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China

Chasing After China

A Thriving Economy. The 2008 Summer Olympics. Entrance into the World Trade Organization. All eyes are on China, and Hawaii wants a piece of the action.

By Jacy L. Youn

It's been nearly six months since China officially entered into the World Trade Organization, but what exactly does that mean for our little island state in the middle of the Pacific? Sure, opportunities in the China market are worth upwards of about \$200 billion, according to Richard Bahar, business development manager for the Department of Business, Economic Development and Tourism. But it appears Hawaii is still unclear about one thing: how are we best able to sink our teeth into a piece of that pie? Most local companies have yet to establish themselves as players in the global market, while the state government is still struggling with the fact that despite a handful of successful East-West transactions, China's perception of Hawaii is one of a visitor destination, not a business hub.

"When I talk to people in China and Hong Kong, they don't perceive Hawaii as a serious business competitor like the U.S. mainland and other foreign countries," says Johnson W.K. Choi, president and executive director of the Hong Kong-China-Hawaii Chamber of Commerce. "They think, 'Okay, you're from a tourist destination.' So we really have to prove that whatever services or products we bring over there are cutting edge and that we really mean business. And that's difficult, because, to be honest, Hawaii has a limited number of strengths and a lot of weaknesses."



International Influence: AM Partners' Le

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Ongoing improvements support Chinatown's prized mom-and-pop culture.

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It may be only lunch-counter fare, but the dishes at Sansei are put together by people who care.

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Meet the founder of Hawaii's Only Woman-Owned mortgage bank.

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Chateau opened in Shanghai late last year.

The constrictive size of most Hawaii-based companies is among the biggest barriers for those looking to do business in China. Very often these are companies in specific niche industries, each with a tight budget and a small staff. Especially without any direct flights from Hawaii to China, it becomes disadvantageous for a company to exert the time and money to send even one employee over to hustle business.

Eric Epling, chief marketing officer for a Honolulu-based Internet solutions firm, Revacomm, says that while the cost factor can be limiting, there are creative ways around it. "I think partnering is the best way to try and enter a market when you're a small company," says Epling. Revacomm made local news early last year, when it was awarded a \$2 million contract to develop a Web presence for Xinhua Financial News of Hong Kong and Beijing – a subsidiary of the world's third-largest news agency. Epling says that rather than exhausting all of your resources on advertising in Shanghai and Beijing, where the markets are just too large and dynamic for most Hawaii companies, invest the time in honing in on a small handful of potential clients, in the smaller cities where competition is less fierce. "Affiliate yourself with someone who has a presence there, that certainly helps," he says. Or better yet, someone who has a presence here and there.



Joanna Li, who is presently working out of a corner unit in Revacomm's Amfac Tower office, is putting the finishing touches on the business plan for her new company, East-West Liaison LLC, which she hopes to open in about a year. Li was born in Southern China, where she worked as a reporter for seven years at the *China Daily*. She is among a growing pool of Chinese consultants who hope to lend their expertise to Hawaii companies to aid in the area of business development, training and market assessments.

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“Of course, with the upcoming Olympics, and the development pace China will be sustaining over the next several years, there’s an increased level of interest from the local community wanting to expand to China,” she says. “But there is still the communication barrier. In China, who introduces you is the most important thing, and so a lot of people are immigrating to Hawaii from China and are positioning themselves as somebody who can help the local businesses who are interested in China.”

Even with the proper *guan xi* (connections), marketing to China is getting increasingly difficult, admits Charles Lau, president of AM Partners. The Honolulu-based architecture firm has been doing projects in China since 1985, averaging about three to six projects there at a time, with a total value between \$0.5 million to \$1 million per year. “It’s difficult, because it really is a global market now,” says Lau. “With the Internet, it’s really just become a leveled playing field. The guy working in Ireland or Singapore or France has the same chance of reaching that client in China as we do.”

This, however, is the area in which Hawaii actually has the upper hand. “China is in a stage to really want to catch up with the rest of the world, and the United States is such a superpower; they naturally think of us as a first choice,” says Chao Robert Zheng, manager of business development in Greater China for Wimberly Allison Tong & Goo, another Honolulu-based architecture firm doing work in China. “And being from Hawaii, there is less of a cultural divide with China than other areas in the world.” WATG entered the China market in 1978.

“Hawaii architecture firms do well in China, because they are experts in resort design. The service and tourism industries are huge opportunities for Hawaii to get into the China market,” says Yen Chun, director of the Chinese Chamber of Commerce of Hawaii and director of Uniket Ltd., a China consulting firm. “What Hawaii companies need to do now is find other markets where we can add value to China.”



Experts in Resort Designs: WATG's
Qingdao Garden Hotel

Easier said than done. According to the experts, drawing parallels between China's needs and Hawaii's offerings is a difficult task. Chun argues that the three primary industries that really benefit from China's entrance into the WTO are financial services, automobiles and agriculture. The Hong Kong-China Chamber's Choi says that financial services, healthcare and education are all on the top of China's wish list, while East-West Liaison's Li says it's all those areas plus environmental consulting, architectural planning and insurance.

"Finding all of the specific industries where Hawaii companies can best enter the market ... you can see it's just so elusive," says Lily K. Yao, chairman of the Chamber of Commerce of Hawaii and director emeritus of the Chinese Chamber of Commerce of Hawaii. "China's entrance into the WTO will definitely help us in the long run. But someone has to go into China and learn what their plan is first. What specific areas do they need help with? From there, we can see how we're going to fit Hawaii into that plan. It isn't going to work any other way."

Photo Courtesy: Am Partners and Wimberly Allison
Tong & Goo

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