Dow Jones Asia Ventures
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The VentureWire events are interesting venues where Dow Jones invites startups to do their company pitches, usually looking for venture funding. More interesting aspects of these events are the keynotes and panel sessions by industry leaders and visionaries.

We found two of them to be especially interesting.

Panel: The Internet in India: Where is it headed?
Despite its title, the panelists covered China and India (Chindia). E-commerce in Chindia is still in infancy. People there buy a book on their way to work; they don't **go** to buy a book. Ad monetization is a long way from here. Advertisers in Chindia are not sophisticated. India has 40 million people with Internet access, but only 1.5 million with broadband. Naukri.com, a job-site portal in India, had a highly overvalued IPO of $400 million. Content-wise, political and religious views on the Web are banned in China. Illegal content is rampant in China. Copyright issues will persist and won't be solved for a long time. In India it is clicks-and-matrimony matchmaking, and the entrepreneur is the majority owner. China is succeeding *because* of its central government; India is succeeding *despite* its central government. China has a benevolent Communism; India has a schizophrenic Democracy. In the end, who will win? Relatively closed society? Relatively open society? Or both? Time will tell?

Ambassador Charlene Barshefsky, former US Trade Representative — the chief trade negotiator and principal trade policymaker for the United States — from 1997 to 2001, gave some fascinating insights into doing business in China.

Last year 70% of foreign direct investment in China came from the Big 5 — Honk Kong, Japan, Singapore, South Korea, and Taiwan. Asian union is happening on the back of a business, and not a political, backbone. For China to have a high-growth economy, it must create 12 million to 13 million jobs *a year*. For reference, the US created 22 million jobs in the entire decade of the 1990s. China has too much wealth creation, not enough wealth distribution.

Bear in mind the following points before you venture into China:

1. **Creation of national standards**: China believes it is a technology war, driven by resentment over copyright issues. Anti-IP sentiment is rampant. China's policies are skewed towards domestic suppliers. Its 3G initiative is an example.
2. **Lack of IP**: Overall piracy is 90%; in software it is 100%. China will be a technical absorber, not a diffuser.
3. **Resistance for technology transfer**: China will resist this and encourage domestic development of technology by massive subsidies.
4. **Development of domestic champions**: Procurement policies in China again favor domestic suppliers. Lenovo today imports 80% of its chips. The Chinese government would like to substantially reduce this.
5. **New anti-monopoly laws**: The mantra here is *Big is bad*.
6. **New M&A laws**: These will make it even harder for foreign conglomerates to acquire Chinese companies.
7. **Growing concern over foreign ownership and acquisitions**: China is afraid of becoming a slave to large multinationals.
8. **Forced unionization**: This will occur in both domestic and foreign-owned companies, favoring the domestic ones, and possibly resulting in industrial espionage.
9. **Continued government subsidies**: State-owned enterprises in China are still struggling to compete with both domestic and foreign privately held companies in terms of efficiency, quality, and agility. The Chinese government will continue to subsidize them, with no guaranteed returns to struggling companies.

The Chinese also believe one man's profit is another man's opportunity.

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