Global News Line • Hot Topics • Trade Events

World Trade Week

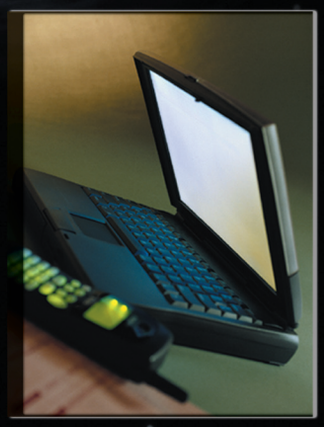
EXPORT America

May 2001 Volume 2 Number 7
http://exportamerica.doc.gov

Services:
Exporting's Hidden Giant

Inside:

- Exporting Hazardous Materials
- EcoLinks: Creating Opportunities
- Government Financing Programs



U.S. DEPARTMENT OF COMMERCE • INTERNATIONAL TRADE ADMINISTRATION

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The U.S. Department of Commerce
In Cooperation with
The Bay Area World Trade Center
Present:
TRADE HORIZONS 2001
Expanding Trade to Markets in
Africa, Middle East, India and Pakistan
Oakland, California, May 16, 2001

- Country and Regional Overviews by U.S. Senior Commercial Officers who live and work in these countries and assist U.S. firms on a daily basis
- Upcoming Industry and Development Projects in these Markets
- U.S. Companies Discuss Their Market Entry Strategies and Experiences
- One on One Meetings with U.S. Senior Commercial Officers
- Hear from Industry leaders on E-logistics and distribution channels

Time: 9:00 AM-5:30 PM	Trade Horizons 2001 Conference & Luncheon
Location:	Oakland Airport Hilton Hotel 1 Hegenberger Road, Oakland, CA 94621

Key market opportunities are infrastructure, telecommunications, construction equipment and services, power, medical equipment and services and high technology equipment.

Learn about doing business in the rapidly expanding markets of Egypt, India, Israel, Jordan, Kuwait, Morocco, Pakistan, Saudi Arabia, United Arab Emirates, Côte d'Ivoire, Nigeria and other West African countries, South Africa and other Southern Africa countries, Kenya and other East African countries.

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For questions call Rod Hirsch at
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05/11/01

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THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS
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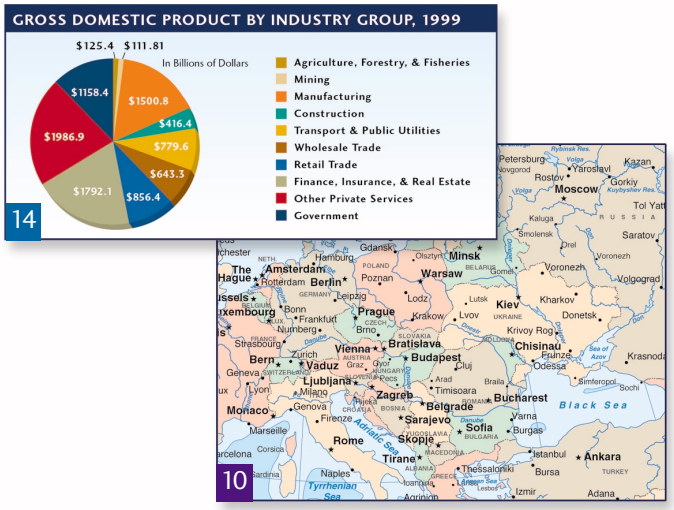

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EDITOR'S MEMO

Globalization is on the tip of everyone's tongue.

From business people, world leaders and academics to policy makers and political activists, there are as many different perspectives on globalization as participants. The optimists see globalization in a positive light, bringing together parties of mutual interest who trade, reduce barriers to trade and exchange not only goods and services but also a greater understanding of each other's culture. Whatever your perspective, it isn't difficult to see the impact of globalization on a local level.

Informed consumers understand that trade allows them a broader range of choices. Instantaneous communication between consumers and businesses means that consumers can make their demands and preferences known more easily. In the same manner, producers and suppliers can react more quickly to these stated preferences, thereby reducing inefficiencies in their markets.

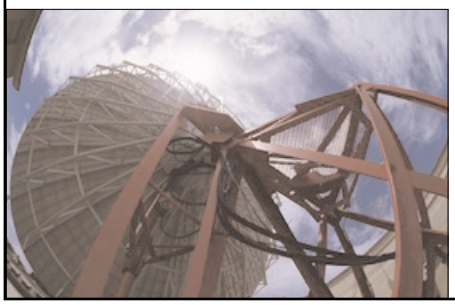
For the United States, trade has been good for our overall economy. An estimated 3.34 million jobs in U.S. manufacturing were supported by exports of manufacturers. This represented nearly 20 percent of total manufacturing employment – or about one in every five workers. Recent studies provide evidence of substantial wage advantages in jobs supported by goods exports, on the order of a 13 percent premium over the average earnings in the overall economy.

Manufacturing exports have always been the traditional idea of "exports." However, as you will read in our feature this month, cross-border trade in services accounted for more than 19 percent of world trade in 1999, about $1.4 trillion. For the U.S. economy, service exports have more than doubled in the last decade to a record $281 billion during 2000. Our balance of trade in services, despite a relatively open market, resulted in an $82 billion surplus in 2000, offsetting our merchandise trade deficit for that year by 18 percent.

This month, we also celebrate World Trade Week beginning May 20. There will be numerous opportunities to witness and partake in the benefits of trade in your community, to the nation and the world. We have listed just a handful of events that will be going on around the country and we invite you to participate in any listed or contact your local Export Assistance Center to see what they have planned.

Next month, we also will feature our new Export.gov site, which guides you through the exporting process from start to finish, providing valuable assistance along the way. We will also bring you the most recent information on the BuyUSA.com site, a match-making and international consulting site for U.S. suppliers of products and services.

Until next month, happy exporting and check out our *Export America* web site (http://exportamerica.doc.gov) where you can view the current feature, download past articles, subscribe and send us your feedback and comments.



Cory Churches

Cory Churches
Editor

BUILDING THE CASE FOR GLOBAL TRADE

by Claudia Wolfe
Office of Trade and Econmonic Analysis, Trade Development

PROSPERITY FLOWS FROM TRADE

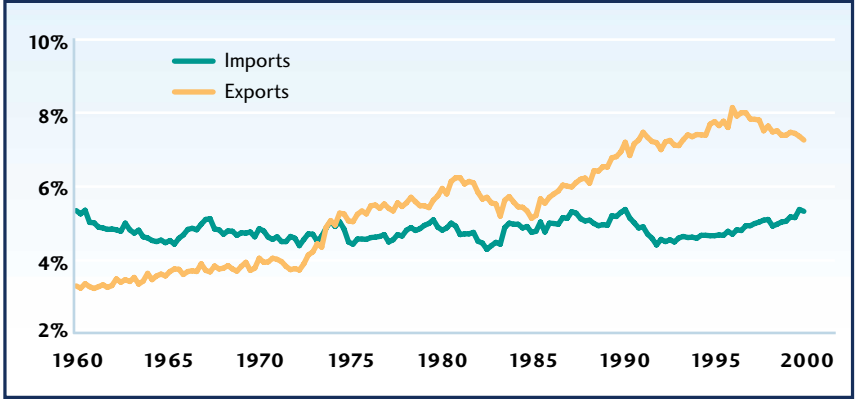
As we begin the 21st century, two features of the U.S. economy are particularly striking. First, it is prosperous and, second it has never before been as integrated into the world economy. There is no reason to doubt the important connection between our prosperity as a nation, our proven ability to compete in international markets and the benefits to be derived from trade. The U.S. economy is looking to the future from a position of strength, due in no small part to its low barriers to trade. U.S. tariffs are among the world's lowest, averaging less than 3 percent. Our nation has a long history of promoting free and fair trade. Since 1948, eight separate rounds of international trade negotiations have helped make the last half century the period of the most rapid, sustained economic growth ever recorded.

The data documenting trade growth over the last two decades are remarkable, as U.S. trade with the rest of the world has soared. Exports increased from $57 billion in 1970 to $1,069 billion in 2000, an increase of over 10 percent per annum. Imports jumped from $54 billion to $1,438 billion, a rise of 11.5 percent annually. Exports now account for 11 percent of our gross domestic product (GDP), up sharply from 5.5 percent in 1970. U.S. export trade has expanded even faster than the U.S. economy. Moreover, this phenomenon is not unique to the United States—world trade growth has increased much more rapidly than world GDP growth.

AMERICA'S BENEFITS

Worldwide, open markets have created jobs, contributing to more than 20 million new jobs being created in the United States since 1992. They have raised incomes, with the U.S. economy now providing Americans with living standards that are higher than those in most other major industrial economies. They have sparked innovation and spread new technology. U.S. producers have been provided with a wider choice of suppliers, helping to make them more competitive. U.S. consumers have had more choice in their purchasing decisions. Productivity, investment and economic growth have been stimulated through greater competition and exposure to new ideas.

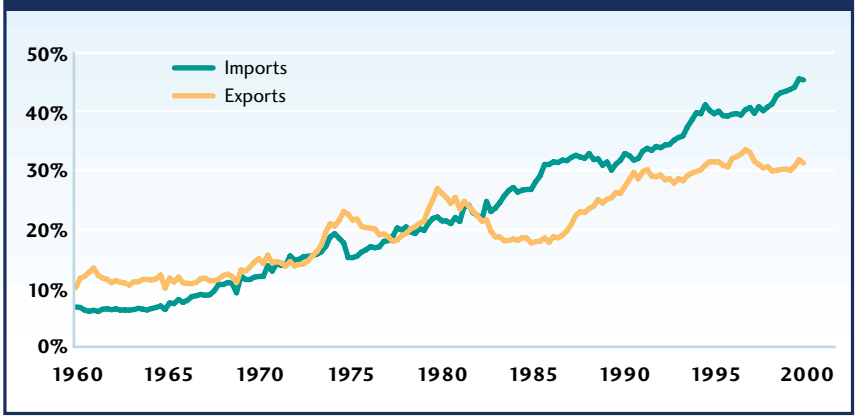
SERVICE TRADE: SHARE OF SERVICES GDP



MUTUAL GAINS TO ALL COUNTRIES

Studies completed by the World Bank have shown that increased openness to trade has been strongly associated with the reduction of poverty in most developing countries. From the 1970s to the early 1990s, developing countries that chose growth through trade grew twice as fast as those who opted for more restrictive trade regimes. The most open of those countries had growth that was six times as fast. Open trade has offered developing nations widespread gains in material well

DURABLE GOODS TRADE: SHARE OF DURABLE GOODS GDP



being, as well as gains in literacy, education and life expectancy.

ROLES OF THE MANUFACTURING AND SERVICES SECTORS

In our global economy, the health of our factories and non-manufacturing support industries (e.g., raw materials, transport, business services) are increasingly tied to international trade. Since 1980, manufacturing exports alone have grown by nearly three and one-half times and the United States has been exporting six times more services. One out of every 14 workers in the U.S. business sector is supported by the sale of U.S.-produced goods and services in foreign markets. Roughly one in five factory jobs is due to exports. In fifteen U.S. states, over one-fifth of manufacturing jobs depend on exports. Recent studies provide evidence of substantial wage advantages in jobs supported by goods exports, on the order of a 13 percent premium over the average earnings in the overall economy.

For the total U.S. economy, exports had a share of 11 percent in 2000, and imports nearly 15 percent. But in some sectors, particularly those where production can be done in various parts of the world and then assembled; the importance of trade is much higher. For example, U.S. exports of durable goods in 2000 accounted for 31 percent of GDP in that sector, up from only 15 percent in 1970. U.S. imports of durable goods, now at 44.7 percent of GDP, were up from 12.5 percent in 1970.

A wide variety of services also benefit from international trade. Here, however, the shares of services GDP are substantially smaller since most services are not traded internationally wholesaling, retailing, utilities, most health care and most education, etc. U.S. exports of services in 2000 accounted for 7.5 percent of the GDP in the services sector, up from near 4 percent in 1970. U.S. imports of services, now at 5.25 percent of GDP, have not trended up as a share of GDP.

U.S. AND EUROPE

Some of the developments on the international trade front have been quite positive. For example, according to a study released in February 2001 by the European-American Business Council, strong transatlantic economic ties have continued to significantly strengthen the U.S. economy, with a record-high $565 billion in European investment in the U.S. supporting over seven million American jobs. Of these jobs, 3.6 million were provided directly by European firms. U.S. merchandise exports to Europe also supported American jobs, an estimated 1.6 million in 1999.

Individual U.S. states have enjoyed the vast benefits of the transatlantic economic relationship, with tens of billions invested in key industries and hundreds of thousands employed. Texas ($58.3 billion), California ($45.9 billion), and New York ($27.7 billion) top the list for states with the largest amount of European investment in 1998. California (292,000), New York (246,900) and Texas (235,300) also top the list of states with jobs supported by European investment.

U.S. COMMITTED TO A GLOBAL ECONOMY

We have worked hard to widen and level the global playing field so that U.S. industry and U.S. workers can profit from expanding overseas markets. So it remains our responsibility to lead the world further in this direction. We must encourage all nations to recognize the advantages of joining an economy of global competition, with technology and global commerce, rather than simply depend on the economic factors that defined them in the 20th century.

This vision of freer trade has promoted regional and bilateral cooperation. Initiatives in the Asia-Pacific region and in the Western Hemisphere commit some of the largest and fastest-growing countries in the world to eliminate foreign trade and investment barriers over the next two decades. We see opportunities for further reforms in the Middle East and Africa. We will continue to work closely with the European Union and its candidate members in Central and Eastern Europe.

With 96 percent of the world's consumers living outside the United States, we need greater access to markets abroad if we are to sustain our current economic performance and remain competitive in the years to come. The United States must continue to lead in expanding and liberalizing the world economy.

Merchandise Export: Top Ten Sectors

There is no question that trade has provided a big boost for important U.S. industries. The nation's top ten goods exporting sectors in 2000 were:

	Value in 2000 $Bill.	Percent Change 1999-2000
Semiconductors	62.8	27
Aircraft & Equipment	41.0	-17
Motor Vehicle Parts	31.6	8
Computers	30.9	16
Telecommunications Equip.	29.2	20
Parts for ADP Machines	25.5	22
Measuring, Analyzing Instruments	22.2	22
Motor Vehicles	17.2	1
Specialized Industrial Machinery	15.9	48
Non-Electric Engines & Motors	15.6	4

GLOBAL NEWS LINE

MONGOLIA

In June 2001, Mongolia will begin to privatize its best state-owned companies and plans to conclude sales in November 2001. The Government of Mongolia, with U.S. Government assistance, will sell controlling interests in its three most valued companies: Gobi Cashmere, Neft Import Concern (NIC) and Trade and Development Bank (TDB). The tender of these strategic companies signals a sea change in Mongolia's privatization. It shows the government's commitment to continue free-market liberalization.

