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A new game

China's entry to the World Trade Organization presents opportunities for Hawaii, if we can meet the challenge

Johnson W.K. Choi

There is much excitement and expectation on China's Entry into World Trade Organization. On behalf of the Hong Kong China Hawaii Chamber of Commerce, I have been meeting with more than 30 business leaders in Hong Kong and southern China. When the meeting is one-on-one away from the news media and not involving any political officials, information received is more truthful and down to earth. The meetings were focused on the following:

- >> Finding collaboration partners for Hawaii companies.
- >> Working in partnership with various chambers of commerce in Hong Kong and southern China.
- >> Partnering with other state economic development offices in Hong Kong (California, for example).
- >> The perception of Hawaii as an education-health-biotechnology-technology center and tourism destination.

It is very disturbing when I introduce myself from Hawaii at the beginning of each and every meeting that all except one said the absence of direct flights have made Hawaii an inconvenient business destination choice. Those who visited Hawaii more than five years ago cited unfriendly and hostile customs and immigration officers. I think improvements have been made on the customs and immigration areas and shared my personal experience with them.

Among many business initiatives, there are a couple of areas Hong Kong is pursuing that may help Hawaii if we play our card correctly. They are education and health care. Hong Kong may be Hawaii's best collaboration partner.

I have met with Frank Martin, president of the American Chamber of Commerce in Hong Kong, who has spent more than 25 years in Hong Kong. We have discussed why American firms failed in China. Some of the most common reasons are:

>> Lack of knowledge of the market.

>> Top-down approach and the thought they will solve any problem by throwing money at it.

>> Lack of a credible partner.

I am fortunate to have had the opportunities to attend conferences featuring top leaders like Anthony Nightingale, director of Jardine Matheson Holding Ltd.; Lily Chiang, president, E1 Media Technology Ltd.; David Eldon, chairman, The Hong Kong & Shanghai Banking Corp.; Victor Li, managing director and deputy chairman, Cheung Kong (Holding) Ltd.; Anthony Wu, chairman, Far East Ernst & Young; William Fung, group managing director, Li & Fung (Trading) Ltd.; Peter Woo, chairman, Hong Kong Trade Development Council; C H Tung, chief executive, Hong Kong SAR; Christopher Cheng, managing director, Wing Tai Corp. Ltd; Antony Leung, financial secretary of the Hong Kong SAR; Fu Yuning, president, China Merchants Holding Co Ltd; Annie Wu, managing director, Hong Kong Beijing Air Catering Ltd; Denis Simon, president, Monitor Group (China).

Discussions and meetings were made with the representatives of television stations HKTVB and RTHK in Hong Kong on the possibilities on exchanging programs with the Hawaii Public Television. While details need to be worked out, the response is overall positive.

I have met with Janie Fong, director of the Economic and Trade Office in Hong Kong. I am very impressed with her operation, which has offices in Beijing and Shanghai helping California companies partner with Hong Kong and China business entities. The chamber will be working with her office to assist Hawaii companies pursuing the Hawaii-Hong Kong-California-China partnerships.

The challenge of Shanghai replacing Hong Kong as the financial center and China entering the WTO have become an interesting topic among the business community in Hawaii. I have met and invited Norman Chan, deputy director of the Hong Kong Monetary Authority to attend a luncheon sponsored by the chamber in Hawaii on Feb 23 to provide us with update information. Chan has accepted our invitation.

One of our collaboration partners is the Hong Kong Trade Development Council. I had a long discussion over dinner with Dennis Yau, executive vice president of council about how to further improve and expand on our business relationship.

I am expecting the business partnership in the pursuance of trade between the council and the chamber will be made stronger than ever.

I have met with leaders in the travel business including many of my fellow alumni of the UH School of Travel Industry Management on the impact of the mainland China tourist trade. The mainland China visitor has increased substantially both in numbers and money spent in the Hong Kong economy for the past two years. They are expecting the trend to continue. Taiwan has also experienced an increase of mainland China tourists visiting the island. I have asked what the challenge is for Hawaii to get an increased share of mainland China tourism. Obtaining a visa from the U. S. Consulate is the biggest challenge. Cost and lack of a direct flight to Hawaii are common reasons cited for selecting a Far East tourist destination and visiting the U.S. West Coast instead of Hawaii.

I have had discussions with parties familiar with various agreements signed by various government entities between China and U.S. states.

For larger cities like Shanghai and Beijing, they must have dozens if not hundreds of similar agreements.

The success of a venture will depend on the strength and credibility of the business arrangement.

The relationship among parties still plays an important role, but a less important role compared to five to 10 years ago. According to William Fung, group managing director of Li & Fung (Trading) Ltd., China will fully implement all the rules and regulations of the WTO. The biggest challenge is the enforcement at the local level.

While the state is trying very hard to promote tourism, there are certain federal rules and regulations placing Hawaii at a competitive disadvantage. The Jones Act is one reason why it costs \$5,000 to ship a 40-foot container to Hawaii and less than \$2,000 to Los Angeles. It is also the reason why no airline flew directly to Hawaii from Singapore, Hong Kong or Taiwan.

When I returned home from Hong Kong, I must go through the five-hour wait in Tokyo for the connecting flight to Hawaii. The positive note was the flight must be 80 percent full, a sign that the Japanese tourist may be returning to Hawaii.

The customs and immigration officers were friendly. A nice cup of cold juice was presented when I exited the customs gate. What I do not understand was why one baggage claim area was assigned to an 80 percent full Boeing 747-400. For those who travel to Japan, Hong Kong and Taiwan, the size of our baggage claim is considerably smaller. To add to the insult, one lady, very rude and unfriendly, was yelling to visitors repeatedly to move the luggage carts to the other end of the baggage claim and not to block the baggage handler removing the overflowing baggage.

After a long flight, the last thing you want is someone to keep yelling at you.

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