

# EXPORT *America*

May-June 2004

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## South Korea: An Innovative U.S. Trading Partner

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Going the Distance:  
U.S. Firms Help Greece Prepare for  
2004 Summer Olympic Games

Localization for South Korea:  
Cultural and Linguistic Sensitivities Ease Sales

Ask the TIC: Cultural Business Etiquette





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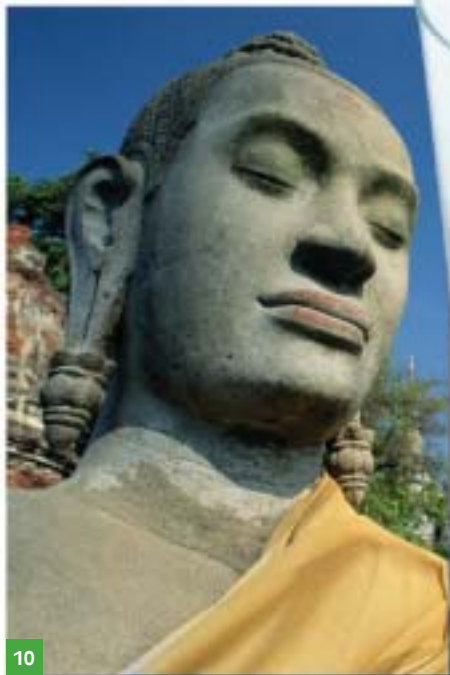
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*Some of the content of "Building a Web Presence," which appeared in the August 2003 issue, was originally published by Flyte New Media in "10 New Questions to Ask Before Setting Up a Web site."*



U.S. DEPARTMENT OF COMMERCE  
 International Trade Administration

**Donald L. Evans**  
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**Grant Aldonas**  
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 for International Trade

**Mary-Brown Brewer**  
 Director of Public Affairs

**Cory Churches**  
 Editor

**John Ward**  
 Associate Editor

**Melissa Langsam**  
 Assistant Editor

**Frank Deasel**  
 Printing Specialist

**Kevin Cofer**  
 Printing Specialist

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**T**

**he modern Olympic Games embody the spirit of international cooperation and harmony bringing together athletes to participate in good natured competition.**

Every two years, the world witnesses feats of athletic achievements mounted in the spirit of sportsmanship and cultural exchange. This summer, the 28th Olympiad in Athens will bring together more than 10,500 athletes from 210 countries to compete in more than 271 events in 37 different disciplines. The modern Olympic Games were revived in 1896, soon after French educator and thinker Pierre de Coubertin proposed that the Olympic Games of ancient Greece be revived to promote a more peaceful world.

In the intervening years, the camaraderie fostered between athletes and spectators has enhanced cross-cultural awareness. Most athletes and attendees return from events covered in pins they have exchanged with other attendees. A tremendous amount of good will and mutual understanding is generated during the 17 days of the games.

Planning for the Olympics begins years in advance of the given event and once the venue is determined, preparation generates a multitude of opportunities for building infrastructure and providing services. Engineering, architectural, design, event management, and logistics firms across the globe have a chance to bid on contracts to help create

the complex where athletes compete. U.S. firms of all size have helped to organize and build the massive infrastructure required for the Athens Olympic Games, providing everything from lighting and temporary structures to cooling systems and electrical generation equipment. International sporting events are more than an opportunity to witness great feats of athletic ability; they are also lucrative business opportunities.

In 1988, Seoul, South Korea, was the venue for the Summer Games and since that time has experienced fast paced innovation and a high-growth economy. Business opportunities in South Korea are the focus of our feature this month, as it is the seventh largest export market for the United States. The business environment in South Korea is improving due to government measures and improvement in financial reform, labor market flexibility, and improved corporate governance. Other articles in this issue discuss the Athens Olympic Games and offer a guide to cross-cultural business etiquette.

The next issue of *Export America* will focus on doing business in Brazil and there will be guidance on how to take advantage of the new U.S.-Chile Free Trade Agreement. Until then, good luck exporting. ■

*Cory Churches*

Cory Churches  
Editor



## FINLAND

The environmental sector in Finland has evolved into a dynamic area where production of new technologies is gaining international prominence. Finland takes a lead in assisting neighbors to the east, by using technology transfer and knowledge diffusion to help solve their environmental problems. In Finland, individuals and leaders of industry are very aware of the high standards of environmental protection and preservation required by the Water Act, Air Pollution Control Act, Waste Act and Sea Protection Act, all of which necessitate implementing the best available technology.

A committee formed by the Finnish Ministry of Trade and Industry has made important initiatives for the promotion of environmental technology exports. The committee looked into the strengths of Finnish environmental know-how and found that Finns are world leaders, especially in water protection and measuring technology. Voluntary cooperation between environmental authorities and companies is widely practiced in Finland. Finland has also implemented the EU's Ecomanagement and Audit Scheme, which enables companies to gain international recognition for their environmental programs.

Finland's membership in the European Union in January 1995, the 1994 Waste Act, amendments in 1997 and especially the Finnish National Waste Plan 2005, were positive indicators that capital investment into solid waste recycling equipment would increase. This in turn offers foreign companies increased business opportunities in Finland.

The total market for Finland's environmental technologies sector, including air pollution control equipment, water and wastewater management, waste treatment and recycling was estimated at \$1.5 billion in 2003. According to local sources, air pollution control accounted for about 15 percent of the sector and is expected to increase by about 10 percent during the next three years.

Demand for air pollution control equipment is strong in Finland due to environmental concerns among the surrounding countries such as, Russia the Kola Peninsula, St. Petersburg, and the Baltic States. The pulp and paper industry represents 26 percent of Finland's exports and is the main end-user of air pollution control equipment followed by the steel industry. Given the U.S. reputation for providing top quality air pollution control equipment, these products are in strong demand in Finland.

For the last decade, supporting Finnish expertise in different fields has been a central aspect of Finnish government policy. Accordingly, Finland grants subsidies and tax breaks to companies who buy or export Finnish pollution control equipment. The government also funds technology centers such as the Technology Development Center and the Technical Research Center of Finland, which have established environmental departments for research and development of new pollution control technology. As a result of this government promotion, the growth of R&D in relation to GDP has been one of the fastest in the world. The increase of expertise has led to an increase of local competition in the market.

The best sales prospects for U.S. companies include equipment such as monitoring and measurement instruments for air pollution, sulphur, dioxide, and nitrogen oxide emissions removal, and protection technology. Yet another strong area for U.S. companies is the emerging Baltic markets and Northwestern Russia, which are most easily accessed through Finland.

## GERMANY

According to the World Semiconductor Trade Statistics, the world semiconductor market will reach \$161 billion in 2003, posting 14.2 percent growth over 2002 (\$141 billion). The European market accounted for 19.5 percent of the world market (\$31 billion) in 2003. Sales for 2004 are expected to reach \$36 billion, with \$12.2 billion attributable to Germany.

Worldwide production equipment spending in 2004 is expected to total \$29.6 billion, a 36 percent increase over 2003 revenue of \$21.7 billion. The European market accounts for just over 11 percent of the world market, with projected semiconductor production equipment sales of \$3.31 billion. Germany was able to increase its 30 percent share of the 2002 European market to 34 percent for 2003. This has resulted in \$1.12 billion in sales predicted for the German semiconductor production equipment industry in 2004.

## SPAIN

During the past three decades, energy consumption in Spain has changed. While fluctuations in petroleum prices and the distribution of energy reserves have shaped the options of developed countries, environmental concerns and the process of energy sector liberalization in Europe characterize the point.

Spain has undergone tremendous changes in its energy industry. By the end of the 1970s, Spain launched an effective energy efficiency policy, designed to confront the changes that were underway within the country. These changes included increased demand for energy, diversification of sources, and changes in the evolution of energy intensity. Later, the effects of liberalization of the energy sector, along with emerging environmental considerations, were added to the mix. As a result, Spain is one of the leading countries in the European Union for energy liberalization. Spain's intent is to spur competition and allow the market to guarantee quality, distribution, and supply, while protecting the environment.

Spanish Law 54/1997 for the energy sector, passed in 1997, specified the fundamental changes in the system's functions. It established the basis for the liberalization process of the Spanish electrical sector assuring competition among the companies participating in the system and took measures to guarantee less expensive electric energy for the entire Spanish economy. This law specified that

as of January 1, 2003, all electric energy consumers were categorized as qualified consumers. These qualified consumers were free to choose a retailer that could be different from the distributor. The outcome is the complete liberalization of the supply of electricity, notably, a process completed two years ahead of the European Union's schedule.

## POLAND

Over the past two years, the housing industry in Poland has been slowly recovering. The first six months of 2002, when compared with the same period in 2003, showed growth of 120 percent in individual housing production. The total number of completed housing units grew by almost 50 percent in the same period. Still, the shortage of housing units has remained almost level for the past 10 years, due to the fact that the financial situation of most Poles continues to keep home ownership out of reach. This situation is gradually changing, as housing credits and cheaper building technologies combine to make housing more affordable. Of note is the continuing preference among Poles to adhere to traditional ways of building—with bricks—which is more expensive.

The Polish housing market in general is not easily accessible to foreign companies, as Polish regulations, laws and administrative procedures surrounding land ownership are sometimes complicated. Membership in the European Union will improve the housing situation as standards, certification, and regulations applying to the importation of building products become harmonized.

## GREECE

In 2002, the total Greek market for drugs and pharmaceuticals was a little over \$1.5 billion, nearly all of which was supplied by imports. Imports from the United States accounted for a little over 10 percent (\$170 million) of the total Greek market for this sector in 2002. The actual share of U.S. brand products is, however, much higher,

(by approximately 40 percent), due to the fact that many U.S. drugs and pharmaceuticals are manufactured in and imported from third-countries, and thus, are not recorded as U.S. imports. According to studies by IMS Health, a leading provider of information on the world pharmaceutical and health care markets, the drugs and pharmaceutical market in Greece will increase at an annual rate of 8 percent per year for the next 5 years, and the import market at between 15-20 percent annually.

In Greece, all prescribed medicines are sold exclusively by pharmacies authorized by the state. Pharmaceuticals, which do not require a prescription, are readily and easily available as over the counter products.

As production of raw materials for drugs and pharmaceuticals is non-existent, imports cover 76 percent of the market. The total drug market in Greece for 2004 is estimated at nearly \$2 billion. Many U.S. subsidiaries account for a substantial part of the local production.

The best sales prospects for the Greek market seem to be newly developed medications such as medicaments, antibiotics, sulfonamides, provitamins, and vitamins. A successful entry of a U.S. company into the Greek market will depend on the proper selection of a good agent or distributor in Greece and on a well-considered marketing approach that assists the agent to develop a proper relationship with the distribution chain.

## INDIA

The plastics industry continues to find increased use both in industrial and household segments. Flexibility in design and manufacturing, cost advantages, and easy maintenance of plastic components will continue to support the growth of plastic goods for the next several years. Indian demand for new plastics manufacturing equipment and technology, especially in the injection molding sector, is likely to grow at an annual rate of 10 percent or more for the next five years. Although the country has a fairly large

domestic manufacturing base that meets about 60 percent of the consumption requirement, the scope for direct imports of advanced equipment and technology will continue. Moreover, domestic manufacturers usually have foreign licensing agreements, which permit indirect imports of the critical components for local assembly and use in indigenous machinery.

