

# EXPORT

# America®

January 2002 \$5.50  
Volume 3 Number 1  
<http://exportamerica.doc.gov>

THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS



## DOHA 01

DEVELOPMENT AGENDA

ACCESSION OF CHINA AND TAIWAN

### Inside:

- Patent Cooperation Treaty
- High-Tech Trade in the Americas
- Exporter Makes Water From Air



# ONE ON ONE

*Developing Business in Latin America*

## ADVERTISEMENT

*A 2-day conference featuring 60 projects representing near-term export opportunities for U.S. companies in Transportation, Environment and Information Technology sectors*



### *Conference Highlights:*

- **\$600 Million Near-Term U.S. Exports of Equipment & Services**
- **60 Projects in Transportation, Environment & Information Technology from throughout Latin America**
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- **Teaming & Partnering Opportunities for U.S. Companies**

The U.S. Trade and Development Agency is sponsoring a conference to highlight 60 projects in Latin America that represent near-term business opportunities for U.S. companies. Projects are in the early preparation stage or recently approved for financing by the Inter-American Development Bank, The World Bank, and the Andean Development Corporation.

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**March 18-20, 2002  
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Advance registration required. Space is limited.

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# EXPORT America

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Published monthly by the U.S.  
Department of Commerce,  
Washington, D.C.

Annual subscription rate is \$55.  
All subscription inquiries  
should be sent to the Government  
Printing Office, Superintendent  
of Documents, Mail Stop: SSOM,  
Washington, D.C., 20401.  
Tel: (202) 512-1800,  
Toll Free (866) 512-1800

Other inquiries should be sent to the  
U.S. Department of Commerce, Room  
3414, 1401 Constitution Avenue,  
NW, Washington, D.C., 20230.

First-class postage paid at Washington, D.C.

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**O**n November 14, 2001, the 142 Ministers of the WTO adopted a ten-page declaration “reaffirming the principles and objectives set out in the Marrakesh Agreement Establishing the World Trade Organization, and pledging to reject the use of protectionism.”

The fourth ministerial of the WTO was held in Doha, Qatar, and, among other items addressed, the Ministers adopted a new working agenda called the “Doha Development Agenda,” which will address a number of key issues over the course of the three-years of negotiations. Other noteworthy events of the Doha Ministerial were the accession of China and Taiwan as new members. Both have been engaged in negotiations for more than a decade and have now been brought fully into the global trading community.

In order to fulfill our obligations to the WTO and complete this new round of trade negotiations, the Administration is working diligently with Congress to pass Trade Promotion Authority or TPA. This legislation is historically unprecedented and, once signed into law, will allow the executive and legislative branches of government to work closely together during trade negotiations to ensure that U.S. consumers and businesses are thoroughly represented at the negotiating table. Passage of TPA will put the United States one step closer to being able to successfully complete negotiations — not only

on the WTO agenda, but on the Free Trade Area of the Americas as well as other pending trade negotiations. With TPA, Congress and the Administration will be partners in pursuing the goals of American consumers and businesses worldwide.

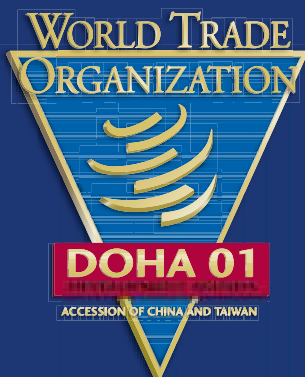
In this month’s issue, we discuss the objectives of the Doha Development Agenda, the results and goals of the new negotiating round and the implications of China and Taiwan’s accession to the WTO. Additionally, you will read about using the Patent Cooperation Treaty to apply for international patent protection and learn how Florida has discovered a method of promoting its service sector abroad.

Next month, we’ll bring you articles on doing business in the Middle East, examine the financial infrastructure of the nations of sub-Saharan Africa and find out how you can have direct input into the negotiating process of the WTO agenda.

Until then, good luck in your exporting endeavors and feel free send us any feedback or suggestions at [Export\\_America@ita.doc.gov](mailto:Export_America@ita.doc.gov)

*Cory Churches*

Cory Churches  
Editor



## GLOBAL NEWS LINE

### MONGOLIA

The government of Mongolia invites expressions of interest from eligible consultants for technical assistance during the implementation of a rural energy systems project.

Mongolia plans to use a credit from the International Development Association (IDA) to fund a consulting contract for technical assistance, training and technical services for small heat and electricity distribution systems in six provincial centers in rural areas. The government seeks the following assistance:

- Train utility staff and local Mongolian consultants in the economics of power networks.
- Train utility staffs and local Mongolian consultants in financial management techniques.
- Assist with the proper installation of equipment and material for both power and heat networks.

The energy authority of Mongolia's project implementation unit team will coordinate this project. The consultant will work closely with this team to achieve project objectives. Implementation will take three years. The energy authority invites eligible utility-based consultants, who have experience with small systems and rural areas, to indicate their interest in providing services.

The energy authority expects the consultant to place great importance on working well with and understanding local Mongolian culture. Consultants should be prepared to use local experts and Mongolian-speaking advisors extensively.

### KOREA

In Korea, total solid waste volume has gradually increased from 141,000 tons per day in 1993 to 194,700 tons per day in 1997. Korea's total municipal waste volume has been trending downward since 1990, but industrial

waste volume has increased at an annual average rate of more than 10 percent, surpassing the volume of municipal waste in 1993. Korea's per capita municipal waste volume declined from 1.3 kilograms in 1994 to 0.96 kilograms in 1998. This decline resulted from the enforcement of the Volume-based Collection Fee System, which entered in to force in 1995.

Under pressure from the Korean government to expand municipal waste incineration capacity, local governments built 44 incineration plants, including 23 large-scale plants, between 1993 and 2000 with subsidies supplied by both the central government (Ministry of Environment, MOE) and regional governments. The total value of the 23 large incineration projects currently operating is \$592 million. As of July 2001, seven new municipal incineration projects are underway nationwide. From 2001 through 2005, nationwide local governments will initiate 21 new incineration projects and 41 expansion projects according to the MOE master plan.

### SINGAPORE

Effective November 9, the Government of Singapore reduced the license fee for certain categories of telecom operators in Singapore. The Government's Infocomm Development Authority (IDA) – the official telecom regulator – reduced the annual license fee payable by individually licensed Services Based Operators (SBO) by at least 50 percent. The IDA now charges a flat fee of S\$5,000 per annum for each SBO (Individual) license. The previous fee was one percent of annual gross turnover with a minimum of S\$10,000. Guided by CS Singapore, several Embassy sections had raised this issue as an impediment to bandwidth traders locating in Singapore. The IDA's fee reduction will benefit the 119 individually licensed SBOs now operating, which should stimulate a highly competitive environment in this industry. Information on telecom developments

in Singapore can be found at [www.ida.gov.sg](http://www.ida.gov.sg), or by contacting Ms. Chia Swee Hoon of CS Singapore at: [Sweehoon.Chia@mail.doc.gov](mailto:Sweehoon.Chia@mail.doc.gov).

### INDIA

The Wind Power Program in India, initiated in 1983-84, was aimed at catalyzing commercialization of wind power generation on a large scale in the country. The program involved wind resource assessment to identify the potential locations for wind power generation; demonstration of new technologies and creation of infrastructure through a limited number demonstration projects; development of commercial wind power projects; research and development; institutional finance for commercial projects; performance and monitoring; wind energy estates for small investors and so on.

India is implementing the world's largest wind resource assessment program comprising wind monitoring, wind mapping and complex terrain projects. This program covers 800 stations in 24 states with 193 wind monitoring stations in operation at present. Scientific surveys are being intensified to identify specific viable and potential sites. 177 sites have so far been identified in 13 States, which have potential of about 45,000 MW. A good local production base for wind turbines now exists in the country. Most of the leading, state-of-the-art international models of wind turbines are being manufactured and installed in the country. New initiatives include wind turbine design and operational improvements, expansion of wind resource database and enlargement of the user profile to encompass large corporates.

With the increasing commitment by the Government of India to pursue both pollution control measures and cleaner technologies, the need for environmental expertise and clean energy options are growing fast. Economic liberalization has resulted in decreased import tariffs and industry competitiveness

hinges on cleaner production. Scarcity of natural resources like water and raw material inputs like coal, oil and gas are also forcing greater operational efficiency.

Prospects for export of wind energy technology and systems from the U.S. to India are moderate. Indian companies are seeking joint ventures and licensing arrangements with foreign companies. The estimated number of foreign collaborations in the environmental goods sector is about 200. Indian companies have most partnership with the U.S. (40 percent), followed by the United Kingdom (21 percent), Germany (17 percent), Sweden (6 percent), Netherlands (5 percent) and the rest from Japan, Denmark, Switzerland, Canada, Australia and France.

## ITALY

**In Italy both public and private fitness establishments have increased in the past 25 years in a proportion equal to the increase of Italians participating in a physical activity.**

According to recent reports, the number of fitness establishments in Italy has reached 143,523, corresponding to 251.7 spaces for every 100,000 inhabitants. Also, since 1989, there has been an increase of 15,000 new establishments (12% increase). These figures are even more impressive considering that there were only 34,936 establishments recorded in 1961.

According to data provided by Federpalestre (an association of private gyms and fitness clubs) there are 9,000 private gyms in Italy, far more than the 6,072 gyms recorded in the 1997 census statistics.

With the increase of gyms and fitness centers in past years, there has also been an increase of companies specializing in gym equipment, accessories, Wholemeal foods (Energybars, etc.), sport shoes and sportswear.

According to Federpalestre the companies dominating these markets are those specializing in weight machines and equipment. However, the increased knowledge and sophistication of Italian end-users of fitness equipment (both institutional and private) means they are no longer satisfied with rudimentary local production and low-quality imports.

In addition, in order to maintain club memberships, clubs have raised the quality of instruction and equipment and added medical-fitness equipment. High-tech exercise equipment featuring electronic LED readouts is attracting interest in the fitness equipment market.

Although future growth is likely to come from purchases by both the institutional and home markets, many in the fitness industry believe that the retail home fitness sector, which currently holds a 30 percent share of the total market, is gaining ground at the expense of the institutional market.

U.S. brands of fitness equipment are widely considered to be among the best in the world. This excellent reputation puts U.S. manufacturers in a good position to boost sales in Italy. The greatest opportunities for success are for American companies offering state-of-the-art quality products in the home and gym fitness markets distributed through well-established local firms. Several U.S. producers are already present in the Italian fitness market and are considered by the industry to be technically superior. Of the U.S. brands selling on the Italian market, the best known is Life Fitness.

## LATVIA

**On August 28, 2001, the Cabinet of Ministers of Latvia approved changes in Value Added Tax (VAT) tariffs in Latvia and introduced a reduced tariff rate of 9 per cent for several groups of goods and services starting from 2003.** This move was a part of Latvia's preparations for joining the European

Union and to change the VAT tariff scheme in compliance with the European Union requests.

The new reduced tariff will replace the existing zero percent tariffs and will be introduced for the goods and services were VAT exempt earlier.

Currently there is an 18 per cent VAT rate in Latvia on most goods and services.

## BRAZIL

**According to the Brazilian Association of Amusement Parks and Attractions, attendance last year grew 25 percent compared to 1999, with 19 million visitors.** Revenues grew at the same pace, from \$123 million to \$159 million (using an exchange rate of 2.70 reais per U.S. dollar). Industry sources forecast that in the next 5 years the sector will receive more than \$1 billion in investments. Although this sector is beginning to mature, there are still excellent short-term business opportunities, according to the Association's President.

The real growth in theme and entertainment parks in Brazil started five years ago. This sector has received \$1.2 billion in investments, with the annual turnover expected to be \$558 million over the next five years.

According to research conducted by the Brazilian Association of Amusement Parks & Attractions (BAAAP) in 1999, there are 202 such parks in Brazil, including theme parks, water parks, entertainment areas and new projects. According to the BAAAP's President, Brazilians have incorporated entertainment parks as an option for their weekend leisure activities. ■

### NEED MORE DETAIL?

Ask a Foreign Commercial Officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and email, is available by calling the Trade Information Center at (800) USA-TRAD(E).

# FROM AIR TO H<sub>2</sub>O

PURIFIED WATER-MAKER TAPS WORLD MARKETS

by Curt Cultice,  
*Office of Public Affairs*

Even in the driest part of the world, Hisham Fawzi's worldwide government customers don't wait for rain to quench people's thirst. Then again, neither does Fawzi. After all, why worry about cottonmouth when your business is making drinking water out of thin air?

"The lack of drinking water is a major problem around the world," Fawzi says. "In some regions like Africa and the Middle East, lack of water is a problem, while in places like Asia and Latin America much of the water is contaminated."

That's where Fawzi comes in. As President and Chairman of Excel Holdings, a small firm in Leesburg, Virginia,

Fawzi develops and markets a patented line of machines that convert moisture from the air into drinkable water.

"I have a tough time convincing people until they actually see it," Fawzi says. "It sounds like science fiction, but our Water Finder machines are real, affordable and working to quench the thirst of customers around the world."

That's billions of thirsty people. Excel Holdings currently markets its products in 14 countries with many more potential customers in the waiting. Most of his customers are foreign governments or international organizations, which often finance water purification efforts.

"You wouldn't believe the range of projects and possibilities we have for our water finder machines," Fawzi says. "In the United Arab Emirates, women wash their hair with bottled water because there's too much chlorine in the tap water; in Mexico, water is often rationed for bathing and drinking; while in countries like Singapore the water treatment plants, while adequate, do not produce good-tasting water."

Then there is the Middle east where Fawzi is working to supply major oil companies and schools with purified water. Another possibility is the Island





of Maldives east of India and Sri Lanka, where the population frequently gets sick because their only source of water is a desalination plant.

Maybe it's his calling, but Fawzi has always had an interest in combining his entrepreneurial skills with a service to humanity. After leaving his former sales position, he pondered some ideas and decided to address the problem of available drinking water around the world. In 1997, he bought the rights to a patent for a "Water Finder" prototype. Taking development further, he worked with the University of Maryland's Environmental Engineering Department to develop several machines, the most powerful producing up to 5,000 gallons of purified drinking water a day.

That's great, but what about the marketing? While he saw some demand in the United States for his Water Finder machines, particularly in California and Florida, Fawzi knew that overseas markets were the key to success. Yes, but exporting requires lots of diligence, right?

"I knew our product had a lot of export potential early on," Fawzi recalls. "My real problem was locating quality distributors who could make sales and service our customers."

Then Fawzi thought: Why not contact the U.S. Commercial Service and its Northern Virginia Export Assistance Center? So he did. Then Commerce's trade experts went to work, suggesting a Gold Key program that set up appointments with pre-screened distributors in key markets such as Singapore.

Fawzi not only shook hands with his new distributors, he cut some deals. "The results were really quite impressive," he says. "We eventually ended up signing a distributorship agreement that covers six countries in Asia — China, Thailand, Indonesia, Australia, Singapore, Brunei — and our first

export sale, a contract worth \$50 million in Singapore."

Flush with his first success, Fawzi later signed up for a Commercial Service-supported trade mission and show to Mexico. There, he ended up making a critical contact that eventually led to the signing of a \$35 million sale of the firm's five gallon-a-day Water Finder units to a distributor in Mexico.

"I love having a crowded booth full of potential customers and that's exactly what I got, thanks to the Commerce Department," he says. "And that Gold Key, it makes me feel stronger when I'm selling and the buyer senses that legitimacy."

All told, it has been a very good year for Excel Holdings. In the last six months, the company has made sales of \$85 million and now has distributors covering 13 international markets. With several different models, the company is quickly developing a worldwide distribution channel for its patented potable water-producing technology.

"I'm looking at Asia and the Middle East as key areas for future sales, particularly Korea, Saudi Arabia and Israel" Fawzi says. "Growth is good, but my real challenge is maintaining our rigorous quality control standards, that's a priority."

For Excel Holdings a diversifies company, which employs over 20 people in its Water Finder division, meeting international demand for fresh water will be perhaps the biggest challenge. A deal with the Whirlpool Corporation to manufacture the Water Finder units, as well as tentative plans to open a new manufacturing facility in Virginia for the Aquasphere units means that Excel Holdings will continue to rise with the export tide.

But Excel has already met one key challenge. This past November, Commerce Secretary Don Evans presented Fawzi with the U.S. Commercial Service's

new Export Achievement Certificate, an award recognizing companies who have attained their first export sale.

