



Winter 1997 - Volume 2, No. 3

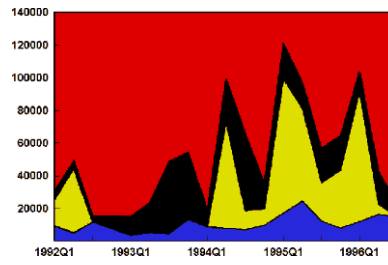
**The Tennessee Export Office Joins *Global Commerce***

You may have noticed some changes to our masthead. Beginning with this issue, *Global Commerce* is being published in partnership with the Tennessee Economic and Community Development's Export Office. The Tennessee Export Office will be contributing stories, announcements, and export advice for *Global Commerce* readers. We are excited to work with contributing editor Bob Pawlick, Director Andy Pelych, and the rest of the Tennessee Export Office staff to provide you with the most timely and valuable information on Tennessee's international business activities and opportunities.

Our first joint issue focuses on China. Since the days of the Yankee Clipper, Americans have vainly hoped that the world's most populous country would become a vast market for our goods. The astounding Chinese economic growth of the past decade may be realizing these hopes at last. We lead with Governor Sundquist's thoughts after his recent trip to China, and Professor Dick Redditt (from MTSU), a member of the Governor's delegation, gives us an overview of his observations. Professor Jon Woodruff provides us with a case showing that doing business in China is still not for the faint of heart, while Mr. Chih Wang outlines the great opportunities that may await for those who take the plunge. These articles are hardly the end of the story. Please note that, courtesy of the TEO, we are placing a number of useful China-related internet web sites on our home page for those who wish to further explore doing business in China.

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Tennessee's Exports to China  
(in \$ thousands)





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**Governor Sundquist Promotes Trade With China**  
by Governor Don Sundquist

I am convinced that Tennessee's economic health, our ability to provide a rewarding standard of living for our citizens, is increasingly linked to active participation in the global marketplace. That's why I support an aggressive program for developing trade and commercial opportunities, building upon the work of my predecessors, Lamar Alexander and Ned McWherter.

The possibilities for Tennessee companies in China's emerging economy are particularly exciting. In pursuit of these opportunities, an active partnership between the state and the Tennessee Valley Authority supports Tennessee companies in commanding an even greater role as providers of the products and services needed to fuel China's explosive growth and development.

When I first visited China in 1978, as a member of a delegation from the American Council of Young Leaders, I saw a land very different from what I found earlier this month. A new era of openness has emerged, bearing out what I have long believed that open and free trade between the United States and the People's Republic of China is a win-win situation for both nations and both peoples.

Tennessee's 200 years of history is, in contrast, not much time at all when compared to the 7,000 years of China's recorded history. Yet, at a time when both economies are booming, Tennessee and China are focused on new beginnings and new ways of working together to meet the challenges of the future.

China's economy expanded by more than 50 percent over the last five years, and this economic momentum is predicted to continue at a brisk pace well into the 21st century. The nation is likely to become the single most important trading partner with the U.S. over the next 20 to 30 years.

China is Tennessee's sixth largest market for export products and services, after Canada, Japan, Mexico, Germany and the United Kingdom. Agricultural exports average more than \$425 million each year and are the state's number one export to China, followed by chemicals, nonelectric machinery, primary metal products, paper and food and kindred products. Overall, Tennessee already ranks among the top 10 states in terms of products and services that China imports from the U.S.

During the *Economic Opportunities Through Water and Energy Conference* in Beijing, those of us representing the State of Tennessee met with officials from our sisterstate of ten years, Shanxi Province. Warmly received and engaged by our counterparts at this meeting, we renewed the relationship that in the early eighties established exchanges in trade and education between Tennessee and Shanxi and served as a springboard into opportunities in other areas of China.

In a show of goodwill and friendship, Shanxi Vice Governor Xue Jun and I signed an agreement to work toward expanded exchanges between Tennessee and Shanxi in 1997. These exchanges are suggested in the areas of economics, trade, culture, education, science and technology and medicine. This meeting served to renew the formal relationship between our sisterstates and marked the first time since 1985 that Tennessee honored Shanxi's official invitation for the governor of our state to visit China.

Following our meetings in Beijing, Tennessee Dept. of Agriculture Commissioner Dan Wheeler led a four-member delegation to Taiyuan, the capital city of Shanxi Province. As official guests of Governor Sun Wensheng, Tennessee's delegation spent their day and a half visit touring both private and state-owned agricultural operations and outlying rural villages and meeting with local officials. They found every inch of land in use, either planted with crops (mainly corn, millet, sorghum and vegetables) or sheltering village inhabitants. Technical assistance for agricultural development is an area of particularly keen interest to our Shanxi counterparts.