Specialty injection molding machines are imported from foreign suppliers. U.S. suppliers face tough competition from other countries, particularly the United Kingdom, Germany, Japan, South Korea, and Taiwan. The liberalized industrial policy of the government of India and the increase in private investments in the plastics sector is expected to offer increased opportunity for U.S. firms. Indian end-users are familiar with the technological superiority of U.S. manufactured products, but price remains a very crucial factor in buying decisions. Apart from new equipment, Indian buyers are willing to explore the possibility of obtaining used or reconditioned equipment.

However, Indian buyers are favorably disposed toward U.S. products, especially with regard to quality and customer service. A number of U.S. suppliers are working with various end-users to develop custom-designed, specific grade plastic injection molding machinery to meet end user requirements. This has given U.S. suppliers access to niche markets where there is less competition than in the general plastic machinery equipment market. ■

### NEED MORE DETAIL?

Ask a commercial officer at one of the Department of Commerce posts located around the globe. Contact information, including phone, fax and e-mail, is available by calling the Trade Information Center at (800) USA-TRAD(E), or visiting [www.buyusa.gov](http://www.buyusa.gov).

# Producing Potable Water

## New Mexico Company Exports Purification Technology

By Sandra Necessary

*U.S. Commercial Service, Santa Fe, New Mexico*

**W**hat do Airbus, the USS Enterprise, the Colorado city of Boulder, American soldiers in Afghanistan and Iraq, and backpackers across America have in common? They all use, or are implementing, a MIOX Corporation technology to purify water.



MIOX Corporation's Headquarters in Albuquerque, New Mexico.

MIOX Corporation of Albuquerque, New Mexico, began manufacturing on-site water disinfectant generators in 1994, and now has over 1,000 installations across the United States and in over 20 foreign countries. Over 80 percent of these installations are in the municipal potable water market. Other applications include wastewater, food processing, commercial swimming pools, cooling towers, and other industrial processes.

MIOX technology was originally developed by New Mexico based Los Alamos Technical Associates (LATA) for use by the U.S. Army. The military, seeking a simple portable alternative water purification system for field troops, contracted with LATA to develop the

technology. LATA's team of scientists and engineers developed a membraneless electrolytic cell, which generated a disinfecting solution of mixed oxidants from salt water. The prototype was submitted to the military in 1985 and patented in 1988. MIOX Corporation was formed in 1994 to commercialize the technology, manufacture the products, and develop sales and distribution channels throughout the world.

### THE TECHNOLOGY BEHIND CLEAN WATER

The MIOX system is advanced technology that provides a simple solution to water disinfection. Mixed-oxidant technology replaces complicated treatment processes and hazardous chlorination systems, resulting in excellent tasting, colorless, odorless water, while effectively lowering disinfection by-products and improving chlorine residual maintenance in the distribution system. These mixed oxidants disinfect and inactivate all bacteria, viruses, and parasites that pose possible health problems. MIOX generators and other products can be used in remote rural areas, in disaster situations, in municipalities, and in other situations and areas where clean, potable water is necessary.

The MSR MIOX purifier, a miniature version of the larger device, and the company's first consumer product, is a handheld, individual-use, water treatment system used by the military, campers, and travelers. Other specialty-use MIOX equipment includes systems on-board U.S. Navy ships, a prototype disinfection system for the U.S. Army's portable reverse osmosis water purification units for soldiers in the field, and a complete filtration, disinfection, and water treatment system, including monitoring, for U.S. Forest Service sites. MIOX has also been selected by Airbus to provide the first on-board water purification system for a commercial aircraft.

With relatively low dosing and contact time, the MIOX mixed-oxidant solution is capable of inactivating 99.99 percent of giardia and cryptosporidium, which have proven to be resistant to chlorine treatment. MIOX also removes biofilm, a hiding place for legionella and other bacteria.

### A HELPING HAND

MIOX Corporation's entry into the international marketplace began in October of 1995, when they signed their first distributorship agreement with a company in New Zealand. They have used the U.S. Commercial Service export programs and services, such as Gold Key and the International Buyer Program, to enter many of the markets in which they are currently represented. The Santa Fe, New Mexico Export Assistance



Center has provided MIOX with market research, export counseling, opportunities to participate in trade events and assistance in locating foreign distributors for their products. MIOX also extensively used the services provided by the New Mexico Trade Division that enabled them to generate export sales in several foreign markets, and their participation in U.S. Senator Jeff Bingaman's Asia Pacific conference in Albuquerque gave them access to additional Asian contacts and motivated them to accelerate their efforts in Asia. By taking advantage of the export promotion services of the U.S. Commercial Service and its trade partners, MIOX has expanded their export sales markets throughout the world.

To finance their initial export sales efforts, MIOX used the Export Working Capital Line of Credit Program of the U.S. Small Business Administration. Dennis Chrisbaum, SBA Trade Finance Officer processed a loan package for MIOX that enabled them to leverage their initial export sales. MIOX also used the National Association of State Development Agencies grant program to develop their exports to India.

The combination of these activities, utilizing the export programs offered by several organizations, and MIOX's patience and sound marketing strategy has resulted in MIOX's success in the international marketplace.

In March of 2001, the U.S. Commercial Service awarded MIOX Corporation with the President's E-Award for Excellence in Exporting. This award is given to companies that show a significant contribution to increasing exports from the United States. MIOX Corporation was one of nine companies in 2001 to receive this prestigious award. MIOX Corporation has also been ranked in the "Flying Forty" for the past six years, as one of the 40 fastest-growing technology companies in the state of New Mexico.

## FINDING INTERNATIONAL BUYERS

The MIOX company's growth strategy has been aggressive, yet methodical and



MIOX and NSP personnel after successful negotiations of the distribution and manufacturing license.

focused on developing a strong, knowledgeable distributor network and maintaining product and service quality throughout the organization. MIOX distributors receive extensive training to assure product and service consistency and to maintain the integrity of the MIOX name. MIOX's international growth has led to representation in over 28 countries. Approximately 25 percent of MIOX's annual sales come from international markets. MIOX currently maintains distributor relationships in the Middle East, North and South America, Africa, Asia, and Europe.

The Asian market currently offers the most growth potential for MIOX. President and Chief Operating Officer, Bill Obermann, traveled to Japan in early April 2004 to sign a 10-year exclusive distribution and manufacturing license agreement for MIOX on-site disinfection systems in Japan. NSP Corporation, the counterpart to the MIOX agreement, has sold MIOX products in Japan for the past several years and has been responsible for working with the Japanese government to obtain their endorsement of the technology. The distribution and

licensing agreement is part of a program to strengthen the presence of the MIOX product line in the Japanese market and to expand international sales for the corporation. The MIOX Corporation projects the first Japanese manufactured units will be available to the Japanese market in 2005. To date there are over 80 MIOX equipment installations in Japan, disinfecting and protecting potable water systems and swimming pools. The staff of the U.S. Commercial Service in Tokyo played an integral part in facilitating this agreement, by holding frequent counseling sessions with NSP on how to approach MIOX regarding their interest in an exclusive agreement for Japan. They also facilitated both NSP and MIOX's participation in the U.S. Pavilion at the JETRO Environment Japan 2003 trade event held in Chiba, Japan in November 2003.

As opportunities around the globe continue to emerge, MIOX is now well prepared to pursue and explore relationships with more international buyers. MIOX and the U.S. Commercial Service have a time-tested partnership in perusing international clients. ■

# Going the Distance

## U.S. Firms Help Greece Prepare for 2004 Summer Olympic Games

By Donald Calvert

*Office of European and Regional Affairs, Market Access and Compliance*

In his victory speech after being elected as Greece's new prime minister on March 7, Costas Karamanlis stated that this summer's Olympic Games in Athens would be his administration's first priority. "All together, united, we will give our best, so that the Olympics will be the best and most secure ever," he declared. Now that the countdown to this historic event has begun, U.S. businesses are working around the clock to help Greece successfully bring the 2004 Olympics Games back to their original birthplace.

When the ceremonies begin on August 13th, (produced by a U.S. company, Jack Morton), Athens will welcome over 10,000 men and women from 200 countries who will compete in 28 Olympic sports. The Games of the XXVIII Olympiad will take place in Athens from August 13 to 29, 2004, nearly three thousand years after the very first Olympics were held in Greece in 776 B.C. and over a century since Greece last hosted the Games in 1896. Joining the athletes will be 5,500 team officials, 21,500 volunteers, and 150,000 spectators attending each day's events.

Hosting the Games is giving Greece its most honored, but daunting, challenge in modern history. The smallest country ever to host the Summer Olympics, Greece is spending \$2.5 billion directly on the Games and another \$5.8 billion on transforming Athens' subway network, roads, and suburban railway system to quickly and safely transport athletes and spectators to the various sports venues. Over \$800 million is being devoted to security—the most in Olympic history, and three times what was spent on security at the 2000 Sydney Games. Greece's Gross Domestic Product for 2004 is

expected to rise by 1.3 percent due to the Games alone.

### WINNING THE CONTRACTS

The divisions within the Commerce Department including the U.S. Commercial Service in Greece have helped U.S. companies win over one billion dollars worth of Olympic and Games related contracts. The Commercial Service initially provides American companies with extensive counseling, market assistance, and briefings to discover new opportunities in the Greek market. The staff then conducts promotional events for these companies with hundreds of Greek public and private sector officials in attendance. Some firms are entering the Greek market for the first time, while other firms familiar to the market are introducing new product lines or simply reinvigorating their existing presence in the Greek and greater regional market.

The staff of the Commercial Service then helps these companies focus their efforts in winning contracts by guiding them through the intricate bidding process and advancing their standing in meetings with key decision makers at

the Athens 2004 Olympic Organizing Committee (ATHOC) and the various Greek Ministries. The Commercial Service in Greece arranges such meetings for U.S. firms and then accompanies the U.S. business representatives to these meetings with key contract and purchase decision makers, and writes follow-up letters of support to help seal the deal and clinch the contracts.

### RACING THE CLOCK

Since Greece won the Olympics sponsorship in 1997, Athens has undergone a transformation in every conceivable way. The government of Greece and ATHOC have had to create the physical infrastructure to house the Games, and overcome the logistical hurdles of hosting the large number of guests, while making the Olympics safe. The Commercial Service has helped American firms win contracts on each of these and several other related fronts.

An example of a major export success has been Musco Lighting, an Oskaloosa, Iowa-based manufacturer of sports lighting systems. Through Commercial Service advocacy efforts, Musco won several contracts to supply lighting and equipment materials for baseball Olympic training centers. A Los Angeles firm, Academy Tent and Canvas, is helping to install temporary structures for both the Olympic sailing and beach volleyball centers. Similarly, Birdair of the United States is providing membrane structures to cover a variety of Olympic sites.



In 2002, the Commercial Service prepared an International Market Insight Report for Cincinnati-based Prestige Enterprise International, Inc. (PEI) that helped it to win flooring contracts for two Olympic venues. PEI was recognized in April 2003 by Assistant Secretary of Commerce for Market Access and Compliance, William H. Lash, III, who awarded the firm an Export Achievement certificate for its success in international markets.

Creating the Games' infrastructure is only the beginning of Athens' tasks as host of the Olympics. The city also must provide for the needs of this summer's guests. With the assistance of the Commercial Service in Greece, Aramark, a dining and catering services company based in Philadelphia, won the catering contract to provide meals for the largest Olympic Village in history, where over 50,000 meals per day will be served and an estimated two million liters of beverages will be consumed during the Games.