Fawzi's advice to other businesses: "Don't be so apprehensive about selling globally. The longer U.S. firms wait to sell to other markets, the bigger advantage we give to our foreign competitors."

"Get out there and travel," he says. "I wetted a lot of appetites with my products." ■

# BRINGING HOLLYWOOD GLAMOUR TO UNEXPECTED MARKETS

BEVERLY HILLS COLLECTION STRIKES GOLD WITH BUYUSA.COM

by Erin Butler,  
U.S. Commercial Service

Given recent headlines, some U.S. businesspeople may be surprised to hear that customers in the Middle East are wild for products bearing American brand names and splashed with red, white and blue. But Rocky Hadzovic, President and CEO of small New Jersey company Beverly Hills Collection, swears that it's true. His line of "Hollywood USA" high-quality body sprays, creams, baby products, deodorants and shampoo has found buyers around the world, in Africa, Latin America and, of course, the Middle East. "An American brand is really powerful," says Hadzovic.

Some of Hadzovic's best international markets are those other small U.S. exporters find challenging or intimidating — Nigeria, for example. According to Hadzovic, the only way for a small business to succeed there — or anywhere — is "to find the right guy." Hadzovic recently found the right guy in Nigeria and made a \$28,600 sale. What's more, he has a commitment for a follow-on order of almost \$60,000 in the coming months and has signed a distributor agreement with the buyer.

So in a tricky market like Nigeria, with a growing consumer class but lingering hurdles for small exporters, how did Hadzovic do it? Online — with a new e-marketplace called BuyUSA.com. A

site that matches U.S. suppliers with international buyers, BuyUSA.com is a collaborative effort between the IBM Corporation and the U.S. Commercial Service. For Hadzovic, what set BuyUSA apart from a plethora of other sites was the worldwide brick-and-mortar behind it? Registrants have access to the expertise of U.S. Commercial Service trade specialists and international buyers are carefully screened. "Having the American embassy check out a buyer is the best way," he says. "If they say he's okay, I can trust him." And according to Hadzovic, trust is key. The most difficult challenge he faced starting out was collecting payment. "The money is always the biggest problem." What is his advice to other small exporters? "Don't give open terms to anybody." And use the U.S. government to find buyers you can trust.

The trust issue is one that comes up again and again with small exporters. Online inquiries from overseas make some small businesses uneasy. That's where the BuyUSA "click and mortar" service comes in. With foreign buyers pre-qualified by Commercial Service specialists at embassies overseas, Hadzovic and other small exporters can have confidence that the businesses they meet on BuyUSA are legitimate. Currently, almost 15,000 international buyers looking for U.S. suppliers have registered on the site.



Photo courtesy of U.S. Department of Commerce

Beverly Hills Collection's Mirsada Hadzovic gives International Trade Specialist Carmela Mammàs a spritz of a new Hollywood USA fragrance.

U.S. companies receive automated trade lead matching, on-line business opportunity postings, customized counseling, shipment logistics guidance and international market research on individual countries and industries. In the next enhancement to the marketplace, which is expected later this year, members will be able to conduct the whole transaction entirely online with help from an array of logistics and financing partners. U.S. businesses can subscribe to the marketplace for as little as \$300 per year.

A recent survey of small businesses conducted by the National Federation of Independent Business revealed that while many small businesses have a web presence, only about a third of them sell their products online. Other studies put the number at 15 percent. It is likely that even fewer small businesses use the web to sell overseas. Last year, U.S. exports topped \$1 trillion. Small and medium-sized firms account for about 97 percent of U.S. merchandise exporters. As a group, however, they account for less than one-third of total U.S. export value. Most of these firms export to only one market, while others that could export don't. According to Forrester Research, exports arranged online should top \$100 billion by the end of this year, jumping to nearly \$1.4 trillion or 18 percent of global trade by 2004.

While online trade is growing, face-to-face is still the preferred way to do business. Hadzovic's case is typical — while the deal was initiated online, it was closed with a handshake. The Nigerian buyer visited Beverly Hills Collection in New Jersey, where the two worked out payment. Online services like BuyUSA.com can save costs on market entry and can help assure a good match between buyer and seller.

#### KNOW THY MARKETS

Commercial Service experts say that good market intelligence is essential for a small exporter. Hadzovic is a good



Beverly Hills Collection's Mirsada and Rocky Hadzovic stand with International Trade Specialist Carmela Mammias (center) in front of an export order awaiting shipment.

Photo courtesy of U.S. Department of Commerce.

example — he knows his markets like the back of his hand. “My skin creams, lotions and baby products are popular in Nigeria,” body sprays do well in Latin America and shampoo is a big seller in Middle Eastern markets, he explains.

Last year U.S. exports to Nigeria totaled \$718 million, up from \$628 million in 1999. Commercial Service experts caution that corruption remains a problem; infrastructure deficiencies also are a barrier to economic growth. Despite these issues, Commercial Service officers say that genuine opportunity exists in Nigeria for U.S. businesses. Nigeria's government is pursuing policies to improve infrastructure, strengthen the economy and reduce poverty. The petroleum industry still dominates Nigeria's economy, but consumer products like Beverly Hills Collection's are also finding buyers. As Hadzovic points out, Nigerians are positively disposed toward the U.S. and have a strong affinity for U.S. products. He finds that true in much of the world.

#### CLICKS AND MORTAR

Hadzovic learned about the U.S. Commercial Service shortly after he started Beverly Hills Collection in 1997, when he turned to the U.S. Export Assistance Center in Newark and trade specialist Carmela Mammias

for answers to his exporting questions. “I wish everyone were like Carmela,” he says. “She's so competent and so nice.” He's participated in Commercial Service-supported trade shows and still thinks they're one of the best ways to find new distributors.

He often goes directly to Commercial Service offices overseas for market research or other information and finds that he always gets a fax or phone call back in a few days. The agency's worldwide network includes 107 Export Assistance Centers in the U.S. and 161 international offices. “No country on the planet does more for small businesses than the U.S.,” says Hadzovic.

Hadzovic has big plans for the New Year. He wants to target the United Kingdom and also to find more customers in Latin America. He thinks that Pakistan will one day become a hot market for American products — “we're going to hit a home run there,” he predicts. And just in time for the holiday season is a red-white-and-blue gift set emblazoned with the flag and featuring “American Dream Woman” fragrance. Hadzovic, who was born in Bosnia-Herzegovina and describes himself as “100% American,” knows something about the American Dream himself. And while he's at bat, Beverly Hills Collection will be hitting home runs in markets around the world. ■

# TAPPING HIGH-TECH TRADE IN THE AMERICAS

## THE INTER-AMERICAN E-BUSINESS FELLOWSHIP PROGRAM

by Maria Cameron,

*Office of NAFTA and Inter-American Affairs, Market Access and Compliance*

This June, U.S. companies will have the opportunity to be a part of a groundbreaking Presidential initiative that will establish a Latin American network of e-business leaders with strong connections to top U.S. companies. The Commerce Department is currently seeking companies to host one or more fellows in June 2002 for four weeks and provide them with an overview of how the host company utilizes information technology to transform business functions. President Bush launched this innovative training program at the Summit of the Americas in Quebec in April 2000, stating that it "will give young professionals from

throughout the Americas the opportunity to learn about Information Technology...it will empower them with the skills and background to bring the benefits of these technologies to their societies."

This will be the second annual recruitment for this program. U.S. companies who hosted fellows during the pilot session, which concluded in September 2001, were enthusiastic. "I think that Bell benefited from (the fellow's) energy and hard work. He made some great friends...Exceptional program! Thank you" said Ian Walsh of Bell Helicopter. Mr. Walsh's company joined twelve other U.S. companies including General Electric, Caterpillar, Inc., Citibank International, Comshare, Duke Energy, EDS, IBM, Microsoft, Montgomery Watson, Northrop

Grumman, Syneractive and Thompson Power Systems in hosting fellows for the inaugural program.

These companies each hosted one or more fellows for a four week period, providing them with hands-on training in the use of information technologies to improve efficiency and productivity and to increase their customer base, emphasizing supply chain management and the integration of information technologies in "back office" operations. Both host companies and fellows gain a great deal from their participation.

### BENEFITS FOR U.S. COMPANIES

While the financial commitment for a U.S. company to participate in the program is small, taking on a fellow for four weeks and providing a substantive training program represents a commitment of personnel resources. However, there are both short and long term benefits to participating in the program. The host companies develop or broaden good contacts in the region and provide opportunities to gain a better understanding of a different region's approach to information technology as well as a sense of how to market to different sectors in Latin America. In the long run, working with Latin American businesses to develop their understanding and use of information technology will improve companies' ability to do business in the hemisphere and will increase markets for U.S. technology.



Secretary Evans with the Inter-American E-Business Fellows, September 2001

Photo courtesy of U.S. Department of Commerce.

Kevin McGrath of Comshare, an Ann Arbor, Michigan firm that offers a Web-based application for management planning and control, concurs. “(Our fellow) was a superior candidate for this program. He absorbed everything that we gave him... We now have a better feel for what is required to penetrate the Latin American market. We may look at moving toward a direct sales model from our current distributor model.” Susan Zatorski, Citibank International, sees other results. “A major benefit we derived was to have a ‘new/fresh’ set of eyes and ideas to approach problems and solutions.... We look forward to participating in the years to come.”

### WHAT IS THE INTER-AMERICAN E-BUSINESS FELLOWSHIP PROGRAM?

While the keystone of the E-business fellowship program is the four weeks that fellows spend with their host U.S. company, this experience is supplemented by additional training. The fellowship begins with a week in Washington, D.C. including a few days of formal training. Fellows discuss the role Information Technology can and should play in their businesses, the obstacles to its advancement and steps they can take to overcome these obstacles. During this week, the fellows are also given an assignment to use what they learn while on their fellowships to develop an e-change plan for their home companies.

While in Washington, D.C. the fellows will also meet with industry and association representatives and visit local technology companies. These meetings are excellent opportunities for the fellows to familiarize themselves with a wide variety of industries and perspectives. The orientation week the fellows spend together before they go to their host companies has proven to be well spent; the group forms a team and they communicate throughout the fellowship, learning from each other.

Following the week in Washington, fellows travel to their host companies for four weeks. The fellows will reunite after their fellowships for a wrap up session. They will present their assignments to the group for evaluation and discuss lessons learned during the fellowship. During the pilot program, we learned that this was an excellent opportunity for fellows to learn from each other.

### WHO ARE THE FELLOWS?

The fellows are mid-level managers who are seeking to take advantage of information technology to improve their bottom line. For the pilot program last year, the Commerce Department received over 200 applications from all over the region for 20 fellowships during an abbreviated recruiting period. The fellows selected from this pool were all very qualified, highly motivated individuals. They were a diverse group of men and women from Argentina, Brazil, Chile, Colombia, Mexico, Paraguay and Peru from a broad range of industries including energy, financial services, manufacturing and fisheries. What they had in common was a lot of enthusiasm and the desire to learn how they could use information technology to make their business processes more efficient.

Host companies play a large role in selecting their fellow. Companies will receive 5-10 applications that have been reviewed by Commerce staff and interviewed by the Foreign Commercial Service staff (primarily for English proficiency). Host companies are encouraged to conduct phone interviews prior to selecting a fellow.

### WHO ARE THE HOST COMPANIES?

A host company is any business with a significant U.S. presence, which has incorporated information technology into its every-day business. Thirteen companies participated during the pilot program representing diverse size

and industries. Some are well established in Latin America, others are exploring entering the market. Some have a strong web and e-business presence, others use information technology to manage inventory or human resources. The common denominator is that information technology has become an integral part of their business and they are anxious to share what they have learned and open themselves to learn from others as well.

### HOST COMPANY RESPONSIBILITIES

Host companies agree to train one or more mid-level managers from Latin America, who they have helped to select for four weeks. The training should focus on how the company incorporates information technology into its daily business practices, to improve marketing, sales, or communications. The emphasis should not be on e-commerce alone, but also on the practical uses of information technology. To ensure a quality fellowship experience, Commerce staff will ask host companies to provide a detailed training program prior to their final acceptance into the program.

How much will this cost? The Department of Commerce will cover the majority of the costs including hotel and per diem for the fellow and transportation to the fellowship city. Host companies are responsible for providing local transportation — to and from work — for the fellows. ■

### HOW CAN I LEARN MORE?

If your company is interested in hosting a fellow for the June 2002 program, please visit ([www.export.gov/ebusinessfellowship](http://www.export.gov/ebusinessfellowship)) or contact the Program Officer for the Inter-American E-Business Fellowship Program at (202) 482-0621 or by e-mail at [ebusiness\\_fellowship@ita.doc.gov](mailto:ebusiness_fellowship@ita.doc.gov)

# FLORIDA DISCOVERS THE SECRET TO EXPORTING SERVICES

by Henley Jones

*U.S. Commercial Service, Ft Lauderdale Export Assistance center*

The service sector is a driving force in the U.S. economy, accounting for approximately 53 percent of GDP in 2000 and exports of services in 2000 were nearly 29 percent of total exports. Service providers have specialized needs and the agencies of the International Trade Administration are working to adapt support mechanisms to meet those needs. The innovative efforts in Florida provide insight to how several organizations have worked together to achieve promising results.

The Florida Services Export Program takes advantage of Florida's strategic geography and trading heritage to put the state in a leadership position to promote service exports.

Driven by Enterprise Florida, the state's premier public-private economic development organization, a number of initiatives have been undertaken to identify and assist Florida's service firms in tapping markets in the Western Hemisphere. Florida firms already have an affinity and tradition of trade with this hemisphere.

The Florida services export initiative is funded by the State of Florida and led by the Greater Miami Chamber of Commerce (GMCC), which, as the third largest metropolitan Chamber of

Commerce in the United States, has been able to capitalize on its strong ties with similar organizations throughout the Western Hemisphere.

The results are impressive. In the last three years alone, the GMCC's Services Missions have generated \$400 million in sales and investment. This results-oriented approach and artful integration of partners such as the Commercial Service and other units of the Department of Commerce has positioned the Chamber as a role model for export promotion of services.

## THE FLORIDA SERVICES EXPORT PROGRAM

The Greater Miami Chamber of Commerce, in partnership with Enterprise Florida, Florida International University and the U.S. Commercial Service is pioneering the promotion and packaging of Florida's service sector with a variety of initiatives intended to position Florida as the United States' premier exporter of services. The Florida Services Export Program (FSEP) has five major components:

1. **Florida Service Network:** The Florida Service Network (FSN) is a statewide partnership encompassing over 60 business organizations, such as chambers of commerce, economic development organizations and trade associations.

2. **FloridaServiceNet.com.** As the first statewide on-line business center serving Florida service providers and their counterpart interests worldwide, [www.FloridaServiceNet.com](http://www.FloridaServiceNet.com) uses a custom designed database of services industry classifications.

3. **Florida Service Missions:** In the three years since the program's inception, the Greater Miami Chamber of Commerce has organized a number of inbound and outbound missions with a number of countries throughout Latin America, making extensive use of the U.S. Commercial Service's overseas contacts and matchmaking Gold Key Service.

4. **Institute for International Professional Services (IIPS):** Located at Florida International University (FIU), IIPS is conducting research on the services sector and developing economic impact assessments that are helping state government and other organizations allocate resources for based upon needs.

5. **Educational Seminars:** The FSEP organizes seminars and briefings as well as networking events in Florida and abroad to (a) draw service sector firms to explore export opportunities; (b) inform them of such opportunities and; (c) provide a forum to network and promote business.

**INFORMATION TECHNOLOGY  
— FLORIDA'S LEADING EDGE  
IN PROMOTING SERVICES  
EXPORTS**

While the FSEP has engaged a broad spectrum of services industries, Florida's emerging role as an information technology (IT) center has led to special emphasis on firms involved in e-business.

The U.S.-Argentina Strategic Partners Conference held in March 2001 at Florida International University demonstrated the potential of this sector. Forty Argentine information technology companies were matched with Florida partners during the conference. This event was a collaborative effort drawing on the resources of International Trade Administration, the Argentine Government, InternetCoast, Enterprise Florida and

affiliated with the Latin American and Caribbean Center (LACC) and the Center for International Business Education and Research (CIBER), participated in both the Florida conference and the Governor's trade mission with good result. The March conference established linkages that have further positioned FIU as a major educational services provider and exporter.

