

Trade Events • Latest Export Data • Technical Advice • The Federal Scoop

EXPORT *America*

February 2000 Volume 1 Number 4
<http://exportamerica.doc.gov>

THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS

Opportunities Through Partnership

Accessing Information
Technology Markets

Inside...

- The ATA Carnet
- The Global Technology Network
- The USDOC's Advocacy Center





ASIA/PACIFIC BUSINESS OUTLOOK 2000

ACCESS 13 ASIAN MARKETS IN 2 DAYS!

MARCH 23-24, 2000

University of
Southern California
Los Angeles

Registration through the
U.S. Department of Commerce for
Conference Fee of \$875
(Early Registration Fee of \$775 until 3/22) (SME
Fee - \$475**)
Customized Country
Services for SMEs.**
Attendance at All Conference Sessions.

For the past twelve years, the Commercial Service of the U.S. Department of Commerce, in partnership with the University of Southern California's (USC) International Business Education and Research (IBEAR) Program, has helped American exporters decipher the Asian Marketplace through this annual conference. This is the premier event for U.S. Department of Commerce clients wanting to learn about rapidly changing business opportunities in the Asia/Pacific region.

- Meet Asia-Based Senior Commercial Officers and Experienced Business Executives Through Individual Counseling Sessions – Additional Appointment Times Available on March 22.
- Network With Over 350 Knowledgeable Business Participants and Speakers.

To ask questions or to register
Call Tish Falco at Tel: (202) 482-2422
or Maryavis Bokal at Tel: (949) 660-1688 x117

Select from over 70 Country and Industry-Focused Briefings, Workshops and Seminars, Focusing on 13 Asian Markets:

- Australia
- New Zealand
- China
- Malaysia
- Philippines
- Hong Kong
- Singapore
- Indonesia
- Taiwan
- Japan
- Thailand
- Korea
- Vietnam

Among Industry Workshops Available:

- Airports/Avionics & Ground Support
- Environmental
- Franchising
- Healthcare Equipment & Services
- Information Technology & Telecommunications
- Infrastructure

** Available to FIRST 50 SME CLIENTS THAT REGISTER. Pose questions you need answered! These customized summaries consist of market entry strategies, industry overviews, trade dispute resolution, or other specialized assistance accepted by overseas staff.

DEADLINE: Conference Registration and Requests Customized. One-on-one counseling must be received by February 23rd to your USDOC Trade Specialist.

EXPORT America

THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS
February 2000 Volume 1 Number 4 <http://exportamerica.doc.gov>

NEW OPPORTUNITIES

Opportunities through Partnership:
Accessing Information Technology Markets 14



Internet and Electronic Commerce
Opportunities in Southeast Asia 16

by Scott Pozil

ExportIT to Europe: Information
Technology Market Opportunities
in Germany and the UK 22

by Danielle Kriz

GLOBAL NEWS LINE

Briefs on Egypt, Costa Rica, Australia, Thailand,
Korea, India, Spain, Russia, Denmark & Canada 4

Prepared with the assistance of the U.S. & Foreign Commercial Service

SUCCESS STORIES

Eyes of the Storm: Global Atmospherics Inc.
Expands Lightning Detection Exports with
USDOC-Led Advocacy 6

by Jake Bright

Exporter “Nails” World Markets 8

by Curt Cultice

NEWS FROM COMMERCE

Leveling the Playing Field: USDOC’s Advocacy
Center Goes to Bat for U.S. Business 9

by Ann Ngo



U.S. DEPARTMENT OF COMMERCE
International Trade Administration

William M. Daley
Secretary of Commerce

David L. Aaron
Under Secretary for
International Trade

Daniel Cruise
Director of Public Affairs

Arrow Augerot
Editor

Brendan Mullen
Editorial Intern

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

Subscription rates are pending.
All subscription inquiries should
be sent to the Government
Printing Office, Superintendent
of Documents, Mail Stop: SSOM,
Washington, D.C., 20401.

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

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

Contents of this publication are not copyright-
ed unless indicated, and if not so indicated
the articles may be reproduced in part or in
full without any prior consent. The Secretary
of Commerce has determined that the
publication of this periodical is necessary in the
transaction of the public business required by
law of this department.

TECHNICAL ADVICE

The ATA Carnet: Your Key to Unlocking Customs 11
by Maria Rea

ASK THE TRADE INFORMATION CENTER 12
Certificates of Origin
by John Ballard

INSIDER'S CORNER

Trade Events Schedule: Upcoming Trade Events, 24
April-September 2000
Prepared with the assistance of the U.S. & Foreign Commercial Service.

A Look at U.S. Exports 28
Prepared by the Office of Trade & Economic Analysis, Trade Development

INTERNET MARKETING

Combating Credit Card Fraud in Sales to the NIS 32
by Derek Nowek

Alert on Internet Fraud from the Commercial 34
Service in Almaty

THE FEDERAL SCOOP

The USAID's Global Technology Network: 35
Expanding U.S. Business Opportunities in
Emerging Economies
by Joe Duncan

COVER DESIGN BY DANIEL STAFFORD



W

hen most people hear about the virtual marketplace,

they think of the recent boom in Internet holiday sales, which were as much as \$7 billion in 1999. While the amount spent over the Internet this holiday season was amazing by almost all accounts, it should really be interpreted as just one more piece of evidence that we are well past the dawn of the electronic commerce age.

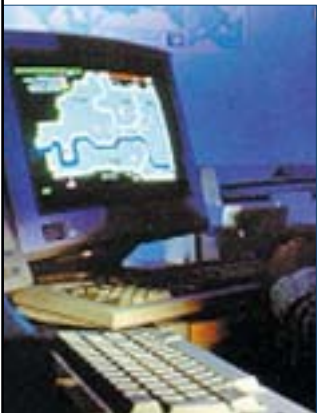
The real story for most of you reading this magazine is another aspect of cyberspace: the proliferation of websites devoted to facilitating business-to-business sales. Virtual marketplaces, such as E-steel.com and Chemdex.com, offer users an electronic location where they can go to buy and sell goods. A construction company in Kuala Lumpur, for example, could go to one of these sites to purchase the lumber or steel necessary to put up a new office building. In short, these sites enable buyers to search out the best prices, on a global level, right from their own desks.

The companies that are running these sites are going to be responsible for a significant proportion of e-commerce in the next decade. In fact, it is estimated that business-to-business transactions via the Internet will reach \$2 trillion by the year 2002, which is nearly 10 times more than the estimate for business-to-consumer sales.

Where do you, the small- or medium-sized e-commerce business, fit in? Well, the good news is that U.S. companies are the leaders in the field of Internet and e-commerce. We got in early, so we are generally well placed to capitalize on the benefits of cyberspace. This month's feature articles provide detailed guides on how you can assist other markets—in Southeast Asia and Europe—to develop their own business-to-business and business-to-consumer e-commerce solutions. Software companies, web designers, web-hosts and consultants are needed in these markets, and with the help of local partners, can be very successful.

Our FEDERAL SCOOP section this month highlights a program, run by the U.S. Agency for International Development, that assists U.S. companies find technology related trade leads even in countries that are not in the high-tech arena. The Global Technology Network helps importers from developing markets find U.S. suppliers for the products that they need.

We will see you next month with many new articles on how to export. Until then, good luck with your business. Let us know if you have any questions or comments (Export_America@ita.doc.gov).



Arrow Augerot
Editor

GLOBAL NEWS LINE

EGYPT

A group of businessmen and investors are starting a national project through which they will take the garbage of Cairo, Giza and Alexandria, and convert it to electricity and fertilizers, in addition to recycling the paper, metal and plastic waste. **Twenty-six factories are being considered for construction in Cairo, Giza and Alexandria for garbage recycling under the supervision of the Ministry of Environment.** The factories are expected to cost LE3 billion (US\$874 million). Financing would be provided by the United Nations and the private sector. The Governorate of Alexandria has also invited international companies to participate in its tender for collecting and recycling its garbage over the next 15 years, and is presently considering the offers and proposals of investors and companies interested in the project.



COSTA RICA

On November 30, 1999, over 20 U.S. consulting firms presented offers to assist the Costa Rican Railroad Authority (INCOFER) in assessing the economic viability of the Costa Rican railway network and help in the preparation of concession documents for the private operation of the railroad. The U.S. Trade & Development Agency (TDA) is funding this consulting project through a grant agreement with INCOFER. Other elements of the project are being supported by funds from the World Bank and the Spanish government. **Once the concession documents are developed, the private management of the railway system will be announced as a public bid opportunity.** The concession opportunity should be announced in the first quarter of calendar year 2000.

AUSTRALIA

Internet Service Providers (ISPs) in Australia recently received the **first ISP "code of conduct" for censorship on the Internet.** The draft, prepared by the Internet Industry Association (IIA), is the fifth attempt to convince Australia's 700-plus ISPs to conform to the Government's request to provide some voluntary form of censorship of content on the Internet. The Australian Broadcasting Authority (ABA) has been given the authority by Parliament to enforce the code in an effort to "clean-up" the Internet. According to the IIA, the code will bring industry into line with the Government's Censorship Act, which came into force on January 1, 2000. For more information, contact the U.S. & Foreign Commercial Service in Melbourne at Email:Melbourne.Office.Box@mail.doc.gov.

In August 1999, government ministers and industry representatives **launched the National Packaging Covenant in**

Melbourne in an attempt to provide a consistent national approach towards used packaging materials. The Covenant, together with the underpinning *National Environment Protection Measure*, is a significant environmental policy initiative. It is a new approach that provides industry with considerable flexibility and encourages all parts of the packaging supply chain to participate and play a role in the management of used packaging. The focus is on consumer packaging and household paper. Signatories to the Covenant include 10 industry associations, 16 high-profile companies, eight governments and two local government associations. All signatories will be required to prepare action plans, with a duration of one to five years, setting out the specific measures and activities that they will undertake to implement the Covenant. Such action plans may include design packaging to minimize the use of materials; undertaking and promoting research; reducing production, printing, transport and waste disposal; supporting curbside/recovery programs and litter reduction; promoting education and community awareness; and establishing logistics systems to reduce environmental impact. For more information, please contact Patricia Matt, Industry Specialist, Commercial Service Sydney at Email: Patricia.Matt@mail.doc.gov.

THAILAND

Thailand's Board of Investment has announced a **new investment promotion package**, which, for the first time, attaches investment incentives to research and development, human resources development, and compliance with international quality standards. The package allows more foreign-owned companies access to investment incentives, giving them the same advantages as Thai firms. Design of the package was based on a World Bank study, and is aimed at further decentralizing investment areas outside

Bangkok, as well as increasing the quality of investment projects. The Board is considering two options for the package, the first one of which requires eligible projects to invest in research and development, and/or human resources development. The other requirement is that investors obtain certifications from the International Standards Organization (ISO) or similar international standards organizations within a certain period of time after commencing operations.

KOREA

The Commercial Service Korea continued its new Korean regional trade initiative with an extremely productive three-city tour (Kwanju, Yosu and Pusan) led by Ambassador Stephen Bosworth and Senior Commercial Officer John Peters. In tandem with Korea's financial recovery, the provincial governors and mayors are gaining greater autonomy regarding future economic development. As a result, there is now a multitude of proposed local projects including infrastructure, hotels and resorts, and industrial and retail development all of which provide opportunities for U.S. products and services. A regular series of regional trade visits in Korea is being planned.

INDIA

In December 1999, the Indian Parliament approved the *Insurance Regulatory and Development Authority (IRDA) bill*. The ratification of the IRDA bill ends the government monopoly on the insurance sector and establishes a regulatory authority for insurance. The bill limits foreign equity in domestic companies to 26 percent. The Finance Minister and the Regulator mentioned that stringent measures will be taken to ensure that the investment cap is not breached. Although the business community has welcomed the passage of the IRDA bill, companies are studying the govern-

ment-imposed limitations before making business decisions. India's liberalization efforts have opened the door to private insurance companies. Some U.S. and foreign insurance companies have already entered into joint-venture partnerships with domestic companies. Potential investors should study the restrictions and the role of the regulator before making any commitments.

SPAIN

A recent study by the Spanish Association of E-Commerce (AECE) estimates that e-commerce in Spain will generate approximately US\$1.7 billion in sales by 2002, a substantial increase over the \$56 million estimated for 1999. This latest study places the figure for 1998 at US\$22.6 million, four times the 1997 level of US\$5.3 million. Preparation for the Y2K effect is said to be the reason for the disappointing progress in 1999. Coinciding with full implementation of the Euro, 2002 is considered the year when e-commerce will truly take off.

RUSSIA

On November 16, 1999, the Small Business Forum (SBF) held its inaugural meeting. The SBF is a Moscow-based, non-profit organization supporting small- and medium-sized businesses in Russia. The SBF views a young and energetic small business sector as the driving force behind Russia's economic progress. Helping the sector to overcome multiple barriers in the Russian economy is the stated primary objective of the Forum.

DENMARK

Entitled by law to at least five weeks of annual vacation, the Danes hold the record of being the world's ultimate inveterate and frequent travelers. The overall number of Danish travelers has increased from 1.9 million in 1972 to about 3 million in

1997. The number of holiday trips has increased from about 2.6 million to 4.7 million during the same period. For many years, Germany held the record, but has now been surpassed by Denmark. According to statistics from the Danish Tourism Board, 75 percent of adult Danes went on vacation in 1997 compared to only 74 percent of Germans.

