

IBS 154 Pacific Rim Countries
International Business Development
Dianna Last

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Phoenix, Arizona

SYLLABUS

COURSE: IBS 154 Pacific Rim Countries: International Business Environment

SECTION: xxxxx

ROOM: xxxxx

MEETS: xxxxxxxx, 6:30 - 8:55PM

DATES: xxxxxxxxxxxx

INSTRUCTOR: Dianna L. Last

TEL: 9936449

FAX: 9938969

TEXTBOOK

No Textbook required for the class, utilize the Reference Material List (attached)

COURSE DESCRIPTION

Pacific Rim Countries: International Business Environment examines the importance of the Pacific Rim within the scope of worldwide trade. Emphasis is on cultural/social customs, language and business practices. Class will focus on key East Asian and Southeast Asian countries and country states. Objective is to gain an understanding of the key factors involved in doing business successfully in Asia.

COURSE OBJECTIVES

1. Understand the importance of the Pacific Rim within the scope of worldtrade including both trade agreements and trade issues between various countries.
2. Locate sources of data, information and assistance to research the business environment (marketing, advertising, distribution, effect of culture, etc) of the Pacific Rim countries.
3. Develop the ability to analyze foreign markets through secondary research.
4. Define the various forms of business available when conducting international trade in the Pacific Rim.
5. Identify and evaluate the key cultural, political, legal and economic factors that affect how business is conducted in each country.
6. Recognize the key factors in establishing and maintaining markets in each country,
7. Describe common regional economic goals, cultural values and practices as well as differences between Pacific Rim countries.
8. Analyze the potential for a product in a comparative marketing guide, indicating whether the product would have a single-country market, a market throughout the Pacific Rim or a global market.
9. Identify the types of voice, data and video communications (Infrastructures) used in this region
10. Connect to the Internet and search to locate a group or individual involved in International business in a Pacific Rim country.
11. Send and receive an Internet mail message requesting "country specific" business information.

COURSE OUTLINE

- I. Economic Boom in Pacific Rim
 1. Regional Statistics
 2. Trading Blocks
 3. Keys to Success
 4. Cultural Differences
 5. Business Opportunities in the Pacific Rim
 1. Negotiating Contracts
 2. Business Arrangements (JV, etc)
 3. Marketing, Distribution, Advertising
- II. Country Studies
 1. History, Culture and Religion
 2. Economic Background
 3. Business Customs and Practices

- 4. Political and Legal Environment
- III. Competitive Marketing Summary
- Key Trading Nations
 - Major Exports and Imports
 - Business/Investor Considerations
 - Cultural Considerations and Communications
 - Economic Goals
 - Channels of Distribution
 - Regulations and Barriers
 - Outlook - Future Opportunities

Course content will vary to meet the needs of the students in specific sections

STUDENT RESOURCES

Maricopa Community College Libraries and Bookstores
 Arizona State University, Libraries and Bookstores
 Thunderbird - AGSIM, Library and Bookstore

Public Libraries
 Maricopa County Libraries

EVALUATION CRITERIA

Current Events Articles	15%	15 points
Ten (10) Country Competitive Market Summaries	75%	75
Class Participation (attendance & class discussion)	<u>10%</u>	<u>10</u>
Total Grade Points	100%	100
Extra Credit: Additional Country Competitive Marketing Summary	5%	5

ASSIGNMENTS AND ASSIGNMENT DUE DATES

Each week you must turn in a copy of a current article about the covered country along with the competitive market summary for that country. All articles and summary pages are due at the end of class on the country "discussion" date (the week after the country presentation). By doing the presentation at the end of one class and the discussion of that country at the beginning of the next class you have a week to find an appropriate article and research the information required on the competitive market summary form.

NOTE: Take advantage of the country presentation or video to collect information for each country's competitive summary form.

COURSESCHEDULE

<u>Week</u>	<u>Topic/Country Discussion</u>	<u>Country Presentation</u>
1	PACIFIC RIM INTRO: STATISTICS, TRADING BLOCKS, KEYS TO SUCCESS	
2	CULTURE, OPPORTUNITIES	SINGAPORE PRESENTATION
3	SINGAPORE DISCUSSION	SOUTH KOREA PRESENTATION
4	SOUTH KOREA DISCUSSION	TAIWAN PRESENTATION
5	TAIWAN DISCUSSION	HONG KONG PRESENTATION
6	HONG KONG DISCUSSION	CHINA PRESENTATION
7	CHINA DISCUSSION	JAPAN PRESENTATION
8	JAPAN DISCUSSION	THAILAND PRESENTATION
9	THAILAND DISCUSSION	MALAYSIA PRESENTATION
10	MALAYSIA DISCUSSION	INDONESIA PRESENTATION
11	INDONESIA DISCUSSION	VIETNAM PRESENTATION
12	VIETNAM DISCUSSION	ASIA SUMMARY

REFERENCE MATERIAL
“PACIFIC RIM COUNTRIES”

BOOKS AND GUIDES

- **Big Business Blunders: Mistakes in Multinational Marketing**
David Ricks (Dow Jones-Irwin)

- **Business China**
- **Business Germany**
- **Business Japan**
- **Business Mexico**
Peggy Kenna & Sondra Lacy (NTC Business Books)