One result was the 'Americas E-Business Education and Training Initiative,' co-signed by representatives of FIU's College of Business Administration, the University of Buenos Aires' (UBA) School of Economic Sciences and Argentine e-business firm Competir.com during the July, 2001 trade mission to Argentina led by Governor Bush. According to Dr. Eduardo Gamarra, director of the Institute for

can be attributed to their integrated approach with partners like the Commercial Service, arranging market information, assisting planning and providing on the ground support.

Recognized as a unique effort on the national and international scene, the GMCC has discussed their experiences with other U.S. regions interested in collaboration and have been featured in services-oriented field training for the U.S. Commercial Service.

Most importantly, however, is the strong leadership and long term commitment by Governor Bush's Enterprise Florida and top management at the GMCC and FIU that are playing a significant role in creating business opportunities and strengthening awareness internationally of Florida as a premier location for world class

**“WITH THE PIVOTAL ROLE PLAYED BY THE SERVICES SECTOR IN FLORIDA'S ECONOMY, OUR STATE IS COMMITTED TO DEVELOPING PROGRAMS THAT STRENGTHEN THE EXPORT OF SERVICES. FROM TRADE MISSIONS TO ON-LINE BUSINESS CENTERS, THE FLORIDA SERVICES EXPORT PROGRAM ILLUSTRATES OUR STATE'S GROWING RANGE OF TACTICS TO HELP ENSURE THAT FLORIDA SERVICE FIRMS HAVE A STRATEGIC ADVANTAGE THROUGHOUT THE WORLD. THIS IS AN INTEGRATED EFFORT, LEVERAGING PARTNERSHIPS WITH THE U.S. COMMERCIAL SERVICE AND OTHERS IN SUPPORT OF FLORIDA'S WORLD CLASS SERVICE COMPANIES.**

**—JEB BUSH, GOVERNOR OF FLORIDA**

FIU. It was a perfect demonstration of Florida as a strategic venue for linking U.S. service industry firms with suitable partners in Argentina.

In July 2001, Governor Bush led an Enterprise Florida mission to Chile and Argentina, which further demonstrated Florida's emergence as a global leader in information technology. The Ft. Lauderdale Export Assistance Center was pivotal in elevating the importance of the information technology sector of Florida and as a result, numerous IT companies participated in the governor's mission.

A partner and lately an outstanding example of the overall Florida effort, Florida International University's Institute of Professional Services,

International Professional Services, “this agreement serves as a guiding force of a vision to develop an international partnership for post-graduate education that combines the application of information technology with strong business skills and knowledge.”

**A MODEL PROGRAM**

Services are at the helm of Florida's economic development. Representing over 78 percent of the state's annual gross state product, the FSEP's comprehensive strategy offers clear benefits to the individual service provider and the state of Florida. In Florida, smaller businesses can explore the potential of international markets through a single source. Much of the FSEP's past success in generating export transactions

services. As GMCC executive Marisa Feito says with unquestioned enthusiasm, “Florida has every reason to be a gateway for services trade just as it has traditionally been as a portal for selling goods. The difference is that Florida is now predominantly a service sector state. With leading service companies located here from all over the Hemisphere, with our great universities, our great partnerships and our Governor's great devotion to promoting Florida's services, there is no doubt that the sun will shine all the more brightly on services for a long time to come.” ■

For more information, contact:  
Florida Services Network c/o Greater  
Miami Chamber of Commerce  
Tel: (305) 577-5477  
Email: [Contactus@floridaservicenetwork.com](mailto:Contactus@floridaservicenetwork.com)



# ASK THE TIC

## THE METRIC SYSTEM: THE INTERNATIONAL SYSTEM FOR MEASUREMENT AND COMMERCE

by David Averne,  
*Trade Information Center*

and

by Jim McCracken,  
*National Institute of Standards and Technology*

### WHY SHOULD I USE THE METRIC SYSTEM?

The metric system is the international standard of measurement and most of our trading partners require, or will soon require, metric units for measurements. Many non-metric U.S. products are not readily exportable to certain markets. More importantly, customers in other nations have lifelong experience with the metric system and expect products made to metric measures. They are neither familiar nor comfortable with U.S. pints, ounces, inches and pounds. On the shelves of shops in other nations, inch-pound products are at a disadvantage. In today's highly competitive world markets, any disadvantage quickly translates to lost sales and fewer exports.

Using harmonized global product standards can also help companies that trade in multiple markets maintain smaller inventories and streamline production.

### WHAT IS THE SI?

The International System of Units, universally abbreviated SI, is the modern metric system of measurement. The General Conference on Weights and Measures (CGPM) established the SI in 1960 and is the international authority that ensures SI dissemination and modification to reflect the latest advances in science and technology.

The CGPM is an intergovernmental treaty organization, which boasts 49 member states, including the United States and all the major industrialized countries and remains the basis of all international agreements on units of measurement.

Suggested modifications to the SI are made by committees composed of delegates from national metrology institutes such as the U.S. National Institute of Standards and Technology (NIST), specialized institutes, other international organizations and individual members. NIST Special

Publications reflecting changes incorporated by the committees are available online from the bibliography under metric publications at [www.nist.gov/metric](http://www.nist.gov/metric).

### WHAT ARE THE METRIC LABELING REQUIREMENTS FOR EXPORTS?

Every industrialized nation in the world, except the United States, prefers the metric system for weights and measures. Thus, the United States' trading partners require at least dual labeling (U.S. units and metric units), if not metric-only measurement units on product labels.

#### Europe

For example, the long-standing European Union (EU) Metric Directive mandated that after January 1, 2000, all products sold in the EU needed to specify and label in metric measurements only. Prior to implementation, the European Commission recommended a 10-year deferral of the metric-only directive, allowing companies to use dual labeling through 2009. The delay provides time for U.S. companies to prepare for a metric-only European market beginning January 1, 2010.

After the EU Directive takes effect, member and associated countries will no longer permit dual indications of measurement. U.S. exporters can no longer label or print inches, pounds, or any other non-metric measurement on shipments. This affects labels, packaging, advertising, catalogs, technical manuals and instructions. Legal units of measurement will now be referred to as SI units (International System) and enforcement mechanisms are already in place. Until 2010, U.S. companies selling in Europe will be able to continue to label their products in both metric and inch-pound measurements, as is required by the Fair Packaging and Labeling Act in the United States.

#### Asia

In Asia, Korea is changing from the older versions of the metric system to the SI. The revised Korean Metrology Law prescribes strict new guidelines effective July 1, 2001, mandating that measurements be expressed only in SI units. Both manufacturers and importers are required to adhere to metrification rules, which include technical requirements for weighing and measuring devices. Strict punishment for non-compliance may include fines and a prison term. The Japanese market strongly prefers metric labeling and their Measurement Law requires that all imported products and shipping documents show SI units. In the Philippines, only SI units can be used to measure any product, commodity, material or utility. SI is also the only system that can be used in any commercial transaction, contract and other legal



instrument, or other official documents. The Philippine government prohibits importation of non-metric measuring devices, instrumentation and apparatus without prior clearance from their Bureau of Product Standards.

### Latin America

In Latin America and the Caribbean, metric is increasingly becoming the standard. While Jamaica generally follows U.S. standards, their Bureau of Standards has recently become more vigilant in monitoring products sold on the local market. In 1995, an amendment to the Weights and Measures Act was passed to enforce compliance with the metric system of measurement; thus, imported goods should conform to the metric system. Chile requires that all labels must contain, in Spanish, size and weight converted to the metric system. Goods not complying with these measurements may be imported, but not sold to consumers until the conversion is made. Costa Rican law requires the exclusive use of the metric system, but in practice accepts U.S. and European commercial and product standards. In Brazil, product labels should have a Portuguese translation and use metric units or show a metric equivalent.

### Africa

Countries in Africa have similar metric requirements. Mauritius and Eritrea require metric weights and measures. Cameroon recommends French and English labeling, with all measurements in the metric system. Cote d'Ivoire also prefers French labeling and requires imported equipment adapted to run according to European electrical and metric standards. South Africa requires metric weights and measures on the bill of lading. All items entering Nigeria must be labeled in metric terms exclusively and products with dual or multi-markings will be confiscated or refused entry.



### HOW CAN I LEARN ABOUT METRIC REQUIREMENTS AND OTHER CHANGES IN STANDARDIZED LABELING?

The National Institute of Standards and Technology publishes a comprehensive guide to the European standards and regulatory committees that directly affect doing business in the EU and its associated countries. The guide, NIST Special Publication 891 "Standards Setting in the European Union--Standards Organizations and Officials in EU Standards Activities," is available as a PDF file on the web at [www.nist.gov/metric](http://www.nist.gov/metric). A limited number of printed copies of SP 891 are available by calling the NIST Inquiries Office at 301 975-NIST, or by email at [inquiries@nist.gov](mailto:inquiries@nist.gov).

NIST recently launched Export Alert! (See October 2001 Export America), a free Internet-based service that automatically notifies interested businesses when foreign governments propose changes to labeling, metric and other

standards that might influence the treatment of U.S. exports. Export Alert! gathers, organizes and disseminates by electronic mail the proposed regulatory changes issued by WTO members. This service monitors dozens of fields of activity and subscribers can specify the issues and regions they wish to track. Organizations and individuals interested in subscribing to the Export Alert! Service can sign up online at <http://ts.nist.gov/ncsci>. For additional information, contact NIST at (301) 975-4040 or [ncsci@nist.gov](mailto:ncsci@nist.gov).

The Trade Information Center (TIC) provides information about country labeling requirements. Please call the TIC at 1-800-USA-TRADE, email [tic@ita.doc.gov](mailto:tic@ita.doc.gov), or visit our website at <http://tradeinfo.doc.gov>.



### WHO ADMINISTERS THE U.S. METRIC PROGRAM?

The NIST Metric Program, within the U.S. Department of Commerce, handles metric issues. NIST helps implement the national policy to establish metric as the preferred system of weights and measures for U.S. trade and commerce. It provides leadership and assistance on metric use and conversion to federal agencies, state and local governments, businesses, trade associations, standards organizations and the educational community.

Current Metric Program initiatives focus on education and public awareness to gain broad-based public support for national metrication. ■

Direct general inquiries for information on the metric system to the NIST Metric Program at 301-975-3690 or [metric\\_prg@nist.gov](mailto:metric_prg@nist.gov). The Metric Program website [www.nist.gov/metric](http://www.nist.gov/metric) provides a variety of general information on the metric system and features links to other sources of metric information.

The U.S. Metric Association is the major American private sector organization supporting the work of the Metric Program. Their website, [www.usmetric.org](http://www.usmetric.org), provides a variety of resources, including a source listing of metric products and suppliers.

The Trade Information Center (TIC) is operated by the International Trade Administration of the U.S. Department of Commerce for the 20 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. Government's export promotion programs and activities. You, too, can "Ask the TIC" by calling 1-800-USA-TRAD(E) toll free, Monday through Friday, 8:30-5:30 EST. Or visit the TIC's website at <http://tradeinfo.doc.gov>.

# THE ADVANTAGES OF USING THE PATENT COOPERATION TREATY

by Diana L. Oleksa

*Office of PCT Legal Administration  
U.S. Patent & Trademark Office*

Businesses and inventors often discover that their intellectual property may be valuable in foreign markets as well as in the U.S. As such, the question arises of how to obtain patent protection in foreign countries.

If an inventor wants to protect his invention in a particular foreign country, he must apply for and be granted a patent by that country's patent office because a patent issued by one country is not enforceable in another country. For example, a US patent is only enforceable in the United States. If the applicant also wishes to obtain patent protection for that invention in Japan, he will have to file for and be granted a patent by the Japanese Patent Office.

## METHODS OF FILING PATENT APPLICATIONS IN FOREIGN COUNTRIES

There are two ways in which an applicant, such as the inventor or the company that owns the rights for the inventor's work, can file patent applications in foreign countries. An applicant may file applications directly with the foreign patent offices. As an alternative, the applicant may file an international application under the Patent Cooperation Treaty (PCT) in

which he can designate the PCT Contracting States (countries) in which patent protection is desired.

If an applicant files patent applications directly with the foreign patent offices, the applicant will have to prepare patent applications that comply with the particular formalities requirements, (i.e. the size of the paper used, margins requirements, arrangement of the part of the application) of each such office. The formalities requirements can vary from country to country. Accordingly, an applicant wishing to obtain patent protection in a number of different countries may have to prepare different versions of the application for each of those countries. Additionally, the applicant will be required to have the application translated into the other languages if those countries do not accept English as a language of filing. Most foreign patent offices do not allow U.S. applicants to represent themselves during patent prosecution. Therefore, applicants may be required to obtain the services of a patent agent registered to practice before each foreign patent office. As a result, the direct filing of patent applications in multiple countries can be an expensive endeavor at the onset.

On the other hand, an applicant may choose to file an international application under the PCT as the means for filing foreign patent applications. The

PCT is an international treaty that is administered by the World Intellectual Property Organization (WIPO), in Geneva, Switzerland. There are currently 115 Contracting States that are party to the PCT. Under the provisions of the PCT an applicant only needs to file a single international application that is in compliance with one set of formalities requirements. The international application is filed in one country and in one language and that single international application has the effect of a regular national filing as of its international filing date in each PCT Contracting State designated by the applicant. Thus a single international application can have the effect of filing for patent applications in up to 115 countries. An international application filed under the PCT is usually filed with the patent office of the country in which the applicant is a resident or national. Therefore, a U.S. applicant can file his or her international application with the U.S. Patent and Trademark Office as the receiving office. Many inventors take advantage of the PCT when filing foreign patent applications. In fact in 2000, U.S. applicants filed more than 42 percent of all international applications filed worldwide.

The cost of filing an international application with the United States Patent and Trademark Office as the receiving office can range from

approximately \$1,200 to approximately \$2,200. The price can vary depending on a number of different factors including the length of the application, the choice of International Searching Authority and the number of designations made. U.S. applicants do not need to hire a patent attorney or patent agent to represent them before the U.S. Receiving Office although the use of one can be advantageous for those not familiar with the process.

## TWO PHASES OF THE PCT

1. The first phase of the process is the international phase. During the international phase the international application is filed, international search is performed by a major patent office in its capacity as an International Searching Authority (ISA) and the International Search Report (ISR) is prepared by the ISA. The ISR cites prior art relevant to the claimed invention. WIPO publishes the application together with the ISR at 18 months from the priority date. Optionally, if the applicant wants to have the international application examined by a major patent Office in its capacity as an International Preliminary Examining Authority (IPEA), he or she can file a demand for international preliminary examination that elects at least one eligible Contracting State. The IPEA will examine the application and prepare a preliminary, non-binding opinion as to the novelty, inventive step and industrial applicability of the claimed invention by issuing an International Preliminary Examination Report (IPER). The IPER is transmitted by the IPEA to WIPO which in turn transmits it to all the foreign patent Offices that applicant elected.

2. The second phase is the national phase. The national phase is the point in the process where the application is examined by the foreign patent offices and where those offices either grant a patent or reject

the claimed invention. To enter the national phase the applicant notifies the various eligible offices that he is applying for patent protection, pays the national filing fees and where necessary, translates the international application and obtains the services of a patent agent.

## ADVANTAGES OF USING THE PCT

When an applicant files an international application under the PCT, he will receive an International Search Report (ISR) approximately four months from the international filing date. In a direct foreign filing, on the other hand, the applicant may not receive a first office action on the merits of the invention until more than 18 months after the application was filed. Thus, by filing an international application under the PCT the applicant receives an earlier indication of the relevant prior art than he or she would by filing patent applications directly in foreign patent offices.

Another advantage of using the PCT process is the delay in having to decide with which foreign patent offices to pursue patent rights. In most countries, a foreign patent application must be filed within one year of the filing date of any prior patent application on the same subject matter in order to receive benefit of the filing date of the prior application. While an international application filed under the PCT must also be filed within the same 12-month deadline, the time limit for entering the national phase in the various foreign patent offices designated by the applicant is 20 months from the priority date. The time limit can be delayed even further to 30 months from the priority date if the applicant files a demand before 19 months from the priority date. On April 1, 2002, an amendment to PCT Article 22 will take effect that changes the time limit for national phase entry to 30 months regardless of whether a Demand was filed.

