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THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS

The New U.S.-China Commercial Relationship

Capacity Building in China

Industry Sector Opportunities

Inside:

Finance Infrastructure in Sub-Saharan Africa

Family-Owned Fruit Company Harvests Overseas Markets

Repair and Warranty Re-Exports

U.S. DEPARTMENT OF COMMERCE · INTERNATIONAL TRADE ADMINISTRATION

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medical device trade mission to CHINA

SEPTEMBER 15 thru 24 2002

CHINA: A GREAT MARKET FOR U.S. MEDICAL DEVICES

Hospitals in China enjoy a high degree of purchasing power and discretion. They are keen to buy high quality and technologically advanced products from U.S. manufacturers. The United States already exports over $500 million worth of medical devices a year to China and Hong Kong.

- China's growing middle-class is seeking high-quality medical care provided by imported equipment.
- U.S. medical-device exports to China are expanding 12 percent annually.
- China offers both short-term sales prospects and long-term growth potential, making it an essential market for all U.S. medical-device exporters.

WHY YOU SHOULD PARTICIPATE

Doing business in China—registering products, understanding local procurement policies, protecting intellectual property rights, and observing rules governing business activity by foreign firms—remains tricky. Participation in this trade mission will aid you in developing the good connections that are a prerequisite for business success in China.

ACTIVITIES FOR TRADE MISSION DELEGATES

This trade mission program will be tailored to the product focus and business interests of participating firms. The mission will be oriented to help your company assess market potential, meet Chinese health-care purchasers, cultivate sales leads, and find prospective agents, distributors, or joint venture partners. Specific activities include:

- One-on-one meetings with agents, distributors, hospital administrators, and purchasing managers.
- Meetings with Chinese regulatory officials and experts on the Chinese healthcare market and industry.
- Briefings with U.S. Embassy and Consulate staff.
- Site visits to medical-related facilities selected to meet interests of mission participants.

- Identify market potential
- Meet buyers
- Find agents or distributors

WHAT INDUSTRY SECTORS SHOULD PARTICIPATE

This trade mission will focus on the medical-device industry and related industries such as medical device components, dental equipment, and laboratory instruments. If you have questions about whether this mission is appropriate for your company's products, please call to discuss.

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e-mail Lisa_Huot@ita.doc.gov.

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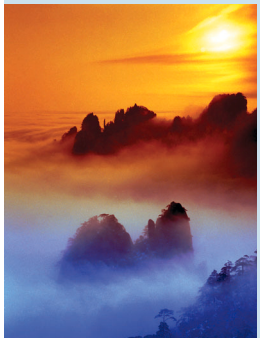

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EDITOR'S MEMO

A scan of the headlines of any newspaper will reveal topics such as accounting firm woes, corporate mismanagement, and global mergers of technology companies as well as political conflicts from the Middle East to Latin America.

Gone are the days when international news or corporate endeavors were beyond impacting the day-to-day lives of average citizens.

As an undergraduate, I was excited by the movement of European nations toward a unified community and told anyone who would listen (or feign interest) that eventually, the EU would be a major challenge to the United States' global economic and political dominance at the time. It was clear to many that a change in the status quo was on the horizon. The era of Mikhail Gorbachev, perestroika, glasnost and the crumbling of the Berlin Wall heralded the blurring of political and economic spheres of influence.

Now, more than a decade later, the political and economic landscape is much different. The countries formerly classified as "Eastern Bloc" have emerged as the newest markets in Europe where investment and business potential exist for U.S. companies. Countries such as the Czech Republic, Poland and Hungary have undergone transformations of their political and economic structure to become market economies worthy of being considered as potential candidates to the European Union. The newest round of World Trade Organization (WTO) negotiations focuses on encouraging closer ties between developing nations (south-south trade) to foster regional rather than national growth and stability. On December 11, 2001, China joined the WTO thereby profoundly impacting the global economy.

Our issue this month features the new commercial relationship between the U.S. and China, the efforts by the international community to ensure that China successfully adheres to its commitments to the WTO, and specific business opportunities in China for U.S. industry. To strengthen economic relations between the U.S. and China, Commerce Secretary Evans is leading a senior-level business development mission to China in mid-April, in conjunction with the 14th session of the U.S.-China Joint Commission on Commerce and Trade (JCCT). Also this month Ashley Miller of the Trade Information Center tells us how to successfully handle repairs and warranty re-exports and Paula Mitchell of the Office of Finance discusses financing techniques for projects in Africa.

Next month we celebrate Small Business Week (May 5 – 11) and World Trade Week (May 19 – 25) and our feature will focus on women, minority and rural exporters. Until then, good luck in your exporting endeavors and I encourage you to email future article suggestions or feedback from current issues to Export_America@ita.doc.gov ■

Cory Churches

Cory Churches
Editor

GLOBAL NEWS LINE

THE NETHERLANDS

U.S. suppliers of electrical power generation and transmission equipment are not hampered by tariff or non-tariff barriers in competing for Dutch power sector contracts. Still, the share of U.S. manufacturers of power-related equipment on the Dutch market remains relatively small. Except perhaps for one manufacturer of gas turbines, there is virtually no U.S. presence. This is not the result of a noncompetitive environment, but can be attributed chiefly to Dutch power sector preference to expand power-generating capacity through turnkey projects instead of company-managed projects. The absence of local representatives to manage turnkey projects prevents U.S. manufacturers from effectively entering the Dutch market for power generating equipment. Finding local partners is, therefore, apparently the key prerequisite to successful penetration of the Dutch energy market.

In the Dutch oil and gas sector, 13 oil and gas exploration and production companies and some 300 suppliers of equipment are active. Total sales of the suppliers amounted to $4 billion in 2000. Dutch suppliers to the oil and gas industry hold 70 percent of the total market. There are also 10 international engineering firms that are active within these industries, five of which are capable of designing and building complete exploration and production offshore rigs. While U.S. suppliers of equipment and production for the oil and gas industry enjoy a good reputation, their market share remains limited. Again, local agents and distributors provide the best route for U.S. companies trying to capture a bigger share of this market.

Through the establishment of partnerships with domestic suppliers, U.S. firms can effectively meet domestic competition and penetrate the Dutch market for renewable energy equipment. American suppliers of advanced solar energy systems, especially photovoltaic and biomass systems, have comparable prospects in this market.

SPAIN

Aiming to further open the mobile communications market, the Spanish Government has announced its intention to finally establish the legal framework for Virtual Mobile Network Operators (VMNO) by the end of February 2002. If so, this will end a 14-month dormant period since the original announcement was made.

The new legislation for VMNO, long been favored by CMT, is intended as a means to increase competition. However, it is not yet known whether the new regulation will force the dominant incumbents to offer competitive rates and conditions to VMNO's entering the market. If there are no means to impose obligations on the incumbents, the law will merely establish the concept of allowing the existence of virtual operators, without requiring the incumbents to adhere to a specific course of action that provides for access at fares deemed commercially competitive.

The discussions regarding VMNO's is also taking place at the European Community levels as well. There is considerable interest in addressing the high roaming cost experienced by European users as but one specific topic. It is possible that a directive seeking to harmonize the member states legislation on this matter could be advanced by Brussels in the near future.

ITALY

The Italian market for the assessment and remediation of contaminated sites is expected to undergo strong growth over the next three to five years (first because it is in the relatively early stages of its development, and second because of the recent passage of favorable legislation). The Italian Government has recently approved the Ministerial Decree n. 471/99, a new legislation establishing criteria, procedures and methods for safety and clean-up actions and for environmental restoration of contaminated sites. This new legislation also defines the general criteria and procedures for site sampling, chemical analyses, and data elaboration.

Market opportunities could develop for U.S. environmental consulting and risk assessment companies, as well as for those U.S. companies offering innovative products and technologies. It is important that U.S. engineering and remediation services companies seeking to do business in Italy not only understand the complicated regulatory and legal framework in Italy, but also team up with local firms familiar with the preparation and submission of product approval applications.

MOROCCO

Although franchising in Morocco started in the 1960's, it has only flourished during the last 15 years and has become an investment trend among middle-age entrepreneurs. In fact, the progress of franchising activity shows two periods. Before 1990, the growth rate of franchising was one opening every five years. After 1990, a new franchise appeared every two to six months, with a 73 percent growth rate over the last three years.

Today, franchising activity in Morocco is present through 80 networks and 400 sales outlets, owned and operated by 200 franchisees, 40 of which are master franchisees. The distribution of sales outlets shows a strong concentration in

the metropolitan area of Rabat-Casablanca due to its high population density and purchasing power.

Concerning performance, a survey conducted by the Ministry of Industry and Commerce in 1997 showed that 42 networks generated 1,600 jobs and that 19 franchises posted $27 million in sales.

The analysis by country of origin shows the predominant position of French franchises, which represent 34 percent of the market with 27 franchises. American franchises occupy the second rank with 15 brands and 19 percent of the market. American franchises have the lion's share of the food business, car rental, and education. Although 83 percent of the franchises are imported, young Moroccan entrepreneurs have developed 13 franchises, considered as the most efficient way of expanding their businesses, allowing them to acquire national notoriety without tremendous investment

However, the Moroccan market is far from saturation and new niches are worth exploration. Micro-franchising in Europe has proven to be the survival tool for small convenience retail such as grocery stores, butchery, bakery, pre-cooked food etc. In fact, in order to face the competition of large distribution, the smaller retailers are encouraged to be part of a large business group (franchise), and receive the managerial and promotional support of the franchiser.

American brands are well perceived and highly appreciated by the Moroccan consumer, especially in food service. However, many potential buyers of a franchise would be reluctant to pay a high franchise fee. They prefer to pay higher royalty rates as they are determined to make the business profitable. Therefore, proposals of franchises with a moderate franchise fee may receive a larger audience.

URUGUAY

ANTEL, the state owned telephone company, has negotiated with a local bank (BROU) a financing package for its clients to purchase PCs. The financing will cover PCs, accessories and prepaid Internet cards for six months. Payments will be made through the customer's monthly telephone bill, and customers in this plan will also have reduced Internet connectivity rates. An aggressive advertisement campaign is underway, and ANTEL is now seeking stores to participate in the program.

This initiative supports ANTEL's MERCURIO plan, which aims to promote widespread Internet access for 450,000 potential clients. With this new financing initiative, ANTEL expects to capture 10 percent of the market during 2002. According to official data, 20 percent of telephone lines are already connected to the Internet.

At an approximate value of $50 million, hardware equipment and accessories were the number one U.S. export item to Uruguay in 2001. Although overall imports have declined, imports of hardware equipment and accessories are expected to continue to grow.

KOREA

Korea's Geographical Information Systems (GIS) market has been growing steadily, and it is estimated that it will grow annually at a very robust rate of 30 percent year through 2005. The total size of the GIS market in 2001 was $363.1 million. This is projected to increase to $456 million in 2002.

Entering the 21st Century, Korea has bold plans to achieve a world-class level deployment of information technology (IT) with its governmental organizations taking the lead. In particular, geographic information systems (GIS) will play a central role in the Korean government's environmental monitoring and land management programs.

The Korean GIS market is heavily dependent upon procurements by governmental entities. The Korean government has begun preparation for the second phase of its 5-year National GIS (NGIS) plan that runs from May 2001 to May 2006. The total NGIS budget for 2002 is U.S. $84.4 million. The Korean government considers road infrastructure, land management information and intelligent transportation systems (ITS) as the most urgent areas for GIS implementation allocating $34.6 million to cover these three areas, which accounted for 41 percent of the total NGIS budget in 2002.

The U.S. continues to maintain its dominance of the GIS import market. The U.S. held 88 percent of Korea's import market share, as total sales reached $191.16 million in 2000. It is estimated that the U.S. exports of GIS equipment and services to Korea will grow at an average rate of 25 percent per year through 2005. The future is bright for U.S. suppliers of GIS products and services because Koreans recognize and demand the innovative software and technology developed by U.S. industry.

NEED MORE DETAIL?

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

FAMILY-OWNED FRUIT COMPANY HARVESTS OVERSEAS MARKETS

by Amy Klemt
U.S. Commercial Service

Casa de Fruta of Hollister, California knows about growth and success. The third generation family-owned company began in 1908 with a few orchards at the southern end of the Santa Clara Valley. Today, Casa de Fruta produces a range of fresh, dried and chocolate-covered fruits, as well as nuts, wines and other gourmet products for mail-order customers worldwide. Always on the lookout for growth opportunities, Casa de Fruta recently expanded into international markets with a $60,000 sale of pomegranate wine to Japan.

Exporting was a logical step for Casa de Fruta. The family business grew from a few orchards to a small roadside cherry stand in the 1940s, but the growth didn't stop there. Today, Casa de Fruta is a large roadside travelers stop that, along with its world famous fruit stand, includes a restaurant, motel, wine tasting/deli, fuel station, gift shop, RV park and more.

Photo courtesy of U.S. Commercial Service, San Jose

Joe Zanger, of Casa de Fruta, displays his wares in his Santa Clara Valley store.

Like many small U.S. firms, Casa de Fruta's first large international sale was not without challenges. One involved a labeling problem that threatened the sale of an order of pomegranate wine. Joe Zanger, a managing partner, turned to the U.S. Commercial Service for help. The problem was quickly solved and the sale completed with the help of International Trade Specialist Chris Damm of the U.S. Commercial Service's San Jose Export Assistance Center.

