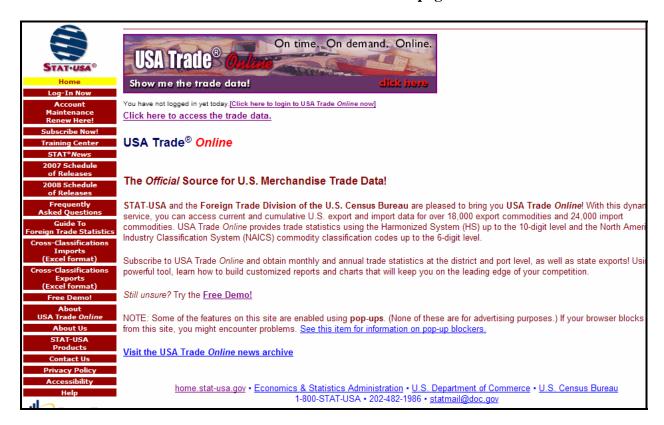
USA Trade Online

(http://www.usatradeonline.gov)

USA Trade *Online* covers merchandise trade only. Merchandise trade is defined as goods, including physical items such as automobiles, steel, food, clothing, appliances, and furniture. It does not include services or balance of payment adjustments.

Figure 5.5: The USA Trade *Online* home page



Provided in partnership by STAT-USA, the Foreign Trade Division of the Census Bureau, and Beyond 20/20, USA Trade[®] *Online* (see *Figure 5.5*) is the official source for U.S. merchandise trade data, offering current and cumulative data on more than 18,000 export commodities and 24,000 import commodities traded between the United States and all its trading partners. Commodities are classified by the Harmonized System (HS) codes, which are defined on the two-, four-, six-, and ten-digit levels in the United States and the North American Industry Classification System (NAICS) codes, which are defined at the two-, three-, four-, five- and six-digit levels. Additionally, quantities, value, method of transportation, port, customs districts and state exports are available. You'll also find annual data from 1992 and monthly data since 2002.

The "Selection Criteria" section in Step 4 below details these various types of data (called "dimensions").

It is easy for first-time and novice users to become overwhelmed by USA Trade *Online's* massive databases of merchandise trade data, not to mention the variety of options available to help analyze the data. The remainder of this chapter lays out the USA Trade *Online* basics and carries you through five easy steps to mastering merchandise trade data:

- Step 1: Select your data (see "Data Source Selection" for more information).
- Step 2: Choose the commodity or commodities under study (see "Commodity Selection" for more information).
- **Step 3: View your report!** (click the "View Table" icon as shown in note 1 of *Figure* 5.8).
- **Step 4: Determine your data dimensions** (see "Selection Criteria" for more information).
- Step 5: Tweak the various reporting features and options (see "Report Features" and "Report Options" for more information).

Need further assistance for USA Trade Online? Call STAT-USA at 1-800-STAT-USA or visit the Online Help at: http://www.usatradeonline.gov/help and get started with the First Time User's Guide!

You can also find this document and other STAT-USA Training Materials at http://home.stat-usa.gov/training.

Step 1 – Data Source Selection

The Data Source Selection screen (see *Figure 5.6*) is your first stop after choosing "Click here to access the trade data" from USA Trade *Online's* homepage. This is where you select an initial **report type** (see note 1 in *Figure 5.6*). Although there are a number of formats listed (eight for imports and eight for exports, as well as three for port imports and three for port exports), you aren't bound to the default settings of a particular table. Using your Selection Criteria and other Report Features (more on these below), you can manipulate the rows and columns to create your desired table format.

Figure 5.6: The Data Source Selection screen on USA Trade *Online*



A word of caution: In selecting the HS District-level Data reports, you can't switch to exports (merchandise going out of the United States to foreign countries) if you initially select one of the import tables (arrivals of merchandise to the United States from foreign countries) or vice versa. Also, you must determine if you want port imports or exports (see *Figure 5.6b*), as you cannot access either of these statistics from one of the standard import or export options. However, this ability is available in the NAICS Data Standard Report option.

First, select the type of data (district-, port- or state-level) and commodity classification system (HS or NAICS) you're interested in. We recommend beginners select one of the

Standard Report (Monthly, Annual, or Cumulative Year-to-Date or "YTD")¹ options, and test the additional formats (which have pre-selected data dimensions) when you're more acclimated with the site.

As previously mentioned, all reports in the same folder (imports or exports) take you to the same database; only the default settings change. See below for a brief description detailing the default settings of each report type.