By being able to delay the foreign filing decisions by an additional 8 months or 18 months after the international application is filed, the applicant has more time to assess the commercial viability of his invention and to find financial backers to help cover costs. The PCT applicant can also delay paying foreign filing fees, fees associated with translating the application into other languages and fees for the services of foreign patent agents by using the PCT process. These fees are often exorbitant. Yet, when compared to the process of making direct foreign patent application filings, the PCT process advantageously provides the applicant with extra time and information before he or she must decide whether or not to make this often costly investment in pursuing national patent protection in any particular designated country. ■

### For more information:

Visit the U.S. Patent and Trademark Office — Office of PCT Legal Administration web site: [www.uspto.gov/go/pct](http://www.uspto.gov/go/pct). Users can access forms, receive guidance and sign up to receive regular updates on this site.

If your questions are not answered online, assistance is also available through the PCT Help Desk, which is accessible by Tel: (703) 305-3257 or Fax: (703) 305-2919.

### Useful Websites:

United States Patent & Trademark Office — Office of PCT Legal Administration:  
[www.uspto.gov/go/pct](http://www.uspto.gov/go/pct)

World Intellectual Property Organization — PCT:  
[www.wipo.int/pct/en/index.html](http://www.wipo.int/pct/en/index.html)

This article represents the individual views of its author, Diana L. Oleksa, and does not purport to represent the official view of the U.S. Patent and Trademark Office.



PLEASE OBEY  
TARIFF LIMITS

REDUCED  
TRADE  
BARRIERS  
AHEAD

# ■ OPEN TRADE PROVIDES GREATER OPPORTUNITIES FOR ALL COUNTRIES

by Grant Aldonas  
*Under Secretary for International Trade*

At the conclusion of the World Trade Organization (WTO) Ministerial in Qatar, trade ministers from over 140 countries agreed to launch the “Doha Development Agenda.” For the WTO to be effective, all members must be involved in the decision-making process. If we are to have a successful round of global trade talks, developing countries must play a central role in the process. The Doha Development Agenda will be more inclusive than past negotiations and, as

the WTO Ministerial Declaration states, the “needs and interests” of developing countries must be at the heart of the future WTO work program. For our part, we are working with Congress to provide Trade Promotion Authority to help us move forward.

While in Doha, I saw first-hand that the developing countries want to be engaged in these talks and they want to speak for themselves. This shouldn't be surprising to anyone — the developing countries have a lot to gain. A study by Joseph Francois of Erasmus University projects that new global

trade negotiations would generate between \$90-190 billion a year in higher incomes for developing nations. It's no wonder that UN Secretary-General Kofi Annan has said, “The poor are poor not because of too much globalization, but because of too little.” The WTO operates by consensus, giving the developing countries a strong role both in the negotiations themselves, but, even more importantly, in the results of the new round.

While trade among advanced economies still accounts for the majority of international trade, world economic growth has been faster in

developing economies. With a few exceptions, tariffs and quotas are no longer significant barriers in industrial economies, but they remain high in most of the developing world. This is counterproductive. Reductions in market access barriers can promote trade, in particular trade between developing countries (“south-south” trade) and improve the quality of life of those in the developing world.

#### OPENING MARKETS ENCOURAGES GROWTH AND BENEFITS CONSUMERS

All countries stand to gain when they lower their tariffs and open their markets. In the United States, our exports have contributed over one-quarter of our economic growth in the last decade. From 1970 to 2000, our exports have grown over 10 percent per year —

This holds true for developing countries. In the first five years of the Uruguay Round, developing countries increased their exports by 41 percent, while high-income countries increased exports by 29 percent. Strong growth in exports serves as a catalyst for economic growth. The World Bank’s 2002 report on Global Economic Prospects and Developing Countries, concludes that developing countries that lowered trade barriers over the last 20 years experienced strong economic growth.

The potential for developing countries to prosper from a more inclusive role in new trade negotiations is significant in terms of GDP growth, but more importantly in the benefits realized by the citizens of these countries. A new round of trade negotiations focused on tariff reductions on industrial and agricultural products can deliver more

last year on the Africa Growth and Opportunity Act and renewal of the Caribbean Basin Initiative. Currently in the United States, 62 percent of all imports from developing countries are free from any duties or tariffs.

The U.S. simple average tariff is 4.3 percent — which is low compared to the average tariffs for developing countries. Many developing country tariffs are in excess of 15 percent, across-the-board, placing high burdens on those who can least afford them. For example, average developed country tariffs on manufactured goods, including textiles and clothing, now stand at 8 percent, while the same tariffs in developing countries are currently 21 percent. Also, developing countries apply duties at more than double the average rate of advanced economies on motor vehicles.

**“WE KNOW THAT GIVING DEVELOPING COUNTRIES GREATER ACCESS TO WORLD MARKETS CAN QUICKLY AND DRAMATICALLY RAISE INVESTMENT LEVELS AND INCOMES. WE ALSO KNOW THAT FREE TRADE ENCOURAGES THE HABITS OF LIBERTY THAT SUSTAIN FREEDOM OVER THE LONG HAUL.”**

**—PRESIDENT GEORGE W. BUSH AT THE WORLD BANK ON JULY 17, 2001**

reaching \$1.1 trillion in 2000 — that’s a doubling of U.S. exports about every 7 years. An estimated 12 million American jobs depend directly on exports — good jobs that pay wages 13 to 18 percent higher than the national average. Benefits from the NAFTA and the Uruguay Round negotiations alone have saved a family of four \$1,200 to \$2,000 a year by encouraging our markets to make higher quality goods available at lower prices. One in three acres planted on American farms is seeded with crops intended for export. In other words, opening new markets for American goods, services and agriculture is critical to our economic future and our strength as a nation. There is no better policy tool for raising the economic prospects for the United States — and the rest of the world — than opening markets through trade agreements.

choices and competitive prices, including access to many goods not readily available. Medical and agricultural equipment and pharmaceuticals have historically been scarce or limited in developing countries, but reductions in tariffs and adoption of more effective protection of intellectual property rights could make these developing country markets more attractive. A new round can also focus attention on environmental protection through better access to environmental technologies, goods and services.

#### THE IMPORTANCE OF LOWERING MARKET ACCESS BARRIERS

The United States seeks stronger trading relationships with developing countries — as evidenced by our work

These high tariffs, along with restrictive market access barriers, have stymied trade in all directions. As trade barriers between developing economies are significantly higher than between developing nations and industrialized countries, developing countries have the most to gain from liberalizing restrictions on trade with one another. Trade between developing countries accounts for 40 percent of their overall trade and developing country trade still accounts for a very small percentage of world trade. According to the United Nations, in 1999, intra-African trade accounted for 10 percent of world trade; intra-South Asian trade, 4 percent; Asian-African trade, 1.5 percent; and Latin American-African trade, 1.5 percent.

It is generally believed that developing countries produce similar goods,

primarily raw materials and commodities. However, the reality is that the range of products in developing countries is considerably more diverse. A growing number of developing countries have become important producers and exporters of manufactured goods. The decentralization of production has resulted in parts and components being combined from many sources, but, due to the high tariffs between developing countries, their abilities to produce final goods to trade is limited because of the added expenses involved in importing parts. The barriers that were once erected to protect domestic markets and fledgling export industries, are now hampering growth in the developing world.

The Doha Ministerial Declaration makes it clear that there are no a priori exclusions for product coverage in the industrial market access negotiations. The United States is willing to look at liberalization in historically sensitive sectors and to consider reducing restrictions on products and services that the developing economies produce, as long as liberalization results in a genuinely more open and level playing field in these sectors worldwide.

Similarly, developing countries should be prepared to improve their own situation by liberalizing services and lowering barriers to import competition — they should come to the negotiating table not only asking for a reduction in market access barriers to the industrialized world, but with a willingness to reciprocate and reduce their own barriers to entry.

Lowering tariffs is not the only challenge faced by WTO members, of course. Non-tariff barriers, such as difficult customs procedures or a general lack of transparency in the enforcement of official rules and regulations also make it more difficult for developing countries to derive the expected benefits from trade. The Doha Development Agenda provides for these and other issues to be addressed. The developed WTO nations must engage in the new round with the willingness to work together with the developing countries in order to realize the full benefits of the world trading system. But liberalization is a two-way street and developed country efforts to provide the necessary technical and capacity building assistance to developing countries will be a central element

in making the Doha Development Agenda a success.

The benefits will be broad for businesses and consumers in developing countries during the next round of trade negotiations. Greater market access will lead to greater transparency, more economic stability and greater availability of necessary goods. As the noted economist, Mancur Olson, observed in *Power and Prosperity*,

it is no accident that the developed democracies with the best established individual rights are also the societies with the most sophisticated and extended transactions (such as those in futures, insurance and capital markets) for realizing the gains from trade. They are generally the societies with the highest levels of per-capita income.

The importance of that success is not merely material. Freedom is served when governments tear down barriers to individuals' success, whether these barriers are political, social or economic, as in the case of trade. Through an increased role in the global trading system, developing countries will realize these benefits both through their trade — with both the industrialized countries as well as with other developing countries.

The United States provided more than \$555 million in trade-related capacity building assistance to developing countries last year — more than from any other single country. This assistance includes significant programs for the WTO, which are part of an overall U.S. effort to support developing country capacity building through our bilateral assistance programs and in other international organizations. This underscores our belief that the developing countries must play a central role in the WTO process — to foster greater understanding and create greater opportunities for all. ■



# THE NEW DOHA DEVELOPMENT AGENDA

by Stephen Jacobs,

*Deputy Assistant Secretary for Agreements Compliance*

On November 14, 2001 in Doha, Qatar, the Members of the World Trade Organization (WTO) agreed on a new work program that includes comprehensive multilateral trade negotiations, which will take place over the next three years. Future WTO work will cover a variety of areas affecting international business and commerce, including industrial tariff and non-tariff barriers, agriculture, services and trade rules. The members will take up additional areas of negotiation, such as investment rules and competition, after the Fifth Ministerial meeting, which will take place during the second half of 2003. At the end of the negotiations, American exporters of industrial and agricultural goods and services should find that they have improved access to overseas markets.

This article will cover some, but not all, of the major aspects of the future WTO work plan agreed to at Doha. Complete details can be obtained online at [www.ustr.gov](http://www.ustr.gov).

## INDUSTRIAL PRODUCTS

At Doha, Ministers agreed on a broad negotiating mandate for industrial

goods, covering almost all goods in Chapters 25 - 97 of the Harmonized Tariff Schedule. The negotiations will focus on lowering or eliminating tariffs and non-tariff barriers affecting these products. This will reduce overhead costs, allowing U.S. exports to be more competitive in foreign markets. The negotiating mandate will allow the United States to pursue a variety of approaches to tariff liberalization, including the expansion of existing initiatives such as the Information Technology Agreement. Our negotiators will also be free to explore different negotiating methods to determine which approach or approaches will yield the best result.

## AGRICULTURAL PRODUCTS

Negotiations on agricultural product liberalization began in 2000 under the mandate set forth in the Uruguay Round Agreement on Agriculture. However, the Fourth Ministerial provided the opportunity for the United States to advance a number of its negotiating objectives on the future agriculture agenda. In particular, the negotiations will focus on improvements in market access, reductions in, with a view to phasing out, export subsidies and reduction in trade-distorting domestic support. WTO Members also agreed to a timetable for moving the negotiations forward.

## TRADE FACILITATION

Trade facilitation negotiations aimed at improving the transparency and efficiency of border procedures will begin after the Fifth Ministerial. In the meantime, the Council on Trade in Goods will review existing GATT articles that address trade facilitation issues and will, as appropriate, clarify and improve them. At the Fifth Ministerial, negotiations will be launched on WTO rules for expediting the movement and clearance of goods crossing borders.

## SERVICES

Like agriculture, services negotiations began last year. In Doha, Ministers agreed to a rigorous timetable that requires initial requests for commitments to be tabled by June 30, 2002 and initial offers to be submitted by March 31, 2003. Our goal is to ensure a progressively higher level of liberalization in worldwide services trade. One of the key negotiating priorities will be to encourage countries to make additional commitments in new sectors and to eliminate restrictions in existing commitments.

## WTO RULES - ANTIDUMPING AND COUNTERVAILING MEASURES

The antidumping and countervailing measures laws of the United States are

essential elements in ensuring a level playing field for U.S. industry at home. At the same time, U.S. exporters are increasingly subject to antidumping and countervailing measure actions brought by foreign governments. Under the agreement on these issues reached at Doha, the United States will be able to put forward an agenda to improve transparency and due process procedures in these actions and address underlying unfair trade practices that give rise to the use of antidumping and countervailing measures. WTO Members also reaffirmed at Doha that unfair trade laws are legitimate tools for addressing unfair trade practices that might cause injury to U.S. industry.

#### INTELLECTUAL PROPERTY

The Ministerial adopted a separate political declaration highlighting intellectual property rules that provide Members with the flexibility to address public health emergencies, such as epidemics of HIV/AIDS, tuberculosis and malaria. In order to address the concerns of developing countries, Ministers agreed to a U.S. proposal to extend until January 1, 2016, the time by which least-developed WTO Members must implement intellectual property rules on protecting patent rights for pharmaceutical products. In addition, Ministers agreed to complete work on a multilateral register for geographical indications for wines and spirits by the Fifth Ministerial.

#### INVESTMENT AND COMPETITION

WTO Members agreed to two-stage negotiations on both investment and competition issues as they affect trade. Work on both issues will first focus on identifying and clarifying the key topics that need to be addressed. For investment, this will include transparency, non-discrimination, how countries would make commitments and take exceptions and government-to-government dispute settlement. On competition policy, this will include

transparency, non-discrimination and procedural fairness. At the Fifth Ministerial, a decision will be taken on the timing and specific content of each negotiation.

#### TRANSPARENCY IN GOVERNMENT PROCUREMENT

Because governments are often significant purchasers of goods and services in a country, WTO Members have also embarked on a focused program that will lead to greater transparency in government purchasing procedures. This will contribute to combating corruption. Negotiations will begin at the Fifth Ministerial and build on progress made to date. The negotiations are limited to transparency meaning Members' preferential procurement programs for domestic suppliers will not be involved.

#### ENVIRONMENT

The Doha Declaration highlights the WTO's commitment to sustainable development and to simultaneously advancing trade, environment and development interests. U.S. negotiators will be able to focus on the reduction or elimination of environmentally harmful fisheries subsidies as well as agricultural export subsidies. Negotiators will also be able to pursue improved market access for environmental goods and services.

Additionally, Members agreed to enhance the mutual supportiveness of multilateral environmental agreements (MEAs) and WTO rules by enhancing cooperation between the WTO and MEA secretariats and further exploring the relationship between the WTO rules and specific trade obligations in MEAs.

#### IMPLEMENTATION OF EXISTING OBLIGATIONS

Ministers adopted a Decision on a number of issues related to the

implementation of existing WTO commitments. The focus was on finding appropriate flexibility in existing WTO agreements so as to respond to the concerns of developing countries.

A small number of developing countries will be allowed additional time to come into compliance with aspects of the agreements on trade-related investment measures, customs valuation, subsidies and intellectual property rights. Throughout the Declaration, Ministers reiterated their commitment to provide technical assistance and capacity building to developing countries to better enable those countries to fulfill their WTO obligations and participate in the negotiations.

#### ACCESSIONS

WTO Ministers approved the accession of two new Members to the WTO — China and Taiwan. Articles in this issue provide further details on these important accessions.

The Doha Ministerial set the stage for WTO Members to take an important step forward toward significant new multilateral trade liberalization. Difficult work lies ahead but the rewards — lower tariffs, more choices for consumers and the further integration of developing countries into the world trading system — are sure to be worth the effort. ■



# CHINA'S ENTRY INTO THE WTO

## WHAT IT MEANS FOR U.S. INDUSTRY

by Susan Hamrock and Corey Whiting,  
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After fifteen years of negotiations, on November 10, 2001 at the World Trade Organization (WTO) Ministerial Conference in Doha, Qatar, WTO members formally approved the accession package for the People's Republic of China (China). China became a full member, the WTO's 143rd, on December 11, 2001.

