

# EXPORT *America*

April 2001 Volume 2 Number 6  
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THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS



## World Trade on Tour

*Inside:*

- Dietary Supplement Exports
- Researching Cultural Etiquette
- Death Valley Goes Global





# IT and Telecom Trade Mission to Russia SvyazExpoComm

**MOSCOW AND  
ST. PETERSBURG  
MAY 12-19, 2001  
U.S. DEPARTMENT  
OF COMMERCE  
INTERNATIONAL  
TRADE  
ADMINISTRATION**

Participation Closing Date:  
April 6, 2001 (Applications  
received after date will only  
be considered if space and  
scheduling permit.)

An Executive Level IT and Telecom Trade Mission to Moscow and St. Petersburg, Russia will take place May 12 - 19, 2001. Participation in this mission will give U.S. businesses an opportunity to initiate or expand interests in the Russian IT and telecom markets. Mission members will meet with executives of Russian IT and telecom companies to obtain information on upcoming opportunities, the business climate, and key players. U.S. firms will be introduced to potential Russian business partners during SvyazExpoComm, Eastern Europe's largest IT/telecom trade show, and through a series of one-on-one meetings with pre-screened Russian business executives. The Deputy Assistant Secretary of Commerce for Information Technology Industries will lead the mission.

### *Background: Information Technology Market*

The growth potential of e-commerce in Russia is larger than in any other Eastern European country. Internet usage and e-commerce development has spread quickly throughout Russia, creating substantial opportunities for U.S. companies. Russia is receptive to U.S. hardware and software products, universally recognized for their quality and sophistication. IDC estimates IT revenues in Russia totaled \$2.4 billion in 2000 and are expected to reach \$2.7 billion in 2001, a 12.2 percent growth rate.

### *Background: Telecommunications Market*

The Russian telecom market in 2000 was \$5 billion and is expected to achieve a growth rate of 12.4 percent in 2001. Total revenues increased by 21 percent since last year. Teledensity in Russia is 21 percent compared to 66 percent in the U.S., and 7 percent of the population is waiting for basic service. Cellular phone penetration is 2 percent versus 30 percent in the U.S. The Russian Government is planning to invest \$33 billion in the telecommunications sector in the next ten years.

**Benefits and Cost of Participation: Total Cost is \$2,900, which includes:**

- A schedule of tailored pre-arranged one-on-one appointments with qualified business contacts.
- Meetings with key Russian government and industry decision-makers.
- Participation in SvyazExpoComm, Eastern Europe's largest IT/telecom trade show, with company literature displayed at a U.S. Department of Commerce exhibit booth.
- On-site logistical and marketing assistance, including interpreters during meetings.
- Business receptions allowing participants to meet and network with key government officials, industry representatives and prospective business partners.
- Publicity in both cities provided through press releases in Russian and other promotional vehicles.

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# EXPORT America

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law of this department.

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**“A commodity conveyed from one country or region to another for purposes of trade” is Webster’s definition of exporting.**

Traditional exporting is thought of as the physical movement of goods between countries and the exchange of money for those goods.

The export of services, however, challenges this intuitive definition of “exporting.” Services, such as tourism, are exported by attracting international consumers to the United States, providing the service here, with the visitor returning to his country of origin. Other service exports include financial, telecommunication, education and franchising. There is no Shippers Export Declaration, no export licensing, or import certification filed with a service export. Therefore service exports are not as easy to track, do not produce the detailed statistics of merchandise exports, but are still a major growth segment for exports as well as the U.S. economy as a whole.

Tourism is a major industry for the U.S., catering to domestic and international visitors. Tourism is the top ranked service export for the U.S., generating revenues of \$95 billion in 1999. In comparison, the top three merchandise exports of 1999 were Capital Goods (\$312 billion), Industrial Supplies and Materials (\$147 billion) and Consumer Goods (\$81 billion),

according to the Bureau of Export Statistics. Exports of Tourism services ranks within the top three exports, based on total revenue received. Our feature this month explores the international tourism industry for the U.S. We describe how community businesses that are passively attracting international visitors can use state and local resources to actively attract visitors from specific countries of origin. Additionally, National Tourism Week will be observed beginning May 6. State and local activities will be organized to highlight this important segment of our economy.

This issue, we also have articles on the export of dietary supplements and an overview of the Small Business Administration’s Export *Express* program, which helps small businesses finance exports. Next month, we celebrate National Trade Week in the third week of May, the focus of which will be on the larger realm of services exports. We will also take a look at the information technology market in the Ukraine and receive guidance from the Trade Information Center on exporting hazardous materials. Until then, good luck in your exporting endeavors and if you have feedback, feel free to drop us a line at [Export\\_America@ita.doc.gov](mailto:Export_America@ita.doc.gov).

*Cory Churches*

Cory Churches  
Editor





## GLOBAL NEWS LINE

### NETHERLANDS

**The Dutch market offers good prospects for remanufactured automotive parts with competitive pricing and on-time delivery agreements.**

The remanufactured parts equipment segment is underdeveloped because of very little remanufacturing of automotive parts in the Netherlands. This creates a lucrative market for U.S. remanufactured motor vehicle parts.

There are no restrictions or conditions placed on the importation of remanufactured, rebuilt and/or used motor vehicle parts in the Netherlands. Remanufactured automotive parts are treated or considered as new parts with import duties ranging between 2-5 percent.

These conditions apply to all remanufactured, rebuilt and/or used motor vehicle parts imported into the Netherlands. There are no quotas or limitations on remanufactured, rebuilt and/or used motor vehicle parts and no special treatment or conditions levied. For more information on the European automotive industry, please contact Ayube Shirriff, Automotive Commercial Specialist Email: Ayube.Shirriff@mail.doc.gov.

### SLOVENIA

**In January, the government of Slovenia awarded the U.S. company Western Wireless a license to provide mobile telephone services at the 1800 MHz frequency.** Slovenia's mobile telephone market has grown by 86 percent over the past year. In 1999, the number of mobile telephone users in Slovenia was estimated at 608,000. In 2000 the number of mobile telephone users grew to 1.13 million. This is 55 percent of the total population.

Slovenia has one of the most developed telecommunications infrastructures in Central and Eastern Europe. In addition to high cellular penetration, Slovenia has very high Internet

penetration. In a recent survey Slovenia was ranked number six worldwide for Internet penetration as percentage of population. Over 22 percent of the population has access to the Internet. To learn more about opportunities in the Slovene market, contact the Central and Eastern Europe Business Information Center at (202) 482-2645 or by Email Ceebic@ita.doc.gov.

### MOROCCO

**In the framework of its telecommunications liberalization program, the Moroccan Government has scheduled the issuance of tenders for the award of three types of licenses (local loop licenses, one backbone license, one national license) for the fourth quarter of 2001.**

In this view, the Agence Nationale de Réglementation des Télécommunications "ANRT" (National Telecommunications Regulatory Agency), on March 1, 2001, issued an "invitation to express interest," which aims at collecting comments from potential bidders on the basic technical components and options to be taken into consideration in the finalization of the licenses tender documents.

The deadline for the submission of the expression of interest is April 17, 2001 at 15:00 GMT. Interested firms must express their interest using the ANRT questionnaire, which can be downloaded from the ANRT's website, or picked-up at ANRT. Interested firms must submit their interest, comments and suggestions by sealed mail to ANRT, and must include the electronic version presented in Word, Font Arial, Size 12, Interline 1.5. Responses in Arabic, French and English will be accepted.

Responding to the ANRT's invitation to express interest, does not constitute a commitment for both parties nor is it pre-selection. Any interested firm will have the opportunity to bid on the licenses whether or not they answered the present invitation.

The web address for ANRT is [www.anrt.net.ma](http://www.anrt.net.ma). For more information contact Senior Commercial Officer, Kathy Kriger Email: Kathy.Kriger@mail.doc.gov.

### KOREA

**CS Korea is facilitating a clarification of the Republic of Korea's (ROKG) new requirement that went into effect on March 1, for BSE-free certification for pharmaceuticals and food supplements with gelatin as well as cosmetics that contain ingredients of bovine origin.** The new requirement could potentially become a market access issue for U.S. suppliers. CS Korea has already assisted one U.S. supplier of gelatin-based food supplements in freeing its products, which were seized by Korean Customs in advance of the regulation's effective date. CS Korea is working closely with the U.S. pharmaceutical industry and the Korean Food and Drug Agency to clarify how the new regulation will be implemented and to ensure that the ROKG does not unfairly deny market access to U.S. products.

### INDONESIA

**The development of the Indonesian machine tool industry is improving following signs of general economic improvement in 2000.** Indonesia imported machine tools valued \$65.7 million in 2000 (January - September), a 31.4 percent increase from \$50.1 million for the same period in 1999. The main consumers of machine tools in Indonesia are the automotive assembly industry, automotive parts and component industry, machine and metal working industry, steel structure industry, repair and service industry, manufacturing and metal working industry and ship building industry.

Indonesia still depends on imports of sophisticated machine tools to support the country's efforts to improve basic infrastructure and industry sectors. Data from the Indonesian Central Bureau of Statistics for 2000 (January -

September) indicate that Japan at 35 percent and Taiwan at 21 percent account for over half of Indonesian machine tool imports. China was third at 7.99 percent followed by the United States at 6.2 percent, Germany at 6.0 percent and Italy at 4.8 percent.

## AUSTRALIA

The United States and Australia recently announced plans to begin negotiations in late March 2001 to revise their current income tax treaty. The revision would modify the treaty currently in force between the two countries, which has been in effect since 1983. The two governments have decided that the current treaty needs to be updated to take into account changes in the tax systems of both countries. Australia has made a number of major changes to its tax laws in the past year, including the establishment of a Goods and Services Tax to replace the wholesale tax, and reforms in income tax, capital gains taxation, accelerated depreciation and anti-avoidance measures. Expatriate taxation issues, including the requirement to pay funds into retirement funds both in Australia and in the United States, may also be addressed. Negotiations are set to begin in Canberra during the last week of March.

## CANADA

Information on the regulations pertaining to marketing pharmaceutical drugs in Canada can be obtained from the Government of Canada's public health ministry, Health Canada. The U.S. Commercial Service in Montreal has produced a written report that provides guidance for U.S. pharmaceutical exporters and gives an overview of the regulatory processes. In order to benefit fully from the guidance provided in this report, it is recommended that readers download and print a copy of the Food and Drugs Act and related regulations from Health Canada's website. For further information, contact Pierre Richer, Senior Commercial Specialist at the U.S. Consulate in

Montreal. Tel: (514) 908-3661 or Email: Pierre.Richer@mail.doc.gov.

## MEXICO

As part of the finance initiative launched by Principal Commercial Officer Virginia Krivis, Commercial Service Guadalajara organized "FINANCING USA" January 23-25—the first trade event in Latin America dedicated to promoting U.S. financial services. Representatives from the Export-Import Bank and 11 financial institutions from around the U.S. participated in a seminar, VIP reception, press conference and one-on-one meetings. The event focused on opportunities for financing imports from the U.S. at more favorable terms than those provided by Mexican banks.

Financing USA generated interest from all over Mexico, including the participation of high-level executives from far away cities and officials from economic development ministries of three neighboring states. U.S. participants were extremely pleased with the organization of the event and high quality of leads generated and expressed great interest in returning for the next edition.

Participating institutions: Allfirst Bank (Baltimore), AmTrade International Bank (Tampa), Compass Bank (Houston), First International Bank (Hartford CT), GMAC Trade Finance (Mexico City), Leader Trade Finance (Miami), Meridian Finance Group (Los Angeles), PNC Bank (Pittsburgh), Union Planters Bank (Coral Gables FL), Wells Fargo Bank (El Paso TX), EX-IM (Washington DC & Miami)

## INTER-AMERICAN DEVELOPMENT BANK

The financing of social and economic development programs in Latin America and the Caribbean by the Inter-American Development Bank creates billions of dollars in opportunities for U.S. businesses. In 2000 alone, the bank financed over \$5.2 billion for

projects covering a wide range of sectors, including health care, information technology, environment, agriculture, modernization of the state, education, transportation, urban development and housing, energy, water and sanitation and finance. Thousands of contracts were awarded for the procurement of goods and services required for IDB-financed projects.

To educate firms on the procurement procedures and sector-specific opportunities, the IDB holds monthly business seminars that can help firms identify and win these opportunities. Companies will also learn how projects are initiated and developed and how to stay in the loop for future projects. Seminars will be held at the IDB in Washington, D.C. Upcoming seminars for 2001 include: Information Technology; Procurement Workshop; Energy, Urban Development and Transportation; Financing Private Sector Projects; a Procurement Workshop; and Education and Health. The Commercial Service Office at the IDB has found these events to be extremely valuable for companies looking to get business out of IDB-funded projects.

For more information or to register, send an Email to [business@iadb.org](mailto:business@iadb.org), or contact Sarah Murphy in the Commercial Service Office at the IDB at (202) 623-3842 or Email: [SarahM@iadb.org](mailto:SarahM@iadb.org).

### NEED MORE DETAIL?

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

# EXPORTING NUCLEAR INSTRUMENTATION

SMALL BUSINESS FINDS SAFE AVENUES TO WORLD MARKETS

by Jesse Leggoe

*E-Award Program, U.S. & Foreign Commercial Service*

While the hazards of the international business environment cause many small businesses headaches, the Cincinnati Company of Ohmart/VEGA has learned to transform hazardous materials into international trade success. Started in 1950 by nuclear scientist Philip E. Ohmart, Ohmart/VEGA has pioneered some of the most widely used nuclear instrumentation in the world and has built a successful overseas market by navigating the maze of regulations required to ship precision instrumentation and radioactive materials abroad.

From getting their products certified as “explosion proof” by the Canadian Standards Association, to arranging international air cargo flights for shipments to Europe, Ohmart/VEGA has overcome the difficulties of international certifications and standards and seen export sales grow over 100 percent in the last five years.

This progress is especially significant considering that the company had to face a completely different regulatory environment when it crossed the Atlantic. “It’s not a uniform system,” International Division Director Paul Holzschuher says, “in order to sell in Europe, we have to go to Europe.” For many of its products, Ohmart/VEGA faced competitors based in Europe who

already held “home-field” advantage. Dealing with the intricacies of national regulations required a thorough examination of varying national standards, something that could not be achieved without considerable costs and no small measure of determination.