CANADA

The Quebec biotechnology industry is a highly dynamic and very important component of the province's growing knowledge-based economy. In 1997, 86 firms operating in Quebec's biotechnology sector with a CDN\$4 billion annual turnover. Most of these were based in the greater Montreal area. Quebec alone accounted for 40 percent of all Canadian biotechnology companies. The recent growth of the biotech sector has propelled Quebec to become the tenth largest biotechnology market in North America. The key success factors responsible for the industry's stellar performance are a qualified workforce, an excellent R&D infrastructure and a favorable tax environment. Areas of interest to U.S. firms will be in the provision of equipment, specific consulting and management services, and capital financing. Additional information is available from the Commercial Service Montreal at Tel: (514) 398-0673, Fax: (514) 393-0711 or Email: montreal.office.box@mail.doc.gov. ■

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 1-800-USA-TRADE.

EYES OF THE STORM

GLOBAL ATMOSPHERICS INC. EXPANDS LIGHTNING DETECTION EXPORTS WITH USDOC—LED ADVOCACY

by Jake Bright
Office of Public Affairs

For most people, lightning never strikes twice in the same place. But if it does, Global Atmospheric, Inc. (GAI) will know when and where. Around the world, GAI's lightning detection equipment is catching numerous lightning surges, and is also telling us at what time and location

Tunisia's Ministry of Communications. Located in Tucson, Arizona, with a staff of just over 100 employees, GAI claims to be the largest manufacturer and system integrator of lightning detection and location equipment and services in the world. GAI's comprehensive line of lightning detection systems and application tools range from simple, single-sensor devices used to monitor local and regional lightning phenomena to

country's Ministry of Communications. Working through a manufacturer representative, GAI answered the tender. Its main competitor was a French firm. Shortly thereafter, GAI learned that the tender board had chosen it as the best company for the project.

Before the deal was finalized, however, representatives of the French company in Tunisia began an intense lobbying

"WE THOUGHT THAT DOC ADVOCACY WAS MORE FOR THE CORPORATE GIANTS YOU READ ABOUT IN THE PAPER. WE LEARNED FIRST, THAT THESE SERVICES ARE AVAILABLE TO SMALL COMPANIES, AND SECOND, THAT THEY REALLY WORK."

they will touch down. In June 1999, GAI's expertise in the field, along with the advocacy efforts of the U.S. government, helped it win a \$1 million dollar tender to supply its equipment to

fully deployed national networks that reliably and automatically measure a full range of lightning parameters.

GAI originally developed its equipment in the 1970s to detect lightning caused forest fires. The company has since worked actively to develop a national lightning detection network capable of predicting lightning over greater distances and within 20 seconds of when it strikes. Advances in GAI's technology have coincided with the discovery of other uses for lightning detection and data in an increasing number of industries. Those most prominent include aviation, communications, insurance, recreation and electric power utilities. This expanded range of applications has inevitably led GAI to develop its business internationally and it is now selling to over 40 countries.

In Tunisia, GAI responded to a government tender to create a national lightning detection network for the

effort on behalf of the competitor company to reverse the decision. Pressure from French officials led the tender board to ask the bidders to resubmit a "best and final" offer. GAI, a small company, was not able to lower its price in order to compete with the French competitor. The original tender was closed all together and each company was asked to resubmit bids to a new tender.

Realizing that they would need help if they were going to get a fair shot, GAI enlisted the advocacy services of the U.S. Department of Commerce. Vice President for Sales and Marketing, Jeff Tuel, contacted Shannon Ballard in the USDOC's Advocacy Center in Washington. "We had never used DOC advocacy before and were not sure if it was applicable to a small business like ourselves. The Commercial Service representative in Tunisia and the Advocacy Center in Washington jumped in with both feet and organ-

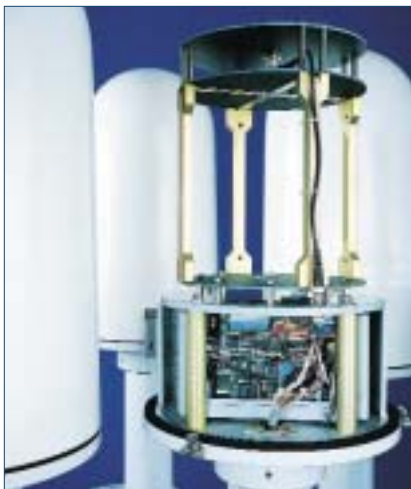


Photo courtesy of Global Atmospheric Inc.

GAI's impact sensors pick up electromagnetic signals produced by lightning to pinpoint where it strikes.

ized efforts to level the playing field on the tender, not asking favoritism toward our company, but basically saying, this is a public tender that needs to be decided within a fair public forum,” said Tuel.

Ballard worked directly with the company, coordinating U.S. Government resources to ensure a fair process and facilitating contact with the U.S. & Foreign Commercial Service officers in Tunis who provided counseling on how to work with the Tunisian Government and to navigate the bid process. U.S. Ambassador to Tunisia, Robin Lynn Raphel, contacted the Minister of Communications, personally, seeking a transparent bid process.

According to Ballard, U.S. Government led advocacy is indispensable when comparing foreign governments’ aggressive and sometimes corrupt, activities geared towards winning contracts for national firms. “This is why we exist,” she said referring to the DOC’s Advocacy Center and other advocacy activities of the U.S. Government. “A lot of small companies have great capabilities but not much leverage on the ground when bidding abroad. They will see a tender that is released, bid on it with the understanding that it is going to be an open and transparent process, and then, at the eleventh hour, the decision goes the other way. Sometimes all it takes is making it clear to the host government that the U.S. Government is interested in the outcome of the process, that everyone is given the same chance, and that whoever ends up winning the bid should win because they have the best technical and commercial offer.”

The U.S. Government provides these advocacy efforts to any U.S. exporter facing what they perceive as unfair hurdles in new markets. Since November 1993, the USDOC’s Advocacy Center has stepped up its efforts, helping U.S. exporters win over 500 projects around the world, valued at an estimated \$120 billion.

GAI’s Jeff Tuel was both impressed and surprised by DOC’s advocacy efforts.



Lightning strikes a utility pole. GAI’s systems could have detected the time and location 20 seconds in advance.

Photo courtesy of Global Atmospherics Inc.

“When I first called the Department of Commerce, I was not sure what kind of attention a small company like ours would get. I was absolutely amazed at both the timeliness and attention we received. I thought the DOC advocacy was more for the corporate giants that you read about in the paper. The team that responded, both in Washington and in Tunisia, was very helpful in educating us on what the advocacy group could do and providing the counterbalance to the French Government’s efforts. So, we really learned first, that these services are available to small companies, and second, that they really work. This award had a fairly significant impact

on our annual sales, accounting for 13 percent of total international business for 1999.”

GAI continues to pursue contracts for its lightning detection technology abroad and sees advocacy as increasingly important. It has already had a similar experience to Tunisia during a bid process in Morocco. In the long run, GAI aims to expand its experience, technology, and expertise to more and more countries throughout the world. ■

For more information about the Advocacy Center, please turn to page nine.

EXPORTER "NAILS" WORLD MARKETS

Elyse Burstein doesn't like to step on toes, but she does like people who clip them... with her company's fine line of manicure implements, that is.

"Toe nail clippers, tweezers, emery boards, you never know what the day brings, until you look at the orders on the fax," says Burstein. "Every minute, somewhere around the world, someone is ready for a manicure."

And that's good news for Burstein, who, as export sales and marketing manager for the W.E. Bassett Company of Shelton, Connecticut, makes a living on people's passion for beautiful nails. The 60-year

shampoo, so the idea of a notions section in U.S. department stores is a bygone era."

Bassett has also benefitted from the services of the U.S. Commerce Department's U.S. Export Assistance Center in Middletown, Connecticut. Through a series of marketing seminars and other services, Burstein was able to increase sales in many countries. For example, she used the Agent Distributor Service to locate new distributors in France. Most recently, she sought the assistance of the Export Assistance Center in achieving her first sale to India.

Worldwide, the firm's nail clippers sell for the equivalent of \$1, while its other manicure implements range from \$1 to \$20. Exports account for about 20 percent of the firm's total sales.

"ELYSE BURSTEIN, EXPORT SALES AND MARKETING MANAGER FOR THE W.E. BASSETT COMPANY, MAKES A LIVING ON PEOPLE'S PASSION FOR BEAUTIFUL NAILS."

old firm manufacturers the TRIM line of manicure and pedicure implements.

Although the company first began exporting some 40 years ago, the firm now exports to more than 70 countries in Latin America, Asia, the Middle East and Europe.

"In some countries like Brazil, people have traditionally preferred scissors over nail clippers," Burstein says. "Of course, we know this is changing, as we were able to successfully introduce our nail clippers at the equivalent price of \$1."

She points out that in Asia and Europe there is a growing trend in mass shopping with the emergence of major department store chains like Wal-Mart and Carrefour in France.

"What's interesting is that Department store chains in these countries often have a notions department full of toothpaste, shampoos and manicure implements," Burstein says. "Here in America, you'd never think of Macy's as selling

Some of these sales include Bassett's manicure gift sets. Popular in countries such as Hong Kong and Venezuela, it comes complete with everything from tweezers to emery boards. There's even a choice of colors—chrome or gold-plated.

"We have our own manicure implement plants right here in Shelton and Derby," Burstein says. "Our customers and distributors visit us from all over the world."

This begs the final question: In which country will one find the best-groomed nails?" Mmm...now that's a good question," Burstein says. "Well, you know, I recently sold a container of one million nail clippers to Turkey..."

Elyse Burstein is a member of the Connecticut District Export Council and won the State's Exporter of the Year Award in 1997. (EBurstein@trim.com) ■

Curt Cultice is a Public Affairs Specialist in the International Trade Administration.

CURT'S
CORNER

LEVELING THE PLAYING FIELD

USDOC'S ADVOCACY CENTER GOES TO BAT FOR U.S. BUSINESS

by Ann Ngo

Advocacy Center, Trade Development

In May 1999, the Ogden Corporation, as part of the AERODOM consortium, and with the assistance of the U.S. Department of Commerce's Advocacy Center, was awarded a 20-year concession to operate and manage four airports in the Dominican Republic. The airports—located

in Santo Domingo, Puerto Plata, Samana and Barahona—will serve about 4.2 million passengers per year. AERODOM plans to invest over \$400 million in upgrading, expanding and remodeling the cargo and passenger terminals, \$60 million of which will be U.S. content.

This project is proof that the early support of the U.S. Government can make a big difference between winning and losing an overseas bid. Increasingly, U.S. firms have discovered that it is not enough just to provide the best service at the lowest price. As more governments of foreign competitors lobby for

sole source awards and provide financial incentives to host governments to select specific companies, it becomes increasingly important to level the playing field prior to companies submitting a bid. A behind-the-scenes look at what happened in the case of the Ogden Corporation reveals how various U.S. Government agencies work to promote U.S. exports and transparency in overseas procurements.

In 1997, the U.S. Embassy in Santo Domingo learned that the Government of the Dominican Republic planned to award the airport project to a foreign company through a sole source arrangement. Recognizing that this meant U.S. firms would be locked out of the competition, Embassy officials immediately reacted by demanding an open procurement through an international tender process. The Embassy's intervention resulted in opening the bid process for U.S. firms' participation. Once the tender was issued, Embassy officials, including the Ambassador, played a very important role in outlining the extensive experience of all the U.S. participants.

At the heart of this assistance was the Advocacy Center. The Center was engaged by the Commercial Service at the U.S. Embassy in Santo Domingo, and by interested U.S. firms, to help coordinate inter-agency assistance in Washington. As part of the strategy, in February 1999, Secretary Daley called the Dominican Republic's President,



Ogden's new state-of-the-art cargo terminal at Prague's Praha Ruzyně International Airport in the Czech Republic.

Photo courtesy of the Ogden Corporation.

Leonel Fernández, urging him to choose a consortium that included firms from the United States. In addition, the Secretary sent letters to President Fernández and other Dominican Republic officials to stress his support for a fair and transparent procurement process.

This coordinated advocacy helped Ogden win the project. Kent Burton, Vice President of Policy and International Governmental Affairs at Ogden Corp. said, “We are very pleased that we were selected by the government of the Dominican Republic to privatize the key airports in the country. I am convinced that the Advocacy Center and the U.S. Embassy played a critical role in helping Ogden win this project.”

A key part of U.S. Government advocacy is to overcome corruption in the procurement process. While other parts of the U.S. Government work on the long-term goal of promoting transparency, such as through the *OECD Anti-Bribery Agreement* and various bilateral government procurement agreements under the World Trade Organization, the Advocacy Center was created to address the more immediate challenges that U.S. firms face on a project-by-project basis. Using the information gathered during the process of advocacy, the Advocacy Center relays data on non-compliance by specific foreign agencies to the U.S. monitor of procurement agreements. This dual prong approach provides the maximum assistance to promote U.S. exports and transparency in procurement practices overseas.

Since its creation in late 1993, the Advocacy Center has worked with U.S. companies, large and small, in a variety of industry sectors to help them win projects all over the world. Based upon the success they have generated, they believe that advocacy efforts have led to increases in U.S. exports and the jobs



USDOC advocacy helped the Ogden Corporation and the AERODOM consortium win a 20-year concession to operate and manage four airports in the Dominican Republic.

Photo courtesy of the Ogden Corporation.

that they support. Their track record for successful advocacy includes more than 500 projects, totaling \$120 billion in total value and roughly \$60 billion in U.S. export content. These advocacy successes also benefit small- to medium-sized companies—including both prime contractors and suppliers or subcontractors to larger U.S. firms.

