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SUMMARY

As China moves from a centrally planned economy toward a socialist market economy and increasingly engages in global trade, Chinese enterprises need more employees with skills in business administration to remain competitive in the international marketplace. Even China's State Economic and Trade Commission has announced that China needs more Masters of Business Administration (MBA) graduates to meet the demands of the country's modernization drive. Chinese educational institutions started offering MBA programs in 1991, but most of these institutions are still in the throes of developing their programs. This demand-supply margin offers Western educational institutions an opportunity to market their MBA programs in China.

Because America's educational system has a solid reputation in China and because of the cutting-edge business administration training that many U.S. institutions provide, U.S. colleges, universities and other deliverers of training services are in a strong position to fulfill China's MBA training needs. In addition to expanding MBA programs for Chinese students in the United States and establishing MBA programs in China, U.S. educational organizations can vend teaching materials and equipment, convey the latest methodologies and case studies, lend or exchange faculty, and provide educational consulting services.

The U.S. & Foreign Commercial Service (US&FCS) at the U.S. Embassy in Beijing receives several requests annually for information about U.S. business administration programs and other

types of training from Chinese enterprises, government agencies and educational institutions. China's educational institutions are not only seeking opportunities to cooperate in business management, but also in disciplines such as health care, engineering, accounting, language, and advanced technologies. A survey by Universal Ideas, an educational consulting firm in Beijing, concluded that even China's State Council and various Chinese ministries are eager to cooperate with foreign institutions wishing to share curricula and deliver joint degree or certificate programs.

US&FCS estimates that in 1999 about 20,000 people were enrolled in Chinese or joint venture MBA or Executive MBA (EMBA) programs in China. Education experts believe that China currently needs around 300,000 MBA graduates to satisfy its development needs. The MBA sector market value reached approximately \$63.5 million in 1999 and is predicted to double next year. Family incomes in China are growing rapidly and the business and government elite can already pay top dollar to put their children through MBA programs. Combined with the demand from Chinese and foreign companies for such training, the Chinese market shows excellent potential for U.S. MBA programs.

The United States is the destination of choice for Chinese who want to enroll in an MBA program. Not only will they get a solid education, but they will also be exposed to a cultural and business environment that will prove beneficial to their career development. However, high costs, long absences from home and visa concerns make this choice somewhat difficult. This is especially the case for business owners and managers and Chinese staff working in foreign companies. They would prefer attending MBA programs, and EMBA programs in particular, that are given in China on the condition that they are of the same quality as those offered in the United States. Presently, the United States leads the market in providing joint venture MBA and EMBA programs in China, but competition from European, Canadian and Australian organizations is increasing. In addition, 56 Chinese educational institutions have been granted permission to issue business administration diplomas.

The costs of establishing an MBA program in China can be quite high and most programs are either only breaking even or still running in the red. Corporate sponsorship help many of these programs cover their costs. A few school officials believe it is important to enter and develop the Chinese market now in order to eventually turn a reasonable profit. However, profit is sometimes not the key incentive for establishing programs in China. Based on interviews with several U.S. educational institutions operating in China, certain benefits appear to more intangible, such as globalizing U.S.-based faculty, establishing an international reputation, having the ability to learn first hand about the business and political environment within China, and increasing relations with Chinese universities, research institutions and think tanks.

A. MARKET ASSESSMENT

1) The Big Picture

China's stifled development of managerial talent can be attributed to several factors: ideological roadblocks, a narrow interpretation of modern management, the absence of a consistent national policy on management education and training, and a lack of qualified teaching faculty. According to Marxist economics, the services sector is considered "unproductive" labor. Under China's early Communist leadership, the country focused on the development of the industrial sector and did not even include services in its net material product calculations. Any management component was part of the material costs and revenues. This legacy continued into leader Deng Xiaoping's era of reform and opening, and China only began to develop its own management training policy in the early 1990s.

"While it would take 8 to 12 years to replace all of the cars in America, it would require 200 to 300 years to meet China's current need for managerial personnel." U.S. Embassy official Jack Gosnell stated this while developing a business management project between U.S. educational institutions and Beijing's University of International Business and Economics. Although hyperbole, it does underscore China's dire need for MBA and EMBA training. Compared to other academic disciplines, a relatively small number of Chinese students enroll each year into business administration programs and the current supply of students cannot meet the management needs of China's 165,000 medium and large-sized enterprises (state owned, non-state owned and foreign owned enterprises with annual sales income over \$600,000).

Companies need more leaders with strong business administration skills because the structure of China's economy has changed over the past 20 years. China's economic growth - moving at a 9 percent clip over the past two decades - no longer relies mainly on quantity of output. As the economy becomes more technologically sophisticated and exposed to international competition, it increasingly demands quality of output. Good management is key to improving service and product quality and U.S. training programs can enhance the problem solving, interpersonal communication and leadership skills that China's management personnel so desperately needs. While boosting China's economic growth, U.S. educational institutions can also make inroads into China's educational market by offering business administration programs in China.

The demand for business administration degrees is already intense and will rapidly become even more so over next few years. Upon China's eventual accession into the World Trade Organization (WTO), many new opportunities will open up in the services sector. These opportunities are expected to increase foreign investment flow as well as China's already strong demand for more well-trained management personnel. Accordingly, the demand for MBA degrees should surge dramatically. Specialists say that China needs about 300,000 MBA graduates to satisfy its development plans. In particular, China could use mid-level and upper-level managers who are internationally competitive and

familiar with Chinese culture and business practices.

In 1998, China's over 1,000 institutions of higher learning enrolled more than one million students. According to China's MOE, 56 of these institutions are entitled to deliver MBA programs and many more seek to obtain permission to do this. In 1991, only 86 students enrolled in Chinese MBA programs. In 1998, the number had reached 4,500 students and the number doubled in 1999 to 9,000 students. It is expected to triple in 2000. Thousands of students are preparing to take entrance examinations to enter MBA programs and, in some cases, competition is so fierce that only one out of 20 MBA applicants is accepted. Even those vying to run various state owned enterprises are struggling to put a feather in their cap by obtaining a masters degree - an MBA in particular, according to Ira Cohen of Universal Ideas.

