

EAST WEST REPORT

UNITED STATES PAN ASIAN AMERICAN CHAMBER OF COMMERCE

Spring 1998

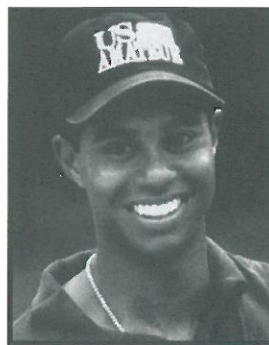
USPAACC to Celebrate Tenth Anniversary of *Excellence 2000* Awards on May 1



Scott Oki
Chairman and CEO
Oki Developments, Inc.



Andrea Jung
President
Avon Products, Inc.



Tiger Woods
Professional Golfer
Masters Champion 1997

TO MARK A DECADE of recognition of high achievers within the Asian American community, the United States Pan Asian American Chamber of Commerce (USPAACC) will host a special celebration for its tenth annual *Excellence 2000* Awards on Friday May 1, 1998, to be held in Washington, DC.

"In pursuit of the Tiger—Traditions and Transitions" is the theme of this year's celebration. It is a fitting theme not only because 1998 is the Year of the Tiger, but also because the youth of today are experiencing a period of major transition, between the

traditions of past generations and the new challenges posed by the rapidly evolving culture of today.

For this tenth anniversary, the U.S. Postal Service has come forward to be the Title Sponsor; Federal Express gives its tenth year of support and will sponsor the Business Round Table Conference; and General Motors continues to be the East Meets West Reception Sponsor.

As in past *Excellence 2000* celebrations, 1998's awardees have made a mark of distinction in their respective careers—the corporate, philanthropic and profes-

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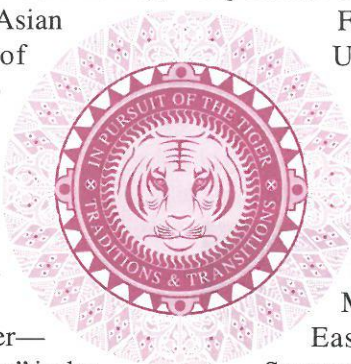
Proposed Bills are Good for American Competitiveness & Small Business

Two proposed pieces of legislation will soon be up for a vote by Congress, and USPAACC encourages their passage because they are good for American business and US competitiveness. Both bills have been introduced by Sen. Spencer Abraham (R-MI).

Provisions in the first bill, the American Competitiveness Act (ACA), include enlarging the number of "H-1B"-type visas (which are typically issued to professionals to permit them to work in the U.S. for a specified amount of time) currently issued. Recent proposals by the Clinton administration will sink the H-1B visa program, so the passage of the ACA would prevent that, allowing businesses to tap into the best talent available.

The second bill, the Small Business Lawsuit Abuse Protection Act, is a pro-business, pro-consumer, pro-entrepreneur measure that places caps on the amount of punitive damages and compensation claims, thus discouraging frivolous lawsuits and keeping the cost of goods and services lower for consumers.

These bills should be passed by Congress because they're good for business, good for American competitiveness, and good for job creation.



We are pleased to support the
**United States Pan Asian American
Chamber of Commerce.**

Congratulations to the
USPAACC for fourteen years
of valuable programs and contributions
that expand economic opportunities for
Asian American businesses
and professionals.

We support and value your
important work.



The Asian Financial Crisis: Two Views

Hong Kong: A Pillar of Stability in the Asian Financial Turmoil

by Kenneth T.W. Pang

The Asian financial crisis is going to take time to work through, but there are many hopeful signs of recovery. Hong Kong sees itself as part of the solution. The Hong Kong dollar link to the U.S. dollar is an important source of stability, backed by very substantial foreign exchange reserves and an absolute determination to maintain the link.

The reasons for the crisis are varied and much discussed. One thing is clear. The long-term solution to this market problem must be a market-based solution. The region needs to develop much deeper, more sophisticated, well-regulated capital markets. Disclosure standards need to be high. Clearer separation of banking, corporate and government interests need to be established.