By defending U.S. firms' chance to compete fairly, staff at the Advocacy Center believe that many governments around the world have received the best products and services at the most reasonable prices. Some of these projects even have benefits for the world community at large. For example, Lockheed Martin was recently selected by the Turkish Government to provide a vessel tracking system for the congested Strait of Bosphorus. This system will be beneficial to Turkey in a number of ways. It will allow Turkey to control the level of traffic, and

therefore, to improve security in the Strait. The system will also help the environment by helping to reduce the number of tanker traffic accidents, and will limit corruption by producing a better accounting of the ships. Furthermore, installation of similar systems in other countries in the area will also allow for better regional coordination of vessel traffic.

Companies needing U.S. Government advocacy can complete an advocacy request form, available through (www.ita.doc.gov/advocacy) or by contacting the Advocacy Center. Once a request is received, the regional project manager will work with the company and the U.S. Embassy to determine the appropriate next steps. ■

For more information, please contact the Advocacy Center at Tel: (202) 482-3896 or Internet: www.ita.doc.gov/advocacy.

THE ATA CARNET

YOUR KEY TO UNLOCKING CUSTOMS

by Maria Rea

U.S. Council for International Business

Have you ever been held up at customs?

Are long procedures wasting your time and money? Look no further—the ATA Carnet unlocks customs.

WHAT IS AN ATA CARNET?

Created by an international convention over 30 years ago to promote world trade, the ATA Carnet is a global customs document that facilitates the duty-free, tax-free and hassle-free temporary entry of goods into foreign countries. Commercial samples, professional equipment (including tools of the trade) and trade show apparatus can be imported under a Carnet for up to a year without paying duties and taxes. Merchandise covered by a Carnet, that is sold or left in the foreign country longer than one year is then subjected to applicable import charges.

Over 75 countries throughout Asia, Australia, Europe and North America accept the ATA Carnet. The countries of South and Central America, and the Caribbean are not convention signatories. Carnets may be accepted in these and other countries; however, the U.S. Council for International Business will not guarantee such acceptance as temporary importation.

WHAT ARE ITS BENEFITS?

Not only do you avoid paying VAT (ranging from 15-25% of the total value of the goods) and other duties and taxes, but at an ATA Carnet also enables you to avoid:

- Complicated customs procedures—one document for all customs transactions;
- Paying duty deposits;

- Posting temporary import bonds;
- Customs registration when leaving the U.S.;
- Surprises—customs arrangements are made in advance at a predetermined cost (in U.S. dollars).

In addition, the ATA Carnet enables you to reuse the Carnet for unlimited exits and entries into the U.S. and foreign countries for up to one year.

WHAT MERCHANDISE IS COVERED BY AN ATA CARNET?

ATA Carnets cover virtually all goods, including commercial samples, professional equipment and goods for tradeshows and exhibitions. Ordinary goods such as computers, repair tools, photography/video and sound equipment, industrial equipment, vehicles, apparel, and jewelry, as well as extraordinary items like human skulls, Olympic horses and philharmonic orchestras can all be covered by the ATA Carnet.

HOW MUCH DOES AN ATA CARNET COST?

The basic processing fee for an ATA Carnet is based on the total value of the goods, with a price ceiling of \$250 for goods \$500,000 and over. Additional costs may be incurred in obtaining security or other services.

WHAT ABOUT THE SECURITY DEPOSIT?

As the guaranteeing association, the Council requires security deposits, which are usually 40 percent of the total value of the goods, to cover any customs claim that might result from a misused Carnet. There are two options for posting security deposits: cash or surety bonds. Cash may take the form

of a certified check or money order. Surety bonds may be obtained through the USCIB or any of the 200 companies authorized by the U.S. Treasury Department and admitted in New York State. Once the Carnet has returned to headquarters and has been determined that it was properly used, cash deposits are refunded and surety bonds are cancelled.

HOW CAN I APPLY FOR AN ATA CARNET AND HOW LONG DOES IT TAKE TO GET ONE?

It's quick and easy. Applications can be filed by fax, paper or by ATA Carnet Application Software (ATACAS). Processing time for paper applications is five business days. ATACAS applications are provided with next day service. Expedited services are available for an additional fee. ■

The United States Council for International Business is a non-profit organization created to promote an open system of world trade, finance and investment. The U.S. Council has managed the ATA Carnet System in the United States since its appointment by the U.S. Department of the Treasury and the U.S. Customs Service in 1968.

FOR MORE INFORMATION:
Contact Carnet Headquarters at the U.S. Council for International Business

1212 Avenue of the Americas
New York, NY 10036
Tel: (212) 354-4480
Fax: (212) 944-0012
Email: atacarnet@uscib.org
Internet: www.uscib.org



ASK THE TIC

CERTIFICATES OF ORIGIN

by John Ballard

Trade Information Center, Trade Development



WHAT IS A CERTIFICATE OF ORIGIN, AND HOW DO I KNOW IF IT IS REQUIRED FOR MY SHIPMENT?

In international shipments, foreign countries may require a statement on the country of origin for customs purposes. While the commercial invoice may include such a statement, some countries require that a separate certificate of origin be completed. Certificates of origin are important because of trade agreements and regulations that might apply to goods coming from the United States. Customs offices will use this document to determine whether or not a preferential duty rate will apply for products from different countries.

The data required for a certificate of origin is generally the same as for a commercial invoice. Basic information includes a description of the goods, gross and net weight, and the number of packages. The certificate will also include a brief statement as to the origin of the goods. A few countries require specialized certificates of origin that might include more detailed information and/or require a specific wording for its origin declaration.

While some countries require certificates of origin for all products, others may only require the certificate for certain types of goods. Most countries in the Middle East require certificates of origin with all shipments. Most Latin American and European countries only require the certificate for certain products, such as textiles. Certificates of origin are generally necessary in Asia only at the request of the importer, and African nations can run the gamut of requirements.

For assistance in determining if a certificate of origin is required for a particular country, please contact the Trade Information Center at 1-800-USA-TRADE or by fax at (202) 482-4473. The TIC also maintains country documentation requirements on the Internet (<http://tradeinfo.doc.gov>) under "Country Information", click on the region of interest and then "View All Documents." Under the country of interest, there should be an entry for "documentation" or "certificate of origin".



I KNOW THE U.S. HAS A TRADE AGREEMENT WITH MEXICO AND CANADA. CAN I STILL USE A GENERAL CERTIFICATE OF ORIGIN?

Specific certificates of origin are sometimes required for countries involved in special trade agreements, such as the North American Free Trade Agreement (NAFTA) between the United States, Canada and Mexico. The NAFTA Certificate of Origin validates that a good originated in a NAFTA country and is eligible for the preferential duty rate. The NAFTA Certificate of Origin can only be used for products that qualify under the NAFTA Rules of Origin as being made in the United States, Canada or Mexico. In addition, it is important to note that a NAFTA Certificate of Origin is only necessary for products over \$1,000 in value. For products less than \$1,000 in value that meet the rules of origin, a statement on the commercial invoice that the product is NAFTA-originating for the purposes of preferential tariff treatment will suffice, and a separate certificate of origin is not necessary. The statement should indicate whether the person is the producer, exporter, importer or agent, and should say something to the effect that "I hereby certify that the good covered by this shipment qualifies as an originating good for the purposes of preferential tariff treatment under the NAFTA."

The TIC website (<http://tradeinfo.doc.gov>) has detailed information about the NAFTA Certificate of Origin and other rules of origin issues. Click on "Country Information" and then "NAFTA" or "NAFTA Certificate of Origin". TIC NAFTA specialists can also answer questions at 1-800-USA-TRADE. A future issue of "Ask the TIC" will address NAFTA issues in more detail.

The U.S.-Israel Free Trade Area also has its own certificate of origin. Products at least 35 percent U.S.-made enter Israel duty-free if accompanied by a copy of the "U.S. Certificate of Origin for Exporting to Israel". This certificate of origin can be obtained from a trade document company or the America-Israel Chamber of Commerce in New York (212-725-2005) or Chicago

(312-641-2937). Either the America-Israel Chamber of Commerce or any local chamber of commerce can certify this certificate of origin. If the exporter is not the manufacturer, the certificate will need to be certified by one of these chambers. If the exporter is also the manufacturer, this certificate does not need to be notarized. Instead, the exporter should make the following declaration in box 11 of the certificate:

“The undersigned hereby declares that he is the producer of the goods covered by this certificate and that they comply with the origin requirements specified for those goods in the U.S.-Israel Free Trade Area Agreement for goods exported to Israel.”



HOW CAN I OBTAIN A CERTIFICATE OF ORIGIN?

General certificates of origin forms can be obtained from the Government Printing Office (202-512-1800); freight forwarders; a trade document company such as Unz & Company (800-631-3098), Export Forms Co. (800-251-4083) or Sha Bach Supplies (888-742-2224); and some local chambers of commerce.

Specialized certificates of origin can often be obtained through embassies or country-specific chambers of commerce. A few countries, such as Spain and Malawi, require that their own certificates of origin be used. These certificates can usually be obtained directly from the embassy of that country. The “U.S. Certificate of Origin for Exporting to Israel” can be obtained from the America-Israel Chamber of Commerce in New York (212-725-2005) or Chicago (312-641-2937). The NAFTA Certificate of Origin is available online (<http://tradeinfo.doc.gov>) by clicking “Country Information” and then selecting “NAFTA Certificate of Origin”. Both the Israel and NAFTA certificates can also be purchased from the Government Printing Office and trade document companies. For more details on which

countries require specific certificates of origin, please contact the TIC at 1-800-USA-TRADE.



HOW DO I GET MY CERTIFICATE OF ORIGIN “CERTIFIED”?

Most general certificates of origin can be certified by a local chamber of commerce. The chamber is certifying that the exporter claims the goods originated in the United States. The chamber will need to review the commercial invoice to certify the transaction. Local chambers of commerce should only certify goods that originate in the United States. Goods from other countries will need to be certified in their country of origin.

Many Middle East countries require that the certificate of origin be certified by specific organizations. Bahrain, Jordan, Kuwait, Lebanon, Oman, Qatar, Sudan, Syria, Tunisia, United Arab Emirates and Yemen all require certification by the U.S.-Arab Chamber of Commerce. Information on certification procedures can be found on the U.S.-Arab Chamber of Commerce website (www.nusacc.org) or by contacting the TIC at 1-800-USA-TRADE. Goods to Egypt must be certified by the American Egypt Cooperation Foundation. The Foundation can be reached at Tel: (202) 393-3369. The U.S.-Saudi Business Council certifies goods to Saudi Arabia and can be reached at Tel: (202) 638-1212. Goods to Morocco and Algeria must have certificates of origin certified by the embassies of those respective countries. Their phone numbers are (202) 462-7979 and (202) 265-2800, respectively. “U.S. Certificate of Origin for Exporting to Israel” are certified by the American-Israel Chambers of Commerce mentioned previously.

NAFTA Certificates of Origin do not need to be certified. The declaration of the exporter is sufficient. More details on NAFTA will be covered in next month’s issue of “Ask the TIC”. ■

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-TRADE(E) toll free, Monday through Friday, 8:30-5:30. Or visit the TIC’s website at <http://tradeinfo.doc.gov>.

OPPORTUNITIES THROUGH PARTNERSHIP

ACCESSING INFORMATION TECHNOLOGY MARKETS

In the information technology (IT) industry, in which the United States is a global leader, small-and medium-sized enterprises (SMEs) serve an increasingly important role in product development and job creation. This is particularly true in the Internet and e-commerce segments. Despite the name recognition afforded larger firms, small start-up companies are a main source of rapid innovation in IT in the United States. These firms boast a wellspring of intellectual capital and possess an entrepreneurial spirit and willingness to take risks on the “next big technology”. In fact, entrepreneurial SMEs play key roles in ascertaining how new technologies can meet customers’ needs. Small firms’ importance to the health and long-term growth of the IT industry is reflected in the large amounts of venture capital and other funding that start-up firms attract in the United States.





U.S. IT SMEs are not only well regarded in the United States. The U.S. IT industry is extremely well respected globally, and U.S. SMEs' technologies have strong reputations in IT markets around the world. Many foreign consumers seek IT technologies from U.S. firms of all sizes, and many foreign firms are eager to complement their own work with U.S. firms' leading-edge technologies.

As IT investments around the world grow, and governments and businesses seek to harness the Internet and e-commerce to increase efficiency and competitiveness, new markets offer exciting opportunities for U.S. IT SMEs.

The following articles highlight opportunities for U.S. SMEs, particularly in telecommunications, the Internet and e-commerce, in rapidly growing markets in Europe and Southeast Asia. Specific market entry strategies are also given. Firms are welcome to contact the authors for complete reports on these markets.

—Danielle Kriz

INTERNET AND ELECTRONIC COMMERCE OPPORTUNITIES IN SOUTHEAST ASIA

AN IN-DEPTH INDUSTRY SECTOR ANALYSIS OF THE INTERNET AND ELECTRONIC COMMERCE MARKETS IN SINGAPORE, MALAYSIA, THAILAND, PHILIPPINES, INDONESIA AND VIETNAM PINPOINTS OPPORTUNITIES FOR U.S. INFORMATION TECHNOLOGY FIRMS

by Scott Pozil

U.S. Export Assistance Center, Middletown, Connecticut

As most of Southeast Asia recovers from the recent economic crisis, local companies view the Internet and e-commerce as tools to grow their business. This attitude will lead to tremendous opportunities for U.S. information technology (IT) companies. Many industry experts describe the recent economic crisis as a “blessing in disguise” because it forced local companies to reorganize their operations to be more efficient and productive. As the benefits of going high-tech are realized, more and more companies will implement Internet/e-commerce applications to reap greater profit margins.