The education market for business administration in China is still relatively new, but US&FCS estimates that already in 1999 it was worth \$63.5 million. This amount is based on the 9,000 students enrolled this year and 4,500 enrolled last year that are paying approximately \$1,200 per year to attend Chinese two-year MBA programs (\$16 million), the 1,500 students enrolled in two-year joint venture MBA programs paying on average \$13,000 per year (\$29 million), and the 300 students enrolled in joint venture one-year Executive MBA (EMBA) programs paying about \$25,000 each (\$7.5 million). In addition, Chinese institutions, including ministries and state-owned enterprises, offer a wide variety of business training that range from one to two years in length. The number of Chinese students in these various Chinese certificate programs is difficult to assess, but based on diverse sources US&FCS estimates that about 9,000 Chinese are currently attending them at about \$1,200 per program (\$11 million).

The two-year joint venture MBA programs, which charge anywhere from \$10,000-16,000 per year, make up almost half of the market's value - good news for foreign MBA providers. China has granted permission to about 30 U.S. educational institutions to establish business training programs in China, but there is some talk that the government may become more picky about which schools will be allowed to enter the market in the future. The Chinese business degree and certificate programs also offer opportunities to foreign entities. The Chinese institutions seek cooperation on a variety of fronts, including faculty exchanges, leading textbooks and materials, the latest teaching methodologies, educational consulting expertise and overseas fellowship opportunities.

Although the foreign one-year EMBA exhibits the smallest dollar amount (see above), it offers exceptional potential as more foreign companies are expected to enter and expand in the Chinese market in the wake of China's WTO accession and as sharpened competition forces companies to offer additional benefits to their top employees. Chinese enterprises are also beginning to show a willingness to foot the bill for their top management personnel to acquire joint venture EMBA diplomas.

A 1996 Gallup survey on management training needs of foreign and

domestic enterprises revealed the need for high quality, cost effective training programs and stated that China offers an excellent market for executive management training programs. Gallup estimated that some three to four thousand companies in Beijing alone are willing to spend between \$20,000-\$30,000 each to have mid-level to senior managers participate in full and part-time EMBA programs fostering critical thinking skills. Currently, Motorola, Ericsson, Nokia, Rutgers University and a consortium of universities, including American ones, called the China-Europe International Business School offer MBAs that range in price from \$15,000 - 40,000.

2) Bringing Western Methods to China

Why is there such an interest in Western business administration programs? The main reason is that China's teaching methods are still more quantitative than behavioral as in the West. Chinese business students need to learn how to think in critical and creative ways and not simply regurgitate what is outlined in textbooks. However, Chinese students and faculty are familiar and comfortable with using a lecture format instead of a participatory one. This approach is so entrenched that one professor at Beijing Polytechnic University said, "Teachers talk, students listen. The best professors are those who can go through the key points of textbooks, explain the key points, present cases and give summaries. American universities should first train their professors on how to teach in China before they are sent here."

The Socratic method is not easily accepted. Typical complaints from Chinese students attending U.S. MBA programs are that the professors rarely make reference to the textbooks, utilize too much video, and encourage too much class discussion. However, most Chinese professors and students believe that China should implement more interactive teaching methods and the trend reveals that Chinese education is doing just this. Chinese students have adapted with some coaching and the Rutgers EMBA program taught in China has successfully used the same methodology as that used in New Jersey. According to the program's representative in China, "the Chinese students have no complaints about the program's teaching methods." Chinese institutions need to train their professors to incorporate interactive teaching methodologies and adjust the evaluation process to account for these new activities. U.S. universities utilizing Chinese faculty may need to invest in teacher training to better link theory with practice.

Ironically, potential students that already have work experience are often discouraged by educational authorities to begin graduate degrees, citing that they have fewer "productive" years left. This leaves a lucrative niche market for U.S. schools to develop. There is a clear demand for on-the-job MBA education bringing opportunities for learning and improvement within reach of more people. EMBA programs at night and on weekends also show potential. They would be especially suitable for Chinese managers in state owned enterprises, government administrations, and international organizations. Company departments that could

be targeted include human resources, health, information technology, and engineering.

A key component of bringing Western methods to China is using Western business textbooks. However, some U.S. program directors find that this is difficult because of China's restrictive book importation environment, high tariffs and the inherent expenses of shipping textbooks and materials from the United States. They have found a few publishers in China that sell foreign soft cover textbooks and can print copies of just about any textbooks requested. They are China Educational Publications Import and Export Corporation in Beijing and China Book Import and Export Center.

U.S. institutions should also consider another medium that could assist in teaching students located at distant offices of Chinese enterprises: distance education. Some MBA programs are exploring the use of videoconferencing and the internet to provide education directly to the end-user in China. Using distance education methods from the United States to China may supplement courses or even enable U.S. universities to reduce the costs of establishing programs in China.

Chinese educational authorities are seeking to add and expand the subjects related to a market economy so that students will be more familiar with the thinking processes of foreign business people and with the international trade system. In particular, business classes are putting more emphasis on accounting, finance, investment, marketing, management, law and ethics. In contrast, politics is being de-emphasized. The educational authorities are also interested in having students gain more hands-on business experience through internships. A perk, of course, would be an overseas fellowship. Close cooperation with foreign companies operating in China and larger Chinese enterprises may offer ample opportunities to provide such hands-on experience.

In line with the previous paragraphs, China's MOE is focusing on making the following four transitions to provide their future company leaders "decision-implementing" managers to training "decision-making" managers;

- o From training "production-oriented" managers to training "operation-oriented" managers;
- o From training "single-faceted" managers to training "multi-faceted" managers; and
- o From training "theoretical-minded" managers to training "practical-minded" managers.

3) Adapting to Chinese Characteristics

Although Chinese students and faculty are adapting to various Western business teaching practices, foreign schools also need to learn from China on a number of fronts. Clear communication is one of the most prevalent teaching problems for U.S. MBA programs in China. Because of language problems, Chinese students do not always understand what foreign professors are demanding of them. This in turn retards the learning curve and can lead to poor

relations between faculty and students. CEIBS in Shanghai and Beijing has addressed this problem by utilizing a simultaneous translator in their classrooms. Several universities also offer after class tutorials.

Most U.S. MBA programs taught in China are taught in English, but some of the programs utilize Chinese tutors or have Chinese translators to assure that materials are understood. Utilizing their university's international expertise many of the programs focus on international business that is beneficial to joint ventures and multinationals but also train the students to be domestically competent. China has business degrees in short supply, but Taiwan and the U.S. enjoy an excess of people with this type of education. China could attract the excess of business experts from the United States and Taiwan to serve as faculty in its institutions.

