What Trade Mission Delegates are saying...

*Take this trip! You get to see with your own eyes how fast China is growing ... and become more open-minded to doing business here!*  
Jim Hirani, President, Hirani Engineering & Land Surveying, PC

*The Trade Mission provided a unique opportunity to taste and experience all that China has to offer and then apply this to a business context as part of my business strategy and development.*  
Albert Dibernardo, Principal, Weidlinger Associates

*Personally, I felt that I had a great trip to China, exposing me to Chinese prosperity, progress, history and culture!*  
C.V. Shashkikumar, President CV Associates NY: PE, LS, P.C.

*What I learned on the Trade Mission is that doing business with China really is new to me, and that China is open to making it easier to do business.*  
Shirley Lam, Founder & President, Connetquot West, Inc.

*The Trade Mission was a very positive experience. The cities we visited are beautiful and the places we stayed and meetings we had were very good.*  
Liren Wei, Partner, Wei, Wei & Company

*This visit to China helped me to learn how my company can be an asset to manufacturers who want to take advantage of our on-line business marketing.*  
Patrick Wong, President, One2Fit.com

*We had a wonderful group of people on our Trade Mission, and we have continued to stay in touch with each other!*  
Jenny Wei, Manager, Ernst & Young Metropolitan NY

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**AABDC 2007 Business Tours to China**

- Retail Shopping Tour: April 13-25, 2007
- Manufacturing Products in China: July 6-17, 2007
- Private Label Design: September 16-27, 2007
- Made in New York: November 9-20, 2007

For information call: 212-966-0100 ext. 101 www.aabdc.com

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**Names and Business Affiliations of Trade Mission Delegates**

- Mr. Albert Dibernardo  
  Principal  
  Weidlinger Associates
- Mr. Jitendra (Jim) Hirani  
  President  
  Hirani Engineering & Land Surveying, P.C.
- Ms. Shirley Lam  
  Founder and President  
  Connetquot West, Inc.
- Mr. C.V. Shashkikumar  
  President  
  C.V. Associates NY: PE, LS, P.C.
- Mr. Liren Wei  
  Partner  
  Wei, Wei & Company
- Mrs. Jenny Wei  
  Manager  
  Ernst & Young Metropolitan NY
- Mr. Patrick Wong  
  President  
  One2Fit.com

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**AABDC Staff (U.S. & China)**

- Mr. John Wang  
  President
- Mr. Victor Wong  
  AABDC / Managing Director of China
- Mr. Michael Liang  
  Vice President

Concept & Copy – Target Communications  
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About AABDC

Founded in 1994 as a non-profit organization the Asian American Business Development Center (AABDC) is engaged in activities that help businesses strengthen their capacity to compete, establish relationships and develop trade opportunities between the United States and China.

AABDC furthers its mission by:

- Reaching out to Asian American businesses offering its workshops and services;
- Providing information and technical assistance;
- Improving access to procurement opportunities;
- Increasing international trade opportunities;
- Increasing access to current technologies and technology training;
- Providing a valuable networking structure that promotes visibility and access; and
- Facilitating and promoting strategic ventures between Asian and non-Asian businesses.

Some of the major initiatives AABDC undertakes to serve the small business community include:

- Asian Business Partnership
- US-Asia Trade Development
- New Majority Alliance
- Special Programs and Events

After the events of September 11th, AABDC spearheaded the Rebuild New York City initiative to provide financial and business development assistance to small businesses in Chinatown. The AABDC Financial Assistance Center and Chinatown Tourism Project were created as a result of this initiative.

Some Examples of Current AABDC Projects:

- An economic development zone in China is interested in developing a promotional and marketing plan for the U.S. and is looking for U.S. companies to locate in the zone.
- An U.S. fashion designer is looking for distributors in China.
- A well-known Chinese city needs to have a major promotional event organized in New York City.
- Conducting focused trade missions on an ongoing basis to China.
- Development of an exhibition and trade center for Chinese products in New York City.
- An American manufacturer is seeking Chinese factories for order fulfillment.
- An American entertainment company is seeking entry into the China market.

