Guest Member Editortial

The Emerging Dragon

By: Barry J. Sinnott

Everyone is talking about China. Since Deng Xiaoping in 1978 opened up Communist China to the outside world, foreign investment has been pouring in. China has taken this investment to fuel incredible economic growth for its population. The middle class is growing by leaps and bounds and the rich are beginning to appear on top world affluence lists.

With this increase in wealth, Chinese consumers are developing tastes for all things foreign. Gucci, Louis Vuitton and Rolex adorn Shanghai's top shopping street, Nanjing West Road, which is chasing New York's 5th avenue as a showcase for the world's top brands. Guangzhou (formerly Canton) has a Lamborghini car dealership When I asked a Chinese friend what kind of car he drives, he told me with pride, "I drive a Buick". If they can afford foreign (American) cars, Chinese will buy them.

It is not just foreign consumer goods that are desired by China. China's factories and businesses recognize foreign brands in industrial goods as well. For example, international industrial sensor brands have 60% of the Chinese domestic market while Chinese brands have just 40%. Large foreign companies like Coke, Nokia and Carrefour have been selling to the Chinese market for quite some time now. In today's China, however, it is now possible for small and mid-sized foreign firms to set up in the "Middle Kingdom". Last year, there emerged a new type of Wholly Owned Foreign Enterprise (WOFE) that has trade and distribution rights within China. The investment requirements are considerably less than they were in the past. The time is now for our small and mid-sized US companies to begin accessing the China market to sell their goods. By setting up a WOFE, foreign firms have full ownership and control of their company.

There are important Intellectual Property Rights concerns when entering the China market that are best addressed as follows:

- Companies should set up in-house systems to police intellectual property and inventory.
- Rather than developing a convoluted network of distributors, attempt as much direct sales as possible.
- Develop and maintain good relations with customers and continuously educate them on your value.
- Find trustworthy Chinese employees and partners to work with.
- Develop and maintain local Chinese government connections.

The risk is considerable when entering the China market with a unique product. But as the world turns, change is inevitable and to ignore the China market is folly. It will take the brave and adroit to tame the dragon and access its immense benefits.

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"Across upstate New York, job growth is anemic, wages are nearly stagnant and young people are leaving the region in search of better opportunities," said James Alesi (R/C-Perinton), who is sponsoring the bill (No. S8212) in the Senate. "The long overdue reforms in this bill would provide much-needed relief to businesses across Upstate New York, and help propel the economy of Upstate New York to an era of prominence once again."

The bill is co-sponsored in the Senate by Thomas Libous (R/C/I-Binghamton, Broome County), Michael Nozzolio (R-Fayette, Seneca County), Mary Lou Rath (R/C/I-Williamsville, Erie County), Joseph Robach (R-Greece, Monroe County), James Seward (R/C/I-Oneonta, Otsego County), Dale Volker (R/C/I-Depew, Erie County), George Winner, Jr. (R/C-Elmira, Chemung County) and James Wright (R/C/I,-Watertown, Jefferson).

"New York State has lost out on too many job-generating opportunities because our state's regressive workers' compensation policies," said Matt Stubley, president of the Mohawk Valley Chamber.

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