

Introduction to the U.S. Commercial Service

Anna Flaaten

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Phoenix, Arizona



Why American Firms Should Export

- § Less than 1% of America's 30 million companies export, a percentage that is significantly lower than all other developed countries - tremendous untapped potential, especially SMEs
- § 95% of potential market is beyond our borders
- § Export growth from \$224 billion (1980) to \$1.4 trillion (2008)
- § Since 1950s, exports have grown from 5% of GDP to more than 13%.
- § Need to diversify company's market portfolio
- § Promotes a company's growth and competitiveness
- § Supports nearly 6 million American jobs
- § 58% of US exporters export to only one market. Firms exporting to 2 – 4 markets generate an average of \$971K (6 jobs) compared to \$308K (2 jobs) in annual exports
- § Closer ties to international partners - More stable economies and political landscape

MEXICO

(Source: CIA Factbook)



- 110 million people
- 29.6% under age 14
- 6.1% over age 65
- Median age 26
- GDP per capita (PPP)
\$14,400
- GDP composition by
sector

Agriculture: 3.7%

Industry: 34.1%

Services: 62.2%

CANADA

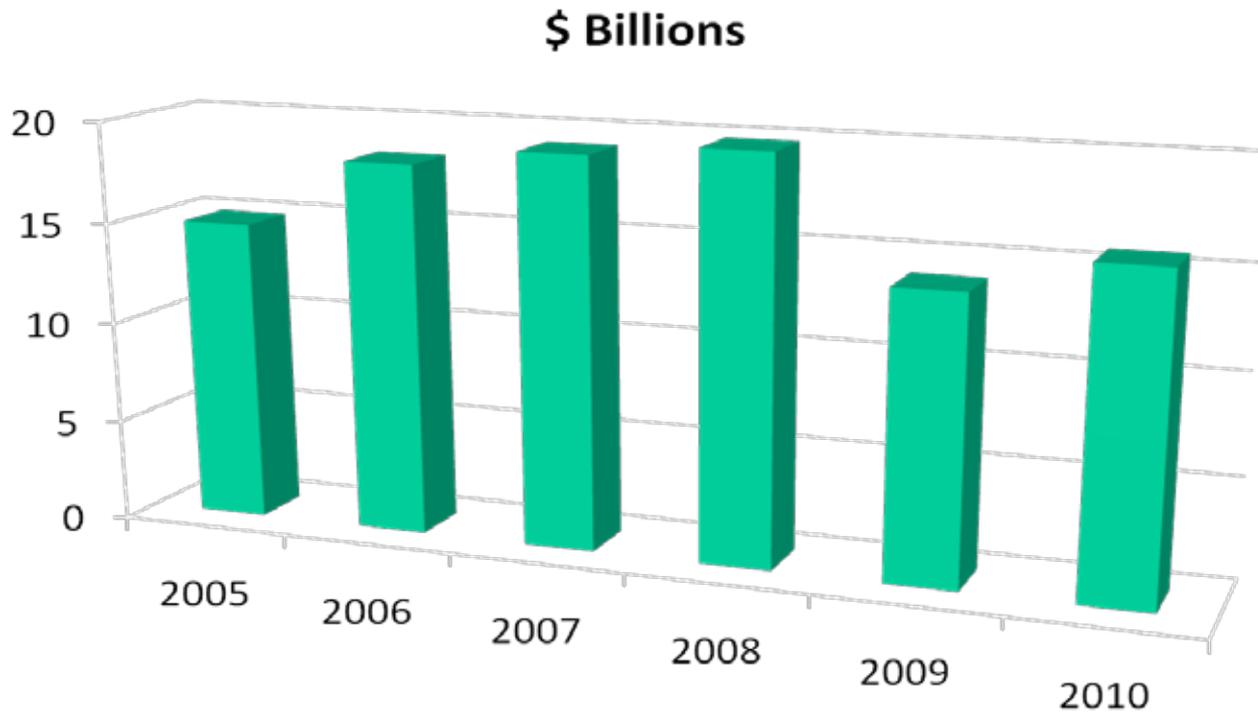
(Source: CIA Factbook)



- 33 million people
- 16.3% under age 14
- 14.9% over age 65
- Median age 40
- GDP per capita (PPP)
\$40,200
- GDP composition by sector
 - Agriculture 2%
 - Industry 28.4%
 - Services 69.6%