The U.S. Commercial Service is a Commerce Department unit that helps U.S. businesses, particularly small and mid-sized companies, make international sales. It has a global network that includes 107 offices in the U.S., and 151 others in 83 countries around the world.

After the success in Japan, Zanger worked with Damm and Mark Weaver at the Monterey, California U.S. Export Assistance Center to pursue sales in Mexico. Zanger attended two trade shows in Mexico with financial help from the Foreign Agriculture Service's Market Access Program. Weaver advised Zanger to also use a Gold Key Service to enter the Mexican market. Commercial Service officers in Mexico identified promising potential distributors and set up meetings for Zanger with the best prospects. "The Commercial Service did a financial background check on the distributor we chose. I don't know how I would have determined his creditworthiness without that help," says Zanger. "We now have a designated distributor and sales agent in Mexico City."

Zanger advises other U.S. businesses to move cautiously and be patient when entering new markets. "If it was easy, everyone would do it," says Zanger. "There are so many things you can't control in international markets. That's why a small company should contact the Commercial Service first." He cautions that a company can only go so far with government help. They must first have a good product and a competitive pricing structure. "You have to have interest in your product and the Commercial Service helps you identify whether that interest exists," he says.

Zanger also suggests that U.S. firms entering new markets look for funding and cost-sharing opportunities such as the one provided by the Foreign Agriculture Service for agricultural-based products. The trade specialists in the Commercial Service help identify those opportunities and assist U.S. companies with every step of the export process. "The Commercial Service offers solutions to all types of export problems and brings credibility to the process," says Zanger.

Zanger reports that interest in Casa de Fruta's products continues to increase. With a taste of what international markets can offer fresh on their palettes, the folks at Casa de Fruta see a big appetite abroad for their products.

For more information on Casa de Fruta, please visit www.casadefruta.com.

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MINORITY & WOMEN'S TRADE DEVELOPMENT MISSION

Italy and Spain

July 8-15, 2002

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This mission will start in Italy and then travel to Barcelona where delegation members will be a part of the *Global Summit of Women 2002 Conference*. This conference will focus on increasing minority and women's business opportunities across borders with an emphasis on the newly integrated European Union (EU).

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- Participation in the *Global Summit of Women 2002 Conference* (www.globewomen.com)

Total cost of the mission is $3,000. The fee does not include travel and lodging costs. Participation in this event is not limited solely to women- and minority-owned and -operated businesses.

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MAKING THE MOST OF TRADE MISSIONS

ADVICE FROM WOMEN WHO'VE BEEN THERE (AND BACK)

by Erin Butler
U.S. Commercial Service

Ilene Robinson just returned from Africa. And now, she's ready to make some deals.

Robinson was part of a delegation of U.S. businesswomen that recently accompanied Commerce Department Assistant Secretary and Director General Maria Cino on a trade mission to South Africa and Botswana. The women represented a range of industries and experience, from trade mission veteran to new exporter. But all went to Africa with the goal of making the most of their mission — and making sales in new markets.

Trade missions are an investment, both of time and money. But Robinson and others who've been there say that the payoffs — new sales and solid contacts in international markets — are worth it. Let Robinson and her delegation members share with you what they learned in Africa.

TRICKS OF THE TRADE

Ilene Robinson is the president of Security Options, a small Detroit company that sells a variety of products that provide physical security for office equipment. For someone in the security businesses, Robinson certainly isn't the cautious type. Having never exported before, she jumped in feet-first with a ten-day trade mission. Why?

For Robinson, as for many U.S. entrepreneurs, it was interest in a particular market (South Africa, in this case) that led her to consider exporting. During a trip to South Africa last fall with a charitable organization, she noticed that there weren't many quality security products available, and began thinking that her niche product could well meet South African needs. "They stop where I start," notes Robinson. She visited the U.S. Commercial Service office at the embassy in Johannesburg and was encouraged by the market intelligence she received — and impressed by the professionalism of the staff. It was this experience that convinced her to go back to South Africa just a few months later.

Nancy Bacon has a very different story. The Senior Vice President of Energy Conversion Devices, Bacon is a trade mission veteran. Energy Conversion Devices is a high technology Michigan-based company that develops energy generation and storage products, including technology that directly converts sunlight to electricity. With millions of people in Southern Africa

Photo courtesy of U.S. Commercial Service

Ilene Robinson presents her products to a group of business women in Capetown, South Africa

living away from the electrical grid, Bacon says her products mean the difference between light and darkness. "Our products can really change people's lives," she says.

A CPA by training, Bacon is an old hand at exporting. She has taken part in many trade missions, including some led by secretaries of Energy and Commerce. She describes the mission Cino led as "a real working mission."

Robinson agrees. "The trade mission was more than I expected," says Robinson. "The prospects I met with were very good." And now that she's back in her office in Detroit? "My challenge now is to complete the deals," she says. "Some of the contacts I met with in Africa are already in touch with the Commercial Service there, saying that they're ready to move forward with me. It's all happening very quickly."

Trade missions can generate fast results, as Robinson discovered. Delegation member Patricia Schneider had a similar experience. Schneider is the President and CEO of Global MED-NET International, an emergency medical information storage and forwarding service. She went to Africa to find quality distributors in the emerging healthcare sectors of South Africa and Botswana.

"We left Africa with five qualified partner proposals as a direct result from our trade mission meetings," she says. "Normally, it would have taken us several months to find these potential partners."

Photo courtesy of U.S. Commercial Service

The trade delegation arrives in Durban, South Africa on its third stop of the mission.

ADVICE FROM THE EXPERTS

When asked if they would go on another trade mission, Schneider, Bacon, and Robinson all say yes. What advice do they have for a businesswoman going on her first (or fifth) trade mission?

- Don't neglect pre-mission planning. Bacon advises other trade mission participants to work closely with mission organizers in advance of the trip. She tells the organizers exactly who she wants to meet with — which means she's always pleased with the schedule that's arranged for her.

- Familiarize yourself with the culture and business practices of the countries you will visit. Even something as simple as the local dress code can be a surprise if you're not prepared. Robinson says she expected to see more formal suits during her meetings with South African business people.

- Bring plenty of business cards — even more than you think you'll need. "By the end of the trip, we all ran out," recalls Robinson.

- Get to know your fellow mission delegates. Not only will you make contacts in the markets you're visiting, you can make fantastic contacts with the women you're traveling with. For Robinson, the neophyte of the group, having guidance from more experienced mission participants like Bacon may turn out to be a boon.

- Take good notes after your meetings. No matter how sharp your memory, day after day of meetings can run together. Robinson suggests using travel time to jot down your thoughts.

- Get a business card scanner, if you don't already have one. Robinson estimates that in less than ten days, she collected well over 100 business cards.

- Don't rely solely on overseas personnel. Bacon recommends working not only with overseas personnel, but also the Commercial Service specialists in local U.S. Export Assistance Centers. "That's what made this mission such a success for me," she reports.

- Lastly, budget time for follow up — "it's absolutely critical," says Bacon.

Says Maria Cino, who led the trade mission, "trade missions are a great way to find quality buyers, partners, and agents in international markets." Schneider of Global Med-Net International agrees, calling her mission "a low-cost, high-return avenue" to new business. To maximize returns from a trade mission, Cino says, "pick your markets carefully, do your homework and work with mission organizers." Comfortable shoes and plenty of business cards won't hurt either. ■

EXPLORE FINANCE TECHNIQUES FOR PROJECTS IN AFRICA

by Paula Mitchell
Office of Finance, Trade Development

African markets present considerable trade and investments opportunities for U.S. firms because of their abundance of natural resources and their overall economic growth potential. Yet these are also difficult financial markets because of historical political and economic risks. Most U.S. firms interested in investing or trading within Africa have had difficulties in accessing private sector finance and will, in all likelihood, find it necessary for many years to rely on creative finance arrangements. A number of alternative financing techniques are used with varying degrees of success to ameliorate finance-related problems. Some of these include:

COUNTERTRADE: In its simplest form, countertrade involves the contractually linked reciprocal import/export transactions between two enterprises in two countries. The structure of countertrade transactions varies according to the characteristics of the deals financed and the types of assets that form the means of repayment.

Given its export base of commodities and raw materials, there is a huge but unfulfilled potential for countertrade in Africa. The small volume of countertrade transactions can be explained by the fact that commodities and raw materials represent traditional cash exports, so that countries find few tangible benefits in countertrading commodities needed to generate hard currency or sustain the countries's balances of payments and which, in the hands of some brokers, may end up competing with the countries' own exports. A major drawback of countertrade deals involving commodities of sub-Saharan Africa is the reluctance of commercial banks to participate in the deals. Additionally, banks may not want to take countertrade-related risks, such as those associated with the performance of the African importer or warehousing risk. However, commodity-backed transactions as part of short-term structured finance arrangements still remain an option in financing trade with the region.

FINANCE LEASING: Typically, a finance lease is a full-payout, irrevocable agreement in which the lessee is responsible for maintenance, taxes, and insurance. Finance leasing has proven an appropriate and financially successful way of supporting firms in lower per capita income regions, such as sub-Saharan Africa. Leasing activities have intensified as governments have recognized the importance of leasing. Investment Banking & Trust Company, a leading regional merchant bank for Cadbury Nigeria, which was investing in a new mint production line, arranged a major lease in sub-Saharan Africa in 1995. Leasing transactions have also been financed in Zimbabwe, Botswana, Malawi, Ghana, Senegal, Benin, Tanzania, Uganda and Ivory Coast. Major providers of leasing services are AT&T Capital Corporation, GE Capital Corporation, Bank of America, Standard Chartered Bank, Barclays Bank, Credit Suisse and Merchant Bank.

ESCROW ACCOUNT: The purpose of an escrow account is to provide a mechanism to insulate export revenues and disburse to lenders, according to contractual terms, the hard currency revenues generated by the project, which is being financed by a loan. The use of an escrow account in sub-Saharan Africa, usually established offshore, may be appropriate: (a) when a loan is being advanced on a project finance basis; (b) to support trade payments to a non-African contractor who has entered into a contract with an African company; (c) for pre-export financing by a non-African lender; and (d) as a collateral for equity investments by a non-African investor. For the above escrow account mechanisms, prior approval from the country's Central Bank may be necessary.

PROJECT FINANCE: Project finance is a technique for funding projects that require commitments of large sums and protracted debt servicing. In project finance, lenders look to the project's cash flow to repay the debt and to the project's assets for security. Project finance packages require tailoring the ratio of the lender's debt and the sponsor's equity so the income earned by the completed project is adequate to service the debt and may involve complex finance structures to hedge risk. An example of such a complex project finance deal was the financing in 1992 of the Ashanti Goldfield in Ghana by the World Bank's International Finance

Corporation (IFC). The IFC underwrote a $350 million investment in the Ashanti Goldfield Corporation, which included a gold hedging facility with the IFC as the swap manager. Loan service payments were serviced by the project's cash flows.

FACTORING FINANCING: Factoring is a financing technique that relies on discounting of short- and medium-term trade debts. The factor assumes responsibility for the credit, collections, and record-keeping functions for the supplier client. Factoring in sub-Saharan Africa is found only in the manufacturing and trading sectors. It is available from specialized divisions of major commercial banks. The leading companies that provide factoring financing are Standard Bank Factors, Nedbank Factors, RSA Factors, Capital Bancorp, Summit Finance, Ventures and Trust Limited, and First Industrial. Factoring houses provide the complete service of sales-ledger accounting and credit decision-making. Only Standard Bank Factors will accept bad-debt risk, the other factoring houses insist on recourse to the customer.

The Financial Services and Countertrade Division (FSCD), part of the Office of Finance of the International Trade Administration, is staffed with experts in the finance-related areas mentioned above. FSCD advisory services are available to all U.S. firms and individuals and are most helpful during the initial phase of a transaction or when firms develop their marketing plan.

AFRICA: FINANCIAL SECTORS

Africa has always been seen as a difficult financial market because of the region's political and economic problems. Today, however, market liberalization is making the continent increasingly attractive to foreign traders and investors.

Many African countries have democratically elected governments. Africa has also made slow but steady progress in liberalizing its markets by introducing market-oriented reforms, entering into regional cooperation agreements that facilitate trade, and taking steps toward currency convertibility. Many counties have implemented reforms that promote private sector financial institutions. Nevertheless, the financial sectors are still underdeveloped and reforms of the financial sectors are marked by a decade of macro financial instability due to seemingly insurmountable macroeconomic and political barriers in reforming the financial sectors of some countries. For sustainable economic growth, it is essential that reform be continued and that countries address key constraints to a healthy financial sector development. In fact, countries that have been most successful at restructuring their financial sectors have sustained economic growth and increased inflows of foreign investments.

The region's financial infrastructure can be broken down into three categories: banks, stock market, and the insurance sector.

BANKING. Banking is the building backbone of the continent's economic development. Most African countries feature considerable concentration in the banking sector, but offer few products. Moreover, the capitalization of banks and non-bank financial institutions is poor, rendering these institution highly leveraged. Africa's banking sector is relatively small in terms of the markets' GDPs.

STOCK MARKET. The sub-Saharan region has the least developed and fewest numbers of stock markets than other developing regions. Only about nine countries have established stock exchanges. The stock exchanges in Africa had a combined market capitalization at the end of 1995 of just over $265 billion. The Johannesburg Stock Exchange in South African was the most important market accounting for $240 billion followed by $9.2 billion in the rest of the sub-Saharan Africa in the countries of Botswana, Ghana, Ivory Coast, Kenya, Namibia, Nigeria, Swaziland, Zambia, and Zimbabwe. North Africa's Egypt, Tunisia, and Morocco stock markets accounted for around $14.5 billion while the stock exchange of Mauritius accounted for a further $1.7 billion.