Greetings from New York State Senator Malcolm Smith

It is my great pleasure to provide some introductory comments about the 2006 “Outstanding 50” Trade Mission to China that took place from October 11-21, 2006. Four years ago, I began working with AABDC to encourage both New York State government officials and business people to learn about by participating in Trade Missions and experiencing first hand China’s economic progress and prosperity, culture, history, and the remarkable determination, tenacity and friendliness of its people.

Since 2003, I have promoted and participated in four such Trade Missions myself. Given that the majority of U.S. trade with China occurs with New York/New Jersey and the northeast corridor, it is critical that our own business leaders and elected officials become acquainted with the China of the 21st century.

AABDC’s Trade Mission Reports capture the perspectives and experiences of the Trade Mission delegates themselves. As such, they provide a unique vantage point for readers to learn about China. In addition to this current 2006 “Outstanding 50” China Trade Mission Report, there is a companion report entitled 2006 “New Majority” Trade Mission Report that focuses on a September 2006 Trade Mission for New York State legislators. Both reports highlight

It is most satisfying to me as a New York State Senator that I am an informed and articulate advocate for both my constituents in Queens, and New York State as a whole in terms of the issues and promise of developing both balance of trade and enhanced cross-cultural understanding between the people of two great countries. My office and staff are always eager to assist the people of New York State in expanding business opportunities that will benefit both countries.

As you read this report, I hope you enjoy your own “trip to China”!

Sincerely,
Malcolm Smith, New York State Senator
Sightseeing, Culture and Shopping

Interlaced with business and government meetings, high tech conferences, and tours of economic development zones were many opportunities for delegates to enjoy other aspects of China on the 10-day trip. “The trip was about 60% business and 40% pleasure, and this worked very well,” note one delegate. Not surprisingly, all Trade Mission delegates spoke highly of the opportunity to visit such historic sites as the Forbidden Palace, Great Wall of China, Tien’anmen Square (Beijing); and 4th century Buddhist Temple, West Lake, and an “olden days” market (Hangzhou). Reflecting on the opportunity to climb the Great Wall, one person commented, “The Great Wall is so impressive ... it is hard to imagine that thousands of years ago, somebody just decided to build it!” Haining also offered a unique shopping opportunity as the largest Leather Market in the world; the Silk Market in Beijing was also a shopper’s dream. Additionally, the opportunity to enjoy a wide variety of Chinese cuisine in each city as well as “people watch” in every city provided a valued cross-cultural experience. Likewise, noticing the degree to which McDonald’s, Burger King, and Starbucks were “everywhere,” was also a cross-cultural eye opener. Remarkin on the standard of living in China today, as well as the opportunity to shop at bargain U.S. prices, one delegate noted:

Today, the Chinese have a better lifestyle. I went to a spa with my husband and, after a shower, you get a foot massage while you are watching a show, as well as a pedicure and manicure at the same time! We also discovered amazing opportunities to shop for high quality leather at bargain U.S. prices — $2 for leather gloves, $4 for leather belts, and $40 for a leather jacket!
A Message from John Wang, President
Asian-American Business Development Corporation

Since 2003, AABDC has been creating unique Trade Mission opportunities to make it possible for American and Chinese business and government leaders to experience each other’s country first-hand. Nearly 300 individuals from both sides of the Pacific Ocean have participated in these Trade Missions over the past four years. In the U.S., we have hosted Chinese delegations from Beijing, Dalian (Zhejiang Province), Shanghai and Chengdu on Trade Missions to New York City, Washington, D.C., Chicago and Los Angeles. Likewise, American delegations have also been hosted by Chinese government and business leaders in Beijing, Shenyang, Hangzhou, Shanghai and other cities.

Trade Mission delegates consistently report the value of first-hand opportunities to visit major cities, tour economic development zones, meet with key government and business leaders, as well as tour museums and historic sites, play golf, enjoy exquisite cuisine … and take advantage of China’s abundant shopping opportunities.

These unique business Trade Missions are designed to provide the “initial step” in developing an understanding of what it takes to do business in each country. AABDC’s offices in both New York City and in China (Hangzhou, Dalian and Chengdu) can provide “on-the-ground” follow-up for business opportunities in each country.