Whether from economists' foretellings or from firsthand observation, we can predict with certainty that China's role in the world economy will continue to have implications for us in Tennessee. Now is the time for resident companies to stake their claims on tomorrow's business landscape. And, through the Tennessee/TVA partnership and a renewed sisterstate relationship between Tennessee and Shanxi, Tennessee's companies are a step closer to matching their strengths to the needs of the world's fastest growing market.

In terms of its farm sector, technological capabilities and service sector strength, Tennessee is well equipped to serve the growing demand for goods and services that will accompany an endlessly expanding Chinese market. China's Ninth Five Year Plan calls for investing in target industries that complement the technical capacities of companies already here in Tennessee: machine building, electronics, automobile manufacturing; construction and building materials; textiles and light industry. As far-reaching growth moves further and further into China's interior, the developments and the opportunities will be stunning.

Tennessee companies intent on competing globally are strongly advised to evaluate what a foothold in the China market could mean for their futures. Ultimately, success in China means more jobs for Tennesseans as companies position themselves as industry leaders that set the standards, provide the systems and service the technologies for a nation ripe for long-term economic development. Without a presence, companies risk surrendering market share in China and the greater Asian region to their rivals from around the world.

The China market represents vast opportunity for those with long term vision and resources to invest. In partnership with TVA, and with additional support from Ambassador Jim Sasser and those serving with him at the American Embassy in Beijing, the State of Tennessee is facilitating a link between Tennessee companies and the opportunity that lies ahead.

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**Doing Business in China for 1997 to 2001: A First Impression**

by Dr. Richard S. Redditt

Professor, Russell Chair of Manufacturing Excellence, Middle Tennessee State University

China is a developing country in desperate need of capital investments and newer technologies to help springboard them into the world economy. The major business strategy in China today is the Joint Venture (JV), which is widely used to attract foreign investors. In order for the JV to be successful, however, it must include significant involvement from Chinese investors, including their support of the business permits.

Additionally, while visiting with a U.S. Department of Commerce representative at the U.S. Embassy, I learned that any company planning to start a business in China should expect to lose their entire investment if the business policies of the central government change.

In China, it is traditional for the prospective business partners to have several meetings to get to know each other, before beginning discussions of the business plan. After agreeing to do business, a contract for the joint venture is developed for both parties to sign. In the U.S. this would be a binding agreement, but in China this is simply an indication that business has started. In my opinion, this suggests that the U.S. partner cannot leave the table expecting that all points of the initial contract will remain intact.

During September 1996, I spent three weeks in China, visiting and working in Beijing, Wuhan, and along the Yangtze river at Three Gorges and the Lesser Three Gorges. In Beijing, I was the guest of the Minister of Water Resources, the Governor of the State of Tennessee and the Tennessee Valley Authority. In Wuhan, I was a visiting professor at Wuhan Transportation University. While traveling up the Yangtze River I saw the beginning stages of the Three Gorges Hydroelectric dam which will have 27 electric generators along its two banks when completed. It is estimated that several complete cities and over 1,000,000 people will be displaced when the flood gates are closed, but the dam project will also reduce serious flooding problems down river.

Observing and experiencing three different parts of the country gave me a broad perspective on economics in China today. These three parts of the country regions have very different economic climates. In Beijing, the national capital, our conference group was hosted by a minister of the central government and was given a grand reception. Wuhan is a growing city about 700 kilometers inland from the capital and while there I was a guest of the university community. Traveling along the Yangtze River to Lesser Three Gorges, I saw riverside vendors who live in dirt caves in the mountains along the upper tributaries of the Yangtze River.

I had opportunities to view the business community at work in these various places and found traditional American business practices somewhat difficult to translate to this environment. For example, in China there are almost no data on the demographics of the population and the existing is kept secret by ministries of the central government. While we outside China have information on Chinese population levels, we know almost nothing about the economic status of the Chinese people. Almost all jobs for major companies and include housing in company-owned apartment complexes and transportation on company-owned busses. Very few people have personal telephones, although some are now using cellular phones in the major cities and many people use beepers as the best way to communicate. Because there are few personal telephones, there is no need for phone books, which we in the U.S. use for market research. There are no business listings, either by region or business type, for comparisons of competitors. There is limited disposable income for purchasing goods and services.