Summer temperatures in Athens often exceed 100 degrees and will take their toll on athletes and spectators. Pennsylvania-based York Air Conditioning Company, however, will provide much needed cooling systems to several venues. Contemporary Services Corporation International of Los Angeles is providing crowd management services for the Games. This U.S. firm provided similar services for the 2000 Salt Lake City Olympics and at several NFL Super Bowl games.

One commodity that will be in heavy demand is power. GE Power Systems (GE) will play an important role in the Games in this regard, as it will supply generating and electrical distribution equipment to ensure that blackouts do not interrupt the Games. The Commercial Service

in Athens was instrumental in helping GE win several such contracts through advocacy efforts. GE is also providing power generators to the Greek Public Power Corporation to accommodate the increased demand in energy resulting from the Games.

Monitoring the weather will be essential for certain outdoor sports. Atmospheric and Environmental Research, Inc., based in Lexington, Mass., is providing a new meteorological tracking system to Greece to be used during and after the Games. Finally, we cannot forget the importance of broadcasting the Games. Lockheed Martin launched a satellite for Greece that will allow people from around the world to experience the Games from their television sets.

Security is, without a doubt, Athens' most vital and paramount concern. The government will provide an estimated 50,000 police and soldiers aided by more than 1,400 security cameras, plus aerial surveillance by airships supplied by the U.S. company, Airship Management Services Inc. Athens will institute a no-fly zone to protect Olympic events and each of the nine seaports, including Athens' main harbor of Piraeus, where ships housing visitors will be docked.

Along with NATO support, U.S. firms will be in the forefront of ensuring a safe Olympics. Science Applications International Corporation is leading a consortium of firms that is providing the Greek Government with a command and control support system, a communication and information system, a digital trunked radio system (supplied by Motorola), a port security system, and fixed and mobile command centers for the Greek police, firefighters, and coast guard, the

ATHOC Security Division, and the Ministry of Defense.

Other U.S. firms participating in the security aspect of the games include GE ION Track, which is supplying explosive detection systems to Greek police, and Invision Technologies, a California company that is supplying these systems to the Athens International Airport.

These are but a few examples of the numerous contracts and sales awarded to U.S. firms in connection with 2004 Olympic Games in Greece.

## AFTER THE GAMES

This summer's Olympics will be a celebration of Greece's glorious past and promising future. The International Trade Administration and the Commercial Service will continue to assist U.S. firms in securing additional contracts in Greece and throughout the Balkans long after the Games are over. Businesses needing assistance may contact the Commercial Service via E-mail at Athens.Office.Box@mail.doc.gov.

Another important resource for American firms is the Office of European and Regional Affairs (OEURA) in Market Access and Compliance. OEURA has teams of trade specialists who cover our trading partners of Western Europe. These teams work together to assist U.S. businesses with specific bilateral trade policy issues in European Union member states, as well as larger policy issues in Brussels affecting U.S. companies, including U.S.-EU regulatory cooperation, EU chemicals policy, and EU enlargement. ■

# The Gem of Southeast Asia

## Market Prospects in Thailand Impress U.S. Exporters

By U.S. Commercial Service, Thailand

**D**uring his visit to Thailand in October 2003, President Bush and Thailand's Prime Minister Thaksin announced plans to launch negotiations for a free trade agreement. On February 12, 2004, the Bush Administration formally notified Congress of its intent to begin negotiations with Thailand in mid-2004. If negotiations conclude successfully, Thailand will become the second Asian nation to have a free trade agreement with the United States. The prospect of an free trade agreement with Thailand, coupled with the Kingdom's strong economic performance, is encouraging U.S. exporters to take a closer look at the Thai market.

### A RECEPTIVE ENVIRONMENT FOR U.S. BUSINESS

In the past couple of years, Thailand's economy has enjoyed a significant rebound from slow growth following the Asian financial crisis of the late 1990s. In 2003, Thailand's GDP growth rate hit 6.7 percent, among the highest growth rates in the world. Projected GDP growth in 2004 is 7 to 8 percent. These strong growth rates combined with the prospect of a free trade agreement offer U.S. exporters from a variety of industries a good opportunity to enter the Thai market.

The United States has a long-standing commercial relationship with Thailand, and friendly bilateral relations have existed between Thailand and the United States for more than 150 years. Under the 1966 Treaty of Amity and Economic Relations, U.S. companies operating in Thailand are afforded national treatment, or treated equally with Thai companies, a privilege offered to no other Thai trading partner. Investment matters will be discussed as part of the negotiations with Thailand. Thailand also maintains strong political and military ties with the United States.

Thailand's economic clout and political stability have enabled it to extend both political and commercial influence across borders to its surrounding neighbors, Cambodia, Laos, and Burma.

Thailand has a relatively stable democracy, and experienced years of strong economic development prior to the 1997 Asian financial crisis. After a coup by the military in 1991, civilian rule was restored in 1992 following middle-class pro-democracy protests and royal intervention. Since then, Thailand has continued its political maturation; enactment of a new constitution in 1997 brought substantial reforms to the Thai political process, expanding the rights and civil liberties of individual Thai citizens. The current government, elected in January 2001 and led by Prime Minister Thaksin Shinawatra, a successful former businessman, enjoys popular support in its fourth year of governing. Strong economic growth due to low interest rates, modest inflation, an accommodative monetary policy, and fiscal stimulus have contributed to Prime Minister Thaksin's overall popularity. Thailand has also paid off its IMF debts resulting from the Asian financial crisis two years ahead of schedule, which further

strengthens Thailand's international credit standing.

Demand for Thai exports by developed nations as well as foreign direct investment related to that demand have seen lackluster growth in recent years. The current economic recovery has been marked by stimulated consumer demand as well as a rise in exports to regional neighbors, particularly China. Strong domestic demand in automobiles, motorcycles, and mobile phones has been aided by the growth of consumer credit, and stimulus programs of the current government designed to stimulate the economy and redistribute the benefits of growth. And the recent recovery in some key export markets has Thailand's industrial base back to almost full capacity in several sectors. Meanwhile, in addition to a potential free trade agreement with the United States, Thailand is pursuing, or has in place, agreements with several key regional trading partners, including Japan, Australia, India, and China, which should help to further fuel the Kingdom's growth.

According to the Executive Director of the American Chamber of Commerce in Thailand, Judy Benn, "Thailand is an attractive place for American and other foreign companies to invest because of its political and economic stability. The economy is very receptive to new products and investment, and, as the second fastest growing economy in the world right now, the timing could not be better for American firms to explore this market. The American Chamber of Commerce in Thailand has seen the number of members growing in recent years and an increased



interest in American companies wanting to do business in Thailand.”

### BEST PROSPECTS FOR U.S. COMPANIES

In 2003, the United States exported nearly \$6 billion in goods and services to Thailand, an increase of more than 20 percent from the year before, making Thailand the 23rd largest export market for the United States. Present and emerging opportunities for U.S. firms are strong across a broad spectrum of industries, including franchising, computer services and software, electrical power equipment, telecommunications, and medical and laboratory and scientific equipment. In the past year, the Commercial Service in Bangkok has hosted trade missions targeting industries that offer some of the best opportunities for U.S. firms in Thailand including electrical power, medical devices, environmental technologies, and information and communications technology.

#### Franchising

The Thai franchise industry is expected to continue to grow at an average of 15 percent over the next few years due to changing consumer buying patterns and

urbanization. Thailand’s government has set a national policy goal to promote small and medium-sized enterprises and has realized that franchises are a fast route to developing these smaller firms. International franchises comprise 70 percent of the total market value. The United States is the leader among international franchises, controlling 65 percent. The quality, standards, brands, and innovations offered by U.S. franchises are well known to potential Thai investors.

#### Computer Services, Peripherals, and Software

The combined market for computer services and peripherals, including data communication equipment, was estimated at \$1.5 billion in 2003, with an annual growth rate of 12 percent. Demand for networked computer systems and PCs grew continuously at annual rates of 11 and 7 percent, respectively. Sales of individual PCs in 2003 grew at a 20 percent rate, far outpacing single-digit demand in other markets. U.S. firms also enjoy a strong presence in the computer services market, controlling over 60 percent of the market. Beyond systems maintenance, the strongest opportunities for service providers include networking, systems integration, processing, and education,

## Thailand National Holidays, 2004

January 1	New Year’s Day
February 26	Magha Puja Day
March 5	Makha Bucha Day
April 6	King Rama I Memorial & Chakri Day
April 13–15	Songkran Festival
May 5	Coronation Day
August 12	H.M. the Queen’s Birthday
October 25	Chulalongkorn Day (Substitute day for Oct. 23)
December 6	H.M. the King’s Birthday (Substitute day for Dec. 5)
December 10	Constitution Day
December 31	New Year’s Eve

and training. The overall packaged software market grew 13 percent in 2003, with strong demand for business operation and analytical applications, networking management and security, e-commerce and Web service solutions. However, despite efforts by the Thai government, software piracy is still a concern.

#### **Electrical Power Equipment**

With Thailand's return to strong economic growth, the demand for electric power is surging again. Following the downturn in 1997, Thai planners did not anticipate the rapid increase in electrical power needs brought about by the current boom. Current capacity will only provide adequate power to Thailand for the next few years. New capacity must be developed to accommodate future demands. The need for new power generation facilities and distribution capabilities is driving the need for generators and parts, transmission lines and systems, substation equipment, high voltage distribution lines, connectors, switches, and control components.

#### **Telecommunications Equipment**

Fast-changing technology, competitive prices, and the entry of new strong financial players have intensified the competition in Thailand's telecommunications market. Although fixed line growth has maintained steady growth at 5 to 7 percent, mobile phone growth has continued to expand at double-digits. Internet usage continues to grow at 20 to 30 percent per year. Even though Thailand is lagging behind the implementation of new technologies, the country has followed developed market trends on wireless technologies from analog to digital, then WAP to broadband. Despite this strong growth, Thailand has made little progress in reforming its telecommunications industry, although the country committed to the WTO in 1995 that the industry's liberalization

would be complete by 2006. Imports of U.S. equipment continue to grow at approximately 5 percent per year, with U.S. firms selling approximately \$105 million in equipment in 2003.

#### **Medical Equipment**

The market for medical equipment in Thailand has rebounded from a flat growth rate in 2001, and is expected to maintain a steady growth rate of 10 percent over the next two years (2004-2005). Imports dominate the market with a 70 percent share, with local production strong in lower technology and less sophisticated medical devices and accessories. Imports from the United States lead the import market with a 30 percent share and are expected to grow approximately 12 percent a year for the next few years. Although a universal health care scheme has limited public hospital purchasing power recently, private hospitals are observing strong growth potential and are demanding new and more modern medical devices and supplies.

### **CULTURAL CONSIDERATIONS**

U.S. businesses generally find a receptive environment for doing business in Thailand. English is widely spoken among Bangkok businesspeople, many of whom have a long history of dealing with foreign companies and have traveled abroad frequently. Business relationships in Thailand are not as formal as those found in Japan, China, or South Korea, but neither are they as relaxed and impersonal as is common in the West. Business relationships, as in many Asian countries, are carefully cultivated and valued. Thailand's predominantly Buddhist culture also values patience, respect for status, and not losing face or respect. Losing one's composure is frowned upon, as are direct answers that might cause someone else dissatisfaction or hurt feelings. It is important in business

negotiations to restate and reconfirm the elements of an agreement, as it is often difficult for Westerners to be sure they have received accurate and complete responses to questions.

