The Survival and Growth in the Course of International Marketing

—The Case of Meedo Trading Company—

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I. The Meedo Garment Division

It was early February in 1981. I happened to visit Mr. Kim, the owner of a textile company in Seoul, after a meeting with my friends. I thought I may be able to say hello to his children. But I found Mr. Jones from Berkeley, a principal buyer of the textile goods from Mr. Kim, playing with the children. They were just busy to build police headquarters of Lego toy.

Though Mr. Kim had no regular educational background in the U.S., his English was just good enough to broke out laughter. When the two children were enjoying the toy, Mr. Kim has almost completed the contract with Mr. Jones for his June shipment.

I was engaged in the relationship with Mr. Kim when he visited my office last July 1980. He asked me to translate a petition sent to House hearing committee by the manufacturers association to curb the import from Korea. At that time, the annual export to the U.S. amount to five hundred million dollars, only one percent of which were the share of Mr. Kim’s company. He also mentioned that the petition would not have direct impact on his export because he had concentrated high price/high quality items only. I thought it absurd for the owner of a small company to prepare a rejoinder to the petition. But I was moved to write the rejoinder to the effect that the Korean industry had imported import of raw materials from the U.S. one billion dollars compared to the five hundred million export of completed products to the U.S., and it was not economically wise to protect labor intensive items at the expense of substantial reduction in raw material export to Korea.

The petition was naturally rejected, and I have had close contact with Mr. Kim to consult his business since February 1981.

1. Personal Background of Mr. Chull Soo Kim.

He had earned all the way through the most prestigious university in Korea, Seoul National University in February 1964. In the wake of Korean War, he survived to learn how to face crisis. As an assistant to a General in Air Forces he had various opportunities to analyze military build-ups with staffs from the U.S. Since he was grown up in the trial situations, he has gentle hearts to understand difficulties of others.

He served a British Institution in Seoul for one year at attractive salary. But he moved to a trading company in 1969 at a salary that can only cover living expenses for his wife and a son. He was not good at smoking, drinking
and other card games that are partly required to entertain buyers from abroad. Therefore he was asked to change his position as an inventory manager in a factory in Pusan which is located 280 miles south of Seoul. He had made his mind to learn all about the factory management staying at the factory almost sixteen hours a day. Tired of the monotonous living in Pusan, his wife and son moved to Seoul. Though they were separated, he thought he would be able to get together in a few years.

In the mean time, he was forced to adjust a claim of two hundred thousand dollars, which was caused by his failure to meet the specification of the parts. Though the claim was settled, his salary was trimmed to pay the penalty of his mistake. Being discouraged, and separated from his family, he had once fallen into a temptation to commit suicide. Everyday life was just too harsh to live for him.

One day James Scott had knocked the door of Mr. Kim's office. He expressed his regret about the recent claim, and suggested to establish a new venture. Mr. James Scott had been a buyer of fifty thousand dollars worth of goods. As a buyer, he had difficulties to find a good source of supply for his items. Some factory had good facilities but they did not trace accurate cost accounting. Some of the factory managers were not able to maintain quality requirements. That's why Mr. Kim was asked to establish a new company.

With the initial order of ten thousand dollars from James Scott, Mr. Kim, as the president of Meedo Garment Company, engaged in the export business in March 1972. The export volume in 1982 amounted to twenty million dollars as one of the top three exports in Korea.

2. The Meedo Garment Company

In July 1972, the company penetrated the Chicago area through Mr. James Scott, the buying agent for Cato Garment Company. There were, at that time, ten major suppliers in Korea to export the garments to the mid-east area of the U.S. market. The U.S. market was growing at fifteen percent a year, while suppliers were limited in Hong Kong and Korea in Asia due to the skilled labor proficiency. The most important tasks for Mr. Kim was to pay attention to the factory management and raw material supply from the U.S., England, Australia and Japan. He had relied most of the sales on a few buyers, Mr. Scott, Mr. Mason, and Mr. Jones.