E-COMMERCE DEVELOPMENT

According to the Singapore Office of the U.S. based International Data Corporation (IDC), e-commerce in Southeast Asia will experience significant growth in the next year and beyond. New Asian e-commerce companies will emerge to get a foothold in the market. At this point, the U.S. dominates the e-commerce software markets in Asia with such vendors as Broad Vision, Open Market, InterShop, Ariba, Oracle, Netscape and Sterling Commerce. The IDC predicts that Internet commerce Revenue for ASEAN will rise to US\$251 million in 1999 and reach a stunning US\$8.630 billion by 2003.

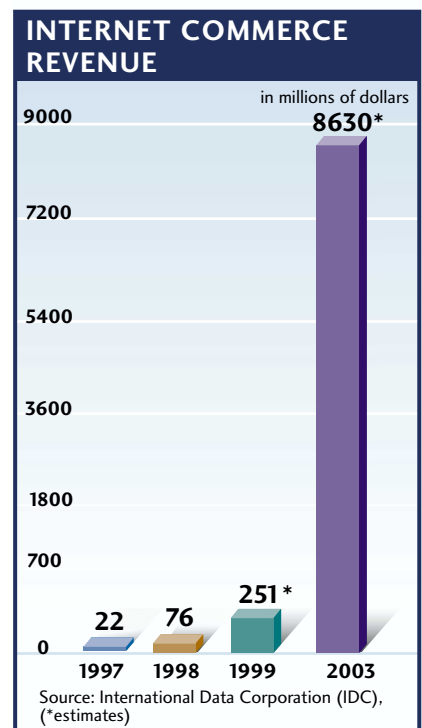
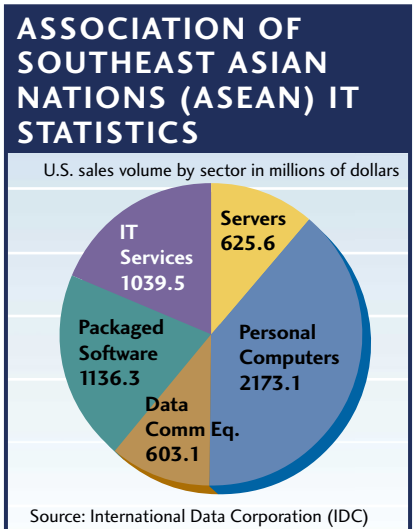
The regional leaders in the development of the Internet and e-commerce markets are Singapore and Malaysia, followed by Thailand and the Philippines. Indonesia and Vietnam are growing at a much slower pace, but hold promise in the longer term.

MARKET ENTRY ADVICE

Based on first hand interviews with industry insiders, the U.S. & Foreign Commercial Service makes the following suggestions for doing business in the ASEAN IT markets:

- Work with local partners to build markets together, which means an investment of time and resources in order to make partnerships work;
- Understand that the value of e-commerce products and services in Asia is much different than in the U.S. Most consumers and businesses are not accustomed to purchasing products without seeing them first. It is not standard practice to order products through mail-order catalogs or

- Partner with a local company to provide Internet/e-commerce products and services;



through home shopping networks; therefore, the transition to purchasing products online in Asia will not be as easy as it was in the U.S.;

- When developing an online product or service, be aware that in the ASEAN region, the percentage of credit card holders is much lower than in the U.S. Alternative payment options, such as Smart Cards, debit cards and cash cards, must be considered;
- Business relationship patterns in the ASEAN markets are much different than in the U.S. Therefore, U.S. businesses that focus on building relationships, and that take the time to understand Asian business customs, will be more successful; and
- When approaching Southeast Asia it is best to take a step-by-step approach. Establish business relationships in a more developed country, such as Singapore or Malaysia, and then build additional networks throughout the area. Many potential business partners have contacts in the region.

MARKET OPPORTUNITIES FOR INTERNET AND ELECTRONIC COMMERCE

Most of the demand for Internet and e-commerce-related products and services are from multinational and large Southeast Asian corporations. However, there are many small- and medium-sized businesses looking to procure Internet/e-commerce products and services in 2000.

SINGAPORE

PARTNERSHIPS WITH ISPs & LEADING TECHNOLOGY PROVIDERS

According to industry experts, Internet Service Providers (ISPs) and other technology providers are looking to enhance their service capabilities, espe-

cially in the areas of security; payment; and intranet, Internet and e-commerce applications. In particular, the Singapore market is in need of more vertical industry solutions, in the manufacturing sector. Many businesses are searching for front-end e-commerce solutions, which will create an integrated interface with their back-end system.

Market insiders assert that forming a partnership with local technology providers is the best market entry strategy. Technology providers are looking for partners that employ a sound market strategy, have a clear understanding of how to conduct business in Southeast Asia, and who are ready to invest their time and resources in building the market in Singapore and the rest of the region.

APPLICATION SERVICE PROVIDERS

Application solutions will be the next wave in Singapore, primarily due to economies of scale. Many companies believe that renting software and/or utilizing products and services on the Internet will reduce costs, especially

since companies will not have to invest as much in upgrading their in-house infrastructures. Also, outsourcing IT services is very popular in Singapore.

E-COMMERCE CONSULTANCY

There is a great market for consultants who can advise companies on the best ways to efficiently institute e-commerce technologies. With all of the costs related to infrastructure upgrades, marketing and advertising, and bringing together all of the key players—banks, fulfillment houses, shipping companies, etc.—implementing e-commerce solutions can be a very costly endeavor. Businesses need guidance on how to make this process both cheaper and easier.

STOCK TRADING ON THE INTERNET

Stock trading on the Internet is growing in Singapore. IBM, in conjunction with MacroVision Systems, the IT arm of the Stock Exchange of Singapore, developed a system for real-time online share trading to brokerage firms in Singapore. Five firms have already implemented the service, with more



E-commerce application solutions will be the next wave in Singapore.

Photo by Scott Pozil



Photo by Scott Pozil

Bangkok, Thailand: The best way to enter this market is to partner with a local firm.

soon to come on board. In addition, Singaporeans are participating in mobile e-trading, which enables investors to trade shares online through mobile phones. The major obstacle facing this emerging market is that brokerage firms are charging the same transaction fee for online trading as they were for traditional exchanges. Nonetheless, there still exist numerous opportunities to provide applications and services for online stock trading.

In addition to working with brokerage firms, the banking and finance sector in Singapore is a major user of IT. Demand for such products and services will remain strong in the near future as banks and financial institutions fur-

ther invest in IT in order to offer new Internet services.

MALAYSIA

PARTNERSHIPS AND JOINT VENTURES WITH ISPs & LEADING TECHNOLOGY PROVIDERS

The best opportunities in Malaysia's Internet/e-commerce markets also involve partnering with local firms to build the IT market. Specific opportunities include transferring and developing new technologies specific to the Malaysian market, providing local IT companies with the necessary skills and knowledge to create a profitable business model, and furnishing local IT

providers with the ability to offer new and enhanced value-added products and services.

APPLICATIONS

Applications tailored for the Internet will accelerate growth of e-commerce. Offering products and services on the Internet, on a pay-per-use basis, is the best way to penetrate the Malaysian market. Therefore, the real opportunities lie in developing application products and services that are customized to the needs of the local market.

CONSULTING

Proven Internet/e-commerce solutions are what the industry is looking to implement in order to speed up the development of the local market. Industry insiders point to solutions that will increase and improve Internet access at both home and the office, and to successful methods of implementing e-commerce solutions. However, when dealing with local companies, it is very important to understand how to conduct business in Malaysia; the relationship between foreign and local companies is crucial.

INTRANET

According to a recent Technowledge Asia and Microsoft survey, 33 percent of Malaysian companies are considering implementing an intranet. As a result, there are plenty of opportunities to work with leading technology providers to develop intranet solutions.

CALL CENTERS

As the development of e-commerce takes root, call centers become necessary in order to provide 24-hour customer support in the form of interactive voice response, WebChat and/or live agents. Call centers are essential for after sales customer service and are an important component of successful e-commerce strategies.

PHILIPPINES

PARTNERSHIPS AND JOINT VENTURES WITH ISPs & LEADING TECHNOLOGY PROVIDERS

Competition in the Philippines to provide businesses and consumers with Internet access and services is fierce in the Philippines, primarily because there are over 180 ISPs in the market. As these ISPs are consolidating, many are now looking to offer enhanced products and services to stay ahead of their competition. This represents an excellent opportunity for U.S. companies to partner with these ISPs and to provide specialized products and services that are not yet available in the Philippines. In addition, there are numerous opportunities to work with these ISPs to upgrade their infrastructure, improve their existing services and increase their content offering.

INTRANET SOLUTIONS

In the Philippines, many companies are geographically dispersed across the country and need to improve their internal communications. Therefore, there is a need for intranet solutions, which will also serve to expose employees to the benefits of the Internet.

E-COMMERCE CONSULTING

Before implementing any type of e-commerce solution, a company needs to see how it will help them save costs and increase profitability. According to industry insiders, there is a demand for consulting services to help local companies realize the benefits of e-commerce and the necessary steps to implement these technologies.

DISTANCE EDUCATION

There are many well trained IT professionals in the Philippines. However, industry experts assert that there is a still a need for distance education

focused on reaching individuals in the more remote areas.

Also, industry experts suggest that there is a need for educational resources to better equip teachers to provide instruction in the classroom. There is a commonly held belief that technology in the classroom will enable teachers to instruct more efficiently.

INTERNET COMMERCE PRODUCTS FOR THE TELEVISION

Industry analysts report that television shopping is widely accepted in the Philippines. Opportunities abound to provide consumers with Internet access and associated products and services through their televi-



Photo courtesy of the Embassy of Malaysia

According to a recent Technowledge Asia and Microsoft survey, 33 percent of Malaysian companies are considering implementing an intranet.

sion. Most Filipinos have televisions and a growing number are able to get basic telephone service, which is more cost effective than purchasing a PC to shop online.

CALL CENTERS

The Philippines is emerging as an excellent site for companies to establish their customer service operations, including call centers. The advent of e-commerce applications will require a new level of customer service, and market insiders believe that the Philippines, a largely English speaking country, is a good location for setting-up regional customer service support operations.

THAILAND

PARTNERSHIPS AND JOINT VENTURES WITH ISPs & LEADING TECHNOLOGY PROVIDERS

Industry experts advise that there are opportunities for unique value-added products and services, in particular, those that will improve Internet access and provide local content suitable to the Thai market. Even though there are 16 ISPs, many of them have not developed a profitable business model because they lack the ability to provide quality service to their clients. Therefore, some of the ISPs are looking to improve their service capabilities, and to introduce new and enhanced products and services to their clients. Market players agree that a partnership with an ISP and/or technology provider may be the best market entry strategy for a U.S. company.

INTERNET AND INTRANET SOLUTIONS

Market players explain that Thailand has a large pool of companies considering Internet and/or intranet solutions. The opportunity lies in providing companies with a frame-

work to implement these solutions. An individual company's interest in these applications is linked to their customer relationship management initiatives, which involve reorganizing their operations to be more efficient and to provide quality customer service.

CONSULTING SERVICES

Before a company implements any type of e-commerce solution, they will first need to see the benefits. In particular, they will want to assess how the solution will lead to cost savings and higher profits. According to market insiders, there is a demand for consulting services to help companies realize the benefits of e-commerce and to determine what steps will need to be taken to implement these solutions. The best strategy is to partner with a local company to offer these services rather than to set up an independent operation in Thailand, which is a long and difficult process.

ANCILLARY PRODUCTS AND IT EDUCATION

Companies are looking to build their internal infrastructure in order to initiate Internet/intranet/e-commerce applications. Therefore, products and services geared to both upgrading a company's IT capabilities and educating their personnel on utilizing the products present good opportunities.

INDONESIA

INTERNET ACCESS AND SERVICES

Since there are only about 150,000 Internet subscribers in Indonesia, with a population of 210 million, there is a huge potential to provide Internet access and services to companies and individuals. However, the high costs associated with Internet access, primarily resulting from telephone line charges, coupled with the current political situation, have produced a

wait and see attitude among companies and individual consumers. The results of the upcoming presidential election and the success of the government's proposed fixed rate charge plan will indicate what the future holds for IT companies in Indonesia.

Industry experts suggest that the best market entry strategy is to form a partnership or alliance with an Indonesian ISP, and to work with them to develop a market niche, whether it is corporate or consumer. Also, since many ISPs are now only supplying basic services, there is a real need for expertise in providing enhanced and higher quality services, especially in the areas of WebHosting and Internet solutions. Many of the ISPs are looking to position themselves to offer the best service possible, and thus realize the need to develop and implement a business model that will make them profitable. The introduction of more advanced services, along with marketing campaigns focused on communicating the value of Internet access and usage, are key.

ANCILLARY PRODUCTS

Many of the companies that are looking to Internet and e-commerce solutions will need to implement a strategy to become more IT-capable. The market for PCs, modems and computer software programs that improve business productivity and efficiency is expected to grow in the coming years.

E-COMMERCE SOLUTIONS AND CONSULTING

There is a real need for industry sector business analysts to provide insights and advice on how to develop business-to-business e-commerce solutions. Specifically, most SMEs need trained IT professionals to highlight the benefits of e-commerce technologies and how they can fit into the SMEs' existing strategic objectives and goals.



Ho Chi Minh City, Vietnam: IT infrastructure in Vietnamese businesses must be developed before the e-commerce market can flourish.

Photo by Scott Pozil

As a market entry strategy, some industry experts recommend that companies appoint a representative to work with both universities and businesses to provide seminars and classes focusing on encouraging SMEs to implement e-commerce applications. Industry insiders argue that the key to developing an e-commerce market in Indonesia is to channel resources towards educating businesses.

VIETNAM

DISTANCE EDUCATION

Throughout Vietnam there is an immediate need for distance education, especially in the areas of business, multimedia and English. The idea is to provide downloadable course work, which will cut down on Internet access fees. Market insiders advise that a good market entry strategy would be to partner with a local firm to develop the coursework, and then go through the approvals process to offer distance education programs.