HS District Level Reports (up to the 10-digit level)

• Standard Report – Monthly Imports/Exports

View the value and quantity for a commodity (or commodities) for the five most current months. The results can be sorted by value (as well as by quantity at the ten-digit level) and regenerated by commodity, country, customs district area, measure, and/or time options using the Selection Criteria listed on the left side of the screen.

• Standard Report – Annual

View the value and quantity for a commodity (or commodities) for the four most current years and current YTD. The results can be sorted by value (as well as by quantity at the ten-digit level) and regenerated by commodity, country, customs district area, measure, and/or time options using the Selection Criteria listed on the left side of the screen.

• Standard Report – Cumulative YTD

View the value and quantity for a commodity (or commodities) for the most recent YTD aggregation and the three prior years' YTD aggregations, as well as the growth rate between the oldest and newest YTD totals. The results can be sorted by value (as well as by quantity at the ten-digit level) and regenerated by commodity, country, customs district area, measure, and/or time options using the Selection Criteria listed on the left side of the screen.

• Trade by Commodity

Use this report to show U.S. imports or exports of any of the over 18,000 commodities over time in a specific market. In the default view, you will view the value, quantity, and unit price for all commodities in all markets for the most recent and previous month, current and previous YTD aggregates, and four previous years (current year is excluded), as well as month/month, YTD/YTD, and four-year percent changes. The results can be regenerated by commodity, country, customs district area, measure, and/or time options using the Selection Criteria listed on the left side of the screen.

• Country by Commodity

Use this option to analyze value changes over time of a specific commodity and country. The results can be sorted by value and quantity for the most current month, cumulative

¹ Year-to-Date (YTD) refers to data for January of the current year through the current data month. For example, if merchandise trade data were just released for June 2008, the YTD totals would be for the first six months (January – June 2008).

data for the current calendar year, and cumulative data for the previous year's corresponding timeframe.

HS Port Level Reports (up to the 6-digit level)

Track imports and exports traveling through more than 400 ports in the United States and its territories using the **Port Selection** option. Ports include trade through airports, pipelines, roads, railroads, mail, as well as the more traditional sea-based ports. In the United States, physical ports are grouped into districts based on geography. The name of the district is the name of the primary port in that district.

• Monthly Port Level Imports/Exports

View the value and shipping weight for a commodity (or commodities) for the five most current months at the port level. The results can be sorted by value or shipping weight and regenerated by commodity, country, port, measure, and/or time options using the Selection Criteria listed on the left side of your report screen. Note that port-level data only goes back to 2003.

• Annual Port Level Imports/Exports

View the value and shipping weight for a commodity (or commodities) for the four most current years and current YTD at the port level. The results can be sorted by value or shipping weight and regenerated by commodity, country, port, measure, and/or time options using the Selection Criteria listed on the left side of your report screen. Note that port-level data only goes back to 2003.

• Cumulative YTD Port Level Imports/Exports

View the value and shipping weight for a commodity (or commodities) for the most recent YTD aggregation and the three prior years' YTD aggregations, as well as the growth rate between the oldest and newest YTD totals. The results can be sorted by value or shipping weight and regenerated by commodity, country, port, measure, and/or time options using the Selection Criteria listed on the left side of your report screen. Note that port-level data only goes back to 2003.

State Export Data Reports

• State Exports – HS

View the state export value and shipping weight for a HS commodity (or commodities) for the most recent YTD aggregation and the four full years prior. The results can be sorted by value or shipping weight and regenerated by commodity, country, state, measure, and/or time options using the Selection Criteria listed on the left side of your report screen. These reports are available for **2-, 4- and 6-digit HS** commodities. Note that state-level data only goes back to 2002.

• State Exports – NAICS

View the state export value and shipping weight for a HS commodity (or commodities) for the most recent YTD aggregation and the four full years prior. The results can be

sorted by value or shipping weight and regenerated by commodity, country, state, measure, and/or time options using the Selection Criteria listed on the left side of your report screen. These reports are available for **3- and 4-digit NAICS-based** commodities. Note that state-level data only goes back to 2002.

NAICS District-Level Reports

• Standard Report – Imports/Exports

View several import and export values, as well as the trade balance, for the most recent YTD aggregation and the four full years prior. The results can be sorted by value or trade balance and regenerated by commodity, country, measure and/or time options using the Selection Criteria listed on the left side of your report screen. These reports are available for **3- through 6-digit NAICS-based** commodities. Note that district-level detail for using NAICS only goes back to 2002.