In August 1974, General Trading Companies (GTCs) in Korea had entered the garment exporting industry by shipping the products on D/A or D/P basis instead of L/C basis to Los Angeles, Chicago, and New York, where they had built their distribution centers. The low-priced penetration policy of the GTCs had successfully expanded their market shares. Suppliers from Hong Kong were also requested to quote lower prices by their buyers. Mr. Kim of the Meedo Garment Company offered various incentives to get the orders from the buyers. But they simply changed trade partners from small suppliers to GTCs or other companies in Hong Kong and Singapore. The Meedo Company had suffered substantial loss in 1974, and was about to close the business.

Mr. Kim had asked his nearest friend, the export manager of the Meedo Company, to keep the business until he return from his sales travel to the U.S.

He had never been to the U.S.. He visited department stores, shopping centers, and other retail outlets in Chicago, but he could not find his products at all. He was almost exhausted when he checked similar garments at a Sears' branch in Chicago.

Having ten different samples of his garment in his bag, he was approached by a policeman.
It is in a sense natural for a policeman to check a stranger who spent so much time lingering around the garment section of the store. Though he identified himself as a president of Meedo Garment Company in Seoul, Korea, he could not clear the mind of doubts on the part of policeman and the sales woman. Therefore he was taken to the manager who was responsible for the garments.

The manager was surprised to check the quality of his samples, and recommend him to visit a store which might keep such expensive garments in Chicago. Mr. Kim hurried his way to the store. And finally he found his products there at a price which was about more than four times of his CIF Chicago Price. He asked the sales manager of the store for the information on sales channel of his products from Korea to the store in Chicago.

On March 16th, 1975 after his 15-day wondering in Chicago, he found a restaurant where he ordered a dish of Italian spaghetti for his supper. He waited for a while to have a contact with the owner of the restaurant, Mr. George E. Burns. George was just pleased to invite Mr. Kim to his house, and asked for his rest by taking him to baseball games and other places around the Lake Michigan. Mr. Kim was lucky to get four hundred thousand dollar worth of order from George.

Mr. Kim flew to Paris in order to look around the fashion shows related with his items. It was a great experience for him to understand the global picture of his business. He got many kinds of name cards from the participants, including managers of large retail chains, designers, manufacturers, and advertising agencies.

He returned home with a great surprise for his family and his factory manager, Mr. Lee. He did not bring any gift for his wife and children nor substantial amount of orders. But the orders from George in Chicago was just large enough to run his factory for another one month.

His friend, Mr. Lee, the manager of the factory had insisted to resign the company. Furthermore Mr. Lee recommended to shut the factory as soon as possible. At the moment, Mr. Kim had visualized all the faces of his employees and workers. There was no way to compete against the big GTCs and suppliers in Brazil and Hong Kong. It was just like a determination to break rocks by hitting eggs. Faced with another strike for higher wages, he could not have any more courage or guts to cut price quotation.

In July, 1975, he went to the main library, the University of Hawaii, though he knew no one at the campus. He asked for help to find a directory of retail outlets which might handle garments like his items. It was just fantastic for Mr. Kim to find a directory. Since the Meedo Company was small manufacturer of high quality garments, he tried to identify the retail stores that might have direct interests in handling his products.

He dialed to George in Chicago so that he could arrange magazine advertisements by a famous advertising agency. He asked for a scheduling of three different times of exposures at three different magazine. Advertising costs were to be shared with George. He stopped at Los Angeles, Seattle, Lincoln, Chicago and other cities on his way to New York Trade Show from August 15th, 1975 to August 23th, 1975. He opened business accounts with small wholesaler/retailers in those cities at that time. Some of the accounts still kept fifteen to twenty thousand dollars of balance including a retail store in Seattle.

The most important question for him was to find out retailers or wholesalers who might have the ability to establish mutually profitable business with him. He spent substantial portions
of his earnings in advertisement and travel expenses. It was not possible to return home without large order at reasonable price.

