior position to limit the risk of being taken in for questioning. Even while the inspectors can move freely within your company, ensure that every one of them is being followed by at least one of your employees.

Answer should be only given for specific questions that you can answer certainly, for non-specific questions you should ask for clarification before answering and if you are still not sure, offer to follow up to the question in the following days after you clarified the requested details.

### **General Recommendations, Pitfalls and and observations**

- If government official show up without a pre-announcement, e.g. for Inspections, you should have a guideline for your staff in place how they should react. When handled appropriately, impact on the normal business operations can be minimized.
- To ensure that no “funny business” happens, make sure that at least a 4-eyes-principle is ensured during the contact with officials which do not classify as ordinary contacts.
- It seems that government offices increase the rate of inspections at the end of the year or closer to the spring festival, especially the fire and safety bureaus. Some people assume they have yearly targets for penalties and foreign-owned companies can be easy targets if the quota has not been met yet.
- The different cases of interactions described in this article can be mostly distinguished by the purpose (unsubstantiated and low-consequence visits vs. suspicion of misconduct) and by the level of power that the authorities are going to exercise to gain information. It is generally recommended to refrain from sharing critical or doubtful information if

not explicitly required, at the same time the impression that the company is trying to hide relevant information should be avoided at all cost to avoid further investigations leading to additional findings that are unrelated to the initial suspicion.

- Especially in more serious cases it might be beneficial to accept or admit minor violations of rules and regulations and to accept the consequences instead of setting off additional investigations.

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