



TradeView

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KWTC Program Promotes Hong Kong as Premier Gateway to Chinese Market

On November 13th over 70 international business representatives attended a special breakfast briefing in Louisville hosted jointly by the Kentucky World Trade Center (KWTC) and the Hong Kong Trade Development Council (HKTDC). The program, entitled "Hong Kong: Your Premier Business Platform for Post-WTO China," provided exporters with compelling reasons to choose Hong Kong as a gateway to the Chinese market.

The HKTDC, with 40 offices worldwide, promotes trade and investment with Hong Kong, Dongguan and the Pearl River Delta. Richard Tam, Director of the HKTDC in Chicago, encouraged exporters to consider these regions first when entering the Chinese market, labeling Hong Kong as the wealthiest region of China with the greatest purchasing power.

Mr. Tam presented a proven low-risk high-return business model specifically designed for small and medium-sized companies wanting to enter the Chinese market. Using this model, a company would keep their marketing and R&D functions in the United States, while opening a sales office with 30-100 employees in Hong Kong, and a manufacturing operation nearby in Dongguan.

As part of mainland China, Dongguan offers manufacturers considerably lower costs than those found in Hong Kong, while Hong Kong offers the prevalence of English, an educated workforce, a lack of financial and travel restrictions, and the free market economy that specifically



From left: Ted Nixon, Chairman & CEO of D.D. Williamson, Richard Tam, Director of the Hong Kong Trade Development Council, and Don Herbert, Vice President of Cargowith UPS offer their expertise and experience with setting up operations in China to local companies wanting to do business with China.

benefits sales operation. Another advantage is Hong Kong's unique tax regime consisting of a flat 16% tax for ordinary profits, 15% for salaries, and no capital gains tax, dividend tax, overseas income tax, or sales tax.

Ted Nixon, Chairman & CEO of D.D. Williamson, shared his company's experiences in China since building a wholly-owned plant in Shanghai in 1996, and the specific lessons they have learned:

- Succeeding in China takes time and patience, but is attainable. American products are very popular. Companies need to have a presence in China, and understand the market.
- China is a very large county, but all of the sales activity takes place along the east coast.
- Wages are low. The high-end wage for a college graduate is 50 renminbi or \$7 per day.
- Most Chinese don't speak English. Therefore, know the language, and have your business card translated by a Chinese national to avoid mistakes. Also allow ample time to receive a visa before you travel.
- Cantonese is spoken in Hong Kong, whereas Mandarin is spoken in much of the rest of China. Therefore, if a representative in Hong Kong promises to develop the market for a product

throughout China, it is important to make certain they speak both languages and have offices in several cities.

- The Chinese bureaucracy is staggering. Each export shipment of caramel color requires the signature of 10 different officials, some in cities outside of Shanghai.
- Quality is a relative concept. Thermometers purchased in China for use in their Shanghai operation were incorrectly calibrated, resulting in production problems.
- Productivity has little meaning. In socialist China, hiring people is much more important to them than saving money. The most effective sales platform has been quality.

Don Herbert, Vice President of Cargo with UPS, related that UPS has made significant investments in Hong Kong and China. UPS was permitted access to 6 new routes in China in 2001, which accelerated package shipments by 1 full day.

The KWTC extends special thanks to the HKTDC, our primary event sponsor. We also appreciate the support of KWTC Global Patron members, Brown-Forman Corporation, Frost Brown Todd LLC, Greenebaum, Doll & McDonald PLLC, and the Kentucky Cabinet for Economic Development, and of our cooperating organizations, Crane House, the Department of Commerce, and Greater Louisville Inc.

Vice President Herb Ouida Leaves WTCA Family



Herb Ouida

In a heartfelt letter on December 27, 2002, Herb Ouida, the Executive Vice President of the World Trade Centers Association (WTCA), said good-bye to the WTCA family. Mr. Ouida, whose son Todd was killed in the September 11th terrorist attacks, made the difficult decision to leave in order to devote his time to his family and to the Todd Joseph Ouida Memorial Children's Foundation, created in his son's name to support psychological services for children of families in need (www.mybuddytodd.org).

Prior to his position with the WTCA, Mr. Ouida served over a span of 26 years in a variety of increasingly responsible positions at the Port Authority of New York and New Jersey. In 1969, he began his career at the Port Authority where he served until he was asked by Mayor Koch to assume the position of First Deputy Commissioner and General Counsel for an agency charged with regulating ground transportation in the City of New York.