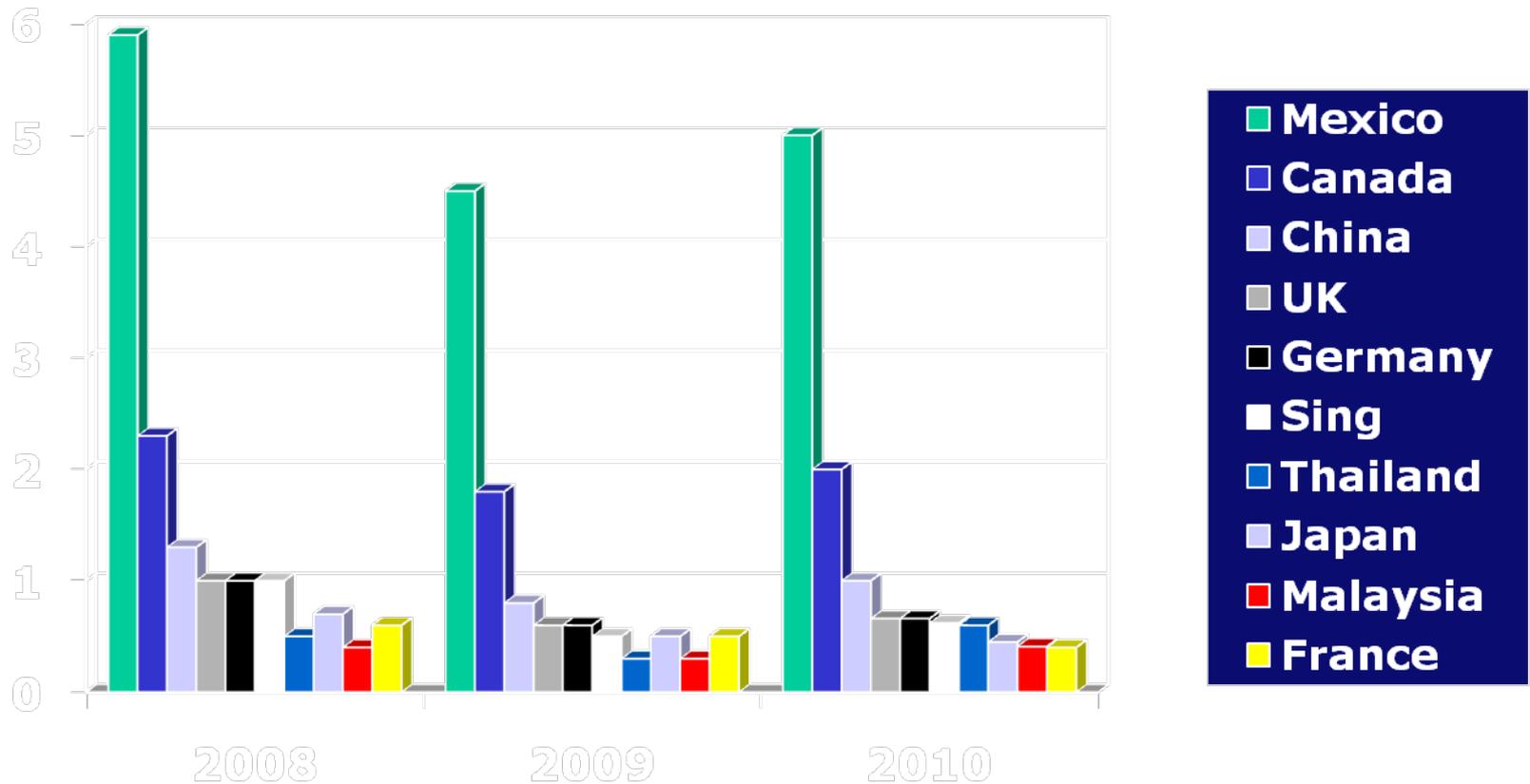
Arizona Export Growth

(Source: U.S. Commerce Department)