INSURANCE. Economic and regulatory problems have contributed to the poor standing of this sector. Improved economic conditions and reforms have to be established to open this sector and make the continent more attractive to foreign investments. Most of the insurance sector is still controlled by the government and foreign firms. Foreign investments and ownership in this sector is restricted in most countries. South Africa, which developed its insurance industry early, is open to foreign investors and has the most developed sector on the continent. The African Insurance Organization, a non-governmental entity recognized by many African governments aims to promote and develop health insurance and reinsurance industry in the continent. In January 2001, the Common Market for Eastern and Southern Africa (COMESA), an organization of member states established the African Trade Insurance Agency (ATI), which will assist exporters and importers gain access to political risk insurance for trade developments. While there are currently only seven member of ATI, namely Malawi, Kenya, Uganda, Burundi, Zambia, Rwanda and Tanzania, membership is open to all members of the organization of African Unity.

The U.S. Department of Commerce's International Trade Administration recently released a valuable reference tool outlining Africa's financial infrastructure. The text is entitled "Africa: Financial Sectors."

FOR MORE INFORMATION
Contact Paula Mitchell at the Office of Finance at 202-482-4471, or Email: Paula_Mitchell@ita.doc.gov

ASSESSING RISK AND GETTING PAID

by Kenneth F. Garrison, Jr. and
Finance, Credit and International Business (FCIB)

Michael Fuchs
Office of Finance, Trade Development

The ultimate step in any export transaction is getting paid. Many small and medium-sized enterprises (SMEs) never take the first step in exporting because they are unsure of the last step. For any SME that has ever wondered how to manage a non-U.S. receivable, help is on the way.

PARTNERSHIP FOR CREDIT MANAGEMENT

The help comes from Maryland-based Finance, Credit and International Business (FCIB), a subsidiary of the National Association of Credit Management. FCIB has recently partnered with the International Trade Administration (ITA) to pilot an on-line course in international credit management.

FCIB, a leading international credit and trade finance association with 800 members in 30 countries, became an ITA partner through the Market Development Cooperator Program (MDCP). In October 2001, FCIB and six other non-profit export multiplier groups received MDCP awards. In addition to financial assistance, ITA provides professional support to award winners like FCIB. Professionals from the Office of Finance of ITA's Trade Development and from ITA's Commercial Service are helping FCIB to achieve its goals.

INTERNATIONAL CREDIT MANAGEMENT

As numerous U.S. firms will attest, having a superior product and an effective sales pitch often are not enough to compete in the global marketplace. Once a foreign buyer is offered certain attractive credit terms from one supplier, all competing suppliers are expected to offer the same or simular terms.

In its on-line course, FCIB will show U.S. firms what kind of terms are being offered, how to finance them, and how to determine whether or not a sale is worth the risk in the first place.

ASSESSING RISKS

For sales to domestic customers, U.S. firms can minimize the risk of non-payment in part because of the well-established commercial infrastructure that features everything from credit reporting agencies to the Uniform Commercial Code. Through FCIB's on-line course, U.S. firms can discover what kind of commercial infrastructure exists beyond the borders of the United States.

U.S. firms will learn how to apply to international sales some of the same skills they use for domestic sales, such as performing credit checks on new customers. However, many of the topics covered will be specific to international trade and may be new to many U.S. companies. For example, much of the risk inherent with international sales has nothing to do with the creditworthiness of potential customers.

Even when a customer pays on time, fluctuations in foreign currency exchange rates can reduce a profitable sale to a loss in a matter of days. FCIB will show U.S. firms various ways to mitigate potential losses from exchange rate fluctuations.

Other variables that go beyond the realm of creditworthiness include country risk and the cost of credit. In some countries, the cost of credit can increase dramatically between the date of sale and the date of payment. Capricious swings in a foreign economy may pressure even a creditworthy customer to delay payment. The same is true for political events that effect the economy and are beyond the control of customers. FCIB will help credit managers to consider macroeconomic and political vagaries in their sales and credit decisions.

GETTING PAID

It's difficult to underestimate the effect that the terms of sale have on a firm's credit management and success in a market. A U.S. firm offering credit terms of "30 days net, ex-factory" cannot compete in a market where buyers expect "90 days net, delivered, with a 2

percent discount for early payment." Knowing such business basics in new markets allows credit managers and marketing managers to price product, screen customers, and arrange logistics that allow companies to compete without hurting their bottom line.

Sometimes, U.S. sellers must be prepared to offer a variety of payment methods ranging from letters of credit to open account. Once the sale is made, U.S. sellers must choose how to manage the receivable. Options range from accounts receivable financing to forfaiting. FCIB will help credit managers consider a number of different alternatives.

THREE HOURS PER WEEK

FCIB's course is designed with the busy credit manager in mind. Most participants should be able to complete the course by investing only about three hours per week over twelve weeks. At their own convenience, participants review the course material, work on assignments, and complete the assessment reviews.

Although the course is based on on-line convenience, FCIB does not plan to leave credit managers alone in front of their monitors. One instructor will be assigned to each group of 25 students. In addition to their education ability, these instructors draw upon years of trade finance experience.

Because most SMEs have only one or two credit managers, the companies could never afford to be without them for the time a traditional course would take. However, the amount of time away from work is not the only thing that is lower with FCIB's on-line course. It costs less. Companies will pay a fraction of what traditional course work would cost.

A NETWORK OF PEERS

Participants who complete the program will receive the professional designation of International Credit Professional. This designation denotes more than educational competency. Throughout their credit management careers, course graduates can continue to call upon their "classmates" to compare notes.

FCIB's on-line course will create a cadre of competent credit managers in SMEs across the country. Years after becoming International Credit Professionals, alumni can continue to share credit management ideas with their colleagues.

HELP NOW

The on-line course will be available in 2003. Until then, companies can submit their credit management questions to fcib_info@fcibglobal.com. FCIB's network of international credit experts will provide timely responses.

FOR MORE INFORMATION

Finance, Credit and International Business (FCIB)
Tel: (410) 423-1840
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Export Finance Matchmaker (EFM)
Tel: (202) 482-3050
Fax: (202) 482-5702
Email: William_Franklin@ita.doc.gov
Web: www.export.gov/efm

Market Development Cooperator Program (MDCP)
Tel: (202) 482-2969
Fax: (202) 482-4462
Email: Brad_Hess@ita.doc.gov
Web: www.export.gov/mdcp.

EXPORT FINANCE MATCHMAKER PROGRAM

Another trade finance service designed to assist exporters is ITA's own Export Finance Matchmaker (EFM). This Internet tool helps exporters find financial firms that best meet their needs.

At www.export.gov/efm, exporters enter company information and their financing needs. Drawing on a data bank of export finance providers, the EFM matches exporters to the best potential resource. There is no charge to exporters for using the EFM.

The EFM also works for importers abroad who need to finance their purchases of U.S. goods and services. Using the EFM, companies can learn about various trade finance instruments, and links to other finance websites

EXPORT FINANCE MATCHMAKER PROGRAM

ASK THE TIC

REPAIR AND WARRANTY RE-EXPORTS

by Ashley Miller
Trade Information Center

Companies use merchandise and machinery from all over the world. Sometimes goods must be returned to their country of origin for repair and maintenance. In international trade and shipping logistics, there are two scenarios for U.S. companies dealing with repairs. First, a U.S. company imports defective merchandises from a foreign buyer for repair and then re-exports the repaired merchandise back to the customer. Second, U.S. customers return merchandise to a foreign country for repair and then re-import it. In both scenarios, U.S. companies should contact their local Customs office for exact procedures.

WHAT ARE THE PROPER PROCEDURES FOR SENDING A REPAIR TO A FOREIGN COUNTRY?

When sending merchandise abroad for repairs or alterations, you should register it with U.S. Customs before shipping it to avoid paying U.S. import duties upon its return. Use Customs Form CF 4455, "Certificate of Registration," available at your local Customs office. A CF 4455 demonstrates prior ownership.

Step 1: Take the item to the nearest customs office for certification. Customs will give you CF 4455 in duplicate for you to complete and verify that the CF 4455 is accurate and authorize it.

Step 2: Enclose the original CF 4455 with the merchandise you are sending abroad.

Step 3: Be sure to instruct your foreign supplier to return the CF 4455 with the repaired item and to mark on the outside of the return package: "Repaired/Altered Merchandise B CF 4455 enclosed."

Step 4: Keep the duplicate in case something goes wrong to demonstrate that you are liable only for the duty on the repair and not on the entire article.

WHAT PROCEDURES SHOULD FOREIGN CUSTOMERS FOLLOW WHEN SENDING AN ITEM TO THE UNITED STATES FOR REPAIR?

Customers in other countries should first check with their own Customs Authority and register the merchandise before sending it to the United States for repair. Every country's Customs Authority has a different procedure and documentation for repairs, so it is important that you stress this registration with your foreign customers before they ship the merchandise back to your company.

With regard to U.S. Customs, goods to be repaired may be imported under Temporary Importation under Bond (TIB) procedures. The U.S. importer should contact the local Customs office for procedures and bonding requirements.

IF I EXPORT MERCHANDISE FOR REPAIR, DO I HAVE TO REPAY DUTY AND TAXES ON THE ITEM WHEN IT IS RETURNED?

The value of the repairs performed abroad may be dutiable even if the item being repaired is not. When a company imports merchandise after being repaired, duties and taxes are usually paid only on the repair and not the entire good, provided the company has followed the proper Customs procedures before shipping the item to its country of origin (otherwise duties will be levied on the entire value). Other conditions may affect the dutiability of the item to be repaired, and it is important to contact your local Customs office to understand these special conditions.

HOW SHOULD A COMPANY SHOW THE VALUE OF THE REPAIR ON THE COMMERCIAL INVOICE? WHAT IF THE ITEM IS UNDER WARRANTY?

The value of a repair should be listed on the commercial invoice. If the repair is a sale, then the invoice should reflect the transaction value. If it is not a sale (for example the repair is under warranty), then the company could list the value as its cost (wholesale value), fair market value, or the company's cost of production if it performed the repair.

Most importantly, the company should write the following sentence on the commercial invoice: "No charge: Warranty Repair Value for Customs purposes only." Even with this demarcation on the commercial invoice, the value of repair, even if under warranty, is dutiable in the United States

WHAT HARMONIZED SYSTEM OR SCHEDULE B NUMBERS APPLY TO REPAIRS?

The Harmonized System (HS) numbers that apply to repairs are 9801, 9802 and 9813 as well as Schedule B number 9801.10. These classifications are important

both for duty and tax determinations and for trade statistics. Proper classification clarifies that duties and taxes are applicable to only the value of the repair and not the value of the full item. For trade statistics, using the 9801 and 9802 headings will ensure the U.S. Census Bureau includes only the repair value in the trade statistics and will not double-count the item.

U.S. companies importing items to be repaired from a foreign buyer should instruct their customers to use HS number 9801.00.1012 on their shipping documentation. After the U.S. company repairs the item and is ready to re-export, it should use Schedule B number 9801.10.0000.

Conversely, U.S. companies exporting items to be repaired by a foreign supplier should use the appropriate chapter 1-97 Schedule B number. When the item is repaired and returned to the United States, the item should be classified under HS code 9802.00. More specifically, 9802.00.40 should be used for repairs or alterations made under warranty and 9802.00.50 should be used for shipments not under warranty. If filing a paper SED, it is necessary to state the items will be repaired and returned to the U.S. If filing an SED electronically through Automated Export System (AES) the code TE (indicating temporary export) should be entered in the export information field.

When using a 9813 number, it should be noted that these are Temporary Importation Under Bond Numbers and these goods must be exported within one year of importation as a condition of importing using this provision. Under the TIB provision (9813) articles may be imported for up to one year with up to two additional one-year extensions giving the importer a maximum time of three years for these articles that were imported for repair to remain in the United States.

WHAT HARMONIZED SCHEDULE OR SCHEDULE B NUMBERS APPLY TO REPLACEMENT PARTS?

Companies exporting replacement parts, including warranty replacement, for installation abroad should report those items under the Harmonized System or Schedule B number for such parts and list the selling price or cost, if not sold.

HOW SHOULD THE SHIPPER'S EXPORT DECLARATION (SED) BE COMPLETED TO PROPERLY REFLECT REPAIR TO AN ITEM?

When a good is returned by a foreign buyer to the U.S. manufacturer for repairs, fixed, and then re-exported, the U.S. firm must file a new SED for the repaired good. The following information is to be included on the new SED:

1. Field 22: Provide the Schedule B Number and include below it the following text: "merchandise being returned or otherwise exported after repair or alteration in the United States." The merchandise should be reported as "domestic" under Schedule B number 9801.10.0000 with the proper shipping weight reported.

2. Field 26: The value reported on the SED for such merchandise should reflect only the cost of the repairs or alterations (including parts and labor). If no charge is made for the repairs or alterations, such as repairs under warranty, report a value representing the cost of such repairs or alterations to the manufacturer.