- **Argentina Business**
- **China Business**
- **Japan Business**
- **Mexico Business**
- **Singapore Business**
- **USA Business**
World Trade Press, Country business Guides

- **Business France**
- **Business Italy**
- **Business Korea**
- **Business Taiwan**

- **Australia Business**
- **Hong Kong Business**
- **Korea Business**
- **Philippines Business**
- **Taiwan Business**
- **Philippines Business**

- **Chinese Etiquette & Ethics in Business**
Boye De Mente (NTC Business Books)

- **Communicating for Peace, Diplomacy and Negotiation**
edited by Felipe Korzenny & Stella Ting-Toomey (Sage Publications)

- **Do's and Taboos Around the World**
Roger E. Axtell (John Wiley & Sons)

- **Do's and Taboos of Hosting International Visitors**
Roger E. Axtell (John Wiley & Sons)

- **How to Do Business with China**

- **How to Do Business with Japan**
Jina Bacarr (Birch Lane Press)

- **How to Work for a Japanese Boss**
Jina Bacarr (Birch Lane Press)
- **International Business Communications Desk Reference**
- **International Business Information: How to Find It, How to Use It**

- **International Negotiation: A Cross-Cultural Perspective**
Glen Fisher (Intercultural Press)

- **Japanese Etiquette & Ethics in Business**
Boye De Mente (NTC Business Books)

- **National Negotiating Styles**
Hans Binnendijk (Foreign Services Institute, U.S. Dept of State)

- **Riding the Waves of Culture, Understanding Cultural Diversity in Business**
Frons Trompenaars (The Economist Books)
- **The Cultural Environment of International Business**
Vern Terpstra (South Western Publishing)
- **The Global Edge: How Your Company Can Win in the International Marketplace**
Sondra Snowdon (Simon and Schuster)
- **The Global Market**
- **The International Businesswoman: A Guide to Success in the Global Marketplace**
Marlene Rossman (Praeger Publishers)
- **The Travelers Guide to Asian Customs and Manners**
Kevin Chambers (Simon and Schuster)
- **Understanding Japanese Business**
- **Winning in Foreign Markets**
- **Working with Japan**

REFERENCE MATERIAL

"PACIFIC RIM COUNTRIES"

INTERNATIONAL INFORMATION SOURCES STATISTICAL DATA

- **Asia Business Book**
- **Asia Pacific Securities Handbook**
- **Consumer Asia**
- **United Nations Statistical Yearbook**
Published annually by the United Nations, NY, NY.
700 pages of detailed historical statistics on every aspect of world business.
- **UNESCO Social Statistical Compendium**
Publishing Service United Nations, NY, NY 10017
- **Organization for Economic Cooperation and Development (OECD)**
Series of economic reports about member nations.
- **Annual, London: Euromonitor Publications:**
European Marketing Data and Statistics
Consumer Europe
International Marketing data and Statistics:
 - data on living standards for European & other countries**Retail Trade International:**
 - data on consumer purchase patterns by product & retail store
- **Far East and Australasia**
- **Statistical Yearbook for Latin America**
Statistical Bulletin for Latin America
Published annually by the United Nations, NY,NY.
- **The Markets of Asia/Pacific**
London: The Asia Pacific Center, LTD. Printed in NY
- **Culturgrams**
PVCC Library

REFERENCE MATERIAL

"INTERNATIONAL MARKETING"

INTERNATIONAL PUBLICATIONS

PVCC, DOWNTOWN PHOENIX LIBRARY, ASU & AGSIM

NEWSPAPERS:

CHINA DAILY	PRC
FREE CHINA JOURNAL	TAIWAN
TORONTO GLOBE & MAIL	CANADA
JAPAN TIMES	JAPAN
THE EUROPEAN	EUROPE
JERUSALEM POST	ISRAEL
LONDON TIMES	ENGLAND

ON-LINE RESOURCES:

ABI/GLOBALBUSINESS DATELINE	NATIONAL TRADE DATA BANK
PREDICASTS	NEWSPAPER ABSTRACTS
	BUSINESS PERIODICALS
	ON DISK

MAGAZINES:

ADVERTISING AGE	HARVARD BUSINESS REVIEW
ASIAN WALL STREET JOURNAL	HISPANIC
ASIA WEEK	HISPANIC BUSINESS
BEIJING REVIEW	HISPANIC TIMES
BUSINESS ASIA	INC.
BUSINESS CHINA	INTERNATIONAL EXECUTIVE
BUSINESS EASTERN EUROPE	INTERNATIONAL MANAGEMENT
BUSINESS EUROPE	JOURNAL OF INTERNATIONAL
	BUSINESS
BUSINESS INTERNATIONAL	JOURNAL OF INTERNATIONAL
	MARKETING
BUSINESS LATIN AMERICA	JOURNAL OF JAPANESE TRADE &
	INDUSTRY
BUSINESS MEXICO	LATIN AMERICA WEEKLY REPORT
BUSINESS WEEK	MEXICO, COUNTRY PROFILES
	REPORTS
COLUMBIA JOURNAL OF WORLD	NIKKEI WEEKLY
BUSINESS	IN BRITAIN
ECONOMIST	THE NATION
FAR EASTERN ECONOMIC REVIEW	TRADE AND CULTURE
FORBES	WALL STREET JOURNAL
FOREIGN AFFAIRS	WORLD PRESS REVIEW
FORTUNE	WORLD TRADE