Each firm controls a significant portion of its market. Mongolian cashmere currently supplies 21 percent of the world market. Gobi can process 1,000 tons of raw cashmere annually, or 7 percent of the world total. NIC imports and distributes a complete range of petroleum products throughout Mongolia. The company controls 26.7 percent of the Mongolian oil market and offers an unrivaled distribution network. TDB Bank is the primary bank used by international organizations and foreign and Mongolian companies. As of December 31, 2000, the bank's assets totaled $88.8 million. Net loans total $19 million or 21.6 percent of total assets. Liabilities amount to $76.3 million, of which $71 million are customer deposits. In fiscal year 2000, TDB yielded a net profit of over $6 million.

The tenders will put a premium on capacity and finances. Experience taught the government that big prices aren't always best. Smaller, less important companies were sold to high bidders, only to have the company fail because buyers lacked experience in the industry. The government wants going concerns to provide jobs and economic expansion. It wants good prices, but growing each business is as important—if not more important—than price. For more information, contact the U.S. Commercial Assistant, Embassy Ulaanbaatar at (976-11) 329-095 or Email: commerce@usembassy.mn.

KOREA

The Korean National Assembly passed the legislation to begin the process of restructuring the Korean electric power industry in December 2000. This essential legislation began the restructuring process establishing separate Generation companies (Gencos) of KEPCO, the state-owned Korea Electric Power Cooperation that will be sold to introduce competition in the Korean electric power market. Since KEPCO controls approximately 95 percent (47,053 MW) of the national total power generation capacity, the restructuring of the Korean electric power industry provides U.S. industry with significant opportunities. As the first step in the process, the Board of Directors of KEPCO voted to divide its power plants into six Gencos by April 2, 2001. Considering KEPCO's total power generation capacity, CS Korea believes that this restructuring process will provide U.S. companies with excellent business opportunities to enter into the Korean market. For more information contact Kim, Jong Hoon at Tel: (82 2) 397-4624; Fax: (82 2) 739-1628; Email: jong.hoon.kim@mail.doc.gov

AUSTRALIA

Big business has gained flexibility to hire and fire distributors and control their marketing networks without falling foul of competition laws (Trade Practices Act, Section 46- misuse of market power provisions) under a landmark High Court ruling handed down March 15, 2001. The High Court ruled that companies are entitled to terminate distribution agreements without this necessarily constituting a misuse of market power. Legal experts claim the ruling is a significant victory for business, which has gained greater certainty on how it can structure its marketing arrangements.

COLOMBIA

Internet use for e-commerce, mostly wireless, is expected to explode in Colombia during the next 2-3 years. Expanding the Internet user base throughout the country creates demand for a wide variety of wireless and related services, including electronic commerce, network security and software development. Wireless Application Protocol, or WAP, and multi-standard mobile solutions are some of the worldwide "state-of-the-art" technologies that will allow mobile access to financial information and brokerage services via all types of mobile terminals.

Colombia's government firmly believes that information technologies, by offering interactive and multimedia content, contribute to determining the speed at which countries develop. As part of the incentive program for access to Internet, the government is implementing two major measures within the "Connectivity Agenda": (a) Flat Rates for Telephone Service used for Access to the Internet and (b) Temporary Tax Exemption for Computers.

In 2000, Colombia and the United States signed a bilateral initiative pledging to work together to promote e-commerce. The agreement outlines general principles to guide government thinking on how to deal with e-commerce, recognizing that the private sector should lead e-commerce development and that governments should avoid unnecessary regulations/restrictions.

For further information on how to enter the Colombian e-commerce market either as a supplier or as a business user, contact the Commercial Service, U.S. Embassy Bogotá Email: Bogota.Office.Box@mail.doc.gov, Tel: (571) 315-2126; Fax (571) 315-2171 or visit the website http://usembassy.state.gov/colombia.

INTER-AMERICAN DEVELOPMENT BANK

In the next ten years, the demand for secondary education in Latin America will increase by 40 percent. Currently secondary education is the weakest link in the chain of educational systems in the region. To effectively manage this challenge, the IDB has approved over $1 billion in loans for secondary education improvement projects in the last three years and has over $854 million in

general education projects currently in the pipeline. These projects not only focus on access to education and construction of new facilities but also quality, universality and relevance.

What does this focus on education mean for U.S. firms? Many new procurement opportunities in all facets of education from curriculum and material design, consulting and studies, to computer equipment and IT training are available for competitive bidding. Many more procurement opportunities in this sector are in the works as the IDB concentrates efforts to improve education in Latin America.

To find out more about these opportunities, visit the IDB website at www.iadb.org or contact the Commercial Service Office at the IDB at Tel: (202) 623-3842 or Email: sarahm@iadb.org.

POLAND

The lingerie market in Poland is expanding and offers excellent export potential for U.S. lingerie products. Local production in 2000 is estimated to be worth $121 million of which over 72 percent was exported. In 1999, imports into Poland amounted to over $50 million, a 9 percent increase over 1998. This trend continued in 2000 and is expected to grow further in 2001. In 1999, European Union countries supplied 50 percent of lingerie exports to Poland, while developing countries provided another 40 percent. The U.S. share was a very small $80,500. The Commercial Service Warsaw believes U.S. exporters of lingerie should look at the lucrative Polish lingerie market more seriously. The best sales prospects are stretch-Lycra/cotton briefs and panties, brassiere, bodysuits, corsets, nightgowns and pajamas. Successful colors are white, black, ivory, beige, ecru, grays and blue. Successful fabrics are cotton, Lycra, stretch-Lycra/cotton, high technology man-made fibers and silk. For more information on entering the Polish lingerie market, please contact the U.S. Commercial Service in Warsaw at Warsaw.Office.Box@mail.doc.gov.

ISRAEL

The long-awaited tender for second/third generation (2G/3G) mobile licenses was officially issued on March 28, 2001 despite complaints about the conditions of the license by the potential licensees. The tender deadline is July 17, 2001.

The tender offers four frequency bands that combine frequencies required to expand the existing, second generation cellular network, and frequencies that will be used for a third-generation network. Under the terms of the tender, foreign companies may hold up to 80 percent in groups that do not include one of the cellular operators active in the local market. The equity capital of the majority party in the group must be less than $200 million, and at least one quarter must be held by a foreign cellular operator with at least 1 million subscribers.

The frequencies will be granted for a period of up to five years. Israel's four cellular network operators, Cellcom, Pelephone, Partner and newcomer Mirs are expected to bid for the licenses, which will allow them to launch advanced mobile networks capable of transmitting graphics, video and high-speed data.

For additional information on the Israeli telecom market, U.S. companies may contact Senior Commercial Specialist Irit van der Veur, Tel: (972 3) 519-7540; Fax: (972 3) 510-7215; Email: Irit.Vanderveur@mail.doc.gov

EGYPT

The U.S. Agency for International Development (USAID) in Egypt has issued a request for proposals (RFP) from U.S. companies interested in implementing a technical assistance program for the Egyptian Ministry of Communications and Information Technology (MCIT). Under this program, USAID will be working with the Egyptian Government and the private sector to expand the use of technology throughout the country.

On March 26, 2001, USAID posted details on the project and how to submit proposals on the following two sites: www.usembassy.egnet.net and www.usaid.gov.

AFRICAN DEVELOPMENT BANK

The African Development Bank Group approved debt relief amounting to $54.77 million (representing $37.2 million in end-1999 net present value terms) to Niger under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative.

Niger has developed an interim Poverty Reduction Strategy Paper (I-PRSP) aimed at consolidating macroeconomic stability, promoting human development, improving rural infrastructure and establishing a conducive environment for private sector development. The Bank Group's medium-term assistance strategy focuses on poverty reduction through financing projects that would contribute to higher agricultural productivity, including support for out-of-season crops; the establishment of cereal banks; improving rural water supply and livestock health care in nomadic areas; and promoting micro-credits for fertilizer and income generating activities, primarily for women.

The Bank Group's participation in the enhanced HIPC framework is financed by its own internal resources and by contributions from bilateral donors and the European Community. At a meeting in Paris on June 30, 2000 deputies representing State participants in the African Development Fund (ADF) assured that Bank Group's of adequate financing for full participation in the Initiative. For more information please contact Kim Cash at Tel: (202) 482-5516 or go to www.afdb.org.

NEED MORE DETAIL?

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

EXPORTING HIGH PERFORMANCE COMPUTERS

A POLICY UPDATE

by Sylvia Jimmison
Export Policy Analyst, Bureau of Export Administration

High performance computing has historically played an important role in the ability of the United States to develop and deploy a wide range of national security capabilities, such as stealth aircraft, sonar arrays and high-energy rocket fuels. High performance computers (HPCs) are also an important enabling technology for nuclear weapons design and testing. Therefore, it is critical that the United States stay ahead technically in this important area. A cornerstone to achieving this objective has been through control of computer exports to potential adversaries. In recent years, however, rapid increases in the performance of computers coupled with exploding demand have challenged the ability to control exports. Controls that once restricted the export of high-end supercomputers now restrict the export of low- and mid-range servers, the backbone of the Internet economy.

As a result, frequent adjustments in computer export control thresholds have been necessary to strike a balance between ensuring the continued competitiveness of this high technology industry and protecting the national interest. Controls have been based on a metric of computer performance, millions of theoretical operations per second, or MTOPS.

In addition, countries have been divided into groups according to their relative level of proliferation risk and military sensitivity. A different MTOPS threshold was established for each tier, at which prior U.S. Government authorization was required for exports. Controls were adjusted by periodically raising the MTOPS level at which each country tier was eligible to receive exports without prior U.S. government authorization. In the last few years, this adjustment was made every six months.

POLICY TO REFLECT INDUSTRY GROWTH

On January 10, 2001, President Clinton announced significant changes to U.S. export control policy for High Performance Computers — the sixth such revision since 1993. The new policy continued the Administration's commitment to review and update its HPC policy every six months in order to reflect rapid advancements in computer hardware, as well as identify any risk posed by HPC exports to certain end-users and countries. (See Table) The new policy responds specifically to technological advances that allow end-users themselves to cluster many lower-performance, uncontrolled computers together to perform at high levels — greater than current export controls allow. It recognizes that the U.S. Government is now limited in its ability to control the acquisition of computational capabilities by controlling computer hardware, and that attempting to do so only serves to handicap our industry's ability to maintain its global leadership. The new policy has received widespread approval from the U.S. high performance computer industry, which relies upon export markets for a high percentage of sales.

To implement the new policy, the Commerce Department's Bureau of Export Administration (BXA) amended the Export Administration Regulations (EAR), which details export control requirements on goods and technologies that have both military and commercial uses. The United States has eliminated all controls on exports of computer hardware to many countries that pose little security risks. The list of of countries eligible for all computer exports without prior government authorization has been expanded to include Western Europe, Japan, Canada, Mexico, Australia, New Zealand, Hungary, Poland, the Czech Republic, Estonia, Lithuania, Slovenia, South and Central America and members of the Association of South Asian States.

MAINTAINING CONTROLS TO HIGH-RISK AREAS

Export controls are maintained for high-risk destinations, including China and India, the former Soviet Union, Pakistan, the Middle East, Vietnam

REVISIONS TO HIGH PERFORMANCE COMPUTER EXPORT CONTROL POLICY

Export Region	June 1991	February 1994	January 1996	August 1999	February 2000	August 2000	January 2001
Low Risk Desinations	195	1,500	No Limit	No Limit	No Limit	No Limit	No Limit
Medium Risk Destinations	195	1,500	10,000	20,000	33,000	45,000	No Limit
High Risk* Destinations	195 195	1,500 1,500	7,000 2,000	12,300 6,500	20,000 12,500	28,000 28,000	85,000 85,000
Embargoed Destinations	Virtual Embargo	Virtual Embargo	Virtual Embargo	Virtual Embargo	Virtual Embargo	Virtual Embargo	Virtual Embargo

* Between February 1994 and August 2000, a distinction was made between civilian and military end users in high risk destinations: top line represents the civil licensing threshold; bottom line the military licensing threshold.

and Eastern Europe, but at the level of 85,000 MTOPS (up from 28,000 MTOPS). This level is based on the assessment that computers attaining this performance level can be assembled with relative ease due to the widespread availability of uncontrolled hardware and software. There has been no change in HPC export control policy to terrorist-supporting countries, which remain under a virtual embargo. These countries include Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria. While some of these changes were effective immediately upon publication of the new regulations, others will not be fully implemented until certain statutory waiting periods have passed. The 85,000 MTOPS threshold for exports to Tier 3 countries took effect on March 20, 2001.

The United States continues to implement the Enhanced Proliferation Control Initiative (EPCI), which provides authority to block exports of computers of any level in cases involving exports to end-users or end-uses of proliferation concern.

FINDING A PRACTICAL SOLUTION

While not abandoning the policy of seeking to limit the acquisition of computing capabilities by potential adversaries, the cornerstone of the new policy is to ensure that U.S. industry stays ahead technologically. In addition, the revised policy increases focus on protecting the spread of the other key element of computational capability — software codes for use in critical national security applications. In this regard, the new policy calls for (1) increasing awareness within industry and government of existing export controls; and (2) investing in additional measures for protecting software codes, such as anti-tampering approaches.

Government and industry agree that the current HPC control metric — measured in MTOPS — is no longer an effective way to control HPC exports. In the early 1990s, the MTOPS metric easily differentiated high-end supercomputers from low-end commodity computers. For example, the MTOPS rating of a single processor Cray C90 supercomputer was over 50 times that of a desktop personal computer. As the decade progressed, rapid improvements in mass-market computer and communications technology led to tremendous MTOPS increases in systems based on commodity microprocessors, such as the Intel Pentium. The U.S. Government, with industry participation, evaluated a variety of alternatives, but found that none would solve the current challenge to export controls: the fact that end-users around the world can now cluster very large systems from commercially available components.

Because the MTOPS metric for computer export controls is currently embodied in certain legislation, the issue of high performance computer export controls continues to be discussed in the Congress. Industry groups are lobbying for an end to the use MTOPS as a measure for high performance computer performance. Recently, the Senate Banking Committee recommended repeal of legislation requiring use of the MTOPS metric and imposing restrictions on exports of high performance to high-risk destinations as part of its overall work to update export controls on all technologies with both civilian and military applications. The bill, the "Export Administration Act of 2001," now advances for consideration by the full Senate.

For additional information and regulatory guidance on the Export Administration Regulations, including detailed information on the new high performance computer export policy, visit the BXA webpage at www.bxa.doc.gov.

ECO-LINKS

BUILDING SUSTAINABLE ECONOMIES AND CREATING OPPORTUNITIES

by Michael Rogers
Central and Eastern Europe Business Information Center, Market Access & Compliance

Decades of environmental neglect in Central and Eastern Europe, Russia and the Newly Independent States coupled with the need to conform with stringent European and international environmental regulations has created opportunities for U.S. environmental firms. In fact, environmental technology and services is one of the best U.S. export prospects across the entire region.

A recent European Union study concluded that the countries in Central and Eastern Europe must undertake significant environmental infrastructure projects in drinking water supply, wastewater management, combustion power plants and solid waste management. Moreover, the study also concluded that local municipalities and businesses have significant work to do before they comply with European and international standards in waste disposal management, air pollution, water pollution, industrial pollution and nuclear safety and radiation protection.