He subsequently returned to the Port Authority and assumed responsibility for creating XPORT, the first public trading company in the United States. Under Mr. Ouida's leadership, XPORT received the coveted Harvard Innovation award and was presented with a certificate of excellence by President Reagan in a Rose Garden Ceremony.

Mr. Ouida is a Woodrow Wilson Fellow and has spoken at Universities and Colleges throughout the nation advocating a liberal arts education, including the study of foreign languages and cultures. Mr. Ouida received his undergraduate degree from Brooklyn College and a law degree from St. John's University.

TradeView in 2003

Look for three issues of TradeView to appear in the Kentucky Journal of Commerce & Industry in 2003:

- February 4, 2003
- August 5, 2003
- November 11, 2003

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KWTC Hosts British Trade & Tourism Program

Program to complement Kentucky Horse Park's 'All the Queens Horses' British Art Exhibit



ART EXHIBIT

Beginning April 26, the Kentucky Horse Park will host an exhibit entitled 'All the Queen's Horses: the Role of the Horse in British History,' featuring more than 400 artifacts and 60 paintings that explore the rich equestrian heritage of England, Scotland, Wales and Northern Ireland from 10,000 B.C. to the present. Many of the pieces included in this world-exclusive exhibition have never been exhibited in America.

The art exhibition is being assembled from 78 public

and private collections throughout Britain with a total value of approximately \$100,000,000. Artifacts include a 3rd century B.C. Scottish pony head armor; a gilded bronze Roman cavalry helmet with mask; Henry V's war saddle; Henry VIII's Burgundian horse armor; Elizabeth I's sidesaddle; the spurs of Charles I, and various items from the current Royal Family.

One of the exhibition's highlights will be the complete reconstruction of a sixth century gravesite of an Anglo-Saxon warrior and horse. This extremely significant site was discovered near Cambridge in 1997. All the Queen's Horses will also feature a stellar collection of 60 paintings that enhance the exhibition's outstanding collection of artifacts.

The horse has been an integral part of British history for more than two millennia. Much of the material presented in All the Queen's Horses will be directly associated with British monarchs including Henry V, Henry VIII, Charles I, Charles II, Elizabeth I, Victoria, George V, George VI,



George III Reviewing the 10th Dragoons, After Sir William Beechey (1753-1839), oil on canvas © Queen's Printer and Controller of HMSO, 1990. UK Government Art Collection

Edward VIII and Elizabeth II. In England today, the Royal family remains intimately involved with horses. All members of the Royal family will be providing pieces for the exhibition.

For more information about the exhibit, which runs from April 26 - August 24, please contact the Kentucky Horse Park in Lexington at (800) 678-8813 or visit www.imh.org/khp/.

UK TRADE & TOURISM PROGRAM

In cooperation with the Horse Park's exhibition, the Kentucky World Trade Center will host a British Trade & Tourism program on April 25th in Lexington at the Radisson Hotel from 11:30 a.m. - 1 p.m. The British Ambassador to the United States and the British Consul General have both been invited to speak. Guests will also have the chance to meet with trade and investment specialists from the United Kingdom.

For more information about the program, or to register, please call the Kentucky World Trade Center at 800-233-5982.



KENTUCKY WORLD TRADE CENTER

Holley Groshek, Executive Director
Jay Tannon, Chairman of the Board



You are invited to WORLD TRADE DAY 2003 Louisville, June 11, 2003, Seelbach Hilton Hotel

Join us for Kentucky's 11th annual World Trade Day luncheon and trade fair - the state's largest gathering of international trade and business professionals! Meet with country trade representatives from around the world and network with over 400 Kentucky business people representing the state's international manufacturing and service firms.

The prestigious World Trade Success Award will be presented to Kentucky companies who have achieved outstanding success in international trade for the past year. This year the program will also recognize the newest inductee into the World Trade Centers Association's Book of Honor, celebrating an individual or organization that has demonstrated exceptional commitment to world peace through international trade initiatives.

WORLD TRADE DAY 2003 PROGRAM

"Tour the World" International Dignitary Trade Fair - Learn about products, trends and opportunities in global markets through one-on-one sessions with visiting foreign trade representatives.