Hong Kong has a well-regulated market but is constantly on the lookout to make further improvements. We have just introduced legislation to tighten the supervision of hedge fund operations. We are also on the lookout for ways to encourage the diversification of capital instruments. A Hong Kong Mortgage Corporation has just been established to promote fixed-rate mortgages, currently unusual in Hong Kong. All of us in the region need to keep looking

for ways to improve regulation, transparency and the variety of financial instruments.

There is growing recognition of Hong Kong's contribution to regional recovery through its commitment and actions to maintain the stability of the Hong Kong dollar. Hong Kong cannot and will not engage in competitive devaluation. With a firmly fixed exchange rate, we are forcing asset prices, wages and other production costs to adjust. Our flexible labor market and efficient asset market are already adjusting. The adjustment is painful. But it is reducing the cost of doing business in Hong Kong, making us more competitive.

A key question we face when discussing the Hong Kong dollar link is whether China might devalue the RMB which could impact on the link. The first point we emphasize is that China has an entirely separate monetary system from the Hong Kong Special Administrative Region. When China devalued in 1994 it did not have a negative impact on the HK/US dollar link. Moreover, the Chinese leadership has categorically affirmed that it will not permit the RMB to devalue. We can see no balance of payment pressure for them to do so. China's foreign reserves are rising, its exports grew by 20% last

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Taiwan: Poised to Weather the Storm

by Stephen Chen

The Southeast Asia financial crisis has had its strongest impact on countries with unbalanced macroeconomic structures, unhealthy financial systems, and flawed financial supervisory mechanisms. The crisis has had less of an impact on the Republic of China on Taiwan because Taiwan has: (1) a fundamentally sound economy (our GDP grew by 6.7 percent in 1997 and is predicted to grow by 6.4 percent in 1998); (2) consecutive surpluses in its current accounts (US\$11 billion in 1996 and US\$5.1 billion for the first three quarters of 1997); (3) huge foreign exchange reserves (US\$84 billion at the end of January 1998); (4) nominal foreign debt; (5) no excessive dependence on foreign capital; (6) soundly structured financial institutions; and (7) a business sector comprising mainly small and medium-sized enterprises that are able to respond flexibly to changes in the economic climate.

Despite its sound economic fundamentals, Taiwan has been unable to entirely escape the effects of the financial crisis. From July to mid-October 1997, Taiwan's Central Bank of China played an active role in helping to adjust Taiwan's currency market by spending billions of dollars to ease the downward pressure on the

New Taiwan Dollar (NTD). As a result, Taiwan's foreign exchange reserves were reduced from US\$90 billion at the end of June to US\$82.9 billion at the end of October. On October 17, 1997 the Central Bank halted its massive intervention in the currency market because it recognized the difficulties of fighting off international speculation by itself and understood that the ROC on Taiwan must maintain a higher volume of foreign reserves because it is not a member of the International Monetary Fund. As a result, the Central Bank began allowing the NTD to float freely against other currencies. This decision spared Taiwan's financial sector and overall economic structure from the damage that would have otherwise been caused by prolonged maneuvers against currency depreciation.

In light of the enormous challenges posed by the Asian financial crisis, the ROC's economic policy will focus on four priorities: (1) sustained economic stability; (2) continued liberalization, globalization and institutionalization; (3) financial order; and (4) international economic cooperation.

International cooperation is needed to prevent similar financial turmoil in the future. Both Taiwan and the

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Revisiting the Telecom Act

by Raymond W. Smith

It's been two years since the passage of the Telecom Act of 1996, and we're still consumed with the details of how to implement it. Sometimes it seems like the straightforward objectives of the legislation—to open the *entire* communications marketplace to competition—have been overwhelmed by the regulatory process. The reality is much more positive: in the last two years, we've made very real progress toward fulfilling the vision of a competitive local telecommunications industry, with:

- Millions of dollars being invested in electronic operating systems;
- Scores of interconnection agreements signed all over the country;
- Hundreds of thousands of resold lines being used by competitors to provide local service; and
- Billions of minutes-of-use being exchanged—a number that's expected to double in 1998.