Step 2 – Commodity Selection

The **Commodity Selection** screen allows you to focus in on the merchandise you want to analyze. USA Trade *Online* is a full-text searchable database that uses natural-query language. Therefore, quotes around phrases and Boolean operators should not be used. In addition to typing in a word or phrase describing your desired commodity, you can enter a product's **Harmonized System (HS)** or **North American Industrial Classification System (NAICS)** code directly into the search engine. Please note that the commodity nomenclature used to classify both imports and exports can be unexpected at times, typically a result of a product's unique history. Fortunately, **Census Bureau Commodity Specialists are available at 301-763-3041** to help you find the classification information you need to perform your research.

Alternately, online help related to commodity selection is available at http://www.census.gov/foreign-trade/reference/codes/index.html, including information on converting the NAICS and Standard Industrial Classification (SIC) codes to HS codes. You can also contact the **Electronic Products Division directly at 301-763-2311** for additional support.

The United States defines imports and exports differently at the ten-digit level. The Census Bureau administers export codes (also known as Schedule B) while the USITC administers import codes (called the Harmonized Tariff Schedule of the United States of America). These codes are part of the Harmonized Commodity Description and Coding System established in 1989 (commonly referred to as Harmonized System or "HS" codes) and are hierarchically arranged, from a two- to ten-digit level, increasing in detail with level. For example, let's say you're interested in fishing rods. As shown in *Figure 5.7*, data on fishing rods is found in Chapter 95 ("Toys, Games & Sport Equipment; Parts & Accessories"). Drilling down through the four- and six-digit levels, you will eventually find specific information on fishing rods only:

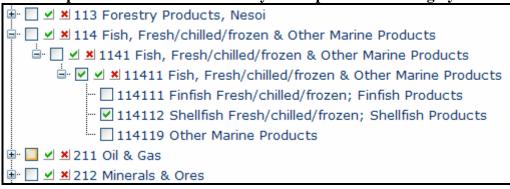
Figure 5.7 HS Commodity Selection Screen

```
♦ ♦ Members 1-112 of 112 Default Member: All Commodities
Commodity
Select/Clear Dimension Members
HS Commodity Levels:
                       All:
                              Range...
                       •
                               V
                               ×
   🔄 🔲 🗹 🛎 93 Arms And Ammunition; Parts And Accessories Thereof
   🖭 🔲 🗹 🛎 94 Furniture; Bedding Etc; Lamps Nesoi Etc; Prefab Bd
   🚊 🔲 🗹 🛎 95 Toys, Games & Sport Equipment; Parts & Accessories
      🖭 🔲 🗹 🛎 9501 Wheel Toys Rddn By Child;doll Strll; Pts & Access
      🖭 🔲 🗹 🛎 9502 Dolls, Representing Only Human Beings, & Parts Etc.
      🖭 🔲 🗹 🛎 9503 Toys Nesoi; Scale Models Etc; Puzzles; Parts Etc.
      🖭 🔲 🗹 🛎 9504 Articles For Arcade, Table Or Parlor Games, Parts
      🖭 🔲 🗹 🛎 9505 Festive, Carnival Or Other Entertainment Art, Pts.
      🖭 🔲 🗹 🛎 9506 Artls & Equip F Genrl Physcl Exerc Etc; Pools; Pts
      🚊 🔲 🗹 🛎 9507 Fishing Rods & Tackle; Nets; Decoys Etc; Parts Etc.
          🗐 🔲 🗹 🗷 950710 Fishing Rods, And Parts And Accessories
              - 9507100040 Fishing Rods (no)
              9507100080 Fishing Rods Parts And Accessories (x)
          🖭 🔲 🗹 🛎 950720 Fish-hooks, Whether Or Not Snelled
          🖭 🔲 🗹 🛎 950730 Fishing Reels, And Parts And Accessories
          🖮 🔲 🗹 🗷 950790 Line-fishing Tackle Nesoi Hunt Etc Equip Nesoi
      🖮 🔲 🗹 🛎 9508 Merry-go-rounds, Oth Fairground Amusements, Parts
```

Meanwhile, NAICS was developed jointly by the U.S., Canada, and Mexico to provide comparable business activity statistics across North America. It replaced the SIC system in 1997 as the official classification system to be used by U.S. statistical agencies. The NAICS codes are based on broad industry groups, subgroups, and detailed groups of firms in similar lines of business. They include 1,170 industries, of which approximately 565 are service based, broken down into 20 two-digit sectors.