The majority of the universities offering U.S. MBA degrees utilize American faculty for their core classes and Chinese faculty for their elected courses. The faculty usually comes from the university who is offering the degree, but in a few cases the degree granting university is one of several universities working as part of a consortium. Accordingly, this allows for a larger faculty base made up of all of the member universities.

Additionally, according to one education expert, Chinese graduates oftentimes have different ways of learning, using concepts, doing research outlines and making presentations compared to Western students. Foreign professors at times fail to recognize that the Chinese students simply reflect a different "high level of sophistication, depth of reading, grasp of theory, breadth of experience and academic maturity." This intellectual mismatch may end up straining the relationship between the Chinese graduate and the American supervisor. These communication challenges may be attributable to the inexperience of American professors new to China and a shortage of cross-cultural briefings on Western academic expectations.

U.S. programs offer an MBA degree that is applicable to a market economy. To be more pertinent in China, the MBA curriculum needs to integrate case studies of a transitional economy such as China'. Fostering relationships with Chinese enterprises and Chinese-foreign joint ventures facilitates developing such case studies. Administrators at Chinese universities say that they are attempting to adopt current U.S. MBA standards to serve as the backbone of their curricula and then inject "Chinese characteristics" in order to provide their graduates with the ability to deal with state owned enterprises and the socialist market economy. Chinese content does not only teach current good Chinese practices, but also helps students develop new ways to improve management under Chinese circumstances.

B. COMPETITIVE SITUATION

1) U.S. Market Position

With 30 U.S. business training programs offered in China, the United States clearly leads the market in providing MBAs and EMBA's. This is due to unyielding efforts by U.S. educational institutions, U.S. government support and Chinese interests in American programs.

The United States government recognized early on how important business management training would be for the success of China's reform and opening plan under Deng Xiaoping. In May 1979, after a careful feasibility study, the Chinese and the U.S. governments penned an agreement to jointly establish a management center - the first of its kind in China - at Dalian University of Technology. The first seminar began in August of 1980. The condensed MBA program had nine core courses: management economics; applied statistics; accounting for planning and control; financial management; organizational behavior & human resources; marketing; scientific management; productivity management; and management data systems. The program lasted 18 weeks and the courses closely embraced Western advanced management methodologies with an emphasis on convertibility of business concepts to practice.

In 1984, when U.S. President Ronald Reagan visited China, both governments signed a second agreement to commence a two-year joint MBA program. The State University of New York (SUNY) at Buffalo was chosen to offer the degree. Each of the sessions had 40 students and from 1984 to 1992 more than 200 students graduated from the joint MBA program. Over 120 Chinese students graduated from the condensed Dalian-based MBA program. In the wake of the Chinese government's crackdown on Chinese democracy protestors in 1989, however, it was politically impossible for the U.S. Government to continue supporting the Dalian program and by 1992 the last students graduated from the program. However, Rutgers University built on the goodwill that had been established and salvaged parts of the program. It now operates a joint EMBA program out of the Dalian University of Technology.

The U.S. Department of Commerce organized one conference in the United States and another one in Beijing in 1996 to help coordinate efforts by numerous U.S. educational institutions interested in entering China's MBA market. Although the information exchanged among U.S. institutions and between them and their Chinese counterparts was very useful, no collective business education initiative came out of those conferences. Instead, numerous U.S. educational institutions began establishing cooperative relationships with a variety of Chinese universities to offer MBA and EMBA programs.

The Chinese market is very receptive to the establishment of U.S. business administration programs. Viewed as highly sophisticated and in tune with the demands of a market economy, the U.S. MBA degree is idolized by many Chinese educators and students. Chinese business leaders say that American business programs have the best ability to train future employees to meet their needs. However, these business leaders find that the cost of sending employees to business schools in the United States is very high.

They would prefer having their valued local mid-sector managers studying part-time in China rather than going overseas for prolonged periods of time. Therefore, they support the opening of more U.S. MBA and EMBA programs in China and a couple of Chinese business leaders have indicated that they would consider funding some parts of such programs.

One U.S. MBA program that has been able to successfully organize a consortium so far is the Beijing International MBA (BIMBA) program at Beijing University. The BIMBA consortium pools resources from Fordham University, Georgetown University, Boston College, Loyola College, San Francisco University, Saint Louis University and about 20 other U.S. Jesuit universities, which have over 1,000 professors available in the field of business alone. According to one of BIMBA's representatives, the 26 deans meet every month to decide how to allocate their faculties to assure that every university can benefit from the venture. Key incentives for the universities to maintain the consortium are the globalization of their faculties, understanding China's business environment, and establishing connections within China seem to be the major incentives in maintaining the joint venture. BIMBA was the first U.S. MBA program to be approved by China's central government to deliver U.S. degrees in China and the program currently has 50 part-time students who work in Beijing and 27 full-time students who come from across China.

In addition to BIMBA, U.S. universities that offer joint MBA or EMBA degrees with domestic universities in China are the State University of New York at Buffalo, New York Institute of Technology, Arizona State University, City University of Washington State, Oklahoma University, Webster University, and Rutgers University. Other U.S. schools offer business administration courses in China, but cannot officially offer degrees, according to MOE.

2) Third Country Competition

U.S. educational institutions lead the market in providing MBA programs in China, but organizations from Europe, Canada and Australia are aggressive competitors. Japan is also established in specific vocational sectors. Some Southeast Asian competitors are developing programs in China, but have been weighed down by the economic slowdown in the region.

The main competitor to U.S. schools is the China-Europe International Business School (CEIBS), although it includes U.S. educational institutions and employs many U.S. professors. CEIBS provides a good example of institutional cooperation in graduate training. A proactive team was able to obtain funding from the European Union (EU) to establish a management training program in Shanghai. A cooperative agreement embracing the physical resources of Jiaotong University, and the political clout of an aggressive Shanghai municipal government resulted in a new independent business school offering an international degree underwritten by the MOE, Jiaotong University, and around eight business schools outside China. The program currently offers an MBA program, EMBA program, and an extensive set of individual

executive and company-specific courses.