Unfortunately, local municipalities and businesses struggle with scarce resources and lack of funds as they strive to implement costly environmental projects. Recognizing that there is a significant need for U.S. environmental technology and expertise in the region and that local government and firms need assistance in finding partners and cost-effective solutions, the U.S. Agency for International Development (USAID) launched the EcoLinks program to help facilitate the transfer of U.S. technology and know-how to the countries of Central and Eastern Europe and the former Soviet Union. The goal of the Ecolinks program is simple — promote practical, market-based solutions to industrial and urban environmental problems by helping forge relationships between the regions businesses, local governments, and environmental organizations with the U.S. businesses and environmental organizations.

To achieve this goal, the EcoLinks program has developed three streamlined programs that U.S. environmental firms can utilize when pursuing opportunities in Central and Eastern Europe, Russia and the Newly Independent States.

ECOLINKS TRADE AND INVESTMENT PROGRAM

Working in cooperation with the U.S. Department of Commerce's U.S. Commercial Service, USAID launched the EcoLinks Trade and Investment Program. The goal of the program is to facilitate the flow of U.S. technology to Central and Eastern Europe. As part of the partnership, the U.S. Commercial Service has placed EcoLinks Environmental Technology Representatives (Tech Reps) in Bulgaria, Croatia, Czech Republic, Hungary, Kazakhstan, Poland and Romania.

The EcoLinks tech reps work with businesses, local municipalities and organizations in country to identify specific environmental needs. The tech reps utilize USAID's Global Technology Network, an on-line network of over 4,000 U.S. environmental firms to identify potential U.S. partners. When promising matches develop, the EcoLinks tech reps are available to help facilitate meetings and to assist companies in using all the resources available to help them close a deal including the U.S. Commercial Service, the U.S. Export-Import Bank (Ex-Im), the Trade Development Agency (TDA), and the Overseas Private Investment Corporation (OPIC). U.S. companies interested in taking part in the EcoLinks Trade and Investment Program should register with the USAID's Global Technology Network at www.usgtn.org.

CHALLENGE GRANTS

The second component of EcoLinks program provides grants to help promote the creation of market-based

solutions through cross-border partnerships. Challenge Grants are designed for businesses, local governments or associations. The projects should originate in Bulgaria, Croatia, the FYR Macedonia, Kazakhstan, Romania, the Russian Far East and Ukraine. Grants of up to $50,000 are given to support one-year partnership projects that address specific urban and industrial environmental problems. Recipients can partner with organizations in 21 other countries in the region or the United States. Grants are administered through three regional offices, Kiev, Ukraine; Szentendre, Hungary; and Washington, D.C. For a complete description of the Challenge Grants, go to www.ecolinks.org.

QUICK RESPONSE AWARDS

The third component of EcoLinks' multi-pronged approach is the Quick Response Awards program, which is designed to meet the immediate small-scale needs of organizations perusing opportunities within the framework of the EcoLinks programs. Activities covered by the grant must facilitate partner matching for a Challenge Grant or promote an environmental trade or investment. Some typical activities covered by Quick Response Rewards include: travel to meet potential partners; site visits to facilities; and technology demonstrations. Awards do not exceed $5,000 and firms from Armenia, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary Kazakhstan, Latvia, Lithuania, FYR Macedonia, Republic of Moldova, Poland, Russia Far East, Slovakia, Turkmenistan, Ukraine, Uzbekistan, and the United States. More information and application forms are available at www.ecolinks.org.

KAZAK-U.S. CONSORTIUM WINS PARTNERSHIP GRANT

EcoLinks awarded a $38,000 partnership grant to a Kazak-U.S. consortium to address aquifer pollution in Almaty. Seventy percent of Almaty's water supply comes from aquifers. The rapidly increasing number of automobiles and carwashes in Almaty has led to significant pollution of the water supply. This partnership between the Energy Resources Department of Almaty, the Kazak engineering firm of Gornoe Buro, Ltd., and the U.S. firm, Shell Engineering & Associates, Inc. will introduce technology to reduce wastewater discharge from carwashes and will demonstrate the effectiveness of using pre-treatments for specific pollutants; It will also try to create a U.S.-Kazakhstan partnership to tackle additional environmental challenges.

TEXAS COMPANY PARTNERS WITH POLISH FIRM THANKS TO ECOLINKS

GreenTech Texas International (GTTI) is a Texas-based environmental firm that took part in ET3M U.S./Euro Partnering Event held in the Netherlands in November 2000. During the event, GTTI met with Anna Janczewska, the EcoLinks TechRep for Poland and a delegation of Polish environmental firms that accompanied Anna to the Netherlands to find potential U.S. partners. As a result of the meeting, GTTI agreed to partner with Tuzal a Warsaw-based environmental firm specializing in water treatment. GTTI and Tuzal will now work together in Poland on a number of projects.

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Companies wishing to learn more about opportunities in Central and Eastern Europe should contact the Central and Eastern Europe Business Information Center (CEEBIC) at (202) 482-2645; by Email at ceebic@ita.doc.gov. To learn more about opportunities in Russian and the Newly Independent States, contact the Business Information Service for the Newly Independent States (BISNIS) at (202) 482-4655; by E-mail at bisnis@ita.doc.gov, or contact U.S. and Foreign Commercial Service. For a complete list of Export Assistance Centers or senior commercial officers in U.S. embassies in Europe, go to www.usatrade.gov.

ASK THE TIC

HAZARDOUS MATERIALS EXPORTS

by Susan Lusi,
Trade Information Center

Exporters who do business in hazardous materials or products composed of or packaged with hazardous material must be aware of the steps required to ship these items. While it is the shipper who is ultimately responsible for complying with the regulations, the exporter can anticipate the information needed to deliver their products successfully. The diverse nature of hazardous materials (HAZMATS) requires a trained person to choose an authorized solution for each unique shipping situation. Often, consulting a professional shipper is necessary to ensure that HAZMAT requirements are met.

The following is a general overview on exporting products that contain, are composed of or are shipped in a hazardous material. It is not meant to be a specific guide to hazardous material regulations.

HOW DO I KNOW IF I AM SHIPPING A HAZARDOUS MATERIAL?

The Department of Transportation defines a hazardous material as a substance capable of posing an unreasonable risk to health, safety and property when transported by rail car, aircraft, motor vehicle or vessel in commerce. The DOT hazardous materials table lists nine classes of hazardous materials: 1) explosives; 2) compressed gases; 3) flammable liquids; 4) flammable solids; 5) oxidizers and organic peroxides; 6) toxic materials; 7) radioactive material; 8) corrosive material; and 9) miscellaneous. If your shipment is composed of any of these materials, you are required to follow a host of additional steps.

Identifying a hazardous material is complicated. Materials may be known by different names, and hazards may vary depending on physical state, what the material is dissolved in, and how it is packaged. A close assessment by one trained in identifying HAZMATS is necessary to ensure proper treatment when transported.

WHO REGULATES HAZARDOUS MATERIALS EXPORTS?

The U.S. Department of Transportation's (DOT), Hazardous Materials Regulations (HMR 49 CFR Parts 171-180) regulates the transportation of products that contain, or are packaged with hazardous materials. The regulations apply to transport by rail car, aircraft, motor vehicle or vessel shipped interstate, intrastate or across national borders.

Several international organizations have codes that may be used as an alternative to the DOT regulations. The United Nations issued performance standards for packaging, which are used in the international codes. Most commonly referenced are the International Maritime Organization's Dangerous Goods Code and the International Air Transport Association's Dangerous Goods Regulations which are based on technical instructions from the International Civil Aviation Organization. International codes, which are often more stringent, may be used as an alternative to DOT regulations for interstate, intrastate or international transport. Restrictions and limitations on the transport of hazardous materials are indicated in the codes as well as options for packaging.

WHAT ARE THE MAIN GUIDELINES REGULATING THE TRANSPORTATION OF HAZARDOUS MATERIALS?

HMR 49 mandates training for all employees handling hazardous materials. The term "hazmat employee" includes anyone who loads, unloads or handles hazardous packages, labels hazardous packages for shipment, fills out shipping papers or transports hazardous materials. These regulations also apply to consultants who help shippers identify a HAZMAT or determine the acceptability of shipping containers. Employees responsible for these tasks must under go training at least every three years in order to comply with HMR regulations. The training is meant to heighten employees' awareness of HAZMATS and to provide specific instructions relevant to their job function. The DOT and many private organizations provide specialized HAZMAT training.

Proper documentation and accurate labeling must accompany hazardous materials shipments. Although no specific form is mandated, DOT regulations require there be documentation with standard information. Shipping papers are required to have a description of the material, including the class of HAZMAT, quantity being shipped, the identification number and the packing group. Hazmat packages must be marked and labeled according to the class of the material and the quantity being shipped. The order of the information on the package marking is also prescribed.

Packaging for HAZMATS must also comply with United Nations performance standards. Packaging requirements vary not only with the risk associated with the specific

HAZMAT, but the mode of transportation and volume of the substance. Each HAZMAT is put in a packing group according to the degree of danger it poses. The packing groups range from group I, indicating the most dangerous substances, to group III, indicating minor danger.

The shipper must also show contingency information in case of an emergency including the phone number of a person available 24 hours a day during the transport who is knowledgeable about the HAZMAT being shipped. An emergency plan to guide others in the event of an accident must also accompany the shipment.

The original shipping papers must contain the following certification signed by the shipper. "This is to certify that the above-named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation." The shipper must retain all shipping documents for one year following the shipment.

HOW DO THE REGULATIONS OF SHIPPING HAZMATS DIFFER, DEPENDING ON THE MODE OF TRANSPORTATION?

The mode of transportation is an important variable in complying with HAZMAT regulations. The U.S. code applies to the transport of HAZMATS by aircraft, motor vehicle, vessel and rail, but also distinguishes the differences. Standards for the quantity of material transported, marking and labeling, packaging, method of loading the freight container, placards (international signs) on the freight container and the certification of the shipper differ according to transportation mode.

It is important for the exporter to be familiar with HAZMAT regulations in order to choose an authorized mode of transport for the product. The HMR table distinguishes the quantity of a hazardous material that may be shipped according to transportation mode. On a quantity limitation table, columns organized by transport mode indicate the total amount the carrier may accept. If the term "forbidden" is noted in the column, the material may not be carried by the described mode.

HOW DO I FIND A CARRIER WHO WILL HANDLE MY HAZARDOUS MATERIAL GOODS?

An easy way to find a qualified HAZMAT carrier is to contact an industry association for the product being shipped. Many have developed lists of carriers who are approved to handle and transport HAZMAT materials specific to the industry. Companies who are prepared to carry HAZMATS often advertise their ability to meet these HAZMAT regulations.

WHERE CAN I FIND ADDITIONAL INFORMATION ON THE SHIPMENT OF HAZARDOUS MATERIALS?

There are many useful websites that cover different aspects of shipping HAZMATS, but no one website can replace proper training to insure compliance with regulations.

The U.S. Department of Transportation's Office of Hazardous Materials Safety's website at http://hazmat.dot.gov/hazhome.htm, has information on rules and regulations, international standards, training opportunities, emergency guidelines, exemptions and enforcement. The Hazardous Materials Regulation 49 CFR is online at http://hazmat.dot.gov/rules.htm. The Office of Hazardous Materials Standards has a hotline and a fax on demand service for answers to questions on HMR 49. For the fax on demand service, dial 1-800-467-4922 then press 2.

The International Air Transport Association Dangerous Goods Online information page at www.iata.org/cargo/dg/index.htm lists endorsed training schools, a dangerous-goods primer and frequently asked questions.

The Bureau of Transportation Statistics, National Transportation Library has a Hazardous Materials Transportation Guide online at http://ntl.bts.gov/DOCS/hmtg.html.

For more information on any of these issues, please contact the Trade Information Center at 1-800-USA-TRAD(E).

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

SERVICES: EXPORTING'S HIDDEN GIANT

by Josephine Ludolph
Director, Office of Service Industries

Not always recognized for the exporting powerhouse that it is, the services sector is poised for growth with the progress of WTO services negotiations.

Ask the typical business observer about U.S. exports, and the first image that is likely to come into his or her head will be a loading dock in a port city, with cranes unloading containers from a large freighter. Or perhaps they will envision the same goods being offloaded from a jumbo jet into a waiting warehouse. Less likely to come into the mind of our theoretical observer will be the bank service center handling accounts worldwide, or an engineering firm working on a construction project in Asia or the employees of an overnight delivery service making their rounds in Europe. But in reality, it is this latter group of activities — the service sector of the U.S. economy — that accounts for an increasing share of U.S. exports.

Compared to merchandise, services had long been thought to offer fewer opportunities for export. But fueled by technological change (such as electronic communications), the opening of many state monopolies to competition (such as telephone and package delivery systems) and the deregulation of such sectors as banking and insurance, there has been a marked boost in the cross-border flow of services. In fact, cross-border trade in services accounted for more than 19 percent of world trade in 1999, about $1.4 trillion. Today the United States is engaged in global services trade liberalization negotiations in the WTO that when concluded will benefit U.S. exports throughout the next decades.

SERVICES IN THE U.S. ECONOMY

Broadly defined, "services" encompass all economic activity other than agriculture, manufacturing and mining. It is the largest component of the U.S. economy, accounting for 79 percent of private sector output and 83 percent of private non-farm employment (representing, in 1999, the employment of a record 93 million people). These service sector jobs come from an enormous range of industries, including banking and insurance, travel and tourism, entertainment, wholesale and retail trade, legal and other business services, information and computer services, telecommunications, healthcare, education and training, publishing, transportation, energy, and environmental services, as well as architecture, construction and engineering services.

During the coming decade, the service sector is poised to play an even larger role in the economy: service sector jobs are expected to account for virtually the entire net gain in U.S. employment during this period. Small, medium-sized and large firms will all play key roles in this services-driven expansion. And while small firms comprise most of the service sector, many of the most prominent exporters are large corporations with extensive international operations, including many of the largest U.S. industrial and high-tech firms, whose operations and sales are increasingly services-based.

U.S. SERVICES IN THE WORLD MARKET

The dominant role of services in the U.S. economy translates directly into growth in skilled jobs, leadership in the development and commercialization of technology and global competitiveness. And U.S. services compete successfully worldwide: U.S. services exports have more than doubled over the last decade, increasing from $117 billion in 1989 to a record $281 billion during 2000 (commercial services, excluding government and military). Despite a relatively open U.S. market, U.S. exports of services outpaced imports by $82 billion in 2000, for a services trade surplus that offset 18 percent of that year's merchandise trade deficit.

Major markets for U.S. services exports include the European Union ($86 billion in 1999), Japan ($33 billion) and Canada ($21 billion). At $13 billion, Mexico is currently the largest of the emerging markets for U.S. services exports, but, notably, there are now numerous emerging markets around the world that import more than $1 billion in U.S. services each year. Among them are Argentina, Bermuda, Brazil, Chile, Venezuela, China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

These emerging markets offer bright prospects for export growth and for the creation of new jobs generated by U.S. services exporters and their potential has barely been tapped.