The warnings by Mr. Lee, the factory manager of the Meedo Company was constantly echoed in his memory. "The Meedo Company does not have enough financial resources to export on credit compared to the terms used by the GTCs in Seoul. The price is not competitive against those price quoted by the GTCs either."

The show was about to end by tomorrow, but he was not able to secure solid orders. He began to be anxious, and thought all the hardships he suffered from the garment business since March 1972. On the last day of the show, he was asked to quote for a product which he did not have any experience to make. He still thinks it as a miracle to respond so quickly and accurately to quote a reasonable price for the strange product. His factory experience in Pusan might have been a good source of reference in checking the material cost, labor cost and other expenses for the early shipment of the goods. He got three hundred thousand dollars of order. He continued to negotiate with the wholesalers to secure additional orders of one million dollars which was just enough for six-month operation of his factory.

Until the end of 1979, his annual export volume was about four million dollars. On October 26th, 1979, there was a tremendous and shameful tragedy, the assassination of the former President Park, the founding father of the newly industrializing country of Korea. His wife was also shot by a North Korean agent. The country was fallen in serious social commotion. Buyers in the U.S. had continued to cancel their orders, and so was the case with the Meedo Company. Mr. Kim had made every efforts to relieve the anxiety and doubt about the situation in Korea.

On January 12th, 1980, the government announced to raise foreign exchange rate by as much as forty percent. The economy continued to sink into the bottom. Those workers who once agitated strikes begun to think about the effect of losing their job. Mr. Kim had already accumulated substantial wealth, but he had warm heart to help the workers. He would not like to lose any one of his workers at any cost.

On January 15th, 1980, he flew to Los Angeles visit a leading wholesaler in the U.S. The wholesaler turned down his request for an appointment several times. Since the season was almost over during February, the wholesaler would not like to talk with Mr. Kim at all. But the wholesaler was moved by his constant approach, and finally he got an order of three million dollars at thirty percent discounted price, which was just a good deal for the wholesaler. But Mr. Kim was not able to get any penny of profit from this contract, which enabled him to run the factory until the end of August 1980.

All the workers in his factory was delighted to learn that they could remain their jobs with the order. The workers were also moved by his efforts to get the order even though he could not get any profits from the order. There was a strange atmosphere and a certain movements among the workers to work better and to work more diligently than ever before.

The failure rate of the products dropped from five percent to less than one percent. The labor productivity increased by ten percent. The workers were united to keep the company. The foreign buyers were also surprised to check the quality of the products from the Meedo Company. He thought the political turmoil and student demonstration might be worse and worse day by day unless the agitations were curbed by a social will, which had its roots...
against communism.

Therefore Mr. Kim had hurried to secure his stocks of raw materials from England, West Germany and Japan to cope with any buffet and the risk of foreign exchange fluctuation.

The worst situation that he had expected had finally come true in May 1980. The crowds including the demonstrating students had covered the major streets and avenues of the city of Seoul. Buyers from foreign countries began to be afraid of the future business with Korean exporters. Therefore Korean exporters were not able to secure their raw materials from foreign countries at competitive prices. Mr. Kim was one of the few companies which had already arranged enough supply of raw materials from the leading exporters in other countries. The export volume of the Meedo Company increased twice compared with that of 1979, while the export volume of the industry reduced to one third of the volume of 1979.

All the workers and employees did not like the social confusions and political agitations by the dissidents, which might cause the loss of their job and the distress of their family. Students involved in the demonstration also realized that their fathers were in danger of lay off. If the late President Park did not achieve the rapid progress of industrialization, South Korea might not exist in the world. By the end of 1980, the country regained its social orders, realizing that they had negative GNP growth of eight percent. They had paid so much sacrifices only to learn one lesson: how important it is to keep social and political order in their country.

When he visited the retail stores in France and the U.S., he found a tendency of recession and retail price decline in May 1982. Mr. Kim as a quantity buyer of his raw materials as much as ten million dollars from the U.S., Japan, Italy and West Germany, he invited some of the leading suppliers to his home.

