

Perils & Profits In Foreign Trade

Up until 2008, Henry Chou's law career was going as planned. After graduating from the University of Georgia, Chou obtained his law degree from Rutgers and practiced law in real estate and land development for the next several years. Once the 2008 recession arrived, land developments stalled. For Chou, however, the economic downswing that affected so many Americans turned into a new, and much different, opportunity in international business development.

Chou came to the U.S. at the age of 5 from Taiwan. His father was pursuing graduate studies in the U.S., and the younger Chou bounced around the Midwest growing up. All along Chou maintained a proficiency in Mandarin Chinese, and this proved fortuitous for him in 2008.

Around the same time, an increasing number of Chinese companies were setting up shop in the U.S. Chou parlayed his language skills into the next stage of his legal career by first representing a Chinese state subsidiary interested in starting solar farms in New Jersey.

Currently a partner of Hill Wallack LLP, a mid-market law firm based at 202 Carnegie Center. Chou now represents numerous Chinese companies. He has also begun representing U.S. companies, based in Mercer and Middlesex counties, looking to do business in China.

Chou will discuss his experience representing U.S. companies investing in China at the International Business Opportunities Conference (IBOC) on Wednesday, September 10, 8 a.m. to 5 p.m. at Forsgate Country Club. Cost: \$149. The conference is organized by the MIDJersey Center for Economic Development (MIDCED), an initiative of the MIDJersey Chamber of Commerce aiming to promote business and growth in central New Jersey. Register on the MIDCED website, www.midced.org.

Also on the website is a full list of event speakers. Richard H. Bagger, a senior executive at Celgene, and State Senate President Stephen Sweeney are keynote speakers. Chou will speak as part of the "Hottest Export Markets for New Business" panel, moderated by Eddy S. Mayen, a State Department official who oversees the state's international business strategy.

IBOC will feature two other panels, "Exporting: A Plan of Action," moderated by BioNJ CEO Debbie Hart, and "Exporting: Success Stories," moderated by Minister-Counselor Richard Steffens, who serves in the U.S. Embassy in Ottawa, Canada.

The focus of IBOC is to introduce businesses to international opportunities all over the world. Chou's professional experience specifically includes foreign direct investment in China. Though he spends more of his time with his Chinese clients, it is his experience representing U.S. companies that interests local businesses.

"Of my clients investing in China, these local entrepreneurs are Chinese-Americans who started out on their own 10 to 15 years ago. They have grown to a point where they are looking to expand back into China, where they came from originally," says Chou.

According to Chou, the Chinese government is trying to encourage growth through consumer consumption. Alongside a steadily expanding middle class and intensive infrastructure developments, the China's market looks quite rosy.

"The whole point is to tap into the growing domestic Chinese market. If you look at the broad spectrum, America is a small player in the Chinese markets," says Chou, who proceeded to explain how U.S. direct investment in China is dwarfed by those of other East Asian countries.

There are obviously many challenges, even pitfalls, for companies or entrepreneurs seeking to invest in a foreign country like China. Based on his experience representing three local clients who directly invest in China, Chou offers this advice for businesses considering foreign direct investment:

Do your due diligence. Collaboration of some sorts will probably be involved, whether working with a company or joint venturing with them.

"The most important part is to find a partner you can trust. Send someone, hire a professional, an accountant, a lawyer or even a family friend, send them to the company to make sure that they are there. Make sure they are legitimate business with a track record," says Chou.

The worst case scenario is losing your entire investment, or, in short, getting scammed. Chou recounted an instance when a client had previously ordered plastic raw material from a Chinese supplier. What did they receive stateside? Boxed sand.

All roads go through government regulations. According to Chou, a foreign actor cannot enter any industry they want. Approval from the central government all the way down to the provincial and municipal level is required, as well as from various regulatory departments. Simply put, no government approval, no business. Once one decides to go into China, navigating the maze of Chinese regulatory law is the next step after finding a trusted partner.



Opportunistic: *When the great recession dampened his career in real estate law, Henry Chou found a chance to assist companies in foreign trade issues.*

Understand your market, then figure it out. Anyone who has been to a McDonald's overseas knows that local and regional tastes are often quite different. It takes a long time, even for sophisticated, blue chip companies, to understand and adapt.

"Catering your product to the local tastes is probably the biggest challenge. It is an ongoing process. They have to be ready to be critical of their own products relative to other areas of the world and be ready to make changes to their product," says Chou.

At the IBOC, Chou will give an overview of U.S. foreign direct investment in China, followed by discussing the advantages of investing in China and reviewing the general approval process. Chou plans on also discussing his experience representing three central New Jersey clients investing in China, providing concrete examples of how local businesses here have capitalized on their connections and cultural experience background to successfully venture across the Pacific.

"Companies here sense a market opportunity. They have gone back to China. While you can thrive in Mercer County, you can also look at far-flung places," says Chou.

— Vincent Xu