This report highlights the benefits of visiting China first-hand. We have intentionally tried to capture the experience and views of our delegates to give you a “mini-tour” of China as well as you read this report. We hope you enjoy reading it.

Call us to learn more about our upcoming 2007 Trade Missions!

John Wang,
President of AABDC
**“Outstanding 50” Trade Mission to China**

**October 11-21, 2006**

AABDC’s October 2006 Trade Mission included a unique group of seven business leaders, many of whom are recipients of AABDC’s annual “Outstanding 50 Asian American Business Leaders” Awards. Several work for firms with long-standing track records of successful U.S.-China business initiatives. Others are engaged in entrepreneurial businesses. This report highlights the Trade Mission’s itinerary: cities visited, business and government meetings, economic development zone tours, and cultural and sightseeing activities. Delegates consistently note that key benefits of participating in the Trade Mission included the first-hand opportunity to experience and learn about:

- China’s Economic Transformation
- Business Development Opportunities
- Delegates: a Trade Mission “Think Tank”
- Sightseeing, Culture and Shopping

This report describes the kind of unique business-government, economic development and cross-cultural experiences AABDC Trade Missions are known for in terms of providing a first-hand education in the economic environment and business opportunities developing in China today.

**Trade Mission Itinerary**

The “Outstanding 50” Trade Mission included visits to five cities that are key to China’s enormous economic growth, specifically: Shanghai, Hangzhou, Haining, Chengdu, and Beijing. As highlighted below, each of these cities offer unique first-hand opportunities for business leaders to learn about China’s economy, government, history, and culture.

- **October 11-12 – Fly to Shanghai:** Largest and most international city in China. Upon landing in Shanghai, the first leg of the tour, delegates met with the U.S. Consulate General Commercial Center’s Director for a briefing on China’s economic growth, trade relations, and U.S.-China business and trade issues.

- **October 13-14 – Hangzhou:** One of China’s oldest and most cultured cities and the “Silicon Valley” of China. Here the Trade Mission attended an economic development conference as part of 2006 West Lake Expo Investment and Cooperation Week and toured the city’s Economic Development Zone. Delegates stayed at a five-star hotel on the Lake, reserved for government officials and special guests. In addition, they visited the beautiful West Lake, a 4th century Buddhist temple, and a traditional “olden days” market.

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**Think Global, Be Local / Albert DiBernardo**

I went on the Trade Mission to come up with a strategy for leveraging the successes we have had as an engineering design company doing business with China for many years. This includes 15 projects over 16 years in China—more than $1 billion in construction costs. Examples include: Tomorrow Square Tower, (60 story apartment building and hotel); Shanghai Ferry Terminal; Canopy for Shanghai Stadium; and the Bank of China in Beijing.

While we have been very successful as a design firm doing engineering projects in China to date, we anticipate a shift in this market demand with the increase of Chinese who have studied abroad and developed their engineering skills and knowledge. Now, we are looking at how to set up a local presence in China to leverage our successes. One thing that stands out for me is that it is critical to “think global” and be local” these days. In contrast to the 19th century “imperial model”, the 21st century approach entails embracing local Chinese employees as you would staff in the U.S.—including receiving the same benefits and bonuses, as though they are part of your U.S. company.

**Establishing A Business in China/ Jenny Wei**

American companies adhere to corporate governance that is built on accounting principles, fair competition, and adequate disclosures, but Chinese business has heavily relied upon “Guanxi” or connections. Additionally, foreign investments can be made only with the approval of the Chinese government. U.S. companies either invest directly in the Chinese enterprise or become partners. Due to the unique way of conducting business, the environment has provided opportunities for Chinese people to commit fraud. To do business in China, American companies and investors should first understand the culture, business environment, and local laws and regulations. The U.S. Consulate General Commercial Center has provided lots of useful information in this regards during our first day visit. I believe American companies and investors can protect themselves with their foreign investments in China by conducting sufficient due diligence, making sure that the agreement is structured in a way that gives the investor free access to the operation and the accounting records, providing hands-on oversight, and establishing an effective internal audit system. Most importantly, hire a reputable international accounting firm to perform audits under international accounting standards.
Government-sanctioned economic development initiatives for Central and Western parts of the country are currently underway, as is extensive building and construction in preparation for the 2008 Olympics in Beijing. However, for any business venture in China to develop profitably, developing long-term business strategies, along with careful attention to due diligence, is critical. The country’s legal system is still in its infancy, even though China is coming into compliance with WTO standards. As a result, business contracts need sufficient 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, U.S. Consulate General staff noted, China is a booming market and the potential for business opportunities is viewed as enormous.