It was regarded as a big treat for the exporters of raw materials to get an invitation to Korea from their buyer at no expenses on their parts. Mr. Kim had tried every efforts to remind a feeling of common interests from the exporters of raw materials. He explained the world market situations. He disclosed everything about his factory including the cost accounting. He asked for advices to take the lead of the declining market situations. An exporter from the U.S. suggested a ten percent price cut for raw materials, and retail price. There was little controversy over the policies for their mutual benefits. Finally, Mr. Kim was asked to cut his CIF price by ten percent. Mr. Kim had quickly sent firm offers to the importers and distributors in the U.S., England, West Germany, Japan and France. As the prices went down by ten percent, the order was increased by forty percent. Export volume amounted to twenty million dollars in 1982.

Now the Meedo Company has shares of ownership at the several companies in Japan which provide about twenty percent of raw material supply for the Meedo company.

3. Managerial Strategies of the Meedo Company

As a marketing Consultant to the company, I am not supposed to reveal the management strategies of the Meedo Company. But I may be able to introduce some of my previous talking with Mr. Kim during my visit to his home.

(1) As you know, there are many factories which are to be closed by the recession. How do you like to buy those factories?

Frankly speaking, it is beyond my ability to spend some of my time and energy in the management of factories. There are many medium sized factories with good facilities. The
owners are young and very diligent to work until ten o’clock in the evening. What I can do is to give place more orders for the factory.

(2) How do you think of the risk that the monetary notes received from your importers and buyers may not be honoured?

Accidents are to happen naturally. I have always tried my best to guarantee a satisfactory level of trade relationships with the importers and buyers. If they lose money only because of the trade with me, I am determined to share the losses with them. If they have some moral problems or if they expand their business beyond their ability, I do not like to continue any more business with them.

So far I have many accounts receivables. But I am not anxious to have them cleared. I would like to show those accounts that they just lose the possible profits by neglecting to pay the accounts as scheduled.

(3) How is your strategy to deal with the GTCs (General Trading Companies)? Look! They are losing money. They have large inventory in London, Los Angeles, New York and Chicago. They are just too big to adapt to changing market situations in foreign countries. They have large factories to make quantity volume at low price. They are not able to make various high quality products at small volume.

(4) Why do you continue to rely on buyers even though you have built solid relationship with the importers, wholesalers and retailers in foreign markets?

I am able to eliminate the buyers. The buyers do know this well. But I cannot eliminate the roles and functions of the buyers to promote business with partners in other countries. They are in a sense our salesmen to whom I may have to pay salaries.

(5) How is your labor relations? I always feel grateful for the quality services of our workers. I have earned enough money for my family. I would like to earn more money for my family of the Meedo Company. A sense of family relationship is, I think, the most important to enhance the labor productivity.

(6) What kinds of special policy do you have in mind for your future business?

I would like to have better relationship with the buyers, importers, wholesalers and retailers. As a first step, I am going to launch advertising campaign, the cost of which are to be shared with the dealers. We do plan to visit our retail stores in the U.S., France, England and Japan.

(7) What is your future design?

I want to build a more firm relations with the raw material industry along with the retailers as well.

(Discussion Topics)

1. What is the managerial philosophy of Mr. Kim?

2. Why do you think Mr. Kim has made successful achievement in the last ten years? How would you like to classify the growth stages of the Meedo Garment Company?

3. What are the essential concepts of marketing to explain the growth stages of the Meedo Company?

4. What is the learning experience from this case?

5. Price is the most important factor to determine sales revenue of a company. How do you think Mr. Kim has a firm grip of price control over his distributors?

II. NICs Dilemma: Japan Disease and Future Direction of Pacific Trade

As a boy I survived Korean War with your aid. Now as an exporter and importer I would like to reciprocate your invaluable grace with offering quality goods at competitive prices. It is also my desire to build mutually beneficial
trade relationships among the U.S., NICs including Korea, Japan and other Pacific countries.

The followings are a brief summary of the speech presented at a Rotary Club by Mr. Kim.

(1) The U.S., the greatest market in the world, has nourished the economic super-power, Japan, and NICs in the last 20 years.