Ohmart’s story is not just about overcoming international regulations. It is also about a small company facing the same obstacles that many U.S. small businesses exporters encounter and how these obstacles were steadily overcome through a patient and often-cooperative approach.

Mr. Holzschuher commented on how things are different for a company of only 100 employees. “People don’t come to us,” Holzschuher noted, “we have to go find them. For small businesses, international sales agents and distributors are key to success.” In the case of Ohmart/VEGA, Holzschuher emphasized that this relationship was critical because the company initially did not have the resources or manpower to open an overseas office and staff it with people having the necessary skills. Finding the right contact to connect your business to the local market can make all the difference.

The Commercial Service realizes the importance of this link for small and medium-sized enterprises (SMEs) and provides an International Partner



Photo courtesy of Ohmart/VEGA

Elizabeth Sears, former Deputy Assistant Secretary of the Commercial Service presents the “E Star” flag to Ohmart/VEGA’s president, Joe Stigler.



Search (IPS) for companies looking for the right match. IPS assists U.S. firms in obtaining interested and qualified overseas partners for their services or products and promotes U.S. exports by helping these firms gain effective representation abroad. In each target market, the post conducts a personalized search to select the most promising prospects for the particular U.S. firm. The post initially screens the possible agents, distributors, joint venture partners, manufacturer's partners, franchisees, licensees or strategic alliance partners, then directly contacts the top prospects to review the U.S. firm's products or services marketing objectives. Mr. Holzschuher said he would "highly recommend" this service to any firm interested in seriously exploring overseas markets. He also recommended that small companies talk with complimentary industries that have operated abroad, and of course, always listen to what the customer has to say.

Ohmart/VEGA has found a good deal of success abroad and has been able to invest more resources in what has turned out to be an extremely profitable part of their business. They have maintained an operations center in Perth, Australia for over four years now that acts as their gateway to southern Asia, and recently, Ohmart/VEGA ventured into China, opening an office in Beijing last year. Holzschuher is very optimistic for small American exporters. "Half our business is now overseas," Holzschuher said, "If we can achieve those kinds of numbers, with all the regulatory clearance and certifications we have had to acquire, then exporting success is possible for anybody." Mr. Holzschuher attributes much of Ohmart/VEGA's success overseas to the 12 years of assistance provided by the Cincinnati U.S. Export Assistance Center, currently headed by Director Dao Le.

As a crowning achievement, Ohmart/VEGA was recently honored with the President's "E Star" Award for



Photo courtesy of Ohmart/VEGA

Employees of Ohmart/VEGA gather before last year's "E Star" Award ceremony.

Exporting, joining an elite club of 500 companies that have received this award since it was established in 1969. The "E Star" award is the U.S. Government's highest commendation for American businesses, recognizing continued success in exporting. Former Deputy Assistant Secretary Elizabeth Sears made the formal award presentation to Ohmart/VEGA last May. Sears remarked that meeting the people of Ohmart/VEGA, and seeing their appreciation for the assistance and recognition of the Commercial Service, truly reminded her how rewarding it is to work with SMEs.

The "E Star" Award is part of the President's "E" Award Program which recognizes excellence in American exporters and export service organizations. Founded in 1961 by President Kennedy, the "E" Award Program has honored over 2,000 American companies that have opened international markets to U.S. products. Companies that demonstrate sustained export growth, enter difficult product markets, or display innovative marketing techniques are encouraged to contact their local U.S. Export Assistance Center for details on the program.

Additional information on the President's "E" Award and "E Star" Award programs, sample applications and instructions can be found on the Commercial Service's official website, [www.usatrade.com](http://www.usatrade.com), under the listing "Special Initiatives."

The story of Ohmart/VEGA demonstrates vividly how small companies can perform well in the international arena when faced with obstacles that would challenge even the biggest companies. For a firm of one hundred employees to succeed in a tightly competitive and highly regulated foreign market might seem miraculous. But with the assistance of the U.S. Commercial Service and a little creative thinking, the hazards of the international market are no match for a determined U.S. small business. ■

#### Contact information:

A listing of all Export Assistance Centers in the U.S. can be found on the back cover of this publication. Businesses wishing to contact Ohmart/VEGA can do so by calling (513) 272-0131 or by visiting their website located at [www.ohmart.com](http://www.ohmart.com).

# FROM WAGON TRAINS TO TOURIST TRAVEL

## DEATH VALLEY GOES GLOBAL

by Curt Cultice  
*Office of Public Affairs*

The last wagon train crossed its terrain a century and a half ago. Now, tourists are crossing oceans to experience the uniqueness and serenity of one of the most remote places on earth, Death Valley, California.

"Death Valley is 5,216 square miles of the most ruggedly beautiful terrain you will see in the world," says Chris Fairclough, Executive Director of the Death Valley Chamber of Commerce. "About 70 percent of the Valley is below sea level, and we have everything from

glittering salt flats to the only below sea-level golf course in the world."

Filled with history and legend, Death Valley is a harsh and dramatic landscape. The opportunity to step back in time is boundless, and standing in the vastness of the Valley floor, it is easy to understand the despair pioneers felt when confronting the inhospitable Valley in their search for a better life.

"We've seen a steady rise in international tourists into our park since 1994, when Death Valley became an official National Park," Fairclough says. "It was

about that time that I had begun thinking about ways we could advertise to help boost attendance even further."

Although Fairclough had great ideas, the Death Valley Chamber of Commerce only had a \$64,000 annual budget to operate its visitor center, leaving little in the way of funds for expensive advertising. Mmmm.

Then as luck would have it, Fairclough heard that the U.S. Department of Commerce's export assistance offices in Southern California were showcasing the benefits of overseas catalog shows to its new business clients. Would he be interested in learning how the catalog show program could help the Death Valley Chamber of Commerce? Why sure.

So Commerce and Fairclough went to work. Meeting with the Department's Commercial Service, Fairclough was a quick study. By putting together packages of information and brochures, he learned Death Valley promotional material could be displayed at major international trade and tourism shows overseas through the Commercial Service. He thought: Why not reach hundreds of people and tour operators in a single stroke? Why not indeed?

By the late 1990s, the Death Valley Chamber of Commerce was advertising in catalog shows in Sweden, Germany, Denmark, Switzerland, and Norway -- shows frequently attended





by people from all over Europe, providing wide exposure for catalog show advertisers such as Fairclough.

“We would send out dozens of packets to these international shows with information on visitor lodging, calendars of events, and scenic highlights for a cost of only about a dollar a packet, and a small fee of a few hundred dollars,” Fairclough says. “It’s a lot of bang for the buck, because we just don’t have the resources to go out and set up shop in these countries.”

The results were significant, as Death Valley saw an 18 percent growth in the number of international visitors, mainly from Europe in the late 1990s.

“I’ve questioned a lot of travelers coming in from Europe, and many of them say they were inspired to visit Death Valley from reading our brochures and contacts with tour operators at these shows,” Fairclough says. “Our participation in Reiseliv ’99 in Oslo, Norway, was particularly good, as we’ve seen a strong growth in the number of Norwegian tourists.”

It is estimated that international tourist growth to Death Valley attributable to participation in Reiseliv ’99 alone amounted to an increase of 16 percent in 1999 over the previous year. This

amounted to an economic impact of \$135,000 in transient occupancy taxes (TOT), (from lodging, restaurants, etc.) for Death Valley. Assisting the Death Valley Chamber of Commerce were the U.S. Commerce Department’s Orange County and Inland Empire Export Assistance Centers and Commercial Service office in Oslo, Norway.

More and more, it’s Death Valley or bust for travelers from other parts of the world too. For example, it turns out Fairclough’s international marketing efforts have drifted over to Japan with promising results: More Japanese arrivals to be guided by a recently established local Japanese tour operator, who will trek Death Valley terrain with tourists in tow.

“The Japanese like to package their trips within a week or ten day window,” Fairclough says. “After visiting Death Valley, they love to go to Las Vegas and shop.”

That’s just fine with Fairclough. “Our peak season is February to April, with summertime being the heaviest for international travel,” he says. “The temperature averages 115 degrees in August, so bring your sunscreen.”

While much of Death Valley’s tourism

growth can be attributed to the site’s designation as a national monument, Fairclough is convinced the combined efforts of the Death Valley Chamber of Commerce and the U.S. Department of Commerce have helped accelerate this growth in recent years.

Since 1988, Death Valley’s TOT has risen from \$285,000 to \$937,000 in 1999. During this time, annual visitation has increased from 285,000 to 1.5 million, with the percentage of international tourists rising from 2 to 20 percent.

The overall impact of increases in international visitorship has resulted in three new hotels, and year-round business, whereas prior to 1996, hotels and other supporting enterprises shut down several months out of the year due to lack of business.

So what is the lure of Death Valley? “I think it’s the sense of size and space, and the fact that international visitors really can’t find something like this at home,” Fairclough says. “Visitors can come here and feel very safe in one of the hottest places on earth,” he says. “It’s just good old-fashioned adventure, come out and visit us sometime.” ■

Contact information:  
[www.DeathValleychamber.org](http://www.DeathValleychamber.org)



# DIETARY SUPPLEMENTS GO INTERNATIONAL

by Marnie Morrione

*Office of Chemicals, Pharmaceuticals, and Biotechnology, Trade Development*

One would imagine that with the aging American population and the rise in preventative health care, the U.S. nutritional supplements market would be booming. However, the reality is proving different. Over the past three years, the supplements market in the United States has slowed, and sales of nutritional supplements are expected to moderate or become flat in 2001.

Several factors plague the industry. The lack of regulation by the Food and Drug Administration and media-reported difficulties in controlling herbal product content have resulted in a degree of uneasiness among consumers with regard to efficacy and possible drug interactions.

Increased competition poses another challenge. Large U.S. food and pharmaceutical companies have seen the potential of nutritional supplements and are now entering the market, squeezing out smaller companies.

Finally, with similar products and formulations, consumer brand loyalty is difficult to maintain. U.S. consumers frequently base purchasing decisions on price and packaging; therefore, they often switch brands or gravitate to trendy items.

## THE ALTERNATIVE: EXPORTING

Tough challenges confront the nutritional supplement industry, and companies must decide whether to consolidate, downsize or ride out the slow cycle. However, there is a fourth alternative that many have not explored: exporting to new markets overseas. Exports can mean greater sales potential and access to new markets, where consumers often perceive the quality of U.S. products to be superior to domestically produced equivalents.

The world demand for nutritional supplements is expected to increase by over 10 percent per year, reaching \$162 billion by 2004, according to projections by the Freedonia Group. Multiple vitamins and mineral preparations will continue to command the largest share of worldwide sales. The regions expected to see the fastest growth are Asia, Latin America and the Middle East.

Unlike the United States, the rest of the world often categorizes nutritional supplements as over-the-counter medicines or drugs that require regulatory approval. Though regulatory requirements present a new challenge, U.S. products are almost always successful.

Here is a look at three potential markets for U.S. exporters of nutritional supplements: Australia, Taiwan and the United Kingdom.

## AUSTRALIA'S "COMPLEMENTARY MEDICINES"

Use and acceptance of so-called "complementary medicines" are increasing in Australia. Complementary medicines include vitamins, minerals, herbal and/or homeopathic preparations and nutritional supplements. More than 60 percent of Australians use such medicines at least once a year.

Supplements such as tablets, capsules, pills, vitamins, minerals and herbs are all regulated and may have to be registered and approved by Australia's Therapeutic Goods Administration. If the product has been assessed as a food it may have to comply with the Australian Food Standards Code, which is administered by the Australia New Zealand Food Authority. The Complementary Medicines Evaluation Committee determines whether a new complementary medicine or therapeutic substance is "listed" or "registered." Classification depends on their ingredients and the claims made: "Listed" products are those that contain low-risk ingredients, usually with a long history of use, such as vitamin and mineral products. "Registered" products are newer and often considered of higher risk.

U.S. supplement companies can achieve success by focusing on targeted niche products in Australia. A recent Australian Bureau of Statistics survey showed that the most common reason given for using

complementary medicines was to prevent illness. Australians also use supplements to fight pain, relieve stress and treat chronic conditions. Additionally, there has been a trend toward natural therapy products particularly for cellulite control and anti-aging.

### IN TAIWAN, ACCEPTING U.S. PRODUCTS

In Taiwan, the health food and dietary supplement market has enjoyed robust growth in recent years, and prospects for future growth are excellent. Since 1997, total sales have expanded by about 20 percent per year. In 1998, the United States dominated this lucrative market, with a market share of 42.8 percent. The main reasons for U.S. dominance include competitive pricing, advanced technology, clear labeling of ingredients and product expiration dates. In addition, Taiwanese consumers' perception of U.S. goods as high quality has contributed to the wide acceptance of U.S. dietary supplements.

The Taiwan Department of Health regulates imported dietary supplements. They are subject to the same laws and regulations as food products, except for high-dosage vitamins that must be classified as pharmaceuticals. Imports of supplements must be in compliance with all applicable laws. For example, dietary supplements must be reviewed and approved before they can be sold; a Chinese-language label is required for retail sale; and false, exaggerated or misleading advertisements are prohibited. For high dosage vitamins A, D, E and K — all classified as prescription drugs — importers must obtain an import license and local manufacturers must register the product.

Among the factors that are contributing to the growth in the Taiwan dietary supplement market are: the desire to pursue healthier lifestyles, increased purchasing power, the expansion of sales channels, an aging population and a growing acceptance of supplements by Taiwanese doctors and nutritionists.

### UNITED KINGDOM'S AGING POPULATION CREATES OPPORTUNITIES

The United Kingdom is the world's fourth largest nutritional supplements market, behind Japan, the United States and Germany. According to analysts, the industry is expected to post annual growth of 5 percent through 2005. This is attributable to a number of factors, including continued efforts by the government to promote preventative care and self-medication, the variety of distribution channels (including pharmacies, health food stores, mail order and the Internet) and continued growth in the number of consumers age 50 and over. Since people aged 50 to 64 do not qualify for free prescriptions under the U.K.'s National Health Service, they tend to be more frequent users of nutritional supplements.