Although Thai law does not require U.S. firms to use local agents and distributors, it can be one of the most efficient ways to enter the market, particularly for small and medium-sized U.S. firms. The importance of interpersonal relationships is still a vital factor for successful business transactions, and a local partner can help navigate local business practices and requirements, as well as handle any regulatory affairs and import permits required by the Thai government. In addition, U.S. companies interested in government projects should carefully choose a partner that they can trust to meet the U.S. firm's obligations under the Foreign Corrupt Practices Act. Since 1997, there has been more open criticism of corruption and cronyism in government contracts. The Royal Thai Government continues to make strides towards greater openness and transparency in public procurements, however in reality the system is still not entirely transparent.

The Commercial Service in Bangkok can help U.S. firms identify suitable local partners in Thailand, through the Gold Key Matching Service and International Partner Search among other services. Visit [www.buyusa.gov/thailand/en](http://www.buyusa.gov/thailand/en) for more information.

Once a firm establishes initial sales, "the importance of demonstrating a long-term commitment to the Thai market cannot be underestimated" according to Senior Commercial Officer Judy Reinke. "Even with a local partner, a U.S. firm must provide proper training and support to that partner, as well as put the infrastructure in place for reliable after-sales service and support." ■



## WEB RESOURCES

### **U.S. Commercial Service in Bangkok, Thailand**

[www.buyusa.gov/thailand/en](http://www.buyusa.gov/thailand/en)

This Web site includes useful resources including upcoming events and links to recent reports published by the U.S. Commercial Service. Information on doing business in Thailand, including information on registering under the Thailand Treaty of Amity and Economic Relations, are included as well.

### **Embassy of Thailand in the United States**

[www.thaiembdc.org](http://www.thaiembdc.org)

The embassy has a wealth of information about Thailand's history and culture, as well as economic situation.

### **Thailand Board of Investment**

[www.boi.go.th/english/boi/index.html](http://www.boi.go.th/english/boi/index.html)

This Web site provides businesses with a comprehensive tool for information relating to financial services, business intelligence, and risk mitigation.

### **Embassy of the United States in Thailand**

[www.bangkok.usembassy.gov](http://www.bangkok.usembassy.gov)

This is the official site of the U.S. Embassy in Bangkok, Thailand. Visitors will find information on economic, political consular and business issues related to the United States and Thailand.

### **American Chamber of Commerce in Thailand**

[www.amchamthailand.org](http://www.amchamthailand.org)

The chamber represents U.S. businesses in Thailand and works closely with the U.S. Embassy on advancing U.S. commercial interests. The Chamber website includes economic reports, chamber information and upcoming activities.

### **Thai Info**

[www.thai-info.net/info/businessthailand.htm](http://www.thai-info.net/info/businessthailand.htm)

This site offers links to information sources that focus on trade and investment, trade fairs, and business associations.



# Ask the TIC

## Cultural Business Etiquette

By Joseph Morbach and Melissa J. Kopolow

Trade Information Center, Trade Development

**A**lthough globalization is reducing trade barriers on many levels, lack of familiarity with a country's cultural business etiquette remains an important issue in establishing a successful market abroad. Regardless of a company's previous export experiences, cultural nuances can have a significant impact on the success or failure of international sales. Companies that fail to take these factors into consideration risk misunderstandings, frustration, and loss of business.

### **Q** WHAT ARE SOME OF THE IMPORTANT CULTURAL FACTORS TO CONSIDER WHEN ENTERING A NEW MARKET?

**A** Building successful business relations across cultures is not only a matter of knowing what to say or when to arrive for a meeting. It involves a continued effort to recognize and appreciate your partners' expectations and business practices. U.S. companies need to research their target country's holidays, suitable business or formal attire, gift-giving practices, business hours, acceptable subjects of conversation, greeting practices, meeting formalities and acceptable venues, time sensitivities, body language, and other aspects of etiquette. These differ widely across cultures.

### **Q** WHAT ARE SOME EXAMPLES OF BUSINESS CULTURAL ETIQUETTE?

#### **A** Europe

- In Scandinavia it is both difficult and inconsiderate to try to conduct major business deals during July and August as many companies close for extended periods during these months so that employees can take vacations.
- Professional titles are not prevalent in Irish business culture, and are usually seen as arrogant.
- Ensure that you learn the titles of everyone you have meetings with in the Czech Republic, as these distinctions are extremely important in this culture.
- Shaking hands through a doorway is considered bad luck in Russia and should be avoided.

#### **Africa**

- Be sure not to use red ink on your business cards in Madagascar. The color red has a negative connotation in that country.
- In West Africa, it is important not to shake hands or pass anything with your left hand, as this hand is used for hygiene purposes only.
- In Kenya, businesspeople of the same sex who are well-acquainted may greet each other with hugs. Wait for your Kenyan counterpart to initiate this action.

- The peace sign, formed by extending the index and middle fingers with the palm facing towards your body, is considered extremely rude in South Africa.

#### **Asia**

- The Chinese may refuse a gift multiple times before finally accepting it. Make it known to your client that the gift is from your company. It is advisable to express appreciation when the gift is received.
- Among Indians, shaking one's head from side to side actually signals agreement and interest in what is being said or expressed. It does not suggest disagreement or disapproval.
- In South Korea, a "yes" answer is often an acknowledgement of something being discussed or conveyed, and does not necessarily mean agreement.
- Receive your Japanese counterpart's business card with two hands, carefully examine it for a few moments, and then comment about it. Accepting a business card and thrusting it immediately in your pocket is considered discourteous. Writing on a business card is also seen as impolite.

#### **Middle East**

- If you compliment someone in Bahrain on one of their personal items, they may insist that you accept it as a gift.
- A man in Saudi Arabia, as a sign of friendship, may hold hands with another man in certain social settings.
- Sample all of the food that your Qatari colleague serves at a meal; this shows respect.
- The first part of a business meeting is almost invariably reserved for your Middle Eastern associate to become acquainted with you (and vice versa). It is common to have discussions about global events, politics, or religion. In some cases, it may be considered rude to launch into a business discussion or negotiation without first engaging in a conversation about these unrelated topics. In fact, these conversations may prove critical in establishing a business relationship.
- During meetings in Kuwait, there may be a man who appears to be part of the business delegation, but whose sole job is to offer and serve coffee. Try not to take too much notice, as he will not be a participant in your business discussions.



or transactions. His service role merely reflects the Middle Eastern custom to offer guests refreshments.

#### Latin America

- In Guatemala, as well as in most of Latin America, little to no business is conducted during Holy Week, the week leading up to Easter.
- It may be considered an insult in Columbia to leave immediately after a meeting is completed, as doing so may suggest that you are not interested in getting to know your counterparts.
- In Mexico, conversations occur at a much closer physical proximity than you may be accustomed to in the United States. Moving away to establish distance is considered unfriendly. In response, your counterpart may step towards you to close the distance.
- In Venezuela, once you establish a relationship with certain people, you may receive an abrazo. It is a customary embrace that may be accompanied by a kiss on the cheek.

#### **Q** WHAT KINDS OF RESOURCES ARE AVAILABLE?

There are a variety of resources available to U.S. companies seeking guidance and information relating to the cultural practices of their international business partners. The U.S. Commercial Service, of the U.S. Department of Commerce, has officers in more than 150 offices overseas to help U.S. companies, particularly small and medium-sized businesses, make sales in international markets. Commercial Service officers produce Country Commercial Guides that, among other useful information, give some advice on business etiquette. These reports can be found at [www.export.gov/marketresearch.html](http://www.export.gov/marketresearch.html).

The Society for Intercultural Education, Training, and Research (SIETAR) is another excellent resource for companies looking for information on how culture impact business. SIETAR is an interdisciplinary professional and service organization with chapters around the country. Visit their Web site [www.sietar.org](http://www.sietar.org) to find your nearest chapter.

Additionally, the following Web sites and books offer practical cultural information for companies looking to break into new international markets. They are among many other excellent publications and Web sites available.

#### WEB SITES (free to user)

##### General Cultural Information

Executive Planet: [www.executiveplanet.com](http://www.executiveplanet.com)

Business Etiquette Around the World: [www.cyborlink.com](http://www.cyborlink.com)

Cultural Savvy: [www.culturalsavvy.com](http://www.culturalsavvy.com)

International Addresses and Salutations: [www.bspage.com/address.html](http://www.bspage.com/address.html)

##### Country/Region-Specific Information

Arabian Business and Cultural Guide: [www.traderscity.com/abcg/](http://www.traderscity.com/abcg/)

Business Japan: [www.gate39.com/business/default.aspx](http://www.gate39.com/business/default.aspx)

#### Sweden: Industry and Trade Information:

[www.sverigeturism.se/smorgasbord/smorgasbord/industry/](http://www.sverigeturism.se/smorgasbord/smorgasbord/industry/)

#### Cultural Interviews with Latin American Executives

[www.laits.utexas.edu/~orkelm/laexec/laexec.html](http://www.laits.utexas.edu/~orkelm/laexec/laexec.html)

#### BOOKS

*Global Business Negotiations: A Practical Guide*, by Claude Cellich and Subhash Jain, South Western Educational Publishing; (February 2003)

This book provides the reader with a range of effective tactics intended to help companies breakdown cultural barriers, enhance international negotiations, and resolve culture-based disputes.

*Understanding Cultural Differences: Germans, French, and Americans*, by Edward T. Hall and Mildred Reed Hall, Intercultural Press; (March 1990)

Based on 30 years of research and interviews with top German, French, and American executives, this book provides key insights and useful advice on routine dealings in international business.

*Cultures and Organizations, Software of the Mind: Intercultural Cooperation and its Importance for Survival* by Geert Hofstede, McGraw-Hill; (December 1995)

Geert Hofstede's study of the "software of the mind" helps companies look at how people from different cultures think and work as members of teams.

*Riding The Waves of Culture: Understanding Diversity in Global Business*, by Charles Hampden-Turner and Fons Tromenaars, Irwin Professional Publication; (March 1994)

Geared toward international managers, this book provides U.S. companies with concrete ways to adapt to new markets' cultural, economic, legislative, and sociopolitical environment.