But, if we're moving fast in this country, the rest of the world is moving even faster. The United States may have carried the torch in introducing competition in communications, but—today—the real history is being made in the global marketplace, where the historic expansion of communications markets is racing ahead.

Regulation can't stop these global trends—but it can speed them up or slow them down. The irony for the American communications industry would be for something that's been a competitive advantage for the United States to turn into a competitive liability.

That's the crossroads we face on telecom regulation today. And that's why I believe the next 18 months will be crucial in determining whether the United States will continue to be a world leader in an industry that will be critical to our economic prosperity in the 21st century.

The first step is to revisit the goals and objectives of the Telecom Act. Its purpose was to open all communications markets. Up to now, implementation has focused on introducing competition in the local circuit-

switched market. The rate of change in this arena has been dramatic; at Bell Atlantic, for example, we are making an extraordinary effort to meet and, in fact, *exceed* the requirements of the Telecom Act to open our local phone markets to competition.

Now it's time to accelerate the opening of *all* markets, across the board, starting with three simple steps:



Raymond W. Smith is Chairman and CEO of Bell Atlantic.

#1. Deregulate the Internet now for all players. It's time to stop applying old regulatory policies to new technologies. Since current regulation considers Internet traffic to be "long distance" service, Bell Atlantic is prohibited from making the investments in backbone networks that would greatly expand Internet capacity.

Bell Atlantic has filed a petition with the FCC to provide high-speed data services, including Internet access, across local calling boundaries. In addition, the company is asking for approval to develop new data services free from the restrictions that apply to voice calls.

#2. End the guessing game on long distance entry applications by spelling out the requirements for approval once and for all. The acid test for this new approach will be the State of New York—arguably,

the most open, competitive communications market in the United States. We do not believe that the framers of the Telecom Act envisioned that this process would become hopelessly entangled in bureaucratic snafus and inter-agency wrangling. The FCC, Department of Justice and state commissions should eliminate this endless government-approval process and provide us the information required to move forward. If the rules are spelled out clearly, Bell Atlantic can file an application with the FCC that can be approved immediately.

#3. Deregulate the business market immediately. Our state regulators are beginning to recognize there is no justification for continuing to regulate services that are already competitive, such as business and high-speed data services. Competitors in these markets can provide any service a business customer wants, including local service, with none of the pricing restrictions or cumbersome marketing rules we face.

The initiatives would go a long way toward removing the barriers to growth in the U.S. market and accelerating speed-to-market for new products and services.

We look forward to working with policymakers—from the FCC to state agencies to the U.S. Congress—in taking a fresh look at regulating this vital industry.

It's time for us to show that we believe in the competitive, technology-driven, market-based approach that has made America the world leader in information-age technologies. The reward will be continued U.S. leadership in the most critical industry in the global economy and a new cycle of investment, innovation and growth.

Let's get on with it.



Visit USPAACC Online!

Reach our home page on the Internet at:

<http://www.his.com/~uspaacc/>

Our e-mail address is:
uspaacc@his.com

Give the Telecom Act Time to Work

by C. Michael Armstrong

The Telecom Act of 1996 is a subject that's had a good deal of discussion and analysis during the past year. People in the industry and people in government are understandably focused on federal court decisions, Congressional intent and the nuances of telecom policy.

But the people with the biggest stake in the Telecom Act are America's consumers. They want to know when they're going to see the benefits they were led to expect two years ago. They want the tangible benefits of a competitive market in local phone service. I believe the Telecom Act can deliver those benefits. However, there are five fundamental questions about the Act that need objective answers.

First: Why does America need a Telecom Act? The answer is, simply, to benefit consumers by opening the regional Bell operating company (RBOC) monopolies to competition. The RBOCs have had a protected market for the better part of this century. They have the only telephone wire that connects to the consumer. And they had, and still have, 98 percent of the consumer local exchange market.