The school is run autonomously with no interference from the MOE, according to a CEIBS representative. The teaching staff is a combination of non-Chinese and overseas-trained local educators. The school's tuition is a comparatively high \$16,000 in 1999. State owned enterprise students and Chinese government sponsored students pay considerably less than those sponsored by a foreign invested enterprise. Presently, CEIBS has 240 MBA students and 250 EMBA students in Beijing and Shanghai. About 3,000 students have attended the school's three-week executive training programs.

CEIBS aside, the number of European institutions currently providing training programs in China is very small. This is unlikely to change in the future because courses offered by American universities are perceived by the Chinese to be more dynamic. Preference would most likely be given to American universities when Chinese schools seek out partners.

The Australians are a strong competitor, taking second place in the English speaking, overseas education market in China. Under the banner of the International Development Program (IDP), Australia is actively developing its provision of education and training services in China through exhibitions, partnerships, and promotional activities. There are 38 universities in Australia with over 250 cooperative agreements with Chinese universities. The Australians, like the Americans, have been particularly active in franchising MBA and other business management courses in China, including the Monash Mount Eliza Business School, which offers public training programs and in-house training to managers of Chinese companies. The school also offers a range of short and long-term executive management training programs such as its two-year MBA program via correspondence that costs \$7,200 and includes a one-month stay in Australia to complete a thesis.

It appears as if Canadian activities are not as well coordinated in China as those of the Australians. Some colleges have successfully marketed their MBA programs in China, including the University of New Brunswick in St. Johns. Others have actually established joint ventures in China, like the Canadian Institute of Business and Technology, which has a partnership since 1995 with the Beijing Polytechnic University.

Southeast Asian institutions can keep costs down because they are closer to China than U.S. schools and because their professional salaries tend to be lower. Conversely, Southeast Asia is still a new force in the globalized economy and has only recently been exposed to the concept of efficient management of enterprises. At present, with the exception of one major joint program and some private company programs from Singapore, competition from Asian institutions is not a threat. The economic slowdown in Southeast Asia is partly responsible for this. The joint program between National University of Singapore and Nanyang Technological University stands out. It offers an MBA degree costing \$6,600 to \$7,200 for 18 months. The language requirement is TOEFL 600, GMAT 6000 or GRE 2000.

3) Domestic Competition

With less than a decade of experience in instructing business administration, Chinese MBA schools are unable to compete with joint venture programs. Nonetheless, they are rapidly making efforts to improve their curricula and should not be neglected over the long term. According to Mr. Baoying Huang of the Academic Degrees Committee of the State Council, China's demand for MBA degrees far exceeds its ability to supply them. Wholly Chinese business training programs are much less expensive than joint venture ones and they have the advantage of being more familiar with the business environment and needs of China. Yet, if they have the opportunity, most Chinese students would prefer to attend joint venture programs because Chinese MBA programs, at least at present, are unable to provide the same quality of education. Thus, Mr. Huang believes that Chinese MBA programs do not directly compete against joint venture ones.

Chinese MBA programs have certain drawbacks, according to Professor Lijun Lang from Qinghua University. First, it is difficult to obtain sufficient funding for MBAs because many people believe that the economic environment in China is not suitable for MBA students to take full advantage of their skills since Chinese companies are at a very rudimentary level of development. Second, the quality of the Chinese MBA is rather low because most Chinese MBA program teachers majored in economics and have no business experience to help create useful case studies. Third, some students are not good at communicating and lack an ability to use their knowledge practically because of the old education method and system. Despite these problems, Chinese institutions are relentlessly trying to improve their MBA standards to better compete with joint venture programs.

Some experts find that the first nine universities approved to grant MBA degrees in 1991 and several universities from the second group of 17 universities approved in 1994 tend to be the most competitive ones. The first nine universities were Qinghua University, Renmin University, Xiamen University, Fudan University, Tianjin University, Nankai University, Shanghai University of Finance and Economics, Harbin Engineering University, Xi'an Jiaotong University and two of the top schools in the second group are Beijing University and Shanghai Jiaotong University. The third group of 30 universities was approved in 1997. There are now 56 universities in China that have been approved by the Academic Degrees Committee of the State Council to grant MBA degrees.

The growth in the number of institutions offering MBA degrees reflects the high demand for these programs in China. The number of graduates with Chinese MBA degrees has grown from 86 in 1991 to 4,500 in 1998 and 9,000 in 1999. Guanghua Management College of Beijing University, one of the top Chinese MBA programs, provides a good example of the student growth rate and the entrance requirements. Its MBA program only started in 1994, but it has already graduated more than 200 students. Guanghua's student enrollment keeps growing:

Graduate year	Students
1996	43
1997	48
1998	102
1999	183

Guanghua's tuition is \$5,800 for the part-time program (three years) and \$6,770 for the full-time program (two years). Students have to pass the national MBA entrance examination given by China's MOE. It includes five subjects: mathematics, politics, management, English, and Chinese/Logic. The passing score varies from year to year and is decided by MOE. In recent years, the average score is 325 including the score for politics and 260 without that score. Most schools only use the political score as a reference.

C. END USER ANALYSIS

The target groups for MBA and EMBA programs include employees in companies, academies, government offices and undergraduate students in their final year. Most graduates from China's national universities who are interested in business training will apply for an MBA. These students tend to be bright, eager to learn, and open to new ideas and techniques. The narrow specialization forced upon students attending Chinese universities means that most graduates lack a range of critical thinking skills.

Working professionals will be most interested in EMBA's. Of China's present management personnel, those aged 45 and over have been exposed to the devastating experience of the Cultural Revolution. Many of the people from this "lost generation" are not used to thinking for themselves and usually avoid taking risks, and there is still a noticeable vacuum in professional leadership skills at the senior management levels. Most members of this age group approach exposure to foreign ideas and culture with skepticism and caution. Without further training to acquire the managerial competence essential to the development of a successful economy, Chinese enterprises simply cannot survive the cut-throat competition of the global economy.

Multinational corporations are also end users. They will negotiate contracts to get exactly what they need from an in-house program at the lowest possible cost. For the most part, corporations are willing to pay more for tuition than private users. This is especially true for EMBA programs. Corporations are looking for EMBA programs to be concise, convenient, and effective. Typical students in EMBA programs are senior level managers who are not interested in learning every detail or perfecting their English because they usually have a staff that can handle such tasks.

Currently there are no student loan programs in China. Students pay for tuition by either borrowing money from friends or family. The majority of the students entering U.S. MBA programs in China,

however, have their tuition costs covered by the corporations they work for. The students are usually required to sign a contract stating that they will continue working for the company two or three years after graduation.