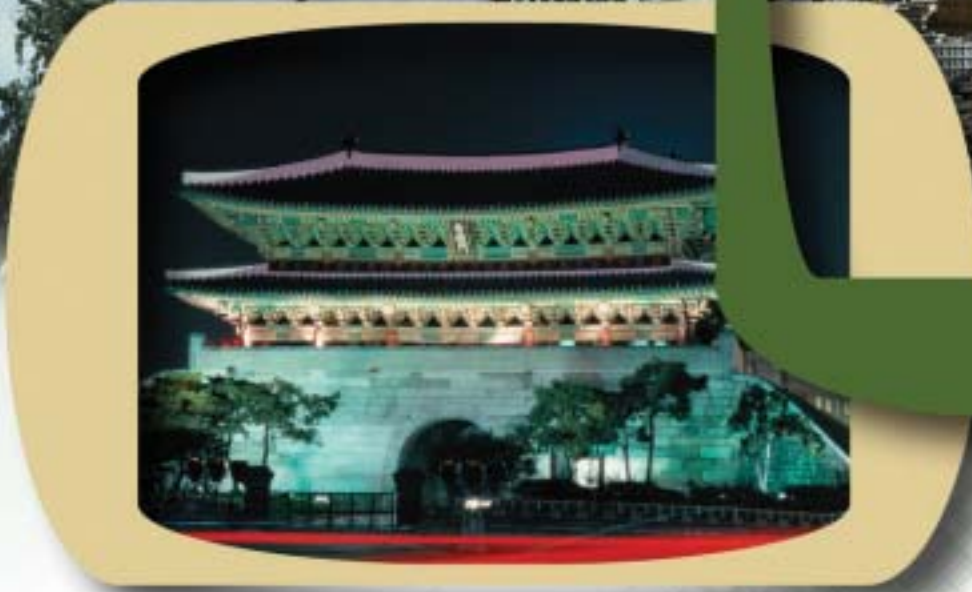
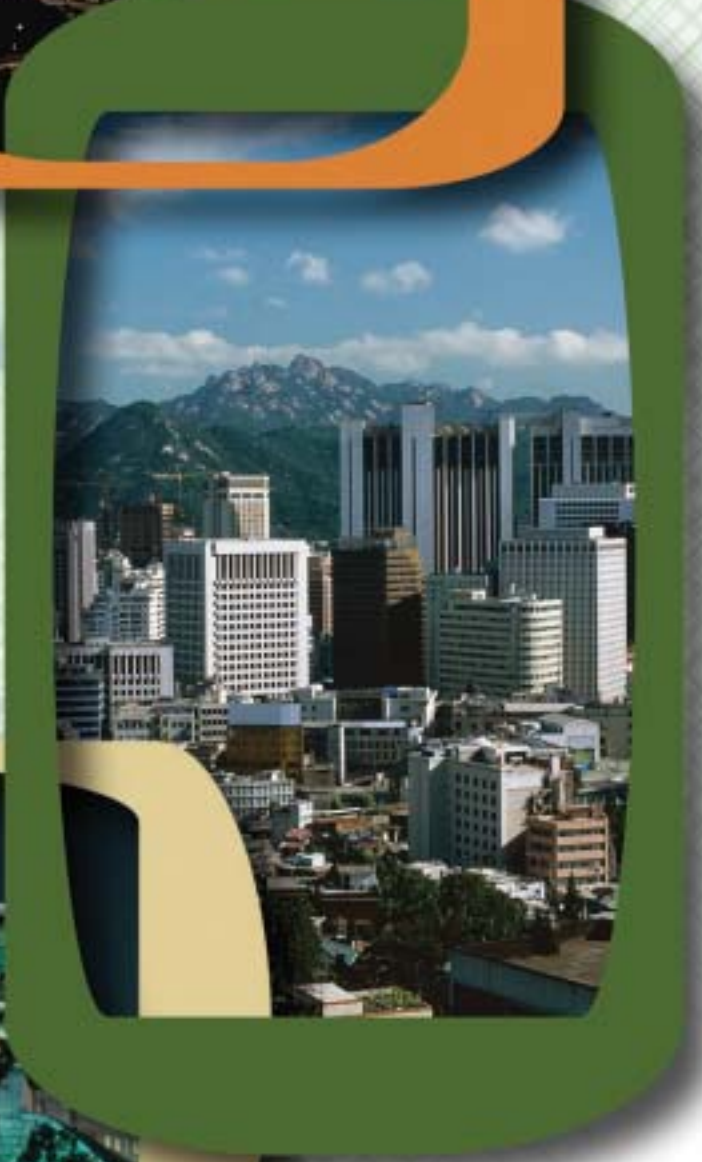
*Dun And Bradstreet Guide Doing Business Around World Revised*, by Terri Morrison, Wayne A. Conaway, Joseph J. Douress, Prentice Hall Press; Revised edition (October 2000)

Offering comprehensive information on subjects useful to companies doing business abroad, this guide is designed to assist companies achieve international businesses successes. Topics covered range from business holidays to intellectual property rights protection, and most things in between. Appendixes provide samples of key documents and useful Web sites. ■

*For any other questions about this article, or about exporting in general, call the Trade Information Center (TIC) at (800) USA-TRADE and "Ask the TIC."*

#### FOR MORE INFORMATION

The International Trade Administration of the U.S. Department of Commerce operates the Trade Information Center (TIC) for the 19 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 (800) USA-TRADE (872-8723), toll-free, Monday through Friday, 8:30 a.m. to 5:30 p.m. EST. Or visit the TIC at [www.export.gov/tic](http://www.export.gov/tic).



# ■ South Korea:

## Innovative U.S. Trading Partner

By U.S. Commercial Service, South Korea

**T**he Republic of Korea is a market of many opportunities for American companies of all sizes. In 2003, South Korea was America's seventh largest export market, sixth largest trading partner, fifth largest export market for agricultural products, and fifth largest market for high technology goods. South Korean imports of U.S. products and services exceed those of: France, Taiwan, the Netherlands, and Australia.

South Korea continues to be an economic leader in Asia and is the third largest economy in East Asia. Situated between China and Japan, South Korea is well integrated into both markets. In 2002, China became South Korea's largest export market. Although GDP growth slowed to an estimated 3.1 percent in 2003, the economy is expected to turn around with projected real GDP growth of between 4.8 and 5.5 percent in 2004. The growth in the economy will be driven by exports, especially with South Korean companies continuing to move their production lines to China. Export growth will also be stronger due to the improving economic situation in the global economy. Slowly recovering domestic demand in 2004

will provide some balance to strong South Korean exports. This projected growth in exports and in domestic demand provides good opportunities for American companies to sell to the South Korean market.

### RECOVERING FROM CRISIS

Although economic growth will hover around five percent in 2004, South Korea still suffers from structural impediments that could constrain long-term growth. The South Korean government has been taking action to improve the economy over a number of years. Financial reform, improved corporate governance and labor market flexibility are the main areas that need

to be addressed in order to strengthen domestic demand and to create a more open economy.

The government is also undertaking specific measures to improve the economy by supporting small and medium-sized enterprises and the development of technology, especially through start-ups. To promote the long-term development of an international business environment, South Korea is taking steps to improve intellectual property rights. However, IPR is an area where U.S. companies need to remain vigilant and ensure that their technology is protected through registration and monitoring of the use of technology by clients and partners in South Korea. On January 8, 2004 South Korea was placed on the Priority Watch List by the Office of the U.S. Trade Representative (USTR) as a result of the lax protection of film and music. Protection of software is improving but there is still some distance to go. The government is addressing corruption more aggressively, but it is still a factor in South Korea.

SOUTH  
KOREA

Traditionally, the South Korean Government has pursued conservative macroeconomic policies. It has worked to keep the GDP share of government spending and taxes at a comparatively low level by international standards, averaging about 21-22 percent in the past few years. Prior to the 1997-98 Asian financial crisis, during which South Korea went into recession, the budget was virtually in balance. The quality of public expenditure is high with an emphasis on education and public works rather than transfer payments. As a result of the 1998 agreement with the International Monetary Fund to deal with the financial crisis, South Korea largely opened its financial and corporate sectors to foreign investment and removed controls on overseas capital transactions. Such actions have placed South Korea's economy on a more market-driven commercial footing.

### A YOUNG BUT SUCCESSFUL DEMOCRACY

Politically, South Korea has been a democracy since 1987, when the first elections for President were held. Since that time there have been four other elections that have been free, open and fair. The President is directly elected and serves for a five-year nonrenewable term. There is a unicameral National Assembly selected every four years through direct elections.

A continuously pressing political issue is the relationship between the Republic of Korea and the Democratic People's Republic of Korea (North Korea), in particular, North Korea's program to develop and manufacture nuclear weapons and the large army it still maintains. Recent six party talks among the United States, South Korea, China, Japan, Russia, and North Korea have provided a forum to work on these issues, as well as serving as one to expose North Korea to a wider international environment both politically and economically. Economic initiatives, such as the re-linking of the



Express Train in South Korea.

main rail line between South and North, establishing a Special Economic Zone at Kaesong in North Korea and opening a land route for southern tourists to the scenic tourist zone of Mt. Kungang, have progressed, albeit slowly. Currently, there are limited official contacts between the governments of South and North Korea, and government-sanctioned private exchanges continue. Restrictions on U.S. companies doing business in North Korea were lifted in 2000 and some American businesses have started to explore that new market.

South Korea and the United States have been strong friends, partners and allies since World War II. The two countries continue to work together, both in the region and the rest of the world, to combat international terror and to advance democratization and human rights.

### DOING BUSINESS IN SOUTH KOREA

South Korea is a very modern, advanced country with an excellent transportation

infrastructure, modern architecture, highly advanced telecommunications and excellent hotels. Although the country appears to be very Westernized, it remains very traditional. South Koreans have a great respect for family, age and hierarchy, and such elements come into play when selling into the market. The American businessperson, as a foreigner, is generally exempt from these social constraints. However, one should be prepared to answer rather probing questions as to age, marital status and education, which are asked in order to establish a social hierarchy. Business and pleasure are mixed together since business relationships are based on personal ones.

Confucianism is still the strongest ethic in South Korea and reinforces thinking on behalf of the group. Individualism is regarded as selfish. So, when negotiating in South Korea it is worth bearing in mind that proposals will probably fare better if they are presented in the context of benefiting the group. Relationships are all-important. Consequently, "cold calling" is not recommended in this market. Introductions

are an absolute prerequisite to setting up a meeting. Therefore, it is important that American companies be introduced into the market by a third party—be it a private consulting firm or a government agency like the U.S. Commercial Service in South Korea. The staff of the Commercial Service in South Korea has a wealth of contacts that have been established over decades and the staff is ready and willing to assist American companies in opening doors to future business.

Properly formatted business cards are a must in South Korea. Including individual name, position title, and company name are imperative. The position title will dictate at what level a South Korean company will receive you. The giving and receiving of business cards is important and it is customary to show respect for the business card you are to receive by accepting it with both hands. Cards are also presented with both hands. Bilingual business cards are preferable.

Negotiating style is more important in South Korea than in the United States. An abrupt or demanding style may cause a company to lose the business regardless of the better price or excellent technology that may be offered. South Korean negotiators are second to none, so use every advantage to seal the deal. A market entry strategy should include working with an organization within South Korea, such as the Commercial Service to identify appropriate business partners and to obtain market and business information. Other excellent sources of information include the American Chamber of Commerce in South Korea, as well as South Korean Government organizations such as the Ministry of Commerce, Industry and Energy (MOCIE), the Korea Trade-Investment Promotion Agency (KOTRA) as well as the non-government Korea Importers Association (KOIMA).

Contracts in South Korea are not as ironclad as in the United States, and usually regarded as a loosely structured consensus statement that broadly defines what has been agreed but also permits



## The Commercial Service South Korea Export Assistance Center Connection

The Commercial Service in South Korea has established an America Outreach Initiative, in cooperation with U.S. Export Assistance Centers, to encourage smaller businesses to take advantage of the many business opportunities available in the South Korean market. At least three times each month, an industry specialist or American officer visits an Export Assistance Center to provide market briefings and one-on-one counseling to American businesses interested in the South Korean market. As part of the outreach initiative, trade specialists from South Korea participate in a large number of trade shows occasionally accompanied by South Korean buyers. The staff of the Commercial Service in Seoul is also a strong supporter of Asia Now events, which means that you can take advantage of our services when participating in Asia Now trade shows in the Asia Pacific region.

