

Emerging Markets Datafile
Hong Kong Imail

September 3, 2002 Tuesday

EMEDIA-ACC-NO: 200209031620.m20

LENGTH: 490 words

HEADLINE: **Rubbermaid** in Shanghai snub, HONG KONG IMAIL

BYLINE: Paris Lord

BODY:

Despite all the talk about Shanghai gaining on Hong Kong in competitiveness, one Fortune 200 company has bucked the trend by establishing its regional headquarters here.

Newell Rubbermaid has chosen Hong Kong over Shanghai to establish its Pacific headquarters.

The consumer products maker, which reported combined global sales of US\$6.9 billion (HK\$53.8 billion) last year, said a "more competitive" rental deal for premises in Hung Hom, its close proximity to the Kowloon- Canton Railway, a large pool of skilled workers and the level of English were factors behind its decision. **Rubbermaid's** Europe and Asia-Pacific president Simon May said the company would take the entire 17,000 square feet of the 28th floor of the new Metropolis office complex, owned by Cheung Kong (Holdings), for an initial six-year lease, with the option of taking the floor below. Cheung Kong told The Standard the average committed rental rate for the Metropolis was HK\$15, compared with an average HK\$20 to HK\$25 for new office buildings in Tsim Sha Tsui.

May said the office would house the company's global research and development centre, and would spearhead the group's regional expansion.

Rubbermaid brands include Little Tikes children's toys, Graco perambulators and Curver kitchen products. However, over the past year at least five major companies have chosen to set up regional bases in China's largest city rather than Hong Kong.

There are now more than 70 multinational companies with regional bases in Shanghai.

Strongly represented are shipping, information technology, telecommunications companies such as Motorola's energy products division. On the way are the mobile phone division of Siemens, American Express and five subsidiaries of General Electric. Siemens' mobile phone regional HQ is currently in Hong Kong.

Some economists view the rush to set up bases in Shanghai with caution. In May, a DBS

Bank senior economist said Shanghai's construction boom made many people think the city was doing well. "But it still has a lot of problems such as the legal system, property rights, business freedoms, currency convertibility and the banking system," he said.

Hong Kong has these safeguards, according to at least five major companies who set up regional bases here in the past year. Last April, the SAR government said the number of regional headquarters and offices set up by international companies in 2001 had jumped 7.9 per cent on the 2000 figure to reach 3,237.

Companies due to set up regional bases within two years include the world's largest lockmaker, Assa Abloy, electronics giant Philips, telecommunications company BT Ignite and Dell Computer Corporation.

The Swedish lockmaker said last month the SAR's low tax rate, quality banking and financial services and versatile workforce were behind its move.

Assa Abloy reported annual sales of US\$3 billion last fiscal year.

LANGUAGE: ENGLISH

JOURNAL-CODE: m20

LOAD-DATE: September 3, 2002