Some examples of the different types of students in programs and their admission requirements follow.

Motorola University offers an MBA degree to Motorola mid-level managers who have BA degrees. Motorola is looking for Chinese nationals only to attend this program because it wants to establish a strong management base in China that is familiar with Chinese culture and thinking but have the skills to manage in China's increasingly competitive market. For students to qualify, they are picked out by Motorola directors and asked if they are willing to attend the program paid for by the corporation. If they agree, they must take the TOEFL and GMAT. Admission to the program is based on their exam scores as well as their director's recommendations. Additionally, students must sign a contract with Motorola to work for a predetermined time after they have attained their MBA.

The China-U.S. Business University offers an unaccredited MBA program that is targeted toward expatriates and Chinese with BA degrees. As this school only recently started, current students in this program have been picked from employees who work for the chairman and CEO of the school. The school is beginning to market its program to companies.

Rutgers offers an EMBA program, which is targeted towards middle to senior level managers. To qualify for admittance to the program, applicants must have at least three years management experience as well as 10 years work experience, and a BA degree. Applicants must also take the GMAT.

City University (Washington State) has MBA students that are 95 percent from multinational corporations and five percent owners of small private companies. Half of the students have corporate sponsors that have required them to sign contracts. To be admitted to the program, students are required to have two years of work experience, a TOEFL score of 565 or above, and to take an exam offered by the university that contains math, business concepts, and reading comprehension. Next year applicants will be required to take the GMAT.

The BIMBA program has international students in their program but the majority of the students are Chinese nationals from multinational and domestic corporations with at least two years of work experience, a bachelor degree or higher, three letters of recommendation and a written personal statement from the applicant. Students are required to have GMAT scores of 600 or above but that fluctuates depending on workload and experience. Additionally, BIMBA requires TOEFL scores and an interview.

CEIBS offers both an MBA degree and an EMBA degree. Their MBA degree applicants do not need to take the GMAT but are required to take CEIBS' own exam, have 2-3 years of work experience, and

attend a personal interview. For their EMBA program, applicants are subject to the same requirements as the MBA program except that the applicants must be mid-senior level executives with management experience.

Joint programs have many ways of reaching out to potential end users, including word of mouth, internet web sights, advertisements and articles in trade publications and newspapers, brochures sent to corporations and university students, broadcast faxes to corporations, infomercials that public relations companies strategically place, trade conferences and shows, and inviting CEOs and scholars to give speeches with a plug. Programs also add a little attractiveness by offering students free lunches, coffee breaks, and even free books.

D. MARKET ACCESS

The first step in establishing an MBA program in China is to find a Chinese partner. This sounds easier than it actually is. Choosing the right partner can either make or break your success in starting a program. It usually involves meetings and interviews with several universities, establishing relationships with the ones that seem most suitable, and then carefully selecting the partner. Several factors must be considered when choosing a partner such as the host university's rank, capabilities, facilities, political connections, eagerness to cooperate and flexibility.

The rank and capability of the host school should be at least on par with that of the U.S. school. Otherwise, the American Association of Collegiate Schools of Business, the main business school accreditation organization, may raise concerns about the quality of the U.S. program in China. The host school should likewise be aware of the U.S. school's rank and capability to avoid possibly losing money if the U.S. institution cannot deliver what it promised. If the ranks of the two schools are too dissimilar, the MOE may not grant approval for the program. An alternative to creating partnerships with Chinese universities is to seek partnerships with Chinese enterprises or ministries. Some American universities offer programs tailored to the needs of particular companies or agencies.

The facilities of the host institution are equally as important. If the Chinese partner does not have the facilities to run such a program successfully the programs costs could rise significantly. Moreover, outside of allowing the U.S. institution to obtain government permits, what is the Chinese partner offering if it cannot provide facilities? The U.S. institution has to ensure that the Chinese partner has something at stake in the relationship and that usually means access to facilities.

Political connections in China are important because Chinese agencies are, to various degrees depending on the sub-sector, only in the early stages of drafting complete laws and regulations, Moreover, China has not begun to actually implement many rules that are on the books. For instance, Chinese courts

now have over 920,000 cases that have yet to be enforced so that the winning litigant can obtain payment. If you have good relations with the right people, laws and rules may be interpreted more liberally in your favor. Alternatively, it only takes one government official to delay or penalize your project.

Finding people with the right connections can be difficult. Those who say that they are useful or well-connected may not be, while those who are modest may turn out to be extremely capable. "Friends," in the loose sense of the term, are everywhere. Some mean well but do not know what they are doing, while others are just looking after their own interests. Once found, however, truly capable, trustworthy employees deserve special support and flexible human-resource policies. Finding the right people to manage operations and develop government relations should be a high strategic priority for any company in China, far more so than in many other countries. Moreover, one good contact is not enough. A business person needs to develop a web of contacts in his or her sector in order to better ensure smoother operations over time.

A host university must also be able to demonstrate some flexibility and eagerness to cooperate so that tasks can get done. Many would-be joint ventures have failed because the two sides could not come to an agreement over the allocation of resources or teaching methods. In one instance, a partnership was practically destroyed over how a brochure should be printed. Likewise, the American university must have the patience and flexibility to cope with the Chinese way of doing business, which, at times, can be slow and frustrating.

After a partner has been found, the two parties need to work out the exact type of program they plan to offer. Government approval is not too difficult if the host university is merely looking to have some American professors teach in its classes. However, if the parties plan to offer a joint program for an American degree, approval must be obtained from both the local and central government authorities. The Chinese partner will usually take care of this application process. Handling this correctly is important if the program is to get off the ground. One Chinese partner director said, "approval depends on who you know, because there are only guidelines, no regulations."

In order to obtain approval to establish a joint MBA program, the Chinese university must submit the following material to the Academic Degrees Committee of the State Council, which is under MOE, by the end of May or the end of October every year. The Committee's telephone number is (8610) 6609-6635.

A request to establish a joint MBA program;

A cooperation memorandum of understanding and draft agreement signed by both sides;

A feasibility report which should at least include:

the necessity, feasibility and background of the program;

academic introduction of the degree issued by its American partner university;

information about the American partner.

A plan describing the joint program, including:

work plan;
administration and management;
student resources, enrolment scale and method;
teaching courses;
teachers;
finance and budget.