If the value of the repairs or alterations is $2,500 or less, or the merchandise is being shipped to Canada or to U.S. Territories other than Puerto Rico and the Virgin Islands, no SED is required. When an SED is not required, the bill of lading, airway bill, or other loading document used by the exporting carrier must include the following statement: "No SED required — value of repairs or alterations $2,500 or less."

For more information, contact:
For questions about repairs, documentation requirements and other country or export-related information visit the Trade Information Center's website at www.export.gov/tic or call 1-800-USA-TRAD(E).

To find your local U.S. Customs office and obtain information on import and export regulations visit www.customs.gov or call toll free at 1-877-287-8667.

For questions about Schedule B Numbers, please visit www.census.gov/foreign-trade/www/

For questions about filling out the SED call the U.S. Bureau of the Census at 1-301-457-2238.

FOR MORE INFORMATION

The Trade Information Center (TIC) is operated by the International Trade Administration of the U.S. Department of Commerce for the 19 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. Government's export promotion programs and activities. You, too, can "Ask the TIC" by calling 1-800-USA-TRAD(E) toll free, Monday through Friday, 8:30-5:30 EST. Or visit the TIC's website at www.export.gov/tic.

THE NEW U.S-CHINA COMMERCIAL RELATIONSHIP

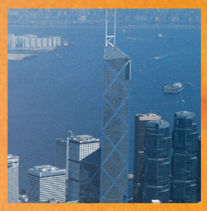
It has been 30 years since President Nixon made his historic trip to China – launching a new era in U.S. – Sino relations. In February, President Bush traveled to China to celebrate this anniversary and once again embark on a new path for U.S. – China affairs. In a recent radio address, President Bush remarked, "I look forward to seeing again, first hand, the remarkable changes that are taking place as China opens to the world. America welcomes China's recent entry into the World Trade Organization (WTO), which will encourage American trade with China, and encourage economic freedom and the rule of law in China, itself."

China's accession to the WTO, in addition to efforts toward a market economy, indicates to its global partners China's commitment to becoming fully integrated into the new global economy. During President Bush's visit to Beijing, he met with China's President Jiang Zemin and discussed, among other topics, the importance of shared interests as well as progress toward closer economic and political ties between the two countries. As President Zemin noted, "To build a constructive and cooperative relationship serves the desire of not only the people of the two countries, but also of the people throughout the world." From both the United States and Chinese perspective, an enhanced partnership between the two countries is in the world's best interests.

During his visit to China, President Bush also announced to Chinese Premier Zhu Rongji that Commerce Secretary Don Evans would lead a delegation of U.S. business executives seeking new opportunities in China to Beijing and Shanghai. The mission will take place between April 21 and 25 of this year. The goal of the mission is to strengthen economic relations between China and the United States by helping U.S. businesses explore new trade and investment opportunities resulting from China's accession to the World Trade Organization.

"China plays a crucial role in opening new avenues of trade opportunities for U.S. businesses. Its recent accession to the WTO is a critical milestone in the development of a more robust, bilateral commercial relationship between our respective countries," said Secretary Evans.

During the trip, Evans will also promote stronger U.S.-China commercial ties by co-chairing the 14th session of the U.S.-China Joint Commission on Commerce and Trade (JCCT) with Shi Guangsheng, China's Minister of Foreign Trade and Economic Cooperation (MOFTEC).



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TRISTAR
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JCCT

US-CHINA JOINT COMMISSION ON COMMERCE & TRADE (JCCT)

Former Commerce Secretary Malcom Baldrige established the JCCT in 1983 as a forum for high-level dialogue on bilateral trade issues and a vehicle for promoting commercial relations. The Commission is co-chaired by the U.S. Secretary of Commerce and China's Minister of Foreign Trade and Economic Cooperation (MOFTEC), and consists of three working groups covering trade and investment issues, business development and industrial cooperation, and commercial law, with a side dialogue on export controls. Cabinet-level meetings typically occur once a year, and sub-cabinet sessions and subgroups are more frequent and ongoing. The JCCT enjoys strong interagency support on both sides and is particularly welcomed by the Chinese, who tend to view it as a non-confrontational mechanism for advancing commercial issues. The 14th session of the JCCT will be co-chaired by Secretary Evans in mid-April 2002 in Beijing.

PROVIDING TECHNICAL ASSISTANCE TO CHINA

by the Office of the Chinese Economic Area, Market Access and Compliance

China's recent accession to the World Trade Organization (WTO) was a milestone for China as well as the global trading community. Ensuring China's integration into the world trading system is important for China but also for the future of the WTO.

The Bush Administration is devoting a considerable amount of effort to ensuring that China fulfills its commitments to the WTO. Both here and in China the Departments of Commerce, State, Agriculture and Treasury as well as the U.S. Trade Representative (USTR) are working diligently toward this objective.

Many of China's commitments require that China take a specific, affirmative action by a date that will ensure that its trade regime is WTO compliant. Other commitments involve an ongoing obligation for China to adhere to certain rules in the conduct of its trade regime. China's accession commitments include: undertaking systemic reforms that will promote transparency, predictability and fairness in business dealings, making numerous trade-liberalizing commitments that take into account the special characteristics of China's economy, which will help to improve market access across sectors and making substantial tariff reductions on industrial and agricultural goods of importance to U.S. businesses and farmers.

The U.S. Department of Commerce has developed an action plan to help China fulfill its obligations. This plan includes:

- **Concentrating enforcement efforts** — the ITA China Team, with representatives from all units, meets regularly to discuss strategy and implementation plans. Team members meet regularly with Chinese officials in Washington as well as our own staff members in Beijing and officials from the Chinese Ministry of Foreign Trade and Economic Cooperation to review specific market access and compliance problems.

- **Helping China reform** — A series of training programs, directed to Chinese officials, have been organized. These seminars address WTO-related issues, which U.S. businesses have identified as priorities for their industries.

- **Promptly address market access issues** — Tight action deadlines for new market access and compliance cases are in place. Washington and China-based staff are using a new shared database to effectively track all China market access and commercial cases. The U.S. Congress has provided new compliance resources in Washington and in China, which will enable ITA to pursue and monitor compliance cases more efficiently.

- **Giving U.S. companies a head start** — A seminar series was conducted throughout the United States prior to China's accession to the WTO, the purpose of which was to educate the business community on changes anticipated in the Chinese market and the assistance available in monitoring and enforcing compliance with accession commitments.

- **Aggressively monitor trade flows** — a China-specific program is in place that monitors imports from China targeting key sectors. This team monitors trade flows with

China and highlights significant movements in trade reports.

The provision of technical assistance and WTO-specific training has been ongoing since late 2000. Four U.S. government agencies as well as the U.S. Trade Representative support these continuing efforts. Additional training is being conducted by various private sector associations such as the U.S. Chamber of Commerce and the U.S.-China Business council as well as prominent American universities, such as Georgetown, Harvard and University of Maryland.

U.S. GOVERNMENT-SPONSORED TRAINING

The goal of the Department of Commerce's WTO-related training efforts, which are taking place in China and the United States, is to provide Chinese officials with the information they need in order to fully implement their WTO commitments in their relevant sectors. Several training sessions have already taken place, been well received and future sessions are planned in China and the United States. Below are three examples of the types of programs the Department has developed: Intellectual Property Rights, Infor-mation Technology and Medical Device Standards. The U.S. Depart-ment of Agriculture is also organizing training programs relating to agricultural issues.

INTELLECTUAL PROPERTY RIGHTS

In June of 2001, the U.S. Department of Commerce, in coordination with the U.S. Department of Justice (DOJ) and China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC), conducted one and a half day sessions on Intellectual Property Rights (IPR) in Shenyang, Hangzhou, and Xiamen, China. The program presented issues and options to Chinese officials and entrepreneurs on IPR enforcement, including Trade Related Aspects of Intellectual Property (TRIPS) and comparative criminal practice and procedure. There was also a case study on Intellectual Property, which was originally developed by Commerce's Patent and Trademark Office to train U.S. law enforcement officers, prosecutors, and courts. In addition, two presenters met with judges from Shanghai and Zhejiang Province to better understand China's structure for IPR enforcement.

INFORMATION TECHNOLOGY TRAINING

In August 2001, the U.S. Department of Commerce held a WTO Training Program on IT/Telecom Equipment Standards, Testing, and Certification in Beijing, China. The program was hosted in coordination with China's Ministry of Information Industry (MII). With over 70 Chinese and US attendees, the program consisted of presentations from both Chinese and U.S. presenters with discussion periods. The aim of the program was to raise awareness among Chinese IT/Telecom officials and U.S. business leaders of China's WTO obligations, especially those relating to the Information Technology Agreement. Chinese presenters explained current practices and procedures used in testing labs, and opportunities for foreign technical assistance in standards conformity and compliance to international standards. The program was carried out with high-level support from the Chinese government and industry representatives as well as the assistance and support from both the American Embassy and U.S. Foreign and Commercial Service staff. After the program, participants suggested that additional WTO-related training programs be expanded to other cities in China. Participants also noted the need for additional programs dealing with the issue of intellectual property specifically for IT companies

MEDICAL DEVICE STANDARDS

In September 2001 the U.S. Department of Commerce, in conjunction with the State Drug Administration (SDA) of China, held a 3-day seminar on medical device standards. This seminar included participants from the U.S. and EU private sectors, TD/Medical Device staff and Food and Drug Administration (FDA) regulators. The focus of this event was on the role of standards under a

Quality System-based regulatory approach. Although medical device safety requirements in the U.S. and EU differ in some technical respects, they both utilize the Quality Systems approach to regulation (essentially, auditing factories that make medical devices to ensure that they make quality products). This is in contrast to the Chinese system of post-production testing.

AGRICULTURAL AFFAIRS

The Department of Agriculture, through its Foreign Agriculture Service (FAS), is coordinating all WTO issues as they relate to agricultural affairs. In April 2001, FAS conducted a WTO-related training program in conjunction with the Cochran Fellowship Program. The program covered such topics as FAS role in trade policy, WTO agreements on agriculture, sanitary and phytosanitary measures and WTO agricultural negotiations. FAS is planning on continuing similar training seminars in China for the future.

BE PREPARED

The overall message of these traning efforts has been that officials need to be prepared for WTO-induced changes and must understand the expectations of foreign businesses. Participants have stressed the importance of adhering to China's accession commitments as well as the benefits to China of further market liberalization. The message from the private sector is that they will initially encourage good-faith implementation efforts and be patient with difficulties.

THE ROLE OF FOREIGN BUSINESS

The programs initiated thus far and those planned in the future, are cementing a foundation for broadening of WTO knowledge among Chinese government regulators. Though these represent only a slice of the WTO-related activities taking place in China, they will continue to grow and evolve to support China's government as it works through the implementation of specific commitments. Foreign-invested enterprises themselves, through expansion of their operational activities, will also help Chinese officials get up to speed.

The most sophisticated foreign business leaders are discussing WTO-related issues with relevant local or functional regulators. Whether these plans are to act on the discontinuation of local-content requirements or to establish a new banking venture, a foreign business will benefit by discussing these issues early on with officials on the front line of implementation. Separately, the Department of Commerce seeks American business partners in WTO implementation initiatives as a way to integrate business priorities into its ongoing training efforts. While U.S. business participation in the many training and educational tasks may at times leave them feeling frustrated — their efforts are invaluable in identifying the priority issues of China's WTO accession.

CONTINUING THE LEARNING PROCESS

While certain elements within China's complex political organization are still resistant to some of the structures of China's WTO accession commitments, it is clear that the government leadership is committed to adapting to the norms and requirements of the international trading system.

Chinese leaders stress that the WTO will change the way China's government works. They emphasize that Chinese officials need to develop procedures and institutions to move away from approval by administrative fiat and abrupt implementation of regulations, and toward transparency in decision making and a greater reliance on a system of rule of law. Whether Chinese pragmatism and willpower will prevail, and do so in a timely manner, remains an open question. But the considerable foreign resources already marshaled to support their goals will prove invaluable. ■

OPPORTUNITIES FOR U.S. INDUSTRY IN CHINA

Compiled by Trade Development

Business opportunities for U.S. firms abound in China. However, there are many complexities of the market as well as numerous changes taking place as China adjusts to comply with WTO commitments. The industry sector reports that follow include environmental technologies, telecommunication and medical devices. Additional reports representing other industry sectors are available at www.doc.gov/chinatrademission/

ENVIRONMENTAL TECHNOLOGIES

China reportedly spent just under $17 billion (or 1.5 percent of GDP) on environmental protection in 2000, a 28 percent increase over 1999 and a near doubling of 1998 spending levels. In its 10th Five Year Plan (2001-2005), China plans to spend $85 billion to meet environmental goals. Beijing will spend $12 billion on environmental lean-up to host the 2008 Olympics.

Estimates of the major environmental market sub-sectors in China are: water and wastewater treatment ($12 billion); air pollution control ($9.64 billion); and solid and hazardous waste management ($7.23 billion). Market demand is developing for innovations, cleaner production, and resource management techniques that simultaneously protect the environment and save or generate money, either through increased efficiency or by re-using and recycling by-products.

IMPACT OF CHINA'S WTO ACCESSION

Tariff Reductions

China began implementing tariff reductions on industrial products prior to WTO accession. China's accession to WTO is expected to help U.S. environmental exporters by significantly lowering tariffs and discouraging import substitution policies, but change is anticipated to be neither instantaneous nor dramatic for the equipment side of this sector. China's industrial tariffs will decline from a 1997 average of 25 percent to 8.9 percent. Nearly all of these reductions will be completed by January 2005. For a few products, reductions will continue until 2010.

