

Business tails off for firms seeking China connection

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Beijing. He works hard, is optimistic for the future and is encouraged by free-market principles, most notably in agriculture."

STAMPS, A ROCHESTER Hills resident, recently returned from a month-long trip to China, where he studied minority groups in and around Canton while serving as a consultant to two area companies he declined to name.

"I was looking for contacts, maintaining relationships and testing the waters," he said. "What I found was a noticeable outback in construction projects, many of them left half-finished, and very few American interests while Taiwanese and Japanese business people seemed to be everywhere."

"The problem is that American businesses have to deal with the stern faces at the top, many of whom viewed our outrage over Tiananmen Square last year as a setback, while Taiwan and Japan are looked on as mildly friendly neighbors."

After the Tiananmen Square incident, Prime Minister Li Peng intensified an austerity plan that has left the economy stagnant and industrial growth at zero, according to the U.S.-China Business Council in Washington, D.C.

The cut in inflation was due in large part to the demands of the students who had demonstrated not only for a more democratic government but against corruption and a runaway economy.

"The events of last spring and summer came at a crucial time in China's path toward embracing modern management principles," said Clyde Stollenberg, executive director of the East Asia Business Program at the University of Michigan.

"The economy was exhibiting double-digit inflation at the time and the brakes needed to be put on, but the government pushed too hard and now outside companies, especially those in the U.S. are having a tough time prying open the Chinese market."

RICHARD McLELLAN, a partner with the law firm Dykema Gossett, which has offices in Bloomfield Hills, echoed the same concerns.

The business climate in China is very bad. There is no stability and a return to an atmosphere of uncertainty," he said.

"Although we are encouraged by the continued trade into this country, everything seems to have come to a standstill in China. Some of our clients have since pulled out of Beijing and cut some of their ties in Hong Kong as well."

McLellan called the decline in business "rather notable." Much of the firm's work in China deals with writing and reviewing contracts.

"We look at China as a tremendous opportunity, but for us and the clients we advise, it's a long-term situation. The labor rates are very low, and there's a potential market of one billion people. It's just a slow process right now."

James Buckley, executive vice president of Saginaw Machine Systems in Troy, concurred. "Before Tiananmen Square everything was very open and very optimistic, but now we find the mood to be very sober, very cautious."

From contacts of five years ago, Saginaw Machine started to sell milling machines to Chinese automakers for use in producing crankshafts. The machines range in price from \$400,000 to \$850,000.

"We installed an average of six machines a year, but since Tiananmen Square, we've sold two," he said. With sales in China accounting for only 5 percent of the company's \$20 million revenues last year, Buckley said the company was proceeding slowly.

"There is a tremendous long-term future in China, but we are looking at the next two years very cautiously. They have a tremendous need for almost everything, but getting from Point A to Point B involves a great deal of red tape."

business people

D. Curtis Gillespie Jr. was named branch manager of Detroit Distribution International Business Machines Corp. in Southfield. Gillespie joined IBM in 1977 as a marketing representative handling distribution industry accounts in Detroit.

Anthony Franco, founder of Anthony M. Franco Inc., was elected to the board of directors of the Ross Roy Group in Bloomfield Hills.

Harold Davis was appointed executive director of Pontiac Area Transitional Housing. Davis comes to PATH from the Xerox Corp.

Valerie Davis has joined Rock Financial Corporation of Birmingham as a loan officer. Prior to joining Rock, Davis held a management position with NBD in Detroit.

Jill Woodward of Birmingham was named public relations coordinator at Olympia Arenas, Inc. Woodward joined OAI in December 1989.

Lee J. Santolof of Birmingham Township was promoted to vice president and senior account officer for the Michigan Corporate Division of Manufacturers Bank.

Linda St. Denis of Southfield was named "Sales Representative of the Year" for 1989 by Getting to Know You, Westbury, N.Y., the nation's largest homeowner welcoming service.

Robert M. Pilcowitz and Adam J. Douglas W. Teubert has completed all requirements to be certified as a Qualifying Member of the 1989 Million Dollar Round Table. Teubert is associated with the Mueller Agency headquartered in Rochester Hills.

Dana R. Wilmot was named technical sales manager at AE Piston Products, Inc. Prior to joining AE Piston Products, Wilmot was a sales engineer with Farnam Sealing System, a division of Colt Industries.

Charles R. Phillips of Bloomfield Hills was promoted to first vice president at NBD Bank. Phillips joined NBD in 1988 as vice president.

Randolph J. Friedman has become "Of Counsel" to Mason, Steinhart, Jacobs & Periman, Professional Corp.

Charles J. Yorke was appointed president of Work Reconditioning Systems, Inc.

Barbara Holbrook joined Cohen & Associates, Professional Corp., Certified Public Accountants as senior accountant.

Patti Mitoff joined American/SCI, Inc. in Troy as senior consultant in the administrative/secretarial division.

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Tread carefully, academics urge

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the right marketplace."

But what does China need? According to a report titled "Doing Business in East Asia" from the East Asia Business Program at the University of Michigan, areas of the economy with high potential for

commercial activity include:

- Energy, oil, coal mining, hydropower, nuclear power and conservation.
- Communications.
- Transportation: aircraft, rail equipment, trucks, road-building and traffic controls.

- Packaging.
- Chemicals.
- Computers/microcomputers.
- Pollution control.
- Agricultural equipment and chemicals, food processing.
- Services: tourism, engineering, project design, financing, marketing, market research and insurance.

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