To take advantage of this unique collaboration, contact your local Export Assistance Center, a list of which is found on the back cover of the magazine or at [www.export.gov](http://www.export.gov).

SOUTH  
KOREA



## Intellectual Property Rights In South Korea

South Korea is no different to any other country when it comes to protecting your company's intellectual property rights (IPR) whether it is trademarks, patents or copyrights. Although the South Korean Government believes in the need to protect right holder's intellectual property, the protection of film and music has lagged and, as a result, Korea was placed on the Priority Watch List by the Office of the U.S. Trade Representative on January 8, 2004.

Nevertheless, South Korea is a good market for American products and services. In order to protect your IPR you should consider taking the following actions:

Find out if you need to register your intellectual property in South Korea. Make the staff of the Commercial Service in Seoul your first point of contact. They can assist you with properly registering your patents and trademarks. [www.export.gov](http://www.export.gov).

Contact the Korea Intellectual Property Office (KIPO) for protection of patents, trademarks and utility models since you must register with this organization. Korea operates on a "first to file" basis, which means the first to register with KIPO and not on a "first commercial use" basis as in America. For further information visit [www.kipo.go.kr](http://www.kipo.go.kr).

Hire a licensed local attorney to help you with the registration procedures and to keep track of pending applications.

Under international law, copyrights do not have to be registered to be protected, however, registration with the Ministry of Culture and Tourism ([www.moct.go.kr](http://www.moct.go.kr)) in Korea is highly recommended.

Register the trademark, copyright or patent in your company's name.

flexibility and adjustment in interpretation. The concept of a contract, in the Western sense, is an issue the South Korean government has been addressing by providing model contracts for South Korean companies, especially in the areas of technology licensing. At a minimum, both parties must be in agreement that the obligations in the contract are fully understood and intended. Above all, as in any market, seek legal counsel prior to signing any contract.

Korean names have three parts with the surname usually being given first. Since there are so many people with the same last name, it is useful to know the person's entire name as well as formal title so as to keep confusion to a minimum.

South Korea is not a market where success will be achieved over the short-term. A company needs to plan to be there for the long haul. At the same time, the South Korean market can be very lucrative and well worth the effort.

### METHODS FOR MARKET ENTRY

There are many methods of entering the South Korean market. For most companies just coming into the market, securing local representation is the best way to reach consumers. Aside from being a good business practice, firms bidding on government procurement projects must be registered with the South Korean government and have a base in South Korea.

There are several preferred modes of market entry. The first is to appoint a registered commissioned agent, known as an "offer agent" on an exclusive or non-exclusive basis. Another option is to name a registered trading company as an agent. If the foreign company prefers to have more control, it can establish a branch sales office managed by home office personnel and South Korean staff. Joint ventures and licensing agreements are also potential market entry strategies, but it is recommended that companies considering such arrangements be certain that their product has a good market in South Korea and have sufficient resources to sustain such operations. Conducting a due diligence review on any partner is essential, as is



Incheon International Airport.

taking the appropriate steps to protect intellectual property.

Distribution systems are very advanced in South Korea, and retail outlets are plentiful. In addition to large local retail stores and small family-run businesses, foreign retailing giants such as Wal-Mart and Costco have successfully entered the South Korean market. Direct selling and multi-level marketing are also permitted in this market. Price will be the primary consideration when selling into the market since U.S. cost structures may be higher than those in South Korea. On average, South Korean agents require a 10 percent commission with lower commissions (5 to 7 percent) for general machinery and higher margins (15 to 18 percent) for high technology items such as medical equipment. Consumer product mark-ups range from 50 to 100 percent. Companies should also consider adapting their products to South Korean tastes.

### BEST PROSPECTS

**Infrastructure and Construction**—The South Korean construction market is driven by government-initiated infrastructure projects and public and private housing construction projects. Expenditures in

the South Korean construction market are expected to reach an estimated \$10 billion in 2004. Infrastructure spending is projected to be \$170 billion over the next 15 to 20 years. The best prospects lie in the remodeling industry, intelligent building systems, and cyber apartments. Power generation capacity is expected to double in ten years. In the next five to 10 years, \$159 billion will be spent on transportation construction, \$6 billion on airport development opportunities, and \$6 billion on environmental projects.

American companies are already participating in the development bonanza. The New Jersey-based Gale Company is proceeding with the New Songdo City Free Economic Zone project, a large-scale real estate development and construction project with expenditures estimated to total \$10 billion over the next five years. New Songdo City, a suburb of Incheon, and home of the main international airport, is being developed into an international business center.

Port development is also a priority with new berths under construction at Pusan New Port, at an estimated cost of \$5 billion. CSX World Terminal, based in North Carolina, has been awarded the contract to operate 3 million TEUs of

container cargo per year, worth \$168 million. Pusan New Port will open in 2007.

**Information Technology and Telecommunications**—The market for information technology is projected to grow at 15.7 percent annually reaching a high of \$230 billion. For software and related services alone, the market is forecast to grow at an average annual rate of 20 percent, from a base of \$12.8 billion in 2002. Localization is required for software. A new IT complex is being planned to attract both manufacturing and research and development investment. In terms of telecommunications, South Korea has the highest broadband penetration rates in the world and leadership in wireless local area network services. It also has the world's most wired population with 33 million South Koreans owning mobile phones out of 47.6 million people. South Korea is an ideal test bed for U.S. suppliers, especially for IT products.

**Medical Equipment and Pharmaceuticals**—South Korea has one of the fastest growing health care markets in Asia. The growth rate for medical devices is projected to be 10-15 percent annually over the next several years. International companies currently

supply about 60 percent of total market demand. Total imports were \$1.1 billion, in 2003 with American companies holding 40 percent of market share. Some of the best prospects include orthopedic joints, magnetic resonance imaging systems, diagnostic ultrasound scanners, endoscopes, patient monitors, sterilizers, and cardiac devices. A full list of best prospects is available from the Country Commercial Guide for South Korea at [www.buyusa.gov/korea](http://www.buyusa.gov/korea). Also the South Korean dental device market is the second largest in the Asia Pacific region, after Japan. Imports from the United States, the European Union, and Japan dominate the market with the United States holding the largest share. The South Korean market for pharmaceuticals was valued at \$4.5 billion in 2003. Recently, market demand for pharmaceuticals has grown at eight to nine percent annually in South Korea, outpacing growth in the global market.

**Travel and Tourism**—With South Korean per capita GDP at over \$12,000, South Korean travelers have discretionary income that can be spent on tourism. Although there was a slight decrease in the number of South Koreans traveling abroad in 2003, compared to 2002, approximately 7.08 million South Koreans still decided that tourism was a preferred choice for discretionary spending. The United States remained the leading non-Asian destination with 679,196 visitors who spent \$1.4 billion, an average of \$2,060 per visitor. South Korea is currently the fifth-largest source of inbound visitors to the United States and the second-largest source of visitors among Asian countries. The United States was the third most popular destination, with a 9.6 percent market share, after China and Japan in 2003. Popular destinations are Los Angeles, San Francisco, Las Vegas, Seattle, Hawaii, Guam, Florida, and the New York-Washington D.C. corridor.

**Education and Training Services**—According to the Ministry of Education, South Korea invests almost 7 percent of

its GDP in educational expenditures, one of the highest in the world. The emphasis on education is very much in keeping with South Korea's Confucian culture, which also benefits international providers of education services. In 2003, over 51,000 South Korean students attended colleges and universities in the United States, spending \$1.55 billion, about \$30,000 per student, a 10 percent increase in real terms over the previous year. The traditional overseas education market continues to expand and is being augmented by distance learning as well as business training abroad.

**Franchising**—U.S. franchising interests held a 55 percent share out of a total market of \$55 billion in 2003. Imports of U.S. products and services were \$30.4 billion (70 percent market share for imports) in that year. The market is projected to grow 10 percent annually through 2005. Food service related franchises led the sector at 45 percent

(\$25 billion), followed by education, real estate, cleaning services and mail services at 30 percent and the retail sector at 25 percent. Growth in the franchise sector is due to the affluence of South Korean consumers whose average monthly spending on goods and services was \$1,602 in 2003. Areas for major growth include cosmetics (beauty services and products), retail outlets specializing in organic and natural products and sports and leisure.

**Cosmetics**—The U.S. share of the South Korean cosmetics market was about 5.6 percent out of a total market of \$4.5 billion in 2003. Imports of U.S. cosmetic products were estimated to be \$251 million (35 percent market share for total imports) in that year. The market is projected to grow by 20 percent annually through 2006, as South Korean women have become more receptive to western products, especially foreign health and beauty items. As more South Korean women have entered the labor



Korean Traditional Music.



force and experienced rising incomes, they also have become avid users of imported cosmetics, yielding significant gains for U.S. suppliers. Growth in the cosmetics industry is due to continued market demand for “prestige” high-end, imported cosmetics, the further expansion of cosmetics used by South Korean men and a modification of South Korean government regulations on importing and testing new cosmeceuticals.

Other industries with excellent prospects in the South Korean market include non-memory semiconductors, electrical power systems, architectural/engineering services, digital TV broadcasting equipment (for terrestrial TV services), pollution control equipment, automotive parts and accessories, telematics equipment and solutions and agricultural products. In terms of investment related projects, the energy sector (power industry and gas), port development, pharmaceuticals, and biotechnology are sectors that present significant opportunities in the South Korean market. For additional information on best prospect industries, please visit [www.export.gov](http://www.export.gov) or [www.buyusa.gov/korea](http://www.buyusa.gov/korea). ■



## The Hog Rules In South Korea With Commercial Service Assistance

Harley-Davidson Motor Company, based in Milwaukee, Wis., recently won a contract for 55 new 2004 police motorcycles from the South Korean National Police and the Republic of Korea Army. Although Harley-Davidson had been a supplier to the Korean National Police since the Korean War, a European motorcycle manufacturer had been making inroads into the market. This successful contract was the latest example of the close cooperation between Harley-Davidson and the staff of the Commercial Service in South Korea. As a result of this latest purchase, Harley-Davidson has now solidified its position as a market leader with a 44 percent share of South Korea’s premium bike subsector. In a recent letter to the Commercial Service in South Korea, Mr. Pablo Lee, President of Harley-Davidson in Korea said, “We look forward to receiving your continued assistance and support, without which we could not have achieved what we are fortunate enough to have today.”

SOUTH  
KOREA

Photo courtesy of Harley-Davidson Motor Company.

