

Breaking New Ground
for Small & Mid-sized
Companies Doing Business with China

A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai



A Report on the New York in China Trade Mission

November 5-17, 2004

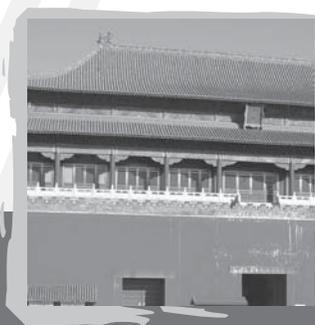
Co-chairs: **John Wang**, President, Asian American Business Development Center, Inc.

Malcolm A. Smith, New York State Senator

Breaking New Ground
for Small & Mid-sized
Companies Doing Business with China

A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai



A Report on the New York in China Trade Mission

November 5-17, 2004

Prepared by: Heather A. Schweder President, Target Communications 212.781.3362

Editorial review: Rory Hayden Senior Vice President, AABDC

Designed by: Fusia Advertising 718.643.0311 www.fusia.net

Published by: Asian American Development Center, Inc. © December 2004



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Breaking New Ground for
Small & Mid-sized Companies
Doing Business with China

A Report on the New York in China Trade Mission
November 5-17, 2004

Co-chairs: John Wang, President
Asian American Business Development Center, Inc.

Malcolm A. Smith
New York State Senator



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Foreword

Over the past year, my office and the Asian American Business Development Center, Inc. (AABDC) have been exploring ways to support New York State businesses interested in developing profitable business ventures with China. The New York in China Trade Mission that took place from November 5-17, 2004 was one expression of this commitment. From my perspective, the Trade Mission provided an extraordinary and gratifying opportunity to watch significant accomplishments and results emerge as a result of building productive political and business partnerships between U.S. and China.

These accomplishments included: (1) the signing of two strategic cooperation trade agreements by AABDC with government entities at the national and municipal levels; (2) the successful launching of a New York perfume fragrance called Shanghai, at a reception developed by my office, The Port Authority of New York & New Jersey, and AABDC; (3) plans by a Buffalo-based manufacturing firm to open an office in the Shanghai area; (4) exploration of investment opportunities with air conditioning and shoe factories in China; (5) new sourcing, production and manufacturing possibilities for a New York jewelry design company; (6) development of a China in New York Trade Mission in 2005; and (7) the establishment of an AABDC Advisory Committee, with all delegates as members.

I am very pleased with the current business developments resulting from our trip, the ongoing communications and negotiations that will yield further business opportunities for New York companies. Our vision to establish a "New York Desk" in China to support our businesses has taken a significant step toward reality based on the procurement possibilities experienced during our trip. Our future trade missions will work to further enhance the relationships with Chinese Government Officials and businesses, which will assure that New York in its tradition, will seize the moment to lead and create limitless possibilities for the residents of our state.

I am very grateful to John Wang, President of AABDC, for his friendship and partnership as we continue our quest and vision to facilitate a greater relationship between New York and China that will present tremendous mutual opportunities for our citizenry well into the 21st century.

State Senator Malcolm A. Smith



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Table of Contents

| | |
|--|----|
| Foreword | 2 |
| Map of China | 4 |
| Introduction | 5 |
| I. Trade Mission Overview | 6 |
| A Modern-Day Silk Road | |
| Trade Mission Delegation | |
| II. Cities Visited | 10 |
| Beijing: Center of Government | |
| Shenyang: Economic Engine of Northeast China | |
| Hangzhou: The Silicon Valley of Economic Development | |
| Shanghai: Center of Commerce and Finance | |
| III. Accomplishments & Results | 19 |
| IV. Moving Forward | 20 |



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

NEW YORK IN CHINA TRADE MISSION



MAP OF CHINA HIGHLIGHTING CITIES VISITED

Beijing - Shenyang - Hangzhou - Shanghai



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Introduction

Our recent New York in China Trade Mission, from November 5-17, 2004, gave sixteen delegates from New York State a first-hand overview of what it actually takes to succeed in China's competitive business environment. This report captures the types of meetings we attended, cities visited, what was learned about developing foreign business ventures ... as well as many aspects of China as an emerging international leader in today's global economy. The Trade Mission's activities were also written up as news articles in several newspapers in China.