Similar to the HS in that they are hierarchically arranged and increase in detail with each level, NAICS are available on USA Trade *Online* from 3- to 6-digit, as shown in *Figure 5.7b* below.

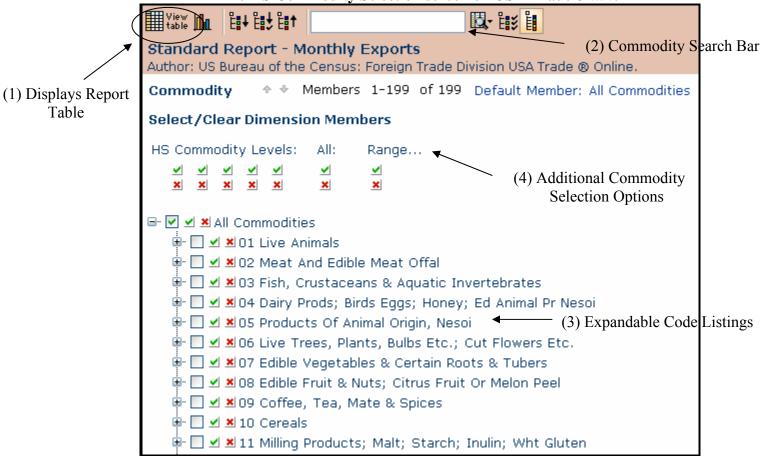
Figure 5.7b
Example of the NAICS Commodity Description and Coding System



Step 3 – View Report

Once all commodity selections have been made, click the **View Table icon** (see note 1 in *Figure 5.8*) in the upper-left corner of your screen a table will appear. It's that easy.

Figure 5.8
The HS Commodity Selection screen on USA Trade *Online*



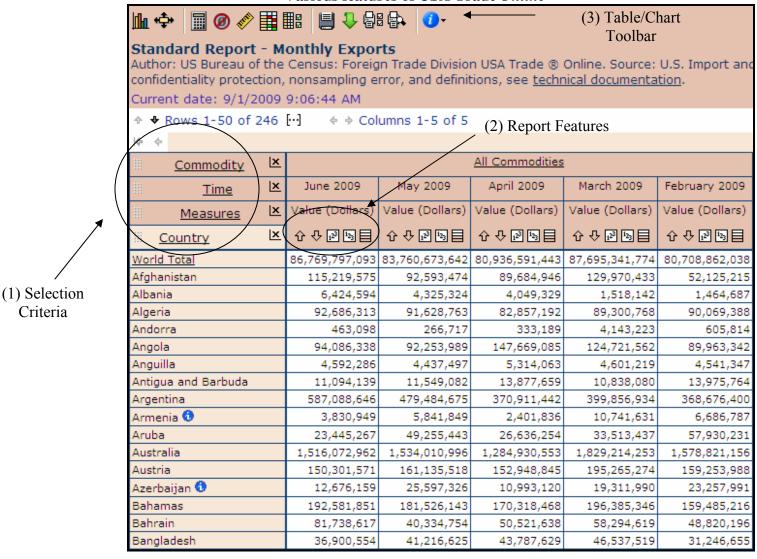
You will need to determine the data dimensions you want (see the section on Selection Criteria below) and play around with different charting and graphing options (more on this in the Reporting Features and Reporting Options sections) to complete your analysis.

Online help related to commodity selection is available at http://www.census.gov/foreign-trade/reference/codes/index.html, including information on converting the North American Industrial Classification System and Standard Industrial Classification codes to HS codes. You can also contact the Electronic Products Division directly at 301-763-2311 for additional support.

Step 4 - Selection Criteria

The Beyond 20/20 software powering USA Trade *Online* presents data in spreadsheet format, much like what you see in *Figure 5.9*. Here's the exciting part: *YOU* determine what type of data (called "dimensions") populates the rows and columns.

Figure 5.9 Various features of USA Trade *Online*



After you've viewed an initial report, you can start playing around with selecting the different dimensions – commodity, country, district, measure, and time (see note 1 in *Figure 5.9*) – until your research objectives have been met. Information on each dimension is detailed below:

Commodities

• Whether you want to analyze one commodity or several, there are multiple ways to go about your task. As shown in *Figure 5.8*, you can select commodities using the **search function** (see note 2), by drilling down through the **expandable list of Codes** (see note 3) until you find what you want, or by using the various options for **selecting multiple commodities** (see note 4). For example, if you want to view all commodities on the two-digit level, check the box to the right of "2 digits" and so on. For data on all commodities,

- do not enter a commodity code. Instead, click the ✓ icon directly underneath the "All" heading. Likewise, you can clear previous selections by clicking the ✗ icon to "Clear All".
- The "All Commodities" option represents the sum of all merchandise trade for either import or export commodities, depending on which report type you chose on the Data Source Selection screen.
- While viewing a report, you can click on the hyperlinked commodity description to increase the commodity detail.