**IBS 154 PACIFIC RIM COUNTRIES: INTERNATIONAL BUSINESS
ENVIRONMENT
COMPETITIVE MARKETING SUMMARY FORM**

4. Vital Economic Statistics:

Population: _____
Currency: _____
GDP: _____
Income: _____

2. Language(s), Official, Spoken, Written & Dialects:
3. Religion(s) and Other Belief Systems:
4. Key Trading Nations:
5. Top Foreign Investors:
6. Major Imports:
 1. Major Exports:
 2. US opportunities For Exporting:
 3. US Opportunities For Importing:
10. Cultural Considerations and Communications:
11. Economic Environment, Development Strategy & Goals:
12. Channels of Distribution:
13. Regulations and Barriers (Tariff, Non-Tariff, Customs, Licenses, etc.):
14. Intellectual Property Provisions:
15. Business/Investor Considerations:
 - Barriers to Entry -
 - Ownership Requirements -
 - Profit Transfer -
 - Government Incentives
16. Current Issues to Consider:
17. Outlook - Future Opportunities

**COMPETITIVE MARKETING SUMMARY FORM
SINGAPORE**

1. Vital Economic Statistics:

Population:	2,890,468 (July 1995 est.)
Currency:	1 Singapore dollar (S\$) = 100 cents
Exchange rates:	Singapore dollars (S\$) per US\$1 - 1.4524 (Jan. 95)
GDP:	\$57 billion (1994 est.)
Income:	\$19,940 (1994 est.)

2. Language(s), Official, Spoken, Written & Dialects:
Chinese (official), Malay (official and national), Tamil (official), English (official).

3. Religion(s) and Other Belief Systems:
Buddhist (Chinese), Muslim (Malays), Christian, Hindu, Sikh, Taoist, Confucianism.

4. Key Trading Nations:
US, Japan, Malaysia.

5. Top Foreign Investors:
U.S., Japan, European Community.
three U.S. investors: Seagate Technology (computers), Caltex (petroleum), and Mobil (petroleum).

6. Major Imports: (from US 1993 in millions of US\$)

Electronic circuits & parts	2,113
Data processing machines	805
Powered aircraft	761
Typewriter/office machine parts	518

7. Major Exports: (to US 1993 in millions of US\$)

Data processing machines	5,272
Typewriter/office machine parts	1,484
Electronic circuits & parts	1,368
Heterocyclic compounds	442
Radiophone reception equipment	314

8. US opportunities For Exporting
Electronic components, Industrial chemicals, Aircraft and parts, Electrical power systems, Computer hardware and peripherals.

9. US opportunities For Importing:
Asian banking and investment services.

10. Cultural Considerations and Communications:
The legal system is similar to that of the US but rules that might normally be passed by in the US are taken very seriously in Singapore. The objective is to create a refined society and a respect for the country and its laws as a whole.

11. Economic Environment, Development Strategy & Goals:
Singapore is a service oriented country thus the expansion of banking and investment services and an aim to be the financial center of the Pacific are goals of the future Singapore.

12. Channels of Distribution:
Sea and air ports along with trucking.

13. Regulations and Barriers (Tariff, Non-Tariff, Customs, Licenses, etc.):

Tariffs and Taxes: More than 90 percent of exports enter Singapore duty free. Licensing: Generally no licensing requirements. See the attached FAQ under Tariffs and Taxes.

14. Intellectual Property Provisions:

International treaty in place. Although a strict copyright law was enacted in 1987 that protects all types of copyrighted materials, the emphasis seems to be on software piracy. These laws were put to the test in 1993 when a major piracy ring was broken and the offenders were made to pay restitution damages and spend time in jail. On the other hand, pirated video cassettes pass freely in Singapore and the censors approve of the sale and or rental of these cassettes. One should be wary of Singapore as a market for videos until this imbalance of the law is resolved. See the attached FAQ under Intellectual Property Rights.

15. Business/Investor Considerations:

Barriers to Entry

Government of Singapore has monopoly over public utilities and arms manufacturing, and control over newspaper publishing.

Ownership Requirements

Foreign Ownership Restrictions: Generally none. Restricted in a few strategic sectors. Also, foreign ownership of real estate is restricted.

Profit Transfer

Free profit transfer.

Government Incentives -

Any lack of import tariffs or taxes along with the ease by which foreign investment is handled could be seen as an indirect government incentive.

16. Current Issues to Consider:

Singapore is highly competitive with its neighbor rival Hong Kong. With the end of Hong Kong's lease comes a possible shift in banking powers due to nervousness and uncertainty of Hong Kong's future. Given this opportunity, Singapore might seize the moment to make a surge forward towards its banking goals. The stability of Singapore compared to Hong Kong in the next few years should be watched closely because this will determine who will be the leader during the beginning of the twenty-first century.