CONSULTING

According to industry players, there is a lack of people with the necessary know-how to build successful e-commerce

business models. Companies see e-commerce as merely a transactional tool and not as part of a comprehensive strategic plan. Consulting services are starting to play an important role as companies seek advice on how to implement e-commerce programs.

ANCILLARY PRODUCTS

In Vietnam, IT infrastructure in businesses must be developed before the Internet/e-commerce market can flourish. Therefore, opportunities abound to provide hardware and software products that will position companies to implement Internet, intranet and e-commerce solutions. ■

Scott Pozil is an international trade specialist with the U.S. Department of Commerce's Export Assistance Center in Middletown, Connecticut. He traveled to Southeast Asia to interview industry experts in the private and public sectors, and worked with the Commercial Service posts in each country to compose the market report.

QUESTIONS?

An in-depth industry sector analysis on the Internet and Electronic Commerce markets in Southeast Asia is available through the U.S. Department of Commerce. The report contains market overviews, best prospects for U.S. products and services, information on intellectual property rights in each country, and key industry contacts. To receive a copy of the report, contact your local Export Assistance Center [contact information is listed on the back cover].

For statistical information related to IT markets in Southeast Asia, visit the International Data Corporation online (www.idc.com) or the USDOC's Office of Trade and Economic Analysis (www.ita.doc.gov/tradestats).



ExportIT TO EUROPE

INFORMATION TECHNOLOGY MARKET OPPORTUNITIES IN GERMANY AND THE UK

by Danielle Kriz

Office of Computers & Business Equipment, Trade Development

Germany and the United Kingdom provide excellent market opportunities for small- and medium-sized U.S. telecommunications, Internet and electronic commerce technology vendors, whose products and services are well regarded and sought after in those countries. Increased competition in telecommunications services in Germany and the UK is spurring Internet and e-commerce use, and both governments are implementing initiatives to encourage investments in this area. However, firms should be aware that obstacles to growth exist: Local telephone rates hinder widespread Internet use, and the European Commission's pending directive on e-commerce could result in regulations or restrictions on this emerging industry.

GERMANY

Germany's telecommunications market, the largest in Europe, is projected to grow to US\$85.3 billion by 2002. Implementation of the European Telecommunications Directive has brought increased competition and

lower telephone rates, and all service providers are investing in new technologies to improve their networks. Many U.S. firms are building telecommunications infrastructures in Germany, and in turn, are providing subcontracting opportunities for U.S. SMEs. Value-added telecommunications services also are in demand.

Local telephone charges remain, however, which, along with low PC penetration rates and high Internet service provider (ISP) charges, have kept Germany's Internet use relatively low. Nonetheless, Internet adoption is rising, and 27.4 million Germans are predicted to be active Internet users by 2002. Declining PC prices and telecommunications rates should spur home Internet use. German businesses also want to get on the Internet, which is creating a rapidly growing market for Internet consultants, systems integrators, web designers, web-hosting companies, software developers, and security products- and services-related companies.

Although large ISPs dominate Germany's Internet industry, hundreds of small ISPs, including U.S. firms, have entered the market. All of these ISPs seek cutting-edge technologies, which U.S. SMEs can provide. The wireline ISP market is saturated, but wireless opportunities still remain. U.S. ISPs, however, may need a German presence to succeed.

A critical mass of Internet users does not yet exist to support widespread business-to-consumer (B2C) e-commerce in Germany. Strict regulations governing the use of personal data, the lack of German-oriented online payment systems (there is little credit

card use in Germany), security concerns and local telephone tariffs that keep web surfing low all impede B2C e-commerce.

German business-to-business (B2B) e-commerce use also lags the United States, although large German firms increasingly seek e-commerce strategies (these large firms are expected to force smaller German firms to become more networked). U.S. e-commerce firms can help German companies along the e-commerce path.

UNITED KINGDOM

The UK's US\$3.4 billion telecommunications market is expected to grow for the foreseeable future. Like in Germany, telecommunications prices are falling as competition increases. New providers, both local and foreign, are entering the market and investing in networks, including cable and wireless technologies. Excellent opportunities exist for U.S. SMEs throughout the sector.

As in Germany, metered local phone calls keep Internet access low among UK consumers, although use is rising. More than 10 million people in the UK were expected to have Internet access by the end of 1999, and further increases are anticipated as UK ISPs offer free Internet access. UK firms are avid Internet users. The British ISP market is becoming very competitive as companies slash their access charges to attract customers. Growing Internet use is creating demand for website development, web-hosting and IT outsourcing.

The UK's B2C e-commerce market is beginning to expand, and demand is growing for online purchasing and



Photo courtesy of the British Embassy

BT engineer developing equipment for interactive multimedia applications at BT Laboratories in Suffolk.

customer relationship management technologies. Few UK firms have jumped into B2B e-commerce, although exceptions exist in large vertical industries such as finance and telecommunications.

MARKET ENTRY STRATEGIES

European industry experts concur that for U.S. IT SMEs partnering may be one of the best routes to penetrate these markets. UK and German IT SMEs are eager to complement their own products with U.S. firms' leading-edge technologies in order to serve both European and U.S. markets. Partnering with larger firms, such as systems integrators, or firms that combine the U.S. SMEs' technologies with their product or service suites, is another option. Other alternatives include using agents and distributors, setting up a European office in an "incubator"—organizations that provide low cost basic office space and services, such as telephone, fax, computer and Internet access, to start-up firms—and participating in European trade fairs.



Photo courtesy of the British Embassy

Cable & Wireless Communications Network Management Centre at Small Heath, Birmingham

services for target markets, particularly for language, even in the UK. Websites and e-commerce applications should be localized for language, customs and culture, and should accommodate European payment

patibility because many expect the UK to adopt the Euro in the future.

Regardless of your market entry strategy, a variety of organizations, such as the U.S. Department of Commerce,

“UK AND GERMAN IT SMES ARE EAGER TO COMPLEMENT THEIR OWN PRODUCTS WITH U.S. FIRMS’ LEADING-EDGE TECHNOLOGIES.”

Internet-based sales into Europe can be problematic for U.S. firms. Relatively strict privacy laws affect the collection of customer data. U.S. firms that fulfill Internet orders should be cognizant of applicable standards, distribution and other laws in the customer's country when shipping the products. The high cost of Internet use in Europe currently precludes electronic software distribution (ESD) from being an option for the average user, although that may change as telephone tariffs fall and bandwidth increases.

LOCALIZATION IS KEY

Firms should localize products and

methods and data protection laws. Financial software sold in Germany must be Euro-compatible, and software vendors targeting the UK should also consider building-in Euro-com-

European Regional Economic Development Organizations and various trade associations are eager to help U.S. IT SMEs in their European market endeavors. ■

This article summarizes a recent report by the Department of Commerce's Office of Computers and Business Equipment (OCBE) entitled *Information Technology Market Opportunities for U.S. Small- and Medium- Sized Businesses: ExportIT Europe (Highlighting Germany and the United Kingdom)*. The report describes and analyzes key issues and events in telecommunications deregulation, and Internet and e-commerce adoption, in those countries, and summarizes relevant Europe-wide current and pending IT-related regulations, in order to create a framework from which U.S. IT SMEs can make educated business decisions about entering those markets. Contacts in the United States and Europe are provided. The report is available on the OCBE website (<http://exportIT.ita.doc.gov>). To request a hard copy, please contact Danielle Kriz at Tel: (202) 482-0568 or Email: danielle_kriz@ita.doc.gov.

UPCOMING TRADE EVENTS

APRIL-SEPTEMBER 2000

DATES	EVENT	LOCATION
April	<p>EXHIBIT USA 2000</p> <p>Exhibit USA was initiated in recognition of Pakistan's growth oriented market for commercial and industrial products. Many opportunities exist for U.S. firms in Pakistan. The Government of Pakistan encourages foreign investment and its stress is on strong market-oriented economic policy.</p>	Islamabad, Pakistan
April	<p>ZIMBABWE TRADE FAIR</p> <p>Zimbabwe is the second largest market after South Africa in the South African Development Community. U.S. Businesses will gain exposure and a chance to explore opportunities in that market, and in the rest of the region, through the show.</p>	Harare, Zimbabwe
April 11-14	<p>AGRO-FOODTECH 2000</p> <p>AGRO-FOODTECH is the largest exhibition in China for agriculture, animal breeding and agri-processing, and is organized by the China Council for the Promotion Of International Trade-Specialized Sub-Council Of Agriculture (CCPIT-SSA), a department of the Ministry of Agriculture. This four-day exhibition will take place April 11-14, 2000 at the China National Agriculture Exhibition Center. More than 17,000 trade visitors are expected to attend. Special events during the exhibition will include seminars, technical conferences and a "trading morning", which is a series of one-on-one meeting opportunities.</p>	Beijing, China
May 9-12	<p>CHINA INTERNATIONAL AIRPORT EQUIPMENT & AIRLINE SERVICES EXPOSITION</p> <p>This show will feature airport ground support equipment, runway equipment, air traffic control equipment, emergency vehicles, de-icers and other related ground equipment.</p>	Beijing, China
May 9-13	<p>EXPOMIN 2000</p> <p>Every two years, EXPOMIN gives mining companies from around the world a chance to find out Who's Who in the World Mining community. The first EXPOMIN was organized jointly by the U.S. Department of Commerce and Feria Internacional de Santiago (FISA) in 1990, to display domestic and U.S. products. Since 1992, it has been organized directly by FISA and open to all markets. In 1998, EXPOMIN was named the number one fair of its kind. Its target market today covers all of Latin America, including a project portfolio worth more than US\$25 billion.</p>	Santiago, Chile
May 10-13	<p>TELECOMS EAST AFRICA</p> <p>Telecoms East Africa will feature telecommunications equipment, satellite and broadcasting equipment, two-way radio communications, video conferencing and paging systems.</p>	Nairobi, Kenya
May 10-13	<p>COMPUTER TECHNOLOGY (ICT) 2000</p> <p>ICT 2000 will feature computer hardware, software, networking equipment, computer supplies, and consulting and computer training</p>	Nairobi, Kenya
May 23-25	<p>REPCOM GUADALAJARA 2000</p> <p>The Commercial Service in Mexico will offer its popular RepCom in Guadalajara, Mexico's second largest, and one of it's most beautiful and liveable, cities. Guadalajara is experiencing explosive growth and has become the "Silicon Valley" of Latin America. The state of Jalisco has evolved into a main center of distribution for both central and western Mexico, and Guadalajara is the second largest distribution and retail center in Mexico. Over 50 percent of Mexico's consumer market is located within a 350 mile radius.</p>	Guadalajara, Mexico
May 22-27	<p>SAUDI HEALTH-TECH REVERSE TRADE MISSION</p> <p>The U.S. Commercial Service in Saudi Arabia will lead a delegation of senior business representatives from the Saudi healthcare industry to the New Jersey/New York and Los Angeles areas to meet with U.S. suppliers of pharmaceutical products, and medical, dental and laboratory equipment. The primary objective is to match U.S. firms with participating Saudi companies that could be potential buyers, agents, distributors, representatives, licensees, end-users and/or joint venture partners..</p>	New Jersey/New York & Los Angeles

HIGHLIGHTED EVENTS

INDUSTRY CONTACT INFORMATION

All Sectors	Fatima Shuja Tel: (92 51) 823-699 Fatima.Shuja@mail.doc.gov
All Sectors	Henry Richmond Tel: (27 31) 304-47 Henry.Richmond@mail.doc.gov
Agricultural Machinery & Agricultural Technologies	Bruce M. Quinn (86-10) 6532-6924 x6421 Bruce.Quinn@mail.doc.gov
Aviation	Thessalonika Benny Tel: (86 10) 6532-6924 Thessalonika.Benny@mail.doc.gov
Mining	Export Assistance Centers (Contact information provided on the back cover.)
Telecommunications	Finn Holm-Olsen Tel: (254 2) 537-839 Finn.Holm-Olsen@mail.doc.gov
Computer Hardware & Software	Finn Holm-Olsen Tel: (254 2) 537-839 Finn.Holm-Olsen@mail.doc.gov
Multi-Product Marketing Opportunities	Alicia Zayas Tel: (523) 827-0258 Alicia.Zayas@mail.doc.gov
Medical, Dental and Laboratory Equipment & Pharmaceuticals	Debora Sykes & Joan Dragolic Tel: (609) 989-2100 Debora.Sykes@mail.doc.gov; Joan.Dragolic@mail.doc.gov

MANUFACTURING MATCHMAKER

NEW DELHI, CHENNAI,
MUMBAI & PUNE, INDIA

APRIL 1-11

Locate agents, distributors and other business partners in India by participating in the Manufacturing Matchmaker, sponsored by the U.S. & Foreign Commercial Service in cooperation with the National Association of Manufacturers. The event, scheduled for April 1-11, 2000, will provide the participating companies with pre-screened appointments at each of the four cities visited. Given India's population of almost one billion and economic growth rates of over 5 percent, U.S. companies will want to take advantage of this matchmaking opportunity.

Key industries include: computer software; telecommunications; pollution control equipment; power; mining equipment; architectural, construction and engineering services; metalworking; and, lab equipment. In addition to pre-screened, face-to-face meetings, the Commercial Service will also provide in-depth business briefings on local laws governing the manufacturing sector; in-country market promotions utilizing media and multipliers; hospitality and receptions; and, full logistical support. For more information, contact Sam Dhir at Tel: (202) 482-4756 or Email: Sam.Dhir@mail.doc.gov.