Although the market for nutritional supplements in the United Kingdom is relatively open, U.S. manufacturers need to be aware of current and proposed market regulations. In general, licensing requirements for nutritional supplements sold in the U.K. come into force if the product makes a medicinal claim. For more specific regulatory and labeling information, a U.S. company should contact the Medicines Control Agency (MCA) for licensed products and the Food Standards Agency (FSA) for unlicensed products. U.S. companies should also work with an established U.K. distributor, manufacturer or wholesaler.

The best prospects for U.S. firms promise to be niche products, such as: unique combinations that blend traditional vitamins and minerals with herbals, symptom-specific products that target particular ailments, life-stage products that cater to the needs of a specific age group, lifestyle products that address specific concerns like stress relief or sports fatigue and gender-specific products. ■

## ASSISTANCE IS A CLICK AWAY

These snapshots of Australia, Taiwan and the United Kingdom are just a sample of markets that are receptive to U.S. exports. For more specific information on these and other markets, readers may contact:

Marnie Morrione  
Office of Chemicals, Pharmaceuticals,  
and Biotechnology  
Tel: (202) 482-0812  
Email: Marnie\_Morrione@ita.doc.gov

Additionally, the U.S. & Foreign Commercial Service publishes many useful market research reports, which can be found at their website [www.usatrade.gov](http://www.usatrade.gov).

There are also a number associations specializing in dietary supplements that can provide assistance in the export process.

**American Herbal Products Association**  
Tel: (301) 588-1171  
Fax: (301) 588-1174  
[www.ahpa.org](http://www.ahpa.org)

**Consumer Healthcare Products Association**  
Tel: (202) 429-9260  
Fax: (202) 223-6835  
[www.chpa-info.org](http://www.chpa-info.org)

**Council for Responsible Nutrition**  
Tel: (202) 872-1488  
Fax: (202) 263-1022  
[www.crnusa.org](http://www.crnusa.org)

**National Nutritional Foods Association**  
Tel: (949) 622-6272  
Fax: (949) 622-6275  
[www.nnfa.org](http://www.nnfa.org)

# RESPONDING TO SHANGHAI'S CALL

HIGH-TECH TRADE EVENTS DESCEND ON CHINA'S NEW IT HUB

by Keith Hwang

*San Jose Export Assistance Center, U.S. & Foreign Commercial Service*

It may be the Year of the Snake in China, but for information and communications technology (ICT) companies wishing to enter or expand their presence in the Chinese market, it is also the Year of Shanghai. Three of the most prominent names in the IT/telecom trade show industry will descend on the city in 2001 offering venues to introduce new technologies to Shanghai and the greater China region.

It seems likely that Shanghai will realize the goal of becoming a leading technology center for mainland China. The arrival of three trade shows—PT SuperComm Asia 2001, ELE/Expo Comm Shanghai, and CeBIT Asia 2001—is one of the more obvious indications that there is not only enough of an industry demand for this market but that the infrastructure exists to support the ICT companies wishing to do business in Shanghai. Since 1996 when Shanghai initiated an effort to create the Shanghai Infoport—a broadband, high-speed, multimedia main network—the city has been aggressively developing its communications infrastructure and IT base. Currently, it is considered one of the most wired cities in China, with approximately 5 million fixed lines and 4 million mobile phone users. According

to the Shanghai Telecom Administration Bureau, there are currently 800,800 Internet subscribers in Shanghai.

Within the last year, several of the largest ICT multinationals in the world, including Motorola and Intel, announced substantial expansion to their chip-related manufacturing facilities in the city. According to a recent Reuters report, semiconductor-related ventures between prominent Shanghai and Taiwanese business figures have also led some to predict that the city will produce the majority of microchips sold in China by 2005.

Henry Wieland, Marketing Vice President for the Telecommunications Industry Association (TIA), one of the organizers of PT SuperComm Asia 2001, says it is “clearly the objective of the [Chinese] federal government” to make Shanghai a regional business and technology capital. “They are replacing and modernizing the whole infrastructure of the city—telecommunications, IT, roads, building and other facilities—at a tremendous pace,” says Wieland, who manages international trade shows for TIA and has made several trips to Shanghai in preparation for SuperComm.

But the growing appeal of Shanghai to ICT minded trade show organizers has at least as much to do with the phenomenon of expanding markets for

high tech products for all of China. By now, the notion of China constituting a vast, untapped market of more than a billion consumers is nearly as popular as it is unrealistic; nonetheless, even if only marginally accurate, growth estimates reinforce the fact that the market potential is not only present, but significant.

According to a report issued by CeBIT Asia, PC sales in 2000 were estimated at 6.3 million and are expected to increase to 10.3 million in 2003. The same report states that the number of Internet users will grow from approximately 4 million in 1999 to 9.4 million in 2002, ranking second in Asia behind Japan. Recent official estimates put the growth rate for China's IT industry at a steady 20 percent, with mobile phone users more than doubling last year from 41 million to 85 million, according to a recent IDG report.

China is “very hungry for the latest technology,” says Peter Chen, co-founder and Senior Vice President Worldwide Sales of Neon Technology, a Silicon Valley-based developer of software for Internet appliances. “Because of its commitment to building technological infrastructure and the capital available to them, China can effectively ‘jump’ generations of technical development.”

China's imminent entry into the World Trade Organization and the subsequent reduction in tariffs and trade barriers to



technology imports is another motivating factor for major ICT shows to come to Shanghai. One of CeBIT Asia's organizers, Deutsche Messe AG, who also organize CeBIT in Hannover, believes that China's IT market is on pace to outstrip Japan's by 2003 and conceivably rival that of the United States in ten years. Indeed, they are so convinced of this growth that along with other German and Chinese partners, they have begun building a 250,000 square meter exhibition center in Pudong, the city's industrial and research district.

ELE/Expo Comm Shanghai, which had its inaugural show last year, has already made the city of Shanghai a permanent venue, according to Ron Akins, Senior Vice President of E.J. Krause & Associates, Inc, which organizes Expo Comm events throughout the world. Begun several years ago by Shanghai Telecom with E.J. Krause's help, the show, in one form or another, has a relatively "long history in the Eastern China region with a broad range of international companies participating," said Akins.

TIA's Weiland noted that although SuperComm Asia will move to India next year, its Shanghai show has the support of China's government, including the Ministry of Information Industry.

American ICT firms seeking entry to the Shanghai market will have plenty of options this year. At the writing of this report, both the SuperComm and ELE/Expo Comm Shanghai have been certified by the U.S. Department of Commerce, and CeBIT Asia 2001 is in the process of obtaining certification, according to Denise Costenbader of Hannover Fairs USA, who is charge of recruiting for the show. The Department of Commerce certifies international trade shows that meet certain criteria, including having the capability and experience to organize and the ability to recruit and manage an official U.S. exhibition or pavilion at the show. The show must "have a reputation as an established, well-attended venue

that provides good marketing opportunities for U.S. firms," according to Department of Commerce guidelines on certification.

Moreover, Commercial Service (CS) Shanghai is actively supporting U.S. companies participating in these shows. Although the office has not yet finalized programs for the shows, likely events include briefings designed to provide an overview of the market as well as insights and other practical information on doing business in China.

The Commercial Service in Shanghai offers a wide variety of services for U.S. companies seeking to break into or expand in the Shanghai market. The International Partner Search, for example, provides a full-service, personalized search for qualified business partners in the Shanghai area. For a fee of \$600, CS Shanghai staff will contact top prospects based on criteria provided by the U.S. company and, within 15 business days, will provide a report on up to five potential partners. Further information about the International Partner Search and other services, including arranging of one-on-one business matchmaking meetings, is found at [www.usatrade.gov](http://www.usatrade.gov).

The broad signals that China continues to develop and promote its ICT market are encouraging. As one U.S. businessman who recently explored opportunities in China emphasized, however, U.S. companies should not expect the same kind of "cut and dry" approach common in the U.S. Finding the right Chinese business partner is essential, says Chen of Neon Technology. "While China is now moving toward a market economy, until very recently it was operating under a very different model. It is important to remember that this fundamental fact affects all aspects of life (there). When conducting business, it is critical to work with a local partner who may be better prepared to adjust to the local differences and has a better understanding of the local culture and market." ■

## CONTACT INFORMATION

For more information, contact your local Export Assistance Center or:

Keith Hwang  
San Jose Export Assistance Center  
Tel: (408) 271-7300 x 109  
Email: [Keith.Hwang@mail.doc.gov](mailto:Keith.Hwang@mail.doc.gov)

Commercial Service Shanghai  
Tel: (86 21) 6279-7630  
Fax: (86 21) 6279-7639

## MAJOR ICT SHOWS IN SHANGHAI, 2001

Dates (All located at Everbright Convention & Exhibition Centre), Contact information & website

### PT SUPERCOMM ASIA 2001

April 25-28  
Lynn Lochow  
(630) 271-8227  
[lynn\\_sms@ameritech.net](mailto:lynn_sms@ameritech.net)  
[www.supercommasia.com.sg](http://www.supercommasia.com.sg)

### ELE/EXPO COMM Shanghai

June 7-10  
Karen Owens  
(301) 493 - 5500 x 3381  
[owens@ejkrause.com](mailto:owens@ejkrause.com)  
[www.ejkrause.com](http://www.ejkrause.com)

### CeBIT Asia 2001

August 8-11  
Denise Costenbader  
(609) 987-1202  
[dcostenbader@hfusa.com](mailto:dcostenbader@hfusa.com)  
[www.cebit-asia.com](http://www.cebit-asia.com)

# ASK THE TIC

**EXPORT OF USED EQUIPMENT, CLOTHING AND VEHICLES, INCLUDING REMANUFACTURED AUTOMOBILE PARTS**

by Stephen L. Green,

*Trade Information Center, Trade Development*

## **Q&A IS THERE A GLOBAL MARKET FOR USED GOODS FROM THE UNITED STATES?**

Yes, the international market for used goods shipped from the United States is relatively strong, supported by statistics measuring the volume of worn clothing and used vehicle exports. In 1999, documented export sales of worn clothing from the U.S. topped \$217 million while the aggregate sum of U.S. used vehicle exports reached approximately \$941 million (source: U.S. Census Bureau). Used equipment and remanufactured automotive parts are grouped under the same tariff classification as their new counterparts, making it difficult to obtain isolated statistical data for these used products. However, according to U.S. Department of Commerce officials, the volume of used exports from the United States is significant.

It is important to note that the export of used products is a diverse and somewhat nebulous area of international commerce. While there is measurable international demand for used goods from the United States, tapping into these markets can be a relatively difficult undertaking due to the existence of non-tariff barriers, outright restrictions and lack of access to pertinent information. This article aims to help U.S. companies better understand the issues related to exporting used goods. Sources of country-specific information are highlighted within the context of the following industries: equipment (including medical), clothing and vehicles (including remanufactured parts).

## **Q&A WHICH COUNTRIES IMPORT THE MOST USED GOODS FROM THE UNITED STATES?**

The top five markets for exports of used clothing from the United States for 1999 were Mexico, Canada, Japan, Benin, Chile and Haiti. The total value of exports of used clothing to those five markets was \$101 million for 1999.

The top five markets for exports of U.S. used passenger vehicles for 1999 were Japan, Germany, Saudi Arabia, Mexico and the U.K. The total value of exports to these markets in 1999 was \$423 million. For more detailed information, refer to the U.S. Census Bureau web site [www.census.gov/foreign-trade/www/](http://www.census.gov/foreign-trade/www/).

As mentioned above, statistical information on U.S. exports of used equipment and remanufactured automotive parts is

not available. U.S. Department of Commerce officials indicate that most inquiries for used equipment come from the Latin America region, especially Central America, and attribute this trend to geographical proximity and comparatively lower shipping costs. In the area of remanufactured automotive parts, U.S. Department of Commerce analysts cite Mexico, Canada, Saudi Arabia and Kuwait as the strongest markets for U.S. exports.

## **Q&A DO USED GOODS SHARE SCHEDULE B CODES WITH THEIR NEWLY MANUFACTURED COUNTERPARTS?**

The answer to this question depends upon the product. Schedule B Codes are product specific and composed of six to ten numerical digits that come from the Harmonized System (H.S.) of tariff classification. The H.S. provides a common language for customs authorities around the world to identify products and assess appropriate duties and taxes. Trade statistics are also gathered via H.S. tariff classification. In the case of clothing and vehicles, new and used products are assigned unique Schedule B codes and corresponding rates of duty. However, used equipment and remanufactured automotive parts share the same Schedule B codes and rates of duty as those of their new counterparts.

## **Q&A WHAT RESTRICTIONS ARE PLACED ON USED EXPORTS?**

Import restrictions for used goods vary by product and country of destination. In the case of equipment, Argentina requires that used goods be accompanied by a certificate authenticated by the commercial office of the Argentine Embassy or Consulate in the export country, as proof of refurbishment. The People's Republic of China bans the import of all used machinery and electric products (including medical devices). At the same time, many countries appear to permit the unrestricted importation of used or refurbished medical equipment on the same terms as new.

Mexico requires import licenses for used clothes while South Africa bans the import of worn clothing, except for humanitarian donation. In the case of used vehicles, countries may designate age as a restricting variable and require that imports be no more than a specified number of years old. For example, Peru stipulates that used passenger vehicles be no more than five years old and commercial vehicles no more than eight years old. At the same time, Brazil and Thailand ban the import of used vehicles altogether.

Safety and environmental regulations may pose additional challenges that make the penetration of certain markets for used vehicles tougher than others. Most South American countries and ASEAN member countries have outright bans on remanufactured automotive parts. Also, used goods often face non-tariff barriers such as reference pricing, especially in emerging markets, where customs valuations may be assigned in a relatively arbitrary fashion.