After a temporary slowdown due mainly to the Asian financial crisis of the late 1990s, services export growth began to recover in 1999, with a gain

of 4 percent over 1998's export levels accelerating to a 10 percent gain last year. Exports are currently forecast to reach nearly $400 billion in 2004, and the possibilities beyond are enhanced with new global services trade negotiations now underway. Each 1 percent increase in U.S. exports due to improved market access for U.S. services providers will add some $4 billion to total U.S. export levels, supporting well over 55,000 new U.S. jobs.

GATS: SETTING THE STAGE FOR OPEN TRADE IN SERVICES

Services providers do encounter numerous technical, institutional and regulatory barriers. Unlike cross-border trade in merchandise—with its assemblage of negotiated commitments under the General Agreement on Tariffs and Trade (GATT) dating back to the 1940s, the multilateral agreement in force for open trade in services is relatively new.

The Uruguay Round ended in April 1994, with 111 countries signing an agreement to establish the World Trade Organization (WTO) headquartered in Geneva, Switzerland. Included among the WTO's governing documents — along with the already existing GATT and an agreement on intellectual property rights — was the new General Agreement on Trade in Services (GATS).

The GATS was the first multilateral, legally enforceable agreement covering trade and investment in services. It contains obligations for trade in services in much the same way that the GATT does for trade in goods. It does this through three main principles: (1) most-favored-nation treatment, (2) market access, and (3) national treatment. A member country takes on GATS commitments by listing services sectors in a national schedule, thereby agreeing to allow foreign services and service suppliers to enter its market without the application of quantitative limitations, restrictions on foreign equity amounts or requirements on the form of the legal entity through which the service is supplied "market access". The country further agrees to treat foreign services and service suppliers under no less favorable terms and conditions than those it applies to its domestic services and suppliers ("national treatment"). A country can, however, list limitations on market access and national treatment in its schedule of commitments. Market access and national treatment are not general obligations under the GATS. They must be negotiated and agreed to by a Member in its schedule of specific commitments.

GATS 2000: A NEW ROUND OF NEGOTIATIONS HAS BEGUN

The GATS is an initial step: a framework under which future negotiations on reducing services trade barriers can be constructed. Since its implementation in 1995, trade agreements under terms of the GATS have been successfully negotiated to open trade in two services sectors: basic telecommunications in February 1997 and financial services in December 1997.

But these negotiations were only a start. Under the WTO agenda established by the Uruguay Round, a new, comprehensive round of negotiations for trade in services was mandated to begin in 2000. This occurred in February 2000 with the opening of the Services 2000 round of talks.

Topics of particular interest to the United States in this round of negotiations include:

- Further liberalization of all services;
- Fair and open regulation of services, enhanced transparency provisions, including advanced notice and comments on new or proposed regulations;
- Comprehensive liberalization of trade in critical service sectors, such as energy services, education and

SERVICES 2000 CONFERENCE: KEEPING INDUSTRY INFORMED

This past November, the U.S. Department of Commerce and the Coalition of Service Industries (CSI) cosponsored a major conference — "Services 2000: A Business Dialogue on U.S. Trade Expansion Objectives" — that looked at developments in services trade and reported on progress in the GATS negotiations. Highlights of the conference included an address by the former chair of the WTO's Council for Trade in Services, Ambassador Sergio Marchi, and roundtable discussions focusing on the concerns of 12 specific service industries. Additional roundtables focused on electronic commerce, the movement of personnel and services statistics.

Opening the conference, Deputy Undersecretary for International Trade Timothy Hauser noted that "this conference represents an outstanding opportunity for both business and government. . . . We in government can only benefit from your input. Our trade policy will be stronger, and it will more accurately represent the needs of U.S. businesses competing in the global economy."

The more than 300 companies and associations present at the conference had the opportunity to express their perspectives on trade. This dialogue with the private sector will continue through the course of the GATS, the FTAA, and APEC and other negotiations. Upcoming conferences include the May 10-11 conference "Higher Education and Training in the Global Marketplace: Exporting Issues and the Trade Agreements" and a Services 2001 conference being planned for November/December, both at the Department of Commerce.

For more information, including notice of future services trade conferences and roundtables, contact the Commerce Department's Office of Service Industries at (202) 482-3575, or visit the office's website at www.ita.doc.gov/sif.

training, environmental services and express delivery services.

Being a product of consensus among 140 current Members, this process of multilateral negotiation under GATS will take time. Nor will it immediately lead to the elimination of all trade barriers. "The GATS is about trade liberalization, not deregulation," said Sergio Marchi, chair of the WTO Council for Trade in Services (until March 2001), in a speech this past November at the U.S. Department of Commerce in Washington, D.C. "It clearly defines what trade restrictions are, and establishes a process to reduce them through successive rounds of negotiations. The agreement explicitly recognizes the right of members to regulate. And, above all, members are committed to liberalize . . . only in the sectors they agree to."

U.S. INDUSTRY PARTICIPATION IN THE GATS PROCESS

Policymaking in such a vital, technical area as trade in services doesn't occur in a vacuum. The U.S. government must understand how U.S. companies do business in global markets, their objectives and concerns in specific markets, the trade barriers they encounter and the ideas that businesses have about how to best achieve an open and fair global trading environment.

How is this done? Services exporters and business representatives express their views directly to the U.S. government officials, industry groups and trade associations form coalitions and advocate on behalf of their business interests. And, it depends upon the outreach efforts of a number of federal offices that have a mandate to follow developments in services trade and to make sure that all services sectors are equally informed and have the opportunity to participate. These include several offices within the U.S. Department of Commerce.

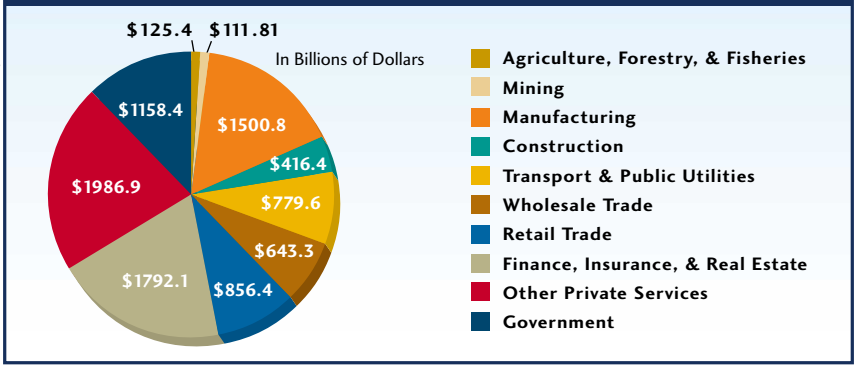
The Office of Service Industries: Within the Commerce Department's International Trade Administration, the Office of Service Industries has developed a comprehensive, proactive program dedicated to working with the private sector at every step of the policy development process. The office's international trade specialists and economists work on specific industries — such as transportation, distribution services, healthcare, professional services, education and training, information and computer services and entertainment — and in broader, crosscutting areas such as services statistics, movement of business personnel and transparency. The office also works with specialists from Commerce's Office of Finance, Tourism Industries Office and Office of Telecommunications Technologies who together form the Commerce Services Sector Policy Team. These individuals are the private sector's direct line into the Commerce Department, and they work with U.S. businesses every day to open markets, promote exports, advocate with foreign governments and find solutions that benefit the international commerce of the United States.

They do this through an extensive outreach program of industry conferences, roundtables and meetings focused specifically on the development of U.S. policy for the GATS negotiations. The office has held numerous roundtables and meetings that highlighted specific industry sectors — among them energy services, healthcare, education and training services, express shipping, distribution services and subscription television services — thereby giving these industries the opportunity to speak directly to government policymakers about the private sector's goals and ideas for the new GATS round. The Office of Service Industries and the U.S. Commercial Service (see below) are continuing that process through outreach meetings with the private sector at select U.S. Export Assistance Centers.

The Office of Service Industries has worked extensively with Commerce's overseas Commercial Services posts to develop, for the first time ever, a body of comprehensive reports on worldwide services markets of opportunities (MOO Reports) that are available to U.S. businesses through U.S. Export Assistance Centers across the United States. Each country MOO Report identifies and describes the top ten services sectors representing the best commercial opportunities for U.S. companies. Industry-specific MOO Reports identify the top market for specific industries on a world-wide basis.

The office also participates in the negotiations that open global markets to U.S. services providers — such as the GATS; the Free Trade Area of the Americas; the Asia Pacific Economic Cooperation forum, and bilateral and multilateral discussions in areas such as air and maritime transport and bilateral Free Trade Agreements (FTA's) with Singapore and Chile. It works closely with other federal agencies — the U.S. Trade Representative and the Departments of State,

GROSS DOMESTIC PRODUCT BY INDUSTRY GROUP, 1999



Source: International Trade Administration, Office of Service Industries, based on Bureau of Economic Analysis estimates.

Transportation and Energy — to formulate a U.S. trade policy that will have a direct, positive impact on U.S. services firms.

Industry Sector Advisory Committees: The Office of Service Industries also manages two Industry Sector Advisory Committees, or ISACs, one dedicated to wholesaling and retailing (ISAC 17), the other to services industries (ISAC 13). ISACs play a critical role in the policy process, meeting regularly to receive briefings from U.S. government agencies about trade negotiations; reviewing U.S. policy proposals and the proposals of other governments; recommending specific actions and providing general directions from a private sector perspective. Members of the ISACs are representatives of companies and industry trade associations.

U.S. and Foreign Commercial Service: The Commercial Service, which is present in virtually every state through the network of U.S. Export Assistance Centers, and in more than 80 countries around the globe, has formed a Services Team that is actively assisting U.S. services firms, particularly small and medium-sized firms, in their export efforts. Through specialized training programs, the Services Team trade specialists in the Export Assistance Centers are able to assist service sector companies right in their own backyards and address their special marketing and export assistance needs.

Trade Promotion Coordinating Committee: More broadly, the federal government, through the Trade Promotion Coordinating Committee — an interagency committee with representatives from 19 federal agencies — develops a commercial strategy for services that builds upon the activities and programs of the Commerce Department's Office of Service Industries and the U.S. and Foreign Commercial Service and other Commerce programs to ensure that services companies are able to benefit from the full range of federal export assistance.

Making government — and the international agreements that it is a party to —work to fulfill the commercial goals of the private sector takes considerable effort. Through partnership efforts, a U.S. trade policy in services can be developed that looks not only at what is needed for the economy of today but also prepares for the economy of the future.

GOING GLOBAL WITH SERVICE EXPORTS

A GUIDE TO AVAILABLE SUPPORT

by Tony Michalski,
Orange County Export Assistance Center, U.S. Commercial Service

Given the importance of the service sector to our domestic economy and to our balance of trade, the U.S. Department of Commerce has been leading the efforts of the federal government to ensure that companies in these sectors have everything available in order to export successfully.

MARKETING SERVICE EXPORTS

Three main differences distinguish the marketing of services from the marketing of products:

- Services are intangible,
- Services cannot be kept as inventory, and
- Services are usually case-specific and have a high degree of human involvement.

For example, the intangibility of services poses a difficult marketing barrier that companies must overcome in order to win the confidence of the buyer. With a product, a buyer can make an objective decision as to whether or not to purchase a product based upon touch, sight, taste, sound, smell, etc. A service cannot be evaluated on these factors and therefore lends a bit of risk for the buyer, as they have to have faith in the services that a company can provide. Therefore, the purchasing decision is usually based on what the company has told them and, if possible, what they have heard about the firm through referrals.

One way to overcome this barrier is for a firm to make the service as tangible as possible. Some ways a company can do this is by producing a high-quality website and promotional literature, increasing its presence in a market by speaking at conferences and having an in-market office or representative.

The fact that services cannot be stored as inventory and are usually provided on an as-needed basis poses marketing and logistical issues for companies in terms of being able to offer their service when needed by the buyer. Increasing a company's output of services is not as easy as that for products and therefore a service provider must take this into account when negotiating and scheduling contracts with buyers. To overcome this barrier, successful service companies tend to schedule things as far in advance as possible to make sure that there is little down time and ensure sufficient resources are available to fulfill the request.

The high-degree of human involvement and general case-specificity of services causes additional marketing issues for companies. These two factors cause services to be unique from one another and limit the amount of standardization and quality control that can be achieved. Successful service companies have very strict standards as a means of overcoming the quality control issues. In addition to differences in the marketing of services, there are differences in the modes of delivery of which service companies must be aware.

DELIVERY OF SERVICES

Services are generally exported through four distinct modes, including:

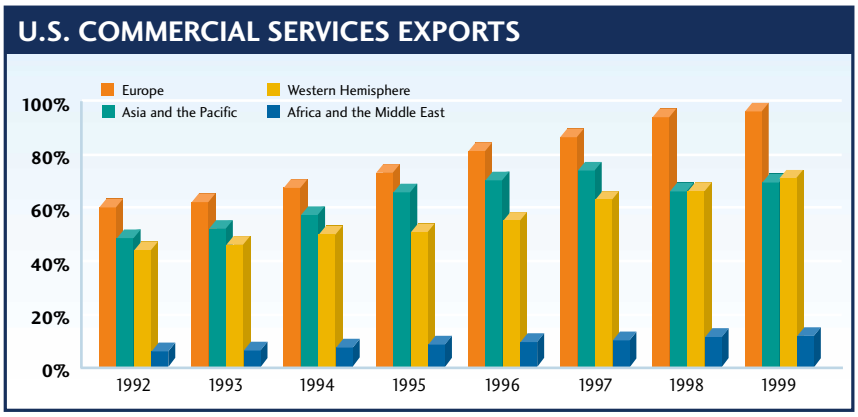
Cross-border, which occurs when neither the producer nor consumer physically move, but rather, the services are provided through a common channel such as the Internet. Typical cross-border supply services include education and training (i.e. distance learning) and professional services such as accounting.

Consumption abroad takes place when the consumer/buyer is in the supplier's country. A common form of this mode of delivery is tourism.

Commercial presence occurs when the supplier establishes a local office in the country where the service is to be provided. Common forms include financial and consulting services.

Movement of personnel consists of staff of the service company moving to the country where the service export is provided. Temporary ventures, such as engineering or construction projects are examples of this type of service delivery. Employees of the U.S. firm travel to and provide contracted services for the duration of the project.

U.S. companies that wish to export their services must identify the mode that can be used to deliver their services. This will help determine the appropriate marketing approach that should be taken in order to obtain work in an international market.



Source: International Trade Administration, Office of Service Industries, based on Bureau of Economic Analysis estimates.

THE PROCESS OF GOING GLOBAL

Service providers who export require different support mechanisms than merchandise exporters. The U.S. Department of Commerce, in coordination with the 19 agencies comprising the Trade Promotion Coordination Committee (TPCC), provides exporters with the support for nearly all stages of the export process.

THE SERVICES TEAM

In recognizing the importance of supporting U.S. service companies, ITA has created a team of trade specialists whose primary function is to educate, support and promote these firms abroad. Team members represent different geographic regions and industry expertise and they share best practices with other members. The Services Team has also developed close ties with local and regional outreach groups, such as the Miami Chamber of Commerce and state development agencies, to collaborate in achieving their goals.