17. Outlook - Future Opportunities:

The outlook for Singapore seems bright given its political stability and obvious ability and brain pool in the banking and investment areas. It doesn't have the pending uncertainty that might be perceived as is the case with Hong Kong while it does have a population that prides itself on striving forward and making Singapore a better place. The only area to be wary of is as Singapore continues to strive hard in more intellectual areas the industrial and manufacturing areas will start to decrease creating a top heavy society without the means for manufacture. Taking all aspects into consideration, Singapore has the best risk for foreign investment.

**IBS 154 PACIFIC RIM COUNTRIES: INTERNATIONAL BUSINESS
ENVIRONMENT
COMPETITIVE MARKETING SUMMARY FORM
SINGAPORE**

5. Vital Economic Statistics:
Population: _____
Currency: _____
GDP: _____
Income: _____
2. Language(s), Official, Spoken, Written & Dialects:
3. Religion(s) and Other Belief Systems:
4. Key Trading Nations:
5. Top Foreign Investors:
6. Major Imports:
7. Major Exports:
8. US Opportunities For Exporting:
9. US Opportunities For Importing:
10. Cultural Considerations and Communications:
11. Economic Environment, Development Strategy & Goals:
12. Channels of Distribution:
13. Regulations and Barriers (Tariff, Non-Tariff, Customs, Licenses, etc.):
14. Intellectual Property Provisions:
15. Business/Investor Considerations:
Barriers to Entry -
Ownership Requirements -
Profit Transfer -
Government Incentives -
16. Current Issues to Consider:
17. Outlook - Future Opportunities:

MARKETING IN SINGAPORE

- SINGAPORE IS AN OPEN MARKET AND A FREE PORT
- MORE THAN 96% OF IMPORTS ENTER DUTY FREE
- GENERALLY NO RESTRICTIVE TRADE OR INVESTMENT POLICIES
- NO TAXES ON CAPITAL GAINS, DEVELOPMENT OR IMPORTS

- ALMOST NO RED TAPE, INCENTIVE PROVISIONS
- ACCESS TO CREDIT & MODERN FINANCIAL SERVICES
- BUSINESS LANGUAGE IS ENGLISH
- EXCELLENT PHYSICAL/BUSINESS INFRASTRUCTURES

SEVEN WAYS TO ENTER THE SINGAPORE MARKET:

1. ESTABLISH A REPRESENTATIVE OFFICE
2. EXHIBIT AT A TRADE FAIR
3. LOCAL TRADING FIRM TO ACT AS DISTRIBUTOR/AGENT
4. DIRECT MARKETING
5. OPEN YOUR OWN DISTRIBUTOR OR RETAIL STORE
6. NEGOTIATE A JOINT VENTURE WITH LOCAL COMPANY
7. ENTER A BID ON LOCAL OR INTERNATIONAL PROJECTS

MARKETING IN SOUTH KOREA

ENTERING THE SOUTH KOREAN MARKET

FOUR (4) MAJOR WAYS TO GAIN ACCESS:

- USE AN AGENT
- OPEN A BRANCH OFFICE
- NEGOTIATE A JOINT VENTURE
- ESTABLISH A SUBSIDIARY

TWO (2) MAJOR DISTRIBUTION CHANNELS:

- REGISTERED TRADERS
HANDLES PAPERWORK OF IMPORTING
AFFILIATED WITH CHAEBOLS
CONSIDERABLE INFLUENCE
CAN EXTEND CREDIT TO IMPORTERS (IMPORTANT)
- OFFER AGENTS
REPRESENTS FOREIGN FIRMS
MAKES OFFERS ON THEIR BEHALF
CAN ONLY IMPORT USING A REGISTERED TRADER OR
THEIR "AUTHORIZATION"

BEST INITIAL STRATEGY IS TO:

- EXHIBIT AT A TRADE FAIR
- ADVERTISE IN A PROFESSIONAL TRADE JOURNAL
- MAKE YOUR EMBASSY WORK FOR YOU

**IBS 154 PACIFIC RIM COUNTRIES: INTERNATIONAL BUSINESS
ENVIRONMENT
COMPETITIVE MARKETING SUMMARY FORM
SOUTH KOREA**

1. Vital Economic Statistics:
Population: _____
Currency: _____
GDP: _____
Income: _____
2. Language(s), Official, Spoken, Written & Dialects:
3. Religion(s) and Other Belief Systems:
4. Key Trading Nations:
5. Top Foreign Investors:
6. Major Imports:
7. Major Exports:
8. US Opportunities For Exporting:
9. US Opportunities For Importing:
10. Cultural Considerations and Communications:
11. Economic Environment, Development Strategy & Goals:
12. Channels of Distribution:
13. Regulations and Barriers (Tariff, Non-Tariff, Customs, Licenses, etc.):
14. Intellectual Property Provisions:
15. Business/Investor Considerations:
 Barriers to Entry -
 Ownership Requirements -
 Profit Transfer -
 Government Incentives -
16. Current Issues to Consider:
17. Outlook - Future Opportunities:

MARKETING IN TAIWAN

ENTERING THE TAIWAN MARKET

THREE (3) MAJOR CHANNELS DOMINATE DISTRIBUTION:

- **PRIVATE TRADERS**
 IMPORTERS AND WHOLESALERS WHO BUY AND
 SELL FOR THEIR OWN ACCOUNTS

- **END USERS**
SUCH AS MANUFACTURERS, PUBLIC UTILITIES,
HOSPITALS, SCHOOLS AND OTHER PUBLIC
INSTITUTIONAL BUYERS

- **PUBLIC TRADING AGENCIES**
CENTRAL TRUST OF CHINA AND TAIWAN SUPPLY
BUREAU

THESE CHANNELS EITHER IMPORT OR EXPORT DIRECTLY OR
THROUGH SUPPLIER APPOINTED LOCAL AGENTS

THE CHANNEL YOU CHOSE DEPENDS ON THE PRODUCT YOU
WANT TO IMPORT

ONCE ESTABLISHED YOU MAY WANT TO SET UP YOUR OWN SALES OFFICE (YOU WILL STILL
NEED A LOCAL SALES AGENT).

