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Seeing China Evolve:

China considered to be in economic adolescence

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Ben Tse has always seen a different China.

He was born in China, but grew up in British-controlled Hong Kong. He watched China evolve and emerge after he came to the United States to attend school in the 1970s. Mr. Tse has worked to bring his two cultures closer together.

After attending Golden Gate University in San Francisco and later Purdue University, Mr. Tse founded a software company and later sold it. More recently, he co-founded China Prime, a database of Chinese companies designed to give Western businesses an entrée to and understanding of the Asian market.

Business Weekly recently spoke to Mr. Tse about doing business in China. What follows is an excerpt of that conversation.

Q: What role does China fill in helping the U.S. emerge from the recession?

A: China has been exclusively an export- and manufacturing-driven economy. Late last year, the Chinese government noticed that as the U.S. economy slowed down China was unable to handle it. Now China wants to create domestic consumption. China wants to spend 18 trillion renminbi to work in clean energy and environmental technology and pump money into policies to increase domestic consumption. For example, they are providing subsidies for peasants to buy automobiles, so companies like GM China are doing great. There is opportunity in China for U.S. companies.

Q: In what sort of U.S. products are Chinese consumers interested?

A: A lot of U.S. products carry a premium. Chinese consumers prefer buying U.S. products because they see them as higher quality. So things like pharmaceuticals and even U.S. made computers project quality for Chinese consumers and they are willing to pay more.

Q: China has a reputation for unfair trade practices. Should that deter U.S. businesses looking for opportunities?



A: Chinese government officials know they have to do their part for the balance of trade, and they are removing restrictions for foreign products and companies. Wal-Mart, Starbucks and KFC are all doing well.

Q: Do you think the perception of China as “communist” with a spotty human rights record is fair?

A: There is a lot of incorrect information in the media. China is not this authoritarian, communist country. The economy is centrally controlled and planned, very much like Argentina. But Chinese people speak their minds and have freedoms. There are Catholic and Protestant churches and many Buddhists. To be sure, they do not have the same democracy and freedoms we have in the U.S., but the market and the people in China are freer than most people think. When my friends visit China, they are surprised that there are not soldiers on every corner. China is not a nation under martial law.

The Olympics helped, but the government of China does not do a good job changing perceptions. The ruling class does not yet recognize the importance of making information available to the outside world.

Q: How does a company with no knowledge of China approach exporting there?

A: China is not an easy place to do business for Westerners. At China Prime, we collect information about businesses and put it in a form Western businesses can understand. In the U.S., things are organized and black and white, but in China there is only gray. Chinese businesses are also not good at marketing themselves. China does not have the informational or legal structure for their businesses. They are in their adolescence. China is opening. Businesses that initiate action now will be ahead of the game.

Mr. Ben Tse is the Chief Operating Officer of China Prime (www.chinaprime.com) and a Managing Director of its subsidiary America Office (www.americaoffice.net).