The team is subdivided into four subteams:

- Training, consulting and education
- Architecture, construction, engineering and design
- Franchising
- Travel and tourism

The goals of each team are to provide the same level of support to service exporters that are provided to merchandise exporters, recognizing that the needs of each of these sectors are very different. Some of the basics of promoting exports, such as evaluating export potential, creating valuable market research, formulating and implementing an entry strategy and using or modifying current promotion products to maximize results require creative and flexible solutions from ITA.

In establishing the goals and solutions for service exporters, each of the services sub sector teams conducted focus groups with clients to gain insight into the demands and requirements of the respective industries. Ongoing

feedback is collected from clients regarding the focus and effectiveness of the current market research. This feedback has been helpful in communicating to overseas posts how modifications can be made to create more effective market research.

DOMESTIC OFFICES OF THE COMMERCIAL SERVICE

The proliferation of the Services Team and the growing number of services exporters means that it is likely that there is a member in your area. Even so, the network of domestic Export Assistance Centers is closely coordinated with the Services Team. Each office is staffed with trained trade specialists who can provide counseling to local U.S. businesses and coordinate export promotion campaigns. To contact your local office, consult the back cover of Export America, visit www.usatrade.gov or call (800) USA-TRAD(E).

INTERNATIONAL OFFICES

The Commercial Service also has a network of commercial officers around the globe who work to help U.S. companies find and complete export transactions. These officers produce market research reports identifying opportunities as well as coordinate trade promotion events and provide individualized services. Some of these services, such as the Platinum Key Service and Flexible Market Research, can be extremely beneficial to service firms breaking into or expanding their presence in international markets. International office information is available through www.usatrade.gov

THE TRADE INFORMATION CENTER

The Trade Information Center (TIC) is a comprehensive resource for information on all U.S. Federal Government export assistance programs. TIC staff provide basic "how-to-export" counseling; state, federal and international program referrals; regulatory requirements, market research, export financing advice, tariff information and country counseling.

U.S. service exports are rapidly gaining exposure and assistance that they rightly deserve. As mentioned earlier, U.S. exports of services are forecast to reach nearly $400 billion in 2004 and local, state and federal resources are available to provide the necessary assistance and training for service firms of all sizes to participate in this growth.

INTERNATIONAL EDUCATION AND TRAINING SERVICES

A GLOBAL MARKET OF OPPORTUNITY FOR U.S. PROVIDERS

by Jennifer R. Moll,
Office of Service Industries, Trade Development

and Susan Gates,
Seattle Export Assistance Center, U.S. Commercial Service

and Lesley Quigley,
St. Louis Export Assistance Center, U.S. Commercial Service

New information technologies, the globalization of the economy and an unprecedented demand for education and training has transformed the global market for education and training. Generally speaking, the concept of and drive for lifelong learning have changed the perception of the level of education needed to reach personal and professional goals. The realization that education is linked to standard of living and is key to economic competitiveness has occurred at all levels, including national, state, regional, corporate and individual.

Together, these forces have combined to create a booming global market for higher education and training. The sector is experiencing unprecedented expansion and diversification both in terms of the number and variety of higher education and training providers as well as the array of services they offer. In fact, higher education is coming to be seen increasingly not only as a national public service, but also as an international commodity. In the United States, the education and training sector earned close to $10 billion in 1999 and ranked 5th in terms of services export revenue.

THE SECTOR

For the purposes of this article, the education and training sector includes services defined at the level of postsecondary education as experienced in the United States. Postsecondary education

in this case includes education services ranging from diploma and certificate through doctoral and post-doctoral degrees.

In thinking of exported education and training, the first thing that usually comes to mind is study abroad. What many people do not realize, however, is that postsecondary education and training take on numerous forms when exported. From an international trade perspective, education and training is a service industry and is delivered via four modes of supply: cross border delivery — a U.S. institution delivers on-line courses to foreign students based in their home countries; consumption abroad — foreign students come to the U.S. to study; commercial presence — a U.S. institution/corporation opens a branch campus/training facility in a foreign country through which it offers its courses and programs; and movement of persons — a U.S. institution/corporation sends faculty/trainers to teach a course to a group of learners in another country.

EXPORT STRATEGIES/ OPPORTUNITIES

Along with the diversity of American higher education and training exports come a wide variety of available resources to assist providers in increasing their awareness and ability to take advantage of export opportunities.

STUDY USA

U.S. educational institutions looking for cost effective market promotion turn to Study USA. Study USA, a Department of Commerce Commercial Service trade fair for U.S. schools and colleges, allows exhibitors to increase their visibility in a market and at the same time make the all important face-to-face connection with their customers, students and parents. Just as parents in the United States want to visit their child's university or college and learn about their roommate, parents of international students seek this connection as well.

At this year's Study USA, held March 3-26, 2001 in Korea, Indonesia, Thailand, Malaysia, Japan and Taiwan, over 110 U.S. educational institutions had an opportunity to connect with thousands of students and parents. The exhibitors offered students a wide array of choices, including traditional four-year university programs, community college degrees, prep school diplomas, English as a Second Language (ESL) training and technical training in such areas as fashion design, graphic design and art. In addition to the opportunity to interact with students, the Commercial Service also set up meetings for exhibitors with in-country representatives and local universities to encourage future linkages. These connections are important for attracting new students once the exhibitor returns home. Alumni are also important, and schools typically use these fairs to reconnect with past students, their best champions in the market. For more information on this year's fair, including a list of exhibitors, and registration information for future shows, visit www.susa.gov.

AN INNOVATIVE TREND IN MARKETING INTERNATIONAL EDUCATION

In addition to Study USA, U.S. institutions are also embarking on innovative endeavors to promote their programs overseas. Educational institutions in Washington and Oregon are leading a new wave of marketing international education. In the past, many of these schools viewed each other as competitors. A few years ago, this all changed when these schools began to see potential in joining forces in their international marketing efforts.

The result was the creation of two international marketing consortia, *Study Oregon* and *Study Washington*. Each consortium was organized with the assistance of the local U.S. Export Assistance Center (USEAC), which was viewed as a neutral party in bringing together traditional rivals. Although *Study Oregon* and *Study Washington* are organized and run based on the needs of individual members, there are some common threads that make these consortia dynamic organizations. For example, both consortia focus on marketing their state as a destination for international students. Recognizing that many international students are not as familiar with Washington and Oregon as states such as California, New York or Florida, Study Oregon and Study Washington focus on raising the profile of their excellent educational and leisure opportunities. Both consortia have developed marketing materials such as websites (www.studyoregon.org) and brochures that highlight their schools and showcase the natural beauty of their state.

Other joint marketing activities include: partnering with state and local tourism offices; sending marketing materials on trade missions and to educational fairs; briefing overseas trade representatives; receiving incoming trade missions related to educational services; and developing other creative strategies. Last fall, for example, Study Oregon hosted a seminar and reception in Tokyo that coincided with the Governor of Oregon's trade mission to Japan. The event attracted over 90 attendees, who heard presentations by the Oregon Travel and Tourism Commission, Study Oregon Representatives, alumni from Oregon institutions and the Governor.

The *Study Oregon* event in Japan illustrates the primary benefit of such a consortium and its collaboration with the U.S. Commercial Service. Such an event would not have been possible without the combined marketing power that the consortium represents. Many schools' budgets are not large enough to accommodate significant international marketing. In addition, knowing how, and to whom, to reach out in the local overseas market is difficult, to say the least. By partnering with the U.S. Commercial Service, the *Study*

Oregon and *Study Washington* member schools receive a steady stream of information and potential marketing leads from overseas

As the news of *Study Washington* and *Study Oregon* spreads, schools in other states are considering organizing their own marketing consortia. Their local U.S. Commercial Service offices are ready and willing to assist them. To locate your local U.S. Export Assistance Center, visit www.usatrade.gov or a list is located on the back of this publication.

INTERNATIONAL TRADE LIBERALIZATION

In addition to global marketing efforts, international trade liberalization also enhances the array of export opportunities available to U.S. education and training providers by increasing their access to overseas markets. On this front, the U.S. sector is led by the National Committee for International Trade in Education (NCITE), which acts as its advocate on matters of international trade policy. In a report it published on barriers to trade in education services, NCITE highlights that U.S. providers still face a multitude of barriers when delivering their services overseas, including: national legislation and policy that inhibit foreign education providers from obtaining the national licenses; qualifications authorities that have difficulty recognizing foreign educational credentials; telecommunications laws that restrict the use of national satellites and receiving dishes; foreign currency controls that limit direct investment by foreign education providers, place minimum capital investment requirements on foreign owned firms and assess prohibitively high taxes on all revenue made by foreign entities; limitations on foreign ownership; and disregard international agreements concerning intellectual property rights.

In December of 2000, and as part of the current round of multilateral services negotiations under the General Agreement on Trade in Services (GATS), the United States submitted a proposal to the World Trade Organization's Council for Trade in Services on liberalization of the global market for education and training. The scope of the proposal includes higher education, adult education and training services, and its purpose is to help create conditions favorable to suppliers of these services by removing and reducing obstacles to their transmission across national boundaries. Of particular importance is the fact that the U.S. proposal recognizes that education is to a large extent a government function, thus it envisions that private education and training will continue to supplement, not displace, public education systems. When looking at the U.S. proposal, it is vital to remember that in order to be credible, the United States must also be prepared to liberalize some of its own practices in the sector.

The rapidly changing global market for education and training services present both exciting opportunities and daunting challenges for U.S. providers. Fortunately, the sector not only has a long tradition of excellence in terms of quality, but it also has resources like the U.S. Export Assistance Centers and NCITE at its disposal. Through an awareness of international trade agreements, innovative cooperative efforts with fellow providers and other non-traditional partners and the provision of world class services, U.S. providers of higher education and training will be able to maintain their reputation as leaders in the global marketplace.

Thanks to Jennifer Alston, Trade Specialist, Portland Export Assistance Center for her valuable contributions to this article.

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WORLD TRADE WEEK 2001

World Trade Week is a nationally recognized program promoting international trade and exporting. World trade significantly contributes to the nation's economy and has developed a vast new horizon for America's businesses. In 1926, Stanley T. Olafson, then manager of the World Trade Department of the Los Angeles Chamber of Commerce, conceived the idea of a World Trade Week observance in Southern California. This was during a period of isolationism and under the conditions prevailing during the heyday of the restrictive Smoot-Hawley Tariff Act. In 1935, President Franklin Delano Roosevelt officially proclaimed World Trade Week as a national observance by the U.S. Government and selected the third week in May each year which includes May 22, National Maritime Day.

Initially, the purpose of World Trade Week was limited to the promotion of the Ports of Los Angeles and Long Beach. Following World War II, the expanding economy and potential for international commerce growth created an opportunity for World Trade Week to expand its scope to include all facilities and organizations involved in world trade throughout the entire United States. World Trade Week has grown to become a full month of events that promote the importance of international business in the U.S. economy. This year marks the 75th anniversary of World Trade Week and promises to be the most successful set of events yet.

World Trade Week events are held all over the nation. Here is a short-listing of events being held in various regions. For more information on events in your area, contact your local Export Assistance Center – a complete list is on the back cover of this publication or local Chamber of Commerce.

EVENTS

CALIFORNIA

Los Angles, California
World Trade Week 2001 Kickoff Breakfast
May 2, 2001 7:30am-10:00 am
Location: Regal Biltmore Hotel
Presented by: the World Trade Week Southern California Committee
Contact: Moises Cisneros, Tel: (213) 580-7569

Los Angles, California
World Trade Week Luncheon
May 23, 2001 11:00am
Location: LAX Hilton
Presented by: Foreign Trade Association of Southern California
Contact: Sergio Ruiz, Tel: (213) 627-0634 x204

Orange County, California
World Trade Through Orange County
May 17, 2001 9:00am- 2:00 pm
Location: Irvine Marriott
Presented by: Orange County International Trade Center
Contact: Laura Gimenez, Tel: (714) 647-5492

COLORADO

Denver, Colorado
21st Annual World Trade Day Conference and Expo
World Trade Day Opening Gala Dinner "2001: A Trade Odyssey"
May 16, 2001 6:00 pm-9:15 pm
World Trade Day 2001
May 17, 2001 7:30 am- 4:30 pm
The conference will begin with a plenary session on "The Changing Global Economy." In addition to various exhibitions, there will be three different presentation tracts, allowing you to focus on the issues that interest you the most.
Contact: World Trade Day Hotline, Tel: (303) 592-5361

TEXAS

Houston, Texas
World Trade Gala 2001
May 12, 2001
Location: Westin Oaks
Contact: Pat Foley, Manager, International Business, Tel: (713) 844-3637 http://www.houston.org

NEBRASKA

Omaha, Nebraska
World Trade Week Program
May 22, 2001
Join the Midwest International Trade Association and other trade promotion organizations as we celebrate World Trade Week. The half-day program will focus on Strategic Responses to the Global Economy which will include both "big picture" analysis of what is happening in the world as well as practical strategies you can use in your daily business.
Location: UNO Thompson Alumni Center
Contact: www.homestead.com/mitanebraska/

MISSOURI

Kansan City, Missouri
World Trade Week Seminar & Exhibition
May 16, 2001
This year's topic of interest will be "Trade Opportunities in Big Emerging Markets."
Contact: International Trade Club of Greater Kansas City, Inc., Tel: (816) 471-2288
www.itckc.org

MICHIGAN

Detroit, Michigan
World Trade Week
May 21-24, 2001
Each year the U.S. Congress sanctions one week in May for cities around the country to focus on seizing global business opportunities. The Partnership and Chamber help coordinate World Trade Week events here in the Region. These events are designed to provide tools and

contacts to identify trade and investment prospects in some of the world's fastest-growing markets. A final reception will be held on Thursday, May 24 and this is an excellent opportunity to network with key business contacts.
Contact: Beverly Sturdivant, Tel: (313) 596-0343
http://detroitchamber.com/docs/drep/pages/wtw01.html

OHIO
Cincinnati, Ohio
Networking Breakfast and Business Appointments
May 22, 2001 8:30 a.m. – 12:00 p.m.
Networking breakfast and business one-on-one business meetings with the state of Ohio's Trade Director's in Israel, South Africa, Belgium, Hong Kong, Japan, Brazil, and Mexico.

Also, government trade finance assistance will be discussed. U.S. Department of Commerce staff from the Cincinnati Export Assistance Center will be on hand for ad hoc counseling.
Location: Greater Cincinnati Chamber of Commerce
Contact: Dao Le, Director Tel: (513) 684-2944

NEW YORK
Buffalo, New York
World Trade Week Dinner
May 15, 2001 5:30 p.m.-8:30 p.m.
Keynote Speaker: Mr. Youseff A. Nasr, President and CEO HSBC Bank USA.
Location: Hyatt Regency
Contact: Linda Tiburzi, Associate WTCBN,
Tel: (716) 852-7160 http://wtcbn.org

New York, New York
World Trade Week
May 21-25, 2001
There are numerous events planed throughout the week including a program by the American Association of Exporters and Importers, the Manhattan Chamber of Commerce's Awards Breakfast, the U.S. Export Regulation Seminar, Women in International Trade Congressional Event and the World Trade Institute's Trade Dimensions 2001 event. Further information on these events can be found on
Contact: Bryan Harmon, Tel: (212) 466-5222
www.nyuseac.org

WASHINGTON, DC
May 20-22, 2001
Chamber Federation Global Summit
Building on the theme, "One Voice for Trade," the Global Summit will focus on the new U.S. administration's international trade agenda. The event also will offer an unparalleled opportunity to meet top decision makers from the Bush Administration, learn how globalization is changing the international business environment, and network with colleagues from the Americas, Asia, Europe, Africa, and the Middle East.

