

## LONGTIME WTO MEMBER, HONG KONG OFFERS BENEFITS FOR NEW-TO-CHINA AMERICAN BUSINESSES

by U.S. and Foreign Commercial Service, Hong Kong

As one of the original 128 World Trade Organization (WTO) members in 1995 when the WTO replaced the General Agreement on Tariffs and Trade, Hong Kong is an established member of the multilateral trading system. Many foreign firms have conducted business in China through affiliates in Hong Kong. Approximately 40 percent of China's foreign trade involves Hong Kong.

For American products and services entering China or Hong Kong, market penetration does not require an investment of millions of dollars of company funds. Given that Hong Kong is a "free port" with virtually no duties or tariffs and that it has a wide-ranging network of agents and distributors, a well-managed market penetration program with a moderate investment in market development is generally all that is required initially. Due to its open nature, however, Hong Kong is among the most competitive and price-sensitive markets in the world. Companies considering entering this market should be aware that the Hong Kong business climate is extremely fast-paced. Decisions are made quickly and companies need to be able to respond to inquiries immediately or they risk losing the market to faster moving suppliers.

Many excellent agents and distributors for China are located in Hong Kong, although given China's size and diversity, it is usually necessary to work with different agents for different regions of China. Hong Kong companies are eager to talk to potential exporters and have a strong interest in representing

good quality, competitively priced U.S. products from companies committed to the China market. Commitment to the market is demonstrated in various ways but should include: quoting in metric, providing Chinese language material, responding quickly to inquiries, meeting relevant standards and visiting the market for first hand understanding and relationship building. A Hong Kong Government survey in 1999 indicated that 93 percent of multinationals with regional headquarters in Hong Kong had operations related to China.

The Department of Commerce's Commercial Service specializes in matching U.S. exporters of products and services with distributors and agents. To take advantage of new opportunities emerging from China's WTO accession, please contact one of our offices in Hong Kong or China. Our reasonably priced services such as the International Partner Search, Gold Key Service Program and Platinum Key Service Program offers assistance to companies seeking business opportunities in foreign markets. ■

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