Doing business with China is complex, and often involves risks common to many rapidly developing countries, especially for small and mid-sized companies lacking the resources of multinational corporations. Our Trade Mission gave delegates a first-hand exposure to many aspects of doing business in China—and what it takes to succeed as a business venture. Topics included:

- China as a developing country. In contrast to the U.S. as a mature economy, China's economy is in a period of rapid growth and development. What do prospective investors need to know about doing business with China at this stage of its economic development?
- The role of government in promoting economic development and foreign investment. What are current policies and examples of leading edge economic development initiatives in the different cities visited?
- Business networking and relationship-building. What's needed to master the cornerstone of successful business contracts with Chinese executives?
- Financial incentives for foreign investors. How can foreign investors utilize financial incentives to meet the needs of both Chinese and American businesses?
- Due diligence. What do small to mid-sized companies need to know?

The report also incorporates the perspectives of New York business leaders who made up the New York in China delegation. Their respective backgrounds in finance, management, investment, manufacturing, marketing, and China itself provided thoughtful and savvy assessments for how small and mid-sized U.S. businesses might proceed to access this potential market. We thank everyone for generously sharing their views and observations as an integral part of creating this document.

John Wang, President
Asian American Business Development Center, Inc.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

I. Trade Mission Overview

A Modern-Day Silk Road

On November 5, 2004, a diverse group of sixteen New York business leaders and government officials—representing manufacturing, financial services and investments, management consulting, marketing, communications, imports, jewelry design, education and government—embarked on a unique ten-day Trade Mission in China. Much as the merchants who journeyed across the historic ‘Silk Road’ trade routes—extending from China to the Mediterranean—to trade spices, silk, tea and other valued commodities more than 700 years ago, the members of this 21st century trade delegation sought to explore and develop new possibilities for doing business with people from different cultures, traditions and governments.

Economic Development Planning. Today, China is encouraging a market-oriented economy, with a central focus in terms of planning. China has 45 national economic development zones with each having plans for its specific areas. Some plans focus on the development of manufacturing, industrial and transportation initiatives; others are engaged in attracting high tech or biomedical industries; still others may develop the expansion and integration of the central business district of a city like Beijing. Educational, cultural, environmental, ecological and other ‘quality of life’ concerns are also incorporated into the process. While there may be some duplication and competition in terms of planning on many levels, the government’s focus is one of encouraging development rather than controlling the economy, unless there is an urgent reason to intervene. Clearly, the ability to develop contacts and relationships with government officials at all levels is key to the success of any business venture, whether local or foreign.

The New York in China Trade Mission’s route was designed to provide delegates with a first-hand opportunity to experience the diversity and levels of economic development, and resulting business opportunities, in four prominent cities. As the capital of China, Beijing is the center of government and economic policy. Shenyang is an old industrial base city that has been designated for the revitalization and modernization of its industrial base, with a major effort by the municipal government to promote foreign investment and trade. Hangzhou, an historic, cultural and affluent city, is home to many multinational corporations as well as high tech industries. Shanghai, sometimes called China’s “window to the world,” is a city of commerce and finance, with its harbor at the delta of the Yangtze river, in the forefront of economic development and international trade.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Ivan Grosz, Managing Director PEMA Management Corporation

The Trade Mission was an extraordinary and thought-provoking trip. It gave one a first-hand opportunity to experience China's political system; diversity of regions, cities and respective offices; culture; and investment climate, as well as projections for the future with regard to business and strategic planning. On the trading, buying and selling, manufacturing and export level, the Chinese are very capable, highly skilled, world class traders and business people with hundreds of years of experience. Likewise, since the Chinese have different tastes, needs and disposable incomes in many different regions, AABDC provides an essential resource for interpreting the market needs of a prospective investor. One or more trips to China for key decision-makers are essential, even with sources in China.

Trade Mission Activities. Traveling from Beijing to Shenyang to Hangzhou and Shanghai, delegates participated in a wide range of government, business and cultural activities. These included:

- **Briefings by U.S.** Embassy Consulate Commercial staff in Beijing and Shanghai on what is required for U.S. businesses to become successful ventures in China
- **Meetings** with top level Chinese government and business officials on economic, population and environmental issues; legal and regulatory compliance, including China's participation in the World Trade Organization (WTO); and other emerging trends
- **Presentations** by mayors, business leaders, economic development staff and others highlighting integrated economic, business, technology, cultural, educational and environmental urban development plans
- **Tours** of each city and specific economic development districts and business sites
- **Portfolio reviews** of Chinese investment opportunities, along with discussions of financial incentives for foreign investors
- **One-on-one meetings** with individual Chinese companies to explore possible joint ventures, investment and import opportunities