Plan now to join the leadership of hundreds of chambers from throughout the United States and around the world for this important event.

Contact: Michelle Sprang Tel: (202) 463-5980
Email: msprang@uschamber.com
www.uschamber.org/events

MARYLAND
Baltimore, Maryland
May 10, 2001 9:00 a.m. – 1:30 p.m.
"Doing Business in Latin America and the Caribbean."
Location: Hyatt Regency Inner Harbor
Latin American government and business leaders with expertise in international trade and commerce will convene in Baltimore as presenters of a half-day seminar. The first-of-its-kind program, sponsored by the World Trade Center Institute of Baltimore and the law firm of Shapiro Sher &Guinot, will assemble a distinguished group of foreign officials, diplomats, international bankers, and top executives of companies engaged in agribusiness, fuel oil and power plants in the region.
Contact: huxley@wtci.org Tel: (410) 576-0022

PENNSYLVANIA
Hershey, Pennsylvania
World Trade Week 2001: The Middle East-Winds of Change
May 10, 2001 11:00 a.m.-2:30 p.m.
This event will include a reception and business exposition and include speakers from the U.S. Saudi-Arabian Business Council.
Location: Hershey Hotel
Presented by: Southcentral Pennsylvania International Network (SPIN), U.S. Department of Commerce and U.S. Saudi-Arabian Business Council
Contact: SPIN, Tel: (717) 843-1090
www.spinworld.org/wtw_2001.htm

FLORIDA
Miami, Florida
International Day in Broward County/South Florida
7th Annual World Trade Week
May 17, 2001 11:30 a.m. – 2:00 p.m.
Luncheon Keynote Speaker: Michael J. Kami, world-renowned global business strategist
Business Networking Event
5:00 p.m. – 8:00 p.m.
Online registration: www.worldtradefl.com
(events calendar)
Contact: Carole Patella, Vice President;
Tel: (954) 761-9797

UPCOMING TRADE EVENTS

MAY - NOVEMBER 2001

DATES	EVENT	LOCATION
May 21-25	American Pavilion at the City Transport 2001 Exhibition Sixteen U.S. Mass Transit related companies will be represented with full booths in the U.S. Pavilion at the City Transport 2001 Exhibition. Representing a broad array of technologies and services, the U.S. Pavilion is one in a series of export promotion efforts being developed by the International Mass Transportation Program, an inter-agency initiative.	London, United Kingdom
May 22-24	ComNet Prague 2001 This is the 9th International Exhibition and Conference for Telecommunications, Networking, Internet and Wireless Technologies.	Prague Czech, Republic
June 4-8	Used-Remanufactured Equipment Trade Mission This mission is being organized for executives of American used and refurbished equipment companies interested in establishing a market presence in Guatemala and Honduras. The mission will also assist in identifying representatives for their product lines. Companies that deal in used agricultural, construction/mining, and food processing/packaging equipment are invited to participate.	Guatemala & Honduras
June 6-7	American Electronics Show The American Electronics Show in Fukuoka is an excellent opportunity to showcase American electronics, high-tech and telecom equipment, software and services to the Kyushu-Yamaguchi region. The American Electronics Association (AEA), the Fukuoka American Business Club and the American Consulate in Fukuoka jointly sponsor this show, as well as Fukuoka's leading companies, Kyushu MITI and local governments.	Fukuoka, Japan
June 6-10	ITM 2001 ITM 2001 is the 15th Malaysian International Tradefair of industrial development, automation, technology, machinery and equipment. CS Kuala Lumpur will set up an American Products Literature Center at the event.	Kuala Lumpur, Malaysia
June 19-22	DEC Conference The theme for the 2001 DEC Conference will be Preparing the Next Generation of International Managers. All DEC members are encourgaged to participate in the conference.	Reno, Nevada
June 19-22	MIOGE 2001 The Sixth Moscow International Oil and Gas Exhibition (MIOGE 2001) is the premier oil and gas industry trade show in Russia and CIS in 2001. Nearly 500 international as well as Russian oil and gas exploration/production companies and equipment/service providers active in the Russian market are expected to participate in the event along with newcomers to the market.	Moscow, Russia
June 20-22	Ambiente Japan Ambiente Japan is Japan's premier homeware event. Last year over 225 exhibiting companies from 24 countries exhibited at last year's show, attracting over 15,000 buyers during its three days. Products to exhibit at Ambiente Japan include cooking and bakeware, electrical appliances, cleaning articles and tools, bathroom and personal care, decorative accessories, furniture, lighting, arts and crafts, stationary and gifts.	Tokyo, Japan
July 5-8	American Travel Marketplace This event which runs in conjunction with the world famous Calgary Exhibition and Stampede and the Spruce Meadows North America Horse Jumping Tournament, provides an ideal and unique opportunity to reach probable visitors to the United States. A reception hosted by our Counsel General will feature product literature and standard travel promotions from the participants.	Calgary, Canada
July 11-14	ENVEX 2001 The 23rd International Exhibition on Environmental Technologies (ENVEX) is the primary venue for both foreign and Korean environmental companies for displaying their products. Environmental specialists will provide one-on-one market briefing and consultation and arrange meetings with local companies.	Seoul, South Korea

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Used Agricultural, Construction, Food Processing/ Packaging Equipment	John J. Bodson Tel: (202) 482-0681 Email: John_Bodson@ita.doc.gov
Electronics	Yoshihiro Nomoto Tel: (813) 3224-5088 Email: Yoshihiro.Yamamoto@mail.doc.gov
Industrial Machinery	Boni Chuah Tel: (60 3) 2168-5112 Email: Boni.Chuah@mail.doc.gov
District Export Council Event	Jere Dabbs Tel: (775) 784-5203 Email: Jere.Dabbs@mail.doc.gov
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Housewares	Keiko Nomoto Tel:(81 3) 3224-5078 Email: Keiko.Nomoto@mail.doc.gov
Travel/Tourism Services	Michael Speck Tel: (403) 265-2116 Email: Michael.Speck@mail.doc.gov
Environmental Technologies	Robert Dunn Tel: (82 2) 397-1628 Email: Robert.Dunn@mail.doc.gov

HIGHLIGHTED EVENTS

THE 3RD U.S. PAVILION AT THE 2001 SEOUL INTERNATIONAL BOOK FAIR (SIBF)

JUNE 1-6, 2001
SEOUL, SOUTH KOREA

Feature your books and catalogs in the U.S. Pavilion organized by the CS Korea at the 2001 Seoul International Book Fair (SIBF'01). Korea is the seventh largest book market in the world. As of January 1999, foreign firms can invest up to 100 percent in existing local publishers or start their own operations. This liberalization move is aimed at courting more foreign investment and significantly increases market opportunities in this high growth sector.

CS Korea will promote U.S. publishers under the U.S. Pavilion. Participating companies will receive exposure of your books; direct feedback of interest from fair visitors/participants in your books or catalogs; show directory with Korean translation; hotel accommodations at the American Embassy's discount rate; and professional organization and services support. The participation fees for book/catalogue display and booth participation are $300 and $1,500 respectively.

Contact: Mitchel Auerbach
Tel: (822)397-4583
Fax: (822) 737-5357
Email: Mitchel.Auerbach@mail.doc.gov

INTERNATIONAL MASS TRANSPORTATION PROGRAM TRADE MISSION

JUNE 24 - JULY 5, 2001
THAILAND, VIETNAM, TAIWAN AND CHINA

Thailand, Vietnam, Taiwan and China are the focus markets of the 2nd Annual Asia Mass Transportation Trade Mission. This regional event will attract participants from across Asia with whom mission members can meet to discuss infrastructure development opportunities.

Thailand continues to aggressively address its chronic traffic problems through several innovative infrastructure projects. Bangkok's subway system is more than 50 percent complete but this and other projects still need U.S. expertise in various phases of its transportation development.

A significant part of the Vietnam's budget will be spent on public transport projects in the next 10 years to meet the increasing demand for passengers. In January, construction began on Kaohsiung's long-delayed mass transit railway system, which is expected to cost nearly $6 billion.

The Planning Commission of Guangzhou City announced its plan to develop its third subway line costing approximately $1.92 billion. China represents a promising market and will spend $26 billion on urban mass transit systems over the next five years.

Contact: Mark C. O'Grady,
Tel: (202) 366-5907 Fax: (202) 366-3765
Email: Mark.Ogrady@fta.dot.gov

DATES	EVENT	LOCATION
July 14-18	Rio 2001 Rio 2001 will be an international conclave of dental manufacturers, buyers, sellers and dental professionals. As Brazil's premier dental show, Rio 2001 is an ideal venue for you to target the South American market. With over 35,000 visitors expected, the Department of Commerce booth will be an integral part of the show, drawing attention to the U.S. companies and promoting their reputation for high-quality dental products.	Rio de Janeiro, Brazil
July 19-21	Autotex Autotex is a U.S. catalog show recruited and managed by the U.S. Commercial Service in Auckland in conjunction with OAA and C.S. Melbourne.	Auckland, New Zealand
July 21-24	ISPO- Summer 2001 Exhibitors from over 40 countries present their range of products focusing on both summer and non-seasonal sports. Such products include sportswear, sports shoes, outdoor fashion, bathing and beachwear and fitness, tennis, squash, table tennis and badminton equipment.	Munich, Germany
August 7-10	Expo Comm Wireless 2001 This is the 5th annual telecommunications, wireless and broadband expo and conference.	Sao Paulo, Brazil
August 19-21	Australasian Gaming Expo Australasian Gaming Expo is an annual trade exhibition for suppliers to the gaming, hotel, hospitality, amusement and entertainment industries.	Sydney, Australia
September 4-7	WoodMac Asia 2001 WoodMac Asia 2001 will focus on promoting machinery to cut and shape wood, lumber production and hardware items employed to make and assemble furniture.	Singapore
September 9-11	Ozupack 2001 and Ozbeck in Print 2001 This is the second annual exhibition of printing and packaging products in Uzbekistan by state and private enterprises and by joint ventures with foreign partners.	Tashkent, Uzbekistan
September 9-12	Decosit Decosit is the major international trade show for upholstery textiles. Over 50 U.S. companies exhibit at this event, which attracts over 12,000 visitors from over 100 countries. At Decosit '99 the 10 American companies on the U.S. pavilion reported $27.8 million in one year projected sales.	Brussels, Belgium
September 10-14	Extemin 2001 This event focuses on the mining industry in Peru and is one of the largest, most influential shows of its kind.	Arequipa, Peru
October 8-13	The Bucharest Fair Machine tools, metal working machines, welding equipment, pumps, valves, and compressors; robots, metallurgical products; transportation systems and equipment and related technologies, water transport, air transport, rail transport, cranes, lifts, warehousing, materials handling equipment; electronically engineering, telecommunications technologies, power generation technologies, chemistry and petrochemicals; automation and related services will all be featured at the Bucharest Fair.	Bucharest, Romania
October 30 - November 2	EnviroMex Asia and WaterMex Asia Environmental will provide an excellent opportunity for U.S. business specializing in technologies, pollution control systems and equipment, solid waste, industrial waste water treatment systems, water filtration and purification equipment to showcase their products.	Singapore
November 6-9	Building Shanghai 2001 Building Shanghai 2001 is one of the largest annual trade events for the construction industry in China. The National Association of Home Builders (NAHB) will be hosting a conference that is co-located with the trade event providing unparalleled benefits to international participants.	Shanghai, China
November 11-14	WEFTEC Latin America This event is one of the most highly regarded technical conferences in the water quality and wastewater field and is an excellent venue to enter into the region's $12 billion market or expand your existing base.	San Juan, Puerto Rico

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Sporting Goods	Ludene Capone Tel:(202) 482-2087 Email: Ludene_Capone@ita.doc.gov
Telecommunications Services	William Corfitzen Tel: (202) 482-0584 Email: William.Corfitzen@mail.doc.gov
Hotel/Restaurant Equipment	Monique Ross Tel: (61 2) 9373-9210 Email: Monique.Ross@mail.doc.gov
Furniture Machinery	William Corfitzen Tel: (202) 482-0584 Email: William.Corfitzen@mail.doc.gov
Printing and Packaging	Umida Khaknazar Tel: (998) (71) 120-67-05 Email: Umida.Khaknazar@mail.doc.gov
Textile Fabrics	Lawrence Brill Tel: (202) 482-1856 Email: Lawrence_Brill@ita.doc.gov
Mining Industry	Elizabeth Ausberry Tel: (202) 482-4908 Email: Elizabeth.Ausberry@mail.doc.gov
Misc. Machinery	William Corfitzen Tel: (202) 482-0584 Email: William.Corfitzen@mail.doc.gov
Environmental Technologies	William Corfitzen Tel: (202) 482-0584 Email: William.Corfitzen@mail.doc.gov
Architectural, Construction, Engineering Services and Construction Equipment	Patrick Smeller Tel: (202) 482-0133 Email: Patrick_Smeller@ita.doc.gov
Environmental Technologies	George Litman Tel: (202) 482-0560 Email: George_Litman@ita.doc.gov

TRADE EVENTS SCHEDULE

EQUIPMENT CATALOG SHOW

JULY 18-19, 2001
TIRANA, ALBANIA

The U.S. Embassy in Tirana, Albania and the American Chamber of Commerce in Albania are pleased to announce the first American Catalog Show in Albania. The Catalog Show is a cost-effective method for U.S. companies to advertise their products to Albanian companies, by sending company materials that will be displayed at a booth manned by U.S. Embassy staff. This Catalog Show focuses on furniture, construction materials, technology and food packaging and processing equipment.

Albanians are very fond of U.S. products and the catalog show is designed to target the three key sectors that offer U.S. companies the best opportunities for success in the Albanian market.

Because the catalog show has already received funding from the State Department, there is no cost to participating companies other than expenses associated with mailing catalogs to the Embassy. Interested companies that fit the show's profile should send one or two product catalogs and a video, if possible, to:

Charles Levesque
Economic Officer
U.S. Department of State
Tel: (355) 42-47-285
Fax: (355) 42-32-222
Email: levesquecw2@state.gov

For information on Albania or Central and Eastern Europe, contact CEEBIC at (800) USA-TRAD(E) or visit the website www.mac.doc.gov/eebic/ceebic.html

FOOD SAFETY TECHNOLOGY 2001

SEPTEMBER 2001
BANGKOK,THAILAND

Thailand is stepping up production of high quality food products for export to developed country markets, and this means new sales opportunities for American suppliers to Thailand of analytical and testing instruments. Such equipment is needed by Thai food producers to meet requirements of importing countries regarding presence of bacterial agents and protein, fat and fiber content, in accordance with HACCP, ISO 9000, and ISO 14000 standards. As a result, Thai demand for analytical and testing instruments in 2001 is expected to grow by 10 percent compared to last year.