U.S. PAVILION IN NOW 2000

SYDNEY, AUSTRALIA

APRIL 4-6

The Commercial Service of Melbourne, Australia, will be organizing a U.S. Pavilion for NOW 2000, Australia's largest and most significant telecommunications exhibition and conference. This exhibition is claimed to be the largest telecommunications event in the Southern Hemisphere, and is the primary annual trade show/conference for the Australian Telecommunications Users' Group (ATUG). Given the strength and success of the U.S. Pavilion in 1999, it is almost certain that this exhibition will continue to be an important platform for U.S. companies seeking to enter the Australian market. The telecommunications market in Australia is vibrant, newly deregulated and currently experiencing double-digit growth rates. The sector accounts for close to 5 percent of Australia's GDP and is worth approximately \$26 billion. Key growth areas are mobile telephony, wireless, the Internet, e-commerce and data transmission. Companies and organizations interested in participating in this event should contact Commercial Specialist Bruno Mascitelli Bruno.Mascitelli@mail.doc.gov of the U.S. & Foreign Commercial Service Melbourne for further information.

SYVAZ/EXPOCOMM MOSCOW

MOSCOW, RUSSIA

MAY 8-12

Telecommunications and information technology specialists interested in the former Soviet Union will not want to miss Svyaz/ExpoComm scheduled for May 8-12, 2000 in Moscow. This show, with over 18,000 sq. meters of exhibit space and 300 companies, is one of the leading shows in the industry. Svyaz/ExpoComm will also run concurrently with many conferences, seminars and presentations. For more information, contact Ms. Maria Breiter at Tel: (7 095) 737-5039 or Email: Maria.Breiter@mail.doc.gov.

DATES	EVENT	LOCATION
June	SECURITEX Securitex is a USDOC approved trade event program.	Hong Kong, China
June	THE 8TH CHINA INTERNATIONAL ELECTRONICS & TELECOMMUNICATIONS EXHIBITION-CIETE 2000 This is a regional show supported by the communications and transportation authorities in Shanghai. This venue is best used by businesses seeking to develop their strategies in East China.	Shanghai, China
June 4-9	TELECOMMUNICATIONS TRADE MISSION Telecommunications companies will find rapidly growing markets in Argentina and Chile, where liberalization of regulations and competition provide excellent new opportunities. Imports supply nearly half the market in Argentina and over 90 percent in Chile, both growing at double-digit rates. Mission members will gain first-hand market information, and access to key government officials and potential business partners.	Argentina & Chile
June 11-17	U.S. INFORMATION TECHNOLOGY TRADE MISSION TO EAST ASIA Internet, e-commerce and wireless technology companies will find hot business prospects in East Asia, with markets projected to grow at double- and triple-digit rates. Mission members will gain first-hand market information, and access to key government officials and potential business partners. In Taiwan, companies may also attend the World Congress for Information Technology, which will coincide with the Trade Mission.	Taiwan & Korea
June 12-14	REPCAN 2000 RepCan is the U.S. Department of Commerce's flagship trade event in Canada, designed to provide the most efficient and cost-effective market access available anywhere. RepCan is our most comprehensive trade development program and offers individual business matchmaking, broad market exposure, counseling services, market briefings, networking opportunities, prime meeting and exhibit facilities, logistical support, and much more.	Toronto, Canada
June 25-30	MEDICAL DEVICES & BIOTECHNOLOGY TRADE MISSION The purpose of the mission is to increase business opportunities for U.S. manufacturers of medical and dental devices, and laboratory instruments, and biotechnology firms interested in entering the Australian market. The trade mission will travel to Melbourne, Sydney and Brisbane. Participants from the biotechnology industries will have the option of extending their stay in order to participate in the Australian Biotechnology Association's biannual conference in Brisbane, July 2-6. Australia is the world's tenth largest medical device market and the second largest Asian market with \$1.6 billion medical device annual consumption. U.S. exports represent 50 percent of Australia's import market. Purchasing needs run the full range of medical devices and high technology products from the U.S. are considered to be the best market prospects. Biotechnology is considered a priority industry by the Australian government.	Melbourne, Sydney & Brisbane, Australia
June 26-29	ENTSORGA—INTERNATIONAL FAIR FOR RECYCLING & WASTE DISPOSAL Get exposure in the world's second largest market for environmental technologies. Sixty-four thousand trade visitors, including 10,000 international visitors, will be meeting at ENTSORGA, the premier international trade fair for recycling and waste, held in Cologne, Germany every three years. The U.S. Pavilion will feature a U.S. & Foreign Commercial Service Business Information Office and a series of briefings for exhibitors.	Cologne, Germany
July	THE 2ND INTERNATIONAL INFORMATION SHOW A key event in the Northeast, this show is located in the best of the region's areas for new business. Drawing on Northeast University, the mayor and provincial officials seek to support this show and similar efforts to innovate state-owned enterprises and launch new businesses related to information technology.	Shenyang, China
July	ASIA COMMUNITECH One of the major shows organized in Hong Kong with a specific focus on telecommunications & broadcasting, and covering networking and the Internet.	Hong Kong, China
September 21-22	NEW PRODUCTS USA 2000 HQ promotion activities to be held in Kaohsiung, Hong Kong, Kuala Lumpur and Bangkok.	Hong Kong, China

INDUSTRY CONTACT INFORMATION

Security & Safety Equi.	Angela Yeung Tel: (852) 2521-4638 Angela.Yeung@mail.doc.gov
Electronics & Telecommunications	Stephen Anderson Tel: (86 10) 6532-6924 Stephen.Anderson@mail.doc.gov
Telecommunications Equipment & Services	Richard Paddock Tel: (202) 482-5235 Richard_Paddock@ita.doc.gov
Computers, Software & Communications Equipment	Tu-Trang Phan Tel: (202) 482-0480 Tu-Trang_Phan@ita.doc.gov
Comprehensive marketing services	Madellon Lopes Tel: (416) 595-5412 Madellon.Lopes@mail.doc.gov
Medical and Dental Devices, Laboratory Instruments & Biotechnology	Bart Meroney Tel: (202) 482-5014 Bart_Meroney@ita.doc.gov
Environmental Technologies	Birgit Dose (49 40) 4117-1306 Birgit.Dose@mail.doc.gov
Information Technology	Stephen Anderson Tel: (86 10) 6532-6924 Stephen.Anderson@mail.doc.gov
Telecom Equipment & Services	Angela Yeung Tel: (852) 2521-4638 Angela.Yeung@mail.doc.gov
Multi-State Catalog Exhibition	Nancy Hesser Tel: (202) 482-4663 Nancy.Hesser@mail.doc.gov

WOMEN IN TRADE BUSINESS DEVELOPMENT MISSION**PARIS, FRANCE & AMSTERDAM, NETHERLANDS
MAY 7-12**

Women in Trade Business Development Missions focus on women-owned or –managed businesses. This Women in Trade (WIT) mission targets the Netherlands and France, two major U.S. export markets and good locations for doing business throughout Europe. France and the Netherlands provide a wealth of business opportunities for U.S. companies in their well-developed industrial sectors, as well as in their business services. Prospects are especially promising in the following industries: information technology, travel and tourism services, telecommunications, environmental technologies, and employment services. WIT missions are supported by the National Association of Women Business Owners, the Organization of Women in International Trade and other, similar organizations. WIT missions are open to *all* business executives without restriction. For more information, please contact Loretta Allison at Tel: (202) 482-5479 or Email: Loretta_Allison@ita.doc.gov.

MEDICAL EQUIPMENT & BIOTECHNOLOGY MISSION**MELBOURNE, SYDNEY & BRISBANE,
AUSTRALIA JUNE 25-30
(Please note change of date for this event)**

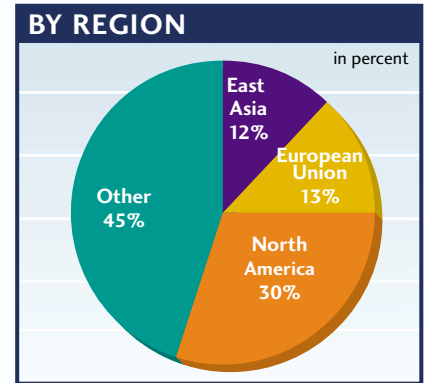
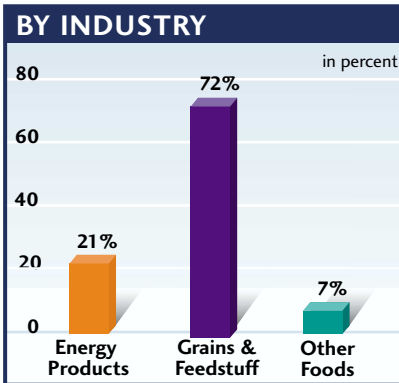
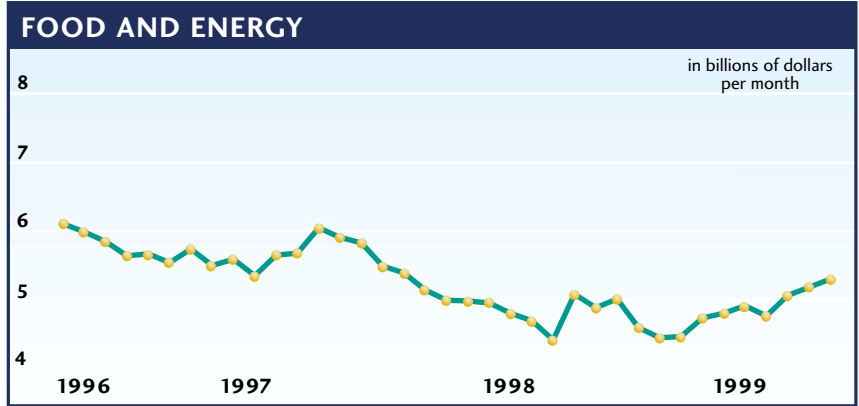
The U.S. Department of Commerce will lead a trade mission for U.S. medical and dental device, laboratory instrument, and medical biotechnology companies interested in entering the Australian market. Meeting with major end users, distributors and suppliers of medical devices will give companies first-hand knowledge of the marketplace and suitable contacts for medical, dental and laboratory sales and future business. Biotechnology firms will meet with Australian biotechnology research institutes and Australian biotechnology firms in order to expand their commercial ties. For more information, please contact Bert Meroney, Office of Microelectronics, Medical Equipment and Instrumentation at Tel: (202) 482-5014 or Email: Bert_Meroney@ita.doc.gov.

IAA-INTERNATIONAL FAIR FOR HEAVY DUTY TRUCKS, BUSES, ASSOCIATED PARTS (BOTH OEM AND AFTERMARKET), AND WORKSHOP EQUIPMENT AND SERVICES**FRANKFURT, GERMANY SEPTEMBER 23-30**

The U.S. & Foreign Commercial Service is organizing a Product & Literature Center at the IAA, the largest show in Europe for heavy-duty trucks, buses and associated services. For a small fee, U.S. companies can exhibit products and product literature in the U.S.-sponsored pavilion. Trade leads will then be collected and forwarded to you. This will be the third IAA show in which the U.S. has participated. To obtain more information, or photos of the last show, contact Paul R. Warren-Smith at Tel: (49 69) 956-20425 or Email: Paul.Warren-Smith@mail.doc.gov.

FOOD AND ENERGY

The continuing rise in exports of these commodities is being driven by higher energy prices, principally in fuel oil and other petroleum products.



MATERIALS

The recent advance in materials exports has been led by increases in exports of chemicals, textiles and paper.

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

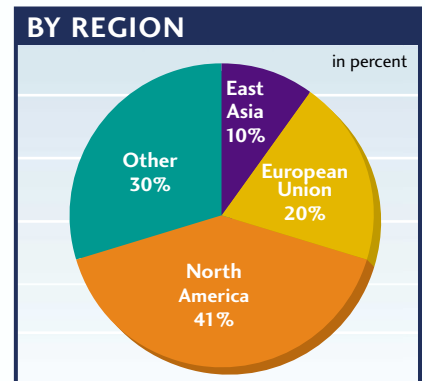
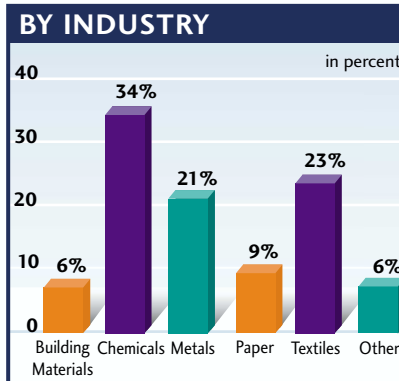
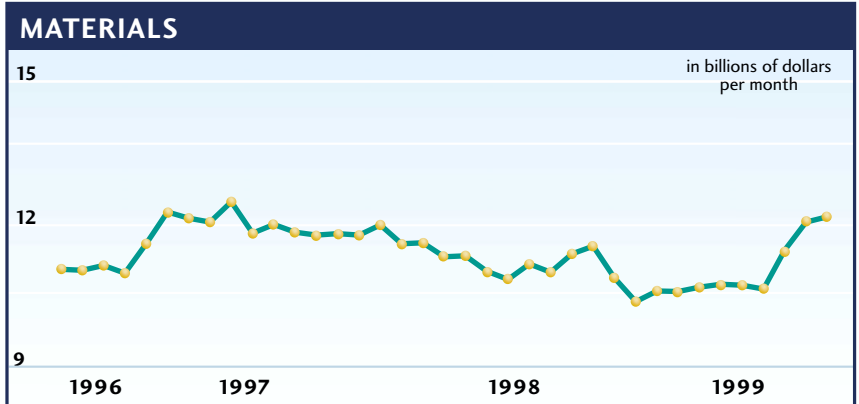
North America: Canada and Mexico.