SEVEN (7) WAYS TO APPROACH THE TAIWAN MARKET

- ESTABLISH A REPRESENTATIVE OFFICE
- EXHIBIT AT TRADE FAIRS
- GET A DISTRIBUTOR OR AGENT
- DO DIRECT MARKETING
- OPEN YOUR OWN DISTRIBUTORSHIP OR RETAIL STORE
- NEGOTIATE A JOINT VENTURE WITH A LOCAL COMPANY
- ENTER A BID ON PROJECTS

**IBS 154 PACIFIC RIM COUNTRIES: INTERNATIONAL BUSINESS
ENVIRONMENT
COMPETITIVE MARKETING SUMMARY FORM
TAIWAN**

1. Vital Economic Statistics:
Population: _____
Currency: _____
GDP: _____
Income: _____
2. Language(s), Official, Spoken, Written & Dialects:
3. Religion(s) and Other Belief Systems:
4. Key Trading Nations:
5. Top Foreign Investors:
6. Major Imports:
7. Major Exports:
8. US Opportunities For Exporting:
9. US Opportunities For Importing:
10. Cultural Considerations and Communications:
11. Economic Environment, Development Strategy & Goals:
12. Channels of Distribution:
13. Regulations and Barriers (Tariff, Non-Tariff, Customs, Licenses, etc.):
14. Intellectual Property Provisions:
15. Business/Investor Considerations:
 Barriers to Entry -
 Ownership Requirements -
 Profit Transfer -
 Government Incentives -
16. Current Issues to Consider:
17. Outlook - Future Opportunities:

MARKETING IN HONG KONG

ENTERING THE HONGKONG MARKET

WHY IS HONG KONG THE IDEAL PLACE FOR WORLD TRADE:

- **GEOGRAPHIC LOCATION**
 INROADS INTO CHINA, SOUTHEAST AND EAST ASIA
- **COMMUNICATIONS**
 MODERN, EFFICIENT & RELATIVELY INEXPENSIVE

- **INFRASTRUCTURE**
LARGEST CONTAINER PORT, SECOND BUSIEST AIRPORT IS THE EIGHTH BUSIEST CARGO PORT
- **LOW TAXES –**
- **FAVORABLE REGULATORY ENVIRONMENT**
- **LAIBOR FORCE**
WORK HARD, INNOVATIVE, EFFICIENT, RELIABLE
- **GATEWAY TO CHINA**
CONDUIT FOR MORE THAN 1/3 OF PRC GLOBAL TRADE
A BASE FOR MANY PRC ORGANIZATIONS

STILL A CHINESE SOCIETY WITH CHINESE SUPERSTITIONS,
CONFUCIAN CULTURE AND VALUES

CONFORMIST - IMPORTANT TO KEEP UP WITH THE "WONGS"

AGENT/DISTRIBUTORS ARE THE MOST EFFICIENT WAY TO ENTER THE MARKET, THEY UNDERSTAND THE SYSTEM:

- DON'T GRANT EXCLUSIVITY TOO SOON,
AGENT MAY BLOCK YOUR SALES NOT PROMOTE THEM
- BE CAREFUL WITH TECHNICAL/COPYRIGHTED INFORMATION
SUPPLY TECHNICAL INFORMATION IN INCREMENTS
- MONITOR YOUR AGENT CLOSELY FOR FIRST FEW MONTHS
ACT IMMEDIATE IF NOT PLEASED (IN A CONFUCIAN WAY)
- RESTRICT AGENT ACTIVITY IN YOUR FIELD IF TERMINATED
IMPLEMENT NON-COMPETE CLAUSES

**IBS 154 PACIFIC RIM COUNTRIES: INTERNATIONAL BUSINESS
ENVIRONMENT
COMPETITIVE MARKETING SUMMARY FORM
HONG KONG**

1. Vital Economic Statistics:
Population: _____
Currency: _____
GDP: _____
Income: _____
2. Language(s), Official, Spoken, Written & Dialects:
3. Religion(s) and Other Belief Systems:
4. Key Trading Nations:
5. Top Foreign Investors:
6. Major Imports:

7. Major Exports:
8. US Opportunities For Exporting:
9. US Opportunities For Importing:
10. Cultural Considerations and Communications:
11. Economic Environment, Development Strategy & Goals:
12. Channels of Distribution:
13. Regulations and Barriers (Tariff, Non-Tariff, Customs, Licenses, etc.):
14. Intellectual Property Provisions:
15. Business/Investor Considerations:
 - Barriers to Entry -
 - Ownership Requirements -
 - Profit Transfer -
 - Government Incentives -
16. Current Issues to Consider:
17. Outlook - Future Opportunities:

MARKETING IN CHINA

PEOPLE IN CHINA HAVE MONEY TO SPEND ON LUXURIES:

- DON'T BE FOOLED BY INCOME FIGURES

- MANY CHINESE DO NOT REPORT ALL THEIR INCOME
- BOOMING BLACK MARKET IN LABOR, GOODS, SERVICES
- HOUSING SUBSIDIES MEAN NO MORTGAGES
- ONLY 5- 10% IS SPENT ON HOUSING & UTILITIES
- NATIONAL SAVINGS RATE OF 38%, ALMOST NO TAXES

- MAJOR MARKETS

- .22 PROVINCES
- .3 MUNICIPALITIES
- .5 AUTONOMOUS REGIONS
- SUPPLY NOT DEMAND DRIVES THE MARKET
- DISTRIBUTION SYSTEM IS THE PROBLEM
- FOCUS MARKET PROGRAM IN A FEW CITIES OR "ZONES"

- CAUTIONARY NOTE

- RETAILERS PAY TOO MUCH FOR SPACE
- INFLATION IS 15-20% IN THE CITIES
- MONETARY FLUCTUATIONS

TRADE NO LONGER CONTROLLED BY FTC'S (Foreign Trading Co.)

- CLOSED DISTRIBUTION SYSTEM ABOLISHED
- MARKET FORCES ARE FREE TO MEET TRUE MARKET NEEDS
- STATE PRIVATIZED MOST SMALL COMMERCIAL ENTERPRISES

- CENTRAL PRICE/ALLOCATION PLANNING KEPT TO A MINIMUM

*CHANGE DID NOT OCCUR BECAUSE OF AN INSIGHTFUL GOVERNMENT
THE BREAKDOWN OF THE OLD TRADING ORDER CAN RESULT IN A CONFUSING AND COMPLICATED
MARKETPLACE*

INVESTIGATE A PROSPECTIVE PARTNER:

- | | |
|------------------------|-----------------------------------|
| - EXPERIENCE | IN SELLING/SERVICING YOUR PRODUCT |
| - FINANCIAL STATUS | GET AN INDEPENDENT ANALYSIS |
| - REPUTATION | WITH OTHER CLIENTS AND BANKER |
| - STRENGTH | MAY BE A MOM-AND-POP OPERATION |
| - GOALS | LONG TERM OBJECTIVES |
| - CONFLICT OF INTEREST | NOT INVOLVED WITH COMPETITION |

**IBS 154 PACIFIC RIM COUNTRIES: INTERNATIONAL BUSINESS
ENVIRONMENT
COMPETITIVE MARKETING SUMMARY FORM
PEOPLES REPUBLIC OF CHINA**

1. Vital Economic Statistics:
Population: _____
Currency: _____
GDP: _____
Income: _____
2. Language(s), Official, Spoken, Written & Dialects:
3. Religion(s) and Other Belief Systems:
4. Key Trading Nations:
5. Top Foreign Investors:
6. Major Imports:
7. Major Exports:
8. US Opportunities For Exporting:
9. US Opportunities For Importing:
10. Cultural Considerations and Communications:
11. Economic Environment, Development Strategy & Goals:
12. Channels of Distribution:
13. Regulations and Barriers (Tariff, Non-Tariff, Customs, Licenses, etc.):
14. Intellectual Property Provisions:
15. Business/Investor Considerations:
Barriers to Entry -
Ownership Requirements -
Profit Transfer -
Government Incentives -
16. Current Issues to Consider:
17. Outlook - Future Opportunities:

MARKETING IN JAPAN

BARRIERS TO THE JAPANESE MARKET

JAPAN HAS A COMPLEX SYSTEM OF DISTRIBUTION AND BUSINESS PRACTICES WHICH ARE OFTEN SEEN AS BARRIERS TO THE JAPANESE MARKET:

- **IT COSTS A LOT OF MONEY TO DO BUSINESS IN JAPAN**
- RENTS, SALARIES, TRANSPORTATION, FOOD IS EXPENSIVE
- EXCESSIVE COST CONTRIBUTE TO COMPANY FAILURE

- **WE DO NOT UNDERSTAND THE JAPANESE MARKET**
- **"KEIRETSU" STRUCTURE MAKES IT DIFFICULT**
- **PRICING PRACTICES IGNORE THE MARKET & INFLATE PRICES**
 - US RETAIL SALES RATIO IS @ 1.5 THE WHOLESAL E PRICES
 - JAPAN RATIO IS 4 TO 1 DUE TO NUMBER OF MIDDLEMEN
 - CONSUMPTION TAX LEVIED AT EACH STEP IN PROCESS
- **PRODUCT TESTING FORMALITIES ARE:**
 - COMPLEX
 - NEEDLESSLY TIME CONSUMING
 - NOT STANDARDIZED WITH OTHER COUNTRIES
- **HARD TO FIND QUALIFIED JAPANESE EMPLOYEES**
 - NATIONALISM DENIGRATES WORKING AT FOREIGN FIRMS
 - NO LIFETIME EMPLOYMENT WITH FOREIGN FIRMS