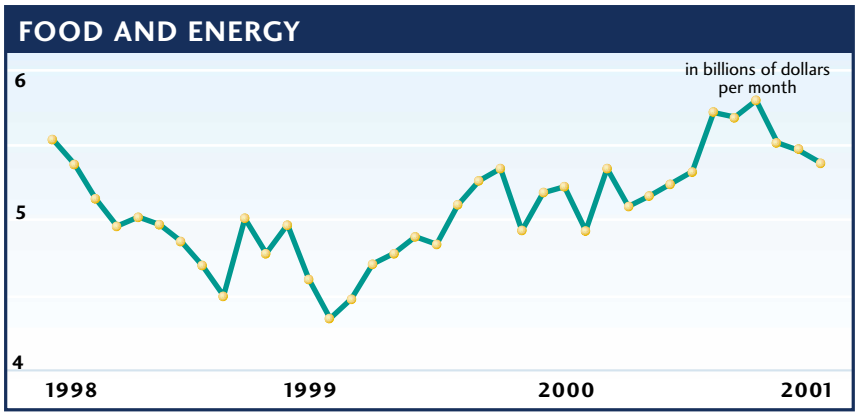
To capitalize on growing demand in the Thai market, CS Bangkok is organizing a special exhibition called Food Safety 2001 for American exporters. This event will serve the dual purposes of giving U.S. firms exposure to distributors and end-users through a mini exhibition, and will match U.S. suppliers with qualified, pre-screened Thai representatives in the market.

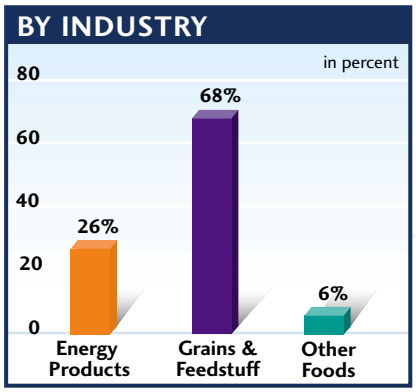
Contact: Mr. Nalin Phupoksakul
Tel: (662) 205-5275
Fax: (662) 255-2915
Email: nphupoks@mail.doc.gov

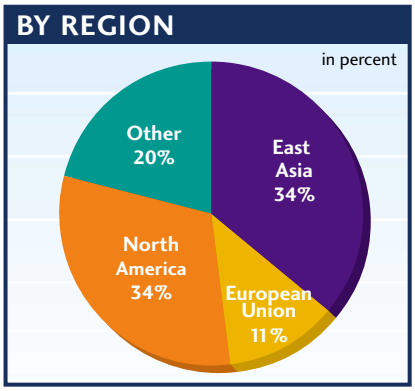
A LOOK AT U.S. EXPORTS

FOOD AND ENERGY

Exports have dropped in recent months and are only 3 percent above their year-ago level. Prices of refined petroleum products account for much of the variation.







MATERIALS

Foreign sales have dropped from their late-2000 peak, but are nevertheless up 19 percent over 18 months. All of the major categories contributed to this performance.

Monthly data are seasonally adjusted.

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

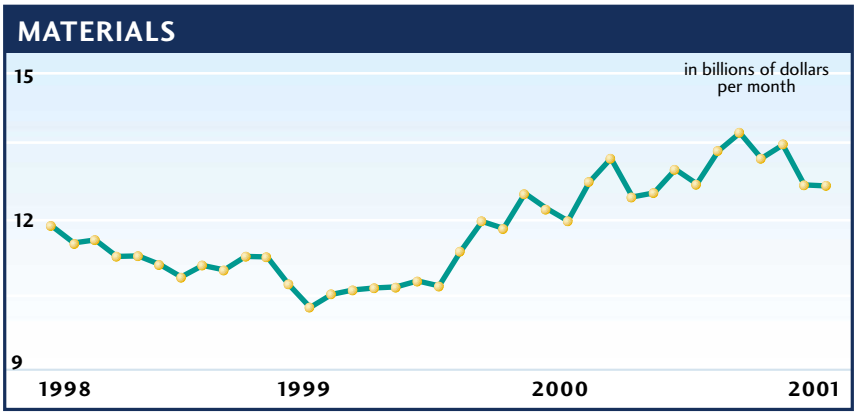
North America: Canada and Mexico.

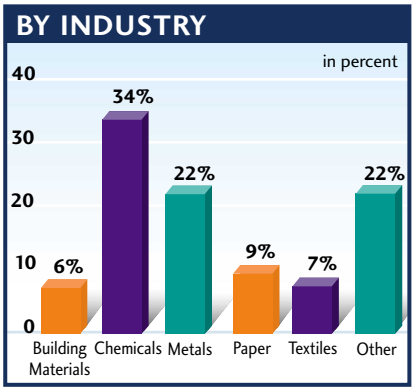
European Union: Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

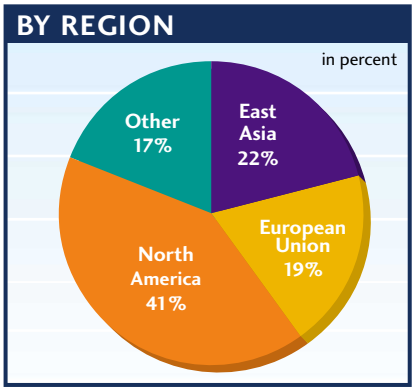
East Asia: China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

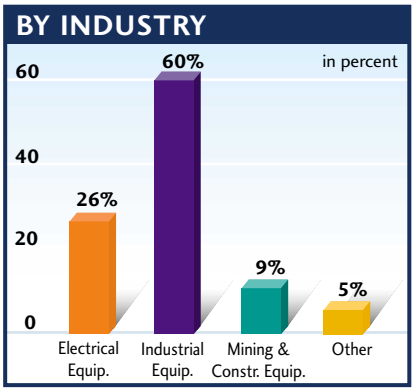
The chart showing exports of services by region is based on data for calendar year 1999. Other charts showing product mix and geographic destination are based on data for calendar year 2001.

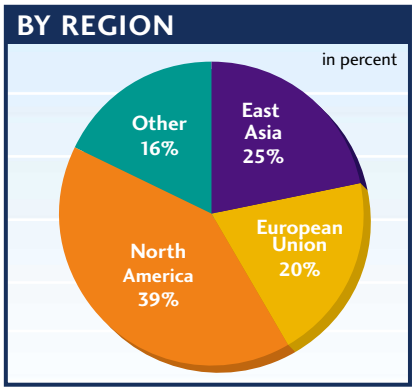
Source: Bureau of the Census (goods), Bureau of Economic Analysis (services).





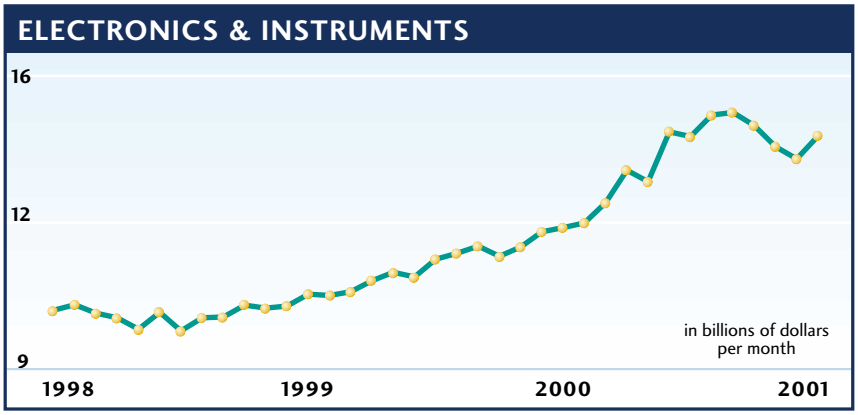


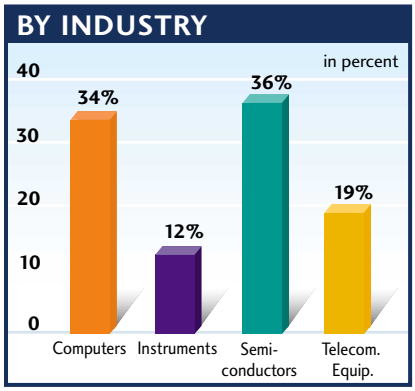


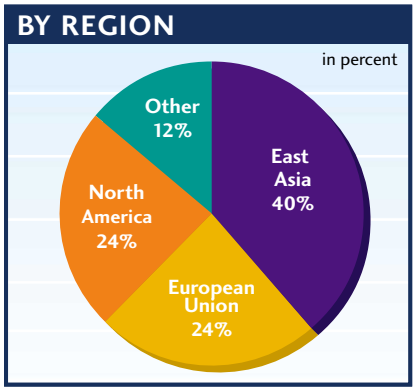


MACHINERY

Exports have leveled off in recent months, following the steady recovery which began two years ago. The gains over the 24-month period have been shared among all of the major types of machinery.





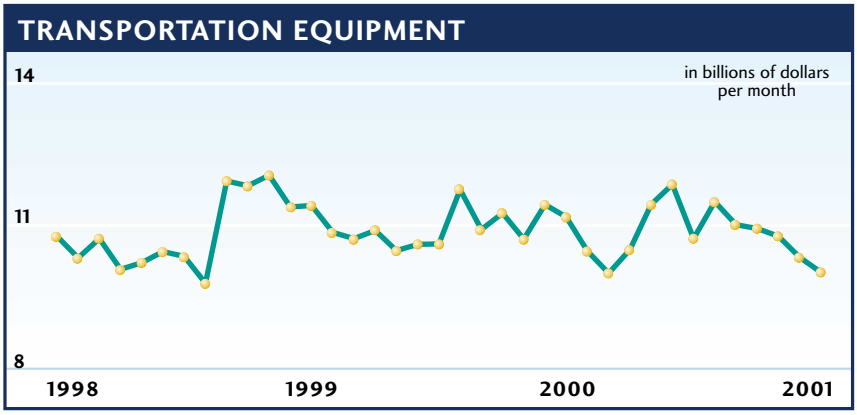


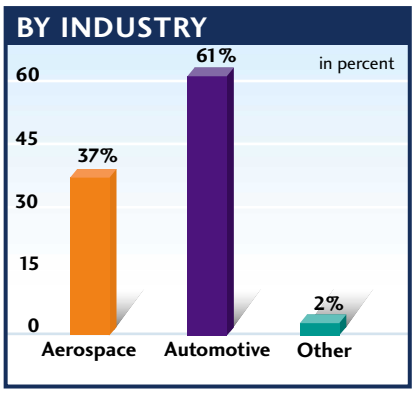
ELECTRONICS & INSTRUMENTS

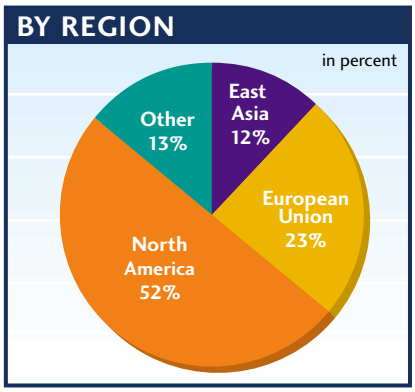
This sector began its recovery in foreign markets earlier, and even with a recent drop-off, exports have grown by 35 percent over the past two years. Shipments abroad of computers, semiconductors, telecommunications equipment and instruments have all risen significantly over this period.

TRANSPORTATION EQUIPMENT (CIVILIAN)

Exports have dropped off in recent months and are down by 10 percent over the past year. Most of the decline has been in foreign sales of civilian aircraft.

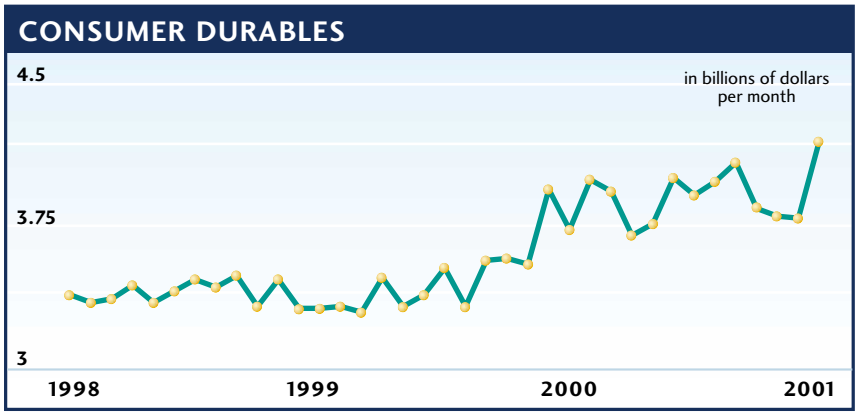


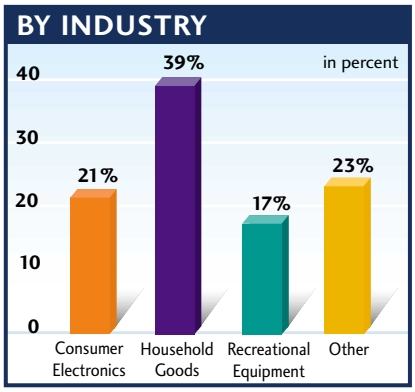


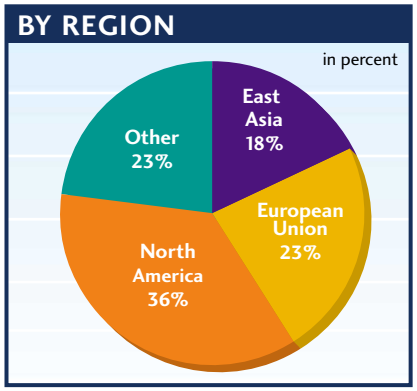


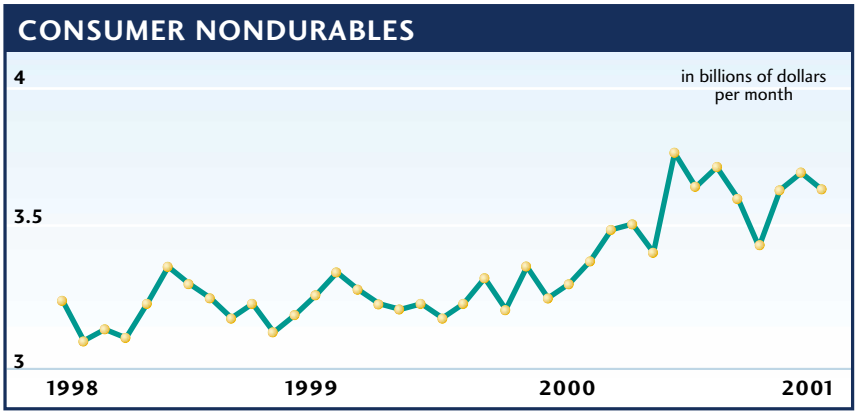
CONSUMER DURABLES

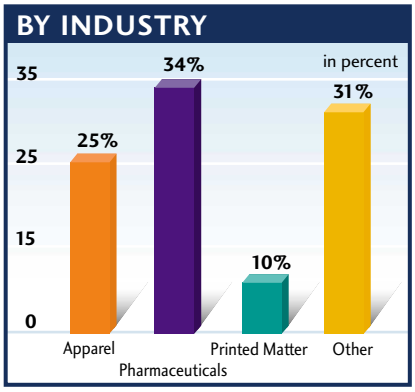
Sales abroad have strengthened since late 1999, and have grown 19 percent over 18 months. All of the major categories have seen export gains during this time.