The process takes about one year and involves Chinese officials sitting in on classes, reviewing students' homework and interviewing students, teachers and directors. Joint programs must reapply for approval on an annual basis from the date of first approval. This involves submitting a progress report and possibly being subjected to more interviews and investigations. Some educational experts speculate that the annual review process exists, in part, to rid China of the universities it no longer finds desirable.

Mr. Yang Shuai of Beijing Polytechnic University, who claims to have close contacts with the Chinese government, said that "the [Chinese] government now is very cautious about granting approval for North American MBA programs since presently 30 schools have state approval, so universities must be very prestigious." It appears as if Chinese authorities are scrutinizing U.S. programs more closely just at the time when more American institutions are interested in entering the market. Mr. Shuai added that "the [Chinese] government requests host universities to first utilize U.S. professors to teach students and their faculty, but to eventually phase out the American program while learning from the Americans' experience, translating the courses, and obtaining their teaching supplies." This corresponds to the Chinese government's tendency to seek technology transfer and then squeeze foreign companies once Chinese ones can provide the product or service. U.S. institutions should be wary of this potential problem.

E. APPENDICES

Student Visas

One of the reasons that U.S. educational institutions are entering the Chinese market to provide diplomas and certificates is because many Chinese students interested in studying in the United States are unable to demonstrate to the Consular Section that they intend to return to China after completing their studies. Some of the programs offered in China also have a fellowship or internship component in which the Chinese student will work or study temporarily in the United States. They, of course, need to obtain a visa. The following information is aimed at assisting U.S. program directors understand, in general,

what the Consular Section is concerned about when Chinese students apply for visas.

Every year, the Consular Section issues thousands of visas to Chinese students. Almost 50,000 Chinese now study in the United States, and China now rivals Japan as the source of the largest number of foreign students seeking education in America. To obtain a visa to study in the United States, applicants must demonstrate that:

- o their sole (not just "primary") purpose of their travel is to pursue a program of study;
- o they have the ability and intention to be a full-time student in the United States;
- o they possess adequate funds to cover all tuition, living and anticipated incidental expenses without taking unauthorized employment; and
- o they have sufficiently strong social, economic, and other reasons to compel their departure from the United States upon completion of the projected program of studies.

Applicants must bring proof that they have been unconditionally accepted to an accredited academic program. The school must provide a completed I-20 form and an acceptance letter. Applicants should also bring proof that they have the skills and background necessary to successfully complete the course. This generally includes their diploma, transcripts listing courses they have taken and grades received, their TOEFL score report, and any other score reports usually required for the course (GRE, GMAT, etc.)

Applicants must prove that they have enough funding for tuition, health insurance, and living expenses. On the Form I-20, the school must provide information on the cost of tuition, living expenses, and incidental expenses. The school must also list on the Form I-20 how the student plans to meet these expenses -- through waivers, on-campus employment, assistantships, scholarships, or personal funds. If applicants have received scholarships, they must provide evidence that the organization providing the scholarship has the intent and ability to pay. If they plan to use personal funds, they must show that they have adequate funding for the entire course of study, and that the money can be taken out of China.

Applicants must prove that they intend to return to China after the completion of their course of study in the United States. Often, this is the most difficult hurdle for Chinese student applicants to overcome. The U.S. Embassy has evidence that in the recent past around 90-95 percent of students did not return to China after graduation. The Embassy recognizes that China is changing and that some students do return. Each case is judged on its own merits during a personal interview with a Consular official. During this admittedly short interview, it is up to the applicant to prove that they have compelling identifiable social and career prospects in China.

Generally, applicants must show that they have legitimate, self-serving reasons to return to China after their graduation.

This may be done in a variety of ways. They may show the Embassy that they have the talent to succeed in fields that are in demand in China; often these are students from the top schools in China that will be able to compete for the best jobs when they return. Students may also demonstrate that they have extremely powerful connections in China; these students should be able to show that their parents will be able to place them in attractive jobs in China.

2) Tables on China 's Higher Education

Table 1. Basic Statistics on Institutions of Higher Education (colleges and above)

	1985	1995	1996	1997	1998
Numbers of Schools	1,016	1,054	1,032	1,020	1,022
Full-Time Teachers (1,000 persons)	344	401	403	405	407
New Students Enrollment (1,000 persons)	619	926	966	1,000	1,084
Student Enrollment (1,000 persons)	1,703	2,906	3,021	3,174	3,409
Graduates (1,000 persons)	316	805	839	829	830
Student-Teacher Ratio	5.0	7.2	7.5	7.8	8.4

Table 2. Student Percentage Figures

	1985	1995	1996	1997
Students as Percentage of Total Population	16.1	24.0	24.7	25.7
Students of Higher Education as Percentage of Total Students	0.9	1.5	1.5	1.5

Table 3. Students in Institutions of Higher Education (1997)

	Graduates	Enrollment	in School (persons)
Philosophy	1,183	1,636	4,916
Economics	132,988	153,367	483,446
Law	28,270	41,527	118,418
Education	39,595	46,681	128,848

Liberal Arts	116,115	143,080	412,019
History	14,559	16,329	48,779
Natural Sciences	90,513	110,443	332,178
Engineering	314,418	380,946	1,262,734
Agriculture	30,190	35,959	111,887
Medicine	61,239	70,425	271,137
Total	829,070	1,000,393	3,174,362

Note: In China, there are two kinds of graduates, those with a four-year bachelors degree and those with a three-year specialized subject (vocational) degree. Theoretically, only those students with a bachelors degree can study for a masters degree.

