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For Mexicans, finding opportunities in China starts with understanding local conditions

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FOREIGN VIEWS

A while ago I interviewed two restless young men who were going to major in International Business at Tec de Monterrey. At that time, I was the program’s director; they were Diego Ocampo and Eduardo Sojo. They arrived at the same time and were in the same class.

Each semester they were very curious and took on more and more sophisticated and difficult academic challenges.

I remember how they always asked me for advice, and my answer was always the same: “Go to Asia; that’s where the future lies.” They took it to heart. When I traveled to and lived in Asia at the turn of the century, I was sure of it. The 21st century belongs to Asia.

They took the opportunity and traveled to China too, planning to study two semesters at Fudan University, precisely where I’m now a visiting fellow, and to train with ProMéxico.

Eventually, I lost track of them. I took on a new position. But life had a pleasant surprise in store for me. I met up with them again, and now they’re prosperous Mexican entrepreneurs in Shanghai.

A few years ago they started a consulting business that represents Chinese companies. They help Mexican, Colombian, and US businesses penetrate the Chinese market, and they co-created a training program for Mexican businesspeople interested in Asia. I couldn’t wait to ask them for an interview, and fortunately they accepted. I wanted to hear what they thought of China.

Diego and Eduardo told me that China gave them an opportunity even though they arrived late. They started in 2010, and China was already developed.

As they explained: “China has opened up a world of opportunities for us that I think Mexico and its businesses don’t entirely tap into. Usually, only Chinese products are imported to Mexico... but not vice versa, meaning that there is no push to find a market for Mexican products in China. China is completely different from Mexico. Everything is done differently, from the work culture to the business culture. Also, we have to think about the global context. You can work with people from all over, Chinese, Russians, Latin Americans, North Americans, Europeans, Asians, etc.”

Pleased with the ease of the talk, I asked them about the factors that contributed to these rapid changes they mention. “One of them is its political structure,” answered Eduardo. “It makes decision making more efficient, as well as the strategy for investing resources for development, which I think leads to faster economic growth. Another point I think



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has to do with how the Chinese behave, the weight of their culture. Their Confucian bases are important, as is their pride in their nation. This pride makes them overcome obstacles that China has faced throughout its history.

“Another point worth mentioning is when China entered into the World Trade Organization. From that moment on, it has experienced tremendous economic growth. I think the Chinese were already self-confident, and that made them more so. They abided by world-trade rules and won the trust of the international community.”

Meanwhile, Diego noted: “The government simply does what it deems right to do. Everyone falls in line. At the same time, I think the way they organize things has

really helped them. They stay within the norms, and that leads them to have what we see now: respect for traffic signals, respect for instructions and rules. It is a schematic system that I think helps.”

Regarding the role of the Chinese state in the change, Diego stated: “At first the 5-year plans helped... if a change is needed, they make the change. It’s not just the need for a long-term plan but also adapting it to the current reality. It’s changed and adapted to what’s happening. That and industrial planning through clusters backed by government favor and stimuli were decisive. The clusters turned slowly into China’s push toward development.”

Competitive advantage

Eduardo added: “They’ve been very smart about their economic policy. Since they opened up to the world, they’ve known what the key industries are, the ones they were going to back or the ones to privatize with an eye on better development, taking competition into account. That’s why the East coast is the most developed. It was a competitive-advantage strategy because it had port access. Each part has a function. Everything in China does: Shanghai, Beijing, and other strategic cities. Nothing is left to chance. They organized their economic structure. That, together with their organization base, led to the success we see today. Again, let’s talk about authority. If the authority says something, people follow it.”

With respect to successful public policies and the viability of exporting them to Mexico, Eduardo said: “It’s a complex question. Some could work... but the model, in and of itself, I don’t think it can be exported. It’s a different model, beginning with the culture, and it wouldn’t work in another country. Maybe where it could work is in going after the common good like they do, but some policies are for China only.”

Respect for law

Diego added: “It’s not a 100 percent exportable model, but there are some aspects that could be followed — respect for the legal framework and control of and punishment for corruption. Here, punishment is nonnegotiable. Whoever has harmed the people’s interests is punished. There’s no flexibility, like in the West. And the government is signing extradition treaties with several countries to bring back the offenders.”

Regarding opportunities in the Mexico-China relationship, Diego said: “Mexico and other countries have seen China as a competitor and have missed out on a lot of opportunities. We see

it as being in contact with the market. We see a lot of advantages for Mexican businesses if they seek out a strategic alliance with China. There’s a lot of opportunity for investment in Mexico. We have to seek out Chinese-Mexican business alliances. I think that’s the difference in improving trade relations. There are a lot of sectors, footwear for example. Mexico has the geographic placement and the trade networks to re-export the products in a business alliance.”

Unexplored territory

Eduardo concluded by saying: “The relation between the two countries has had a series of setbacks, but that creates a great opportunity. It’s unexplored territory because of a lack of information on both sides. The Chinese don’t know much about Mexico, and we don’t know much about them. Other Latin American countries have beat us to it, such as Chile and Peru. It’s sad, because if we look at the size of Mexico’s economy and its importance in the region, we should have a greater presence in China. We’re aware that being such close neighbors with the United States is a factor that affects Mexico’s trade with China, but I think we should see China as an opportunity rather than a threat. We also should realize that things in China are changing very quickly. There are more and more well-educated people, with a lot of purchasing power. We should bring products and services to meet that need. We should look toward China and stop putting all of our eggs in one basket. We should come to China, get to know it and take advantage of the opportunities it offers, such as tourism. It’s a good idea to promote Mexico and its destinations. We shouldn’t just stick to selling them the same thing. Tequila is one example. We keep pushing it without taking into account that a lot of Chinese are allergic to alcohol. Or others don’t know about it. There are no positioning strategies like the French had. They’ve spent 40 years holding French wine tastings. How many have we held? So there’s opportunity to promote our products and services from an exportable supply and demand. Business is not buy-sell. It’s a long process, especially in a young market like China. You have to be aware of the advantages and quality of the product for the Chinese consumer, and I’m sure that the Chinese will buy it.”

The author is a visiting scholar at Fudan Development Institute. He received his PhD in political and social science from National University of Mexico. Currently he is a research professor at Tec de Monterrey.