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

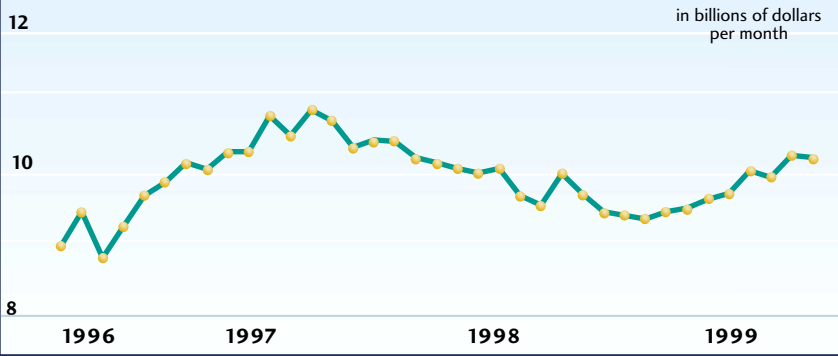
East Asia: China, Hong Kong, Japan, Indonesia, South Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.

The chart showing exports of services by region is based on data for calendar year 1998. Other charts showing product mix and geographic destination are based on data for the twelve months ending with October, 1999.

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



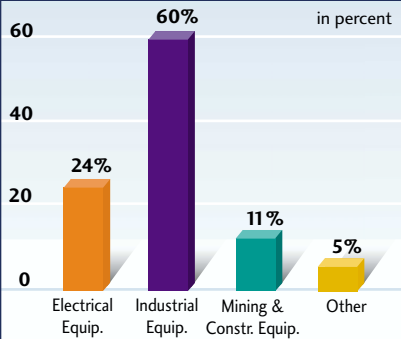
MACHINERY



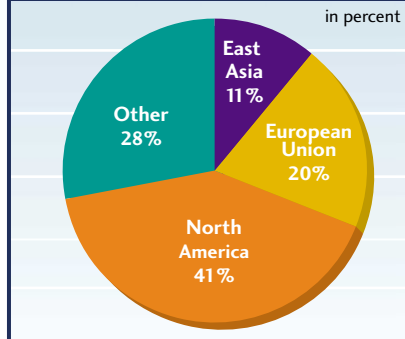
MACHINERY

The recovery in machinery exports has been broad based, with materials handling equipment and electric machinery leading the way.

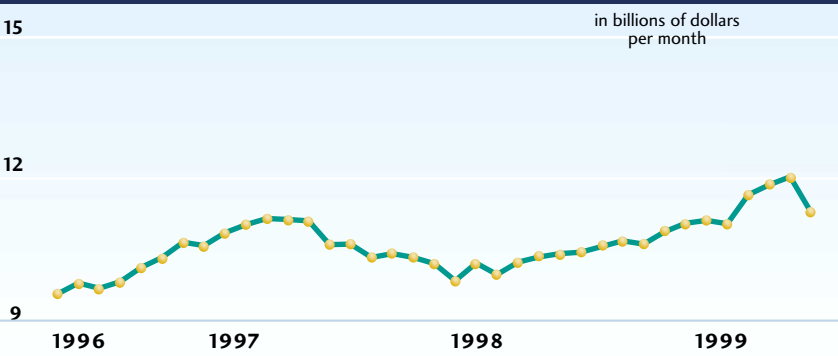
BY INDUSTRY



BY REGION



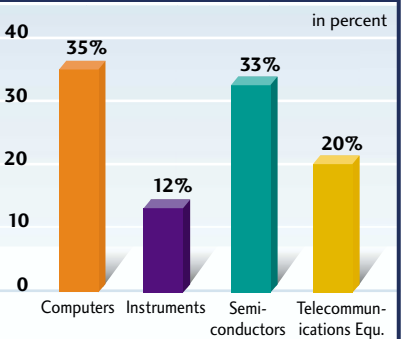
ELECTRONICS & INSTRUMENTS



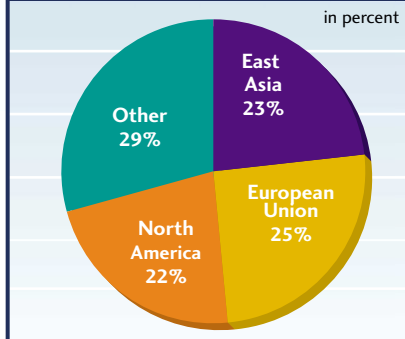
ELECTRONICS & INSTRUMENTS

A decline in October exports of telecommunications equipment has stalled the steady growth in overseas shipments over the previous months.

BY INDUSTRY



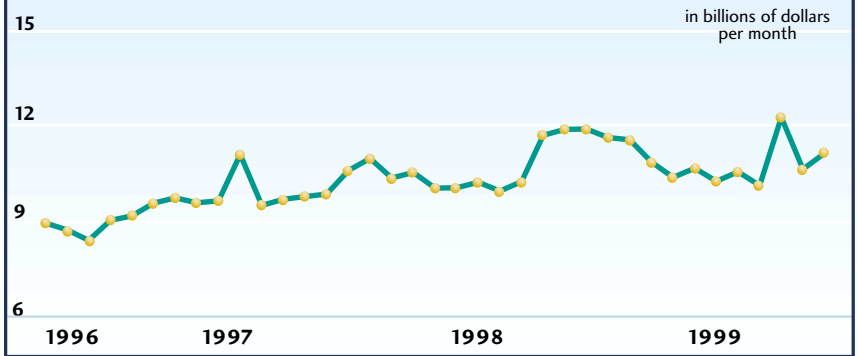
BY REGION



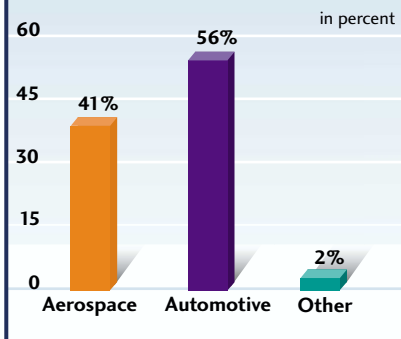
TRANSPORTATION EQUIPMENT (CIVILIAN)

A rebound in foreign sales of civilian aircraft and parts led the October advance. Automotive exports also recorded a monthly increase.

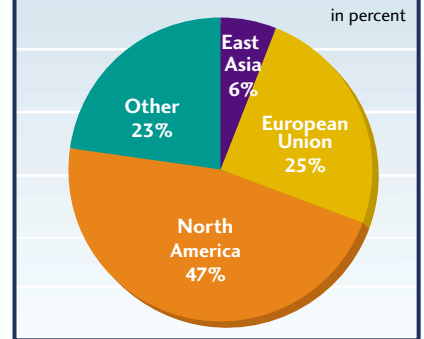
TRANSPORTATION EQUIPMENT



BY INDUSTRY



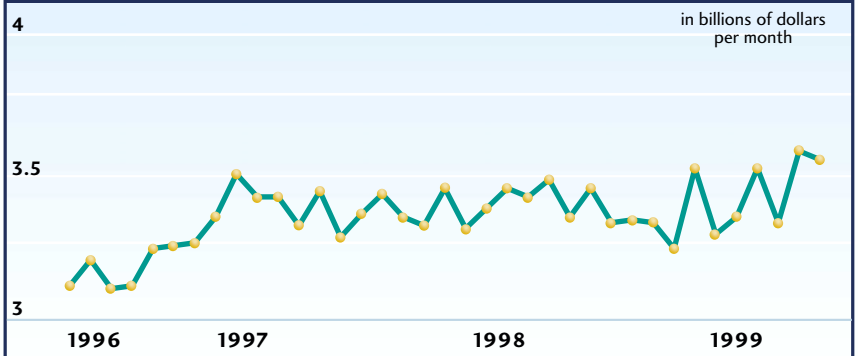
BY REGION



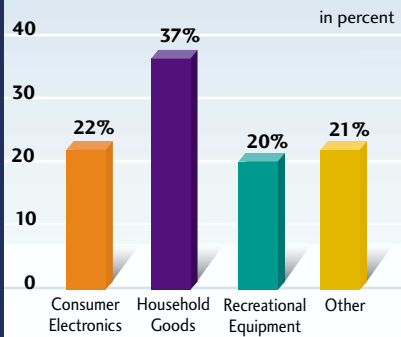
CONSUMER DURABLES

The erratic monthly pattern in consumer durables continued, with declines in consumer electronics partially offset by increases in recreational equipment.

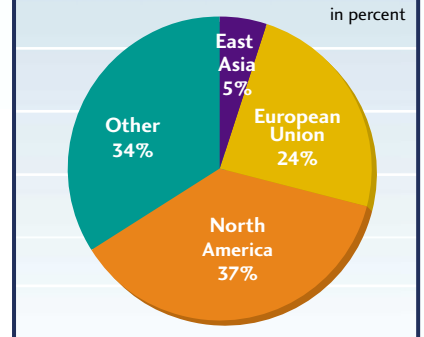
CONSUMER DURABLES



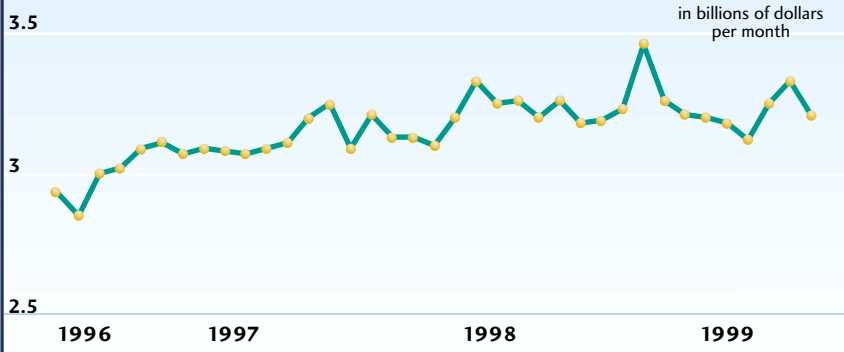
BY INDUSTRY



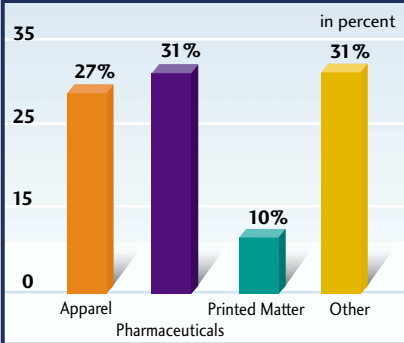
BY REGION



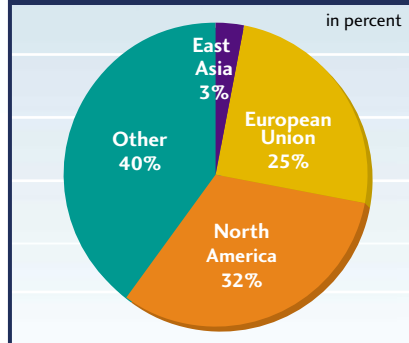
CONSUMER NONDURABLES



BY INDUSTRY



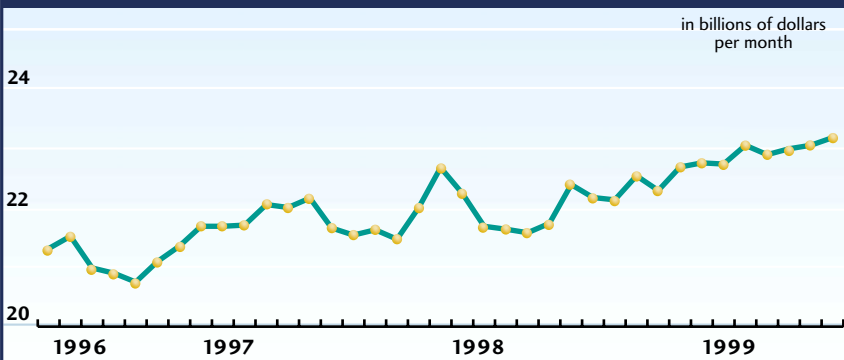
BY REGION



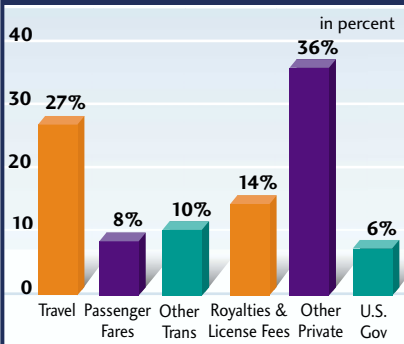
CONSUMER NONDURABLES

The October drop in consumer durables exports was widespread, led by apparel and manufactured tobacco products.

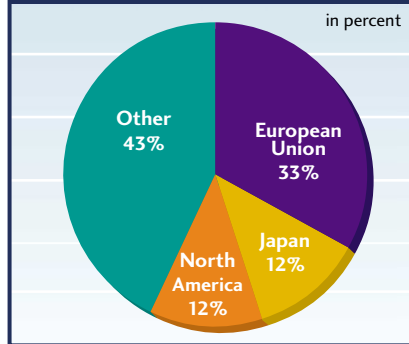
SERVICES



BY INDUSTRY



BY REGION



SERVICES

The ongoing advance in services exports was reflected in most service categories, especially private business services and the transportation of goods.