The negotiations with China, as is the case with all WTO accession negotiations, consisted of three parts. China provided information to the WTO Working Party pertaining to its trade regime, which was updated throughout the 15 years of negotiations. Next, each interested WTO member negotiated a bilateral agreement with China concerning market access concessions and commitments for goods and services. These concessions and commitments were then formulated into two documents, China's Goods and Services Schedules, which apply to all WTO members. Simultaneously, China participated in multilateral negotiations with Working Party members on the rules that will govern trade with China. These documents are available at [www.wto.org](http://www.wto.org).

more transparent and predictable regime for business dealings.

To promote transparency, China will regularly publish these laws and regulations in official journals with relevant information including the responsible government entity and the effective date of the measure. In addition, China will create inquiry points, which will operate on 30 day response times, to permit companies to obtain information about these laws and regulations. Furthermore, China has agreed to provide notice of laws and regulations, allowing reasonable time for comment, prior to implementation or enforcement. China plans to translate all trade laws and regulations into one or more of the WTO languages (English, French and Spanish), including those that will have to be drafted or revised as China comes into compliance with its WTO obligations. China has committed to the maximum extent possible to provide translated versions of trade

laws and regulations prior to implementation, but in no case later than 90 days post-implementation.

China also made a commitment that will help foster predictability in business dealings. It agreed to apply, implement and administer all of its laws and regulations relating to trade in goods and services in a uniform and impartial manner throughout China, including special economic areas.

### SUBSTANTIVE BENEFITS TO U.S. FIRMS

China's WTO accession agreement will help U.S. companies doing business in China by addressing many of the trade restrictions and problems U.S. firms have experienced. Following are a few highlights of the agreement.

#### Tariffs

China has committed to significantly reduce its tariffs on industrial products.



### TRANSPARENCY AND PREDICTABILITY

China has agreed to implement systemic reforms designed to establish a



These reductions had already begun in preparation for China's accession to the WTO. China's industrial tariffs will decline from a 1997 average of 25 percent to 8.9 percent. Nearly all of these reductions will be completed by January 1, 2005. For a few products, reductions will continue until 2010.

China will completely eliminate its tariffs on beer, furniture and toys. The 1997 tariffs on these products averaged 70 percent, 22 percent and 23 percent, respectively. Other product sectors where China has agreed to substantial tariff reduction are: cosmetics, distilled spirits, medical equipment, motor vehicles, paper products, scientific equipment and textiles. Additionally, China will join the Information Technology Agreement (ITA), which will eliminate tariffs on two-thirds of the products under the ITA by January 1, 2003 and will eliminate tariffs for all the remaining products by January 1, 2005.

#### **Service Commitments**

China has agreed to significant liberalizations in a broad range of service sectors through eliminating market access restrictions, particularly in sectors of importance to the United States including banking, insurance, telecommunications and professional services, including accounting, legal and management consultancy services.

#### **Trading Rights and Distribution**

China currently restricts the number of companies that have the right to import and export goods and the products that can be imported by these companies. China has agreed to eliminate any export performance, prior experience requirements and trade or foreign exchange balancing, as criteria for obtaining or maintaining the right to import and export. Chinese enterprises will now have full trading rights, subject to certain minimum registered capital requirements. Joint ventures with minority foreign ownership will be granted full trading rights within one year and joint ventures with majority foreign ownership will be granted full trading rights within two years after accession. All enterprises in China will be granted full trading rights within three years after accession (except for limited products reserved for trade by state enterprises as identified in Annex 2A to the Protocol).

Currently, China does not permit foreign companies to distribute products through their own wholesale and retail systems or to provide related distribution services, such as repair and maintenance. This prohibition will be phased out over three years with a few exceptions. For chemical fertilizers, processed oil and crude oil, foreign service suppliers will be permitted to engage in distribution within five years after China's accession.

#### **Trade-related Intellectual Property Rights**

China's implementation of the WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPs) is an important step toward improving its intellectual property environment. Pursuant to the 1992 and 1995 bilateral intellectual property agreements and 1996 action plan, China has made steady progress in improving its intellectual property regime. However, the United States looks to China for continued improvement concerning the enforcement of intellectual property rights. We have developed a strong dialogue with China on this issue and China's officials recognize the need for more effective action to address this continuing problem. Nevertheless, large-scale unauthorized production and sale of copyrighted products and trademark counterfeiting remain widespread. Full implementation of the TRIPs Agreement, upon accession, will continue those efforts and further enhance China's development of intellectual property protection, particularly for the high-tech industries.

#### **Import Licensing**

China's import licensing system can no longer function as a trade barrier and must comply with the principles of national treatment and nondiscrimination.

#### **Importation and Investment Approvals**

Importation and investment approvals can no longer be conditioned on whether competing domestic suppliers exist or on performance requirements of any kind, such as export performance, local content, technology transfer, offsets, foreign exchange balancing, or research and development. China has further agreed that it will only impose, apply or enforce laws, regulations or other measures relating to the transfer of technology that are consistent with the WTO Agreement on Trade-related Investment Measures and the TRIPs Agreement.

#### **Technical Barriers to Trade**

In accordance with the WTO Technical

Barriers to Trade (TBT) Agreement, China cannot use technical regulations, standards and conformity assessment procedures as unnecessary obstacles to trade. China will now base technical regulations on international standards. These regulations must now be developed in a transparent manner and applied equally to domestic and foreign products.

#### Taxes

China agreed to ensure that its laws, regulations and other measures relating to internal taxes and charges levied on imports comply with WTO rules and are applied in a nondiscriminatory manner. This obligation applies not only to national taxes but also to provincial and local taxes.

#### Subsidies

China has agreed to eliminate, upon accession, all subsidies on industrial goods that are prohibited under WTO rules, i.e., export and import substitution subsidies.

### DEPARTMENT OF COMMERCE'S COMPLIANCE PLAN FOR CHINA

The Department of Commerce has a strong program in place to help China implement and comply with its WTO obligations and to support U.S. firms operating in the Chinese market, as outlined below.

#### Concentrate Enforcement Efforts

Commerce's China Team holds semi-weekly strategy sessions to review cases

and implementation plans. A new China-specific website ([www.export.gov/china](http://www.export.gov/china)) provides U.S. business with detailed information on China's WTO obligations, compliance and market opportunities. China Team representatives meet regularly with the commercial staff from the Chinese Embassy in Washington, D.C. and Commercial Service officers meet regularly with Ministry of Foreign Trade and Economic Cooperation in Beijing, to review specific market access and compliance problems. A group dedicated especially to monitoring developments relevant to potential unfair trade problems with China also has been established as an offshoot of Commerce's ongoing work in import monitoring and the enforcement of U.S. rights under the WTO with respect to multilateral subsidy disciplines. Among other things, this group will monitor China's provision of financial assistance and state aids to industrial enterprises to ensure that they conform to WTO commitments.

#### Help China Reform

A series of training programs for Chinese officials on WTO-related issues of concern to U.S. business has been initiated. The first team traveled to Beijing and Shanghai in the fall of 2000 to review China's WTO obligations (standards, intellectual property rights and anti-dumping/countervailing duty requirements) with Chinese officials and the resident U.S. business community. In early 2001, a half-dozen sessions were held in Washington, D.C. for Chinese officials, on topics ranging from

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**Import Administration**  
Tel: (202) 482-3415  
Fax: (202) 482-6190  
[www.trade.gov/ia](http://www.trade.gov/ia)

**Report trade complaint at:**  
[www.mac.doc.gov/tcc](http://www.mac.doc.gov/tcc)

**Contact Trade Compliance Center:**  
[TCC@ita.doc.gov](mailto:TCC@ita.doc.gov)

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e-commerce regulation to corporate mergers and acquisitions, to WTO antidumping rules. Subsequently, Team members traveled to China with the American National Standards Institute for seminars in Beijing and Xian, organized IPR Enforcement Training sessions in Shenyang, Hangzhou and Xiamen and conducted an information technology seminar in Beijing. In September a Medical Equipment Standards program was held jointly with the EU in Kunming. Plans for 2002 include programs focusing on Intellectual Property Rights, Distribution, Standards, Information Technology, Energy and Environmental Technologies.

**Promptly Address**

**Market Access Problems**

New tight action deadlines for new market access and compliance cases are in place. Washington, D.C. and China-based Commerce staff are using a new shared computer database to efficiently track all China market access and commercial cases. China Team representatives are meeting regularly with the commercial staff from the Chinese Embassy in Washington, D.C. to review outstanding market access and compliance cases.

Congress has provided new compliance resources in Washington, D.C. and China — seven new officers have been added to the China Office in Washington, D.C. and four compliance positions

added in China to handle the increasing on-the-ground workload. A guide for U.S. companies on “Dispute Avoidance and Dispute Resolution in China” has been developed and is on the China website.

**Give U.S. Companies a Head Start**

A dozen seminars were held in late 2000 throughout the United States to educate the business community on changes anticipated in the Chinese market and on the type and extent of compliance support we can provide. The Commercial Service in China participated via videoconferencing to present an overview of the business environment and allow the seminar audience to direct questions at the presenters. A Virtual Trade Mission to China’s Computerworld Expo was held in the Fall of 2000, enabling 15 small and medium-sized U.S. information technology companies to introduce their products to Chinese end-users. Plans for 2002 include many WTO opportunities seminars throughout the United States and a WTO related trade mission to China.

**Aggressively Monitor Trade Flows**

A China-specific antidumping and circumvention program closely monitors imports from China in several key sectors. We are presently refining and expanding upon our monitoring activities, e.g., looking at imports not only from those Chinese industries with a large absolute

U.S. import share, but also those enjoying the largest and fastest growth rates. Much of this information will be made available to the public via the website for Commerce’s Office of Import Administration, at [www.trade.gov/ia](http://www.trade.gov/ia). We envisage this as providing an important tool not only for early detection of potential unfair trade problems, but also to facilitate determinations by both U.S. government and industry as to when recourse may be appropriate to the special safeguards provisions negotiated as part of China’s accession to deal with unusual import surges.

**INTERAGENCY COORDINATION**

Commerce’s enforcement efforts are part of a coordinated U.S. Government approach to monitoring and enforcing China’s WTO compliance. In Washington, D.C., the U.S. Department of Commerce, the Office of the U.S. Trade Representative and the Departments of State, Treasury, Agriculture and Labor, play an active role in WTO implementation and monitoring efforts.

In Beijing, Commercial Service officers, along with State Economic officers, Foreign Agricultural Service officers and Customs Attaches, participate in a WTO Implementation Coordination Committee which meets regularly to assess progress and monitor problems, with input from U.S. consulates in Shanghai, Guangzhou, Shenyang and Chengdu.

**U.S. TRADE WITH CHINA**

U.S. trade with China is important to our economy. In 2000 China was our fourth largest trading partner, with two-way trade of \$116 billion. China is the United States 10th largest market abroad for U.S. goods, with our exports showing strong increases — up 20 percent for the first nine months of this year. We expect that this growth in our exports will accelerate with China’s WTO membership.

**LARGEST U.S. EXPORTS TO CHINA**

ITEM	JAN – OCT, 2001 (in millions of U.S. dollars)
Electric Machinery	5,011
Machinery	4,418
Optic, medical instruments	2,059
Aircraft, spacecraft	1,580
Plastic	1,009
Misc. Grain, Seed, Fruit	986
Organic Chemicals	614
Woodpulp, etc.	505
Fertilizers	477
Hides and Skins	408

Source: World Trade Atlas

## LONGTIME WTO MEMBER, HONG KONG OFFERS BENEFITS FOR NEW-TO-CHINA AMERICAN BUSINESSES

by U.S. and Foreign Commercial Service, Hong Kong

As one of the original 128 World Trade Organization (WTO) members in 1995 when the WTO replaced the General Agreement on Tariffs and Trade, Hong Kong is an established member of the multilateral trading system. Many foreign firms have conducted business in China through affiliates in Hong Kong. Approximately 40 percent of China's foreign trade involves Hong Kong.

For American products and services entering China or Hong Kong, market penetration does not require an investment of millions of dollars of company funds. Given that Hong Kong is a "free port" with virtually no duties or tariffs and that it has a wide-ranging network of agents and distributors, a well-managed market penetration program with a moderate investment in market development is generally all that is required initially. Due to its open nature, however, Hong Kong is among the most competitive and price-sensitive markets in the world. Companies considering entering this market should be aware that the Hong Kong business climate is extremely fast-paced. Decisions are made quickly and companies need to be able to respond to inquiries immediately or they risk losing the market to faster moving suppliers.

Many excellent agents and distributors for China are located in Hong Kong, although given China's size and diversity, it is usually necessary to work with different agents for different regions of China. Hong Kong companies are eager to talk to potential exporters and have a strong interest in representing

good quality, competitively priced U.S. products from companies committed to the China market. Commitment to the market is demonstrated in various ways but should include: quoting in metric, providing Chinese language material, responding quickly to inquiries, meeting relevant standards and visiting the market for first hand understanding and relationship building. A Hong Kong Government survey in 1999 indicated that 93 percent of multinationals with regional headquarters in Hong Kong had operations related to China.

The Department of Commerce's Commercial Service specializes in matching U.S. exporters of products and services with distributors and agents. To take advantage of new opportunities emerging from China's WTO accession, please contact one of our offices in Hong Kong or China. Our reasonably priced services such as the International Partner Search, Gold Key Service Program and Platinum Key Service Program offers assistance to companies seeking business opportunities in foreign markets. ■

### For more information, contact:

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[http: www.usconsulate.org.hk/fcs](http://www.usconsulate.org.hk/fcs).



# ■ TAIWAN'S ACCESSION TO THE WTO

## WHAT IT MEANS FOR U.S. BUSINESS

by Linda Droker, William Golike,  
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Taiwan became the 144th member of the World Trade Organization (WTO) on January 1, 2002, following a unanimous decision by trade ministers attending the November Ministerial in Doha, Qatar. Taiwan had been negotiating the terms of its entry with the United States and

other WTO members for nearly a decade. Taiwan will enter the WTO as the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, or "Chinese Taipei."

Currently, Taiwan abides by the results of the 1979 GATT Tokyo Round with respect to the United States. Therefore, U.S. trade with Taiwan is on a most-favored nation or MFN basis and Taiwan conforms

to the various GATT "codes" of the time. WTO accession means that Taiwan will implement GATT 1994, as well as the WTO disciplines negotiated during the Uruguay Round. The United States did not make any new trade concessions to Taiwan as part of this negotiation.

In addition to Taiwan's agreement to reform its trade regime to bring it into conformity with WTO principles, Taiwan has undertaken specific market access commitments that will benefit U.S. producers of agricultural and industrial goods and service suppliers.

### TAIWAN'S ECONOMY AND MARKET POTENTIAL

Taiwan is our eighth largest trading partner and our seventh largest export market. U.S. exports to Taiwan in 2000 were \$24.4 billion and imports were \$40.5 billion.

Taiwan is a key player in the global economy – it is the world's 16th largest economy. Its worldwide trade totaled \$288 billion in 2000 and it holds the world's fourth largest foreign exchange



reserves. It is a major information technology (IT) manufacturer, producing 5.5 percent of global semiconductor output and the majority of the world's computer peripherals (2000 data).

The recent global downturn in the IT sector has struck Taiwan's economy hard, contributing to reduced exports, a declining stock market and a projected 2.1 percent drop in GDP growth for 2001 — its first recession in 50 years. This has reduced its global trade levels, as well as its trade with the United States. Bilateral trade levels have declined sharply during the first three quarters of 2001 — exports, by almost 25 percent and imports, by close to 16 percent.

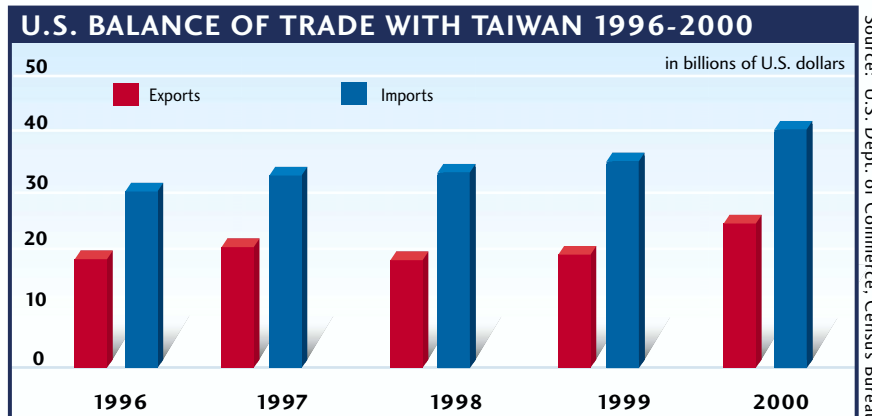
The U.S. share of Taiwan's import market was 18 percent in 2000 — well ahead of the 10 percent share we currently hold in the People's Republic of China (PRC). The U.S. is second to Japan, which has a 28 percent share and ahead of the EU, with 11 percent.