During conferences and business meetings, delegates also had many opportunities to learn more about Chinese business customs and protocols—and other cultural aspects of “doing business in China.” Most delegates also noted that they gained an increased appreciation for the importance of the government’s role in promoting a free market economy and planned economic development initiatives, as reflected in one delegate’s observations:

As a communist country, I can see that government control helps a lot in China. Once it has been decided, “this is what we’re doing”, it can be done without a lot of red tape and delay because the whole government is behind it. Once they are going to build, they say GO! The growth is immense. One could compare what is taking place with the Robert Moses era in New York City when there was more freedom from government control. In China, labor is not a problem and there are no unions as impediments.

Delegates: a “Think Tank” for Business Development

Having one’s own “think tank” of business people to reflect and discuss business and government meetings, economic development zone tours, business etiquette, ideas for business ventures, and so on, was considered a major asset by every delegate. Once the trip was over, they noted that they continue to stay in touch with one another. Delegates’ companies included both large and mid-sized CPA and engineering firms as well as small businesses specializing in medical supplies and on-line retailing. Several delegates shared their own business thinking that was emerging from everything they had seen and done on the Trade Mission, as a result of the meetings, tours and opportunities to “compare notes” with Trade Mission colleagues during meals, while traveling from one city to another, and so forth.

October 15–17 – Haining: an emerging “second-tier” city with a newly created economic development zone located at the mouth of the Yangtze River delta region. Delegates were hosted by the Vice Mayor at a dinner with a rotating glass table and “bottoms-up toasts” expressing friendship and business relationships. An official tour of the Economic Development Zone, visit to the city’s “state-of-the-art” new golf course, meetings with entrepreneurial business people and a shopping trip to the world’s largest Leather Market were also highlights.

October 18–19 – Chengdu: “Gateway to the West” of China. Similar to St. Louis in the U.S., Chengdu is China’s portal to its Western region. Here, delegates attended Economic Development Zone presentations, a high tech conference and meetings, as well as visiting the Chengdu Palace and Market.

October 20–22 – Beijing: China’s capital. The Trade Mission’s final city was Beijing, China’s ancient seat of government. Here, delegates spent the last leg of the trip visiting Tien’anmen Square, The Forbidden City, Great Wall of China, and shopping at the Silk Market before returning to New York City.

China’s Economic Transformation

For most people visiting China for the first time, impressions about China’s rapidly expanding economy in cities along the eastern seaboard frequently get “stood on their head.” Trade Mission delegates consistently remarked that one of the most valuable benefits is the opportunity to see China’s economic growth first-hand. This includes seeing the remarkable economic, construction and engineering expansion occurring in every city. The standard of living for the Chinese people was also considered impressive, compared to earlier years. Shopping at the “largest leather market of the world” in Haining also gave Trade Mission participants an overview of the scale of trade opportunities in China.

As part of the Trade Mission itinerary in each city, delegates also had numerous occasions to visit several of China’s economic development zones on the East Coast. For example, JianShan New District is an economic development zone just southeast of Haining City in Zhejiang Province located on China’s east coast. It is 75 miles (120 kilometers) from Shanghai and 35 miles from Hangzhou, two already well-developed cities, with their own airports and express highways, making JianShan New District very accessible. The District covers 12,000 acres and a third of the area (4,000 acres) is allocated to industrial development. Over fifty percent of the industrial area has become a sofa manufacturing zone; the other fifty percent is divided into two zones focused on attracting non-polluting machinery and electronics manufacturing for instrument, precision optical, bio-medical, automobile and auto parts.
With its semi-tropical climate and ideal location being near mountains and the sea, the local government is planning to incorporate a resort, parks and a 36-hole golf course. Thus, key to JianShan New District’s development is enforcing environmental regulations to ensure the ecological balance of the coastal environment is maintained. JianShan New District is eager to welcome interested wholly-owned or joint-venture investors to personally take a tour of the zone.