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

COMBATTING CREDIT CARD FRAUD IN SALES TO THE NIS

by Derek Nowek

Business Information Service for the Newly Independent States (BISNIS)

For a growing number of U.S. merchants and exporters, credit card fraud is a serious concern in cross-border electronic commerce, particularly in transactions with the Newly Independent States (NIS). Anecdotal evidence suggests that, over the past four years, credit card fraud in international transactions originating in Russia, Belarus, Kazakhstan and Uzbekistan has increasingly become a problem. In 1997, for example, America Online

had to cut direct access to its users in Russia because too many people were using stolen or counterfeit credit card data to sign on for email and Internet services. More recently, Belarus, Kazakhstan and Uzbekistan have originated a rash of attempts to defraud U.S. vendors of computer systems, peripherals and other high-tech components. In a February 1999 incident, for example, a Florida-based computer reseller shipped \$40,000 worth of computer parts to Belarus before the credit card fraud was discovered.

“KNOWING HOW TO SPOT CREDIT CARD FRAUD AND WHAT PRECAUTIONS TO TAKE CAN SIGNIFICANTLY REDUCE A MERCHANT’S EXPOSURE AND POTENTIAL LOSS IN INTERNATIONAL TRANSACTIONS.”

Knowing how to spot credit card fraud and what precautions to take can significantly reduce a merchant’s exposure and potential loss in international transactions.

and California have much in common. All of the U.S. merchants received authentic-looking faxes or emails from companies in Belarus, Kazakhstan or Uzbekistan requesting quotes on computer parts. The NIS companies claimed to be manufacturers or retailers of computers and components looking for U.S. suppliers that could replace orders from financially stricken Russia. The companies were interested in large purchase orders with volume discounts and fast deliveries. In further correspondence, U.S. merchants were often asked to under-declare the invoice value of the shipments to help offset high NIS import taxes and minimize customs formalities and payment procedures. The credit card crooks then provided up to 10 credit card numbers

TECHNOLOGY’S TWO-WAY STREET

With the latest technology at their disposal, credit card crooks can counterfeit entire credit cards, along with their magnetic strips, or use sophisticated programs to generate mathematically correct credit card numbers that will register as “valid” when run through an electronic swipe terminal. They can also simply steal credit card data from unsuspecting cardholders.

Although the methods of credit card fraud in foreign sales transactions can vary widely, the recent wave of fraud attempts targeting U.S. computer companies in Northern Virginia, Florida

and requested the shipment be sent via UPS, DHL or a similar carrier without the company’s name on the invoice and without freight insurance.

Chris Slade, account manager at Boost Peripheral Systems (Sacramento, CA, boostsystems.com), received such a purchase order. He became suspicious after two of the four credit cards he was given were declined, and the NIS company promptly sent a batch of new numbers. “I don’t want to see any American companies getting ripped off, especially ours,” said Slade. Eventually, he traced the credit card information to a bank in Stockholm and discovered that it was bogus.

Unfortunately, some merchants with no prior credit card fraud experience still believe they are in the clear when they key in the numbers electronically and are given a transaction approval code. In fact, all the verification does is to check that the number is valid and sufficient funds are available for the purchase. Under the rules of most credit card merchant account agreements, however, merchants bear the full cost of fraudulent credit card transactions that take place via mail order, telephone or the Internet.

MINIMIZING CREDIT CARD FRAUD

U.S. companies can take a number of precautions to protect themselves from credit card fraud, especially in cross-

border transactions. These precautions range from simple, do-it-yourself steps to validate each order, to sophisticated antifraud software, to automated verification services offered by specialized providers. [See sidebar for a listing of precautions.] The method or methods used should depend on the company's experience in foreign sales in the NIS region, knowledge of the local market, and the number and size of transactions.

"There is usually very little that law enforcement agencies can do for you in international fraud cases," according to Dr. Audri Lanford, an authority on Internet fraud and a co-editor of Internet ScamBusters (www.scambusters.org), a web-based newsletter and compendium of tips and resources on Internet fraud issues. "The best way to reduce the risk of credit card fraud is to implement sound verification procedures and stay up-to-date on the current scams," she said.

In the end, if you suspect credit card fraud, insist on a wire transfer payment before processing and shipping the order. This is the only safe way to ensure you receive payment for your exported merchandise. ■

The Business Information Service for the Newly Independent States (BISNIS) is the U.S. Government's clearinghouse for business information on the newly independent states (NIS) of the former Soviet Union.

BISNIS

U.S. Department of Commerce
USA Trade Center
Washington, DC 20230
Tel: 202-482-4655 or toll-free:
800-USA-TRAD(E)
Fax: 202-482-2293
Email: BISNIS@ita.doc.gov
Internet: www.bisnis.doc.gov

ANTIFRAUD EXPERTS RECOMMEND TAKING THE FOLLOWING STEPS FOR EACH FOREIGN SALES ORDER:

- Examine the email address on the purchase order. If the order came through a free email service provider, such as hotmail.com, junos.com or europe.com, consider declining the order. Experts agree that a high rate of credit card fraud occurs through these anonymous, untraceable email addresses. A convenient way to determine if an order comes from a free email service is to substitute "www" in front of the domain portion of the address and look up the provider's website. Another way to check for free email services is to browse a list maintained by Antifraud.com (www.antifraud.com/redflag.htm), an Internet-based service that helps companies protect themselves against online credit card fraud.
- Request the name and phone number of the bank that issued the credit card, including the exact name of the cardholder and the exact billing address.
- Get the transaction approval code from your merchant account vendor. Then, call the customer's credit card bank to verify the credit card data.
- Call the cardholder to reconfirm the purchase order. Often, the telephone number on the otherwise authentic-looking purchase order will be bogus.
- Pay extra attention to large orders with multiple credit card numbers and different "bill to" and "ship to" addresses.
- Insure the shipment with a freight forwarder or an independent insurance company and do not under-declare the invoice or shipment value. In a December 1999 incident, for example, a Texas-based computer parts vendor shipped \$50,000 worth of memory cards to Kazakhstan and was talked into declaring the shipment value at \$1,000. When the credit card fraud was discovered, the goods were already en route. "I have learned a very valuable lesson," said the vendor, whose insurance covered only the declared shipment value.
- Stay informed. A number of Internet-based resources are available to help merchants spot credit card fraud.

A LERT ABOUT INTERNET FRAUD FROM THE COMMERCIAL SERVICE IN ALMATY

The Commercial Service in Almaty, Kazakhstan recently issued a warning to U.S. companies about a rash of cases involving the purchase of merchandise over the Internet using stolen credit card numbers (www.bisnis.doc.gov/bisnis/country/000113fraud.htm). According to the alert, in most instances, the fraudulent company was seeking to buy computer equipment from small- to medium-sized U.S. computer companies with minimal export experience. It noted that U.S. companies eager to make a sale often forget to ask themselves basic due diligence questions. This "blind date" approach to doing business can cost companies considerable sums in bad sales with little chance of recovering either their money or their merchandise.

U.S. companies may be able to avoid being ripped off in cross-border credit card scams by checking with their nearest U.S. Export Assistance Center (USEAC) before concluding any agreements. USEACs counsel U.S. exporters on qualifying potential buyers and making smart business decisions about potential foreign company clients.

To find the USEAC or U.S. Commercial Service office nearest you, see the back cover of this magazine.

For inquiries about doing business in Kazakhstan, contact:

The U.S. Commercial Service Almaty
U.S. Embassy Almaty
Tel: (7 3272) 58-79-20, 58-79-24
Fax: (7 3272) 58-79-22
E-mail: almaty.office.box@mail.doc.gov
Internet: www.usis.kz/csalmaty
Contacts: Ms. Julie Snyder, Senior Commercial Officer;
Mr. Patrick Smeller, Commercial Officer

Business Information Service for the Newly Independent States (BISNIS)
U.S. Department of Commerce
Tel: (202) 482-4655
Fax: (202) 482-2293
E-mail: bisnis@ita.doc.gov
Contacts: Judith Robinson, International Trade Specialist;
Derek Nowek, International Trade Specialist

American Chamber of Commerce in Kazakhstan
Address: 531 Seyfullin Prospect,
4th floor, Suites 414-416
Almaty 480091, Kazakhstan
Tel: (7 3272) 58-79-38
Fax: (7 3272) 58-79-39
Contact: Diana Brett, Executive Director

The American Chamber of Commerce is a nonprofit, nongovernmental organization affiliated with the U.S. Chamber of Commerce. The AmCham has more than 70 member companies representing a diverse group of U.S. and international businesses in nearly every industry sector. ■

ALMATY

THE USAID GLOBAL TECHNOLOGY NETWORK

EXPANDING U.S. BUSINESS OPPORTUNITIES IN EMERGING ECONOMIES

by Joe Duncan

GTN Project Manager, USAID Office of Business Development

Developed countries are increasingly vital markets for U.S. exports. Yet, for many small businesses, finding partners to work with in those countries can be daunting.

That is where the Global Technology Network (GTN) can help. GTN is a U.S. Agency for International Development (USAID) program that helps small- and medium-sized U.S. firms gain access to emerging markets overseas. GTN facilitates the transfer of U.S. technology and services to developing countries by matching the needs of companies abroad with U.S. firms equipped to provide the appropriate technology solutions.

GTN focuses on four business sectors: agricultural, communications and information, environment and energy, and health technologies. USAID's Office of Business Development, which manages GTN, offers small incentive grants to facilitate transactions between U.S. businesses and partners in developing countries. GTN can also provide staff support for state and local trade events, and organize briefings on specific business sectors for state partners at USAID offices in Washington.

USAID works with a number of domestic partners, including other federal agencies, state governments, non-profit organizations and U.S. businesses, to match trade opportunities in developing countries with the 7,000 U.S. businesses in the GTN database. These partners are linked together by an Internet-based communications and trade lead system that facilitates trade partnerships and export opportunities. The Agency receives trade opportunities electronically from 46 developing countries. These opportunities are then reviewed by GTN staff, matched with U.S. companies in the GTN database and retransmitted via email to individual firms, usually within 48 hours of the initial receipt.

The three basic types of GTN leads are equipment purchases, agent/distributor agreements and joint ventures. On average, GTN receives 100-150 trade leads each month and matches them with 50-100 U.S. companies.

"USAID's Global Technology Network is bringing the resources of businesses across the U.S. to 46 emerging market countries around the world," said J. Brady Anderson, administrator of USAID. "GTN is a perfect example of how foreign assistance can help U.S. businesses right here at home."

State partners play a critical role in GTN's operations by screening and recruiting local firms for the GTN

database, and by pursuing trade leads with companies that are actively seeking to export to markets overseas.

With a small Washington-based support staff, GTN trade lead and business matching activities draw heavily on cooperation between a variety of federal and state partners for information exchange, trade lead follow-up and technical support. Through GTN, USAID is a member of the U.S. Export Assistance Center (USEAC) network and works collaboratively with its USEAC partners, including the U.S. Departments of Commerce and Agriculture, the U.S. Small Business Administration and the U.S. Export-Import Bank. In addition, GTN trade leads are provided online through the SBA's TradeNet Export Advisor (www.tradenet.gov).

GTN also provides U.S. businesses with linkages to two USAID-supported programs—the U.S.-Asia Environmental Partnership (US-AEP) and the Eurasian-American Partnership for Sustainable Economies (EcoLinks). These programs utilize Department of Commerce technology representatives to enhance USAID regional development efforts and to promote U.S. business interests in international trade. In addition, USAID works with the State Department and the Overseas Private Investment Corporation (OPIC) to identify trade opportunities and generate trade leads for GTN in a number of African countries.

FRESH LEADS PROVIDE FRESH WATER

Historically, the Baja region of California and Mexico has been comprised of small fishing villages with limited access to important technology such as water purification equipment. To resolve its fresh water needs, Calamar de Loreto, an established fish processing and packing facility located in Mexico, wanted to buy a desalinization plant. The latest desalinization technology would enable the company's managers to improve the quality of their processed, packed and frozen fish products to meet international standards.

GTN representatives met with the fish processing company to define its technology needs, and helped turn those needs into a specific trade lead, which was then sent to GTN headquarters via the Internet, and in turn, sent out to a number of U.S. manufacturers of desalinization equipment.

Shortly after transmitting the trade lead, U.S. companies began submitting letters of interest. A GTN representative in Mexico scheduled follow-up meetings with the company to review the U.S. companies' proposals. The in-country representative also assisted Calamar de Loreto with translations and provided information on topics such as how to handle tariffs and taxes. This process is entirely open; information from these meetings was posted on the GTN website to inform all GTN partners of the status of the trade lead.

Two weeks after posting the trade lead on the Internet, the Mexican company short-listed three U.S. companies. After analyzing each of their offers, Calamar de Loreto accepted a proposal by Lifestream Watersystems, Inc. of Huntington Beach, California valued at approximately US\$500,000. ■

What makes GTN particularly useful to small businesses is the interaction that it fosters among U.S. businesses, foreign companies, and state and federal partners. Disseminating a typical trade lead involves extensive back and forth communication between not only the potential buyer and seller, but also among the GTN staff, federal agency partners, individual state trade offices and various other in-country participants. Follow-up work related to trade leads, as well as information on USAID procurement rules, are provided through the GTN office in Washington, D.C., outreach offices in California, Florida and Illinois, and the U.S. Export Assistance Centers.

Interaction between GTN partners is also extended to business counseling services. GTN draws on the international business experience of the International Executive Service Corps (IESC). More than 1,000 IESC experts—senior business people with experience in international trade—around the country have been recruited to evaluate trade leads and foreign buyers. Using their personal and professional networks, IESC representatives identify appropriate U.S. partner firms for each lead.

Since its launch in 1993, GTN has generated nearly \$300 million in U.S. exports of products, services and problem-solving technology. These U.S. exports and technology interventions have benefited individual U.S. companies and the U.S. economy as a whole. ■

Companies interested in joining the Global Technology Network can do so at no cost via the GTN website (www.usgtn.org) or by calling 1-800-872-4348.