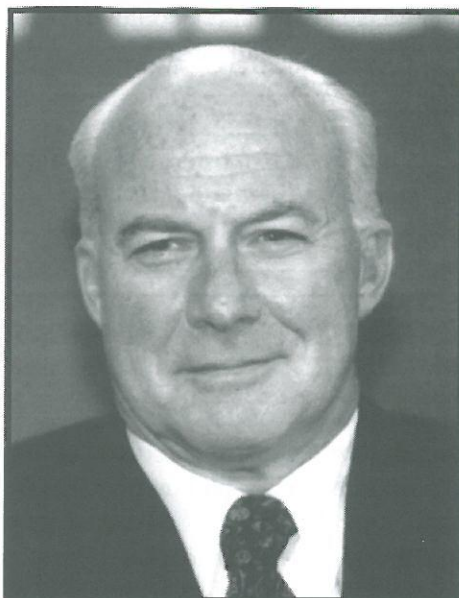
The purpose of the Act is to enable local competition, attract investment in new local service facilities and give consumers better local value. This will only happen, at least in the short term, if new competitors are given a fair chance to re-use or compete for the only wire that connects consumers to the telephone systems.

In contrast, long distance in America is already competitive, with over 500 companies attracting new investment, new technology, new companies and new jobs. Plus, it has driven long distance prices down by 55 percent since the break-up of the old Bell System monopoly in 1984.

The Act holds RBOC entry into long distance as a "carrot" for opening their local markets to competition. The RBOC's entry into long distance, then, is to be a consequence of opening their markets. They have been protected from market forces for close to 100 years. For market competition to work, they must allow their competitors to use their facilities on an economically vi-

able basis. And that's exactly what the Telecom Act requires.

Second: How is the Act supposed to enable competition? The most important principle to recognize is that the RBOCs own the only connection to the consumer. There is only one wire to the home. So, the only short-term means for local competi-



C. Michael Armstrong is Chairman and CEO of AT&T.

tion is an economically viable re-sale of the only consumer connection available. Without that, competition will never take happen.

It was the economically viable re-sale of the long distance that took America from long distance monopoly to competitive long distance markets. It is the economically viable re-sale of power that will lead to competition in the electric industry. And it is the economically viable re-sale of local exchange facilities that will result in local service competition.

But local re-sale at an average 22 percent discount, the *current* and *only* RBOC offer, means no one can afford to go into the local exchange business. With a discount like that, no one would be competing in the long distance market, either. Today,

long distance competitors, including the RBOCs, buy service at discounts between 50 and 60 percent from AT&T. That's around what it takes to cover the costs of competing in the telephony resale business. When the local communications market opens, investment and competition will happen. And the Telecom Act requires appropriate market opening that will attract investment and result in competition.

Third: What has happened since the Act was passed? Let's look at AT&T's experience. We applied for certification to provide local service in all 50 states within 30 days after the Act was signed. In the two years since then, we entered into 78 negotiations with regional monopolies. Only *one* of those negotiations resulted in a voluntary agreement. The other 77 negotiations all went to arbitration. We made 41 interconnection agreements to connect with local company networks. Every single one of them is under appeal.

Despite these hurdles, we remain committed to local service. We've spent \$3.5 billion on it over the last two years. We signed up more than 300,000 consumers, more than any other new competitor. Yet we're losing \$3 a month on each customer, thanks to the uneconomical discounts in local re-sale rates. However, AT&T will continue to provide consumers with local service anywhere we can get economically viable rates, which is just what the Telecom Act requires.

Fourth: What is needed now for the Telecom Act to succeed? Just give it a chance to succeed! The Telecom Act defines how to economically share the local wire to get local competition started. It opens a path from simple re-sale to other forms of competition. But the Act is in court. It has never been in the market. The RBOCs have sued, challenging the constitutionality of the Telecom Act they helped fashion and publicly supported. And they have sued, challenging the right of the Act to require economically viable facility re-sale nationally. These challenges will be heard and the will of the Congress confirmed or redefined.