I also had the opportunity of discussing business plans with a venture development group in Wuhan. This group is on a fast track to success and does not have time for the traditional approach to doing business in China. In one evening, through a series of meetings and dinner, I was offered the opportunity to develop an entire business plan for a high technology business, to garner local venture funds, to choose a building site, and to be guaranteed favorable considerations by local officials who would gain approval for all necessary documents. My responsibilities would have been to provide the joint venture company in the United States, to choose of nature of the high technology business, and design, deliver and analyze a market survey for the selected business. Unfortunately, the Chinese could not provide me with any market data or demographics. What is really needed is on-site monitoring of the data gathering and analysis, prior to starting the venture company.

Utility infrastructure is missing parts from the Chinese business community. Availability of electricity is very limited; there are few electric poles for distribution. Also, there are few hard-wired telephones; very few INTERNET connections; poor roads and almost no divided highways allowing high-speed travel; and few sewer systems or public toilet facilities.

This lack of what we consider to be "basic utilities" is significant to the cost of doing business American-style, which requires electricity and telephones. For example, an automotive manufacturing plant in Beijing pays an extra premium for kilowatts of electricity on demand to keep the plant on schedule. All major plants using electricity are assigned specific days of the week when they must shut down in order to route the available power to the various sites.

I was surprised to see so many people downtown on weekdays, until I learned that the work force is on rotating schedules and there is not a standard "weekend." Companies using manual labor operations during daylight hours have some advantage at the present time and will until the Three Gorges Dam is completed and the generated electricity is delivered to the needed sites.

*Professor Richard Redditt, holder of the Russell Chair of Manufacturing Excellence at MTSU, has thirty years of experience in education and industrial manufacturing, including owning an engineering design and consulting company. Dr. Redditt was a member of last September's delegation of educators and business people which traveled with Governor Sundquist to Beijing to attend a conference with government officials on Chinese infrastructure development. A related purpose of the journey was the building of relationships between China and Tennessee's businesses and educational institutions.*

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**What Does China's Economic Growth Mean For Tennessee?**  
by Mr. Chih Wang

China's economic growth rate has been kept at above 10% annually for the last decade. The real growth, however, is concentrated in certain coastal provinces and urban areas where less than 25% of China's population resides. In these regions, the actual growth rate is more like 50% per year, or some 6000% during the last 10 years. The population of these regions equals that of the entire United States. This is something to think about.

While a U.S. couple spends on average 65.7% of their combined income on housing, transportation, and medical care (Source: Bureau of Labor Statistics), the Chinese couple receives these things for free or at very little cost. If growth patterns in China and the U.S. remain the same, in less than ten years, a Beijing accountant and her husband will have more real disposable income than a middle class couple in Washington, D.C. or Nashville.

The new economy in China will stimulate imports such as automobiles, entertainment, environmental protection devices, and quality consumer products which will bring about a better quality of life. This means more potential opportunities for Tennessee exporters.

Two-thirds of foreign investment in China comes from Taiwan and Hong Kong. Japanese businesses follow closely. They know the Chinese market best. What do they do? In the past, they leveraged as much state money as possible and utilized foreign investment incentives to speculate in real estate and small manufacturing facilities for quick returns. Today, more companies are making long term investments in China with their own money. They typically do not distinguish between an "international market" and a "domestic market." China is their primary market. It should be yours too.

Just as in the U.S., one cannot become successful without determination and commitment when breaking into the Chinese market. However, unlike the mature U.S. market, China is rapidly growing and there are still relatively few players and competitors in the ring. Your determination and commitment can bring exciting results for a long time to come.

**About the Author:**

Chih Wang, a registered architect and attorney, has recently completed a YMB \$500 million resort and amusement park project near Beijing. He returned to Tennessee in late 1996 to join his wife, Dr. Paula Arai, who teaches comparative religions at Vanderbilt University. He consults on Asian business development and can be reached at Tel. (615) 833-4455, FAX (615) 333-1788, or E-mail: [chihwang@aol.com](mailto:chihwang@aol.com).

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**Negotiating with the Chinese: The Experience of Jensen's Incorporated**  
by Jonathan Woodruff

Assistant Professor of Marketing, Middle Tennessee State University

Jensen's Incorporated, located in Shelbyville since 1954, manufactures colored and graphite pencil cores (commonly referred to as pencil "lead," though the cores actually contain no lead), refill cartridges and ink for pens, and several cosmetic products. It currently employs between 90 and 100 workers. Jensen's exports of pen and pencil components have largely been limited to Central and South America.

In the fall of 1987, Jensen's was contacted by a New York based trading company proposing a meeting with a group from Tianjin, China regarding a joint venture or a transfer of writing ink technology. The trading company sent a delegation consisting of Chinese government officials, technicians, and interpreters to Shelbyville to meet with the company. The delegation, after a year of consideration, decided to pursue a contract with Jensen's. It took an additional year for the contract to be negotiated and signed. The terms of the final contract were for the purchase of ink formulations, and the associated technology, production and testing equipment, production information, and raw material acquisition information, along with everything that would be needed to produce these inks in China for domestic use only.