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

- **Sightseeing opportunities** to visit important historical sites as part of learning about China's culture and customs, as well as local shopping and sightseeing opportunities

Planned and impromptu opportunities for sightseeing in each city also gave delegates an exposure to important aspects of China's culture and history. Examples include:

- **Beijing:** Dinner at the Winter Palace of the Chen dynasty; a visit to the Great Wall, a private tour of The Great Hall of the People; and an art exhibition of the work of China's renowned artist, Liu Yu Yi.
- **Shenyang:** Informal walking tours to shop and see local residents ball room dancing on a plaza, practicing Ti Chi outdoors, or playing musical instruments to promote the opening of a new store. Visits to local markets featuring fresh produce grown by local farmers as well as sidewalk vendors offering clothing, jewelry, medicinal herbs, deer antlers, and native crafts.
- **Hangzhou:** A boat ride around the beautiful West Lake; a visit to the 1600 year old Lingyin Temple, a Buddhist monastery; tour of a silk factory; and dinner at a traditional Tea House.
- **Shanghai:** Shopping at local markets for silk, jewelry, clothing; touring a 'historic preservation' village with canals to carry small boats transporting food, supplies and other cargo; spending an evening 'on the Bund' — an urban area of pre-war European architecture; and visiting the new Shanghai Art Museum.

Traveling from one city to another by plane and bus also offered opportunities to observe the vast amount of construction underway in China's urban areas: apartment buildings, skyscrapers, manufacturing sites, universities--to name just a few examples. Likewise, from the window of a tourist van, one could catch glimpses of China's farmlands—with farmers manually tilling the soil, growing crops on small plots of land, and living in simple farm houses. And everywhere, one could see the people of China busy in daily life—e.g., sidewalk vendors, street cleaners with brooms, bicyclists riding to and from work, parents chasing energetic toddlers, groups of farmers touring a silk factory, an elderly couple with sticks of incense visiting a Buddhist Temple, school boys sitting on the floor of a hotel lobby waiting for their tour bus ... with 1.3 billion people, China offers a never-ending opportunity to 'people watch!'"



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Marvin Rubenstein
President, Arvinmay Consulting Co., Inc.

The bottom line on our Trade Mission is that the delegation achieved what it wanted to achieve. Many contacts were made and these will ultimately lead to business opportunities. Twenty-five years ago, I visited Beijing for ten days and I am truly amazed at the stark contrast between then and now. At that time, there were hardly any cars, today there are traffic jams; everyone used to wear plain blue and black cloth smocks, now you see women wearing high heels and dressed in colorful high fashion clothing; cameras used to be forbidden, today you can carry them and take photographs; in 1980, there were few hotels, now there are dozens of four and five star hotels in Beijing. China's growth is remarkable."

Trade Mission Delegation

Perhaps the most striking characteristic about the sixteen-member delegation was their diversity ... both in terms of background and culture as well as their specific objectives for going on the Trade Mission. At the same time, this diversity allowed for an extraordinary level of creativity and synergy in terms of participating in conversations both during business meetings, and informally, to analyze and compare notes on what was learned each step of the way. Participants also sought the expertise of other members to formulate and analyze their own business goals—functioning as an entrepreneurial think tank for one another. At the end, nearly all delegates rated their 'group experience' as one of the most valuable and enjoyable aspects of the trip.

Patricia Rubens
Chief of Staff, New York State Senate

The delegates of the New York in China Trade Mission were like the United Nations in China. The sixteen of us represented so many nationalities and cultures—Chinese, African-American, English, Irish, Russian, Rumanian, Japanese...! Seeing China is important. Looking and riding around will only help in your negotiations. You need to understand China before you sit down and sign a contract. Friendship is so important to them—developing a relationship is essential before developing a partnership. The organization of the entire trip was excellent; the meetings each day were well organized and went off smoothly. They were also successful. The Chinese brought key people to the table who could make things happen; these were noteworthy meetings. I saw the opening of doors to New York businesses that, on their own, would not have been open. With the help of State Senator Smith and AABDC, it did happen. Opening these doors was a major accomplishment.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

II. Cities Visited

This section provides a summary of the Trade Mission's itinerary and meetings in each city, along with highlights of key business and cultural activities. In addition to group activities, delegates with individual business interests were also able to schedule one-on-one meetings (either through AABDC or on their own) with specific businesses, trade associations, and manufacturing sites.