The computer and electronics sector dominates U.S. trade with Taiwan in manufactured goods. Components and manufacturing equipment are exported to Taiwan and finished products imported back to the United States on a contract basis. Electronic integrated circuits and micro-assemblies alone accounted for 20 percent of U.S. exports to Taiwan in 2000. Computer equipment accounted for 16 percent of U.S. imports from Taiwan.

Other key exports include aircraft, telecommunications equipment, chemicals and agricultural products.

#### WHAT WTO ACCESSION MEANS FOR U.S. BUSINESS

Taiwan's accession to the WTO will benefit a wide range of U.S. com-



panies. Taiwan does not claim any right granted under WTO agreements to developing economy members. Taiwan will have to eliminate many existing non-tariff barriers and trade distorting measures such as certain types of subsidies. It will need to meet a higher standard for protection of intellectual property rights. It must ensure that product standards do not act as barriers to imports. It will be subject to the WTO dispute settlement process, allowing us to enforce U.S. WTO rights against Taiwan. The text of Taiwan's commitments is contained in WTO documents *WT/ACC/TPKM/18* and *WT/ACC/TPKM/18 Additions 1 and 2*. These can be downloaded from [www.wto.org](http://www.wto.org).

Taiwan's markets are already more open than many others in the region. Over the last 12-15 years, the authorities had already begun tariff reductions, easing non-tariff barriers and improving Taiwan's intellectual property laws. To bring Taiwan's trade regime into conformity with the WTO agreements, the legislature enacted or amended 52 laws, completing its work on October 31.

#### TARIFF REDUCTIONS

Taiwan has committed to substantial tariff reductions on industrial products as part of its WTO accession. Upon accession, Taiwan's

average industrial tariff rate will decrease from 6.9 percent to less than 5 percent. Ninety percent of these reductions will be complete by 2004. The phase-in of the remaining industrial tariff reductions will be complete by 2011.

Taiwan will eliminate its duties on agricultural equipment, beer, civil aircraft, construction equipment, brown distilled spirits, furniture, medical equipment, paper, steel and toys. With a few exceptions, the tariffs on these products will be eliminated by 2004. Taiwan is already participating in the Information Technology Agreement (ITA), which eliminates tariffs on many information technology products. Other important product categories, such as motor vehicles, will also benefit from significant tariff reductions. Finally, Taiwan will harmonize its tariffs on chemical products in accordance with the Chemical Harmonization Tariff Agreement (CHTA).

#### TELECOMMUNICATIONS

Taiwan's accession to the WTO will bring excellent opportunities in the telecom sector. As part of its accession agreement, Taiwan agreed to adhere to the WTO Agreement on Basic Telecommunications Services. This commitment not only lifts many of the restrictions for foreign participation in Taiwan's telecom market, but also commits Taiwan



to adopt a number of specific competitive safeguards. Taiwan has agreed to ease restrictions on licenses for basic telecom service providers, allow majority foreign ownership of basic telecom service providers (up to 60 percent in a combination of direct and indirect investment) and fully open its market for value-added telecom services. Taiwan has also agreed to adopt measures to ensure effective competition and prevent anti-competitive practices. These include the establishment of an independent regulatory body, rules governing interconnection, transparent and non-discriminatory procedures for frequency allocation and transparent and competitively neutral requirements for

universal service provision. Taiwan is in the process of changing its implementing regulations to conform to its telecommunications services commitments and many of the required new regulations have yet to be fully detailed. However, these commitments will mean real opportunities for U.S. telecom companies.

#### AGRICULTURE

Tariffs for agricultural products will be reduced from a current average of about 20 percent to just over 14 percent upon accession and will be further reduced to an average of slightly less than 13 percent in 2004. Taiwan will lift its ban on rice imports, establish

tariff-rate quotas (TRQs) for 22 items and allow importation of 18 other items, without restriction beyond the negotiated tariffs. Among the 18 agricultural items garnering greater market access are apples, grapefruit, other citrus fruits, peaches, plums, potatoes, whole ducks, duck parts and turkey parts.

Taiwan will lift its current ban on rice to allow imports through a minimum market access quota. The quota will be 144,720 tons (calculated on a brown rice basis) for 2002. Any increase in the size of the rice quota will begin in 2002 under the current WTO agricultural negotiations.

The 22 products subject to TRQs, including pork belly, chicken meat, animal offal (for both pork and poultry), liquid milk, peanuts, red beans, garlic bulbs and some fruits and vegetables, will also see incremental reductions in the in-quota tariffs as well as increases in their quota sizes. An additional significant concession is the eventual elimination of the TRQs for chicken meat, pork belly and other pork cuts and poultry and pork offals that is scheduled for January 1, 2005. Tariffs will be bound at 20 percent for chicken meat, 12.5 percent for pork belly and other pork cuts, 15 percent for pork offal and 25 percent for poultry offal. Upon accession, WTO members will be able to challenge sanitary and phytosanitary measures that are not transparent or based on science under the Agreement on the Application of Sanitary and Phytosanitary Measures.

#### OTHER GOODS CONCESSIONS

In the automotive sector, Taiwan will sharply cut import tariffs and



taxes, eliminate subsidies and local content requirements and allow foreign companies to operate leasing and used car businesses. U.S. auto manufacturers will receive the largest quota among Taiwan's suppliers during a ten-year tariff-rate quota regime. The United States is guaranteed an allocation of 159,220 units during 2002 at a tariff rate of 29 percent. Taiwan is our seventh largest market for automobiles, with \$188 million in exports in 2000.

In the alcoholic beverage and tobacco sectors, Taiwan's state monopoly will be privatized, tariffs will be cut or eliminated and foreign investment will be permitted. Taiwan will also eliminate tariffs on paper, paperboard and most wood products. Taiwan is our tenth largest market for paper and paperboard and twelfth largest for wood.

#### NEW OPENINGS IN SERVICE INDUSTRIES

Taiwan will completely open a wide range of professional and business services. These include the services of architects, accountants, engineers and lawyers, as well as audiovisual services, express delivery services, advertising, computer services, construction, wholesale and retail distribution, franchising and environmental services. Taiwan will also provide full market access and national treatment in a wide range of financial services, including banking, securities, asset management and insurance. The commitments include a relaxation and elimination of regulatory obstacles to U.S. service firms' operations. In 2000, U.S. exports of commercial services to Taiwan totaled \$4.7 billion and imports totaled \$3.7 billion. U.S. firms also sold \$3.9 billion in services through their Taiwan subsidiaries in 1999.

#### GOVERNMENT PROCUREMENT AND CIVIL AIRCRAFT.

Taiwan will also join two WTO agreements that bind only some WTO members – the Agreement on Government Procurement (GPA) and the Agreement on Trade in Civil Aircraft.

- Taiwan's adherence to the GPA is especially important. Its multi-billion-dollar public procurement market has attracted U.S. and other foreign bidders over the past several decades. The GPA imposes international norms of transparency and non-discrimination on the government bidding process by agencies that its signatories offer for coverage. Taiwan will provide non-discriminatory treatment to U.S. bidders in areas such as power generation, transport and power transmission services. Taiwan has implemented a new dispute resolution system for government contracts that should lead to fairer treatment of bidders both during the bidding process and in the event of a dispute.
- Under the Civil Aircraft Agreement, Taiwan will eliminate tariffs in the aircraft sector

and will be required to select aircraft suppliers based on commercial considerations only. Taiwan was our tenth largest aircraft and parts market in 2000, with \$1.4 billion in sales.

#### ELIMINATION OF CERTAIN SUBSIDIES

By the time of its accession, Taiwan will have eliminated and may not re-introduce, all subsidies that are generally prohibited under WTO rules; i.e., subsidies contingent upon export performance ("export subsidies") or upon the use of domestic over imported goods ("import substitution subsidies"). The only exception and even then a temporary one, is an auto design import substitution subsidy that will cease no later than three years after accession. Taiwan has agreed to notify other WTO Members of all measures within its jurisdiction that qualify as a subsidy under WTO rules and are "specific" to a geographic region, enterprise, industry, or group of enterprises or industries. This transparency requirement will help alert Taiwan's trading partners to measures that could affect market access and competition and will ensure that subsidies used for economic development purposes conform to WTO rules.

#### TOP 10 U.S. EXPORTS TO TAIWAN

ITEM	JAN – SEPT, 2001 (in millions of U.S. dollars)
Electrical Machinery	4,084
Machinery	2,890
Aircraft, spacecraft	1,118
Optic, medical instruments	1,003
Organic Chemicals	507
Cereals	477
Plastic	460
Misc. Grain, Seed, Fruit	270
Inorganic Chemicals	226
Hides and Skins	209

Source: U.S. Dept. of Commerce, Census Bureau



### COMPLIANCE AND ASSISTANCE

Taiwan's WTO accession package, when fully implemented, will be beneficial to all members. However, the next step is ensuring compliance. Ensuring that the United States receives the benefits of Taiwan's commitments requires systematic follow-up on the part of the Department of Commerce and other U.S. government agencies. We will need to be able to answer questions such as:

- Has Taiwan passed and implemented all the laws, regulations and other measures required by its WTO commitments? On schedule?
- Is Taiwan's implementation of those measures consistent with the WTO agreement and its own accession agreement?

- Has Taiwan provided the market access to its goods and services sectors committed to in the accession agreement?
- Has Taiwan amended its tariff schedules and implemented its TRQ systems in accordance with the market access schedules?
- Have new measures emerged that could impair the fulfillment of Taiwan's commitments?

This is what we mean by compliance monitoring. We will work with the Taiwan authorities and consult with U.S. industry, both here and in Taiwan, to ensure that we actually receive the benefits for which we negotiated over so many years.

What should you do if you are faced with a trade barrier in Taiwan? Contact the Department's

Market Access and Compliance Trade Compliance Center (TCC), which maintains the Department's "Trade Complaint Hotline" ([www.mac.doc.gov/tcc](http://www.mac.doc.gov/tcc)). Through this hotline U.S. businesses can register their complaints online. In Taipei, U.S. companies may contact the Commercial Section of the American Institute in Taiwan (AIT). For contact information, see the sidebar.

Once a complaint is received, a compliance action team is formed, comprising all appropriate International Trade Administration industry, country, functional and legal experts. The compliance team analyzes the problem, examines the provisions of relevant trade agreements, consults with other appropriate government agencies and develops a strategy to resolve the complaint. Our goal is to persuade our trading partners to comply with their obligations, short of formal dispute settlement.

The Department works closely with U.S. Trade Representative (USTR) on cases where a WTO member is not abiding by its commitments. If we fail to persuade a trading partner to eliminate a WTO-inconsistent measure, USTR, in consultation with other agencies, considers appropriate enforcement action.

Together with the PRC's accession, Taiwan's accession to the WTO is a major step toward the Administration's goal of increasing market access and trade liberalization worldwide. WTO membership will not only open markets for our companies, but will help Taiwan companies to become more competitive as well. It is also an important victory for the global trading system, which stands to benefit significantly from the inclusion of both of these major economies. ■

## DEPARTMENT OF COMMERCE

### MARKET ACCESS AND COMPLIANCE:

Trade Compliance Center e-mail hotline:  
TCC@ita.doc.gov

Office of the Pacific Basin  
Korea/Taiwan staff  
Tel: (202) 482-3906  
Fax: (202) 482-3316

### TRADE INFORMATION CENTER:

1-800-USA-TRAD(E) or  
www.export.gov/tic/

### IMPORT ADMINISTRATION, OFFICE OF POLICY

Trade Remedy Compliance Staff  
Tel: (202) 482-3415  
Fax: (202) 501-7952/202-482-6190

### COMMERCIAL SERVICE OFFICES IN TAIWAN

*Note: In the absence of diplomatic relations with Taiwan, the American Institute in Taiwan (AIT), a non-profit, private corporation, conducts programs, transactions, or other relations on behalf of the U.S. Government with respect to Taiwan.*

Commercial Section  
American Institute in Taiwan  
Taipei World Trade Center, International Trade Building  
Room 3208 (32nd floor)  
#333, Keelung Road Section 1  
Taipei, Taiwan 106  
Tel. (886-2) 2720-1550  
Fax. (886-2) 2757-7162  
E-Mail: aitcomm@mail.ait.org.tw

AIT Kaohsiung Branch Office  
2 Chung Cheng 3rd Road, 5F  
Kaohsiung, Taiwan  
Tel. (07) 238-7744  
Fax (07) 238-5237

## OTHER U.S. GOVERNMENT AGENCIES

### OFFICE OF THE U.S. TRADE REPRESENTATIVE (USTR)

Office of China, Hong Kong, Mongolia, and Taiwan  
Tel. (202) 395-3900  
Fax: (202) 395-3512  
www.ustr.gov

### U.S. DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service  
Office of International Trade Policy  
Tel. (202) 720-1289  
Fax. (202) 690-1093  
www.fas.usda.gov

### U.S. DEPARTMENT OF STATE

Taiwan Coordination Staff  
Tel: (202) 647-7711  
Fax: (202) 647-0076  
www.state.gov

### AMERICAN INSTITUTE IN TAIWAN, WASHINGTON OFFICE

1700 N. Moore Street, Suite 1700  
Arlington, VA 22209  
Tel: (703) 525-8474  
Fax : (703) 841-1385  
www.ait.org.tw/ait/tindex\_e.html

# UPCOMING TRADE EVENTS

**FEBRUARY - AUGUST 2002**

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
February 12 - 15	Expo Com Mexico 2002 The eleventh annual Expo Comm Mexico is Mexico's premier telecommunications technology exhibition. This year's theme includes telecommunications technologies, goods and services, research and development, information technologies, wireless and broadband technology.	Mexico City, Mexico
February 26 - 28	Expo Manufactura 2002 An American Products Literature Center will be part of Expo Manufactura 2002 in Monterrey, Mexico, a U.S. Commerce Department Certified Trade Fair organized by E.J. Krause Associates. The show focuses on materials, metalworking and manufacturing equipment and technology. To be held in a net exhibit space of 4,000 square meters at Cintermex in Monterrey (Mexico's leading manufacturing market), Expo Manufactura is Mexico's largest manufacturing show. There were more than 240 exhibitors from twelve countries at last year's show and nearly 8,000 trade-only attendees.	Monterrey, Mexico
February 26 - March 3	Asian Aerospace 2002 This is the largest aerospace show in the Asia-Pacific region. This trade event has taken on tremendous international importance since its inception in 1982 and is now the third largest aerospace show worldwide. Long-term opportunities for U.S. aerospace products in Singapore exist for aircraft, helicopters, missiles and radar systems. Opportunities for airborne and ground-based avionics and for aircraft repair/overhaul are strong.	Singapore
March 3 - 8	E-Commerce and IT Trade Mission The Department of Commerce, in coordination with the Software and Information Industry Association, is leading an e-commerce/IT mission to London and Paris. The mission will include pre-scheduled appointments with potential business partners, in-country market briefings and networking events with local business representatives and government officials.	London, Paris, Britain and France
March 3 - 8	Benelux Environmental Technologies Trade Mission The Hague and Commercial Service Brussels will host U.S. companies who will meet with pre-selected Dutch and Belgian contacts interested in partnering and pursuing business opportunities. This Trade Mission consists of a two day program of counseling and pre-scheduled appointments in each country.	Netherlands, Belgium
March 7 - 10	Hong Kong Information Infrastructure Expo 2002 The Hong Kong Information Infrastructure Expo 2002 is an ideal platform to showcase the latest IT products and services, as well as to generate new business partnerships. This year's Expo will cover the latest developments in IT, including wireless applications and Internet technologies, as well as software applications.	Hong Kong, China
March 18 - 22	Building and Renovations Equipment Matchmaker This event is a traditional Matchmaker with two days of prescreened appointments at each stop. Participants will also benefit from indepth briefings and hospitality events.	Canada
April 8 - 16	Services Matchmaker A Matchmaker Trade Delegation to Mexico City, Mexico, Santiago, Chile and Caracas, Venezuela for companies in services sectors. Participants will receive two days of Matchmaker appointments with potential agents/distributors/partners or end-users, along with a business briefing and reception.	Mexico, Chile, Venezuela
April 16 - 18	Seventh Southeast Asian Healthcare Show The medical and healthcare sectors have been identified as one of Malaysia's best sectors. The government of Malaysia has allocated \$1.4 billion to further develop the health service during the Eight Malaysia Plan (2001-2005)	Kuala Lumpur, Malaysia
April 24 - 27	Supply Chain and Logistics China 2002 This will be the most important national B2B supply chain event in China. China's transportation, warehousing, distribution and material handling industries are poised for explosive growth. This event will be one of the most effective sales and marketing channels to establish a foothold in this dynamic market.	Beijing, China