A second Chinese delegation then came to Shelbyville to receive training. At that time, the first hint of future problems emerged. The visiting delegation, composed of technical people, professed to speak no English. However, one night, the delegation decided to go out for pizza and beer. While the Chinese enjoyed the pizza, they really liked the beer and, after dowing about seven pitchers, some of the delegation began speaking English and very well.

On the American side, Leroy Keele, vice president of the Pen and Ink Division of Jensen's Incorporated, twice went to the Tianjin Ball Point Factory twice in 1989 to set up the equipment and the production process. Pilot batches were manufactured and tested to ensure the production process was producing ink that was in compliance with the specifications of the contract.

**It's Not Over Til It's Over**

Up to this point, the Chinese group had paid 90% of the contract price. The other 10% was to be paid following a formal acceptance by the management group of the Tianjin Ball Point Factory. However, getting this acceptance proved to be difficult. First, the management group began asking for additional things not specified in the contract (such as daylight florescent highlighters and design software). Initially, Mr. Keele tried to accommodate some of these requests. But as the requests continued, he explained that these additional requests were beyond the terms of the original contract, which had been met.

During this period, two tactics were used by the management group to try and secure additional items not specified in the contract. The first involved toasting. Many of the discussions to secure additional items were convened around a meal, and at each of these meals there were several rounds of toasts. The consumption of gin during these meals was high. After meeting with the management group for these eight to ten hour conferences, Mr. Keele would return to his hotel room and perform math exercises that would indicate his reasoning state during these discussions. Then, the next morning, he would check these figures to make sure his reasoning abilities had not been impaired by the gin!

The second tactic was intimidation, in the form of shouting, ridiculing, and stalling, during the long meetings. Over a period of weeks, this intimidation began to take its toll on Mr. Keele, and he began to doubt that Jensen's would ever receive the final 10% payment.

Finally, he told the management group that he was returning to the U.S. with or without a signed acceptance and the final payment. When the group realized they would not be able to secure any more additional items, they arranged a date for the signing ceremony. Many dignitaries from Beijing were invited to the ceremony and it was to be a very festive occasion.

**Lost in the Translation**

When the time came to the formal signing, Mr. Keele discovered that the document was written only in Chinese and he refused to sign. He stated that he would sign the document only if it was translated and typed into English, and proved to be acceptable. The only way this could be done quickly enough was for two translators to work their way through the document while Mr. Keele wrote it out by hand. It turned out that the resulting document included all the additional requests that had been made in the weeks preceding the signing ceremony! Mr. Keele thus refused to sign.

Calling off the ceremony would be a major humiliation to the management group. To avoid this, they asked Mr. Keele if there was anything that could be added to the contract that would make it acceptable enough for him to sign, allowing the ceremony to go forward. After thinking it over, Mr. Keele said if he could add one paragraph he would sign. It read: "All of the above is subject to the approval of the Board of Directors of Jensen's Incorporated." The trading company's people convinced the Chinese officials this was a standard paragraph in Western contracts, and everyone finally signed.

**Almost Before the Ink Dried**

The story ends with a whimper. After Mr. Keele left Tianjin, the plant continued to manufacture product from the original store of raw materials. Yet only four months later, after the raw materials were exhausted and the managers were unable to secure more, the manufacturing compound apparently shut down. There was to be no long term relationship. Jensen's had made a good contract, and had profited in the deal, but in the process they had learned that international business negotiations are tough, time-consuming, and not for the overly trusting or ill-prepared.

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**Project International Case Studies**

Project International, the internationalization of the MTSU College of Business programs and activities, has produced and compiled a series of case-studies on the experiences of Tennessee's businesses as they "go global." The cases, authored by professors in the College of Business, provide MTSU students the opportunity to learn from real-life Tennessee examples and to gain a more practical understanding of global business. In this issue we present an abridged version of Professor Jon Woodruff's examination of Jensen Incorporated's experience negotiating a joint venture with Chinese business people. Given that many discussions of the growing Chinese market focus upon joint ventures opportunities, Professor Woodruff's case usefully highlights both the benefits and problems of forming such agreements with the Chinese.