Table 4. Students in Institutions of Higher Education (1998)

	Graduates	Enrollment	in School
Philosophy	1,183	1,341	4,756
Economics	132,900	159,207	508,404
Law	29,649	48,102	136,525
Education	40,716	50,295	138,745
Liberal Arts	119,583	161,862	453,632
History	14,179	16,383	50,309
Natural Sciences	92,729	120,531	359,457
Engineering	308,574	412,393	1,354,580
Agriculture	28,941	38,325	119,036
Medicine	61,379	75,188	283,320
Total	829,833	1,083,627	3,408,764

Table 4. 1. Graduates of Institutions of Higher Education by Field of Study

	Total	4-year	3-year
Philosophy	1,183	780	403
Economics	132,900	58,095	74,805
Law	29,649	14,832	14,817

Education	40,716	14,611	26,105
Liberal Arts	119,583	38,885	80,698
History	14,179	5,808	8,371
Natural Sciences	92,729	40,213	52,516
Engineering	308,574	181,890	126,684
Agriculture	28,941	16,525	12,416
Medicine	61,379	33,027	28,352
Total	829,833	404,666	425,167

Table 4.2. New Student Enrollment in Institutions of Higher Education by Field of Study

	Total	4-year	3-year
Philosophy	1,341	1,086	255
Economics	159,207	89,481	69,726
Law	48,102	28,725	19,377
Education	50,295	24,276	26,019
Liberal Arts	161,862	72,676	89,186
History	16,383	9,154	7,229
Natural Sciences	120,531	67,623	52,908
Engineering	412,393	280,301	132,092
Agriculture	38,325	27,056	11,269
Medicine	75,188	52,757	22,431
Total	1,083,627	653,135	430,492

Table 4.3. Student Enrollment in Institutions of Higher Education by Field of Study

	Total	4-year	3-year
Philosophy	4,756	3,899	857
Economics	508,404	318,598	189,806
Law	136,525	87,977	48,548
Education	138,745	77,421	61,324

Liberal Arts	453,632	230,290	223,342
History	50,309	30,531	19,778
Natural Sciences	359,457	221,078	138,379
Engineering	1,354,580	966,763	387,817
Agriculture	119,036	87,356	31,680
Medicine	283,320	210,734	72,586
Total	3,408,764	2,234,647	1,174,117

Table 5. Number of Postgraduates

	1985	1995	1996	1997	1998
Student Enrollment	87,331	145,443	163,322	176,353	198,885
New Student Enrollment	46,871	51,053	59,398	63,749	72,508
Graduates	17,004	31,877	39,652	46,539	47,077

Table 6. Number of and Students Studying Abroad

	1985	1995	1996	1997	1998
Students Studying Abroad	4,888	20,381	20,905	22,410	17,622
Returned Students	1,424	5,750	6,570	7,130	7,379

Table 7. Number of Full-time Teachers by Field of Study in Regular Higher Educational Institutions (1998)

	Total	Prof.	Asso. Prof.	Lect .	Assos.	Instr
Philosophy	13,454	1,068	3,902	5,711	2,259	514
Economics	31,772	2,241	8,030	13,206	6,698	1,597
Law	10,702	828	2,486	4,622	2,194	572
Education	30,862	1,134	6,812	13,437	7,597	1,882
Liberal Arts	69,075	4,142	16,732	26,657	16,526	5,018
History	8,083	838	2,367	3,316	1,264	298
Natural Sci.	77,012	7,369	25,231	28,731	12,151	3,530
Engineering	113,425	11,771	34,990	41,025	19,819	5,820

Agriculture	14,972	1,721	4,554	5,320	2,633	744
Medicine	37,896	5,601	10,793	12,490	7,278	1,734
Total	407,253	36,713	115,897	154,515	78,419	21,709

(Source: China Statistical Year Book 1999)

3. Key Contacts

Academy Degrees Committee of the State Council (ADCSC)

Address: No.37 Damucang Hutong, Beijing, 100816

Tel: 6609-6635 Fax: 6601-3647

There are 56 universities in China that have been approved by the Academic Degrees Committee of the State Council (ADCSC) to grant MBA degrees (see attached list).

Beijing University, Guanghua Management College

Address: No. 5 Haidian Road, Beijing, 100871

Tel: (86-10) 6275-1664

Beijing University of Aeronautics and Astronautics

Address: No. 17 Xueyuan Road, Beijing, 100083

Tel: (86-10) 8231-7832

Beijing University of Posts and Telecommunications

Address: No. 10 Xitucheng Road, Beijing, 100876

Tel: (86-10) 6288-2069

Beijing University of Science and Technology

Address: No. 30 Haidian Road, Beijing, 100083

Tel: (86-10) 6233-2746

Beijing University of Technology

Address: No. 7 Baishiqiao Road, Beijing, 100081

Tel: (86-10) 6891-2481

China Textile University

Address: No. 1882 Yan'an Road, Shanghai, 250051

Tel: (86-21) 6270-8697

China University of Electronics and Technology

Address: No. 4 Jianshebeiluerduan, Chengdu, 610054

Tel: (86-28) 320-2681

China University of Mining and Technology

Address: University of Mining and Technology, Xuzhou, 221008, Jiangsu Province

Tel: (86-516) 388-5670

China University of Science and Technology

Address: University of Mining and Technology, Hefei, 230026, Anhui Province

Tel: (86-551) 360-3776

Chongqing University
Address: Shapingba, Chongqing, 630044
Tel: (86-23) 6510-2571

Dalian University of Technology
Address: No. 2 Linggong Road, Dalian, 116024
Tel: (86-411) 470-8956

East China Polytechnic University
Address: Meilong Road, Shanghai, 200237
Tel: (86-21) 6425-2634

Fudan University
Address: No. 220 Handan Road, Shanghai, 200433
Tel: (86-21) 6564-2411

Hangzhou University
Address: No. 34 Tianmushan Road, Hangzhou, 310028, Zhejiang
Province
Tel: (86-571) 827-3284

Harbin Engineering University
Address: Wenmiao Street, Nangang District, Harbin, 150001
Tel: (86-415) 251-9916

Harbin Industry University
Address: No. 13 Fayuan Road, Nangang District, Harbin, 150001
Tel: (86-415) 641-4016

Huazhong University of Science and Technology
Address: Wuchang Yujiashan, Wuhan, 430074
Tel: (86-27) 780-2250

Hunan University Management College
Address: Yuelushan, Changsha, 410082
Tel: (86-731) 882-2216

Jiangxi University of Finance and Economics
Address: Shuanggang Road, Nanchang, 330013
Tel: (86-791) 380-1301

Jilin University
Address: No. 10 Qianwei Road, Changchun, 130012
Tel: (86-431) 517-8333 ext. 3131

Jilin University of Technology
Address: No. 142 Renmin Street, Changchun, 130025
Tel: (86-431) 568-2351

Jinan University Management College
Address: Shibei, Guangzhou, 510632
Tel: (86-20) 8551-9979 ext. 4082

Lanzhou University
Address: No. 216 Tianshui Road, Lanzhou, 730000
Tel: (86-931) 891-2160

Liaoning University
Address: Huanggu District, Shenyang, 110036
Tel: (86-24) 686-4314