Beijing: Center of Government

Beijing, capital of the People's Republic of China, is the political, cultural and tourist center of the country. As a city, it has a history of over 3,000 years, with 800 of these as the national capital. Seeing The Great Wall, The Forbidden City, Tien'anmen Square, as well as other landmark sites, provide a glimpse of the city's historical, political and cultural significance and grandeur.

At the same time, Beijing's present day imprint as a 21st century international metropolis with more than 16,000,000 people is enormous. Arriving in Beijing on Saturday evening, November 6th, Trade Mission delegates were invited to dine at the Winter Palace of the Chen dynasty that night. This began a tour of China's capital from a past, present and future perspective as a world-class center of government, culture and economic power.

Sunday, November 7: From the Great Wall to the Great Hall

Sunday morning, participants climbed the Great Wall of China, along with thousands of other people of all nationalities as well as numerous tour groups from different areas of China. In the afternoon, a private tour of The Great Hall of the People had been arranged where representatives from all the provinces assemble in March for an annual meeting of the People's Party. The Great Hall was commissioned in 1958 and built in 10 months with 30,000 workers working round the clock with the assistance of 300,000 volunteers. Several famous murals by Chinese artist Liu Yu Yi commemorate the official opening of the Great Hall. Trade Mission delegates had the opportunity to meet this artist as well as attend an exhibition of his paintings later that evening. Driving through different sections of Beijing also provided an opportunity to see the physical scale and grandeur of the City's boulevards, official buildings, newly constructed skyscrapers and apartment buildings—as well as historic sights such as The Forbidden City and Tien'anmen Square.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Connie Chen
President, Chen Planning Consulting, Inc.

On a personal level, two things stood out for me as highlights. My nephew arranged for our delegation to have dinner at the Winter Palace of the Chen dynasty in Beijing—this was very special. I was also able to schedule and visit some companies involved in financial services. I am in awe at the manner in which the Chinese are able to implement some financial strategies so quickly. In the U.S., we have banking regulations and compliance issues, but in China, nothing is so clear as in the Securities Exchange Commission. Yet, there are ways to solve the problems and offer services for the consumers that are unique to these people. It is the way people do business in China. This time, I learned from the Chinese people ... before, I think perhaps I already knew everything!

Monday, November 8: Doing Business in China

On Monday morning, the Trade Mission delegation began a whirlwind, day-long series of business meetings. Highlights are summarized below.

Briefing #1: U.S. Embassy, Commercial Section. Today, there is tremendous interest in China by many U.S. businesses and individuals, and an excitement and enthusiasm to do business here. At the same time, while China has 1.3 billion people, the population is not all a 'market' for business. China is really a medium-size economy; its gross domestic product is \$1.2 trillion; a GDP comparable to Italy's. Likewise, China's population is not a demand economy on the whole. The east coast of China has the majority of disposable income; most of the people live inland with a much lower income. For any business venture in China to develop profitably, due diligence is critical. While China is coming into compliance with WTO standards, its legal system is still in its infancy. As a result, business contracts need to have enough incentives for all parties to want to carry them out rather than rely on legal enforcement. Likewise, foreigners cannot own property in China. Intellectual property rights also need to be proactively protected. At the same time, this is a booming market, and potential for business is enormous.

Briefing #2: China's Ministry of Commerce. A second briefing on bilateral trade affairs and trade issues was provided by staff from the Ministry of Commerce, Department of American & Oceanian Affairs, and provided a Chinese perspective on bilateral trade issues and overview of central and western economic development trends and investment incentives.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Beijing's Central Business District. The China Real Estate Development Corporation provided an overview of current real estate and economic development trends in Beijing. With Beijing as the sponsor of the 2008 Olympic Games, the government is planning to spend RMB 3 trillion (approximately \$U.S. 364 billion) on the construction of Olympics facilities. Trade Mission delegates also viewed a three-dimensional architectural layout for the expansion of Beijing's Central Business District, currently under construction.

Ceremonial Welcome of Trade Mission Delegates. Afterwards, ceremonial welcome for New York in China Trade Mission delegates was given by Wang Maolin, Member of the National People's Congress Standing Committee and President, China International Institute of Multinational Corporations (CIIMC). Mr. Wang addressed some of China's chief economic concerns, e.g.:

- the need for farmers in central and western China to participate in the economic prosperity of the eastern cities;
- pollution, energy, and environmental concerns; and
- moving the country towards WTO compliance.