Several U.S. Department of Commerce industry offices have compiled summary reports of global import requirements. These reports provide country specific information and are accessible via the Internet home pages of the various offices, including:

#### Used Equipment

“Worldwide Used Machinery Import Regulations”

[www.ita.doc.gov/td/machinery/reports/reports.html](http://www.ita.doc.gov/td/machinery/reports/reports.html)

#### Used and Refurbished Medical Equipment

“Global Import Regulations for Pre-Owned (Used and Refurbished) Medical Devices”

[www.ita.doc.gov/td/mdequip](http://www.ita.doc.gov/td/mdequip)

#### Used Vehicles and Remanufactured Parts

“Report on Vehicle Import Requirements”

“Report on Remanufactured Parts Import Requirements”

[www.ita.doc.gov/td/auto/impreq.html](http://www.ita.doc.gov/td/auto/impreq.html)

The Trade Information Center of the U.S. Department of Commerce posts documents on its website that report on global import restrictions. This information is found under “Country Information” on the Trade Information Center home page: <http://tradeinfo.doc.gov>



### WHERE CAN I FIND U.S. GOVERNMENT SOURCES OF MARKET RESEARCH FOR USED GOODS?

There are several sources of U.S. Government market research on used exports. The federal government trade portal ([www.export.gov](http://www.export.gov)) brings together public sector export-related information under one easy-to-use website, organized according to the intended needs of the exporter. The “Market Research” section of the site provides searchable information on U.S. exports, including used products. Timely market research information may also be accessed through the U.S. Department of Commerce’s Commercial Service home page ([www.usatrade.gov](http://www.usatrade.gov)). Another way to access reports is through the National Trade Data Bank (NTDB), available as a component of the subscription service STAT-USA ([www.stat-usa.gov](http://www.stat-usa.gov)). For more information, call 800-STAT-USA or (202) 482-1986. All federal depository libraries maintain subscriptions to the STAT-USA program that visitors are welcome to access at no charge. For locations of these libraries, please call the Trade Information at 1-800-USA-TRAD(E). Additionally, the U.S. Department of Commerce organizes and leads trade missions that promote U.S. exporters’ used goods in overseas markets. For trade mission scheduling information, visit the International Trade Administration’s website ([www.trade.gov/doctm](http://www.trade.gov/doctm)) or contact the industry offices listed in the following section.



### WHERE CAN I GO FOR FURTHER ASSISTANCE?

For additional information on the export of used equipment, clothing or vehicles/remanufactured automobile parts, contact the following offices and organizations. Please keep in

mind that due to the secondary nature of markets for used products, information on exporting to specific countries may not be available.

#### EQUIPMENT

Office of Energy, Infrastructure and Machinery

Industrial Machinery Division

John Bodson, International Trade Specialist

Tel: (202) 482-0681

[www.ita.doc.gov/td/machinery](http://www.ita.doc.gov/td/machinery)

#### MEDICAL EQUIPMENT

Office of Microelectronics, Medical

Equipment & Instrumentation

Steven Harper, International Trade Specialist

Tel: (202) 482-2991

[www.ita.doc.gov/td/mdequip](http://www.ita.doc.gov/td/mdequip)

#### TEXTILES

Office of Textiles and Apparel

Market Expansion Division

Tel: (202) 482-5153

<http://otexa.ita.doc.gov>

Secondary Materials and Recycled Textiles Association

Tel: (301) 656-1077

Fax: (301) 656-1079

E-mail: [smartasn@erols.com](mailto:smartasn@erols.com)

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

#### VEHICLES

Office of Automotive Affairs

Motor Vehicle Division

Tel: (202) 482-0669

[www.ita.doc.gov/td/auto](http://www.ita.doc.gov/td/auto)

#### REMANUFACTURED AUTOMOBILE PARTS

Office of Automotive Affairs

Automobile Parts and Supplier Division

Tel: (202) 482- 1418

[www.ita.doc.gov/td/auto](http://www.ita.doc.gov/td/auto)

Automotive Parts Rebuilders Association

Tel: (703) 968-2772

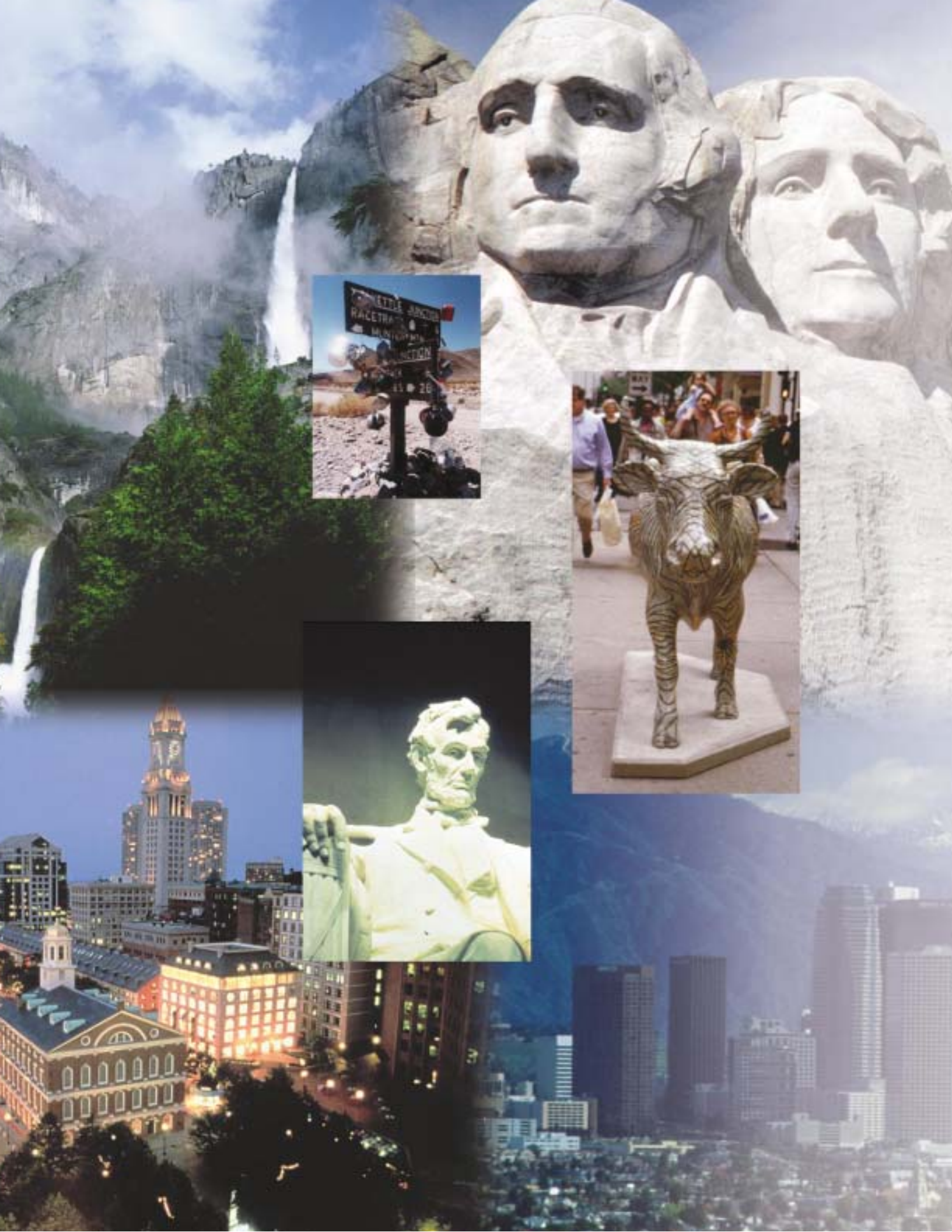
Fax: (703) 968-2878

E-mail: [mail@buyreman.com](mailto:mail@buyreman.com)

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

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





# WORLD TRADE ON TOUR

## INTERNATIONAL VISITORS BOOST U.S. ECONOMY

by Helen Marano

*Acting Deputy Assistant Secretary, Tourism Industries Office, Trade Development*

**The glistening white monuments of Washington, D.C.; fun and amusement in Orlando; the breathtaking panorama of the Grand Canyon: Just three of the many reasons why people are coming to experience America. Traveling to historic places, seeing natural wonders or visiting friends and family is an international past time. Tourism accounts for nearly three percent of the national economy and has grown faster than the economy as a whole.**

The U.S. has consistently ranked as one of the top destinations for international travelers and enjoys the highest expenditures of any international destination. International visitors come to see our theme parks, visit relatives, attend business conferences and most importantly, spend money. When international travelers come to the U.S. either for business or pleasure, their activities represent tourism exports. Not only does the growth of the tourism industry help the local and national economy, it also accounts for a large percentage of the trade surplus in the services sector.

Hosting international visitors continues to offer a growing source of jobs for Americans. The tourism industry employs twice as many workers as in agriculture, eight times as many as in mining and three times as many as in communications. During the nineties, international visitor arrivals increased by 33 percent while receipts from tourism soared 102 percent. In 2000, the number of international travelers visiting the United States grew by 5 percent. In 1999, the United States was the leading country in the world for tourism receipts and ranked third

behind France and Spain for hosting international travelers.

International travel and tourism is classified as a service export just like freight, insurance, telecommunications, royalties and education. Though exports typically entail sending and selling U.S. goods abroad, the expenditures of international travelers in the U.S. are considered exports. This means that travel and tourism exports are unique and unlike other merchandise and service exports, because the buyer actually travels to the United States to purchase the product. As expenditures are made for activities and facilities in the U.S. during their trip, like lodging, food and beverage, entertainment, attractions and other aspects of their travel experience, the destination embodies one of the products purchased.

In 1999 nearly 49 million international visitors generated \$95 billion in receipts, supporting over 1.1 million jobs in the U.S. Indeed, these visitors generated over \$11 billion in federal, state and local tax revenues to reinvest in this country and its communities. According to the Department of

Commerce, international travel and tourism generated \$14 billion in trade surplus in 1999. This marked the tenth consecutive year with a trade surplus in international travel and tourism, having peaked in 1996 at \$26.3 billion. Businesses of all sizes host international visitors. It is not necessary to embark on an expensive international marketing campaign alone. State, local, and national resources exist to help attract international visitors.

### WHO IS COMING TO SEE AMERICA?

The largest international origin markets for the United States have been Canada (14 million) and Mexico (10 million). Overseas markets, which exclude Canada and Mexico, are the dominant source of growth for the United States, particularly European markets. U.S. tourism destinations have consistently invested in promotional and marketing campaigns focused on attracting European tourists. At the same time, Asia has regained its position in providing strong growth for inbound visitors. Japanese visitors spend more per person and have been responsible for the



majority of the travel trade surplus. Latin American markets, particularly South America, offer expanded growth as emerging markets for international visitors to the U.S. Brazil and Venezuela are two of the primary countries of origin and visitors from each country are motivated for different reasons to come to see America.

**WHY DO VISITORS COME TO AMERICA?**

International visitors journey to the United States for a variety of reasons. The top three purposes for travel to the United States are for vacation (63 percent), with visiting friends and relatives or for a convention or business meeting each representing a third (34 percent). No matter what the reason, visitors pack their trips with activities. During their trips, more visitors report shopping (89 percent) than dining in restaurants (82 percent). International visitors are, in general, almost three times as active as domestic travelers and they are four times as likely to visit amusement or theme parks. Other top activities include sightseeing in cities and visiting historical places. One reason they tend to do so much on each trip is attributed to the length of their stay. Overseas travelers' visits last 15.2 nights on average, versus four nights for domestic travelers.

**WHERE DO THEY VISIT IN AMERICA?**

In 1999, there were some very interesting shifts in the visitation patterns of overseas travelers to the United States. California became the top state visited by overseas travelers, surpassing Florida. The other top states visited were New York, Hawaii, Nevada, Illinois, Massachusetts, Texas, New Jersey and Arizona. The top ten cities visited were New York City, Los Angeles, Miami, Orlando, San Francisco, Las Vegas, Honolulu, Washington D.C., Chicago and Boston. Many of these destinations are reflective of the top ports of entry into the U.S. as well as the top states visited.

The popularity of the destinations vary by market, however. For instance, the top markets for Japanese travelers are the Hawaiian Islands, California, Guam, Nevada and New York. Brazilians, on the other hand, are primarily hosted by Florida, with New York, California and Illinois following far behind. Some of the popularity is unquestionably directly related to access and capacity of the airlines and routes. The distinctions are also reflective of travelers' preferences for vacation destination offerings. Some markets will have heavier concentrations of business

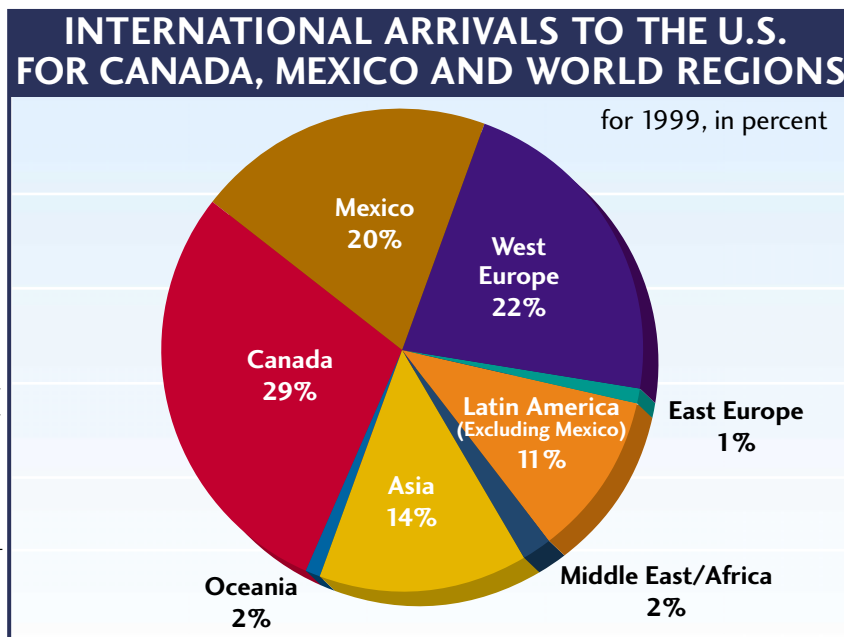
travelers or larger proportions of travelers visiting friends and relatives which precludes promotional influences, but still makes access and air capacity important.

The largest market, Canada, is served by a slightly different line-up of destinations. The top include New York, Florida, Washington, Michigan, California, Nevada, Maine, Pennsylvania, and Vermont. This clearly demonstrates the influence of being a border state for a border market. Increased access through expanded air routes to Nevada demonstrate the influence this can play in gaining market share.

The economic impact of international visitors to the United States is not only felt by hotels and restaurants where they eat and sleep but also by the businesses where they shop, the historic sights they visit and the transportation services used during their visit. These businesses range from the small family owned restaurant in San Diego to the local retail outlet in Virginia to the rental car company in Cleveland to major attraction companies in Florida.