International Service Provider Trade Show - Featuring companies such as freight forwarders and attorneys who specialize in international trade services to help your company succeed in overseas markets.

The 11th annual World Trade Success Awards Luncheon honoring firms for outstanding achievements in international trade, with keynote address.

Presentation of the 2nd annual World Trade Centers Association Book of Honor award, celebrating an individual organization committed to world peace through international trade initiatives.

2002 WORLD TRADE SUCCESS AWARD WINNERS

Advanced ChemTech - Manufacturing Category

Anderson Lumber - Agricultural Category

APB Financial - Service Category

Kentucky Agricultural & Commercial Trade Office - International Trade Services

Kentucky Horse Park; Sargeant & Greenleaf; Tasman Industries - Thoroughbred Award

2002 BOOK OF HONOR INDUCTEE

Former Governor Martha Layne Collins

Call the Kentucky World Trade Center at 800-233-5982 to register your attendance today!

Global Trade News

US & EU FORGE FREE TRADE PACTS WITH CHILE

The European Union (EU) signed a free trade pact with Chile in November that will abolish import duties on all but a handful of Chilean industrial products within three years and agricultural goods within a decade. Chile has agreed to phase out charges on EU industrial imports within 7 years and farm produce within 10 years.

The U.S. followed suit and signed a free trade pact with Chile in December. More than 85% of bilateral trade in consumer and industrial products will become duty-free as soon as the accord takes effect. All remaining duties will be eliminated over the next 12 years. The agreement opens the Chilean market in the financial, insurance and telecommunications sectors, and provides broad stipulations for electronic commerce and intellectual property. Congress is expected to ratify the agreement by March.

EU SET TO EXPANDEASTWARD

The EU has invited ten new countries to join the current fifteen member states on May 1, 2004. The majority are from the former communist eastern bloc - the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia, as well as Cyprus and Malta. The ratification process will begin after the member states and candidates have signed the accession treaty in Athens in April. All the candidates are expected to hold referendums during the course of 2003 on joining the bloc.

MERCOSUR MOVES TOWARD FTA WITH OTHER REGIONAL AREAS

The South American trade bloc Mercosur is drafting a preferential tariff agreement with the Caribbean Communities (Caricom) and the Central American Common Market (MCCA). Meanwhile, negotiations between Mercosur and the Andean Community towards a free trade agreement are reaching their final stages.

In addition, Mercosur and the European Union (EU) plan to announce 20 new accords, constituting a significant advance toward the signing of a comprehensive agreement establishing free trade between the two blocs. The agreement will cover market access on goods, services, government purchases and investments, among others. The parties have agreed to meet again in the second half of 2003 to initiate the final stage of the negotiations.

JETRO TRADE TIE-UP PROMOTION PROGRAM (TTPP)

The Japan External Trade Organization (JETRO) is promoting its Trade Tie-up Promotion Program (TTPP), which can assist U.S. companies with finding business partners in Japan. This free online partner matching system allows companies to register online, browse more than 40,000 business proposal listings from companies worldwide, and receive automatic e-mail notification of business partner matches. For more information please visit the JETRO New York website at www.jetro.org/newyork/index.htm.

Ag Export Finance Conference to Take Place February 11th

By Byron Brewer, Kentucky Department of Agriculture

Farmers and agri-businesses thinking about exporting products internationally should consider attending the Ag Export Finance Conference on February 11 at Louisville's Executive Inn. The conference is designed to inform producers about the types of assistance, primarily financial, that are available for marketing products outside the United States. Topics will include international trade financing opportunities, how to sell products successfully in the global marketplace, and competitiveness issues.

"Many Kentucky agri-businesses and individual producers are beginning to market their products overseas," said Agriculture Commissioner Billy Ray Smith, who will serve as host. "A growing number of people are discovering the tremendous dividends that international export markets offer. Our producers and agribusinesses need to take advantage of every new opportunity that may be available."

Mary Chambliss, Deputy Administrator for Export Credits of the U.S. Department of Agriculture, is scheduled as keynote speaker. Also speaking will be Kentucky producers who have found success in selling their products abroad. A discussion panel will allow farmers and agri-business representatives to address issues specific to their operations.

The event is sponsored in part by the Kentucky Department of Agriculture and the Kentucky World Trade Center. There is no cost to attend for Kentucky participants, but out-of-state participants will be charged \$20 for the day. Lunch will be provided. Programs run from 9 a.m. to 4:30 p.m. EST.

