

Necessary conditions for international business

Business



Abstract

International business fuels competition between different geographic regions in China. The need to become a part of the World Trade Organization, and the need to attract significant investments put Guangzhou and Shanghai into an extremely competitive environment. Guangzhou's experience reveals the hidden facets of international business: closed borders and inactivity are not the best friends of business stability. On the contrary, business requires investment activity, self-advertising and openness to potential business partners.

Necessary Conditions for International Business

Summary

International business fuels competition between different geographic regions in China. The need to become a part of the World Trade Organization, and the need to attract significant investments put Guangzhou and Shanghai into an extremely competitive environment. " Guangzhou and its surrounding province, Guangdong, are reaching the end of a two-decade run as the undisputed gateway to China - the only relatively open place in a closed country" (Landler, 2001). Investment is the necessary condition for international business. China gradually opens itself to other foreign trade partners, and Chinese cities are running ahead to show their technological and economic advances, and to attract new international business investments. It is very probable, that in the fair contest between Shanghai and Guangzhou, re-distribution of economic and business forces will take place: " Guangdong will probably remain a base for production of consumer

electronics and desktop computers, while Shanghai will dominate in semiconductors and notebook computers" (Landler, 2001). Regardless the particular outcomes of this reasonable competition, China will become better prepared to a new wave of foreign investments, and will be able to create effective conditions necessary for international business.

Business lesson

The need to enter the World Trade Organization and other international business unions has compelled Guangzhou to gather a meeting of potential business partners, and to discuss various profitable investment perspectives. " The mere fact that Guangzhou felt compelled to promote itself to the foreign companies it invited to the gathering this week attests to the changing winds in China" (Landler, 2001). Guangzhou used to be the central target of Taiwanese investments; yet, in 2000 the situation completely changed and significant portion of Taiwanese investments went to Shanghai (Landler, 2001). Guangzhou businesses could not find a better solution other than to advertise themselves and to attract attention of foreign investors to their techno parks, airports and other potentially profitable business areas. Guangzhou has learnt its lesson well: international business requires that partners and potential business alliances promote openness and self-advertising. Guangzhou businessmen realize the critical role of investments that will further drive Chinese economic development and will guarantee the stability of international business performance within Chinese borders.

The lesson was very valuable not only for Guangzhou, but for the rest of attractive Chinese provinces. Guangzhou's experience reveals the hidden facets of international business: closed borders and inactivity are not the

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best friends of business stability. On the contrary, business requires investment activity, self-advertising and openness to potential business partners. International business is grounded on effective business-to-business and individual interactions. The meeting at Guangzhou has proved the value of personal contact when investment are being taken. Landler (2001) writes that “ people are underestimating Guangzhou”. This underestimation is the direct result of Guangzhou’s international business inactivity and the inability to show positive geographical, economic, social, and business characteristics of the region. Other Chinese provinces may learn this valuable lesson and apply similar open strategies, when the need to form new international business ties arises.

I think that this business lesson is very important, and I completely agree with Guangzhou’s businessmen in that international business activity should take place in the climate of close business and individual cooperation, and openness with international strategic partners. Contemporary business conditions make openness a critical element of successful business cooperation. Openness guarantees fairness of international business competition and ensures that business transformations promote positive business image of China in all international markets.

References

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has competition. The New York Times. Retrieved September 9, 2008 from <http://query.nytimes.com/gst/fullpage.html?res=9C05E1D91530F930A15755C0A9679C8B63&sec=&spon=&pagewanted=1>