Countries

- By default your report will include all countries *and* world total. Therefore, you may want to use this option to specify the market(s) you are interested in. After clearing the default selections (by clicking the icon to "Clear All") you can either manually select as many or as few trading partners as you wish or use the various country selection options.
- Countries (approximately 240 are defined) are listed on USA Trade *Online* according to their official name. For example, "Germany" is listed as "Federal Republic of Germany."

Districts

- A district is an area within the United States comprised of several ports in the same general location. For example, the Los Angeles district includes the ports of Los Angeles, Long Beach, Los Angeles International Airport, El Segundo, Las Vegas, etc. Importantly, a district is not specific to a state and ports from different states can be in the same district. Notice in the above example that Las Vegas, Nevada is included in the Los Angeles district. You cannot extrapolate state-level information under this dimension.
- USA Trade *Online* does not automatically include district detail in any of the report types. You must add this information by either manually selecting the district(s) of interest or using any of the district selection options (e.g. "Selection method" and "Level").
- In addition to the roughly 42 custom districts, you can also use this dimension to view data on low-value shipments and ships/vessels that leave/enter the United States under their own power, such as exported or imported cruise ships (select "Shipments Individually" and "Vessels Own Power," respectively).

Ports

- Ports are only available if you select one of the port-level items on the Data Source Selection screen (see Figure 5.6).
- Ports include trade through airports, pipelines, roads, railroads, mail, as well as the more traditional sea-based ports. Two special ports -- low-value shipments and ships/vessels that leave/enter the United States under their own power, such as exported or imported cruise ships -- are also defined for statistical purposes. For exports, there is also a "Mail shipments" port. While districts can include ports in one or more states, except for the special ports, ports are always state-specific.

State Exports

- State Export data is only available if you select one of the state export level items on the Data Source Selection Screen.
- Monthly export data is available at the 2-, 4- and 6-digit HS level and the 3- and 4-digit NAICS level.
- State selection options include Puerto Rico, the U.S. Virgin Islands and "Unknown" for other U.S. territories (such as Guam).

Measures

- Depending on the report type you selected on the Data Source Selection screen, you will
 see a combination of the available measures, namely value, quantity and unit price.
 Importantly, value data are provided at all digit levels, but quantity and unit price values
 are only provided at the ten-digit level. If the default options do not fit your research
 needs, you can select and/or deselect the default options.
- The **port-level** and **state export** items include **seven measures** -- Total Value (\$US), Vessel Value (\$US), Vessel SWT (kg), Air Value (\$US), Air SWT (kg), Containerized Vessel Value (\$US) and Containerized Vessel Weight (kg). Unlike non-port data, port-level data is measured in terms of shipping weights (in kilograms), not numbers of items.
- Abbreviations for units of quantity are included in parenthesis following the commodity description at the ten-digit level on your commodity selection screen. See *Table 5.1* for a description of these abbreviations.

Table 5.1 Merchandise Trade Quantity Units

Abbreviations	Definitions
BBL	Barrels
CAR	Carat
CKG	Content Kilogram
CM2	Square Centimeters
CGM	Content Gram
CTN	Content Metric Ton
CYK	Clean Yield Kilogram
DOZ	Dozen
DPC	Dozen Pieces
DPR	Dozen Pair
DS	Doses
FBM	Fiber Meter
GBQ	Gigabecquerels
GCN	Gross Containers
GM	Gram
GRL	Gross Lines
GRS	Gross
HUN	Hundreds
JWL	Jewel

KG	Kilogram
KM3	Cubic Kilometers
KTS	Kilogram Total Sugars
L	Liters
LNM	Linear Meters
M	Meters
M2	Square Meters
M3	Cubic Meters
MBQ	Megabecquerels
MWH	Megawatt Hours
NO	Number
ODE	Ozone Depletion Equivalent
PCS	Pieces
PFL	Proof Liter
PK	Pack
PRS	Pairs
SQ	Square
T	Metric Tons
THM	Thousand Meters
THS	Thousand
X	No First Unit of Qty

Time

- Although the default time settings vary from one report type to another, users can easily manipulate the defaults to fit their research objections.
- Users may be confused by the notion of "sets". In USA Trade *Online*, uniform, specific time periods (such as monthly data for 2008) can be represented fairly simply. But if you want to show something like year-to-date data or year-to-year changes, you have to use sets. If you want to mix monthly/annual data with year-to-date data, you need multiple time period sets. Sets are also used when you want to create a report that can be used in later months and have it automatically pick up the current time periods.
- Use the icon to edit and create new time series sets that allow you to add YTD aggregations, growth rates, indices, different lags, and historical data.