**DESPITE ALL THESE BARRIERS (ACTUALLY BECAUSE OF THEM)
THERE IS A HUGE UNTAPPED MARKET FOR IMPORTED PRODUCTS
AND COMMODITIES. GROWING AT 40% PER YEAR**

**A MARKET FULL OF HIGH-INCOME SOPHISTICATED BUYERS
YEARNING TO TRY FOREIGN GOODS**

**IBS 154 PACIFIC RIM COUNTRIES: INTERNATIONAL BUSINESS
ENVIRONMENT
COMPETITIVE MARKETING SUMMARY FORM
JAPAN**

1. Vital Economic Statistics:
Population: _____
Currency: _____
GDP: _____
Income: _____
2. Language(s), Official, Spoken, Written & Dialects:
3. Religion(s) and Other Belief Systems:
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11. Economic Environment, Development Strategy & Goals:
12. Channels of Distribution:
13. Regulations and Barriers (Tariff, Non-Tariff, Customs, Licenses, etc.):
14. Intellectual Property Provisions:
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16. Current Issues to Consider:
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MARKETING IN THAILAND

ENTERING THE THAILAND MARKET

MOVING FROM AN AGRICULTURE TO PRODUCT PRODUCER

- MAINLY EXPORT DRIVEN MANUFACTURING

AGRICULTURE IS STILL LARGEST ECONOMIC SECTOR

TOURISM IS GREATEST SOURCE OF FOREIGN EXCHANGE

LEARNING TO BE A SOPHISTICATED WORLD MARKETEEER

- ADAPTING QUICKLY TO CHANGING MARKETS
- GOOD PLACE TO INVEST

MAJOR COMPETITIVE ADVANTAGES

- **STRONG PRIVATE SECTOR IN INDUSTRY & AGRICULTURE**
 - DYNAMIC ENTREPRENEURS, UNDERSTAND PROFIT
- **EASILY TRAINED, INEXPENSIVE LABOR**
 - BUDDHIST CULTURE - EDUCATION IS IMPORTANT
- **LIMITED GOVERNMENT INVOLVEMENT**
- **GROWING NUMBER OF WESTERN-EDUCATED PEOPLE**
- **WELCOME FOREIGN PRIVATE INVESTMENT**

DESPITE THE ADVANTAGES, THERE ARE DRAWBACKS

- **OUTSTRIPPING CAPABILITIES OF INFRASTRUCTURE**
- **LACKS SUPPORTING INDUSTRIES FOR MANUFACTURING**
- **INCONSISTENT AND AMBIGUOUS APPLICATION OF LAWS**
- **FOREIGN CURRENCY EXCHANGES ARE REGULATED**
- **STILL PROBLEMS WITH INTELLECTUAL PROPERTY**
- **GOVERNMENT OFFICIALS DISTRUST PRIVATE SECTOR**

**IBS 154 PACIFIC RIM COUNTRIES: INTERNATIONAL BUSINESS
ENVIRONMENT
COMPETITIVE MARKETING SUMMARY FORM
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MARKETING IN MALAYSIA

ENTERING THE MALAY MARKET

MALAYSIA HAS TWO ASSETS FOR AMERICANS:

- LEADING SOURCE OF RAW MATERIALS
- LOW-COST LABOR FOR MEDIUM TECH GOOD TO RE-EXPORT

BROADENING INDUSTRIAL BASE & UPGRADING INDUSTRY

- OVER MANAGEMENT HAS SLOWED A BOOMING ECONOMY

- GOVERNMENT CONTROL HAS INTERFERED IN THE FINANCIAL AND COMMODITY MARKETS

WANT TO MOVE FROM PLANTATIONS TO TECHNOLOGY

- HEAVY INDUSTRIAL FACILITIES HAVE BEEN CREATED
- PENANG ISLAND - THE ORIGINAL BRITISH OUTPOST, HOUSES SEVERAL MULTINATIONAL ELECTRONIC COMPANIES

GROWING AFFLUENT MIDDLE CLASS = WESTERN GOODS

- STORES ARE ALWAYS LOOKING FOR NEW PRODUCTS
- GROWING DEMAND FOR CONVENIENCE ITEMS

WELCOME FOREIGN PRIVATE INVESTMENT

SELL THROUGH ESTABLISHED TRADING COMPANIES

- BEST ONES ARE BRITISH OR BASED IN SINGAPORE
- LOCAL COMPANIES ARE MALAY OR CHINESE OWNED
- MAY BE EASIER TO ENTER VIA SINGAPORE

AMERICAN BUSINESS OPPORTUNITIES IN:

- TELECOMMUNICATIONS - BEING PRIVATIZED
- COMPUTERS AND PERIPHERALS - GROWING PC MARKET
- SOFTWARE - FAIRLY NEW COPYRIGHT LAW
- FOOD PROCESSING AND PACKAGING
- INFRASTRUCTURE - INVESTMENT IN ROADS, ENERGY, ETC

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MARKETING IN INDONESIA

ENTEMG THE MONESIAN MARKET

INDONESIA IS RICH IN HUMAN AND NATURAL RESOURCES

- AGRICULTURE ACCOUNTS FOR ONE FOURTH OF GNP
- ENERGY AND MINING FOR ONE FIFTH
- MANUFACTURING FOR ONE TENTH
- CONSTRUCTION AND SERVICES THE REMAINDER