*Project International is supported by a grant from the U.S. Department of Education*

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#### China Trade Shows and Events Calendar

For more information, unless otherwise noted, please contact:

China:

The Montgomery Network  
505 Block C  
Shanghai Jia Hua Business Centre  
808 Hong Qiao Road  
Shanghai 200030 China

Tel: +86 21 6486 3266  
Fax: +86 21 6486 4681

Hong Kong:

Hong Kong Exhibition Services Ltd.  
Units 901-902 9/F Shiu Lam Bldg.  
23 Luard Road Wanchai  
Hong Kong

Tel: +852 2804 1500  
Fax: +852 2528 3103

Taiwan:

Taiwan Trade Center New York  
420 Fifth Avenue, 28 Fl.  
New York, NY 10018-2702

Tel: 212-730-4466  
Fax: 212-730-4370  
e-mail: cetdcinc@aol.com

#### FEBRUARY 1997

- Architecture & Construction Engineering Matchmaker Event to Malaysia, the Philippines, and Hong Kong (Event ID#97000670): Contact Molly Costa with the U.S. Department of Commerce at 202-482-0692 for details.
- ENPROTECH'97 in Taiwan: Air, Water, Soil And Noise Pollution Abatement, Water Supply, Waste Treatment, Energy Conservation, Industrial Safety & Hygiene - Feb.26-Mar.1
- Homefurnishing Trade Mission to Beijing and Shanghai (Event ID#97000810) - Feb.13-21: Contact Lawrence Brill with the U.S. Department of Commerce at 202-482-1856 for details.
- EMPROTEC '97 Environmental / Pollution Control Trade Show in Taipei - Feb.26 - Mar.1: Contact Stuart Perkins with the Virginia Econ. Dev. Partnership at 804-371-8242

#### MARCH 1997

- Taipei International Furniture Show in Taipei - Mar.6-10
- Asia / Pacific Business Outlook Conference in Los Angeles, CA - Mar.17-19: Contact David C. Bowie with the U.S. Department of Commerce at 202-482-4501 for details.
- TIMTOS '97 in Taiwan: International Machine-Tool Show - Mar.18-23
- Taipei International Electronics Spring Show - Mar.28-Apr.1

#### APRIL 1997

- Sino-Dentech '97 (APLC Product Literature Center) (Event ID#97000561) in Guangzhou, China: Contact Mark Cooper with the U.S. Department of Commerce at 202-482-2846 for details.
- Giftinery Taipei '97: Taipei International Gift & Stationery Spring Show - Apr.8-11
- Taipei International Cycle Show - Apr.16-19
- TAISSPO '97 Taipei International Sporting Goods Show - Apr.24-27

#### MAY 1997

- Marketing USA Catalog Show (Event ID#64000664) to Taiwan, Japan, Korea, Vietnam, and Indonesia: Contact Brenda Coleman with the U.S. Department of Commerce at 202-482-3973 for details.
- SOFTEX TAIPEI '97: Local Market Oriented - Software tools & utilities, etc. - May 2-5
- TAIPEI BUILD '97: Taipei International Building Materials, Hardware & Construction Show - May 2-5
- Taipei International Auto/Motorcycle Parts & Accessories Show - May 17-20
- Macworld Expo Taipei '97: Local Market Oriented - Macintosh hardware & peripherals, desktop publishing, etc. - May 24-28
- TIDEX '97: Taipei International Design Exhibition (packaging & graphics)- May 24-28
- Celebration of Excellence - Taiwan Product Showcase (Made-in-Taiwan products with the Symbol of Excellence) - May 24-28
- Hotex Asia 97 in Hong Kong: The International Hospitality Industry Technology Show for Asia's Hotel, Restaurant, Club, Cruise & Foodservice Industries
- Bakery & Confectionery Asia 97 in Hong Kong: The 3rd Asian International Bakery, Confectionery, Snackfood & Ice Cream Industries Show
- Hofex 97 in Hong Kong: The 7th Asian International Exhibition of Food & Drink, Hotel, Restaurant, Supermarket & Catering Systems, Supplies & Services
- Hospitality Interiors & Tableware 97 in Hong Kong: The 2nd Asian International Interior Design, Contract Furnishing & Tableware Show

#### JUNE 1997

- Special Interest Video Trade Mission (Event ID#97000536) to Japan, Korea, and Taiwan: Contact Marc Chittum with the U.S. Department of Commerce at 202-482-0345 for details.
- SinoMed '97 Trade Fair to Beijing: Contact George Keen with the U.S. Department of Commerce at 202-482-2010 for details.
- Computex Taipei Trade Fair (Event ID#97000599) - June 2-6: Contact John Vliavianos with the U.S. Department of Commerce at 202-482-2736 for details.
- The Asian International Seafood Show 97 In Hong Kong: The International Seafood Exhibition & Conference for the Asian Region
- Taipei International Food Industry Show-Jun.12-16
- Wine & Spirits Asia 97 in Hong Kong: The 3rd International Exhibition for Wine & Spirits for the Asian Region