Step 5 – Report Features

Once you've gone about selecting your report type and detailing your data dimensions, you can use the following **Report Features** (see note 2 in *Figure 5.9*) to manipulate and better organize your data:

• **Sorting.** Any column in a report can be sorted by clicking on one of the small arrows at the top of the column. The down arrow • will sort your data in descending order (from highest to lowest) while the up arrow • will do the opposite (from lowest to highest). It

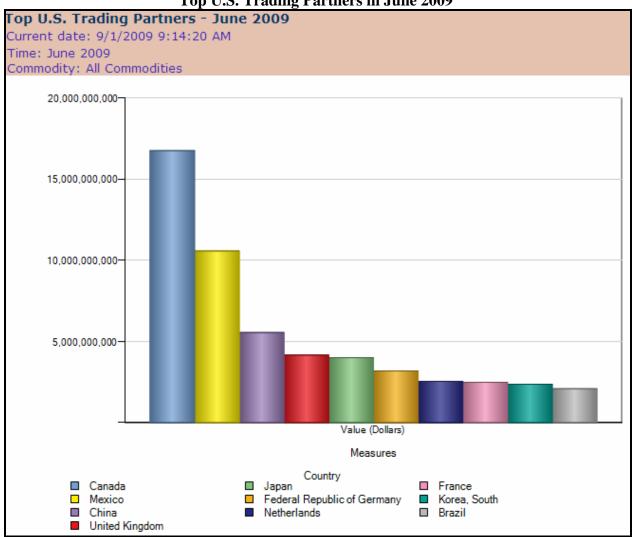
- Rank Ordering. Rank ordering takes sorting one step further by displaying an actual rank (numerical form in ascending order) to the values in a particular column. Unlike sorting, however, this option only appears when there is one dimension header making up the reports' rows.
- **Top/Bottom Reduction.** Imagine you are trying to find the top ten trading partners of the United States. Instead of going back to your country dimension and manually deselecting the countries coming in at 11 or above, you could use your top/bottom reduction option to select the top ten values. You can also use this option to look at upper- and lower-tier values by percent and sum. For example, you can view only entries accounting for 10 million dollars or more or only those countries accounting for 10 percent or more of the total value.

Table/Chart Options Toolbar

Finally, you can use your **Table/Chart Options Toolbar** (see note 3 in *Figure 5.9*) to make your report more visually appealing. Report Options include making a chart, saving your report, previewing a report for print, downloading reports into other formats, making calculations, suppressing empty cells, and highlighting data points of interest. Highlights of some of these options are discussed below:

• **View Chart.** The chart option provides a visual representation of the data, making it easier for the user to recognize trade trends and market share. Data can be represented in 15 different types of charts, including pie and line graphs. The trick to mastering this feature is to become familiar with the organization of the table. The dimensions directly adjacent to the data cells will be illustrated in your chart. For example, if the Time dimension goes along the top of the report and the Countries dimension falls along the side of the report, then the graph will place countries on the y-axis and time on the x-axis. *Figure 5.10* is an example of a Column chart created in USA Trade *Online*.

Figure 5.10
Top U.S. Trading Partners in June 2009



- **Set Dimension Order.** Rearrange the layout of your report by moving the selection criteria data outputs to different columns and rows.
- Calculate. Use central tendency measurements (average, median), as well as measures of variation (standard deviation, variance) to better determine the distribution and pace of both imports and exports. If you are already familiar with a statistical software program, you can also download your report in an ASCII format and import it into your statistical program or download the information directly into Microsoft Excel.
- **Suppress.** Remove empty columns and rows, making your reports easier to read and manipulate. You can also use this option to remove values between specified ranges.
- Scaling. Express the report measures in singles, thousands, millions and billions.

