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Diverse Business Opportunities on the US West Coast Print this

International Enterprise (IE) Singapore's Centre Director in Los Angeles offers tips and insights

The West Coast of the United States has been badly affected by the crisis in the housing market. California is in fact one of the top three states with the highest number of foreclosures in the US.

Despite the recession, sectors such as education, healthcare, and increasingly, alternative energy, are still hiring. As money from the \$787 billion American Recovery and Reinvestment Act begins trickling down to various cities around the country, other business sectors including construction, related suppliers and professional services such as engineering and architecture may begin to ramp up as well.

inews asked Sunil Sabnani, IE Singapore's Centre Director in Los Angeles, California, to share insights into how Singapore companies can take advantage of business opportunities on the US West Coast of the USE even amidst the current crisis.

Q: How favourable is LA and the West Coast in general for foreign investors?

A: Issues pertaining to foreign investment are often best viewed at the city level. All cities have dedicated economic development or promotion agencies that work actively with foreign investors. Many cities have various incentives schemes for sectors or areas that have been flagged out for special attention and offer far sighted investors the change for first mover advantage.

However, with higher returns comes higher risk. Looking at the state level, it is difficult to isolate any one particular state as being more favourable than others. For example, despite the presence of some of the highest personal and sales taxes, California continues to attract a large portion of total FDI into the US. Many factors affect companies' investment decisions, for instance, market distribution, tax rates and incentives and labour considerations.

That being said, Los Angeles County and California as a whole do have significant reasons to attract foreign investment. Key among that include its being a leader in international trade in the US. The Los Angeles-Long Beach port complex is top in terms of cargo tonnage and containers handled in the US and was ranked the fifth busiest port in the world in 2007. Los Angeles Airport is currently ranked 10th in the world in terms of cargo traffic handled.

It also has a major technology base well-equipped to meet the needs of the new economy, be it the design of computer systems, software design, engineering design, as well as clean technology.

Q: Which industry sectors hold the most promise for Singapore companies looking to expand into LA?

A: LA is arguably one of the most diverse cities in the West Coast and consequently



Setting up Office in Los Angeles

According to Sunil Sabnani, IE Singapore's Centre Director in LA, Singapore companies expanding to LA need to:

- have a clear idea of the market segment they are servicing;
- know the needs and peculiarities of their customers; and
- be aware of the various licenses they need to obtain and the regulations they need to comply with in order to do business in LA.

The Los Angeles County Economic Development Corporation, which offers detailed statistics, economic reports and forecasts for the various key industries in Southern California, is a good place to start researching on the LA market.

It provides sample operating cost data in different parts of Southern California, information on business incentives as well as business assistance services. Among the complimentary business services they provide include a commercial and industrial property site search, assistance with the permit process, identification of financing opportunities and coordination with the port, Free Trade zone, and utilities companies in the region.

Meanwhile, the Mayor's Office's website lists the various licenses required to operate in LA county.

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offers a wide variety of opportunities. Singapore companies involved in interactive digital gaming, info-communication software, transport or infrastructure design and planning and services would be best advised to consider LA as their entry into the West Coast.

In addition, IE Singapore's LA office has also been promoting the E-waste sector. The US is the world's largest producer of E-waste, and existing E-waste companies are actively looking for overseas partners that can offer alternative venues for processing and means to expand their domestic operation or new processing technology.

Q: What are the industries that the government plans to invest in and develop?

A: Tourism, healthcare and construction have been flagged out by the Mayor's office as key growth sectors and drivers of employment for 2009. There is also a greater focus on clean energy and environmental technology. The green industry potentially amounting to billions, provides opportunities in solar and wind energy technologies, water conservation and emission-reduction solutions.

Another key sector is infrastructure, especially in ports, airports and roads. Among the key projects that the port of Los Angeles and the neighbouring Port of Long Beach are investing in include US\$100 million in the development of the Port's West Basin area, US\$30 million in roadway projects and US\$100 million in rail projects, all of which will boost the transport and construction sectors.

Q: What are the industries that foreign investors are not doing well in?

A: The current economic and financial crisis have certainly thrown a damper to many new and existing companies' plans and performance. Retail, tourism, real estate, apparel design and manufacturing are generally experiencing declines. However, one can treat this as a temporary setback. Where foreign investors falter is in terms of not adapting their product to the market, not knowing the market well, or not having the right product.

Q: What obstacles can Singapore companies expect to face when expanding to LA?

A: Comprehending the sheer size and diversity of the market and dealing with the resultant issues are challenges that Singapore companies face when expanding to LA. LA consumers may have a different taste profile from those in Orange County and San Diego and licenses that are not required in one city may be required in a neighbouring city just an hour's drive away. As such, companies need to be clear as to which specific customers they are targeting and know their needs, requirements and expectations.

Knowing the kinds of regulations, licenses and permits they need to have is crucial before entering any market. While Singapore may be touted as one of the easiest places in the world to set up a business, doing so in Los Angeles takes more time! First, businesses need to know what paperwork they have to do, calculate the costs, and then take the time to work with various government departments, commercial services providers at county, state and federal levels to weave their way through the complex system.

Furthermore, Singapore companies need to understand that methods of doing business that work in Asia, especially Singapore, are quite different from those in LA. Business meetings, for instance, are always punctual, shorter and more direct. At the same time, what resonates with consumers in Singapore may not always connect with the average LA consumer.

Singapore companies also need to realise that Singapore, its capabilities and business prowess are not always on the radar of companies in this part of the world. While there is a greater awareness of Asia, especially China and India, well-known brands, certification and personalities from Singapore are not necessarily familiar to the average US business. As such, Singapore companies need to work on ways to get US businesses to trust them and have confidence in the quality of their product, such as supplying to or working with MNCs and names that US businesses are familiar with having certification and standards widely used by US companies in their respective industries.

Q: In what ways can the IE office in LA assist Singapore companies wanting to expand into the West Coast?

A: IE Singapore's LA office can offer multiple forms of assistance, such as providing general information on setting up a business, identifying potential customers and business partners, and giving recommendations on accountants and lawyers. We often arrange exploratory or marketing missions for companies as well.

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