

Looking for Export Opportunities in China? The U.S. Commercial Service Can Help

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When Spancrete Machinery Corporation of Milwaukee, WI, was looking to expand its marketshare in China, the manufacturer of machines that produce pre-cast, hollow-core reinforced concrete floors and wall panels turned to the Commerce Department's U.S. Commercial Service for help. A client of the Commercial Service's Milwaukee U.S. Export Assistance Center, the firm made extensive use of the Gold Key Matchmaking program and International Partner Search to establish key relationships in Shanghai and Guangzhou. Spancrete continues to utilize Commercial Service assistance and the services of the Export-Import Bank and Overseas Private Investment Corporation in its worldwide exporting efforts.

Spancrete is just one of the many U.S. companies that have successfully exported to China. Frequently, however, when it comes to pursuing the vast export opportunities in this challenging market, American manufacturers receive many unsolicited orders or requests for samples from Chinese companies, but are often unsure how to respond.

In most cases, potential Chinese buyers are unknown, and there are concerns about protecting intellectual property (IPR), as well as worries about the creditworthiness of possible buyers. For many American businesses, it is difficult to know where to start in evaluating the latent risks—or the potential rewards—of selling to China.

Yet a file of unpursued inquiries from China also raises intriguing possibilities.

Imagine if your products could have a significant market in China. Just think if a competent agent could be identified, one who would aggressively defend your interests. Perhaps there are ways in which your IPR could be protected. Perhaps a segment of China's enormous market might be profitable for your company. And imagine if you were able to build market share in China.

There are no stock responses, but individual companies wishing to pursue export sales to China should consider using the resources of the U.S. Commercial Service to help answer these questions.

A Network of Resources at Your Doorstep

The U.S. Commercial Service's primary mission is to help small and medium-sized companies export. Now in its 25th year, the Commercial Service network includes 108 domestic U.S. Export Assistance Centers and more than 150 overseas posts in over 80 countries. The Commercial Service offers a wide range of services from export counseling and pre-arranged overseas appointments to customized market research, trade missions, trade fairs and much more. The Department has 116 people in China located at

five posts: Beijing, Shanghai, Guangzhou, Shenyang and Chengdu—all of whom can assist your exporting efforts through a variety of services:

Background data on potential buyers

- If you receive an unsolicited order from an unknown Chinese company that you wish to pursue, it is possible to obtain background data on the potential buyer. The U.S. Commercial Service offers a simple, but effective, credit check analysis to determine the financial soundness of a prospective buyer—provided that it is a legitimate company. A negative finding from such a survey would suggest turning down the order or demanding cash payment before shipment. This same service is a useful way to vet potential agents or distributors.

Finding Agents and Distributors

- If you would like to try to identify potential agents or distributors, the Commercial Service has three services tailor-made for you:
 - You can enter the online database of the U.S. Embassy in Beijing to find American suppliers for your industry. A small fee is charged to cover translation costs.
 - Alternatively, for a very modest fee, you can advertise your product to 10,000 potential buyers in a Chinese newsletter entitled *Commercial News USA*.
 - You can use the “International Partner Search”, a survey that can be conducted in 19 cities in China, to obtain a list of potential Chinese partners interested in representing you.

Targeted Market Research

- If you are unsure whether you have a potential market in China, you should review the market research that is publicly available on the Department’s website. A wealth of free information, which is regularly updated, is available. Pay special attention to the trade leads, which are updated often. American exporters can also send specific inquiries to the Department’s field staff in China, many of whom are industry experts. If they do not have an answer available immediately, they can customize research to your specific need.

Referrals on IPR issues

- Regarding protection of your intellectual property rights, you should conduct a thorough review of your risks and the appropriate defensive strategies for China. In some cases, you may determine that the risk is simply not worth the reward. But, in most cases, in concert with a lawyer trained in Chinese IPR law, it is possible to construct a regime that adequately addresses your specific concerns.

Yet each company, perhaps even each product, has a very different risk profile in the Chinese market, and you are well advised to consult with an attorney to evaluate your best interests.

- The U.S. Department of Commerce has established the Strategy Targeting Organized Piracy, or STOP! (<http://www.stopfakes.gov>), to assist small businesses that have been effected by piracy. STOP! established a hotline that provides a one-stop-shop for businesses to protect their intellectual property at home and abroad. 1-866-999-HALT gives businesses the information they need to leverage the resources of the United States Government to lock down and enforce their trademarks, patents and copyrights overseas – both in individual countries and in multiple countries through international treaties.
- The U.S. Department of Commerce will deploy two intellectual property experts to China, where there is already one IPR expert on the job in Beijing. These experts will provide in-country assistance to U.S. business people who are facing IP problems, such as piracy and counterfeiting, and will also work with local government officials. Each IPR Expert will serve a 5 year tour of duty as part of the Foreign Commerce Service.

American Trading Centers Initiative

- Companies already with a marketing presence in Shanghai or Beijing might consider expanding their distribution networks to tertiary cities. For this purpose, American companies have exclusive access to a network of 14 offices in all of the important regional markets in China that the U.S. Commercial Service and the China Council for the Promotion of International Trade jointly run. Officials in this network can provide the latest in market intelligence and will schedule individual appointments with potential agents and distributors. They also organize translation services, hotel rooms, and local transportation, if necessary. This service is offered to American companies with a money-back guarantee—if you are not satisfied with the arrangements made on your behalf, the cost of arranging the appointments will be returned to you without question.

Trade Shows

- Perhaps the oldest and most established method of market entry is participating in a local trade exhibition. Exhibitions in China are a great way to expand your market presence, meet buyers face-to-face, and better understand local competition. But China's trade-show industry is fragmented and terribly confusing. It is important to try to find the right event for you.
- Commercial Service trade specialists in China have been going to Chinese trade shows for twenty years. Recently, the Department has reached agreements with 36 of China's best trade show organizers to construct American pavilions at their premier events. These pavilions will offer American companies the best deal at

China's best events. There are many advantages to entering Commercial Service-sponsored American Pavilion—if you can determine that the show is oriented toward your specific market niche.

Taking Action

The next time you receive an unsolicited request from a potential Chinese buyer, do not dismiss the approach, but consider the possibilities. Perhaps such queries indicate that you have a legitimate, but untapped, market in Asia, and that perhaps you can be successful in China.

The best way to begin the process of establishing a marketing plan to sell into China is to contact your local U.S. Export Assistance Center at www.export.gov or call 1-800-USA-TRADE. Using some of the above-mentioned services, you can explore the exciting and fast-growing Chinese market.

Sidebar:

China Business Information Center

Last fall, the Commercial Service launched the first comprehensive federal government resource for doing business in the China market: the China Business Information Center. The China Business Information website, which can be found online at: www.export.gov/china, provides businesses with everything from market information and trade leads to best prospects for exports to China, upcoming trade missions and trade shows, domestic outreach events and much, much more. The online China Business Information Center clearly details all the Commercial Service programs and services referenced in this article.