As part of China's interest in fostering global economic development, the country also hosted the World Economic Development Conference in 2003, under the guidelines of the 2000 U.N. Millennium Goals. Mr. Wang also expressed interest in creating a 'China in New York Trade Mission' hosted by AABDC in New York State during Spring 2005.

Following the ceremonial welcome, a meeting with CIIMC staff included discussions on how to connect delegates representing different U.S. business interests with appropriate business and investment opportunities in China.

Finally, at a dinner hosted by Zhou Keren, former Vice Minister, Ministry of Commerce, AABDC and CIIMC signed a strategic cooperation agreement to work together to support the development of small and mid-sized business ventures in China and the U.S.

**Rory Hayden, Senior Vice President
Asian American Business Development Center, Inc.**

When making a first visit to China, it is important to keep the perspective that while the U.S. is a mature economy, China is a rapidly developing economy. What may be a problem today may not be so in six months ... policies are continually developing and evolving at the national, provincial, state and local levels. Economic officials in China are well aware of—and, if not, it is being brought to their attention—what they need to do to make trade



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

more attractive to the U.S. and other countries. In fact, over 400 of the Fortune 500 companies have already established business subsidiaries in China. The country also has small and intermediate businesses, which may provide a perfect opportunity for a match with U.S. businesses. Currently, both sides have less of a knowledge and resources for how trade can happen at this level. American companies tend to have a short-term orientation in their business outlook. The Trade Mission provided delegates with an opportunity to develop relationships with business people in China as well as a perspective with regard to the importance of a medium to long-term strategy for investment.

Shenyang: Economic Engine of Northeast China

Shenyang, a city of eight million people, located at the southern end of the Northeast Plain of China, is one of 41 global cities with the most competitive power, as appraised by the World Bank. It lies in close proximity to several ports, and encompasses eight municipal subdivisions with a population of more than one million each. While this area became known as the 'rust belt of China' in the late 20th century due to the decline of its manufacturing and industrial base, Shenyang today is in the heart of China's Revitalization of the Northeast Old Industrial Base Strategic Initiative, and was the host city for an Economic Revitalization Conference during Summer 2004. As noted earlier, China has 45 official economic development zones—nine of these are located in Shenyang.

November 9-10: Getting Down to Brass Tacks

As the Trade Mission delegation arrived in Shenyang, the people of the City extended Shenyang Warmly Welcomes New York in China Delegation banners and greetings—both at the Traders Hotel, as well as business meetings. Presentations about Shenyang's districts and economic development areas highlighted the diversity and promise of its economic potential—e.g., its industrial and manufacturing bases; educational and cultural facilities; high tech industries, industrial zones, and transportation hubs—as well as over 70 markets and shopping areas.

Exploring Investment Opportunities. For two-and-a-half days, the Trade delegation toured different economic development areas; attended meetings and presentations made by municipal officials and business leaders; and participated in numerous discussions on financial incentives for foreign investors (e.g., tax reductions, risk ratios, rate of return on investments), government assistance to establish joint ventures, as well as reviews of investment portfolios for specific Districts. Tuesday's itinerary included meeting with the Shenyang Municipal Bureau of Foreign Trade and Economic Cooperation; tours of Shenyang Economic and Technological Development Area and the Sujiatun District; and a dinner hosted by the Sujiatun District Government.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Wednesday's schedule began with a ceremonial welcome by the Mayor of Shenyang; meetings and presentations by the Heping District Government and Business Enterprises and the Hunnan New District (Shenyang's High and New Technological Industry Development Zone); and a visit to Neu Soft Company, the largest listed software company in China, producing computer core software, digital medical machine software, etc. During this time, some Trade Mission delegates also received tours of individual factories to explore specific investment and manufacturing opportunities.

Farewell Dinner: AABDC Signs Second Trade Agreement. At a final dinner for Trade Mission delegates, hosted by the Vice Mayor of Shenyang, AABDC signed a second trade agreement—with the Bureau of Foreign Trade and Economic Cooperation, Municipal Government of Shenyang.

Diana Wu, President
C&D International Trading Company, Inc.

You can see that China wants to catch up on international investment opportunities. The way business is done is different today than even a few years ago. For example, it used to take several months to get a business application approved; now there are 'one-stop' business centers which can complete applications in one day! How people live in China has changed, too. It used to be that everything was very quiet after sunset; people went home and stayed with their families and relaxed. Now, people are on the street in the evening, and a lot of business and activity is happening, even at 9 and 10 o'clock.