For more information or to register, please contact Jennifer Crawford with the Kentucky Department of Agriculture's Division of International Marketing by phone at (502) 564-4696 or by e-mail at jennifer.crawford@kyagr.com. The registration deadline is February 7, 2003.



Left: Over seventy international business representatives attended the trade program about doing business with China and Hong Kong, hosted by the Kentucky World Trade Center and the Hong Kong Trade Development Council.

Global Internet Update

ASIA-PACIFIC CLAIMS GREATEST SHARE OF WORLD'S ONLINE POPULATION

According to the eMarketer report, [Asia-Pacific Online: Access, Demographics and Usage](#), the Asia-Pacific region was to have over 180 million Internet users by the end of 2002. The Asia-Pacific region, according to the report, constituted the world's largest Internet market in 2002, ahead of both Europe, with 175.7 million users, and North America, with 167.7 million net users. They estimate that there will be 235.8 million users in the region by 2004.

"This population is composed largely of Internet users from three countries: Japan, China and South Korea. They make up nearly three-quarters of the region's Internet user population," says Dr. Nevin Cohen, Senior Analyst at eMarketer. According to International Telecommunication Union figures, there were 116 million Internet users in the three countries by the end of 2001.

eMarketer explains that despite a sluggish global economy, including continual stumbling in Japan, consumer demand for devices such as computers, mobile phones and personal digital assistants (PDAs) has remained consistent throughout the region, so Internet usage is rising.

Source: www.webofculture.com/updates/global_update_august_2002.asp

MARK YOUR CALENDAR!

E-Mail Your Upcoming Events to Susan Cook at scook@louky.org!

DATE	LOCATION	EVENT	SPONSORED BY	VENUE	CONTACT
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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KWTC Member News

APBFINANCIAL

APB Energy, a leading broker of electricity swaps in North America and Europe, will soon be acquired by ICAP, the world's largest inter-dealer broker with offices in Sydney, Singapore and London. The group is active in the wholesale market for OTC derivatives, fixed income securities, money markets, futures, foreign exchange, and energy and equity derivatives. ICAP plans to use the purchase of APB to develop its electricity and natural gas brokerage operations in the U.S and European markets.

BROWN-FORMAN

Brown-Forman Beverages has received the William B. Darden Distinguished Vendor Award for outstanding vendor quality, service and product value. The award was presented recently at the National Restaurant Association show in Chicago. Darden Restaurants Inc., sponsor of the award, cited Brown-Forman for its assistance in building a strong beverage program for its restaurants.

FORD MOTOR COMPANY

Ford is investing \$50 million to expand and renovate its Kentucky Truck Plant in preparation for an increase in production of its F-Series SuperDuty pickup trucks. Plans call for a \$25.2 million expansion of the paint shop, a \$12 million overhaul of the body shop, and \$8 million work on the plant's chassis line.

GENERALELECTRIC

GE has combined its GE Appliances and GE Lighting businesses into a single entity known as GE Consumer Products. The new division will be headquartered in Louisville. James P. Campbell, previously president and CEO of GE Appliances, has been named the president and CEO of GE Consumer Products.

TOYOTA

Toyota is investing \$140 million in a new manufacturing facility in Tijuana, Mexico that will be used to produce the Toyota Tacoma pickup truck. The new Toyota Motor Manufacturing de Baja California division will be part of Toyota Motor Manufacturing North America.

ZEON CHEMICALS

Gary Grindrod has been promoted to president and CEO of Zeon Chemicals LP, a producer of elastomers, polymers and specialty chemicals. Grindrod previously served as vice president and general manager of Zeon's New Business Development division, and as director of sales for Zeon's Elastomers division. He has a degree in chemical engineering from the Georgia Institute of Technology and has completed the Wharton Advanced Management Program at the University of Pennsylvania.



KWTC New & Renewing Members

NEW MEMBERS

Regular Memberships
Orr Safety

RENEWING MEMBERS

Patron Memberships
Greenebaum, Doll & McDonald PLLC
LG&E Energy Corporation

Regular Memberships
BET Reproductive Labs, Inc.
Khafra Engineering Consultants
Water Energizers
White Hydraulics

Non-Profit Memberships
Murray State University

Club Memberships
Americas Business Link