



## **Ping Pong, Labor, Olympic Diplomacy**

By CK Wong 2005.010.07

<http://www.ck-wong.ca/china/diplomacy20051007.pdf>

### **Introduction**

Ping Pong diplomacy brought Richard Nixon to China. The bamboo curtain opened for over 30 years. Since then, China does not continue to use sport to build diplomacy but also using cheap labor. It is seldom mentioned anywhere that a sizeable construction labor is exported to Middle East. Now a new twist on the sport diplomacy: Olympic.

### **When athletic diplomacy is not athletic any more?**

Among international diplomat circle has it share of complexity. It is not really a clear cut one is on whose side. Take Canada as an example. Canada recognizes the government of People's Republic of China. She also maintains the relationship with Taiwan. It is always arguable whether the Taiwan government has same level of foreign relationship as PRC. The contact is important. It is tangible relationship. A dialogue can be opened whenever called for. Others are really minor details.

A medium is always required to maintain what is called the non-official relationship bridge. The most common vehicle is sport. Look at US. PRC is the official recognized government. But the tie with Taiwan is always maintained through the base ball teams. Twenty five year ago, Taiwan had an ego that did not allow her to engage with any activities with PRC's participation. Now money is far more important than ego. So sport teams are competing with PRC everywhere.

Sport contact could be non-political but the communication channel could be up-linked from civilian to various levels of government. Influence could be built up for trade. Trade increases weight on political influence. While Lenova of PRC gets all the attention, very few people pay attention to the motherboards used in the HP computers. A lot of them are product of Asus and Gigabytes from Taiwan. They are not OEM. They are the commercial off the shelf products. Consider the influence of HP, which is only one of many Fortune 500 companies that rely on Taiwan, on US government then you could understand why US still maintains the navy in South China Sea.

### **Olympic Diplomacy**

Olympic is always a showcase on the host country; from its culture heritage to the wealth of the country. Each country shows off the best side. The bill could be paramount but the prestige or benefit also follows. Some of the benefit is tangible some are only be felt later.

To host an Olympic Games, it is more complicated than offering sport venue and residence for all the events. The most visible one is the logistics. The second is the communication. Communication for Beijing Olympic becomes the battle ground on the embargo technologies between the Beijing and Washington governments.

Olympic financial venue is through broadcast, sponsorship and merchandize. Broadcast means TV, radio (very limited) and news agency. It seems nothing special. Wherever you go, you can always change the power plug than everything is OK. Communication is more than that. Nothing is simple in China. I am going to discuss the technology issues quickly.

## **Cell Phone, Internet, Encryption**

I am not going to talk about the wireline system issue because who cares. The wireline system in Beijing has a long history of problem. In the 1990, there were 10 vendors with 11 incompatible systems. The more important is the mobility of the cell phone which offers the unprecedented mobility for the media which makes cell phone the integral part of journalism.

Cell phone is has been recognized as the universal mean of communication. However because this is state of art technology, the latest generation could not be exported to China. They could only sell previous or even 2 or 3 older generations to China. The more problematic side of the standard alphabet soup is that GSM, CDMA, NGEN, 2.5G, 3G, UMTS... all are incompatible. For a country that wants to build the wireless network from grounds up it is prefer to ensure one standard. While there are proliferation of various different standards, but China Communication Standard Association could only do one thing: the Chinese cell phone standard.

On top of the cell phone, all media now use the Internet for all data transfer. Internet security employs encryption standard. This has been a major technology import for China. Again, China intents to create the Chinese standard to overcome this blockage by American. Among many issues, China is temporary suspend the activities.

To allow the western journalist to do the Beijing Olympic Games, there is a certain pressure on the American to easy some of the technology blockage. Even a small crack could destroy the dam.

## **Sponsorship**

One of the biggest successes of the modern Olympic Games is the kaleidoscope of sponsorship. The granularity ranges from the official credit card or food to the sidewalk billboard. With the opening of the Chinese financial investment market, it is like a huge vacuum that sucks all the liquidity in the world (mostly the American) to China. The financial companies like Morgan Stanley, Goldman Sacks etc will make this golden opportunity to *retail* their investment to other institutional investor. The effect is a reverse

take over. The American Congress may not allow China to buy a piece of prime asset but the American banker will sell their soul to China.

## **Trade**

China has been alleged to dominate the low price market by her low cost labor. This is not the only business goal. With numerous small mid-price merchandizes enterprises emerging, they do not have the international exposure. The tourist flux for the Olympic will create a well managed exposure for these merchandizes. What the American going to worry may not just limited to those sold at Wal-mart. It may be something in Bloomingdale.

## **Last Word**

This is the moment when sport is not just sport but hinged to the finance, trade and technology.