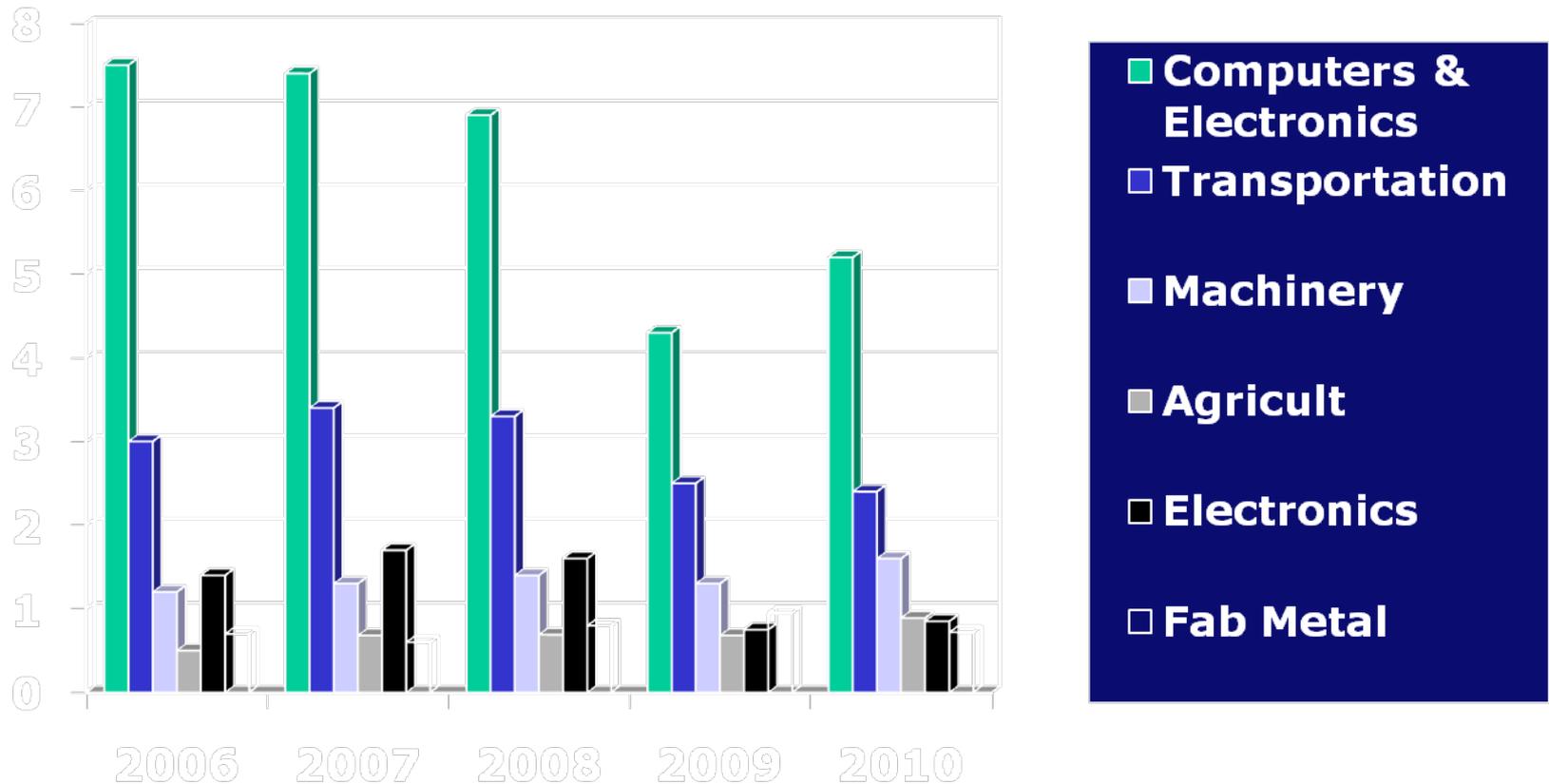
Arizona's Top 10 Markets

(Source: U.S. Commerce Department)



Arizona's Top 5 Sectors

(Source: U.S. Commerce Department)



President Obama's National Export Initiative

- § Goal: Doubling US Exports in next 5 years to support 2 million jobs
- § 1st time Government-wide export promotion strategy
- § Three key areas
 - » Enhanced Trade Advocacy especially for SMEs, including trade education & matchmaking with new customers overseas
 - » Improved access to credit for SME exporters
 - » Rigorous enforcement of international trade laws to remove barriers to free and fair access to foreign markets

U.S. Commercial Service

The U.S. Commercial Service is part of the U.S. Department of Commerce, an agency of the United States government.