Judith Grosz
Educator

While I accompanied my husband on this trip, I was very much a part of the mission. There was a lot of flexibility to create my role. I learned a great deal about China—how it functions as well as its juxtaposition between commerce and capitalism. It was fascinating to attend the business and government meetings—and as important to be part of these as it was to go sightseeing!



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Hangzhou: The Silicon Valley of Economic Development

Hangzhou, the capital city of Zhejiang Province, is a major city in the Yangtze River Delta and a traffic hub in southeast China. Established as a county over two thousand years ago, Hangzhou is also one of the cradles of Chinese civilization. Today, it is the political, economic, science, technology, and cultural center of the Province as well as the key tourism city, with a population of nearly 6.5 million people. Recently, it was awarded “Best Human Residence Prize” by the United Nations, “International Garden City Title,” by the World Recreation Organization, and “Securest City Title” by the Ministry of Public Security.

Thursday-Saturday, November 11-13: Visiting a Mature Economic Development Zone in an Affluent and Cultured City

On Thursday evening, the Vice Mayor of Hangzhou hosted a dinner to welcome the members of the New York in China Trade Mission. The next morning, delegates began a series of meetings and tours of two long-term economic development initiatives situated in a city of great distinction.

Hangzhou Economic and Technological Development Area (HEDA). Established in 1993 as the earliest economic development zone in China, HEDA has been a pioneer in China in terms of economic development over the past 12 years. It was “established to make sure that all foreign companies get good service to be effective in doing business in China,” noted one staff member. Today, HEDA is home to over 400 multinational corporations from 28 countries and regions—including automotive, electrical appliance, fashion and textile design, technology, food and drink, cosmetics, and biopharmaceutical companies. Trade Mission delegates had an opportunities to learn about financial advantages for foreign investors provided by HEDA, as well discuss with staff on how these might apply in other economic development areas as well.

Hangzhou National Hi-tech Industry Development Zone. A second meeting and tour took place in the city’s high-tech industry development zone. Delegates had an opportunity to see first-hand the extensive amount of building (residential, commercial and industrial) taking place, architectural styles of homes in Hangzhou, as well as drive through University Town, an area with over 30 educational and university facilities, both technical and professional. As in other cities, delegates had opportunities to arrange one-on-one meetings with businesses or manufacturing sites or take part in sightseeing activities.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Fred Teeter, President Teeter Marketing Services

This Trade Mission is just the beginning of learning about China, not the end. It gave us a brief introduction to the Chinese people, culture, history ... as well as the importance of becoming 'friends' before doing business. There was lots of energy, different foods and new experiences. The group dynamics were wonderful; people were from many different backgrounds and bonded together quickly. We were also lucky to be with a New York State Senator on this trip ... this helped open doors. Currently, there is incredible change taking place in China and building on an unbelievable scale. As an engineer, I am both cautious and confident about this rapid pace of development—as with any business venture, due diligence is critical. The Chinese people have a wonderful spirit; they are hardworking, cheerful and driven. They were world leaders in trade 600 years ago before their country become isolated. They are now resuming their rightful place and committed to being the best.

Shanghai: City of Commerce & Finance

Whether one approaches Shanghai by car, bus or bicycle, an architectural skyline of massive building projects—including skyscrapers, high rise apartments, as well as hundreds of construction cranes—dominate one's view of the city from every direction. Since 1995, a major expansion in Shanghai's economic development as a city has been underway. With a population of 22,000,000 people, Shanghai is the largest city in China and plays a critical role in China's economy. As a municipality, it is directly under the central government. Located at the mouth of the Yangtze River, halfway down China's mainland coastline, the city's location makes it an important harbor. In addition to its highly developed banking, commerce and ocean shipping industries, the city also has a comprehensive industrial base. Its international Waigaoqiao Free Trade Zone, in the Pudong region, also positions Shanghai as an innovative, world-class leader at the forefront of economic development.

Sunday-Tuesday, November 14-16: Experiencing a World-Class City: Past, Present & Future

On Monday, U.S. Consulate General Commercial Center's Director appraised Trade Mission delegates that there was a huge demand to expand the number of U.S. Commercial staff servicing U.S. companies in Shanghai, and elsewhere. As in Beijing, the Director emphasized the importance of the "6 Ds ... due diligence, due diligence, and more due diligence" as well as a long-term business plan, for U.S. companies doing



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

business in China. He also noted that Chinese executives and CEOs spent 75% of their time networking and taking care of relationships; in contrast, U.S. CEOs spend 10% of their time attending to this aspect of business. Overall, the potential for business opportunities was viewed as “tremendous.”