**Architecture, Engineering and Construction**

In each city visited, the abundance of new architecture, engineering and construction projects create a virtual modern-day silk road from the Great Wall in Beijing down to the mouth of the Yangtze River delta in Hangzhou and Shanghai. Hundreds of cranes dot the skylines of every urban area. “Tall buildings are going up everywhere, and there are many large apartment complexes, similar to community after community of Co-op cities, only nicer,” remarked one delegate. Beijing’s preparation for the 2008 Olympics in this ancient seat of China’s government also encompasses the full spectrum of stadiums, hotels, roads and other facilities required to host this international, world-class event. In Shanghai, 100 new subway stations are being added, in preparation for the World Expo in 2010. Likewise, to be completed by 2010 is a maglev rain project between Shanghai and Hangzhou which will travel at more than 200 mph, putting the cities within an hour’s reach of each other. A new expressway under construction will connect Hangzhou and the Pudong area of Shanghai, making it ideal for the shipment of goods in the province. Jim Hirani, Trade Mission delegate and engineer noted:

> For most non-Chinese people, their perception of China is as a third world country. However, we saw phenomenal buildings and highways. Every building stood out with its own architectural beauty. The architecture has a freedom of design and the buildings are not placed right next to each other. In Hangzhou, nearly 80 buildings are being completed at the same time, even without confirmed tenants, compared to two or three buildings in the U.S., where a few buildings are built, tenants move in, and then more are built.

**Standard of Living**

Another aspect of China’s economic transformation is evidenced in the standard of living most citizens seem to enjoy in the country’s large eastern cities. This is especially striking to U.S. citizens who had visited China a decade or more earlier. Jennie Wei, a Trade Mission delegate who actually lived in China as a student in the 1990s, commented:

> In 1993, I did an overseas students’ study semester in China. At that time, I felt that I was very fortunate to live in the U.S. because I would walk out of the hotel and see many beggars. Today, you walk out of a hotel in China and what you see is close to our U.S. lifestyle—everyone is eating a Big Mac and drinking Starbucks. Even in the Forbidden City, Starbucks has a shop with a long line! Thirteen years ago, China was a third world country. Today, there is so much building going on and cranes are everywhere—China is a huge 21st century huge construction site! In 1993, there was no television TV in China; now, everyone has a TV.

The prosperity of China’s citizens in the large cities, compared with other Asian countries was also striking to delegates familiar with large urban cities where urban poverty still exists as the norm. C.V. Shashikumar, Trade Mission delegate and a native son of India, noted the following:

> Being brought up in India until I was 24, my impressions of China prior to visiting it this year were similar to those of India—too many people and too few facilities to provide for the needs of many. Being a communist country, I basically saw China as more restrictive and less liberalized. To my surprise, I noticed a completely different picture with respect to liberty and living standards. We could go wherever we wanted and talk with whomever we wanted. Living standards were on par with western countries, taking purchase power parity into account. I did not notice any slums, ghettos, etc. in any of the five cities we visited. In contrast, I am very much aware that 60% of the population in Mumbai, financial capital of India, lives in the slums there.

**Creating New Business Ventures**

A vast variety of business opportunities and markets exist along China’s eastern seaboard cities; likewise, there are an immense range of trade and manufacturing opportunities in Asian countries. At the same time, no single formula exists for developing successful business strategies in any industry or country. Business leaders in the “Outstanding 50” Trade Mission remarked that seeing China first-hand gave them new perspectives regarding the development of business opportunities. Delegates represented both large and small accounting firms and engineering companies as well as small businesses specializing in medical supplies and on-line retailing.

In Shanghai, delegates met with U.S. government staff for a briefing on China’s emergence as a major economic player. Staff noted that it is important to keep in perspective that the U.S. economy is seven times that of China, and that foreign investment in both countries is about the same ($70 billion per year). On a global scale, China is a medium-sized economy; its gross domestic product is $1.2 trillion, a GDP comparable to Italy’s. While the east coast of China has the majority of disposable income, almost one billion people live inland with a much lower income and are not plugged in to the booming economy of the eastern region.