(2) Japanese products are positioned in high-end market in the U.S.

(3) Manufacturers and exporters in the NICs imported key parts and components from Japan at expensive price in order to make assembled products such as automobiles, CTV, VCR, personal computers, etc., which have been exported to the U.S. in low-end market. Appreciation of Japanese Yen became serious cost burden to exporters which relied on Japanese sourcing. Japanese supply would cover thirty percent to seventy percent in electronic industry.

Japanese were wise enough to accuse NICs as another Japan. U.S. protectionists are very anxious to reduce trade deficit with NICs. Appreciation of New Taiwanese dollar (NT $) and Korean Won has significantly reduced the export revenue in local currency.

Korean industry is under serious turmoil of labor strike which might ignite cost-push and stagflation. Automobile export from Korea to the U.S. has decreased by thirty percent in 1989. Reduction in export revenue and cost-push has squeezed profit margin, a major source of R & D fund.

(4) In order to enjoy monopolistic position in the world markets, Japanese industries restricted technology transfer to NICs. Once Korean companies localize Japanese parts, Japanese suppliers would cut the price level so that the Korean companies could not recover their R & D investment.

(5) Fund flow situation became worse for the companies or countries which got substantial amount of Japanese loan.

(6) NICs are suffering Japan Disease. It is time for the leaders in the U.S. to review the other side of direct pressure of the U.S. on NICs to reduce trade deficit on the part of the U.S.

The following figure and table explain briefly the characteristic structure of Pacific trade among the U.S., NICs, and Japan.

(1) Trade surplus of Japan with the U.S., and NICs grew from 22.8 billion dollars in 1980 to 80.4 billion dollars in 1987.

(2) Trade deficit of the U.S. with Japan and NICs grew from 15 billion dollars in 1980 to 90.7 billion dollars.

(3) NICs recorded trade deficit with Japan, but they got favorable trade balance with the U.S.

(4) The U.S. accumulated trade deficit with Japan and NICs.

(5) About one third of trade surplus of the NICs earned with the U.S. was spent to cover trade deficit with Japan.

(6) It might be possible to conclude that Japanese direct and indirect export drive through NICs to the U.S. market could be one of the critical factors to deteriorate trade balance of the U.S.

Therefore the direct pressure of the U.S. on NICs will enhance Japanese Super Power in Pacific Trade as well as global market structure. It might be a good idea to review the follo-

(<Fig. 1> Source of trade conflict

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<th>Japan</th>
<th>55.0 (88)</th>
<th>U.S.A.</th>
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<td></td>
<td>+ 11.1 (80)</td>
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<td>20.6 (87)</td>
<td>NICs</td>
<td>30.9 (87)</td>
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<td>17.1 (86)</td>
<td>Korea</td>
<td>+ 37.7 (86)</td>
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<td>11.7 (80)</td>
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Japan ————> U.S.A.

Japan ——> NICs ——> U.S.A.(?)

MNCs in NICs ——> U.S.A.(?)


Table 1: Structure of U.S. Trade Deficit in 1987

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<tr>
<td>E.C.</td>
<td>49.4</td>
<td>(29%)</td>
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<tr>
<td>Japan</td>
<td>59.8</td>
<td>(35%)</td>
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<tr>
<td>NICs</td>
<td>37.7</td>
<td>(22%)</td>
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<tr>
<td>Others</td>
<td>49.4</td>
<td>(29%)</td>
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<tr>
<td>Total</td>
<td>171.2</td>
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Unit: US billion dollars

wing cases for the better future of Pacific Trade.

1. Development of Japanese Market

NICS SUPER SHOP, a franchise chain in Japan imported more than three thousand kinds of items from NICs, enjoying attractive business since August 1986.

2. Japanese Indirect Export Drive:

Japan—NICs—The U.S. market

(1) About one third of Japanese Camera are made outside of Japan. Taiwan-Ricoh, expanding annual capacity to 2,4 million units in 1988, exported substantial portion of its outputs to the U.S.