**PRODUCT NICHES**

The variety of activities and special preferences of particular market segments offers the opportunity for destinations to enhance or develop new products. This is particularly true for cultural heritage tourism products. The U.S. Department of Commerce served to expand the exposure for these products throughout the U.S. through the American Pathways program. This served as an umbrella for promoting special itineraries throughout the United States that fell under one of five themes, ranging from "Food for the Soul" to "America's Cultural Mosaic" celebrating the ethnic influences in American "pop culture." Over 101 itineraries and 48 states were highlighted as part of the national Millennium Trails program of the White House. This program gave American destinations the chance to tell their story, to show off their history and heritage and let the traveler experience America.



Source: U.S. Department of Commerce, ITA, Tourism Industries and Statistics Canada



## MARKET NICHES

Developing a targeted marketing campaign geared to attract tourists from a specific origin can be a very resource intensive project. The Travel Industry Association of America (TIA) has established SeeAmerica.org, a website to help consumers and businesses research vacation spots in the United States.

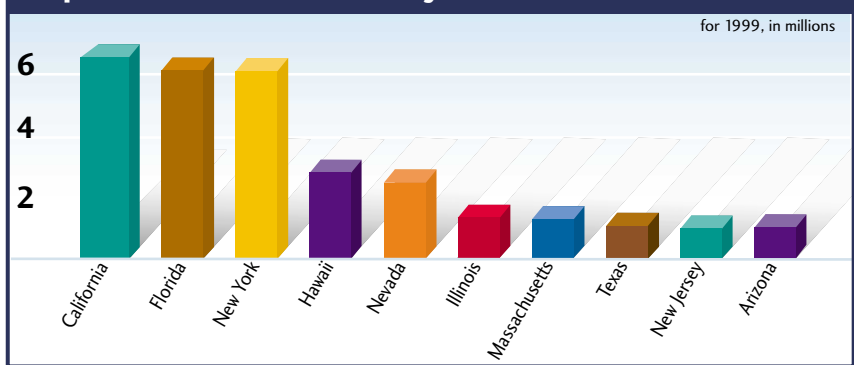
SeeAmerica.org is a fully interactive web portal designed to help consumers looking for detailed information about U.S. destinations. The website offers users a customized page of options. Visitors can search by location, activity and price to find vacation destinations, hotels, attractions and transportation companies. Certainly individual destinations offer their own site locations, but can also gain added exposure through participation in this program.

As part of an aggressive SeeAmerica advertising campaign, TIA is organizing several promotional events, such as trade shows and educational seminars around the world. The SeeAmerica.org web site is part of these campaigns. Themes, such as cultural heritage, are incorporated into the campaign. Localized marketing efforts are focused on three primary markets; the U.K., Japan and Brazil. TIA has local offices in these three markets to offer promotional assistance to U.S. businesses. For more information on these events go to the website [www.tia.org](http://www.tia.org).

## HOW TO ATTRACT INTERNATIONAL VISITORS

The real challenge is how to get the attention of potential travelers in your target market. Whether you own and operate a bed and breakfast, the newest attraction or the heritage museum in town, it is hard to know which resources will be most economical and efficient in reaching international markets. National Tourism Week will be celebrated May 6 to 12 this year. Tourism awareness programs designed to promote a wider understanding of travel and tourism as a major U.S. industry will be held nationwide.

## Top 10 States Visited by Overseas Travelers



### Local Resources

The grassroots effort for expanding tourism exports comes through the local convention and visitors bureaus (CVBs). These are generally membership organizations funded through the mixture of membership dues (in some circumstances) as well as a portion of the hotel tax in town or through a contract to the city to promote both the tourism and convention business for the destination. CVBs serve as an excellent resource for research and cooperative promotional or marketing campaigns. Marketing internationally is expensive, so the more an establishment can economize and still gain individual exposure, the better the return on that investment.

The other critical arena to pursue is the State Tourism Office. They are similar in their approach and efforts to the CVBs and work closely together to position the state internationally. Both of these entities often have representatives or full offices in the international marketplaces for continued promotional exposure. Many are also involved with in-market Visit USA committees, which are comprised of local representatives of private sector organizations promoting travel to the U.S.

### Regional Cooperation

There are also regional tourism marketing organizations across the country designed to gather the combined resources of states, cities and businesses to provide focused campaigns. Discover New England, Foremost West and Travel South are a few that focus on export promotion. Travel South

won a U.S. Department of Commerce Market Development Cooperator Program grant, which has assisted them in entering the Brazilian market. Now in the third year of the matching grant program, Travel South has successfully drawn attention to their efforts and has attracted bookings from this lucrative segment of travelers. It has been reported that the Travel South region is now the top preferred destination region for Brazilians.

### Trade Promotion

Some of the traditional methods for promoting a destination or product is through trade missions. These are set up to take members of the destination to a target country, like Germany, to meet face to face with travel agents and tour operators who can book the travelers and influence their destination decisions. An even more effective approach is through familiarization (FAM) tours. These are set up by the destination through invitations to the top producing travel agents and tour operators as well as members of the trade press for a specific country, such as Japan. This gives the destination the opportunity to showcase their product firsthand. Generally the airlines, local hotels, restaurants, attractions, local transportation companies and receptive operators collaborate to provide in-kind services and facilities to the group in return for potential new and increased business through future bookings.

The deals are truly made at the trade shows. This is where the "buyer" (tour operator, travel agent) meets the "seller"

(hotel, attraction, destination) to develop best price scenarios for potential travelers buying future packages. There are several major travel trade shows held in the U.S. and internationally. Establishments should work with their state, CVB or local Export Assistance

Center to see how they can attend or at least be represented.

Marketing via a website has become a key ingredient in the promotional mix of how to expand exports in the travel and tourism industry. The successful

sites offer consumer interaction and easy capability to initiate transactions and to make the sale. With the consumer trend to use the Internet to search out travel choices and the growth in independent travelers from top markets such as the U.K. and Japan, it is critical to be promoted through this mode.

## Trade Promotion Events

### Discover America International Pow Wow

May 5-9, 2001, Orlando, Florida

The International Pow Wow, is the travel industry's international market place for business. Over 1,000 U.S. travel companies from across all industry category components will conduct business with over 1,550 international buyers representing 70 nations. Participation is limited to TIA members.

Contact: TIA, Betsy O'Rourke, (202) 408-8422, [www.tia.org](http://www.tia.org)

### La Cumbre

September 5-7, 2001, Miami Beach, Florida

This trade conference is the premier event to promote travel to the U.S. from Latin America

Contact: Rick Still, (904) 285-3333, [www.lacumbre.com](http://www.lacumbre.com)

### PATA Americas Travel Mart

September 25-28, 2001, Mexico City, Mexico

A carefully balanced educational conference and business forum that facilitates travel from key Pacific Asia nations to the Americas. It is set up as an appointment session-based conference in which suppliers move around the hall to call on travel planners.

Contact: PATA, Email: [patm@pata.th.com](mailto:patm@pata.th.com), [www.pata.org](http://www.pata.org)

### World Travel Mart (WTM)

November 13-16, 2001, London, UK

Europe's premier travel and tourism industry show, which focuses on the entire world. In 1999, it attracted over 5,000 exhibitors with over 33,000 trade visitors

Contacts: Belinda McCorkle, (619) 557-5899

Email: [Belinda.McCorkle@mail.doc.gov](mailto:Belinda.McCorkle@mail.doc.gov)

Gail Del Rosal, (44 207) 894-0816

Email: [Gail.DelRosal@mail.doc.gov](mailto:Gail.DelRosal@mail.doc.gov)

### Japan Association of Travel Agents (JATA) U.S. Pavilion

November 29 – December 1, 2001, Tokyo, Japan

The U.S. Embassy Tokyo is organizing the U.S. Pavilion at JATA Travel Mart, the largest travel trade show in Japan.

Contact: Frank G. Carrico, CS Tokyo, (81 3) 3224-5073

Email: [Frank.Carrico@mail.doc.gov](mailto:Frank.Carrico@mail.doc.gov),

[www.csjapan.doc.gov/ustc/event/jata2001](http://www.csjapan.doc.gov/ustc/event/jata2001)

### International Tourism Exchange (ITB)

March 16-20, 2002, Berlin, Germany

The world's largest travel trade event, attracting more than 7,430 exhibitors from 189 countries, and 111,800 visitors attending in 1999. There were 402 U.S. exhibitors that participated in ITB '99.

Contact: Kimdell Lorei, (540) 372-3777, Messe Berlin North America  
[www.messe-berlin.de/vers2/index.shtml](http://www.messe-berlin.de/vers2/index.shtml)

### Market Research

The first step in any export promotion effort is to do your homework. Find the data that will guide you to the market that is most appropriate for your product. Seek out the industry experts that are there for this purpose. Besides the CVB or the state there are trade specialists in the U.S. Department of Commerce Tourism Industries Office in Washington, D.C. and trade specialists in local U.S. Department of Commerce Export Assistance Offices. Foreign Commercial Service officers are located in 84 countries throughout the world to assist in travel and tourism export expansion efforts. A list of Export Assistance Centers is on the back cover of this publication and foreign offices can be located by calling (800) USA-TRAD(E) or visiting [www.usatrade.gov](http://www.usatrade.gov).

The travel and tourism industry generates over \$580 billion in revenue for the country. International travel and tourism represents over 16 percent of the pie, but also offers the primary growth potential for the industry. Overall, international travel and tourism is positioned as the top service export for the country, with one-third of the share of all service exports. As a major stimulus for economic growth, international travel and tourism serves as the opportunity for expanded community development and global understanding.

To expand your business, it is critical to think globally. Use the resources in your community to act globally so you can share in hosting the millions of international visitors who travel here to experience the essence of America. ■

**Tourism Industries Office (TI)** serves as the National Tourism Office for the U.S. and provides the most comparable and comprehensive research data/information on international travelers to and from the U.S. The office is dedicated to helping U.S. businesses gain access to and compete in the global marketplace through policy advocacy, research information and technical assistance. New data will be released in April and May. You may sign up for automatic updates through *tinews* via the website. 1,100 different reports or analyses are produced each year. The data provided by this office is the result of interagency database coordination with the Immigration and Naturalization Service and the Bureau of Economic Analysis (BEA). Tourism Industries works with the Canadian and Mexican governments to provide accurate data on traveler flows and characteristics of visitors from their countries to the U.S. For access to the information available, visit <http://tinet.ita.doc.gov> Contact: Linda Harbaugh or Vivian Vasallo, or any of the TI staff for assistance at Tel: (202) 482-0140.

**ITA Tourism Industry Team** consists of members from ITA worldwide dedicated to help you attain your international goals. Team members can assist in the development of an international marketing strategy, obtaining market research and statistics on international markets, identifying partners or representatives in international markets and provide one-to-one counseling on international markets and the opportunities they hold. All of this is provided by staff in the U.S. and abroad at U.S. Embassies/Consulates. To speak with a trade specialist, visit your local Export Assistance Center or contact Belinda McCorkle Tel: (619) 557-5899 or Email: [Belinda.McCorkle@mail.doc.gov](mailto:Belinda.McCorkle@mail.doc.gov)

**Showcase Europe** highlights Europe as a single market. Commercial Service staff in European countries work with the tourism industry and prepare valuable research that can assist you in your marketing efforts. Commercial Service staff promotes the USA pavilions at major tourism exhibitions and work with Visit USA Committees across Europe to organize Visit-USA seminars and other promotional events. Individual assistance can also be provided to U.S. tourism suppliers in developing travel missions and other marketing events and arranging meetings with tour wholesalers

throughout Europe. Contact: Gail DelRosal, Email: [Gail.DelRosal@mail.doc.gov](mailto:Gail.DelRosal@mail.doc.gov), Tel: (44 20) 7409-2927, Fax: (44 20) 7495-2944, web: [www.sce.doc.gov](http://www.sce.doc.gov)

**Travel Industry Association of America (TIA)** is a Washington D.C.-based non-profit association that represents and speaks for the common interests and concerns of all components of the U.S. travel industry and facilitates travel to and within the U.S. Visit their website [www.tia.org](http://www.tia.org). Contact: Betsy O'Rourke or Mark Hoy for assistance at Tel: (202) 408-8422.

**The International Association of Convention & Visitor Bureaus (IACVB)** represents over 1,100 professional members from over 480 bureaus in 30 countries. IACVB's member bureaus represent all significant travel/tourism-related businesses at the local and regional level. [www.iacvb.org](http://www.iacvb.org); Tel: (202) 296-7888 Fax: (202) 296-7889

**Other Sites:**

[www.world-tourism.org](http://www.world-tourism.org)  
World Tourism Organization (WTO)

[www.ntaonline.com](http://www.ntaonline.com)  
National Tour Association (NTA)

[www.bea.doc.gov/](http://www.bea.doc.gov/)  
Bureau of Economic Analysis (BEA)

[www.customs.treas.gov](http://www.customs.treas.gov)  
U.S. Customs

[travel.state.gov/visa\\_services.html](http://travel.state.gov/visa_services.html)  
State Department

[www.amtrak.com](http://www.amtrak.com)  
Amtrak

[www.nps.gov/](http://www.nps.gov/)  
National Park Service

[www.pata.org/](http://www.pata.org/)  
Pacific Asian Travel Association

[www.air-transport.org/](http://www.air-transport.org/)  
Air Transport Association

[www.ustoa.com](http://www.ustoa.com)  
U.S. Tour Operators Association

[www.ahma.com/ahma/](http://www.ahma.com/ahma/)  
American Hotel & Motel Association