#### JULY 1997

- Computer & Software Trade Mission to Beijing (Event ID#97000549): Contact Heidi Hijikata with the U.S. Department of Commerce at 202-482-0569 for details.
- Instrument & Control China 97 in Shanghai: The International Laboratory, Instrumentation, Control, Measurement & Testing Exhibition
- PVEX China 97 in Shanghai: The International Pumps & Valves Technology & Supplies Exhibition
- Petrotek China 97 in Shanghai: The International Refinery, Petrochemical & Chemical Processing Exhibition
- Technology Exhibition in Shanghai: incorporating Laboratory, Instrumentation, Control Pumps & Valves Technology
- BevTek and BrewTek China 97 in Shanghai: The 3rd International Beverage & Brewing Production, Bottling & Packaging Technology & Supplies Exhibition
- FIC 97 - Food Ingredients China 97 in Shanghai: The 2nd International Food Ingredients & Additives Technology Exhibition
- Metalpak China 97 in Shanghai: The 2nd International Canmaking & Canning Technology & Supplies Exhibition
- Propak China 97 in Shanghai: The 3rd International Packaging, Food & Pharmaceutical Processing & Supplies Exhibition

#### AUGUST 1997

- Taipei Computer Applications Show (Local Market Oriented) - Aug.4-8
- Taipei Aerospace Technology Exhibition - Aug.14-17

- Bakery & Confectionery China 97 in Shanghai: The 3rd International Bakery & Confectionery, Snack Foods & Ice Cream Industries Show
- Drinks China 97 in Shanghai: The 3rd International Spirits, Wines & Beers Exhibition
- Food & Hotel China 97 in Shanghai: The 4th International Food, Drink, Supermarket, Hotel, & Catering Equipment & Supplies Exhibition

#### SEPTEMBER 1997

- Contact China - Trade Mission to Shanghai, Beijing, and Hong Kong - Sep.18-27: Contact The U.S. Export Council at 803-723-7480 for details.
- Elenex China 97 in Shanghai: The 2nd International Electrical Engineering, Distribution & Installation Technology, Components & Contractors Supplies & Equipment Exhibition
- Enviro Tech China 97 in Shanghai: The 2nd International Environmental Protection Technology, Pollution Control, & Management Systems & Supplies Exhibition
- Power China 97 in Shanghai: The 2nd International Power Generation Technology & Supplies Exhibition
- Luminex China 97 in Shanghai: The International Lighting Technology Show
- Taipei International Jewelry & Timepiece Show

#### OCTOBER 1997

- China ConEx '97 Construction development Exhibition: Contact HUA Executrade Communications at 604-325-8366 for details.
- TAIPEI PLAS '97: Taipei International Plastics & Rubber Industry Show - Oct.6-10
- Taipei International Electronics Show - Oct.16-21
- Giftionery Taipei: Taipei International Gift & Stationery Autumn Show - Oct.27-30

#### NOVEMBER 1997

- Taipei International Medical Equipment & Pharmaceuticals Show - Nov.8-11
- ETC '97 Environmental Technology China '97 in Shanghai - Nov. 11-14: Contact Monica Kan with AdSale People, Inc. at 408-986-8384 for details.
- TAIPEI PACK '97: Taipei International Packaging Industry Show - Nov.17-21
- Asia CommuniTech 97 in Hong Kong: The Asian Telecommunications, Mobile Communications & Wireless Technology Show & Conference
- Asia Networks 97 in Hong Kong: The Asian Networking Show & Conference
- Asia Broadcast 97 in Hong Kong: The Asian Sound, Film & Video Exhibition & Conference
- Furnitek China 97 in Shanghai: The 2nd International Exhibition of Machinery and Accessories for Furniture Production, Upholstery & Furnishings
- Woodmac China 97 in Shanghai: The 2nd International Forestry & Woodworking Machinery & Supplies Exhibition

#### JUNE 1998

- Asian Elenex 98 in Hong Kong: The 8th Asian International Power, Electrical & Electronic Engineering Show
- Luminex 98 in Hong Kong: The 5th Asian International Lighting Technology, Fittings & Systems Show
- Securitex 98 in Hong Kong: The 5th Asian International Security, Safety & Fire Detection Systems Show
- Airvex 98 in Hong Kong: The 4th Asian International Air-Conditioning, Ventilation, Heating & Refrigeration Show
- ISB 98 The 3rd Asian International Building Services, Technology & Facilities Management Exhibition