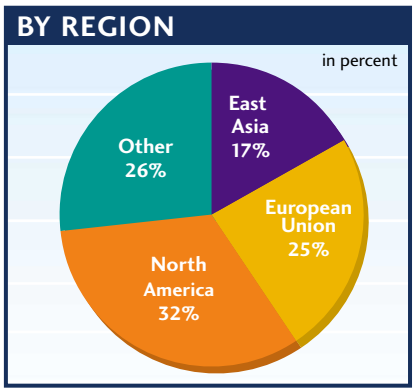






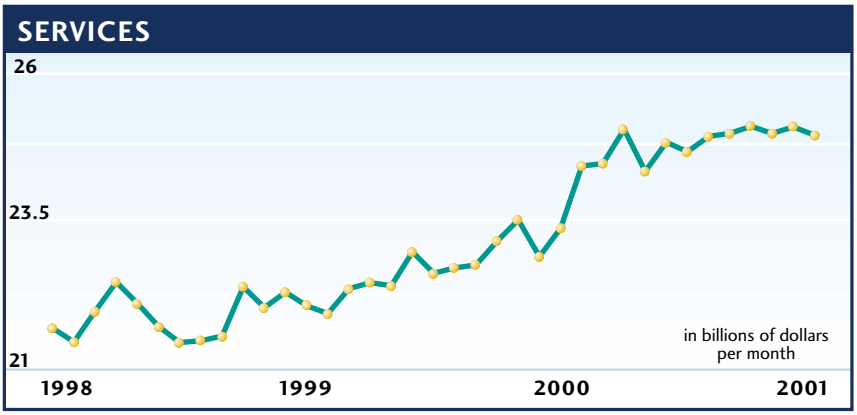


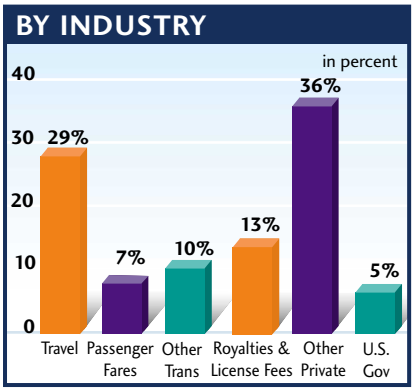


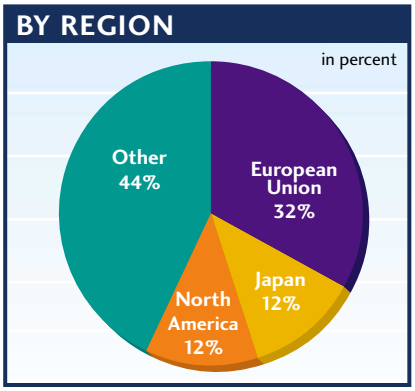


CONSUMER NONDURABLES

Exports levels have fluctuated with little trend in recent months, but are up 10 percent over a year's time. Higher pharmaceutical sales account for a good deal of the increase, offsetting lower apparel sales.







SERVICES

Foreign sales have leveled off since early 2000, but are nevertheless up by 7 percent over 12 months, primarily due to higher travel revenues.

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

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

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

Prepared by the Office of Trade and Economic Analysis, Trade Development. For more information call (202) 482-2056.

U.S. GOVERNMENT FINANCING FOR SERVICE EXPORTS

by James Joy
U.S. & Foreign Commercial Service

Securing financing for exports is one of the frequently identified problems that small and medium exporters have in completing successful international transactions. In an attempt to demystify this area of trade finance, we touch on several programs designed to assist businesses at various points in the export transaction as well as level of expertise and sophistication. Each of these programs can be explored in more detail through the administering agency. A list of contacts is provided at the end of the article.

COMPANY START-UP

No federal export financing assistance is available for company start-ups or for companies that have been in business less than one year. Companies in business at least a year can apply for a loan guarantee via SBA's Export Express Program (see below).

MARKET DEVELOPMENT

For service companies that want to develop their export markets — SBA's Export Express is a good starting point. (See the April 2001 *Export America*) This new program can be used to cover the costs of entering a new market or expanding an existing market. Covered expenses can be either foreign (e.g., business trips abroad, costs associated with exhibiting in a foreign trade show, advertising) or domestic (e.g., translation of product literature, internationalizing the company's web site, training staff). Export Express is a loan guarantee of 85 percent on loans – with a maximum amount of $150,000. A company's loan application is processed by one of about three hundred approved private lenders. These general company loans require presentation of a business plan demonstrating that the use of the proceeds will result in increased export sales.

FINANCING AN EXPORT ORDER

WORKING CAPITAL

For companies that need help covering expenses directly related to an export, there are several working capital guarantee programs available. Financing can be for either a single transaction or for an on going supply of services. To qualify, companies must have been in business (not necessarily in exporting) at least one year, and the borrower must provide the lender with an assignment of proceeds of the foreign contract/purchase order. Be aware, however that some banks may still be reluctant to provide the financing. Both SBA and the Export-Import Bank of the United States (Ex-Im Bank) have Export Working Capital programs. In general, SBA handles smaller requests (loans of $1.1 million and below) while Ex-Im Bank can handle larger requests. Ex-Im's delegated lenders, however, can make loans smaller than $1.1 million. Examples of services sector activities supported include training staff, developing software and developing architectural plans. For small businesses that are women or minority-owned or located in economically depressed or rural area, Ex-Im Bank offers a special working capital guarantee program with 100 percent coverage (instead of 90 percent for its regular program). In addition, these particular small businesses may come directly to Ex-Im for loans smaller than $1.1 million. Ex-Im Bank also has special programs for architecture, engineering and environmental consulting services for which traditional collateral often is not sufficient to support a loan. Ex-Im Bank may also consider accommodating similar service companies and may be willing to disburse against actual contract-related costs.

BUYER FINANCING

Through credit offered in the form of direct loans or guarantees, Ex-Im Bank can help a potential international buyer

obtain competitive dollar-denominated loans (or in some circumstances, other foreign currencies) to purchase the U.S. company's services.

EXPORT CREDIT INSURANCE

Ex-Im Bank offers insurance covering political and commercial risk. The protection against buyer default allows the U.S. exporter to offer open-account financing with a typical 60-day repayment period although, 180 days is also feasible. Particularly useful to many services companies is the Small Business Policy that has 100 percent coverage for political risk and 95 percent coverage for commercial risk. The Small Business Policy includes a reduced premium rate schedule, no first loss deductible and an enhanced ability for the exporter to discount foreign accounts receivable directly to a bank.

FOREIGN DIRECT INVESTMENTS REQUIRED TO DELIVER SERVICES

Financing assistance for foreign direct investments needed to complete a service export may be available, but service sector companies must first take into account certain qualifications.

CONTENT REQUIREMENTS

For coverage under any of Ex-Im's programs, an export must have at least 50 percent U.S. content and no more than 15 percent local costs. Therefore, while exports such as power generation or transportation services that include sizable equipment exports may be eligible, investments in overseas legal, business consulting or financial services offices likely would not qualify. The SBA does not have a U.S. content requirement for its loan guaranty programs.

DEVELOPING COUNTRIES

The programs of the Overseas Private Investment Corporation (OPIC) do not have content requirements, but are available only to companies investing in developing countries—and not in developed countries where most service-related investments occur. The OPIC website below has a listing of the 140 countries where OPIC loans can be used. When available, OPIC programs can be very beneficial to the exporter. OPIC focuses on long-term investments abroad and can underwrite new investments, privatizations or modernizations. It can cover new branch offices or service centers, warehousing or small assembly operations. Its programs are flexible enough to encompass joint ventures and funding for a would-be franchisee. OPIC would be well suited for contracting to provide construction, advisory or technical assistance services. OPIC also offers political risk insurance covering currency inconvertibility, expropriation or political violence. In addition, OPIC's statute encourages it to give preference to small businesses, defined by OPIC as having annual sales under $250 million.

TRADE DEVELOPMENT AGENCY (TDA)

TDA provides grants to fund feasibility studies and other planning services for major projects that are economic development priorities of recipient countries. TDA only operates in developing and middle-income countries. The types of projects that TDA funds include energy and natural resource development, transportation, telecommunications and environmental.

CONVENTIONAL EXPORT FINANCING

Exporters located in smaller communities may have difficulty finding a bank that will provide commercial financing for their exports. A solution might be to use the Export Finance Matchmaker, an interactive Internet service developed by the Department of Commerce. The Matchmaker databank includes banks and other financial institutions that have been invited to participate. Requests for matchmaking from would-be exporters are sent to likely sources of finance. This is a free service to exporters — banks pay a participation fee.

ON-LINE INFORMATION

One web address is enough to get you to all the web sites that you need for exporting: www.export.gov. This "portal" site developed by the trade promotion agencies of the federal government quickly matches exporters needs and interests with the right government programs and resources. Some sites that might be useful (which can be reached via the portal) are:

www.usatrade.gov—U.S. Commercial Service

www.sba.gov—Small Business Administration

www.exim.gov—Export-Import Bank

www.opic.gov—Overseas Private Investment Corporation

www.tda.gov—Trade and Development Agency

www.ita.doc.gov/td/efm—Export Financing Matchmaker

INFORMATION

U.S. DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Room 3414, 1401 Constitution Avenue, NW,
Washington, D.C., 20230
Official Business
Penalty for Private Use $300 fine

U.S. DEPARTMENT OF COMMERCE

DIRECTORY OF EXPORT ASSISTANCE CENTERS IN THE U.S.

ALABAMA Birmingham (205) 731-1331

ALASKA Anchorage (907) 271-6237

ARIZONA
Phoenix (602) 640-2513
Tucson (520) 670-5540

ARKANSAS Little Rock (501) 324-5794

CALIFORNIA
Fresno (559) 325-1619
Inland Empire (909) 466-4134
Downtown Los Angeles (213) 894-8784
West Los Angeles (310) 235-7104
Monterey (831) 641-9850
North Bay (415) 492-4546
Oakland (510) 273-7350
Orange County (949) 660-1688
Ventura County (805) 676-1573
Sacramento (916) 498-5155
San Diego (619) 557-5395
San Francisco (415) 705-2300
San Jose U.S. Export Assistance Center
(408) 271-7300
Silicon Valley (408) 271-7300

COLORADO Rocky Mountain (303) 844-6623

CONNECTICUT Middletown (860) 638-6950

DELAWARE Served by the Philadelphia U.S. Export Assistance Center

DISDTIC OF COLUMBIA Served by the Northern Virginia Export Assistance Center

FLORIDA
Clearwater (727) 893-3738
Miami U.S. Export Assistance Center
(305) 526-7425
Ft. Lauderdale (954) 356-6640
Orlando (407) 648-6235
Tallahassee (850) 942-9635

GEORGIA
Atlanta U.S. Export Assistance Center
(404) 657-1900
Savannah (912) 652-4204

HAWAII Honolulu (808) 522-8040

IDAHO Boise (208) 334-3857

ILLINOIS
Chicago U.S. Export Assistance Center
(312) 353-8045
Highland Park (847) 681-8010
Peoria (309) 671-7815
Rockford (815) 987-8123

INDIANA Indianapolis (317) 582-2300

IOWA Des Moines (515) 288-8614

KANSAS Wichita (316) 263-4067

KENTUCKY
Lexington (859) 225-7001
Louisville (502) 582-5066
Somerset (606) 677-6160

LOUISIANA
New Orleans U.S. Export Assistance Center
(504) 589-6546
Shreveport (318) 676-3064

MAINE Portland (207) 541-7400

MARYLAND Baltimore U.S. Export Assistance Center (410) 962-4539

MASSACHUSETTS
Boston U.S. Export Assistance Center
(617) 424-5990

MICHIGAN
Detroit U.S. Export Assistance Center
(313) 226-3650
Ann Arbor (734) 741-2430
Grand Rapids (616) 458-3564
Pontiac (248) 975-9600

MINNESOTA Minneapolis U.S. Export Assistance Center (612) 348-1638

MISSISSIPPI Mississippi (601) 857-0128

MISSOURI
St. Louis U.S. Export Assistance Center
(314) 425-3302
Kansas City (816) 410-9201

MONTANA Missoula (406) 243-2098

NEBRASKA Omaha (402) 221-3664

NEVADA Reno (775) 784-5203
Las Vegas (702) 229-1157

NEW HAMPSHIRE Portsmouth (603) 334-6074

NEW JERSEY
Newark (973) 645-4682
Trenton (609) 989-2100

NEW MEXICO New Mexico (505) 827-0350

NEW YORK
Buffalo (716) 551-4191
Harlem (212) 860-6200
Long Island (516) 739-1765
New York U.S. Export Assistance Center
(212) 466-5222
Westchester (914) 682-6712

NORTH CAROLINA
Carolinas U.S. Export Assistance Center
(704) 333-4886
Greensboro (336) 333-5345
Raleigh (919) 715-7373 x514

NORTH DAKOTA Served by the Minneapolis Export Assistance Center

OHIO
Akron (830) 376-5550
Cincinnati (513) 684-2944
Cleveland U.S. Export Assistance Center
(216) 522-4750
Columbus (614) 365-9510
Toledo (419) 241-0683

OKLAHOMA
Oklahoma City (405) 608-5302
Tulsa (918) 581-7650

OREGON
Eugene (541) 484-6575
Portland (503) 326-3001

PENNSYLVANIA
Harrisburg (717) 221-4510
Philadelphia U.S. Export Assistance Center
(215) 597-6101
Pittsburgh (412) 395-5050

PUERTO RICO San Juan (787) 766-5555

RHODE ISLAND Providence (401) 528-5104

SOUTH CAROLINA
Charleston (843) 760-3794
Columbia (803) 765-5345
Upstate (864) 271-1976

SOUTH DAKOTA Siouxland (605) 330-4264

TENNESSEE
Knoxville (865) 545-4637
Memphis (901) 323-1543
Nashville (615) 259-6060

TEXAS
Austin (512) 916-5939
Dallas U.S. Export Assistance Center
(817) 277-1313
Fort Worth (817) 212-2673
Houston (713) 718-3062
San Antonio (210) 228-9878

UTAH Salt Lake City (801) 524-5116

VERMONT Montpelier (802) 828-4508

VIRGINIA
Northern Virginia (703) 524-2885
Richmond (804) 771-2246

WASHINGTON
Seattle U.S. Export Assistance Center
(206) 553-5615
Spokane (509) 353-2625
Tacoma (253) 593-6736

WEST VIRGINIA
Charleston (304) 347-5123
Wheeling (304) 243-5493

WISCONSIN Milwaukee (414) 297-3473

WYOMING Served by the Denver U.S. Export Assistance Center

FOR EXPORT INFORMATION, CALL THE TRADE INFORMATION CENTER 1-800-USA-TRAD(E)