[www.travelbigpicture.com/](http://www.travelbigpicture.com/)  
The Big Picture



# UPCOMING TRADE EVENTS

MAY - NOVEMBER 2001

DATES	EVENT	LOCATION
May 10-11	Green Building Materials Mission To help U.S. companies capitalize on these opportunities, the Commercial Service HK and the United States-Asia Environmental Partnership are organizing a two-day seminar and matchmaker program to promote energy efficient and environmentally friendly technology for building practitioners in Hong Kong.	Hong Kong, China
May 14-15	High Tech Solutions Matchmaker This high-profile matchmaker will focus on the booming French market for information technology, Internet and telecommunications products and services.	Paris, France
May 15-17	OGU-2001 This event is being staged to meet the growing need for the development of the oil and gas sector in Uzbekistan following the break-up of Uzneftagas. It is being organized by International Trade and Exhibitions, Ltd and the Ministry for Foreign Economic Relations of the Republic of Uzbekistan.	Tashkent, Uzbekistan
May 22-25	Consumer Expo/Food Expo 2001 Consumer Expo/ Food Expo 2001 is Kazakhstan's largest event in consumer goods, food processing and packaging equipment industries. The trade show is expected to attract 200 exhibiting companies from 25 countries and 20,000 visitors including importers, distributors and wholesalers.	Almaty, Kazakhstan
June 6-7	American Electronics Show The American Electronics Show in Fukuoka is an excellent opportunity to showcase American electronics, high-tech and telecom equipment, software and services to the Kyushu-Yamaguchi region. The American Electronics Association (AEA), the Fukuoka American Business Club and the American Consulate in Fukuoka jointly sponsor this show, as well as Fukuoka's leading companies, Kyushu MITI and local governments.	Fukuoka, Japan
June 6-11	GO- Expo Oil and Gas Show This show is North America's largest oil and gas equipment and services show.	Calgary, Canada
June 13 - 15	Seguritec Peru 2001 This show has grown in size and importance to become the premier security trade show held annually in Peru and attracts over 9,000 government, military, industry and business attendees on a regular basis.	Lima, Peru
June 19-22	Communic Asia 2001/ Broadcast Asia 2001 This is an annual exhibition on broadcasting and telecommunications equipment, systems and services for private and public networks.	Singapore
June 20-22	Ambiente Japan Ambiente Japan is Japan's premier homeware event. Last year over 225 exhibiting companies from 24 countries exhibited at last years show, attracting over 15,000 buyers during its three days. Products to exhibit at Ambiente Japan include cooking and bakeware, electrical appliances, cleaning articles and tools, bathroom and personal care, decorative accessories, furniture, lighting, arts and crafts, stationary and gifts.	Tokyo, Japan
July 5-8	American Travel Marketplace This event, which runs in conjunction with both the world famous Calgary Exhibition and Stampede and the Spruce Meadows North American Horse Jumping Tournament, provides a ideal and unique opportunity to reach probable future visitors to United States. A reception, hosted by our Counsel General, will feature product literature and standard travel promotions from the participants.	Calgary, Canada

## HIGHLIGHTED EVENTS

**INFOTECH — TELECOMMUNICATIONS  
TRADE MISSION TO RUSSIA**
**MOSCOW AND ST. PETERSBURG  
MAY 12-19, 2001**

The Deputy Assistant Secretary of Commerce for Information Technology Industries will lead an executive level information technology and telecommunications trade mission to Moscow and St. Petersburg, May 12 - 19, 2001. The mission will provide opportunities for American IT and telecom firms to enter or advance established interests in the Russian IT and telecom markets.

Company executives will meet with senior officials from Russian government agencies to gain information on steps being taken to expand competition in IT and telecom markets. Mission members will meet with executives of Russian IT and telecom companies to obtain information on the business climate, key players and upcoming opportunities. U.S. firms will be introduced to potential Russian business partners during the SvyazExpoComm 2001 trade show and through a series of one-on-one meetings with pre-screened Russian business executives.

## Contact:

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**NUTRITIONAL AND FOOD  
SUPPLEMENT PRODUCTS CATALOG  
SHOW AND VIDEO GOLD KEY**
**BANGKOK, THAILAND  
MAY 24, 2001**

Thailand's market for health food and food supplements was estimated at \$290 million in 1999 and is expected to grow by 20 percent annually. Imports accounted for about 30 percent (\$87 million) of the total market value, with products from the U.S. having the largest share compared to other foreign suppliers in the market from Australia, Germany, Switzerland and the United Kingdom.

U.S. Embassy Bangkok's Commercial Service is seeking to help U.S. firms capture an even greater share of the import market by holding a special two-part event, consisting first of a Catalog Show to identify and pre-screen potential Thai partners, followed by a Video Gold Key for the U.S. participants with their top three "best prospect" Thai contacts whom we identify. An added feature for U.S. participants in this event is that we will continue to promote your company by including it in our "virtual" catalog show on our website for a six-month period.

The cost is a very reasonable \$300 for participation in the actual and virtual catalog shows, and \$600 for a Video Gold Key consisting of up to three meetings following the live catalog show.

Interested companies are urged to contact Mr. Nalin Phupoksakul at the Commercial Service, U.S. Embassy Bangkok, Thailand. Tel: (662) 205-5275; (662) 205-5090, Fax: (662) 255-2915, or Email: nphupoks@mail.doc.gov

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Cross Sectoral	Oksana Chukreyeva Tel: (32 72) 587-920 Email: Oksana.Chureyeva@mail.doc.gov
Electronics	Yoshihiro Nomoto Tel: (813) 3224-5088 Email: Yoshihiro.Yamamoto@mail.doc.gov
Mining Industry and Oil, Gas and Field Equipment	Sharon Atkins Tel: (403) 265-2116 Email: Sharon.Atkins@mail.doc.gov
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Housewares	Keiko Nomoto Tel: (81 3) 3224-5078 Email: Keiko.Nomoto@mail.doc.gov
Travel/Tourism Services	Michael Speck Tel: (403) 265-2116 Email: Michael.Speck@mail.doc.gov

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
July 11-13	PAACE Automechanika PAACE Automechanika is an annual event where the Office of Automotive Affairs and CS-Mexico City distributes information on ITA services and collects trade leads for U.S. automotive parts and accessories companies from among event visitors.	Mexico City, Mexico
July 21-24	ISPO- Summer 2001 Exhibitors from over 40 countries present their range of products focusing on both summer and non-seasonal sports. Such products include sportswear, sports shoes, outdoor fashion, bathing and beachwear and fitness, tennis, squash, table tennis and badminton equipment.	Munich, Germany
August 19-21	Australasian Gaming Expo Australasian Gaming Expo is an annual trade exhibition for suppliers to the gaming, hotel, hospitality, amusement and entertainment industries.	Sydney, Australia
September 5-8	U.S. Pavilion at Asiafood Expo 2001 Asiafood Expo 2001 is the largest trade show for the food industry in the Philippines. Over 619 local and foreign exhibitors participated in the 2000 show which attracted 18,000 business people.	Manila, Philippines
September 9-12	Decosit Decosit is the major international trade show for upholstery textiles. Over 50 U.S. companies exhibit at this event, which attracts over 12,000 visitors from over 100 countries. At Decosit '99 the 10 American companies on the U.S. pavilion reported \$27.8 million in one year projected sales.	Brussels, Belgium
September 18-20	Elenex/Automate 2001 Elenex/Automate 2001 is the most prestigious trade event for the process control, automation, robotics and electronics for the manufacturing sectors.	Sydney, Australia
September 22-24	Cosmoprof Cosmetica 2001 Cosmoprof Cosmetica 2001 is the largest trade show in Latin America for cosmetics, toiletries and personal care products and second largest in the world. Last year's event attracted 78,000 visitors and had 500 exhibitors. This is the seventh year that the U.S. has had a pavilion at the show.	Sao Paulo, Brazil
October 3-8	Expovivienda This is the 6th version of this international trade show of materials, machinery and services for the construction industry. It is targeted to attract architects, engineers, decorators, designers and other professionals of the construction sector. The last edition of this show took place in August 2000, with more than 170 exhibiting enterprises and more than 99,000 visitors.	Lima, Peru
October 7-9	Golf Europe 2001 The U.S. Department of Commerce in conjunction with the American Consulate in Munich will sponsor a U.S. product sample/ literature center at Golf Europe. Major product categories are of all kinds of golf equipment, apparel, accessories and other golf-related products. U.S. golf equipment companies interested in gaining valuable exposure in Europe will not want to miss this opportunity.	Munich, Germany
November 6-9	Building Shanghai 2001 Building Shanghai 2001 is one of the largest annual trade events for the construction industry in China. The National Association of Home Builders (NAHB) will be hosting a conference that is co-located with the trade event providing unparalleled benefits to international participants.	Shanghai, China
November 15-17	Manitoba Mining and Minerals Convention The U.S. Commercial Service in Calgary has a unique opportunity for American companies to meet with Canadian firms involved in mineral exploration and mining services. The MMMC, in its 33rd year, attracts a wide range of exhibitors in the industry, including manufacturers of geophysical equipment; providers of analytical, consulting, financial, and mapping services; drilling companies; aircraft companies; software and evaluation package developers; telecommunications firms; and transportation and exploration companies.	Winnipeg, Canada



**INDUSTRY CONTACT INFORMATION**

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Hotel/Restaurant Equipment	Monique Ross Tel: (61 2) 9373-9210 Email: Monique.Ross@mail.doc.gov
Food Processing and Packaging Equipment	Tim Gilman Tel: (202) 219-4276 Email: Tim.Gilman@mail.doc.gov
Textile Fabrics	Lawrence Brill Tel: (202) 482-1856 Email: Lawrence_Brill@ita.doc.gov
Process Controls-Industrial	Noela Cain Tel: (61 3) 9526-5924 Email: Noela.Cain@mail.doc.gov
Cosmetics/Toiletries/Personal Care Products	Edward Kimmel Tel: (202) 482-3640 Email: Edward_Kimmel@ita.doc.gov
Construction equipment and services	Thomas Kohler Tel: (51 1) 434-3040 Email: Thomas.Kohler@mail.doc.gov
Sporting equipment	Ludene Capone Tel: (202) 482-2087 Email: Ludene_Capone@ita.doc.gov
Architectural, Construction and Engineering Services and Construction Equipment	Patrick Smeller Tel: (202) 482-0133 Email: Patrick_Smeller@ita.doc.gov
Mining Industry	Sandy Davidson Tel: (403) 265-2116 Email: Sandy.Davidson@mail.doc.gov

**USED - REMANUFACTURED EQUIPMENT TRADE MISSION****GUATEMALA AND HONDURAS  
JUNE 4-8, 2001**

The Commerce Department's Industrial Machinery Division will organize a trade mission to Guatemala and Honduras, June 4-8, 2001 — for executives of American used and refurbished equipment companies interested in establishing a market presence. The mission will also assist them in identifying representatives for their product lines.

Construction, agricultural, food processing and packaging equipment show excellent potential for U.S. companies. All of these sectors are highly receptive to American products, and previous missions to these countries show a great interest in used equipment. In lieu of importing new or state-of-the art technologies, many enterprises purchase reconditioned or remanufactured equipment. Tariff rates are low. Barriers to entry and licensing requirements are virtually nonexistent.

## Contact:

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**RIO 2001****RIO DE JANEIRO, BRAZIL  
JULY 14-18 2001**

Brazil is the largest, most populous and most industrialized country in Latin America. Its economy is eighth largest in the world, larger than those of Mexico, Argentina and Chile combined. Rio 2001 will be an international conclave of dental manufacturers, buyers, sellers and dental professionals. As Brazil's premier dental show, Rio 2001 is an ideal venue for you to target the South American market. Rio 2001 will feature products and services for the dental industry and will attract buyers and distributors from the regional South American market. Over 35,000 visitors are expected to attend the event.

The U.S. Department of Commerce is offering three different options for those wishing to participate in the U.S. Pavilion at Rio 2001.

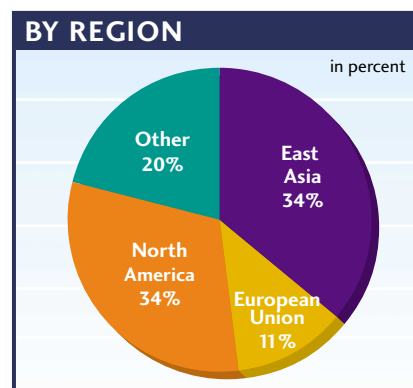
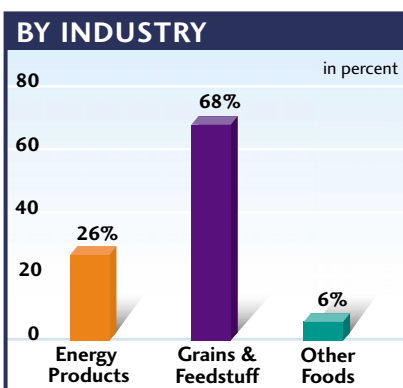
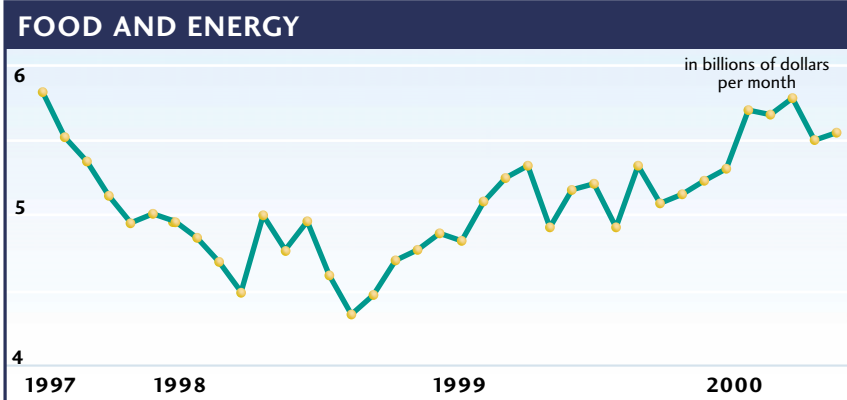
- American Product Literature Center — a cost effective way for your company to be represented without traveling to Rio 2001;
- Table Space Display Package with Support Services — an excellent opportunity for first time exhibitors to the region to attend the show and display literature and wall posters; and
- Full Sized Booth — a way to attend the show and have a full sized booth dedicated to just your company

## Contact:

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Email: Gerry\_Zapiain@ita.doc.gov

## FOOD AND ENERGY

Exports have dropped slightly in recent months but are still up 14 percent over a year and a half. Higher prices for refined petroleum products account for a substantial portion of the gain.



## MATERIALS

Foreign sales, which were on a plateau throughout the first half of 1999, have since climbed 20 percent over 18 months. All of the major categories contributed to this performance.

Monthly data are seasonally adjusted.

Product categories (except for services) are based on end-use classification.