(2) NEC Electronics Singapore produced 3 million units of 256 DRAM a month. Fifty percent of the total outputs are exported to North-America and Europe.

(3) Hyundai Motor company exported Pony, Excel, and Sonata, which rely on Japanese sourcing of parts through M.M. Company in Japan.

(4) While the export volume of Korean CTV, VCR and other appliances increased, the industry imported about one third of their parts from Japan. Parts-suppliers in Korea had to rely on Japanese raw materials up to thirty percent.

3. The U.S.—NICs—the U.S. Market

Seagate Technology, the No. 1 maker of hard disk driver, moved its production base from California to Singapore.

4. The U.S.+NICs—Japan Market

(1) Allen Braddley, a famous maker of NC machinery in the U.S., established a joint venture company with five Korean companies in 1988. The new company was to produce CNC, servo motor drive, spindle motor drive and others competing against a Japanese maker, FANUC.

(2) ACER, a PC maker in Taiwan, merged Counter Point computer company in Silicon Valley in November 1987.

III. The MeeDo-Aspen Division and the Seoul Round

The speech evoked a series of responses from local business circle in the state of California. Production factor markets dominated by Japanese suppliers in NICs could be profitable target for the High-Tech oriented companies in the U.S.

Korean industry developed export markets throughout the world. Quality labor forces and up-to-date production facilities had been major factors to take cost leadership in world markets. Mr. Kim asked U.S. businessmen to pay more attention to cultivate Korean import market of production factors, which amount to 50 billion U.S. dollars a year.

Mr. Mason, a veteran to Korean War, showed his special concerns on the profitable relationship between import from Korean manufactured goods to the U.S. and potential export opportunities as suppliers of raw materials and parts to Korean exporters. As a well known banker in promoting Pacific-Rim business he financed an exporter of gas-oven and kitchen appliances to Japan. The export volume remained 20,000 unit a year and the exporter went almost into bankruptcy. In order to collect the credit, he wanted to develop Korean market with Mr. Kim.

Mr. Kim thought that gas ovens sold in Japan could also be sold in Korea. Therefore he imported 1,000 units of the gas-oven to
Korea.

But the oven was too large to fit Korean kitchen system. Mr. Mason was kind enough to send technicians to develop Korean model of the gas oven. The model was manufactured in Korea, and the cost-plus price was one half of the U.S. model. The Japanese importer heard the development of Korean model, and he carefully examined the quality of the Korean model. He asked American technicians to upgrade the Korean model to compete against the best selling model in Japan. Mr. Kim was able to offer three kinds of models, a U.S. original model, a Korean model, and an upgraded Korean model for Japan export.

Mr. Mason realized that Japanese market could be developed by the U.S.-Korea-Japan joint venture company, the MeeDo-Aspen Division. The U.S. export of knock down parts for gas oven to Korea increased by 200 percent a year. Japanese importer was excited to find a good U.S. model supplied by Mr. Kim at half price.
Mr. Mason, Mr. Kim, and Mr. Sasaki from Japan congratulated the successful market development of gas oven in Korea and Japan.

They thought that they might be able to find another items if they work very closely. They agreed to analyze potential business opportunities in the U.S., Korea, and Japan at Seoul Country Club. Their meeting was named as Seoul Round.

The first meeting of the Seoul Round was devoted to study marketing megatrends in trade structure among the U.S., Asian NICs, Japan, resourcing countries such as Indonesia, and Mainland China.

U.S. trade deficit against Japan, Taiwan, and Korea raised a series of trade conflicts, and policy changes in these countries.

Japanese Yen, Korean Won and New Taiwan dollar appreciated very rapidly since 1987. International trade flow among Pacific Rim countries also changed significantly

(1) Japanese exporters were forced to find alternative production bases to reduce production cost. Japanese foreign investment increased very sharply since 1987.

(2) Asian countries which got Japanese Yen loans in order to develop oil, natural gas and other resources faced serious difficulties to pay principal and interest.

