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Orienteering in the Chinese legal market

Everyone knows China is the hottest place to be. But the question on the lips of most lawyers is how to achieve both entry into the mainland China legal market and get the most out of dealings with clients from China.

Many people assume that Chinese business culture is developing to meet Western or international norms, but it appears that the Chinese have selected certain parts of international business culture and incorporated them in a very Chinese way. They are intent on safeguarding this culture from Western influences, which has led to a sense of cultural alienation for foreign lawyers.

There is, however, a middle ground that can be reached through tactful manoeuvring and a diplomatic understanding of Chinese culture and business etiquette. Guanxi is crucial. It loosely translates as 'personal connections' and is heard with increasing frequency in the context of Chinese business culture. Using guanxi means personal relationships and obligation between parties are of utmost importance. When strong guanxi is involved, a legal contract generally takes a back seat.

Until even a few years ago, asking one party to sign a formal contract would be tantamount to suggesting that their guanxi was not strong enough, as if one party couldn't be trusted. Some Chinese nowadays explain that guanxi is outdated and has been replaced by a more Western approach. Both need to be appreciated for success in China.

While Westerners think of contracts as a palpable way to reduce risk of defaulting in a business negotiation, the Chinese still think of strong guanxi as performing the same function. A Western lawyer must take this into account and it is likely that there will be many rounds of alcohol-infused dinners, meetings and discussions before the first draft of a contract is even considered.

A Western lawyer should develop his own guanxi, building close friendships and gaining the trust of his Chinese counterparts through reliability, constant contact and a show of great interest in Chinese culture and way of life.

With a Western partner who clearly respects his specific approach, the Chinese partner will feel more comfortable in adapting to a Western model of negotiation and ultimately feel more at ease in signing a contract.

There are other cultural nuances of which lawyers in China should be aware. Few Chinese enjoy standing out in a crowd or being put on the spot. Saving or keeping face is essential - disputes are far more likely to be settled outside court as mediation is generally considered preferable to arbitration.

Likewise, negotiations must leave both parties with face intact and an aggressive approach by a Western lawyer will be received with distaste. A calmer, more complimentary approach may be favourable, using silence as a strength rather than a weakness.

The Western lawyer should also be aware that key negotiators may not be present at preliminary meetings, only to appear towards the end of the process, changing the direction of discussion with their arrival. Seating is also of great importance and position often reflects status or respect.



Much has been written over the past few years about the booming Irish legal market, but the significant upturn in fortunes is not restricted to the south.

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When the time comes for contracts to be signed, it is strongly recommended that they are translated into both Chinese and English and in some instances the translation should be checked independently to avoid ambiguity.

The key to the Chinese legal market is not to try too much too soon and to remain patient at all times. Time spent in reconnaissance and relationship-building is never wasted and high-profile cases may not create such a strong company profile or marketing opportunity as they do in the West.

Attracting well-trained Chinese staff who understand a Western viewpoint but have retained strong links to the Chinese legal world is a vital step in the right direction. Ensuring all Western staff dealing with China have appropriate cross-cultural training will ensure the firm operates at the highest efficiency possible.

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