**INDUSTRY CONTACT INFORMATION**

Telecommunications Equipment	William Corfitzen Tel: (202) 482-0584 Email: William.Corfitzen@mail.doc.gov
Automotive Parts, Construction Equipment	Graylin Presbury Tel: (202) 482-5158 Email: Graylin_Presbury@ita.doc.gov
Aircraft/Aircraft Parts, Defense Industry Equipment	Anthony Largay Tel: (202) 482-6236 Email: Anthony_Largay@ita.doc.gov
Suppliers of ecommerce, Internet, software, wireless technologies	Danielle Kriz Tel: (202) 482-0568 Email: Danielle_Kriz@ita.doc.gov
Pollution Control and Water Resources Equipment	Isabelle Uyttenhove Tel: (32 2) 508-2450 Email: Isabelle.Uyttenhove@mail.doc.gov
Information Technology	Fanny Chau Tel: (852) 2521-3721 Email: Fanny.Chau@mail.doc.gov
Building Products	Monica McFarlane Tel: (202) 482-3364 Email: Monica.McFarlane@mail.doc.gov
General Services	Molly Costa Tel: (202) 482-0692 Email: Molly.Costa@mail.doc.gov
Health Care Services, Medical Equipment	Helen Simpson-Davis Tel: (202) 482-1882 Email: Helen.Simpson-Davis@mail.doc.gov
Computer Software, Materials Handling Machinery and Transport Services	Michael Rosenberg Tel: (301) 493-5500 Email: Rosenberg@ejkrause.com

**HIGHLIGHTED EVENTS****ARAB HEALTH 2002**

**JANUARY 26 – 29, 2002  
DUBAI, UNITED ARAB EMIRATES**

The Middle East is an increasingly important market for U.S. medical and dental equipment. Both private and public services and facilities continue to expand across the whole region as governments improve healthcare provision for growing populations. In 1999, the United States sold \$342 million in medical and dental equipment to the region.

Arab Health 2002 is the premier venue to market your products and services. For 26 years Arab Health has attracted the region's best healthcare specialists. In 2001, the show featured exhibitors from 42 countries and had 14 country pavilions. Of the 12,000 show attendees in 2001, 20 percent registered as dealers or distributors.

Contact:  
Lisa Huot  
Tel: (202) 482-2796  
Email: Lisa\_Huot@ita.doc.gov

**AEROSPACE EXECUTIVE SERVICE —  
ASIAN AEROSPACE 2002**

**SINGAPORE  
FEBRUARY 25-26, 2002**

The Aerospace Executive Service is a trade mission that will take place in conjunction with Asia's largest and most important air show, Asian Aerospace 2002. Participation in the Aerospace Executive Service will allow a smaller business to enjoy some of the benefits exhibitors of the show enjoy without the major expense.

The Commercial Service will provide customized, pre-arranged appointments with prospective partners, distributors, and/or end-users. Additionally, participants will receive a pre-show briefing, have access to official U.S. pavilion amenities, and receive an entry pass to the show as well as an invitation to the U.S. Embassy reception.

For more information, visit [www.oceac.com/AME/Pages/AA2002.htm](http://www.oceac.com/AME/Pages/AA2002.htm) or contact:

Eric Nielsen  
Tel: (520) 670-5540  
Email: Eric.Nielsen@mail.doc.gov

Mara Yachnin  
Tel: (202) 482-6238  
Email: Mara\_Yachnin@ita.doc.gov

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
May 5 - 17	Automation Alley MDCP Trade Mission Michigan firms in the relevant industries will benefit from Automation Alley's Small Business Export Initiative by participating in this mission to China. The benefits include a series of private meetings with pre-screened contacts, exhibit space at internationally recognized trade shows, customized briefings on the market and specific industries in each country prior to the mission and assistance of a bilingual trade associate.	Shanghai, Shenyang, Changchun, Beijing, China
May 6 - 9	Information Technologies Matchmaker Export Promotion Services Matchmaker Trade Delegation Program will lead an Information Technologies (IT) Matchmaker Trade Delegation. The Matchmaker will target the IT industry, including the security, distance learning and tele-health sectors. An optional spin-off to Ottawa will be offered, Friday, May 10, 2002. The focus of the delegation will be to match participating U.S. companies with qualified agents, distributors, representatives, licenses and joint venture partners in these markets.	Toronto and Montreal, Canada
May 8 - 9	MoneyWorld Asia 2002 This annual show features over 50 exhibitors from Hong Kong, China and Asia's financial institutions, displaying a comprehensive range of financial services, such as consumer and corporate banking, equity investment, fund management, commodities and forex trading. The fair itself provides an ideal platform for industry professionals, corporate and individual investors to access numerous money-related products and financial services and also to encourage the exchange of ideas and information on investment strategies and incentives. The fair attracted almost 18,000 visitors last year.	Hong Kong, China
May 12 - 21	Medical Mission to Central Europe Poland, Hungary and the Czech Republic represent over 60 million people and a combined medical market of \$1.3 billion. The regulatory environment is one of the most important elements for U.S. medical device exporters. As these three markets prepare for EU accession, U.S. exporters will find a much improved regulatory environment.	Poland, Hungary, Czech Republic
June 3 - 7	ACE/Infrastructure Matchmaker A traditional Matchmaker, which will provide two days of one-on-one, prescreened appointments to participants at each stop. Briefings and hospitality events and full logistical support will also be provided in each market.	Spain, Morocco
June 14 - 15	Fieldays Fieldays is New Zealand's leading agriculture, floriculture and horticulture trade event. The exhibition hosts more than 900 exhibitors and is attended by over 110,000 visitors. Exhibitors participating in Fieldays generate approximately \$65 million in sales from the event.	Wellington, New Zealand
June 15	Seoul International Book Fair 2002 Seoul International Book Fair (SIBF) is Korea's largest book fair organized by the Korean Publishers Association and regarded as an important cultural event. Exhibitors will gain exposure of books or catalogs to publishers, book sellers, educators, librarians, agents and distributors.	Seoul, South Korea
July 1 - 31	Analitica Latin America 2002 The American Products Literature Center at Analitica Latin America offers smaller firms an opportunity to have their literature showcased at Brazil's largest trade show for analytical instruments and laboratory equipment. Commerce staff provide each company with sales leads of foreign buyers.	Sao Paulo, Brazil
July 10 - 12	PALA 2002 PALA 2002, Asia's largest entertainment technology exhibition, will feature a U.S. pavilion. PALA 2002 is an opportunity for U.S. firms to showcase professional audio and lighting equipment, studio sound and broadcast equipment, music and special effects technologies, multimedia and networking solutions and DJ services.	Hong Kong, China
July 18 - 20	Asia Comm/Expo Comm Thailand The ninth international telecommunications, networking, IT and wireless technology exhibition and conference for Thailand and Indochina.	Bangkok, Thailand
August 3 - 6	ISPO Summer 2002 Each year at the ISPO Summer in Munich, the sports equipment and fashion industry sets the tone for the following summer season in sports articles and sports fashion. Exhibitors from over 40 countries present their range of products, focusing on both summer and non-seasonal sports.	Munich, Germany

**INDUSTRY CONTACT INFORMATION**

Computer services, software, engineering services and automotive parts and accessories.	Jeffrey Gren Tel: (202) 482-2587 Email: Jeffrey_Gren@ita.doc.gov
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Medical Equipment	Valerie Barth Tel: (202) 482-3360 Email: Valerie_Barth@ita.doc.gov
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Books/Periodicals	Mitchel Auerbach Tel: (82 2) 397-4655 Email: Mitchel.Auerbach@mail.doc.gov
Laboratory Scientific Instruments	Stephen Harper Tel: (202) 482-2991 Email: Steven_Harper@ita.doc.gov
Entertainment technology, broadcasting, audio/visual equipment and service.	Fanny Chau Tel: (852) 2521-3721 Email: Fanny.Chau@mail.doc.gov
Telecommunications	William Corfitzen Tel: (202) 482-0584 Email: William.Corfitzen@mail.doc.gov
Sporting Goods Equipment and Apparel	Ludene Capone Tel: (202) 482-2087 Email: Ludene_Capone@ita.doc.gov

**KOREA INTERNATIONAL MEDICAL EQUIPMENT SHOW 2002 (KIMES)****MARCH 15 – 17, 2002  
SEOUL, KOREA**

Among Asia's fastest growing medical equipment markets, Korea has a comprehensive and advanced health care system. The Ministry of Health and Welfare has recently announced a 10-year, \$1-billion development plan for healthcare. U.S. medical device exports to Korea were valued at \$289 million in 2000 — a 40-percent market share.

KIMES is Korea's largest medical trade show. In 2000, the show featured 360 exhibitors from 33 countries and attracted over 57,000 visitors, 50 percent of which were trade/professional. The show features many healthcare sectors — including laboratory, dental, and pharmaceuticals — and has a special focus on high-tech products.

Contact:

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**INFORMATION AND COMMUNICATIONS TECHNOLOGY MISSION TO CENTRAL EUROPE****APRIL 17 – 25, 2002  
HUNGARY, CZECH REPUBLIC, POLAND**

The U.S. Department of Commerce is organizing an Executive Level Information and Communications Trade Mission to Poland, Czech Republic, and Hungary. The mission will provide a unique opportunity for U.S. IT and telecom service and equipment firms to either gain a foothold or advance established interests in the above IT and telecommunications markets.

Central Europe's (CE) IT and telecommunications markets are undergoing rapid change and growth. Increased competition in telecommunications services in the CE countries, due to the recent or pending liberalization of telecommunications services markets, is driving investment in leading-edge telecommunications technologies, lowering access costs for consumers, and facilitating more Internet and e-commerce use. In an environment, where cross-border corporate alliances, mergers, and takeovers are the norm, the comparative advantage (primarily lower cost for highly skilled labor) of many CE firms could be greatly diminished once these countries achieve EU membership. Many CE companies are in the process of transforming themselves into world-class competitors. This process is creating ample commercial opportunities for U.S. high-tech firms with expertise in the fields of information technology and telecommunications to invest or sell their products.

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Beatrix Roberts

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Email: Beatrix\_Roberts@ita.doc.gov

# U.S. EXPORTS FOR FOURTEEN CATEGORIES

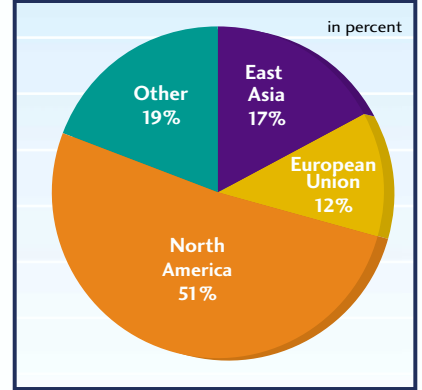
This month we present trends and global destination information for 14 categories of exports, drawn from the food and energy, transportation equipment and consumer goods groupings which appear regularly in these pages.

## FOOD & ENERGY

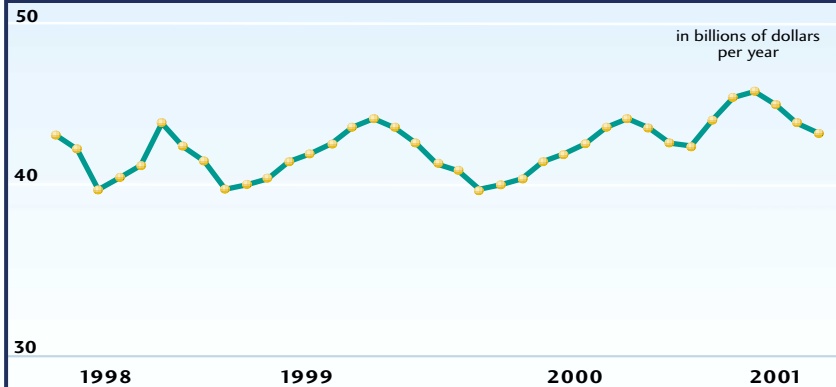
RECENT TRENDS/ENERGY PRODUCTS



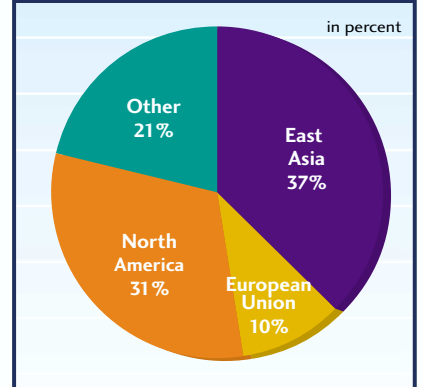
DESTINATION/ENERGY PRODS.