Other Commitments

Under the bilateral WTO agreement, foreign service suppliers may provide environmental consultation services through cross-border delivery, without having to establish a representative office in China. All other foreign service suppliers may operate in China through a joint venture. China's WTO environmental services commitments cover sewage, solid waste disposal, cleaning exhaust gases, noise abatement, nature and landscape protection, and other environmental services. However, environmental monitoring and pollution source inspection is excluded.

China agreed to significantly liberalize a broad range of services sectors, including professional services, by eliminating market access restrictions. China will eliminate for both Chinese and foreign-invested enterprises any export performance, trade-balancing, foreign exchange balancing, and prior experience requirements (such as importing and exporting) as criteria to obtain or maintain the right to import and export.

Chinese enterprises have full trading rights, subject to certain minimum registered capital requirements. Joint ventures with minority foreign ownership will be granted full trading rights within one year, and joint ventures with majority foreign ownership will be granted full trading rights within two years after accession. All enterprises in China will be granted full trading rights within three years after accession (except for limited products reserved for trade by state enterprises as identified in Annex 2A to the Protocol.)

REGULATORY ISSUES/ MARKET ACCESS

Certification Standards

China's import licensing system can no longer function as a trade barrier and must comply with principles of national treatment and non-discrimination. Importation or investment approvals cannot be conditioned on whether competing domestic suppliers exist or on performance requirements of any kind, such as export performance, local content, technology transfer, offsets, foreign exchange balancing, or research and development. China agreed not to enforce the terms of any contract imposing these requirements. China will only impose, apply, or enforce regulations or other technology transfer measures

consistent with the Trade Related Investment Measures (TRIMS) and Trade-Related Aspects of Intellectual Property (TRIPs) agreements.

Currently, foreign companies cannot distribute products through wholesale and retail systems in China, or provide related distribution services, such as repair and maintenance services. This prohibition will be phased out over three years with certain exceptions.

Other Regulatory Issues

Environmental protection is one of China's only two national priority initiatives. Increased enforcement of current environmental standards by the government prompted many companies to invest in environmental technology or face closure, presenting huge opportunities for U.S. companies to increase market share. China and its foreign lenders still spend far more on the water sector than on air and solid waste, especially to clean up priority river basins and lakes. As a result of amendments to the Air Pollution Prevention and Control Law, governments at all levels must now include measures for atmospheric protection in all economic and social development plans. China is also starting to enforce its comprehensive solid and hazardous waste laws. A more comprehensive approach to environmental monitoring and protection is developing within the legislation itself.

The Ministry of Foreign Trade and Economic Cooperation (MOFTEC) is establishing a new agency specifically to clarify rules and regulations associated with WTO entry and foreign trade laws and regulations. MOFTEC is overhauling current regulations to bring them more in line with international standards, and mandated that measures formulated and implemented by local authorities must be consistent with national laws. WTO entry should catalyze transparency of laws and regulations as well as the development of a rules based system, thus ensuring some level of predictability and gradually improving the climate for foreign trade and investment.

China is developing legal bases to promote and support cleaner production, emissions trading, and market based incentives. There is a growing recognition for the need to legislate the comprehensive use of natural resources, and a definitive shift from concentration-related regulations and end-of-pipe pollution control to a more holistic, pollution prevention approach.

Customs Issues

Exports must be brokered through a reliable local representative or sold indirectly through multilateral projects, foreign funded investment schemes, or by targeting demands of foreign invested companies in China. The best option is to establish a joint venture or a wholly foreign owned enterprise (WFOE).

Tax Issues

To meet funding demands, water tariffs are set to rise, cities are levying wastewater surcharges, and BOT-type concession projects are emerging. The government made some funds available by raising current wastewater treatment surcharges levied on water bills by 30 percent. According to the Ministry of Construction, cities can now use part of their city's construction taxes to fund wastewater treatment plants.

Intellectual Property Protection

China is implementing the Agreement on Trade-Related Aspects of Intellectual Property (TRIPs) as a result of its accession to the World Trade Organization. According to the 1992 and 1995 bilateral intellectual property agreements and 1996-action plan,

Photo courtesy of © Imagechina

China has made steady progress to improve its intellectual property regime. However, large-scale unauthorized production and sale of copyrighted products and trademark counterfeiting remain widespread. Full implementation of the TRIPs Agreement will enhance China's development of intellectual property rights, particularly for the high tech industries.

Tendering Procedures
Tied bilateral assistance is often a decisive factor to the Chinese when tendering and awarding contracts to foreign companies for environmental projects. This is especially true for smaller projects and consultant work including feasibility studies, project preparation, and environmental impact assessments. Larger projects financed by soft loans are often created specifically for one country's firms, leading to an over-specification of equipment, and creating unsustainable solutions to China's environmental problems. While most nations admit that tied aid programs ultimately spoil China's environmental market, such aid programs are inextricably linked to environmental business in China. Although some countries recently abandoned soft loans programs or are dramatically restructuring their programs to seek a more legitimate environmental emphasis, tied aid programs still have a tenacious hold on the market, and securing contracts can be difficult for firms without a governmental aid package.

Financing Issues
Competition from foreign countries is fierce. Government-subsidized efforts by European, Japanese, Canadian, and Australian competitors tie large sums of multilateral-sourced funding by co-financing operations, and by offering low-interest "soft" loans and extended repayment terms. Foreign government representatives act as development consultants and provide local Chinese authorities with free technology demonstrations and demonstration projects in order to lay the groundwork for follow-on contracts.

There is discussion within government think tanks regarding the development of bond markets, publicly traded investment funds, and other financial tools to be focused on environmental sector investment. The effective use of these tools would greatly reduce the financial burden currently shouldered by government budgets. However, a more developed and better-regulated financial sector is required before such tools can be reasonably be expected to perform in this capacity.

MARKET OPPORTUNITIES

Air Pollution Control
China recently overhauled its clean air act and now mandates desulfurization systems on all new power plants and industrial facilities located in designated sulfur dioxide and acid rain control zones. China also launched an ambitious campaign to curb vehicle emissions in major cities by phasing out leaded gasoline, issuing new tailpipe standards, developing alternative fuel technologies, and investing in control and inspection equipment.

Wastewater Treatment
China will spend the bulk of public environment and resource protection monies on water supply, water treatment, and water pollution problems. Currently, 50 percent of China's major cities and towns lack potable water, and as much as 90 percent of urban sewage discharges go untreated. About 25 percent of all Chinese lakes are affected by eutrophication. Almost all coastal seas are moderately to highly polluted. Little or no groundwater in the country remains unpolluted. Northern China is plagued by severe water shortages; southern China has flooding problems. U.S. market share in China's huge wastewater treatment market slipped to 10 percent in 1999 from 12 percent in 1997. Japan retains a commanding 30 percent, and European countries (mostly Germany and France) hold a 40 percent share.

Solid And Hazardous Waste Treatment
China is slowly beginning to enforce its comprehensive solid and hazardous waste law. Investment remains low, despite a dire need for hazardous waste treatment technologies. Low-cost resource recovery, monitoring equipment, integrated waste management, cleaner production techniques, and technology to improve existing landfills enjoy the best prospects.

Poor operations and maintenance heavily influences the efficiency of environmental protection expenditures and equipment. Potentially strong market demand awaits investors who form well-managed joint ventures (JVs) or wholly owned foreign owned enterprises (WFOEs) and can provide low maintenance or self-maintaining technologies, or illustrate to enterprises that relatively small expenditures on maintenance can result in long-term efficiencies and revenues.

OTHER INFORMATION

It is not so much the regulatory pressures, but the economic efficiencies and the availability of assistance funding that currently create market opportunities for foreign vendors. Most exporters will likely find market demand through either offering efficiency solutions that save money or generate revenues, or by exploiting the opportunities generated by multilateral and untied bilateral assistance programs.

Additional market research on the environmental technology industry in China is available through http://environment.ita.doc.gov/

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TELECOMMUNICATIONS

China is one of the world's largest and fastest growing telecommunications markets. China's Ministry of

Information Industry (MII) reported in April 2001 that China's telecommunications network grew at an average rate of more than 30 percent over the past decade, and predicted that this growth rate will continue over the next five years. By the end of 2005, MII projects that China will have over 500 million telephone users and 200 million Internet users.

Mobile phones are one of the fastest growing sectors in China's telecommunications market. China surpassed the United States in 2001 as the country with the largest number of mobile phone subscribers in the world. By year-end 2001, MII reported that China had more than 147 million mobile subscribers.

In addition to its 147 million mobile subscribers, China had over 179 million wireline subscribers at year-end 2001, according to MII. China's investment in its telecommunications infrastructure in 2000 reached $25.8 billion, an increase of 33 percent over 1999. A similar increase was expected in 2001, although final figures are not yet available.

U.S. exports of telecommunications equipment to China amounted to $757 million in 2000. Most U.S. telecom equipment exports to China tend to be advanced technology products, such as networking equipment. U.S. exporters are generally not competitive in commodity products, such as telephones and answering machines.

IMPACT OF CHINA'S WTO ACCESSION

Tariff Reduction

Most telecommunications equipment is covered by the Information Technology Agreement, which China has signed on to in conjunction with its WTO accession. China has agreed to the elimination of tariffs on two-thirds of the products under the Information Technology Agreement by January 1, 2003, and the elimination of tariffs for all the remaining products by January 1, 2005.

Other Commitments

- Open China's telecommunications services and Internet services markets to foreign investment.
- Reduce or eliminate a variety of non-tariff barriers, including technology transfer requirements, domestic content requirements and export performance requirements.

REGULATORY ISSUES/ MARKET ACCESS

Certification Standards: Telecommunications equipment is currently subject to redundant testing requirements by the Ministry of Information Industry and the Administration of Quality, Standards, Inspection and Quarantine (AQSIQ). The Chinese government has instructed these agencies to resolve this issue and AQSIQ claims that final details should be resolved by June 1, 2002.

MARKET OPPORTUNITIES

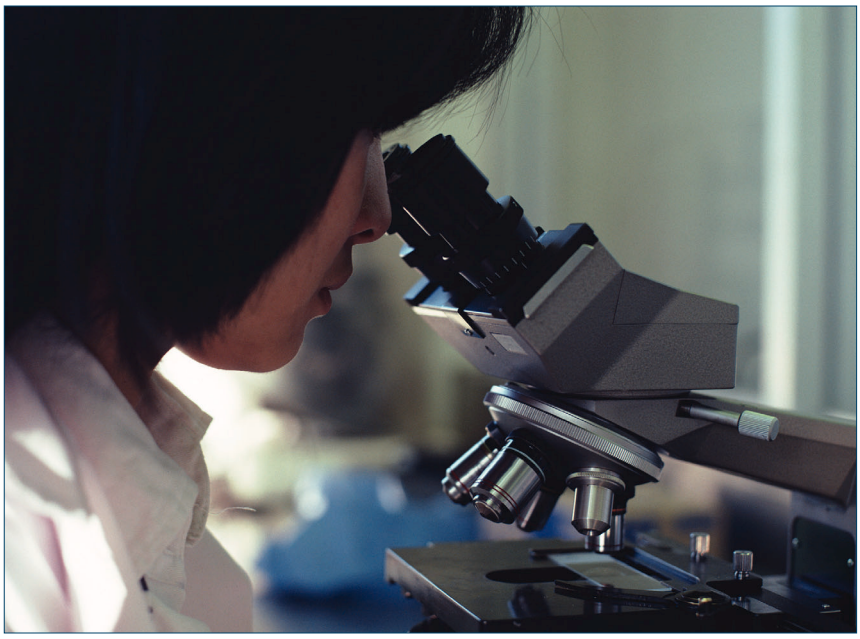
Telecommunications Services: China will gradually open its telecommunications services markets to foreign investment. Telecommunications services are divided into three categories, value-added services, mobile, and basic wireline services. Each category has its own 3-phase schedule for market opening, beginning with the three cities of Beijing, Shanghai and Guangzhou, expanding to 14 additional cities in the second phase, and finally opening nationwide.

OTHER INFORMATION

Digital Olympics in 2008: The 2008 Beijing Olympics also offers the following opportunities for U.S. telecom firms:

- Beijing will invest $3.6 billion in information services.
- Expand its fiber optic networks to cover all Olympic sites.

Photo courtesy of © Imagechina



- Introduce a mobile communications network capable of handling 500,000 calls in the Olympic site area.
- Build a multi-language intelligent network so that there will be no "language barriers" during the Olympic games.
- Beijing will promote efforts to highlight "Digital Olympics" at the opening and closing ceremonies.
- The city plans to build an information security system to ensure the security of all Olympic Games-related networks and information, and provide information and technological support to the overall security during the Olympic games.

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MEDICAL DEVICES

The Chinese market for medical equipment, currently ranked the eleventh largest medical device country market, is estimated to be $2.5 billion. About 50 percent of China's annual medical device demand is being met by imports. U.S. Department of Commerce (DOC) trade and tariff data show that U.S. exports of medical devices to China have been growing at double-digit rates, from $124.5 million in 1998 to $322.5 million in 2001. The potential for medical device exports in China is vast, and most experts agree that at some point, China will be the largest single country market for U.S. medical device exporters.

