

## **EXPORTER ALERT: Suspicious Chinese Business Practices**

Although China's booming economy offers great opportunities for U.S. companies, businesses looking to invest or export to any foreign country should always exercise due diligence. Several exporters recently reported unsolicited buyer interest from China and elsewhere that turned out to be bogus. While not all unsolicited interest is fraudulent, American companies should always be cautious when considering such situations. Requests for advance payments, samples or prototypes to be sent in advance of sales negotiations, cash for a banquet far in excess of typical costs, cash for travel expenses for an "essential" U.S. meeting, all pose red flags that a business opportunity may be fraudulent. To report a suspicious business offer from China, contact your local US Export Assistance Center at <http://www.buyusa.gov/home/us.html> or the China Business Information Center at <http://www.export.gov/china> (<mailto:chinabic@mail.doc.gov>). Below is a partial list of measures you can take to protect your business in such circumstances:

- Request a copy of the business license; check validity of address and phone number, license validity date, name of registered representative.
- Request a copy of the company's certificate of import / export authority.
- Verify the company's international trade experience and avoid firms that have less than two years of experience.
- Seek multiple references and check them. Request referrals to both suppliers and customers.
- Order an International Company Profile report through the US Commercial Service.
- Accept only secured forms of payment such as letter of credit or direct telegraphic transfer (T/T or wire transfer).

Note: for a list of things to look out for in export transactions, please visit: <http://www.bis.doc.gov/enforcement/redflags.htm>