Our three priorities:

- § To increase the number of U.S. companies that export
- § To help smaller companies expand into new markets
- § To help exporters overcome hurdles in foreign markets

Our network and what it can do for you

Trade specialists in 109 U.S. cities and 77 countries worldwide...

We can:

- § Locate international buyers, distributors & agents
- § Provide expert help at every stage of the export process
- § Help you to enter new markets faster and more profitably



FY2010 Worldwide Commercial Service Results

- § Facilitated \$34.8 billion in U.S. exports
- § Over 18,000 companies assisted
- § 85% of customers assisted were SMEs
- § Return on taxpayer investment: \$135 in exports facilitated for every \$1 appropriated

FY2010 Arizona USEAC

- § In FY2011, we helped clients generate 263 export transactions to 50+ countries.
- § The value of those sales was approximately \$51 million.
- § We counseled 611 **companies** statewide about developing sustained international sales.
- § Phoenix, Scottsdale & Tucson
- § 6 International Trade Specialists



- § Arizona's Voice for Global Trade
- § AZDEC provides local leadership in international trade through its 30+ member council of trade veterans and experts, all appointed by the U.S. Secretary of Commerce
- § www.exportaz.org

CS Service Guidelines

Applies to fee-based services

§ “Commercial Service fee-based services may be provided to an entity that is:

- 1) a U.S. exporter, and,
- 2) that self-certifies that its products or services contain a majority U.S. content.”

* For local assistance, company must have an overall positive effect on the US economy, including job creation/sustainment

Trade Counseling & Advocacy

Our trade specialists in the U.S. work directly with our team of experts overseas in getting you all the information and advice that you need.

We can help clients:

- § Determine the best markets for your products & services
- § Evaluate international competitors
- § Identify and comply with legal and regulatory issues
- § Settle disputes
- § Learn about cultural issues and business protocol

Gold Key Matching Service

- § \$700 SME / \$2300 (Additional days are \$350 SME / \$1000)
- § 3 to 6 pre-screened international appointments per day with potential clients, partners, agencies, etc.
- § Market entry “hand-holding”
- § Example:
 - Fertilizer additive manufacturer uses GKS to meet 8 prospective Indonesian & Philippine distributors / Ministries of Ag.
 - Reaches agreement with partner leading to \$250,000 sale
 - Additional \$1.8 million sale to Philippines

International Partner Search

§ \$550 SME / \$1400

§ Report outlining 3 to 6 prospective sales partners

§ Example:

- Defense equipment company uses service to revamp sales channels in 9 European countries in late Summer 2009
- By December 2009 reaches agreement with new representatives in Austria, Czech Republic, Germany, Hungary, Ireland, Netherlands, Poland, and Portugal
- Plans to use service in Asia and Middle East in 2010

International Company Profile

§ \$600 SME / \$900

§ Background search including Embassy interview, background, bank & trade references, etc.

§ Due diligence tool

§ Example:

- Privately-held defense manufacturer uses ICP to screen all prospective partners
- Eliminated prospects in Chile & India

Single Company Promotion

- § Cost depends on the service
- § Product launch, technical seminar, reception, luncheon, etc.
- § Logistical details arranged by CS
- § Example:
 - Economic development agency used Single Company Promotion to arrange highly targeted luncheon with prospective German investors in Berlin

Market Research - www.export.gov

- § Country Commercial Guides (CCGs) - Prepared annually by US Embassy Staff, CCGs contain information on the business and economic situation of foreign countries and the political climate as it affects U.S. business and foreign investments.
- § Industry Sector Analyses (ISAs) - In-depth analysis of specific industry sectors and sub-sectors within a given market.
- § International Market Insight (IMIs) - Brief updates within a foreign country highlighting specific market opportunities, trade events, or changes in market conditions.

Local and International Activities

- § Training / Webinars
- § Visiting Commercial Specialists with market & industry expertise
- § Incoming Buyer Programs at U.S. trade shows
- § Trade Missions



Arizona U.S. Export Assistance Centers

www.export.gov/arizona

anna.flaaten@trade.gov