- Exception Highlighting. Quickly pick out a specific range of values with this colorful highlighting tool.
- **Table Options.** Allows you to determine how many rows and columns you want displayed in your report table.
- **Save.** Reports can be saved for future reference. These reports are saved for a given account under the **My Reports** (see note 6 in *Figure 5.6*) tab found on the top navigation bar. These are designed to be re-executed when new data is released, for example at the monthly update. They generate the same report as the initial one (prior to saving), but with the new data. Users on shared systems should be aware that saved reports are not be grouped by individual user. A running list of reports for all users from the same username/password appears under the My Reports tab. However, individual users can create personalized folders to save their own data under My Reports. Future saved reports can then be saved to the new folder.
- **Download.** Information from the various report types can also be downloaded into a variety of formats to a user's storage media. Reports can be downloaded in a variety of formats including Microsoft Excel (.xls), XML Spreadsheet for Excel 2003, HTML or Delimited Text (.csv).
- **Print Setup.** Format your printing options, such as margins, paper size and Landscape or Portrait output.
- **Printable Version.** This option displays your table without the left hand menu, so you can print it better.
- Change Title and Notes. This option only appears after you've saved a report. This allows users to modify the titles and notes affiliated with their saved reports.

Frequently Asked Questions

- **How current are the data on USA Trade** *Online*? The data on USA Trade *Online* are updated the same day the information is released by the Census Bureau. Generally, the data is released about 40 days behind the reference month. A schedule of data release dates is available from the USA Trade *Online* home page.
- When I use the calculate percentages command under Report Options, the values seem to be half of what they should be. How do I fix this? When someone wants to calculate shares of all countries for a particular commodity but keeps World Total selected in the Country Selection screen, all the shares for the separate countries will be half of what they should be, with World Total showing a share of 50 percent. This occurs because the value for World Total by definition is equal to the sum of the values for all countries. To avoid this problem, make sure that when you are calculating your percentage shares, you deselect World Total (unless of course this action in desired based on your research question or questions).
- How do I use "My Reports"? To save a report, click on the icon. This will open up the My Reports Save dialogue box. Follow the brief instructions then hit "OK". To access your saved reports, click the Reports Icon. This will take you back to the

My Reports Icon with a singular shadowy figure. Click on the icon to enter into My Reports.

• Find these and more in the <u>Frequently Asked Questions</u> section of the UTO Help!

EXPERIENTIAL EXERCISES

The following materials are designed to enhance the learning experience and to help students become familiar with using a variety of research sources for the further understanding of international marketing.

Practice Your *Swing* – Identifying Export Market Trends and Market Penetration for Golf Accessories Exercise One:

Exercise Two: "Just Say YES"... to Asparagus!

Where's the Beef? Exercise Three:

Exercise Four: All This Over One Cow?

EXERCISE ONE: Practice Your *Swing* – Identifying Export Market Trends and Market Penetration for Golf Accessories

U.S. firms can capitalize on market shifts by identifying foreign market trends and opportunities. When attempting to identify foreign market trends and opportunities, it is necessary to first find out where particular products or services are selling well or not so well by analyzing the export performance of a variety of products in a number of countries. By doing so, you will be able to determine overall trends and changes in targeted foreign markets by particular product or service categories. Eventually, as you will discover in subsequent Exercises, you will want to look at more country-specific information, such as trade regulations, trade leads, and other micro-level data.

Using USA Trade *Online*, show cyclical changes in U.S. exports of golf clubs, as well as golf balls and accessories. What would you expect exports of golf-related products to look like during the coldest winter months compared to in the middle of the summer? Which countries are the top importers of American-made golf clubs and why might this be the case? Show how the observed trends differ in countries where the climate remains relatively constant year round (Mexico, for example)?

- **Recommended Report Options** > Standard Report Monthly Exports and Standard Report Annual Exports
- **HS Codes of Interest** > Golf Clubs (950631), Golf Balls (950632), Golf Equipment ex Clubs & Balls; Parts And Accessories (950639)
- Call STAT-USA's Customer Service at 1-800-STAT-USA with questions!

EXERCISE TWO: "Just Say YES"... to Asparagus!

To succeed in a market, the international marketer needs much more than business know-how. He/she must also understand the intricacies and potential impacts of domestic and national and international politics and laws. There are numerous examples of the linkage between politics and international lawmaking. Most of us are aware of various governmental initiatives aimed at decreasing drug usage, from the "Just Say No" campaign and aggressive pursuit of Central and South American drug cartels to stricter penalties for drug dealers and users alike. One lesser-known tool in the government's "war on drugs" arsenal is a policy called alternative development aid. The United States enacted such a policy with Peru in 1990, granting year-round subsidies to Peruvian farmers interested in growing asparagus. The rationale behind this policy was to create an incentive for cultivating crops other than coca plants (from which cocaine is derived).