U.S. is the leading supplier of imported medical devices, accounting for one third of all medical device imports, and import sales are expected to increase 10-15 percent annually. The EU supplies an estimated 28 percent (Germany supplies 13 percent), while Japan supplies 25 percent of all medical device imports. Other countries have niche markets; Switzerland is the leading supplier of artificial joints, while Malaysia is the leading supplier of UV/IR apparatus and surgical gloves.

Most medical treatment is currently done in Ministry of Health operated hospitals, which for the most part have a high degree of operating autonomy. There are over 65,000 hospitals in China, with about 15,000 hospitals at the county level or above. These county hospitals are the largest and best equipped, and are working at improving the quality of service. The country is developing a community based healthcare system in urban areas, designed to provide citizens with minor medical treatments at home and in local clinics, thereby shifting service away from the main hospitals. In addition to the public hospital system, there are approximately 350 Chinese Peoples Liberation Army (PLA) hospitals throughout China. In general, PLA hospitals have larger budgets to purchase medical equipment. There are very few private hospitals in China.

IMACT OF CHINA'S WTO ACCESSION

Tariff Reduction

China will reduce its tariffs on medical equipment from a current average of 4.9 percent to 3.9 percent by January 1, 2005. Over 90 percent of these reductions will be completed by January 1, 2003.

Other Commitments

If WTO members agree to and adopt the medical/scientific equipment sectoral initiative that originated in APEC, China will join this initiative and eliminate its tariffs on the covered medical/scientific equipment products. For additional information, see: www.export.gov/china/chinagateway

REGULATORY ISSUES/ MARKET ACCESS

China's regulatory device system is in an early stage of development, but is currently complex and not yet transparent. China's State Drug Administration (SDA) is the sole medical device regulatory agency. However, there are additional safety reviews required for some types of products. Based upon regulations, which became effective on April 1, 2000, all medical devices to be sold in China must be registered with the SDA.

Certification Standards

Local type testing is required for class

II and III medical devices before registration. Clinical tests are required to be included in registration applications for class II and III products. Local clinical trials are required for implantable products. The SDA has a window of 90 days to complete each regulatory review. The standard fee for a review is approximately $363 per product.

Other Regulatory Issues
In addition to SDA approval, there are medical safety inspection requirements, which are considered redundant by the Department of Commerce and U.S. industry. For example, electro-medical products require a safety review by AQSIQ (Administration of Quality Supervision & Quarantine). These reviews are viewed as a WTO compliance issue since they are only required for imported products and the Department of Commerce is raising concerns with the Chinese government concerning these reviews with the goal of having them eliminated.

The importations of used medical devices are not allowed. However, once in China used medical equipment can be sold in the domestic market.

Intellectual Property Issues
Protection of intellectual property is not as serious a concern for most U.S. medical device exporters, as it is for pharmaceutical manufacturers. However, IPR is a concern for advanced technology medical device producers. In accordance with the WTO Agreement on Trade-Related Intellectual Property Rights (TRIPs), China is obligated to comply with internationally accepted norms for protecting and enforcing the intellectual property rights of U.S. and other foreign companies and individuals in China.

Tender Procedures
The tender system used by Chinese hospitals to purchase most medical devices is flawed — the bidding process takes too long and is not transparent. In addition, the tender process apparently has many instances of corruption. Hospitals used to do their own procurement, but MOH has been working on standardization of bidding and tendering, which should be fairer to suppliers and more efficient for purchasers.

Financing Issues
Based upon feedback from U.S. companies operating in China, medical device reimbursements rates being used within MOH hospitals are set too low and do not reflect the value of advanced medical technology. Provincial health departments and price bureaus have a significant influence over prices, which are frequently low and favor Chinese produced medical devices. The larger urban hospitals have more money to purchase advanced medical equipment, based on their ability to generate more revenue from patient fees. MOH is trying to control what they view as an uneven distribution of resources by implementing purchasing controls.

Market Access Issues
One of the challenges is that China is divided into 31 provinces, so a U.S. company will most likely need more than one distribution channel to cover the entire country. Essentially China should be viewed as a collection of smaller markets, based around the larger cities, rather than as one large market. Each of these market regions has its own characteristics in terms of requirements, policies and administration. Therefore, individual contacts are important, as well as the knowledge of the system.

MARKET OPPORTUNITIES

While China does have a large domestic product sector, most of the medical device manufacturers are small to medium-sized state owned companies that produce lower technology products. High tech medical products are primarily imported.

As more citizens have better jobs, they are able to pay for increase medical services, driving up the demand for new hospitals and clinics with higher technology equipment. As workers gain more control over their own health care and as per capita GDP increases, it is anticipated that demand for medical devices will increase.

Best Prospects:

1. **X-ray apparatus:** Major areas of growth are X-ray equipment specifically for surgical use, as well as dental X-ray. In 2001, the U.S. shipped US $102.9 million of X-ray apparatus to China, an increase of 55.1 percent over 2000.

2. **Medical and surgical instruments of all types:** In 2001, U.S. shipments were valued at $59.5 million, up 35.3 percent over 2000. There have also been major increases in dental drills, syringes, and ophthalmic instruments.

3. **Electro-diagnostic equipment, including ultrasound, patient monitoring:** The U.S. shipped $119.5 million of electro-medical equipment to China in 2001, up 25.8 percent over 2000.

OTHER INFORMATION

The Department of Commerce, working closely with U.S. medical device industry representatives, is working closely with China health officials to improve China's regulatory environment and to reduce or eliminate redundant requirements. Commerce will lead a medical device trade mission to China September 15 – 24, 2002.

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UPCOMING TRADE EVENTS

APRIL - OCTOBER 2002

DATES	EVENT	LOCATION
April 10 – 13	**Bologna Children's Book Fair** The Bologna Children's Book Fair is the largest such event in the world. It features both books and multimedia (CD's, video-tapes, cassette tapes) materials. There have been two U.S. pavilions for years, one in the book section of the fair and one in the multimedia section. The U.S. Book Display, located in the book Pavilion and organized by the U.S. Department of Commerce in Washington, is designed to provide small publishers who do not wish to attend in person an opportunity to exhibit their publications.	Bologna, Italy
May 7 – 9	**Giftware, Homeware and Furnishing International** This show is tailored to the Australian market but attaracts importers, wholesalers, agents and retailers from all over the Western Pacific Rim, including New Zealand and the Asia Pacific region. The show is a terrific opportunity to obtain exposure and attract interest of distributors in a hot market.	Melbourne, Australia
May 8 – 9	**MoneyWorld Asia 2002** This annual show features over 50 exhibitors from Hong Kong, China and Asia's financial institutions, displaying a comprehensive range of financial services, such as consumer and corporate banking, equity investment, fund management, commodities and forex trading. The fair itself provides an ideal platform for industry professionals, corporate and individual investors to access numerous money-related products and financial services and also to encourage the exchange of ideas and information on investment strategies and incentives. The fair attracted almost 18,000 visitors last year.	Hong Kong, China
May 9 – 12	**Interzoo 2002** Interzoo, sponsored by the German pet industry association, proved its importance once again in 2000 as the world's largest pet supplies trade fair. There were over 1,000 exhibitors from 44 countries and more than 21,000 trade visitors. U.S. companies may display product literature at this event through our trade specialists.	Nuremberg, Germany
May 12 – 21	**Medical Mission to Central Europe** Poland, Hungary and the Czech Republic represent over 60 million people and a combined medical market of $1.3 billion. The regulatory environment is one of the most important elements for U.S. medical device exporters. As these three markets prepare for EU accession, U.S. exporters will find a much improved regulatory environment.	Poland, Hungary, Czech Republic
May 16 – 18	**Natural Products Asia 2002** Very few of the natural products available in the United States are available in China, Taiwan, Hong Kong, Singapore or Japan, primarily because U.S. companies have not yet had the opportunity to introduce their products into these markets or connect with Asian distributors. This fair will allow U.S. companies in the natural products industry to establish ties, perform market research and demonstrate their products to buyers in Asia.	Hong Kong, China
May 20 – 24	**Sporting Goods Matchmaker** The Matchmaker will target the sporting goods industry including clothing, footwear and equipment. The focus of the delegation will be to match U.S. companies with qualified agents, distributors, representatives, licensees, and joint venture partners in the sporting goods market.	Madrid, Spain; Milan, Italy
May 29 – June 1	**Australia's International Engineering Exhibition** AIEE is the largest trade show of its kind in Australia aimed at the manufacturing/engineering sector. The U.S. Department of Commerce is organizing a product literature center at this major event. The product literature center provides a cost effective method for U.S. companies to explore the Australian market.	Sydney, Australia
June 3 – 7	**ACE/Infrastructure Matchmaker** A traditional Matchmaker, which will provide two days of one-on-one, prescreened appointments to participants at each stop. Briefings and hospitality events, and full logistical support will also be provided in each market.	Spain, Morocco
June 14 – 15	**Fieldays** Fieldays is New Zealand's leading agriculture, floriculture and horticulture trade event . The exhibition hosts more than 900 exhibitors and is attended by over 110,000 visitors. Exhibitors participating in Fieldays generate aproximately $65 million in sales from the event.	Wellington, New Zealand
June 15	**Seoul International Book Fair 2002** Seoul International Book Fair (SIBF) is Korea's largest book fair organized by the Korean Publishers Association (KPA) and regarded as an important cultural event. Exhibitors will gain exposure of books or catalogs to publishers, book sellers, educators, librarians, agents and distributors.	Seoul, South Korea

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HIGHLIGHTED EVENTS

SECRETARIAL BUSINESS DEVELOPMENT MISSION TO CHINA

APRIL 21 – 25, 2002
BEIJING AND SHANGHAI, CHINA

Secretary of Commerce Donald L. Evans will lead a senior-level business development mission to Beijing and Shanghai, China, on April 21-25, 2002, in conjunction with the 14th session of the U.S.-China Joint Commission on Commerce and Trade (JCCT) to be held in Beijing the week of April 21, 2002.

The focus of the mission is to help U.S. businesses explore trade and investment opportunities resulting from China's accession to the World Trade Organization and related economic changes. The mission will highlight the expanding U.S.-China economic and trade relationship as well as reaffirm U.S. Government support of China's economic reforms and free market growth. The delegation will include approximately 15 U.S.-based senior executives of small, medium and large U.S. firms representing, but not limited to, the following key growth sectors: information technology, telecommunications, clean energy and environmental technology, medical products, and construction equipment and services.

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EXPO MEDICA HOSPITAL 2002

MAY 22 – 24, 2002
MEXICO CITY, MEXICO

Expo Medica Hospital is the leading medical hospital exhibition in Mexico. Attendance was over 700 professional visitors in 2000. The show has had a 35 percent annual increase in visitors over the past 3 years. Expo Medica Hospital is endorsed by the Mexico Hospital Associations, which holds the annual congress meeting at this show. The show also features "the hospital of the future," a special exhibition area where state-of-the art equipment is showcased. According to a survey taken by the show organizers, companies attending the 2000 show reported an average short-medium-term sales achieved of $441,000. Over 90 percent of show visitors reported they had purchasing power.

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DATES	EVENT	LOCATION
June 18 – 21	**Communic Asia 2002** Communic Asia is the largest regional Information Technology show, attracting over 38,000 visitors.	Singapore
June 18 – 20	**SMT-Hybrid Packaging 2002** SMT-Hybrid Packaging 2002 is an exhibition for system integration in micro-electronics. A full spectrum of innovative products from state-of-the-art production processes, through advanced packaging technologies, electronic systems, PCBs, test systems, design automation, components and technologies will be displayed.	Nuremberg, Germany
June 25 – 28	**Asian Securitex** U.S. companies may test foreign markets, develop sales leads and locate agents or distributors through American Products Literature Centers sponsored by the Commerce Department. They feature displays of U.S. product catalogs, sales brochures, and other graphic sales aids in conjunction with trade shows abroad. Commerce staff provide each company with sales leads and a visitors list of foreign buyers attending the event. This is very cost effective for smaller companies new to a foreign market to introduce their products and services.	Hong Kong, China
July 10 – 12	**PALA 2002** PALA 2002, Asia's largest entertainment technology exhibition, will feature a U.S. pafilion. PALA 2002 is an opportunity for U.S. firms to showcase professional audio and lighting equipment, studio sound and broadcast equipment, music and special effects technologies, multimedia and networking solutions and DJ services.	Hong Kong, China
July 18 – 20	**Asia Comm/Expo Comm Thailand** The ninth international telecommunications, networking, IT and wireless technology exhibition and conference for Thailand and Indochina.	Bangkok, Thailand
July 22 –28	**Farnborough International 2002** Farnborough is the second largest and among the most prestigious shows in the world for the aerospace industry. The 2000 show was the most successful ever and recorded orders totalling $26.7 billion. The show site was expanded to accommodate 1,325 exhibitors from 32 countries, with 50 official delegations attending during the five days.	Farnborough, United Kingdom
August 3 – 6	**ISPO Summer 2002** Each year at the ISPO Summer in Munich, the sports equipment and fashion industry sets the tone for the following summer season in sports articles and sports fashion. Exhibitors from over 40 countries present their range of products, focusing on both summer and non-seasonal sports.	Munich, Germany
August 25 – 31	**Aerospace Trade Mission** The Office of Aerospace will lead an aerospace mission to Vietnam. Vietnam offers substantial market opportunities for aerospace companies, and is one of the more attractive markets in Asia. The mission will include representatives from a variety of U.S. aerospace firms interested in gaining a foothold in the fast-growing Vietnamese aerospace market. The program's goals are to gain first-hand market information and to provide access to key government officials and potential business partners for U.S. aerospace firms desiring to expand their presence in Vietnam.	Hanoi and Ho Chi Minh City, Vietnam
September 7 – 10	Decosit 2002 Exhibition Decosit is the major international trade show for upholstery textiles with a total of 380 exhibitors from 31 countries. Over 50 U.S. companies exhibit at this event, which in 2000 attracted 13,600 visitors from over 100 countries. At Decosit 2000, the nine American companies on the U.S. pavilion reported $2.2 million in sales and projected $2.8 million in one-year sales.	Belgium, Brussels
September 25 – 27	**Mexican Manufacturing Week 2002** Mexican Manufacturing Week is Mexico City's premier manufacturing trade show — the only event specializing in solutions for every aspect of the manufacturing procees: management, engineering, production, assembly, quality control, and maintenance. U.S. companies may test foreign markets, develop sales leads and locate agents or distributors through U.S. Products Literature Centers sponsored by the Commerce Department. They feature displays of U.S. product catalogs, sales brochures, and other graphic sales aids in conjunction with trade shows abroad. Commerce staff provide each company with sales leads and a visitors list of foreign buyers attending the event. This is very cost effective for smaller companies new to a foreign market to introduce their products and services.	Mexico City, Mexico
September 26 – 29	**Aquatech 2002** Aquatech is one of the largest and most important events in the water sector — and draws not only Europeans but a worlwide audience. American Products Liteature Center offers smaller companies new to Europe a very cost-effective market introduction — and contact with potential representatives.	Amsterdam, Netherlands

