

# THE Province

GREAT CITIES: A LEGACY PROJECT

Sunday, November 25, 2001

## How can we make our city boom?



Businessman Toby Chu moved to Vancouver from Hong Kong 30 years ago. He says there is great potential for Vancouver and B.C. to capitalize on China's growth.

**The Province's Great Cities project aims to help make our city -- the Lower Mainland -- truly great. This week, the focus falls on what needs to be done to bring investment and prosperity to our region**

### The Business Climate

With its bountiful natural attributes and strong entrepreneurial tradition, the Lower Mainland should be a wonderful place in which to work and do business.

But, over the last decade, the Asian economic slowdown and the anti-business policies of the NDP government have helped stifle regional economic growth.

Even the new Liberal government's pro-business initiatives appear to be having a hard time taking root in the aftermath of the Sept. 11 terrorist attacks in the United States.

So, what do we do to encourage people to do business in the Lower Mainland, when they could put their money someplace else?

As part of our continuing Great Cities series of articles on how to improve life in the Lower Mainland, we examine what needs to be done to encourage investment and job growth.

To search for answers, The Province sent news editor Fabian Dawson to Hong Kong, widely known as one of the world's most business-friendly cities. Hong Kong is also known as the gateway to China, and offers Lower Mainlanders an exciting opportunity for two-way trade.

"Vancouver and B.C. on the whole have a

great opportunity to capitalize on the growth of China because of the close proximity and the existing connections," says businessman Toby Chu of the Capital Alliance Group, who moved from Hong Kong to Vancouver 30 years ago.

But Chu, who has visited more than 100 countries in the last 18 months, insists that we have to change the way we think and do business.

It looks as if we are ready for that change.

Recent public opinion surveys show that improving the economy rates highly among the priorities of Lower Mainland residents.

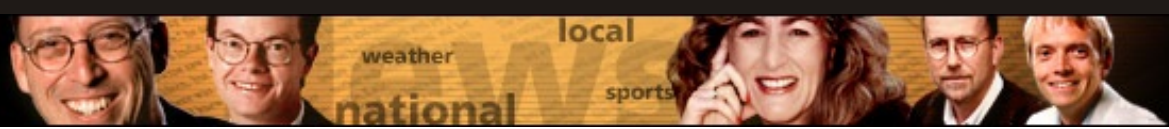
Indeed, a recent McIntyre & Mustel survey commissioned by The Province shows young people (aged between 18 and 34) are the most concerned about this subject. One fifth of them are not satisfied with the ease of doing business in our region.

### WHAT DO YOU THINK?

We'd like to hear your suggestions for improvements to our great city's business climate.

Fax us at (604) 605-2424 or send an e-mail to: [greatcities@pacpress.southam.ca](mailto:greatcities@pacpress.southam.ca)  
Be sure to spell your first and last names and give your hometown.





## Fabian Dawson

Staff Reporter The Province

Wednesday, November 28, 2001

Shanghai is an oasis of capitalism built on the sands of communism.

And it's putting out the welcome mat to businesses from B.C.'s Lower Mainland.

The 700-year-old fishing village hosts the world's largest corporations with its heady metropolitan mixture of modern trends and ancient elegance.

Boasting a skyline that resembles launching pads for alien spacecraft, Shanghai is a city of 16 million now engaged in an orgy of urban renewal.

And that, financial analysts predict, means billions of dollars of business will be up for grabs for companies from around the world -- including from the Lower Mainland.

Virtually every global economic analysis today lists Shanghai, traditionally China's most open city, as its most promising haven for foreign investors.

Pouncing on that prediction, Premier Gordon Campbell headed here last month, knowing that China's entry into the World Trade Organization (WTO) had effectively opened up a multi-billion-dollar market.

Currently, B.C. exports \$752 million worth of products to China, while importing \$3 billion worth of goods from that nation.

On a national level, Canadian exports total nearly \$3.7 billion while imports from China amount to \$11 billion.

Thanks to Campbell's quick visit, B.C.'s forest industry, under attack by U.S. lumber trade protectionists, found a friend in China's housing market.

"It's a huge opportunity," Campbell said in Hong Kong, before signing a Memorandum of Understanding with Shanghai's leaders on the export of forest products from our province.

If that memorandum materializes into

real trade, the people of Prince George and other B.C. lumber towns can heave a sigh of relief, because China has 30 million housing starts a year.

Toby Chu, of the Vancouver-based **Capital Alliance Group**, said the prospects for doing business in China are exciting.

"Vancouver, and B.C. on the whole, has a great opportunity to capitalize on the growth of China because of the close proximity and the existing connections," said Chu, who moved from Hong Kong to Vancouver 30 years ago.

Chu saw this opportunity seven years ago when he opened his Canadian Institute of Business and Technology in Beijing. Today, it's one of the most respected pools of local MBA talent for the international business sector in China. Among the school's clients are the Chinese arms of IBM, Motorola, Nestle, Shell and General Electric, all of whom are hungry for home-grown grads.

Chu, who has travelled to more than 100 countries in the last 18 months drumming up business, said the biggest difference between Hong Kong and China is the flow of money.

"Hong Kong has always been a trading place where money goes in and out," he said.

"China, on the other hand, is a place where money goes in and stays there. That is why you have a huge and wealthy consumer market. Over there, cash is still king."

Chu said that, for Lower Mainland business people to capitalize on this huge consumer market, we have to change the way we think and do business.

"Look at the car market in China for instance. There is a 250-per-cent tax on imported cars there now," he noted.

"Over the next five years, that tax will come down to between five and 15 per cent, with the opening of the market. You will be able to compete with the local manufacturers.

So the question is, do you make cars in Canada, despite Canada's high labour costs and overhead, or do you set up a factory over there?

"The bottom line is to be quick to adapt to whatever brings the most benefit. Being stubborn does not work," Chusaid.

Chu urged Campbell to quickly set up a B.C. trade office in Shanghai to help our business people establish the connections they need to seek opportunities in China. And that's something Campbell has promised to consider doing.

Sam Porteous, a former analyst with the Canadian spy agency, points out that Shanghai is one of the world's greatest cities, culturally and commercially.

"Essentially if B.C. is looking for growth it cannot afford not to be here," said Porteous, now based in Shanghai as the vice-president (China) for business consulting firm Kroll and Associates.

He advises Lower Mainland businessmen to learn as much as possible about the realities of doing business in China, still coming to grips with the idea of private-sector commercial activity.

By 2005, retail sales in the city's 3,000-square-kilometre zone will exceed \$50 billion -- at least if it maintains its projected annual growth rate of 7.8 per cent.

A recently released city plan estimates that Shanghai will have 1,300 supermarkets and 3,000 convenience stores by the middle of this decade.

Last week, Shanghai city leaders announced a multi-billion dollar revitalization of Nanjing Road, the epitome of commercialism. It will undergo a 10-year facelift aimed at bringing it into the league of New York's Fifth Avenue.

Shanghai hopes to achieve these development goals through both domestic and foreign investment.

And that could mean big profits for Lower Mainland business people willing to take the risk.