Nanjing Polytechnic University
Address: No. 200 Xiaowei Road, Nanjing, 210094
Tel: (86-25) 4432-2747

Nanjing University International Business College
Address: No. 22 Hankou Road, Nanjing, 210093
Tel: (86-25) 359-3515

Nankai University
Address: No. 94 Weijin Road, Tianjin, 300071
Tel: (86-22) 2350-2992

Northeast University
Address: No. 11 Sanhaoxiang, Wenhua Road, Shenyang, 110006
Tel: (86-24) 389-3000 ext. 7685

Northeast University of Finance and Economics
Address: Heishijiao, Dalian, 116025
Tel: (86-411) 466-0133

Northern Jiaotong University
Address: Shangyuancun, Xizhimenwai, Beijing, 100044
Tel: (86-10) 6324-0359

Northwest University
Address: No. 1Taibaibeilu, Xi'an, 710069
Tel: (86-29) 830-2374

Northwestern Polytechnic University
Address: No. 127 Youyixilu, Xi'an, 710072
Tel: (86-29) 849-3557

People's University
Address: No. 175 Haidian Road, Beijing, 100872
Tel: (86-10) 6251-1278

Shaanxi College of Finance and Economics
Address: No. 105 Cuihuananlu, Xi'an, 710024
Tel: (86-29) 523-3684

Shanghai Jiaotong University
Address: No. 1954 Huashan Road, Shanghai, 200030
Tel: (86-21) 6281-3368

Shanghai Maritime University
Address: No. 1550 Pudong Road, Shanghai, 200135
Tel: (86-21) 5885-5200

Shanghai University Finance and Economics Management College
Address: No. 369 Zhongshanbeiyilu, Shanghai, 200083
Tel: (86-21) 6536-1942

Sichuan Union University

Address: No. 29 Wangjiang Road, Chengdu, 610064
Tel: (86-28) 522-3875 ext. 62541

South China University of Technology
Address: Wushan, Guangzhou, 510641
Tel: (86-20) 8711-4693

Southeast University
Address: No. 2 Sipailou, Nanjing, 210096
Tel: (86-25) 379-2885

Southwest Jiaotong University
Address: Beiyiduan, Second Ring Road, Chengdu, 610031
Tel: (86-28) 760-0828

Southwest University of Finance and Economics
Address: Guanghuacun, Chengdu, 610074
Tel: (86-28) 778-4707 ext. 2198

Tianjin University
Address: Qilitai, Nankai, Tianjin, 300072
Tel: (86-22) 2740-3015

Tianjin University of Finance and Economics
Address: No. 25 Zhujiang Road, Tianjin, 300222
Tel: (86-22) 2811-8347

Tongji University
Address: No. 1239 Sipin Road, Shanghai, 200092
Tel: (86-21) 6598-2941

Qinghua University
Address: No. 1 Qinghuayuan Road, Beijing, 100084
Tel: (86-10) 6278-5515

University of International Business and Economics
Address: Huixindongjie, Beijing, 100029
Tel: (86-10) 6496-5522 ext. 3504

Wuhan Automotive Polytechnic University
Address: No. 205 Luoshi Road, Wuhan, 430070
Tel: (86-27) 785-9011

Wuhan University
Address: Luojiashan, Wuhan, 430072
Tel: (86-27) 788-2712 ext. 2895

Xiamen University
Address: Yanwu Road, Xiamen, 361005
Tel: (86-529) 218-2873

Xi'an Jiaotong University
Address: No. 28 Xianning Road, Xi'an, 710049
Tel: (86-29) 326-8955

Xi'an University of Technology
Address: No. 5 Jinghua Road, Xi'an, 710048

Tel: (86-29) 323-3933 ext. 2406

Zhejiang University
Address: No. 20 Yugu Road, Hangzhou, 310027
Tel: (86-571) 795-1218

Zhongnan University of Finance and Economics
Address: No. 114 Wuchangluo Road, Wuhan, 430064
Tel: (86-27) 804-7866

Zhongnan University of Industry
Address: Zuojialong, Changsha, 410083
Tel: (86-731) 887-9319

Zhongshan University
Address: No. 135 Xingangxilu, Guangzhou, 510275
Tel: (86-20) 841-6300 ext. 2629

ISA Customer Satisfaction Survey

U.S. Department of Commerce
* International Trade Administration*
The Commercial Service

The U.S. Department of Commerce would appreciate input from U.S. businesses that have used this ISA report in conducting export market research. Please take a few moments to complete the attached survey and fax it to 202/482-0973, mail it to QAS, Rm. 2002, U.S. Department of Commerce, Washington, D.C. 20230, or Email: Internet[Opfer@doc.gov].

* * * About Our Service * * *

1. Country covered by report: _____
Commerce domestic office that assisted you (if applicable): _____

2. How did you find out about the ISA service?
___ Direct mail
___ Recommended by another firm
___ Recommended by Commerce staff
___ Trade press
___ State/private newsletter
___ Department of Commerce newsletter
___ Other (specify): _____

3. Please indicate the extent to which your objectives were satisfied:
1-Very satisfied 2-Satisfied
3-Neither satisfied nor dissatisfied
4-Dissatisfied 5-Very dissatisfied
6-Not applicable

- Overall objectives
- Accuracy of information
- Completeness of information
- Clarity of information
- Relevance of information
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- Follow-up by Commerce representative

4. In your opinion, did using the ISA service facilitate any of the following?

- Decided to enter or increase presence in market
- Developed an export marketing plan
- Added to knowledge of country/industry
- Corroborated market data from other sources
- Decided to bypass or reduce presence in market
- Other (specify): _____

5. How likely would you be to use the ISA service again?

- Definitely would
- Probably would
- Unsure
- Probably would not
- Definitely would not

6. Comments:

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1. Number of employees: 1-99 100-249 250-499
 500-999 1,000+

2. Location (abbreviation of your state only): _____

3. Business activity (check one):

- Manufacturing
- Service
- Agent, broker, manufacturer's representative
- Export management or trading company
- Other (specify): _____

4. Export shipments over the past 12 months:

- 0-1 2-12 13-50 51-99 100+

May we call you about your experience with the ISA service?

Company name: _____

Contact name: _____

Phone: _____

Thank you--we value your input!

This report is authorized by law (15 U.S.C. 1512 et seq., 15 U.S.C. 171 et seq.). While you are not required to respond, your

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