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Southwest Gas

(as of press time)

Hong Kong is Stable Throughout Turmoil

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year, foreign direct investment is slowing but only moderately, and 8% GDP growth in 1998 is forecast. This is not the profile of an economy that needs to devalue.

In short, 1998 will be a very important year for consolidation in East Asia, and preparation for a return to economic vigor in 1999. And we are confident that Hong Kong's commitment to an open and transparent market, combined with fiscal prudence, will place us among the first to recover.

Mr. Pang is Commissioner, Hong Kong Economic and Trade Affairs, USA.



Excellence 2000 Awards

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sional sports worlds. This year's celebration will honor three outstanding Asian Americans—philanthropist Scott Oki, Avon Products head Andrea Jung and golfing phenomenon Tiger Woods.

Scott Oki is Chairman and CEO of Oki Developments, Inc., an investment company with diverse interests in real estate, golf course development and management, restaurants and venture capital for early-stage high-technology companies. Prior to starting his company, Mr. Oki was with Microsoft Corporation for ten years in various executive positions, including head of the company's international division and as Senior Vice President of Sales, Marketing and Service. He holds two degrees from the University of Colorado, where he was also a *magna cum laude* graduate. Mr. Oki currently serves on several boards of corporate and not-for-profit organizations, including the University of Washington, the Children's Hospital Foundation, the Japanese American Chamber of Commerce and the Japanese American National Museum.

Andrea Jung was recently named

Taiwan Will Weather the Storm

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United States have close economic and trade ties with countries throughout the Asian Pacific region. It is in the interest of both our countries to help maintain economic stability and continued prosperity in the Asian Pacific. To this end, our representatives to international organizations such as the APEC forum have expressed our willingness to help. The ROC on Taiwan sincerely hopes that the loan-lending and collective supervision mechanisms proposed by the IMF and ASEAN succeed, and we are willing to participate in and contribute to these mechanisms. However, since we are not a member of either the IMF or ASEAN, our participation has been limited. We, therefore, hope that the United States, which plays the leading role in international financial markets and enjoys good economic and trade relations with us, will support our participation, as an equal, in any system of collective supervision or collective effort to maintain financial stability in the Asian Pacific region.

The author is the Representative of the Taipei Economic & Cultural Representative Office (TECRO).



President of Avon Products, Inc., the worldwide cosmetics and beauty products maker. She is responsible for overseeing all of Avon's international business, directing the company's global marketing, R&D, market research and strategic planning. Prior to working at Avon, Ms. Jung also held several senior positions with fashion retailers Neiman Marcus and I.Magnin. *Brandweek* magazine named her as one of its "Marketers of the Year" in 1996, and *Advertising Age* named her as one of the "25 Women to Watch" in 1997. A *magna cum laude* graduate of Princeton University, Ms. Jung serves on the Board

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Excellence 2000 Awards

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of Directors for the Fashion Institute of Technology, the American Management Association, the Zale Corporation and Donna Karan International. She is married and has two children.

Eldrick "Tiger" Woods has been golfing since the tender age of six months. Last year, at age 21, he won the 1997 Masters Championship, managing to score lower than any golfer ever for this tournament, winning by a record margin of 12 strokes. In his first year as a professional golfer, Mr. Woods won eight golf tournaments.

The Associated Press chose him as their 1997 Male Athlete of the Year, the fifth golfer ever to do so. He was also selected as 1997 Player of the Year by the PGA Tour, PGA of America, and the Golf Writers Association of America. *Sports Illustrated* selected Woods as its 1996 Sportsman of the Year. Mr. Woods also achieved the No. 1 world ranking faster than any player in history. Prior to going professional, Mr. Woods compiled one of the most impressive amateur records in golf history. He is a graduate of Stanford University, and is the son of Earl Woods, a retired lieutenant colonel in the U.S. Army, and Kultida Woods, a native of Thailand.