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TRADE EVENTS SCHEDULE

ASSISTANT SECRETARIAL BUSINESS DEVELOPMENT MISSION TO ITALY &

JULY 6 – 15, 2002
ROME AND MILAN, ITALY; BARCELONA AND MADRID, SPAIN

Assistant Secretary of Commerce and Director General (AS/DG) of the U.S. and Foreign Commercial Service Maria Cino will lead a senior-level business development trade mission focusing on women or minority-owned and/or – managed businesses to Rome and Milan, Italy, and Barcelona and Madrid, Spain. This Business Development Mission is being organized to coincide with the Global Summit of Women, to be held on July 11, 12 and 13, in Barcelona, Spain. The Global Summit of Women will bring together many high-level female private and public sector participants from around the world. While the trade mission and summit focus on women or minority-owned and/or managed companies, participation in the mission is not limited to such businesses and all interested U.S. companies are encouraged to apply to this four-city two country trade mission.

The overall focus of the trip will be commercial opportunities for U.S. companies, including joint ventures and export opportunities, in the thriving markets of Spain and Italy. In Rome, Milan, Barcelona and Madrid, the participants will have one day of one-on-one business meetings with potential buyers/partners. The Barcelona portion of the trip will also include participation in The Global Summit of Women.

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GOLF EUROPE

SEPTEMBER 30 - OCTOBER 2, 2002
MUNICH, GERMANY

Golf Europe is a specialized show for golf course operators — last year some 5,500 trade-only buyers from 47 countries — and the key event that fuels Europe's golf market. Germany itself is the fastest growing and fifth largest foreign market for U.S. golf equipment. Focus on golf equipment, accessories, apparel and other golf-related products. U.S. companies may test foreign markets, develop sales leads and locate agents or distributors through American Products Sample & Literature Centers sponsored by the Commerce Department. They feature displays of U.S. product samples, catalogs, sales brochures, and graphic sales aids in conjunction with trade shows abroad. Commerce staff provides each company with sales leads of foreign buyers attending the event. This is very cost effective for smaller companies new to a foreign market to introduce their products and services.

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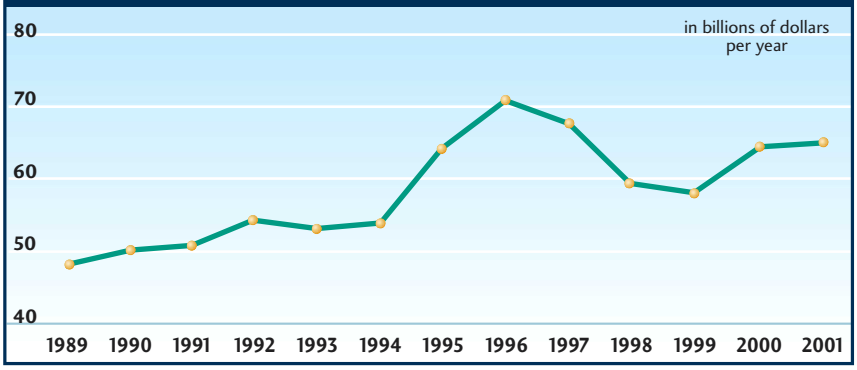
A LOOK AT U.S. EXPORTS

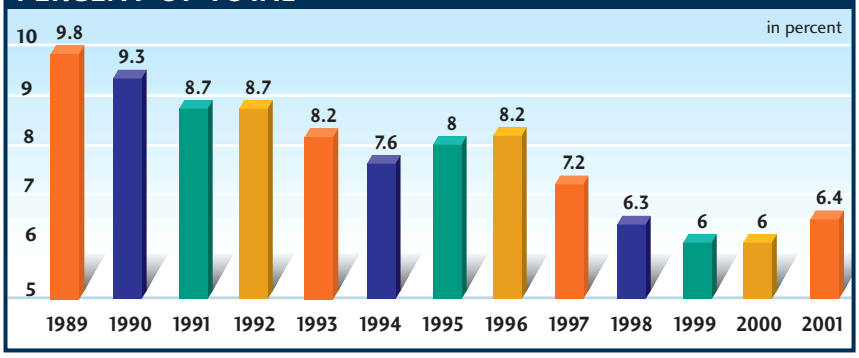
1989-2001 ANNUAL EXPORT TRADE STATISTICS

FOOD & ENERGY

RECENT TRENDS

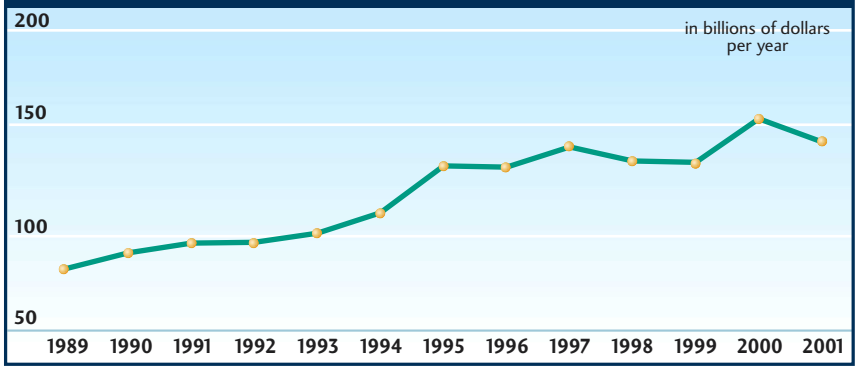


PERCENT OF TOTAL

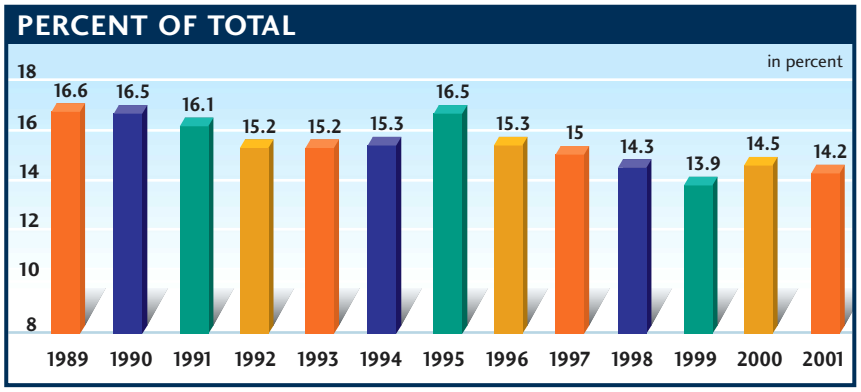


MATERIALS

RECENT TRENDS

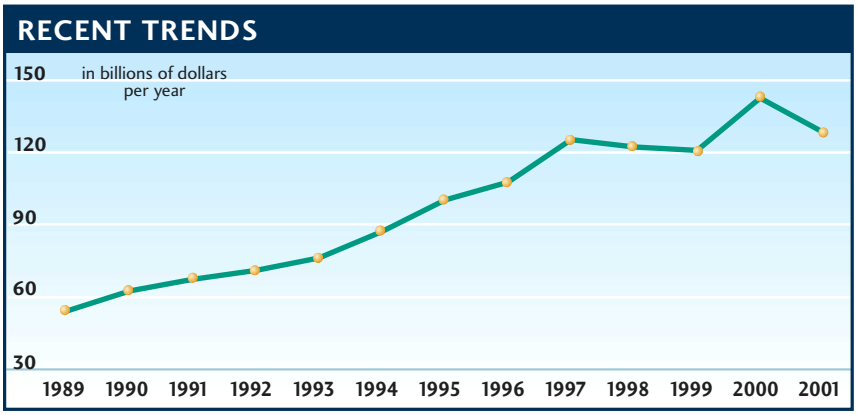


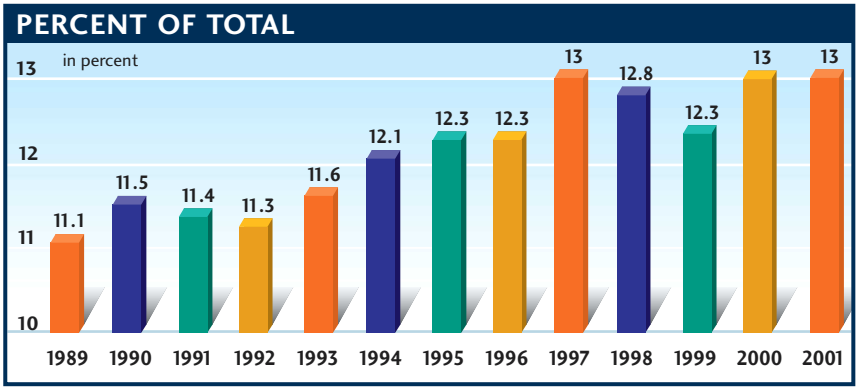
PERCENT OF TOTAL



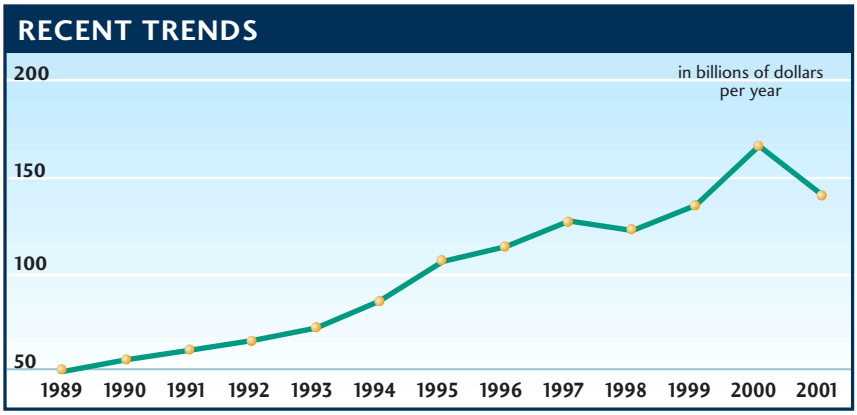
Product categories (except for services) are based on end-use.