After this briefing, Trade Mission delegates were then greeted by Port Authority officials and welcomed by executives of the Oriental International Holding Company, one of the largest companies of its kind, with 120 business partners all over the world, followed by lunch.

Michael Liang
Foreign Market Manager, AABDC

The China market is expanding so quickly right now... and there is so much opportunity. AABDC has good relations and is credible in China. This Trade Mission was very special – we were able to give delegation members new business opportunities. In a few months, I will be going back to China with some delegates to follow up on investment projects. We have built a good bridge, a strong bridge for opportunities to happen. I want to say to everyone: Don't be late! Don't miss a chance to go to China!

Presentation by District Mayor of XUHUI. Delegates then met with the Mayor and staff of the XUHUI District, a hi-tech zone city of 1,000,000 people, southwest of downtown Shanghai. This affluent area, in the words of one staff member, is a “place where east and west cultures blend.” The Mayor noted that their primary goals for the city were transparency, efficiency, and professionalism. Quality of life was a high priority—ecologically, culturally and educationally. The District is also home to 120 research institutions as well as ten universities and colleges. A six-point plan for a new round of development included: historic preservation areas, a biomedical center, health care facilities, new railway station, digital entertainment industry area, and a high-tech park. Delegates were also introduced to a number of business representatives from companies in the XUHUI district.

Chie Rubenstein
Arvinmay Consulting Co., Inc.

My native country is Japan, and this was my first, and long overdue, visit to China. It was a great introduction for me and I plan to go back for another visit. Originally, Chinese as a language came to Japan—and much of the Japanese alphabet is derived from theirs. As a result, I could read ‘half’ of the Chinese words and understand the meaning of them. This was helpful when shopping!



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Shanghai in Shanghai. That evening, delegates attended a reception on the Bund, hosted by Senator Malcolm Smith and The Port Authority, to launch Shanghai, a new perfume developed by New York perfume manufacturer Marc Rosen.

**Susan Wexler, President
Wexler Design**

As a designer, being able to get out in the markets and see the different kinds of businesses in China was important to me, especially from a sourcing, production and manufacturing perspective. Working with the Chinese people as I shopped for materials to create new jewelry designs was quite an experience ... they understood what I wanted, even without speaking English. Through AABDC, I now know two or three people with whom I can discuss my business plans, even after the Trade Mission.

Tuesday: Zhouzhuang, a Historic Waterside Village / Completion Dinner for Delegates.

On Tuesday, delegates had the option of visiting a historic preservation village, outside of Shanghai, seeing the Shanghai Art Museum, shopping for antiques, or making alternative plans. That evening, delegates participated in a final dinner recapping the highlights of their trip.

The next morning ... it was time to return to New York.

**Young Freeman Perry, President
Equity Financial Services, Inc.**

Through AABDC, the government and business leaders in China met with 'local people' from the other side of the world (i.e., the United States). China is both an opportunity and a new financial frontier in the sense that you are able to develop your financial concept to incorporate a country that has resources and technology, a growing population and an education system that is becoming 'Americanized.' This, in turn, creates a new clientele that wants your products.

At the same time, we also have to look to see how everyone's needs can be met. It's important not to be one-sided with regard to doing business in China. In a foreign country, doing a needs analysis is important. Also, learning how to cut through the promotional aspects and get to the facts. What does the country need? What will help them? When you do this, then financing becomes a very creative process ... and a win-win for everyone.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

III. Accomplishments & Results

To some degree, results and accomplishments are in the eye of the beholder! For delegates who were visiting China for the first time, the opportunity to learn about the country and the economy was a primary accomplishment. Others had specific business agendas, either for themselves or for clients they represented. As noted earlier, most delegates acknowledged that whatever they sought to achieve during the trip was greatly enhanced by the synergy of the group itself. The Trade Mission also generated positive business results, based on productive political and business relationships with the Chinese people. These included:

- **Signing of Strategic Trade Agreements by AABDC** with both national and municipal Chinese government entities. These agreements lay a foundation for practices for U.S. companies doing business with China.
- **Shanghai in Shanghai.** On November 15, 2004, a new perfume, Shanghai, developed in New York, was successfully launched. With the support of the Office of New York State Senator Malcolm Smith, The Port Authority of New York & New Jersey, and AABDC, this event demonstrates the value of political and business partnerships to create successful ventures.
- **A Buffalo-based manufacturing firm to open office in Shanghai area.** Based on Trade Mission meetings, one delegate's client is planning an office at the Association for Manufacturing Technology's new office-technology center in the Waigaoqiao Free Trade Zone in the Pudong region.
- **Air conditioning and shoe factories explored as investments.** Following factory visits and discussions with Chinese government and business leaders regarding financial incentives for foreign investors, U.S. investors are reviewing investment possibilities with several manufacturing sites.
- **Couture jewelry designer expands business** as a result of new sourcing, production and financing opportunities for her New York-based design firm. Creation of an line of Asian-inspired jewelry is also underway.
- **Sugar Hill Golden Ale.** A Harlem brewery sent samples of its newest product with AABDC staff to explore marketing opportunities in China. Conversations with several Chinese breweries regarding this "jazz" beer, reminiscent of American music and culture, are currently underway.



A Tale of Four Cities

Beijing . Shenyang . Hangzhou . Shanghai

Likewise, many people noted that “seeds had been planted,” through meeting so many people in China. Indeed, each delegate exchanged nearly 100 business cards with Chinese government and business representatives. One person remarked, “the results for my business will materialize as I follow up on the information and contacts I generated while I was in China.”

IV. Moving Forward

Upon completing the Trade Mission, delegates provided AABDC with feedback on what would enhance future trade missions. Responses varied and included the following: (1) arrange more one-on-one business meetings for delegates with specific industry interests, prior to the trip; (2) develop industry-specific trade missions; (3) allocate more time in each city for sightseeing and ‘down time’; and (4) provide briefings on Chinese business and social protocols and customs.

Likewise, building on the success of the 2004 Trade Missions, several types of trade mission and trade exhibition activities are being planned for 2005. These include:

- | | |
|---|---------------------|
| • CEO Trade Mission to China | January 14-21, 2005 |
| • China in New York State Trade Mission | Spring 2005 |
| • Trade Exhibition: New York in Shanghai | Fall 2005 |
| • Industry-specific Trade Missions to China | To be announced |
| • Region-specific Trade Missions to China | To be announced |
| • General Trade Missions to China | To be announced |

In addition, AABDC is developing plans to open an office in Beijing during the year 2005.

Today, there is much interest and activity regarding the increase in U.S.-Asia investment and trade. Airlines are developing non-stop flights to Asian cities from a number of U.S. international airports. The Port Authority of New York and New Jersey is dredging the port to accommodate an increase in trade with China and other countries as well. As part of this expansion, AABDC also actively supports the development of an Asia Pacific Trade / Exhibition Center in lower Manhattan as part of revitalizing the businesses in this area, including Chinatown, over the next decade.

New York in China Trade Mission Delegation

November 5-17, 2004

Co-Chairs

President, AABDC
John Wang

New York State Senator
Malcolm A. Smith

Delegates (listed alphabetically by last name)

President, Chen Planning Consulting, Inc. - Connie Chen

President, East West Collaborations, Inc. - Molly Chen

Managing Director, Pema Management Corporation - Ivan Grosz

Educator - Judith Grosz

Senior Vice President, AABDC - Rory Hayden

Foreign Market Manager, AABDC - Micheal Liang

President, Equity Financial Service, Inc. - Young Freeman Perry

Chief of Staff, New York State Senate - Patricia A. Rubens

President, Arvinmay Consulting Co., Inc. - Marvin Rubenstein

Arvinmay Consulting Co., Inc - Chie Rubenstein

President, Target Communications - Heather Schweder

President, Teeter Marketing Services - Fred Teeter

President, Susan Wexler Design, Inc. - Susan Wexler

President, C&D International Trading Co., Inc. - Diana Wu

AABDC STAFF MEMBERS IN CHINA

AABDC wishes to thank the following staff members in China who planned and coordinated many of the Trade Mission's activities 'on the ground,' making the many meetings and other functions run smoothly for the delegates.

Anna Danyu Zhang, Vice President
Jack Xue Feng Yang, Liaison Office Representative



ASIAN AMERICAN BUSINESS DEVELOPMENT CENTER, INC.

150 Lafayette Street, Suite 901

New York, NY 10013

212.966.0100

www.aabdc.com