(3) Exporters in the NICs to the U.S. relied too much on Japanese suppliers for parts and raw materials. Yen appreciation became serious cost burden which squeezed profit margin. Therefore they could not afford to finance R & D budget any more. Their increasing dependence on Japanese supplier for parts deteriorated competitive ability on low-end products. High-end products were dominated by the Japanese exporters in the world market.

(4) The strong influence from the U.S. to open domestic markets resulted in the increasing Japanese dominance in the Asian countries. The U.S. urged NICs to open their market. But it was Japanese exporters who enjoyed good business in the NICs market.

(5) Korea, an exporting countries of manufactured items including automobiles suffered cost-push and faced ever increasing trade pressures from the U.S.

Final conclusions of the first Seoul Round included the following agreements.

(1) MeeDo-Aspen division was responsible to held Seoul Round Meetings twice a year.

(2) Mr. Sasaki was asked to find products which should be manufactured outside of Japan in order to reduce production cost on the part of Japanese companies.

(3) Mr. Kim was asked to suggest industrial parts and raw materials which were imported from Japan, and other industrialized countries.

(4) Mr. Mason was asked to find U.S. companies which could supply technical assistance
programs to Korean importers of Japanese parts.

Successful coordination of the Seoul Round resulted in the following achievements.

(1) To establishment of the MeeDo–Aspen Motor Company, Korea motor industry heavily relied on Japanese sourcing for electronic fuel injection systems. Mr. Mason was pleased to recommend the best supplier of such system in the U.S. to establish a joint venture with MeeDo–Aspen Division. The joint venture company plans to supply the electronic system to motor assembly plants in Korea, Japan, and Taiwan.

(2) Yamada Heavy Industry in Japan moved its production facilities to Korea by establishing a joint venture with Cheil Heavy Industry in Korea. MeeDo–Aspen holds 25 percent of the share.

Yamada was able to increase its market share by 10 percent due to the efficient supply of its Korea–made products at 20 percent discounted price.

Mr. Mason arranged a long term contract between ASTRO Inc., and MeeDo–Aspen in order to secure raw materials at attractive price. The Indonesian company could refund its loan from Aspen Financing Company by the contract.

MeeDo–Aspen Division bridged the needs and wants of markets in Korea, Japan, the U.S., and resourcing countries.

Mr. Mason, the chairman of Aspen Financing Group, was very proud of the philosophy of the Seoul Round.

(3) Peter Rachmat, Jakarta branch manager, informed the government’s plan for the modernization of TV–VCR educational programs by using satellite networks in the country.

Careful analysis revealed that Japanese Hitachi was certain to get at least five million U.S. dollar project. A British company and a Korean company were listed as potential candidates.

Seoul Round invited Mr. Soraba, the chairman of ASTRO Inc., the No. 3 business group in the country. Mr. Soraba earned a lot of money by selling Japanese car and motor–cycle in Indonesia. In order to get out of Japanese control, he wanted to show his active involvement in resource development and non-oil export drive to the government leaders.

Seoul Round commissioned Dr. Bill Cohen, a famous European designer of TV sets, to develop a unique design which was better in quality and lower in price than Hitachi model.

Bill Cohen and his project team visited part suppliers in Korea, Taiwan, Hong Kong, Singapore, Japan, as well as Indonesia. Samsung Electronic Company in Seoul also played critical role to coordinate government institutions, research centers, and part suppliers. A part supplier renovated production facilities using the financing programs arranged by the MeeDo–Aspen division. Chairman Soraba was very pleased to get the contract form the government under the close cooperation with MeeDo–Aspen division.

**Discussion Topics**

1. How can we classify different countries in global market?
2. What are the major stages of internationalization of a firm?
3. Is it possible to derive a paradigm for the cooperation and competition in the course of internationalization of a firm?
4. How can we compare the roles of the U.S. and Japan for the growth of international trade in the future?
5. Is it possible for NICs to cure Japan Desease?
6. Is it possible to operationalize the philosophy of Seoul Round in the future?
7. What do you think are the most desirable trade patterns in the future trade among the Pacific countries?