

China will help U.S. companies find a market there

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By Dennis Zink

"No American organization would ever think of doing something like that within this country!"

— *SCORE Mentor, Charles "Chuck" Steilen*

Charles Steilen recently took on a new role of advising the Hong Kong Government's international trade operation in the United States. Initially, Steilen will focus on Florida and report to the head of Hong Kong's trade operation in the U.S., which is located in New York City. Steilen visited Hong Kong to make a presentation to the Hong Kong trade development unit. He was then invited to New York to make the same presentation to the key personnel there. Both offices agreed that Steilen should start with Florida's medical device manufacturers to begin exporting their products to Hong Kong and China.

Background – Looking at the other side of the coin. International trade is one of the key political topics of the day. There are important trade issues that Americans should understand, yet they currently know absolutely nothing about how this should be accomplished.

There is no integrated U.S. export strategy. There are only a few ad hoc activities. What the U.S. should be doing is developing an integrated export strategy. However, the U.S. has decided to go the political route and cut back on various types of trade agreements. One might think that the U.S. should be looking at the "other side of the coin."

The demise of Enterprise Florida. Enterprise Florida had three fundamental objectives: attract investment to Florida, promote tourism and encourage exporting. According to Steilen, "About three years ago, I went to the presentation of Enterprise Florida in Orlando which focused on the opening of offices in Hong Kong and Shanghai and the role that these offices would play. At the conclusion of that presentation, it was my opinion that this program was doomed to failure."

The strategy Enterprise Florida used was to find companies with products, and like a needle in a haystack, find a market (the haystack) in China for those products (the needles). The Hong Kong strategy was the exact opposite, find a market and then find manufacturers of those products that fit the need. Steilen says the American approach just doesn't work and the results have been dismal.

Last November, after making a presentation to the Hong Kong trade development unit, Steilen met with the Enterprise Florida office in Hong Kong. That meeting focused on Steilen's recommendation to totally reverse the strategy that they had been told to implement. It was too late, and that office closed five weeks later.

Chinese checkers and exporting. The China strategy was initially designed by the Hong Kong Trade Development Council for which Steilen was marketing consultant. The initial exporting plan developed for Hong Kong manufacturers (before China opened up) was based on the same objective and strategy as the old Sears Catalog (lots of pages, lots of products). Until recently, the largest exporter out of China to the U.S. was the Fung brothers from Hong Kong. The Fung brothers are American citizens.

Look at the recent success of Alibaba's market debut in the U.S. in September 2014. Alibaba is a giant China-based e-commerce company that is proving to be very successful at on-line marketing. Alibaba provides a business portal to connect Chinese manufacturers with overseas buyers. It has become the largest retailer in the world, surpassing Wal-Mart in 2016.

Understand that the Chinese export strategy was not developed by anyone in China. The main exception to the Chinese export strategy was conducted by Deng Xioping followed what Chairman Mao set up. They developed a Special Economic Zone across the border from Hong Kong. Deng wanted to get rid of Communism and renamed this initiative a "market economy with socialistic characteristics." Personal income levels across the border from Hong Kong, in the southern part of China, were 10 times what they were in Beijing, home of the central government. Goodbye, Communism!

Health care and aging. The Hong Kong trade development unit is now trying to help U.S. companies export their goods into East Asia and China. Why would China show U.S. companies how to export goods to China? Because China has a major problem in health care and aging, that's why.

Steilen made a presentation to the Florida Medical Products Manufacturers Consortium, based in Tallahassee. They have 107 Florida medical products manufacturers in their group, out of 600-plus medical manufacturers in Florida. Most of these companies are small businesses. The

consortium has agreed to promote this exporting opportunity to its members. Steilen arranged for the head Hong Kong guy in New York to be a speaker at the consortium's upcoming annual meeting in St. Petersburg. The topic is medical product opportunities in China.

Steilen took advantage of a trade show scheduled in Hong Kong in mid-May focusing on medical products. He is capitalizing on the connection of Florida medical product manufacturers to the trade show in Hong Kong.

"Why not invite those importers and distributors from China to the Hong Kong show and promote this trade show within the U.S. to American manufacturers of medical products?" Steilen asked.

He is hopeful this relationship will result in more U.S. export business to China.

Market research and the future. Reports on two other market sectors in China show there is also a tremendous opportunity for the exportation of cosmetics and packaged food products.

In 10 years, four of the five largest economies of the world will be in Asia. These include China, India, Japan and Indonesia. The fifth one is the U.S.

Let's get prepared for the future!

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