#### JULY 1998

- BevTek and BrewTek China 98 in Shanghai: The 4th International Beverage & Brewing Production, Bottling & Packaging Technology & Supplies Exhibition
- FIC 98 - Food Ingredients China 98 in Shanghai: The 3rd International Food Ingredients & Additives Technology Exhibition
- Metalpak China 98 in Shanghai: The 3rd International Can-making & Canning Technology & Supplies Exhibition
- Propak China 98 in Shanghai: The 4th International Packaging, Food & Pharmaceutical Processing & Supplies Exhibition

#### SEPTEMBER 1998

- Food & Hotel China 98 in Beijing: The 5th International Food, Drink, Supermarket, Hotel, & Catering Equipment & Supplies Exhibition
- Taipei Telecom 98 in Taipei: The 4th International Telecommunications, Mobile Communications & Networking Show

#### NOVEMBER 1998

- Autotek China 98 in Shanghai: The 2nd International Automobile & Accessories Manufacturing Exhibition
- Manufacturing China 98 in Shanghai: The 2nd International Manufacturing Machinery, Production Technology & Support Services Exhibition
- Metal China 98 in Shanghai: The 2nd International Machine Tool, Metalworking & Welding Exhibition
- Metrology China 98 in Shanghai: The 2nd International Measurement, Testing & Quality Control Exhibition
- Mould & Die China 98 in Shanghai: The 2nd International Mould & Die Exhibition

#### JANUARY 1999

- Taipei Chem 99 in Taipei: The 2nd Taipei International Oil, Gas, Petrochemical & Process Engineering, Instrumentation & Analytical Technology & Laboratory Show
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**Searching for China: Helpful Web Sites from the Tennessee Export Office**

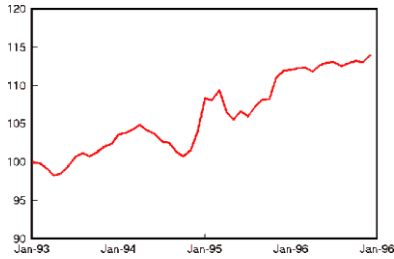
- [Taiwan R.O.C. New York Information Division](#).
- [China External Trade Development Council \(CETRA\)](#); specializing in the economic situation and business opportunities in Taiwan, R.O.C.
- [Asia Business Connection](#) Asia business addresses.
- [The Montgomery Network](#) A worldwide group specializing in international trade show organization.
- [Hong Kong Development Council](#) Statistics, "how to," economic environment, and business opportunities in Hong Kong.
- [Far Eastern Business Directory](#).
- [Directory of companies and Government offices in China](#).
- [Orient Overseas Container Line Ltd. of Hong Kong](#).
- [Modern Terminals Ltd. of Hong Kong](#).

And a couple more from the BERCC:

- [china Business Opportunities](#).
  - [Taiwan: Business and Economic News Briefs](#).
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## Tennessee Trade Weighted Dollar Index

The December Tennessee Trade Weighted Dollar Index stood at 113.95, a tad higher than August's 113.04. The Index was remarkably steady throughout 1996, moving little since its steep increase in late 1995. Only three of the twenty-two currencies in the Index moved appreciably during the last quarter: the U.K. pound and the Hong Kong dollar significantly strengthened (by 7 and 5 percent respectively), while the Japanese yen fell about 4 percent against the dollar. The slight increase in the Index was due to the steady, if slow, fall of the European currencies against the dollar. Indeed, the pound was the only major European currency which did not decline against the dollar over the last months of this past year. Most observers expect this trend to continue in the near future. For the most part emerging market currencies were little changed, if anything they somewhat counteracted the European decline. Changes in the value of the Dollar Index have fairly accurately predicted changes in Tennessee's rate of export growth about six months ahead of time. If this holds, we should expect the recent pattern of very modest export growth to continue over the next several months.



**Tennessee International Trade Report  
3rd Quarter 1996**

Tennessee's anemic 1996 export performance continued through the third quarter. At \$2.085 billion, the value of the state's exports was virtually unchanged from a year ago. Exports to the state's largest markets, however, were actually quite solid. Mexico was the standout, with Tennessee sales continuing to recover from the 1995 peso crash. Mexican exports were up nearly 29 percent, while both Japan and Canada grew in the 4-5 percent range. The state's most robust export growth was to Australia and New Zealand, where shipments were up 53 and 74 percent respectively. Exports to Latin America were also strong, rising \$28 million from a year ago, though Brazil, Colombia, Argentina and Chile accounted for all of this growth, and disguised sharp declines elsewhere in the continent. Though sales to South Africa declined by 10 percent, exports to other African countries exploded: Ghana, Egypt, and Nigeria all posted increases of over 200 percent.