ECONOMIC PROJECT TO DEVELOP BATAM ISLAND

- GROWTH TRIANGLE WITH SINGAPORE AND MALAYSIA (JOHOR)
- GOVERNMENTS COOPERATED IN CONCEPT & INFRASTRUCTURE
 - LOW COST LABOR/LAND IN INDONESIA
 - LOW COST BUT SKILLED LABOR IN JOHOR
 - FINANCIAL AND TECHNICAL RESOURCES IN SINGAPORE

MARKET EXISTS TO SUPPORT INDUSTRIAL DEVELOPMENT

- GOVERNMENT EXPENDITURES ON INFRASTRUCTURE
- EXPANSION OF MANUFACTURING SECTORS

NOT YET A MAJOR MARKET FOR CONSUMER PRODUCTS

- BUT THERE IS AN EXPANDING, AFFLUENT MIDDLE CLASS

GOVERNMENT IS STILL INWARD LOOKING, NATIONALIST, PROTECTIONIST AND BUREAUCRATIC

- PREFERS SELF-SUFFICIENCY, "WE CAN DO IT" ATTITUDE
- FOREIGN INVESTMENT - "WE'LL TAKE IT ON OUR TERMS"
- MANY BARRIERS TO TRADE, HIGH TAXES, TARIFFS, ETC.
- RULES AND REGULATIONS INCONSISTENT AND ARBITRARY
- CORRUPTION IS A MAJOR IMPEDIMENT
- NEED A LOCAL PARTNER BUT FEW QUALIFIED ENTITIES

AMERICAN BUSINESSES ARE LARGE MULTI-NATIONALS

MARKETING IN VIETNAM -

ENTERING THE VIETNAMESE MARKET

MARKET ENTRY STRATEGY DEPENDS ON BUSINESS/GOALS

- CONSUMER GOODS DIFFERENT THAN INFRASTRUCTURE PROJECT
- MULTINATIONAL COMPANIES VS SMALL-MEDIUM ENTRY

AVOID THE COMMON MISTAKES:

1. DO YOUR HOMEWORK

- THOROUGHLY RESEARCH A PROJECT BEFOREHAND
- MARKET CONDITION, LAWS, INVESTMENTS, PARTNER

2. IDENTIFY AND FORMALIZE THE PROJECT

- MEET WITH RELEVANT VIETNAMESE ORGANIZATIONS
- DOES THE PROJECT FIT INTO THE GOVERNMENT'S PLANS
- VISIT LAWYERS, ACCOUNTANTS, ETC FOR PROS & CONS

3. CONSIDER ALL OPTIONS/CREATE A BUSINESS PLAN

- FEASIBILITY, TARGET MARKETS, TIMING, FINANCING, ETC.
- DETERMINE THE ENTRY MODE (JV, ETC)

4. FIND GOOD ADVISORS

- SELECT YOUR LOCAL CONSULTANT CAREFULLY

5. TAKE YOUR TIME TO FIND THE RIGHT PARTNER

- BE CLEAR AS TO WHAT KIND OF PARTNER YOU WANT

6. CHECK WITH RELEVANT AUTHORITIES/PERFORM DUE DILIGENCE

- BEWARE OF PHANTOM DEALS, ASCERTAIN THE TRUE LEVEL

7. NEGOTIATION AS EDUCATION

- LACK OF EXPERIENCE WILL CAUSE MANY PROBLEMS

8. LICENSING PROCESS

- START THE PROCESS LONG BEFORE YOU INTEND TO APPLY

From "Doing Business in Vietnam, Chamber of Commerce and Industry of Vietnam"

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**CRITICAL FACTORS TO WATCH
IN THE
PACIFIC RIM REGION**

Many Of These Factors Point To Problems Or Opportunities

Virtually every country in the Pacific Rim is in the midst of a major economic transition

1. Developing nations are improving their technological capabilities.
Japan moving into basic research, Singapore & Hong Kong into research/R&D,
China and ASEAN into applying more advanced technologies.

2. The ASEAN nations' attitude about trade and investment is changing.
Concerned about overdependence on their trading partners, sources of technology and cultural domination.
3. Watch for trends toward privatization of formerly state run enterprises.
Will they be able to function and operate efficiently in the private sector.
4. Look to the growth of regionalization.
One purpose of ASEAN is to foster trade among member nations.
5. The pattern of foreign investment is important.
Influence follows money, the extent to which Japan, Taiwan, Korea & Australia make "no-strings-attached" loans and grants can shift U.S. influence.
6. Take into account the China factor, keep an eye on the "Greater China" phenomenon.
Taiwan's engineering, Hong Kong's financial and managerial skill and China's market and resources.
7. The population of the Pacific Rim is growing rapidly.
Unemployment is growing in Indonesia, China, Japan, and even Korea.
8. Keep an eye on patterns of political transition and succession.
Can current leaders maintain control, will anti-economic leaders (Vietnam, Burma, Laos) move toward economic development.
9. U.S. policies impact Pacific Rim markets.
U.S. wants to open markets and improve protection of intellectual property but trade policy may be moving toward protectionism.