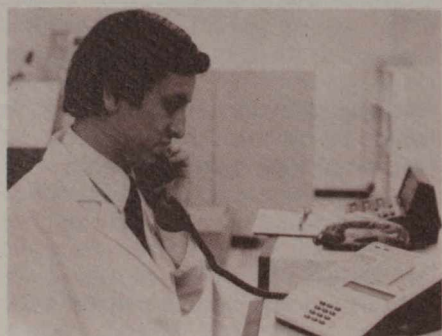


High-Tech Canadian Colony in Hong Kong

By G. Mallory-Browne



Mitel's Joseph Tsui with a PABX.

Back in the days of the height of the property boom, China Dyeing and Weaving, like many other companies, diverged from its usual trade and built a 26 storey office/industrial building five minutes from Tsuen Wan MTR station.

The building now stands only about 1/4 occupied; but about four of the floors — 37,000 sq. ft. each — are in the process of being turned into a Canadian Hi-tech colony.

Most of the companies are only just starting operations and one has yet to establish itself. The farthest advanced in the settlement process is Mitel (Asia) Ltd., a subsidiary of Mitel Corporation, the Canadian international manufacturer of computers, but better known for its telephone switching systems (PBX).

Mitel Asia is currently producing in Hong Kong the SX2, a small but full featured communications system for the home or small office. It includes such services as extension to extension calls, baby monitor, hold and transfer and speed dialing. It is also making the SX5 switching system which Mitel claims can satisfy 50% of all businesses in that it offers six extensions and two outside lines. Towards the end of the year, production will start on the more extensive SX20. This will be followed in January or February with the Superset 4 modems.

The Superset 4 modem will be sold only as an accessory to Mitel's Superswitch PBX systems. Its purpose is to make telephone communication, particularly within the company or office, quicker and easier and to alleviate the interruption that the telephone can occasionally be in the course of business.

One floor down from Mitel, Semi-Tech Microelectronics (Far East) Ltd. has started production on a complete line of "Pied Piper" personal/business portable computers. There is a connection between the two companies in that Dr. Michael Cowpland, President and chief executive officer of Mitel is also a member of the board of Semi-Tech.

Semi-Tech arrived in Hong Kong in February of this year and began production in April. Present production rate is about 200 units per day, but the manufacturing areas are not completely ready and, when fully operational, output will be about 1,000 units per day. In addition to its small size, "Pied Piper's" expandability should be an important selling point. However, at present, there are no plans to sell Pied Piper in Hong Kong or elsewhere in Asia. Sales and marketing will be controlled by the Canadian head office as the main market is expected to be North America and Europe.

The third member of the colony is Bytec Management Corporation. Its Canadian parent company is Bytech Holdings of which the principal official also happens to be Dr. Michael Cowpland of Mitel. The company will be manufacturing a personal portable computer called "Hyperion".

Technical journals have given "Hyperion" extremely good reviews and being in many respects compatible with IBM, should make it very popular in the North American market. Its small size and light weight are additional attractions. For the moment, the local company will be concerned only with manufacture but they may look, later on, for representatives in other areas.

The reason that Hong Kong had been chosen accordig to Bytec's Director of Manufacturing, William Evans, is that productivity levels were higher here than, for example, in Korea. Other factors had been the availability of materials and the responsiveness of the labour force to new ideas.

Nevertheless, materials for "Hyperion" will come from Japan, Korea, Taiwan and Singapore as well as Hong Kong. Bytec is expecting a production target for "Hyperion" of 4,000 units per month.

The latest member of the Tsuen Wan Canadian colony will be Trillium, a company that is 60% owned by Mitel and it will take over from Mitel (Asia) the manufacture of consumer products.

From the beginning of next year Trillium will take over the production of the SX2. Trillium will occupy the 24th floor of the CDW building which is even now being referred to by the members of the Canadian group as "Cowpland House".

Apart from occupying more or less contiguous areas of operation the companies in the group hope to be able to share such aspects of the business as the obtaining and use of resources and personnel recruitment.

Pacific Rim is the Market of the Future

By Andrew Burns

To gather from the number of top-level visitors through Hong Kong since the beginning of the year, Canadian officials believe what they say — that the Pacific Rim is the market of the future for Canadian exports.

Since Prime Minister Trudeau's visit to the territory early in January, we have seen the federal Minister of State for International Trade Gerald Regan, plus Premier Loughead of Alberta, Premier Davis of Ontario and Premier Grant Devine of Saskatchewan.

The reason for all the attention the region is getting can be seen by taking a look at the impressive growth rates attained by countries in East and South-east Asia between 1970 and 1981.

Taken as a whole, the area experienced the most rapid growth of any region in the world. Over the 11 years, South Korea's economy grew by an average of 9.1% per year; Japan's, 4.5%; China's, 5.5%; Hong Kong's, 9.9%; The Philippines', 6.2%; Thailand's, 7.2%; Malaysia's, 7.8%; Singapore's, 8.5% and Indonesia's, 7.8%.

That kind of growth has made Japan and China Canada's second and fifth largest trading partners, respectively, and promises to make the region even more important to Canada in the future. And, notably, Canada's trade account with both countries is in surplus — exports to China totaled \$1.3 billion while imports were \$204 million in 1982. For Japan, exports last year were \$4.6 billion while imports amounted to \$3.5 billion.

If there is a discordant note, it is that the overwhelming majority of Canada's exports to its trading partners in this region is of non-manufactured goods.

Wheat, aluminum and wood pulp together accounted for fully 85% of Canada's exports to China in 1979, and by 1982 that figure had dropped only slightly to 83%. The 10 top items in Canada's exports to China represented over 97% of the total exports in both years. Canada's trade with Japan is somewhat more diversified, but a range of 10 commodity and agricultural exports ranging from coal to barley accounted for 70% of shipments to Japan in 1982.