Imagine you are a U.S. asparagus grower trying to come up with a creative way to avoid lost revenues due to the subsidy to Peruvian asparagus growers (which has caused the price of imported asparagus to plummet). First, using USA Trade *Online*, show the impact of this policy on the U.S. fresh/chilled asparagus industry (i.e. what has happened to asparagus exports from the United States?). Also, show asparagus imports from Peru. Do these graphs reflect what you would expect given the explanation above – why or why not?

- **Recommended Report Options** > Standard Reports Annual Imports and Standard Reports Annual Exports
- **HS Codes of Interest** > Asparagus Fresh or Chilled (070920), Asparagus Prepared or Preserved NESOI (200560)
- Sorting by growth rate is a very useful tool in USA Trade *Online*. To show growth rates on your report, go to the Time dimension and edit the current time setting (default is monthly). Down at the bottom you will see a drop box labeled "Display". This can be set to Value, Growth Rates, or Value and Growth Rates.

EXERCISE THREE: Where's the Beef?

When considering an international business venture, it is important to understand the laws and economic issues affecting the business climate. Evidence of a government's commitment to dismantling quotas, tariffs, and other trade barriers can help build the case for entering a new market. Take NAFTA, for example, which removed trade barriers between Canada, Mexico, and the United States, effective January 1, 1994. This agreement was part of a larger effort to consolidate these countries into a single integrated free trade market. Yet, U.S. beef exports to Mexico decreased in 1995, the year following NAFTA's inception. Coinciding with this drop in beef exports from the United States, live cattle imports from Mexico increased dramatically. These events provide a good case study for investigating economic and legal factors at play in international markets.

• Using **USA Trade** *Online*, show what these trends have looked like since 1995. What two legal agreements, other than NAFTA, were behind the marked increase in U.S. imports of Mexican live cattle?

- **Recommended Report Options** > Standard Report Annual Exports and Standard Report Annual Imports
- **HS Codes of Interest** > Bovine Animals, Live (0102) and Meat of Bovine Animals, Fresh Or Chilled (0201)

EXERCISE FOUR: All This Over One Cow?

All too often, decisions to enter foreign markets are made based on perceived familiarity with a "favorite" country, recent travel to the country, existence of colleagues or contacts in or from the country and/or an overall subjective assessment of the situation. Research conducted, if at all, is often not as rigorous, intensive or quantitative as that on domestic activities. New-to-market exporters are reluctant to engage in international research due to perceived lack of familiarity with national and international data sources, and uncertainty about identifying differences in consumer preferences, culture, and market trends.

As you have learned throughout this text, the seemingly overwhelming task of international market research become quite easy when one employs the appropriate tools. Researchers can quickly determine where a particular product is being exported to or imported from in order to determine whether a product or service is amply available in a particular market or not being sold at all. Likewise, researchers can observe the micro and macro impacts of natural events and policy changes on trade patterns. Exporters and importers who recognize these trends will be able to react quickly and appropriately, ultimately gaining a distinct competitive advantage.

Case Study:

Bovine Spongiform Encephalopathy (BSE), better known as mad cow disease, is a degenerative disease, which affects the central nervous system of cattle. BSE causes dementia in cattle (hence the term "mad cow disease") because it essentially eats away at their brain tissue, eventually causing death.

First identified in Britain in 1985, BSE is a relatively new disease. It made big news in the mid-1990s when more than 100,000 infected cows were discovered throughout Europe. The contagious nature of the disease combined with its potential lethality in humans has led to many beef and cattle import restrictions along with strict containment procedures (In many European countries, an entire herd must be slaughtered and incinerated if a "mad" cow is discovered).

On December 23, 2003, BSE was discovered in a dairy cow in Washington State, marking the first time the disease was identified domestically. Given Europe's experience with BSE, how do you think this event affected U.S. beef exports? What do you think happened to U.S. beef prices? Using USA Trade *Online* explain and show which countries reacted most negatively to this news? Interestingly, some countries reacted contrary to popular opinion. Why might this be the case? Which countries would you expect to react positively (in economic terms) to this news by "beefing" up imports of U.S. beef?

- Recommended Report Options > Standard Report Monthly Exports and Standard Report – Annual Exports
- **HS Codes of Interest** > Meat of Bovine Animals, Fresh or Chilled (0201) and Meat of Bovine Animals, Frozen (0202)
- **Countries of Interest** > South Korea, Japan, Mexico, Taiwan, Poland, Nigeria, Honduras, and Bangladesh
- Sorting by growth rate (see *Exercise 8* for more details)