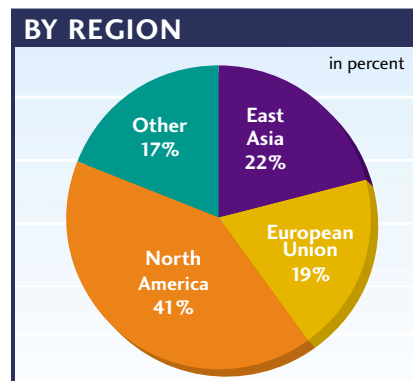
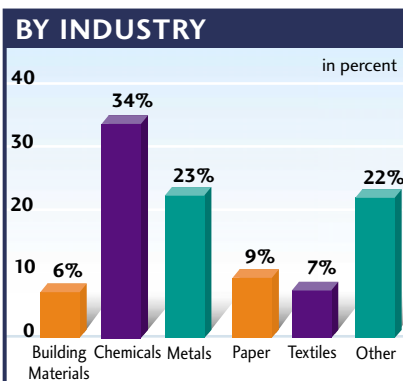
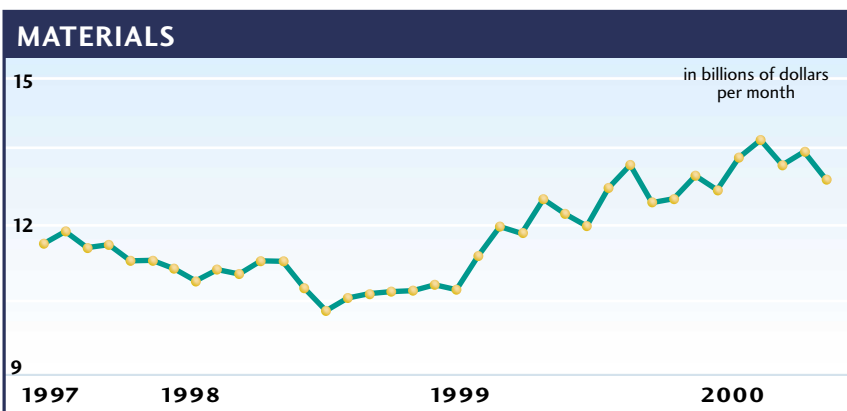
North America: Canada and Mexico.

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

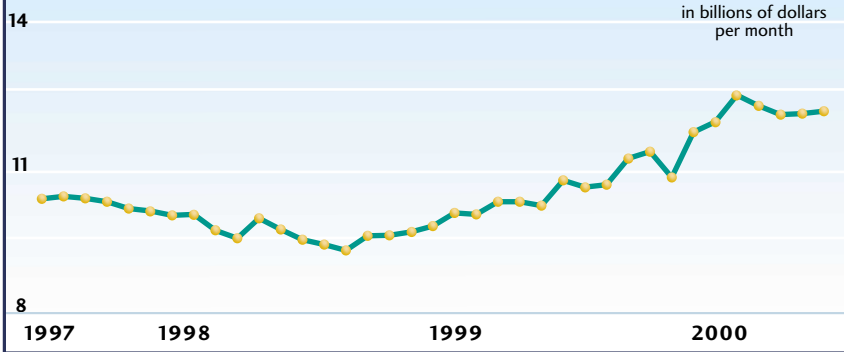
East Asia: China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The chart showing exports of services by region is based on data for calendar year 1999. Other charts showing product mix and geographic destination are based on data for calendar year 2000.

Source: Bureau of the Census (goods), Bureau of Economic Analysis (services).



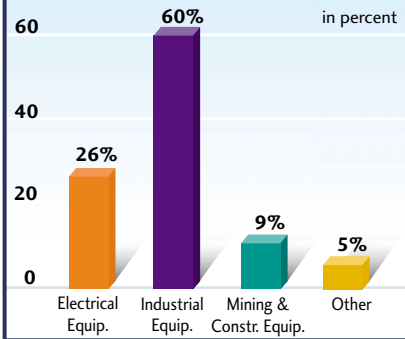
### MACHINERY



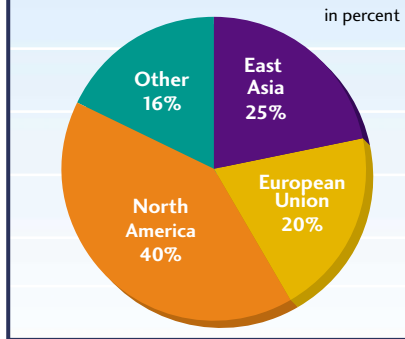
### MACHINERY

Exports have leveled off in recent months, following the steady recovery which began a year and half ago. The gains over the 18-month period have been shared among all of the major types of machinery.

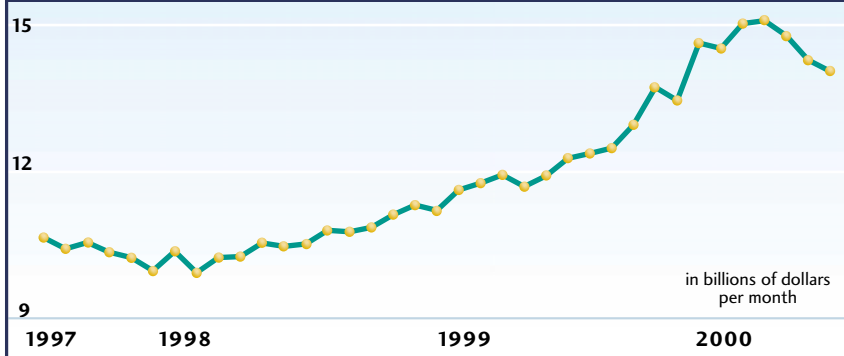
### BY INDUSTRY



### BY REGION



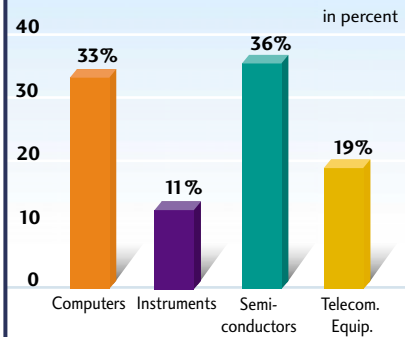
### ELECTRONICS & INSTRUMENTS



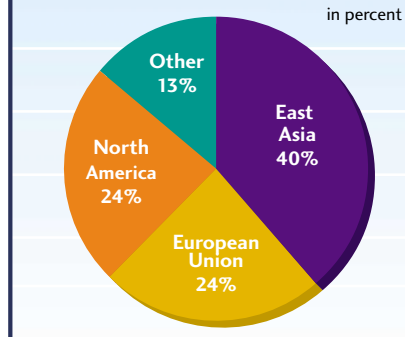
### ELECTRONICS & INSTRUMENTS

This sector began its recovery in foreign markets earlier, and even with a recent drop-off, exports have grown by 34 percent over the past two years. Shipments abroad of computers, semiconductors, telecommunications equipment and instruments have all risen significantly over this period.

### BY INDUSTRY



### BY REGION

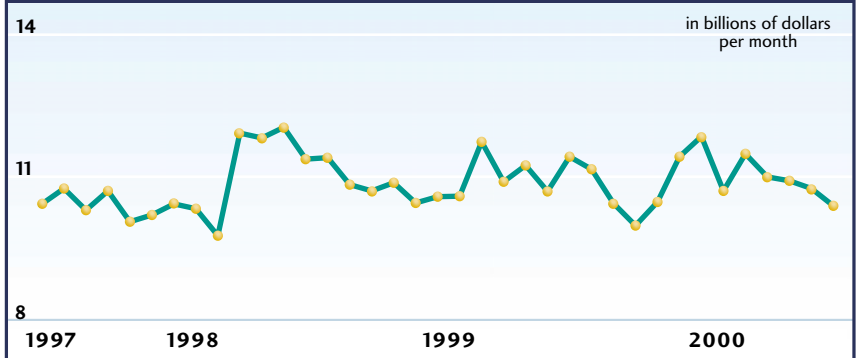




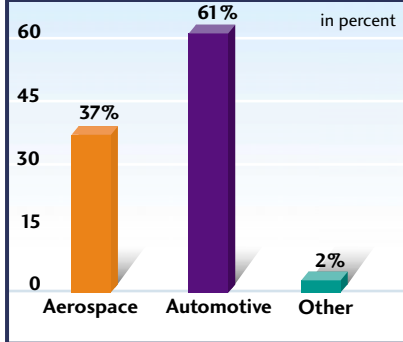
**TRANSPORTATION EQUIPMENT (CIVILIAN)**

Exports are down by 12 percent over six months. Most of the decline has been in foreign sales of civilian aircraft.

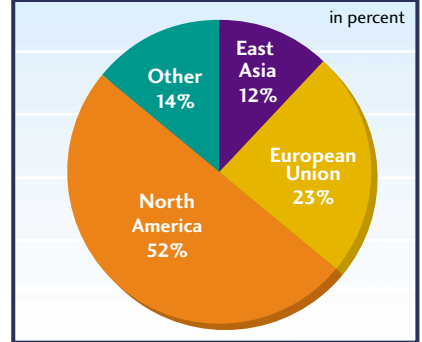
**TRANSPORTATION EQUIPMENT**



**BY INDUSTRY**



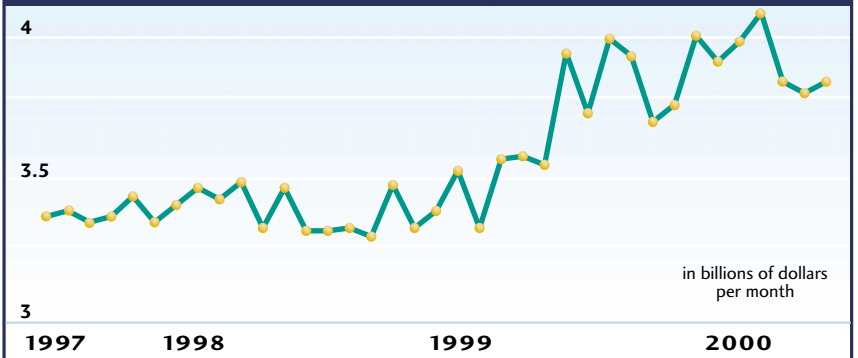
**BY REGION**



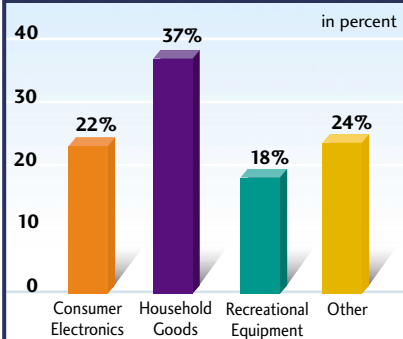
**CONSUMER DURABLES**

Sales abroad were higher in 2000 than in the two preceding years, and have grown 13 percent over 18 months. All of the major categories have seen export gains during this time, though the increase for recreational equipment has been modest.

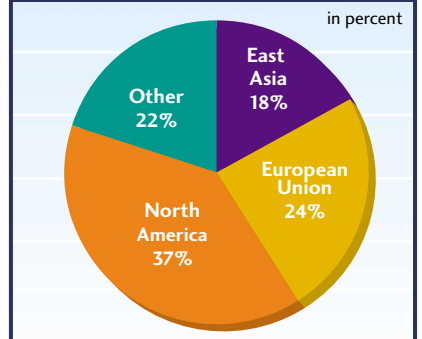
**CONSUMER DURABLES**

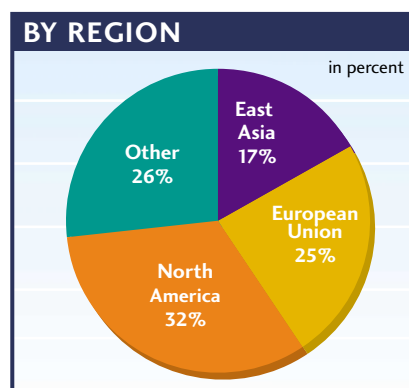
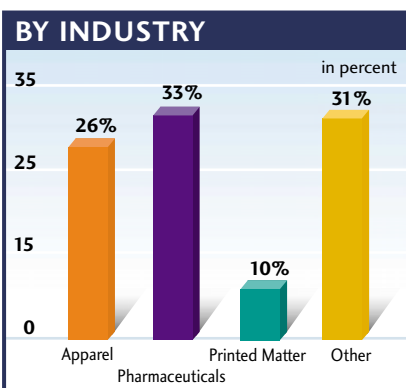
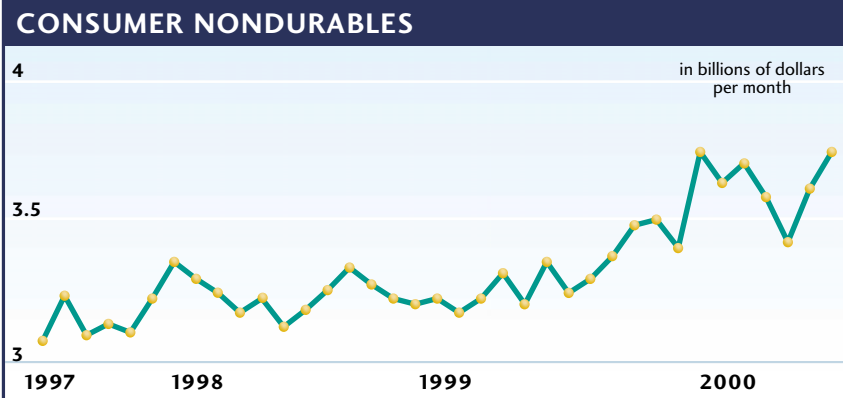


**BY INDUSTRY**



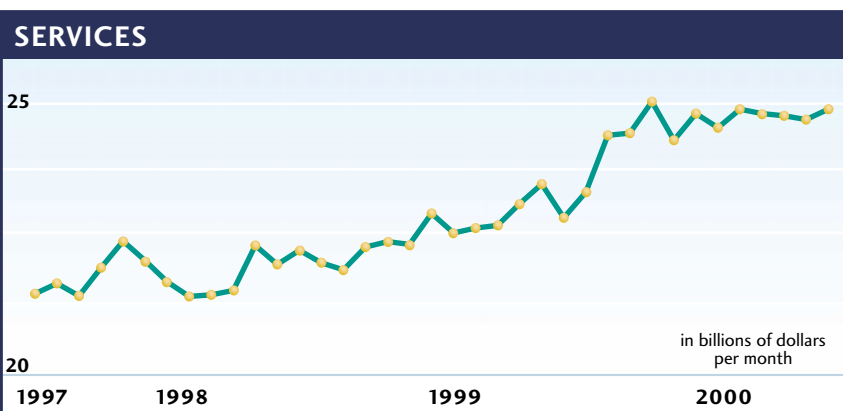
**BY REGION**





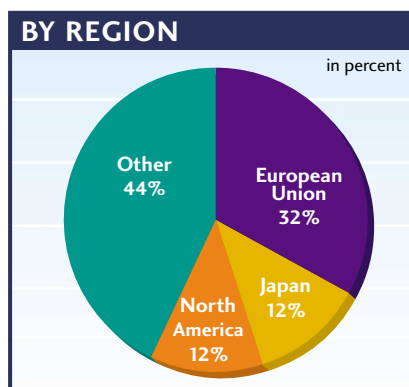
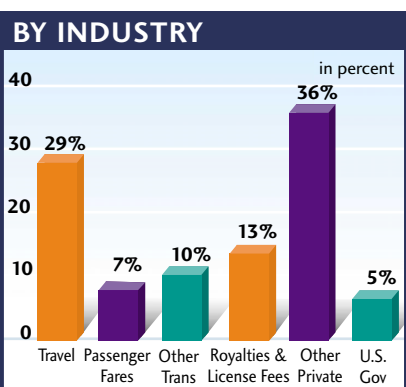
### CONSUMER NONDURABLES

Exports rebounded in late 2000, after a midyear dip. The total is up by 15 percent over the last 12 months, with higher pharmaceutical sales accounting for a good deal of the increase.