But combined export losses of over \$100 million in Europe and the Chinese Economic Area entirely offset these gains. Sales to every member of the European Union declined from last year. In percentage terms, shipments to the Chinese markets posted even steeper declines. China itself, where exports were off almost 60 percent, was the single worst performer of the state's traditionally large markets.

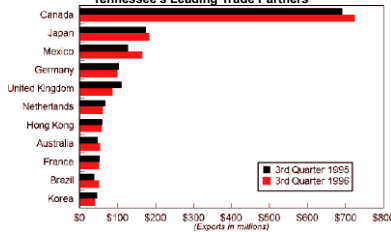
Export reverses were concentrated in three industries, textiles, agricultural crops, and primary metals. A collapse in agricultural sales to China, where exports fell from \$23.6 million to \$0, along with a poor performance in Europe, led to a 63 percent loss in exports from last year, the most serious decline among the state's major export industries. Primary metals sales were off by over a third, while textiles, down 19 percent, continued their long decline. These losses were sufficient to erase good performances in nearly all the other major sectors of the state's economy. Particularly noteworthy was a 20 percent increase in apparel exports and a 15 percent gain in transportation industry exports. The former continues to defy predictions that it would be a NAFTA casualty, while the latter's third quarter growth (mostly due to large gains in Mexico and Japan) pushed the industry close to accounting for 25 percent of all state exports.

Thus far the fourth quarter is a mixed bag. October exports were the strongest of the year, up nearly 10 percent. But November's fell almost 4 percent.

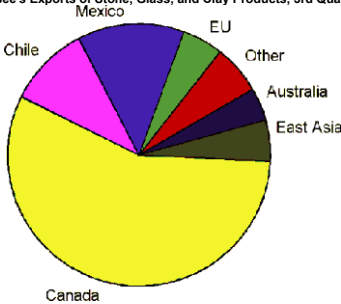
**Tennessee's Largest Export Sectors, 3rd Quarter 1996**

	Exports	Change from Last Year
Transportation Equipment	\$472,477,766	15.71%
Chemicals	\$393,220,118	5.62%
Industrial Machinery	\$264,489,549	5.54%
Electronics & Electrical Equip	\$168,084,602	-4.26%
Instruments & Related Products	\$101,862,570	6.59%
Paper and Paper Products	\$93,376,633	9.26%

**Tennessee's Leading Trade Partners**

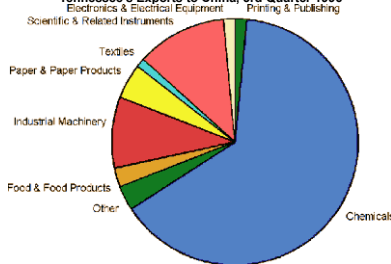


**Tennessee's Exports of Stone, Glass, and Clay Products, 3rd Quarter 1996**



(Producers of these products turned in the best 3rd quarter growth performance among the state's large export sectors)

**Tennessee's Exports to China, 3rd Quarter 1996**



**Largest Growth and Decline in Exports by Industry, 3rd Quarter 1996**

	Value of Exports	Growth%	Decline%
<b>SECTORS WITH THE GREATEST GROWTH</b>			
Livestock	\$734,268	124.85%	
Stone, Clay, & Glass Products	\$34,346,789	35.89%	
Transportation Equipment	\$472,477,766	15.71%	
Apparel	\$50,946,338	15.38%	
Fishing, Hunting, & Trapping	\$13,585,576	13.87%	
<b>SECTORS WITH THE GREATEST DECLINE</b>			
Tobacco Manufactures	\$247,166		-87.11%
Forestry	\$238,079		-78.96%
Metal Mining	\$501,230		-78.49%
Agricultural Crops	\$31,880,161		-63.49%
Petroleum & Coal Products	\$546,171		-59.36%

**Fast Changing Export Destinations, 3rd Quarter 1996**

Among countries averaging more than \$2 million in sales per quarter.

	Value of Exports	Gain %	Decline %
<b>COUNTRIES WITH THE GREATEST GROWTH</b>			
Hungary	\$2,292,316	294.77%	
Ghana	\$5,536,189	25.99%	
Egypt	\$9,360,805	235.28%	
Nigeria	\$8,010,455	201.61%	
Colombia	\$20,048,720	128.68%	
<b>COUNTRIES WITH THE GREATEST DECLINE</b>			
Bolivia	\$436,051		-85.20%
Uruguay	\$1,102,670		-75.87%
Pakistan	\$1,263,755		-72.85%
Russia	\$1,389,721		-67.74%
Poland	\$1,451,639		-60.58%

**Tennessee Monthly Exports**  
(Seasonally adjusted, expressed in 1993 dollars)