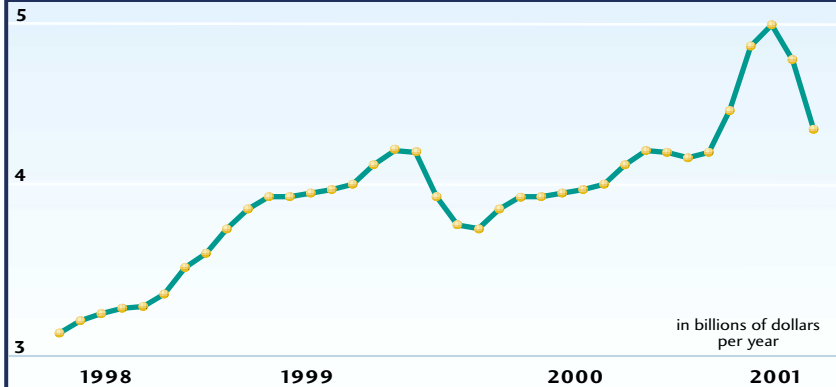
RECENT TRENDS/GRAINS AND FEEDSTUFF



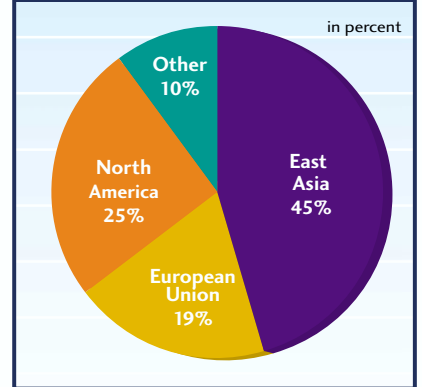
DESTINATION/GRAIN/FEED



RECENT TRENDS/OTHER FOODS



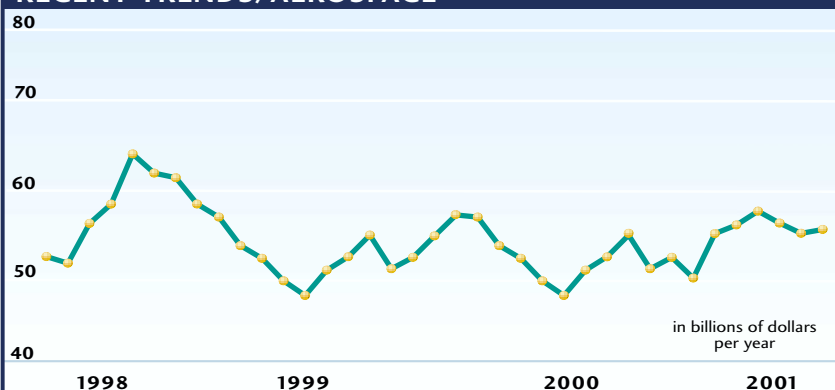
DESTINATION/OTHER



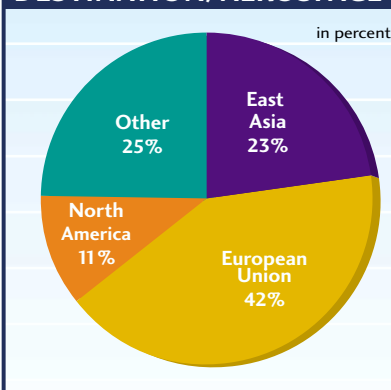


## TRANSPORTATION EQUIPMENT

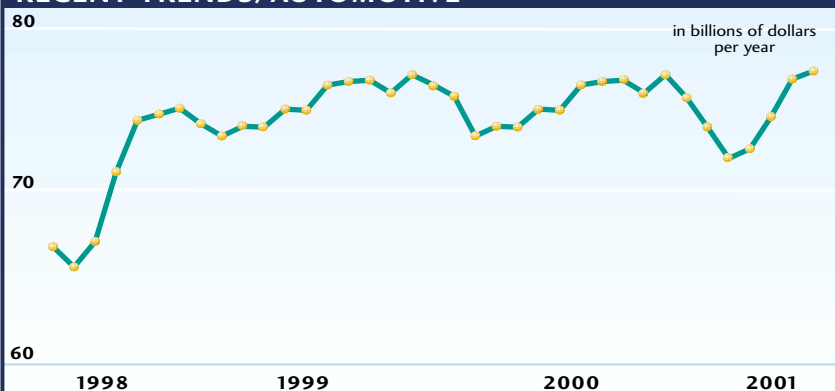
## RECENT TRENDS/AEROSPACE



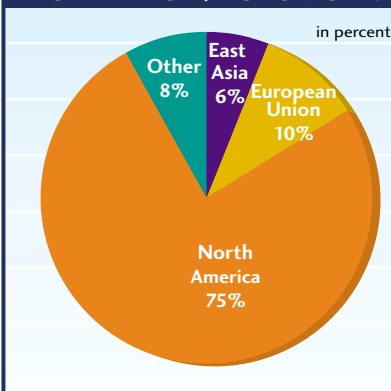
## DESTINATION/AEROSPACE



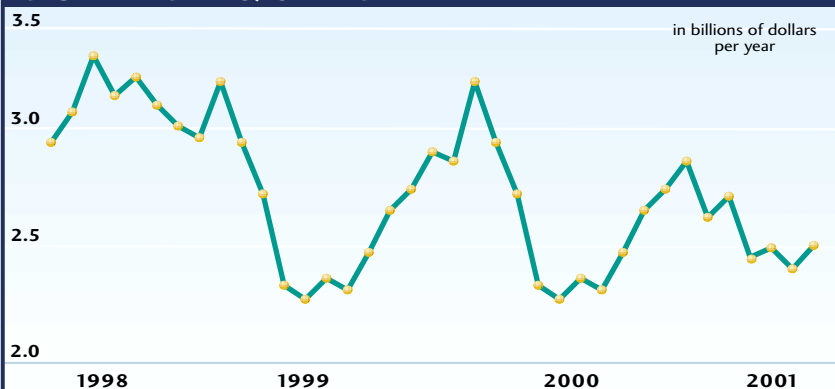
## RECENT TRENDS/AUTOMOTIVE



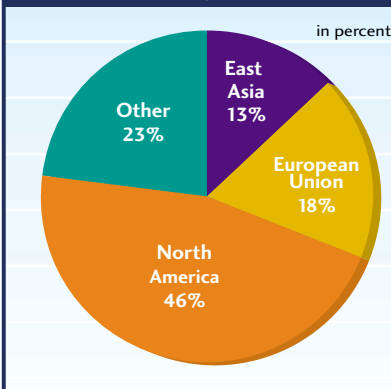
## DESTINATION/AUTOMOTIVE



## RECENT TRENDS/OTHER



## DESTINATION/OTHER



Monthly data are centered three-month moving averages, based on seasonally adjusted figures and expressed as annual rates.

Product categories are based on end-use classification.

North America: Canada and Mexico.

European Union: Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

East Asia: China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

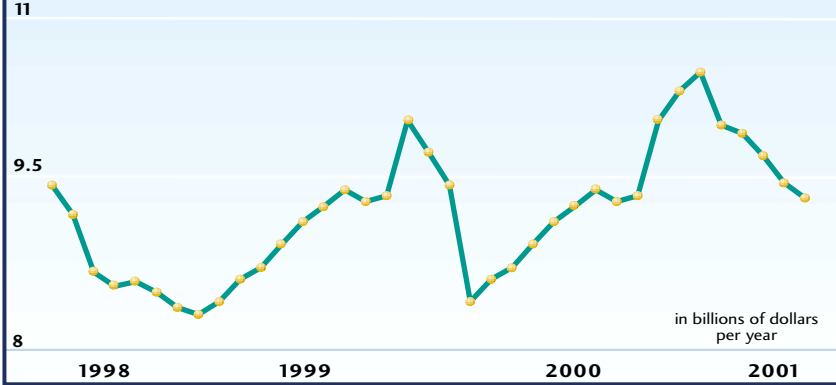
Charts showing geographic destination are based on data for the year ending July 2001.

Source: Bureau of the Census

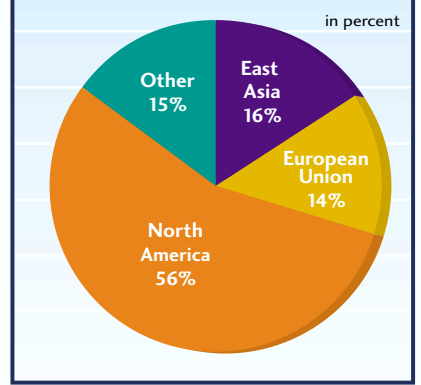
Additional information is available from the International Trade Administration ([www.ita.doc.gov/tradestats/](http://www.ita.doc.gov/tradestats/)), and the Bureau of the Census ([www.census.gov/foreign-trade/www/](http://www.census.gov/foreign-trade/www/))

**CONSUMER DURABLES**

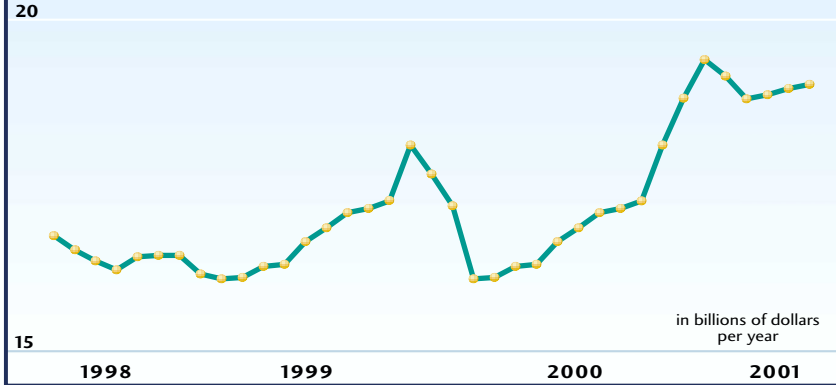
**RECENT TRENDS/CONSUMER ELECTRONICS**



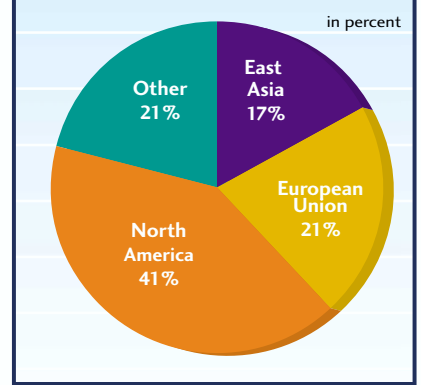
**DESTINATION/CONS. ELECT.**



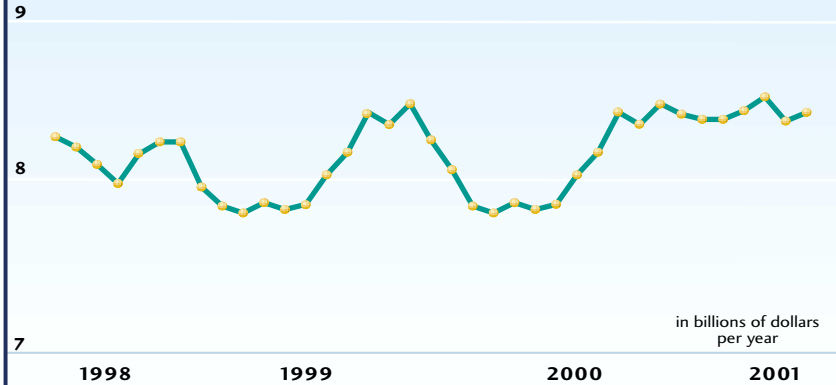
**RECENT TRENDS/HOUSEHOLD GOODS**



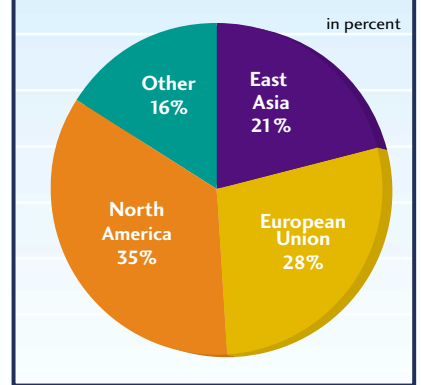
**DESTINATION/HOUSEHOLD**



**RECENT TRENDS/RECREATIONAL EQUIPMENT**



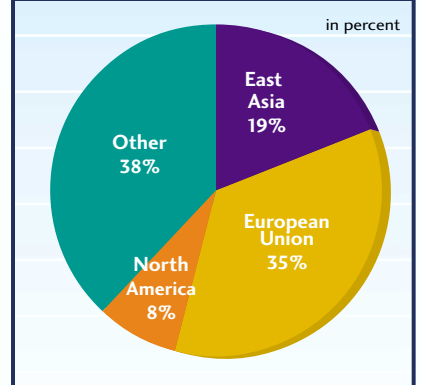
**DESTINATION/RECREATIONAL**



**RECENT TRENDS/OTHER**

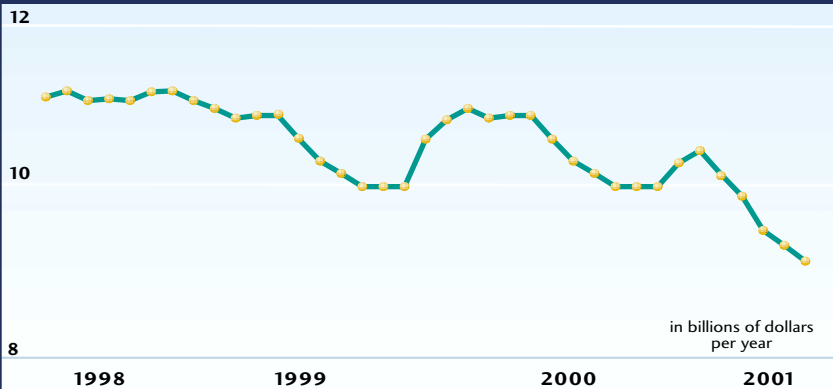


**DESTINATION/OTHER**

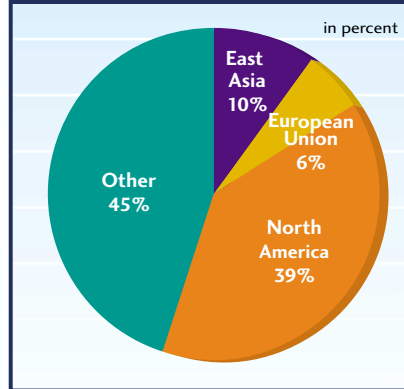


**CONSUMER NONDURABLES**

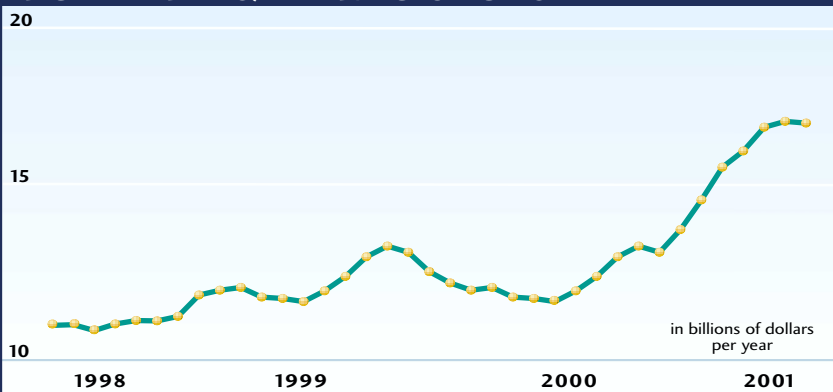
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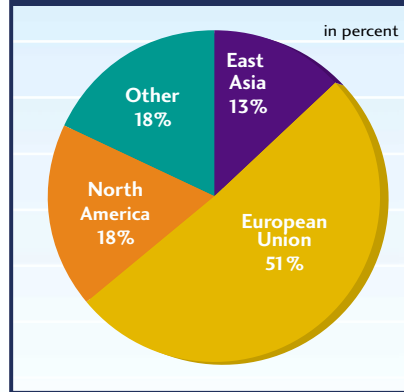
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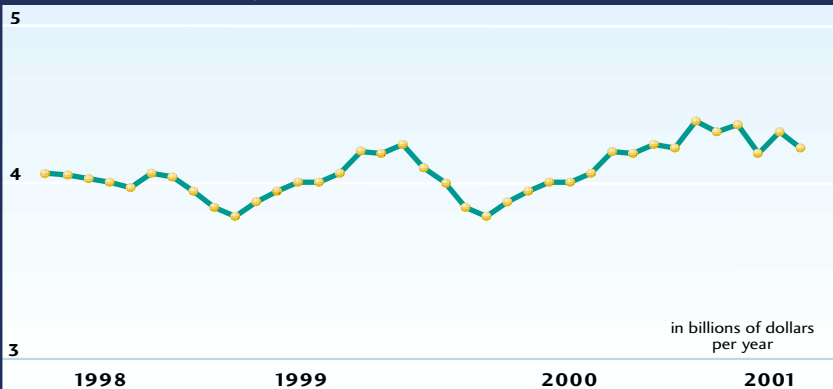
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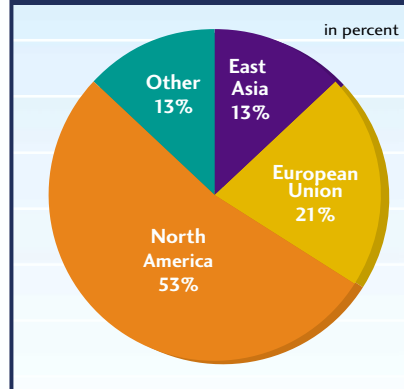
**DESTINATION/PHARMACEUTICALS**



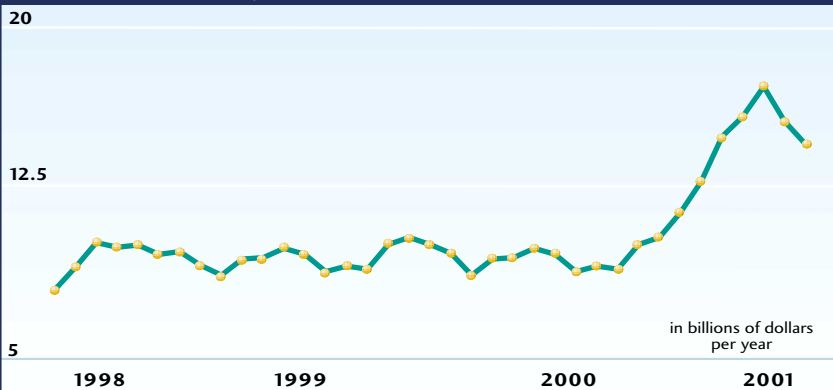
**RECENT TRENDS/PRINTED MATTER**



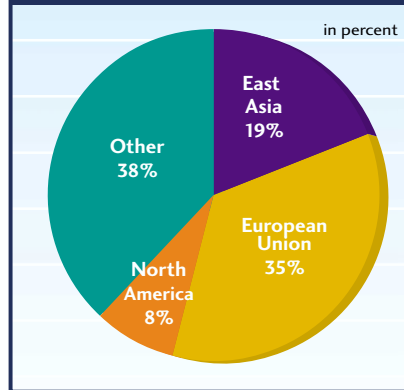
**DESTINATION/PRINTED MATTER**



**RECENT TRENDS/OTHER**



**DESTINATION/OTHER**



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