# Trade Events

## June–December 2004

DATES	EVENT	LOCATION
June 15–16	<b>Asian Elenex 2004 and Asian Automation 2004</b> This biennial event is the largest building services and air-conditioning trade show in Hong Kong. Held simultaneously with Securitex, it attracts professionals from the air-conditioning, electrical, electronics, building services, security, and lighting products industries. Hong Kong is an important market for U.S. building equipment/service providers and HVAC manufacturers, because it imported \$2.3 billion in air-conditioning, ventilation, heating, and refrigeration equipment last year.	Hong Kong
June 21–24	<b>International Exhibition on Environmental Technologies</b> ENVEX is the premier environmental exhibition in South Korea. As the South Korean government has placed more emphasis on the environment, South Korean companies are looking for the latest environmental technologies. ENVEX will include products from every environmental sector.	Seoul, South Korea
June 24–26	<b>Intersolar</b> Intersolar is Europe's largest international trade fair for solar technology that attracted 280 exhibitors and 11,000 visitors in 2003. It is focused on photovoltaics, solar thermal technology and solar architecture. Intersolar is the only European solar technology fair, which has been recognized as an international trade fair by both the German Trade Fair Industry Association and the World Organization for Trade Fairs and Exhibitions.	Freiburg, Germany
July 3–4	<b>American Auto Show</b> The American Auto Show is an exhibition of U.S. companies in the automotive sector. This show is an excellent forum for U.S. companies to obtain market exposure and enter the Dominican market. The show attracts agents, representatives, and end users. The show will feature American cars, automotive parts, and auto accessories.	Santo Domingo, Dominican Republic
July 19–25	<b>Farnborough Air Show</b> The Commerce Department's Aerospace office is organizing an American Products Literature Center at Farnborough 2004. This is a low-cost alternative for small and mid-sized companies that cannot afford to be there in person but still want to explore opportunities for exports to Europe. The Commerce Department will register all business visitors in the Center and send their names and contact information back to the participating U.S. companies after the show.	Farnborough, United Kingdom
July 22–25	<b>OutDoor 2004</b> Main focus of this event is on boats, camping accessories, garments, mountaineering equipment, tents, outdoor sporting goods and accessories. Visit <a href="http://www.messe-friedrichshafen.de">www.messe-friedrichshafen.de</a> for more information.	Friedrichshafen, Germany
August 13–16	<b>Franchise Expo</b> Franchise Expo is the largest show for franchise opportunities in New Zealand. Thousands of people are interested in becoming franchise operators and looking for new opportunities in the franchise sector.	Auckland, New Zealand
August 31– September 2	<b>Mercancias Generales</b> This is the largest general consumer goods show in Mexico. It is hosted by ANTAD, National Association of Supermarket and Department Stores. The fair is located at Centro Banamex, the most modern fair showplace in Latin America. The show attracts a large number of buyers and representatives looking for new products.	Mexico City, Mexico
September 2–5	<b>Eurobike 2004</b> Eurobike confirms its role as Europe's leading trade forum for bicycles. This show includes bicycle retailers from five continents. For further information: <a href="http://www.messe-friedrichshafen.de">www.messe-friedrichshafen.de</a> .	Friedrichshafen, Germany
September 7–9	<b>AnalyticaChina 2004</b> AnalyticaChina is an international trade fair for analysis, biotechnology, diagnostics, and laboratory technology, based on the concept of Analytica in Munich, the world's leading trade fair in this industry branch. It will be held in Shanghai, which is home to China's chemical and pharmaceuticals industry. China is currently the strongest importer of analysis equipment, reagents, and laboratory equipment among all industrial nations.	Shanghai, China
September 9–12	<b>SANA</b> Europeans are spending more and more on natural and environmentally friendly products. SANA features organic products, dietary and nutritional products, herbs, natural cosmetics, food supplements, homeopathic and natural health products, natural fashion products, and furniture. The U.S. pavilion at the show has been an excellent venue for American firms.	Bologna, Italy

## INDUSTRY

## CONTACT INFORMATION

Air-conditioning/  
Refrigeration Eq.,  
Building Products

Elanna Tam  
Tel: +852-2521-5950  
E-mail: Elanna.Tam@mail.doc.gov

Equipment (Pollution  
Control, Renewable  
Energy, Water Resources,  
Safety/Security)

Gregory O'Connor  
Tel: +82-2-397-4356  
E-mail: Greg.O'Connor@mail.doc.gov

Renewable Energy Eq.

Andrea Diewald  
Tel: +49-341-213-8431  
E-mail: Andrea.Diewald@mail.doc.gov

Automotive Parts, Auto  
Service Equipment,  
Automobiles

Isolda Frias  
Tel: (809) 227-2121, ext. 226  
E-mail: Isolda.Frias@mail.doc.gov

Aircraft

Sean McAlister  
Tel: (202) 482-6239  
E-mail: Sean\_Mcalister@ita.doc.gov

Sporting Goods and  
Recreational Eq

Bernd Kietz  
Tel: +49-89-2888-751  
E-mail: Bernd.Kietz@mail.doc.gov

Franchising

Lisa Struneski  
Tel: +649-302-9812  
E-mail: Lisa.Struneski@mail.doc.gov

Apparel, Consumer Elec-  
tronics, General Consumer  
Goods, Giftware, House-  
hold Consumer Goods

Amanda Ayvaz  
Tel: (202) 482-0338  
E-mail: Amanda\_Ayvaz@ita.doc.gov

Sporting Goods/  
Recreational Eq.

Bernd Kietz  
Tel: +49-89-2888-751  
E-mail: Bernd.Kietz@mail.doc.gov

Biotechnology, Laboratory  
Scientific Instruments

James Golsen  
Tel: +86-21-6279-7630  
E-mail: James.Golsen@mail.doc.gov

Drugs/Pharmaceuticals,  
Processed Foods,  
Medical Eq.

Piera Gattinoni  
Tel: +39-02-659-2260  
E-mail: Piera.Gattinoni@mail.doc.gov

# HIGHLIGHTED EVENTS

## ASIAFOOD 2004

**SEPTEMBER 1-4, 2004  
MANILA, PHILIPPINES**

Asiafood 2004 will feature equipment and products in the food processing, packaging, and handling equipment sectors; food service equipment; and specialty food sector. Asiafood is the largest trade show for the food industry in the Philippines. The Commercial Service staff in Manila is organizing a U.S. Pavilion. Over 800 local and foreign exhibitors participate every year. Best sales opportunities for U.S. suppliers include: dryers for food and beverages; industrial microwave ovens for cooking or heating food; machines for aerating beverages; bakery machinery; machinery for making hot drinks; cereals and vegetable processing equipment; wines and spirits, and specialty foods.

Contact:  
Dey Robles  
Tel: (632) 888-6078  
E-mail: Dey.Robles@mail.doc.gov

## RUJAC AFTERMARKET AUTOMOTIVE SHOW

**SEPTEMBER 1-3, 2004  
GUADALAJARA, MEXICO**

The U.S. Commercial Service in Guadalajara will organize a product literature center at Expo RUJAC 2004 at Expo Guadalajara. U.S. firms in the automotive aftermarket industry are encouraged to participate in Expo RUJAC, the largest industry event in Western Mexico. It is expected to attract 17,000 buyers this year. The staff of the Commercial Service in Guadalajara will support participants by promoting company literature, gathering trade leads, and preparing a final report with contact information of the trade leads gathered.

Contact:  
Alicia Zayas  
Tel: +52-33-3615-1140 Ext. 102  
E-mail: Alicia.Zayas@mail.doc.gov

Gerardo Victorica  
Tel: +52-33-3615-1140 Ext. 103  
E-mail: Gerardo.Victorica@mail.doc.gov

TRADE  
EVENTS

DATES	EVENT	LOCATION
September 13–17	<b>Health Care Technologies</b>  This health care trade mission will consist of pre-set appointments for the participating U.S. companies, briefings by the Commercial Service and industry, and networking opportunities. The product focus will be comprised of medical products and devices, healthcare services and diagnostics.	Prague, Czech Republic Bratislava, Slovak Republic Budapest, Hungary
September 14–19	<b>Automechanika</b> In 2002, Automechanika featured more than 3,000 exhibitors, including 200 from the United States, in 250,000 square meters of exhibition area. It attracted 162,635 visitors. This biennial fair is the world's largest display of automotive parts (OEM and aftermarket) and service equipment. Wholesalers and distributors are the primary visitors.	Frankfurt, Germany
September 20–21	<b>Natural Health Products</b> Canada's new natural health product regulations come into force this year. U.S. companies have an opportunity to take advantage of Canada's growing demand for natural health products. Specific opportunities lie in vitamins and minerals, health food, supplements, herbal products and remedies, and homeopathic medicines. Industry analysts will explain Canada's new regulations, as well as customs, legal, and other issues.	Montreal, Canada
September 23–25	<b>Top Resa 2004</b> U.S. pavilion is organized by Top Resa, in close coordination with the VisitUSA Committee with the support of the U.S. Commercial Service in France. Top Resa is the major travel and tourism trade event in France. In 2003, 25 U.S. destinations exhibited as part of the U.S. pavilion.	Deauville, France
September 26– October 1	<b>Infrastructure Trade Mission</b> The objective of this mission is to provide U.S. architectural and engineering firms the opportunity to explore the potential for tourism infrastructure projects in Turkey, Bulgaria, and Croatia.	Bulgaria, Turkey, Croatia
September 30– October 3	<b>Expopharm 2004</b> Expopharm is Europe's largest pharmaceutical trade show catering to the pharmacy and over-the-counter market. It is organized by the German Pharmaceutical Association. The annual trade event usually counts over 500 exhibitors and roughly 20,000 strictly trade-only, visitors. Products on display include pharmaceutical equipment, products and services, OTC products and health supplements, home care products, diagnostics, cosmetics, pharmacy furnishings and equipment, computer hardware and software for pharmacies.	Munich, Germany
October 3–5	<b>Golf Europe</b> This trade show is the largest golf exhibition in Europe. Excellent opportunities exist for U.S. firms in the German and European golf markets. U.S.-made golf equipment is highly regarded in the sophisticated, quality-conscious German market. Golf Europe is a specialized show for golf course owners and operators with approximately 300 exhibitors from over 30 countries and nearly 5,000 strictly in-the-trade visitors from 45 countries.	Munich, Germany
October 20–27	<b>K' 2004</b> The triennial K' show is the world's largest trade event for plastics and rubber materials and machinery. Last K' show in 2001 attracted a total of 2,872 exhibitors (146 U.S. exhibitors) and 227,934 international visitors from 100 countries. K' 2004 will host two to three U.S. pavilions. Visitors and exhibitors from the United States will find distributors and clients from around the world.	Dusseldorf, Germany
November 24–27	<b>MEDICA 2004</b> Considered the world's most important and largest international fair for medical equipment, Medica draws, 3,900 exhibitors and 139,000 trade visitors from around the globe. Products include medical equipment and services, hospital equipment and supplies, laboratory technology and pharmaceuticals, diagnostics, building engineering, communication technology, therapeutics and orthopedics.	Dusseldorf, Germany
November 30– December 3	<b>Pollutec 2004</b> Pollutec is France's premier environmental technologies trade show, covering the major environmental technology sectors, including water and waste water treatment, air pollution control, solid waste and hazardous waste management, recycling, renewable and clean energies, soil and groundwater remediation, noise and engineering.	Paris, France