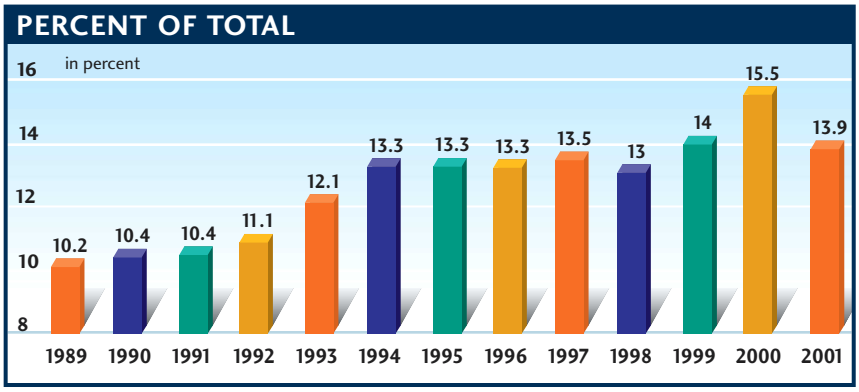
MACHINERY



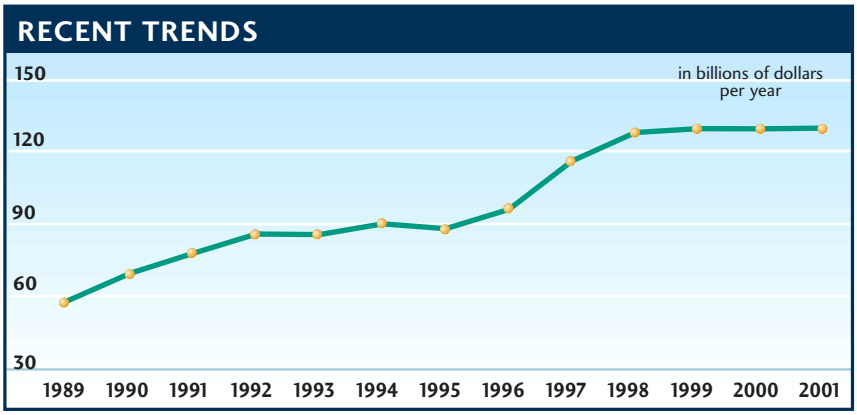


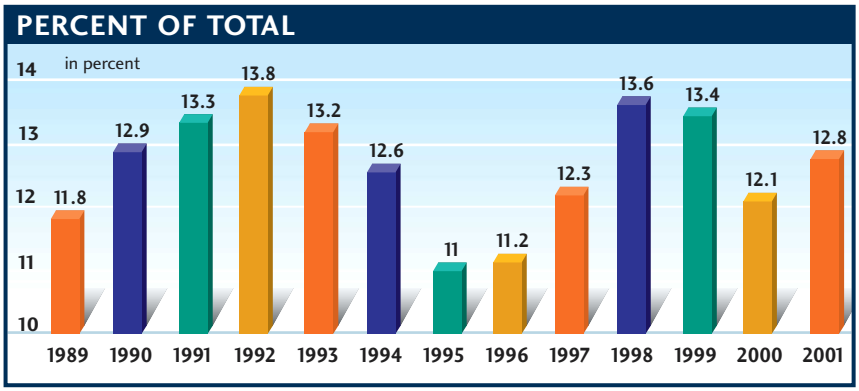
ELECTRONICS & INSTRUMENTS



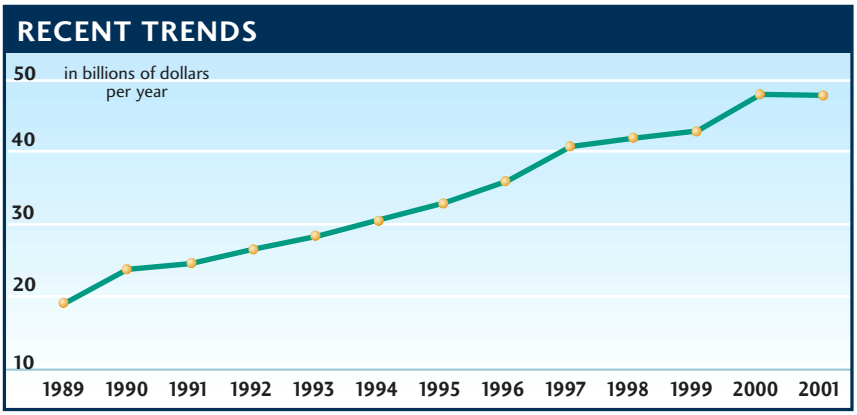


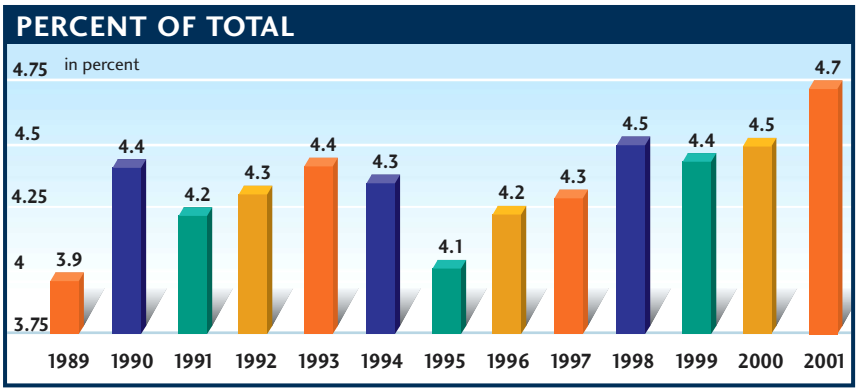
TRANSPORTATION EQUIPMENT





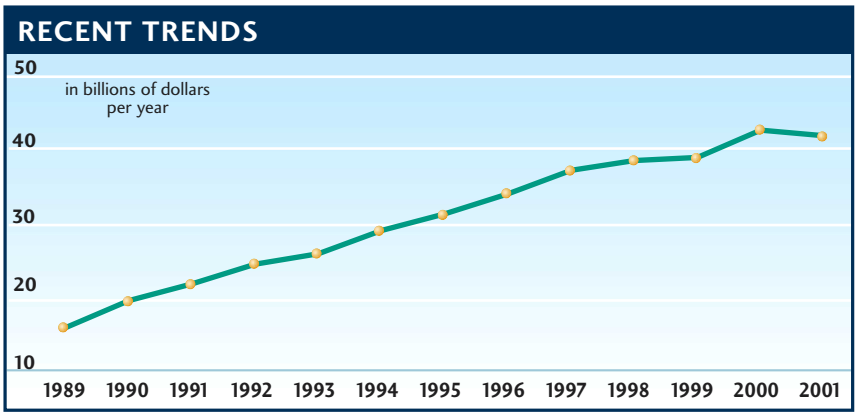
CONSUMER DURABLES

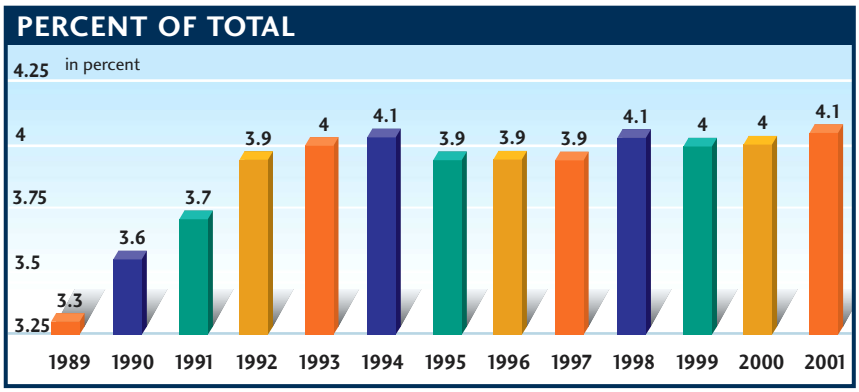




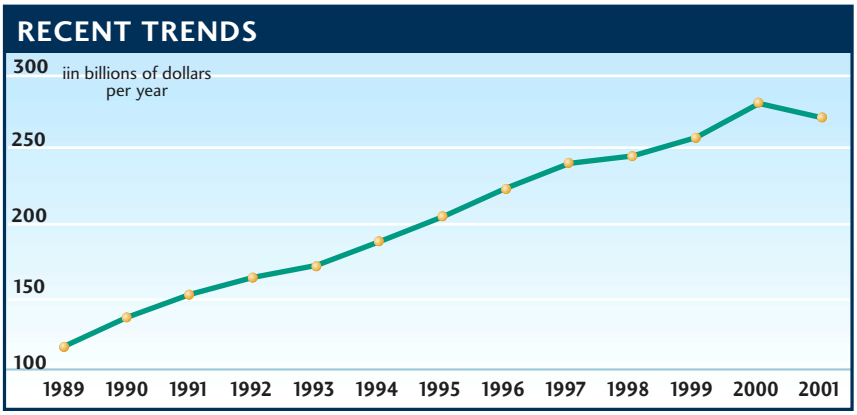
Source: Bureau of the Census (goods), Bureau of Economic Analysis (Services).

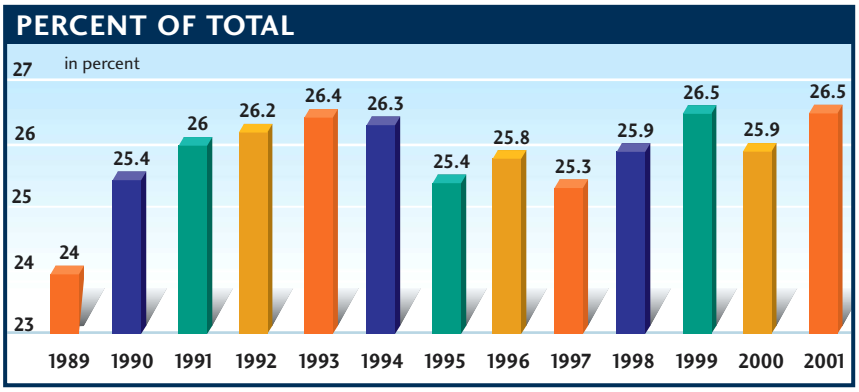
CONSUMER NONDURABLES





COMMERCIAL SERVICES





Additional information is available from the International Trade Administration (www.ita.doc.gov/tradestats/),

the Bureau of the Census (www.census.gov/foreign-trade/www/)

and the Bureau of Economic Analysis (www.bea.doc.gov/bea/).

CHINA MARKET RESEARCH

Locating specific information about doing business in China as well as WTO training initiatives is as easy as visiting a web site. We have compiled a list of some of the more up-to-date resources that provide specific as well as general business information to assist companies pursuing opportunities in China. This is by no means an exhaustive list and we will post this on the magazine web site and update it frequently as new sources become available.

U.S. GOVERNMENT SITES

The U.S. Trade Representative
www.ustr.gov

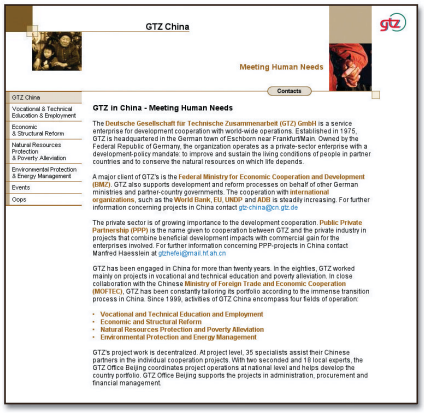
The U.S. State Department
www.state.gov

The U.S. Department of Commerce China Gateway
www.export.gov/china/chinagateway.html

International Trade Administration
www.trade.gov

Georgetown University
www.law.georgetown.edu/iiel/events.html

German Technology Cooperation Co. China
www.gtz.de/china/english/gtzchina.htm



Harvard Kennedy School of Government's China Public Policy Program
www.ksg.harvard.edu/cgb/asia/programs.htm

The U.S. Embassy, Beijing
www.usembassy-china.org.cn

WTO TRAINING INITIATIVES

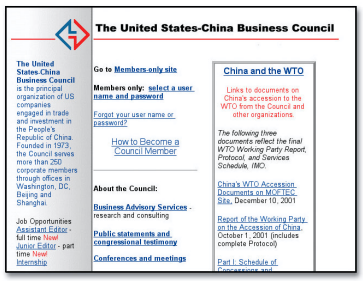
Asia Foundation
www.asiafoundation.org/programs/prog-asia-chin.html

The Ford Foundation
www.fordfound.org/global/office/index.cfm?=beijing

EU-China Legal and Judicial Cooperation Program
www.legaljudicial.org

European Commission Delegation in China
www.ecd.org.cn

The U.S.-China Business Council
www.uschina.org



The U.S.-China Legal Cooperation Fund
www.uschinalegalcoop.org

United Nations
www.unchina.org

World Bank
www.worldbank.org.cn/English/IBRD/WBIActivity.shtml

CHAMBERS OF COMMERCE

American Chamber of Commerce, Beijing
trade statistics, membership information
www.amcham-china.org.cn

American Chamber of Commerce, Shanghai
www.amcham-shanghai.org

GENERAL INFORMATION

Asia Foundation
www.asiafoundation.org

The U.S.-China Business Council
www.uschina.org

The U.S. Embassy in Beijing
www.usembassy-china.org.cn

U.S Chamber of Commerce
www.uschamber.org

U.S. Commercial Service Country Commercial Guide
www.usatrade.gov/website/ccg.nsf/ccghomepage?openform

China Commercial Brief
a free newsletter published by the U.S. Embassy-Beijing
www.usembassy.china.org.cn/commercial/english/products/china_commercial_brief.html

China Online
www.chinaonline.com

China Today
www.chinatoday.com

BUSINESS RELATED

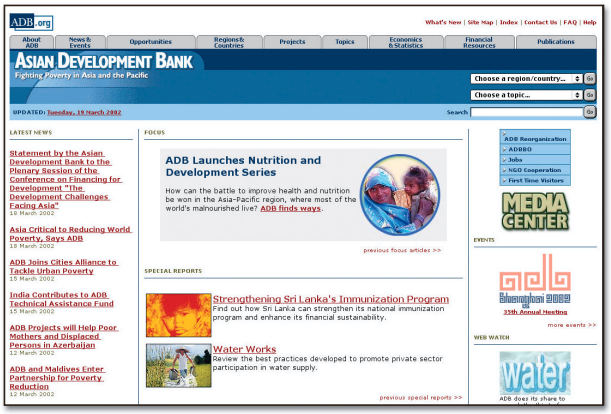
APEC Tariff Listing
www.apectariff.org

Business Roundtable
www.brtable.org

China Council for the Promotion of International Trade
www.ccpit.org

Ebusiness Forum
maintained by the Economist Intelligence Unit (EIU), this site provides useful global business information
www.ebusinessforum.com

Asian Development Bank
multilateral development bank for Asia
www.ADB.org



China Business Guide
an information service program for the promotion of China's international trade and economic cooperation
www.chinabusinessguide.org.cn

AseanTrade
a global search engine powered by trade search that allows free access to trade listings and country news
www.AseanTrade.com

Business In China
covers business, economic and cultural topics on most Asian countries
www.business-in-china.net

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