### SERVICES

Foreign sales have leveled off since early 2000, but are nevertheless up by 9 percent over 12 months, primarily due to higher travel revenues.



Additional information is available from the International Trade Administration ([www.ita.doc.gov/tradestats/](http://www.ita.doc.gov/tradestats/)); the Bureau of the Census ([www.census.gov/foreign-trade/](http://www.census.gov/foreign-trade/)); and the Bureau of Economic Analysis ([www.bea.doc.gov/bea/](http://www.bea.doc.gov/bea/)). Prepared by the Office of Trade and Economic Analysis, Trade Development. For more information call (202) 482-2056.

# EXPORT EXPRESS

## FINANCING SOLUTIONS FOR U.S. EXPORTERS

by Jean Z. Smith,

*Acting Director, Office of International Trade, SBA*

The number of small business exporters tripled in the past decade, and the value of small business exports has increased 300 percent in the past five years. These statistics reflect a largely untapped potential for increasing U.S. exports. Exporting statistics also show that even the smallest of businesses is involved in export transactions. We know that nearly 20 percent of small and medium-sized enterprises (SMEs) exporting have no employees beyond the principal, reflecting a change in who is exporting and what they export. We

also know that 2/3 of all SMEs sold to just one market. To support greater numbers of small businesses pursue overseas ventures, the SBA has developed a new loan program called SBA Export Express.

Does your company need funding to support market penetration strategies? Are you wondering how to fund a promising trade mission overseas?

SBA has the answer with SBA Export Express. This new loan guarantee program helps small businesses that have exporting potential, but need funds to cover the initial costs of entering an export market, to buy or produce goods

or to provide services for export. This new program has the flexibility to use loan proceeds for most business purposes, including expansion, equipment purchases, working capital, inventory or real estate acquisitions.

Also with this new program, loan proceeds may be used to help finance such items as participation in overseas trade shows or trade missions, standard certifications (i.e. CE Mark & ISO 9000) and modifications of a company's website to accommodate export transactions.

To help you structure your loan application, plan your export market penetration strategy or just locate a new market for your product overseas, SBA Export Express offers you the technical assistance your company needs to open new markets for your company. This loan program is especially suited to companies that have traditionally had difficulty in obtaining adequate export financing. The pilot program runs through September 30, 2005.

### PROGRAM REQUIREMENTS

SBA Export Express loans are available to persons who meet the normal requirements for an SBA business loan guaranty.

Loan applicants must demonstrate that the loan proceeds will enable them to enter a new export market or expand an existing export market and have been in business operation, though not necessarily in exporting, for at least 12 months.





## HOW DO I APPLY?

Any lender/bank that is authorized to participate in the SBA Express loan program may participate in SBA Export Express. A list of authorized lenders can be obtained by contacting the SBA representative at your local U.S. Export Assistance Center.

SBA Export Express lenders use streamlined and expedited loan review and approval procedures to process SBA guaranteed loans to ensure that all loan applications are processed smoothly and quickly. This is accomplished by SBA allowing the lenders to use their own loan analyses, loan procedures and loan documentation. Quick turn-around is also assured by centralizing processing at SBA's processing center in Sacramento, California. The SBA provides the lender with a response, typically within 36 hours.

## THE SBA GUARANTY

By means of this guarantee program, which gives participating lenders an 85 percent loan guarantee from SBA, the SBA is encouraging lenders to make loans to small business exporters that they might not make on their own. The SBA's Export Express maximum loan amount is \$150,000.

## TECHNICAL ASSISTANCE

Because many small business exporters face unique problems and challenges, the SBA Export Express Program also includes technical assistance in the form of marketing, management and planning assistance.

Technical assistance is provided by U.S. Export Assistance Centers, in cooperation with SBA's network of resource partners, including the U.S. Department of Commerce Commercial Service, the Export Legal Assistance Network, the Small Business Development Center Network, and the Service Corps of Retired Executives (SCORE).

On approval of a SBA Export Express loan, a U.S. Export Assistance Center representative will contact the borrower to offer appropriate assistance. This assistance may include training, such as the Export Technical Assistance Program (ETAP) offered through SBA or one of its partners. The ETAP program takes a new-to-export company from start to finish in exporting, including finding an overseas trade show or mission appropriate for the company products or services.

## OTHER FINANCING PROGRAMS

The SBA also offers a range of other long- and short-term financing options for small business exporters. The Export Working Capital Program (EWCP) allows the SBA to provide lenders with a repayment guaranty of up to \$1,000,000 or 90 percent of the loan amount, whichever is less, on short-term working capital loans that participating lenders make to small business exporters. This loan program is transaction-back financing, can be single or revolving line of credit and usually has a term of 12 months or less.

The SBA's International Trade (IT) Loan Program was designed to assist small business exporters that require both working capital and fixed-asset financing. Under this program, the SBA can guarantee as much as \$1.25 million in combined working capital and facilities-and-equipment loans. The working capital portion of the loan may be made according to the provisions of the Export Working Capital Program. ■

## CONTACT INFORMATION

For more information about SBA Export Express or other SBA export assistance programs, please contact the SBA representative in the U.S. Export Assistance Center nearest you. A complete list of Export Assistance Centers can be found on the back cover of this publication. The SBA maintains representatives in the following cities:

Atlanta	(404) 657-1961
Baltimore	(410) 962-4581
Boston	(617) 424-5953
Charlotte	(704) 333-2130
Chicago	(312) 353-8065
Cleveland	(216) 522-4731
Dallas	(817) 277-0767
Denver	(303) 844-6623 x 18
Detroit	(313) 226-3670
Long Beach	(562) 980-4550
Miami	(305) 536-5521 x 113
Minneapolis	(612) 348-1642
New Orleans	(504) 589-6702
New York	(212) 466-2958
Philadelphia	(215) 597-6110
Portland	(503) 326-5498
San Jose	(415) 744-6792
Seattle	(206) 553-0051
St. Louis	(314) 425-3304 x 228

# THE OTHER CUSTOMS BARRIER

CULTURAL RESEARCH AVOIDS BUSINESS BLUNDERS

by Margaret Kammeyer,  
Office of Public Affairs

Discovering cultural differences in business practices should be an integral part of conducting market research for new opportunities.

Whether you are a new exporter or are exporting but looking for new markets, cultural factors play a very important role in determining the success of the venture. As markets open and the demand for American goods abroad increases, challenges beyond the traditional details of exporting now face firms doing business abroad.

Doing business with international clients requires more than just an understanding of the myriad of international rules and regulations. A lack of knowledge about a customer's culture can lead to misunderstanding, frustration, potential embarrassment and even loss of business. As David A. Ricks writes in *Blunders in International Business*, "Cultural differences are the most significant and troublesome variables... the failure of managers to fully comprehend these disparities has led to most international business blunders."

Savvy exporters are now not only expected to be familiar with country marketing reports but should also

conduct research on their clients' culture and regional etiquette when preparing to enter new markets.

The building of successful business relationships is a vital part of any venture, and such relationships rely heavily on an understanding of each partner's expectations and intentions. Export representatives will want to ensure that they make the best impression on potential clients. This means that in addition to understanding preconceived notions about American business practices, it is also important for the international representative to have at least a basic familiarity with the customs and practices of the country in which the company is considering conducting business. Gift giving, proper forms of address, appropriate dress, entertainment, holidays, business hours and sense of time, are just some cultural differences of which to be aware. Mastering international business etiquette and understanding foreign customs is imperative for success in exporting.

Each culture has its own idiosyncrasies when it comes to social business relations and successful marketing strategies — what applies in one country often does not apply in another. Strategies that thrive in Japan will most likely fail in Hong Kong; therefore, not only is it important for

new to export companies to be aware of the ramifications of cultural differences but also for already successful exporters contemplating expansion into new markets.

## SOME INTERESTING CULTURAL OBSERVATIONS

- In the People's Republic of China, don't write notes using red ink. This suggests that the writer will die soon. Avoid using the number four at all costs because this, too, signifies death.
- In India, the significance of a business arrangement is often determined by the amount of time spent in negotiations.
- In Thailand, it is considered offensive to show the sole of the shoe or foot to another. Therefore, it is necessary to take care when crossing your legs.
- In Saudi Arabia, the law prohibits the wearing of neck jewelry by men, and westerners have been arrested for neglecting to observe this rule.
- In Argentina, do not be offended if your business associate arrives 30 to 40 minutes late to a meeting.
- In Costa Rica, if you are invited for dinner to a home, bring flowers,

chocolates, scotch or wine. Do not bring calla lilies; they are associated with funerals.

■ In Germany, first names are reserved for family members and close friends. Moreover, in German business culture, it's not uncommon for colleagues who have worked together for years not to know of each other's first names.

## SOURCES OF INFORMATION

There are numerous sources of information available to exporters designed to decrease the likelihood of cultural blunders. The Trade Information Center (TIC) can assist businesses on all issues relating to exporting. The TIC can be reached by calling 1-800-USA-TRAD(E) or by visiting their website at [www.tradeinfo.doc.gov](http://www.tradeinfo.doc.gov). The U.S. & Foreign Commercial Service is also an excellent resource for businesses looking to enter new markets. Located in over 80 countries, Commercial Service officers are available to assist in not only traditional business matters but also in cultural etiquette in your target country. Contact your local Export Assistance Center or visit [www.usatrade.com](http://www.usatrade.com) to get in touch with a Commercial Service officer.

In addition, the following websites and publications provide helpful cultural information and guidelines for businesses looking to expand to new international markets.

## GENERAL WEBSITES

[www.executiveplanet.com](http://www.executiveplanet.com) — Covering numerous aspects of business protocol, including gift giving, negotiating tactics, appointments, business entertaining and cross cultural communications, this website provides an excellent starting guide to international business etiquette and culture for U.S. top trading partners.

[www.etiquetteintl.com](http://www.etiquetteintl.com) — This website is a good resource for exporters con-

cerned about business etiquette. Valuable advice and extensive tips are provided on international business customs.

[www.worldbiz.com](http://www.worldbiz.com) — This site provides a list of informational reports available on international business practices, business protocol, etiquette, cross-cultural communication, negotiating tactics and country-specific data.

[www.fita.org](http://www.fita.org) — The Federation of International Trade Associations offers a free bi-monthly publication of useful websites often relating to cross cultural business.

[www.bena.com/ewinters/OnlineTutorial.html](http://www.bena.com/ewinters/OnlineTutorial.html) — This online cross-cultural communication tutorial is helpful for firms going international.

## REGIONAL AND COUNTRY WEBSITES

[www.culturalsavvy.com](http://www.culturalsavvy.com) — This very informative and well-maintained site provides useful business tips and backgrounds on Japan, China and Korea

[www.2gol.com/users/coynerhm/etiquette1.htm](http://www.2gol.com/users/coynerhm/etiquette1.htm) — Here is a website that will link you to information on language, business attire, introductions, business hours, currency, telecommunications and general etiquette for different countries in Asia including, Vietnam, Thailand, Singapore, Malaysia, India and South Korea.

[www.japan-guide.com/e/e622.html](http://www.japan-guide.com/e/e622.html) — This site is a good source of knowledge for basic rules of Japanese etiquette both personal and business.

[www.traderscity.com/abcg/culture.htm](http://www.traderscity.com/abcg/culture.htm) — This website provides tips on behavior in Arabic countries for westerners doing business there.

[www.cyborlink.com/besite/latiname.htm](http://www.cyborlink.com/besite/latiname.htm) — Appropriate business and social etiquette for Latin American countries is listed on this site.

[www.users.erols.com/iauincl/](http://www.users.erols.com/iauincl/) — Here links are provided to sites dedicated to strengthening North American - Latin American understanding and cooperation, such as cultural relations, business practice and more.

## PUBLICATIONS

### *Kiss, Bow, or Shake Hands: How to Do Business in Sixty Countries*

By Terri Morrison, et al.

A good, easy-to-use reference on cultural overviews, behavioral styles, negotiating techniques, protocol and business practices for the 61 countries with which U.S. exporters are likely to do business.

### *Understanding Arabs*

By Margaret Nydell

This book is a very informative cross-cultural guide and presents an overview of Arab culture as well as individual frameworks for each of the nineteen Arab countries and their differences.

### *Communicating with Customers Around the World*

By Chan-Herur, K.C.

A concise, easy-to-use guide filled with 'must-know' information and practical tips to help you communicate with your international customers.

### *Blunders in International Business*

By David A. Ricks

This book, by relaying interesting anecdotes, takes a fascinating look at how mistakes are made everyday by large and small companies as they try to compete globally. ■



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**KENTUCKY**

Lexington (859) 225-7001

Louisville (502) 582-5066

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Shreveport (318) 676-3064

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**MASSACHUSETTS**

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Detroit U.S. Export Assistance Center

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Pontiac (248) 975-9600

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**NEW JERSEY**

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**TENNESSEE**

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Memphis (901) 323-1543

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