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Setting a course

Young entrepreneur urges Australian startups to tap into China's fast-moving market or 'risk being left behind'

By **KARL WILSON** in Sydney
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In the heart of Sydney's Chinatown an enterprising young Dutchman is helping Australian startups and small and medium-sized enterprises (SMEs) take their first tentative steps into China.

"It's not an easy market," Duco van Breemen admitted. "But it is not an impossible market either."

Since Haymarket HQ first opened in 2016, it has had dozens of startups and SMEs through its doors, seeking advice about tackling the vast China market.

"China is not for everyone, not every company will find a market there," van Breemen said. "Our role is to advise, connect, and support where we can."

Van Breemen, 29, said that since arriving in Australia almost 18 months ago, what has struck him most is just how few people realize how important China is to Australia.

"Not only China, but Asia, sits on Australia's doorstep," he said. "But I don't get the feeling that many are embracing it with passion and enthusiasm. If anything, it is with suspicion."

Van Breemen typifies the young entrepreneur who sees the advantages and opportunities in China that many older businessmen tend to overlook or simply ignore.

"China, indeed Asia, cannot be ignored. Two-thirds of the world's middle class will be in Asia by 2030," he said.

Working in China since 2010, van Breemen was recruited in 2013 by a Dutch holding group in Shanghai to set up Launch Factory 88, an incubator that helps foreign companies gain a foothold in the Chinese market.

A fluent Mandarin speaker, he threw himself into his job. Later, however, when he found that pollution was affecting his health, he decided to leave China. He was offered a job in Dublin, Ireland, with Internet search giant Google — but believing his future was more aligned with Asia, he opted to take some time off to plan his next step.

In mid-2016 he headed to Sydney, Australia, where he wanted to catch up with a cousin. Within weeks of landing, he was general manager of a new company, Haymarket HQ.

Founded by local entrepreneur Brad Chan, the company is Australia's first incubator helping startups

and SMEs connect to China. Haymarket HQ is registered as a not-for-profit and supported by the New South Wales state government.

"Everything happened so quickly," said van Breemen. "The job meant I still had a close association with China and I was able to use the skills and experience I built up there to support entrepreneurs here."

For the young Dutchman, Asia was a natural draw. Part of his family was active in the Dutch East Indies, which was dissolved in 1945 to make way for the independent state of Indonesia.

Van Breemen's first solo trip to Asia was at the age of 17 when he visited Thailand. "I loved the experience and, soon after, set up a small business importing handmade art from Thailand," he said.

In 2008 he went to China for the first time. "It was booming," he said.

Enrolling in an intensive language course at Zhejiang University in Hangzhou, East China's Zhejiang province, helped him build a good grasp of the Chinese language.

"You can't learn Chinese in a year. It takes years of study, practice and commitment. But I've come a long way since that first year in China."

From the outset, van Breemen was impressed by China's vitality. "Here was a country moving so fast it was almost impossible to keep up. It was a country changing right before your eyes," he said.

"The interesting thing is how the people, especially the millennials, are changing. When I first went to China, barely any of my Chinese peers had traveled abroad. Today, many of them have traveled to more exotic locations than I have."

"Young Chinese only know the China of today. They have not had to endure the hardships of their parents."

"They are traveling the world in droves, and this experience is opening their eyes and minds to vastly different cultures."

Van Breemen's detour to Sydney was largely unplanned. "I was at a function, not long after I arrived, where I bumped into an angel investor. We talked about China, its growth and the opportunities that exist especially for startups and small to medium-sized businesses. We clicked, and he connected me to Brad Chan, the founder of Haymarket HQ."

Van Breemen said it is important to understand that China has entered a new stage of development,



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based on and driven by technology and science. "China has moved from the factory of the world to one of the largest consumer markets and is investing heavily in innovation."

And he said Australia needs to catch up or "risk being left behind."

"I distinctly remember talking with my professor in Ningbo (in Zhejiang province) about innovation in China, when he said: 'China follows, it doesn't lead.'"

"That stuck with me because, though it might have been true then, it no longer is today. In some areas, China leads and the rest of the world follows."

He said China has evolved from a low-cost, low-value-added manufacturer to a leader in mobile payments, e-commerce, the sharing economy and artificial intelligence — all in the space of a few years.

"In Australia we have Asia-capable talent, world-class technologies and entrepreneurs hungry to make a dent in their respective industries. What we do at Haymarket HQ is bring everyone together under one roof to share their expertise, experience and connections with each other."

Van Breemen said: "China is extremely competitive and as a foreign company you need to have an unfair competitive advantage to succeed. This can be in the form of IP (intellectual property), resources abroad, or expertise that takes years to acquire."

"I would argue it is harder for a Chinese company to venture abroad

than it is for a Western company to go to China," he added.

"There are plenty of industries in which Australian startups can compete in China — think for instance of medical devices, education, tourism and agriculture."

The country already has one of the world's largest consumer markets, with 200 million more people expected to move into the middle class by 2026, according to the Organisation for Economic Co-operation and Development. That is equivalent to adding 60 percent of the total US population to your market. But China is leading the change in more than economic terms.

Emphasizing further why Australian companies should be looking to China, van Breemen said: "China evolved from the factory of the world to one of the biggest global consumer markets. And it is growing. Double-digit growth has stopped, but more value is being added to the economy every single year."

Chinese local governments are actively incentivizing foreign companies and entrepreneurs to set up a presence in their cities.

During the first half of 2017, Chinese cities organized four startup pitching competitions in Sydney alone to attract foreign startups. In the meantime, Australia and the US are clamping down on immigration.

It is not just about the Chinese market, van Breemen said. Chinese companies and consumers going global translate into big opportunities for entrepreneurs.

Bio

Duco van Breemen

General manager,
 Haymarket HQ,
 Sydney, Australia

Education:

2012: Master of science,
 University of Nottingham,
 the United Kingdom

2010: Bachelor of applied science,
 The Hague University of Applied
 Sciences, the Netherlands

2008-09: Chinese language and
 culture, Zhejiang University, China

Career milestones:

2016-present: General manager,
 Haymarket HQ

2013-16: Marketing and project
 manager, Launch Factory 88,
 Shanghai

2012-13: Marketing project
 manager, FashionWorks, China
 and the Netherlands

2010-12: Account and relations
 manager, Hangzhou Lande, China

Quick takes:

What has been your biggest achievement to date?

Having lived, worked and built businesses across the Netherlands, China and Australia. I've had to overcome many personal and external challenges to achieve this and I'm proud that I had the grit to push through and succeed.

Do you have a role model?

My role models constantly change, so this is a difficult question. But I read a lot and the following authors/people have inspired me over the years: Viktor Frankl (Austrian neurologist), Farid Rostami (entrepreneur and tech writer), and my great grandfather Marinus Vaumont who played an active role in the resistance during World War II, which eventually cost his life.

What is your advice to someone wanting to do business in China?

Don't believe the so-called China experts. Get as much information as you can on the market you are in.

Date of birth: June 6, 1988

"It's a tough, fast-moving, competitive market with plenty of challenges for Australian entrepreneurs," he said.

"Importantly, China is bigger than its market and you don't have to have feet on the ground to do business with the Chinese."

"If you're an IoT (Internet of Things) company that wants to venture into Africa, partner with a Chinese company. If you want to crack the Indian mobile phone market, team up with a Chinese brand (as they now own more than 50 percent of the smartphone market in India)."

"As I said before, China cannot be ignored, it's as simple as that."