## INDUSTRY

## CONTACT INFORMATION

Health Care Services, Medical Eq.	Bill Kutson Tel: (202) 482-2839 E-mail: William.Kutson@mail.doc.gov
Automotive Parts/ Services Eq.	Michael Thompson Tel: (202) 482-0671 E-mail: Michael_Thompson@ita.doc.gov
Vitamins and Minerals, Health Food Supplements, Herbal Products/Remedies, Homeopathic Medicines, Neutraceuticals, Prebiotics	Pierre Richer Tel: (514) 398-9695 x2261 E-mail: Pierre_Richer@mail.doc.gov
Travel and Tourism Services	Valerie Ferriere Tel: +33-0-1-43-12-27-70 E-mail: Valerie.Ferriere@mail.doc.gov
Architectural, Construction, and Engineering Services	Sam Shir Tel: (202) 482-4756 E-mail: Sam.Shir@mail.doc.gov
Drugs and Pharmaceuticals, Cosmetics, Health care	Anette Salama Tel: +49-211-737-767-60 E-mail: Anette.Salama@mail.doc.gov
Sporting Goods/ Recreational Eq.	Amanda Ayvaz Tel: (202) 482-0338 E-mail: Amanda_Ayvaz@ita.doc.gov
Plastics/Rubber Materials, Plastics/Rubber Production Machinery	Kirsten A. Hentschel Tel: +49-211-737-767-30 E-mail: Kirsten.Hentschel@mail.doc.gov
Medical, Diagnostics, Health Care	Anette Salama Tel: +49-211-737-767-60 E-mail: Anette.Salama@mail.doc.gov
Biotechnology, Laboratory Scientific Instruments, Operations/Maintenance Services, Pollution Control Eq., Renewable Energy Eq.	Everett Wakai Tel: +33-0-1-43-12-20-45 E-mail: Everett.Wakai@mail.doc.gov

## EQUIFAIR 2004

**SEPTEMBER 8-12, 2004**  
**CALGARY, CANADA**

Equifair is Canada's largest trade fair dedicated to equine trade. Presented with the Spruce Meadows' Masters Horse Jumping Tournament, it is an ideal setting for companies to enter the Canadian markets. Generally the attendance to the fair reaches 200,000. The participants will receive logistical assistance, including free-trade zone, work permits, and fully dressed booth space in the turn-key pavilion package.

Contact:  
Michael Speck  
Tel: (403) 265-2116  
E-mail: Michael.Speck@mail.doc.gov

## BATIMAT

**SEPTEMBER 13-16, 2004**  
**ST. PETERSBURG, RUSSIA**

The building products industry is currently one of the most rapidly developing sectors of the Russian economy. In addition, there is growing interest from Russian distributors in American building products. The time for U.S. producers and exporters to tap into this rapidly expanding market sector is at hand. Batimat is one of two major trade shows devoted to building products in Northwest Russia. Participation in the product literature center will enable U.S. firms to test this exciting market for their products.

Contacts:  
Alexander Kansky  
Tel: +7-812-326-2581  
E-mail: Alexander.Kansky@mail.doc.gov

## BILATERAL INVESTMENT CONFERENCE

**SEPTEMBER 15-17, 2004**  
**ABUJA, NIGERIA**

The Corporate Council on Africa and the Nigerian Economic Summit Group will hold a private-sector bilateral investment conference in Nigeria this fall. The conference will convene both public and private sectors to discuss improvements in Nigerian investment and emerging opportunities. Workshop topics include: agribusiness, solid minerals, information and communication technology, energy and power, housing, transportation infrastructure, and financial services. Attendees will have opportunity to network for future business in Nigeria's growing market of 130 million consumers.

Contact:  
Josh Katz  
Tel: (202) 835-1115  
E-mail: Jkatz@africacncl.org

TRADE  
EVENTS

# Localization for South Korea

## Cultural and Linguistic Sensitivities Ease Sales

By Laurel Wagers

*Multilingual Computing & Technology*

**S**outh Korea is a leading market of Asia and a leader in popular culture of the region. It is also, according to Don Shin, founder of 1-Stop Translation in Los Angeles, California, a good place to start if you hope to do business in Asia. "In the past," says Shin, "the culture came from Japan, but now it's shifted to South Korea. What's popular in South Korea is accepted as the best in other countries, especially China, Taiwan, and other southern East Asian countries. So, it's better to start with South Korea if you have other Asian markets in mind."

Is your product ready for South Korea? Are you ready to do business there? Have you looked into localization for South Korea?

### WHAT IS LOCALIZATION?

Localization is the process that adapts a product to a language, culture, or market other than where it was originally built. A successfully localized product will look, feel, and operate as if it had been designed in, and made in and for, that country. The term is used particularly in the software industry, where localization often results in changes to the product's user interface—that is, the language and writing system used for such information as the proper display of time, date, numbers, and currency formats. The process includes translation, but it is much more than that.

Why localize your product? Localization makes your product more accessible to end users and customers. And it makes good financial sense. The research firm Common Sense Advisory recently surveyed managers of 50 global businesses and learned that they spent "between one quarter of one percent and 2.5 percent of their non-U.S.,

non-Anglophone-market revenue per year to localize product documentation, user interfaces, Web sites and service-related materials for six to ten markets." That small investment in localization for those six to ten new markets opens the door to increased sales around the world.

Localization of a product requires understanding how the target language and culture work—that is, how people will perceive the product, what laws or regulations affect it, and how it fits into the local environment.

### CHARACTERISTICS OF THE SOUTH KOREAN MARKET

Each industry and each business localizing for South Korea will have special requirements or considerations. "For example," Shin says, "for drug sellers, their drug-importing-related regulation is most important, while for software companies the double-byte conversion costs a lot of time and effort. For Web-based businesses, their first concern should be the different sequence in sentences and the variety of honorifics and articles (in grammar) that makes Web site localization very troublesome."

A few points can be made in general terms. "You should know," Shin says, "that South Korea has a very well-developed Internet and communications. More than 99 percent are using broadband Internet connections, and their DSL is five times faster than DSL in the United States. From seven-year-olds to 70-year-olds, 90 percent of them are very good with computers and the Internet. In localization you should have this different environment in mind. For example, South Korean Web sites and software are more active and colorful because they do not worry about speed and memory that much."

Shin also points out that South Korea is a small country geographically—a five-hour drive from end to end. This means that with fast Internet connections and communication available, trends change quickly. Traditional market research may be too slow to keep up with them. He comments that while testing consumer acceptance is useful, this can be a dangerous market in which to make long-term commitments.

To do business in South Korea, some business experts strongly recommend finding a local partner (or at least a contact person) to make formal introductions and a government-approved agent to advise you. "It depends on the partner and business sector you work in," Shin says. "For example, to do a food chain, you can do that yourself, but to sell network marketing, you definitely need a partner."

What industries are most likely to find a market in South Korea? "Education and fashion!" Shin says, "especially

English education—that is a big, big market. For example, an Ivy Leaguer can charge \$3,000 per month for three hours per week for English tutoring, and usually students take three to five lessons.”

## ALPHABET, LANGUAGE DIFFERENCES ARE KEY

The Korean language is mostly written in the Hangul alphabet in which 14 base consonants and 10 base vowels are combined to form syllables in complex ways. Written materials may also include characters in Hanja, which is the Korean name for the Chinese ideographic system, with its thousands of characters. Like Chinese and Japanese, Korean is a double-byte language, which means that Korean text often requires more memory or more space for input or for field names than comparable English or French text.

Since each Korean character consists of two to five alphabetic characters combined together, it's hard to read in small print. Korean characters therefore need to be bigger than Latin-script characters. This makes a difference on any printed material and on the user interface of a software screen.

The sequence of words in a Korean sentence is different from English, as are the ways to show dates, time, and measurements.

“It's a very different language,” Shin emphasizes, “So you should understand that if you've gone into other European languages, please prepare for going into Korean to take twice as much time and expense.” The one piece of good news, according to Shin, is that the language specialists in South Korea have enough experience and skill to do the job.

## FINDING VENDORS TO DO THE WORK

When you are ready to build your product or Web site for South Korea, you need to consider a number of questions. What in your product, Web site, software, and/or documentation needs cultural adaptation or translation for Korea? Do you want to work with a provider who is close to your

market or close to your company headquarters in the United States? Do you want to launch a Korean product at the same time as the English version, or later?

It is wise to find translation and localization professionals who have extensive experience in Korean-language work and up-to-date knowledge of South Korean regulations and business practices. Just as you would prefer a manager who has extensive experience with accounting software, if that is your product, you will want to work with translators, interpreters, and localizers who are comfortable with accounting and software terminology in both languages.

Many localization or translation companies combine specializations along with project management services. They may focus on one language combination or an industry such as automotive manuals, medical-device software, or legal documents. Each one is different.

For example, Shin's company ([www.1stoptpr.com](http://www.1stoptpr.com)) specializes in Asian languages, especially Simplified Chinese, Traditional Chinese, Japanese, and Korean. Services include translation and interpreting, typesetting, printing, software localization, voice recording, and subtitling. The company has branch offices in China and South Korea.

Another company, Beijing E-C Translation Ltd. in Beijing ([www.e-china.com](http://www.e-china.com)), “focuses on the translation of English/German/Japanese into and from Simplified Chinese, Traditional Chinese, Japanese, Korean, and Thai. The company has a branch in South Korea and works in software and Web site localization, technical translation, and desktop publishing.

Boffin Technologies Ltd. ([www.boffinchina.com](http://www.boffinchina.com)) in Shenzhen, China, offers software localization and testing, Web site localization and engineering, and desktop publishing in Chinese, Japanese, Korean, and major European languages. TargeTek Co. Ltd. ([www.targetek.com.tw](http://www.targetek.com.tw)) in Taipei, Taiwan, describes its services as software application localization, documentation translation and desktop publishing, Web site localization, and multimedia localiza-

## Learning More About Localization

For more information about localization, take a look at some of these resources:

- John Amos, *Cultural Navigation Guide to Europe, Asia and Latin America* (Los Angeles, Calif.: Interlingua Publications Ltd., 2001).
- Declan's Korean Language Page ([www.declan-software.com/korean.htm](http://www.declan-software.com/korean.htm)). This Web site has information about the Korean language and script, plus links to Korean language learning sites and other language and cultural resources.
- Donald A. DePalma, “Establishing Key Performance Indicators for Localization,” in *MultiLingual Computing & Technology* (Supplement no. 57, July/August 2003; available at [www.multilingual.com](http://www.multilingual.com)).
- Lingo Systems, *The Guide to Translation and Localization: Preparing Products for the Global Marketplace* (Available at [www.lingosys.com](http://www.lingosys.com)).
- Bill Tuthill and David Smallberg, *Creating Worldwide Software*, 2nd ed. (Mountain View, Calif.: Sun Microsystems Press, 1997).

tion for the Traditional and Simplified Chinese, Japanese, and Korean markets.

## INFORMING YOURSELF BEFOREHAND

To help client companies understand the process and ask the right questions, Lingo Systems, a localization and translation company in Portland, Oregon, has published *The Guide to Translation and Localization*. You can request a free copy at [www.lingosys.com](http://www.lingosys.com).

MultiLingual Computing ([www.multilingual.com](http://www.multilingual.com)), publisher of the magazine *MultiLingual Computing & Technology*, maintains an on-line list of resources for localization, internationalization, translation, and other language-related industries. More than 1,300 links are available, and access is free of charge. ■

*Laurel Wagers is managing editor of the magazine MultiLingual Computing & Technology.*

INTERNET  
MARKETING



U.S. DEPARTMENT OF COMMERCE  
INTERNATIONAL TRADE ADMINISTRATION  
Room 3414  
1401 Constitution Avenue, NW  
Washington, DC 20230



# U.S. Export Assistance Centers

U.S. DEPARTMENT OF COMMERCE

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Birmingham  
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