The honorary Chair of this year's *Excellence 2000 Awards* event is world-renowned architect, I.M. Pei. The Mistress of Ceremonies will be award-winning actress Joan Chen, who starred in the film *The Last Emperor*. ESPN's Michael Kim will serve as Master of Ceremonies.

The purpose of the *Excellence 2000 Awards* is to honor outstanding Asian Americans in Education, Business, Science, Technology, Sports and Public Service, in recognition of their contributions to the quality of life in America. It also recognizes superior achievement by Asian American students. The Yue-Sai Kan Scholarship and the Bruce Lee Scholarship will both be presented along with six awards from the Asian American Scholarship Fund.

(For more details on attending the Excellence 2000 Awards, please contact the USPAACC directly at (202) 296-5221 or fax (202) 296-5225 for reservations.)



Give the Telecom Act Time to Work

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Yet these same challenges refocus us on the Telecom Act as a product of our Congress to achieve local competition. It is a product that was shaped by industry agreement, by regulatory agreement and by overwhelming legislative agreement. Like all new products, it needs to be tested in the market to be properly judged. We should surely not judge it by the protests of the local monopolies resisting competition. And we should surely not try to fix it until we know what doesn't work.

This Act was written for consumers and competition. We should not let its benefits to consumers and competition slip away simply because we got tired of removing the obstacles created by the opponents of competition. If we want the benefits of local competition, we need the patience and perseverance to put the Act to work in local markets.

Fifth, and finally: What will Americans miss if the Telecom Act isn't made to work?

First, if there is no economic opportunity to re-use the RBOC facilities, then by definition there will be no local competition for years to come. Second, consumers will miss the market benefits of local market competition, such as better service, new investment, more functions and services, one-stop shopping and greater value. Third, consumers will miss one of the most powerful drivers of the market system and a democratic society—*choice*. Consumers deserve that.

The communications industry has a vision for the future that revolves around the benefits of real competition. It's a vision worth sustaining. And that vision will be advanced by the Telecom Act of 1996.



Come to the USPAACC Business Round Table Conference

Hyatt Regency on Capitol Hill, Washington, DC

*Friday, May 1, 1998
Nine a.m. until Noon*

Topics:

Affirmative Action: "All Aboard, Divided No More!"
Asian Economy and Business Development

Panelists:

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President, Center for Equal Opportunity
Ward Connerly
Chairman, American Civil Rights Initiative
Dr. Wendy Gramm
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About USPAACC

USPAACC was organized to provide advocacy, education, information and network opportunities to its members; promote activities that will further the business and professional interests of its members; collect, evaluate and disseminate among members information of interest to them; represent, express and give effect to the opinions

of its members with respect to trade, commerce, industry and related issues; and conduct charitable, educational and similar programs for the benefit of its members and the Asian American communities.

USPAACC members are Asian Pacific American businesses and professionals and others wishing to develop

business ties with Asia. Current membership includes high technology and international trade consultants, retailers, government contractors, manufacturers, import and export traders, lawyers, medical professionals, *Fortune 500* Companies, construction companies, etc.



Membership Application

*Please remit application to USPAACC, 1329 18th Street, NW, Washington, DC 20036 Tel: (202) 296-5221 Fax: (202) 296-5225.
Please make checks payable to USPAACC. Annual dues cover the period from January 1 through December 31.*

☐ Yes, I would like to be a member of the **U.S. Pan Asian American Chamber of Commerce.**

☐ Enclosed is \$50.00 for a yearly individual membership.

☐ Enclosed is \$250.00 for a yearly corporate membership (for corporations with up to 500 employees).

☐ Enclosed is \$500.00 for a yearly corporate membership (for corporations with more than 500 employees).

☐ Yes, I would like to make a contribution in the amount of \$_____ to the **Asian American Scholarship Fund**
[contributions to this fund are tax-deductible under IRS Code 501 (c)(3)].

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