BRUSH UP ON INTERNATIONAL KNOW-HOW AND MITIGATE RISKS

May is the month of global trade milestones, in more ways than one.

- May 1 is the beginning of World Trade Month
- May 12-16 is National Small Business Week (Did you know 98% of U.S. exports come from small and medium-size companies?)
- May 2014 also marks the 10 year anniversary of the alliance between FedEx and the U.S. Commercial Service (JSCS), the trade promotion arm of the U.S. Department of Commerce’s International Trade Administration

These are exciting times to be active in the international market. What’s going on now, and where is it headed?

More than 70 percent of the world’s purchasing power is outside of the U.S., and companies that export are 8.5 percent more likely to stay in business. How do you break into this lucrative scene?

The February issue of FedEx Updates talked about exporting like a pro, (https://smallbusiness.fedex.com/international/business-planning), from judging if you’re prepared to go international, to shipping your first exports.

Are you new to exporting? Do you have years of experience? Either way, the best opportunity to up your game is to stay informed. In March, we covered free educational resources (available through the Fed Ex Know and Grow (https://smallbusiness.fedex.com/international/export-education) program. You’ll find nearly 100 export-specific educational events every year, including classes offered by the nonprofit Export University (http://www.exportuniversity.com/), and convenient webinars from the USCS (http://www.trade.gov/cs/)

Once you start making those sales, you’ll want to ensure that the waters stay smooth including how to protect your intellectual property, reduce your financial risk and stay on top of

- Total program impact in the U.S. of $400 million in sales increases and retention.
- An average $770,000 in new export sales for participating manufacturers
- Average cost savings of $50,000 per manufacturer
- 5 new jobs per company on average
AND HERE’S SOME MORE GREAT NEWS! According to a recent United Nations Security Council report, global economic growth is expected to accelerate from an estimated 2.1 percent in 2013 to 3 percent in 2014 and 3.3 percent in 2015. It’s time to get your business in on the action! But, trading internationally…and doing it right…takes research and due diligence. You’ve worked hard to grow your business, so do what it takes to secure your investment. Protect your intellectual property; reduce your financial risk; Stay on top of compliance. You can get the assistance you need with FedEx, the Export-Import Bank of the U.S. (EX-Im Bank) and Export.gov.

PROTECT YOUR INTELLECTUAL PROPERTY RIGHTS:
If you are exporting products that have a patent, trademark or copyright, you’ll want to learn about intellectual property protection in the countries you are planning to export to. While you may be covered in the U.S., you’ll almost surely have to register for intellectual property rights in another country, and the protection available in each country can differ.

REDUCE YOUR FINANCIAL RISK:
Your small business won’t succeed if you don’t get paid for the products you ship. It’s tempting to demand cash in advance from your customers, but there is a better financial safeguard: Insure your foreign receivables with Ex-Im Bank an independent federal government agency that provides export-credit insurance and working capital loans to exporters, and loan guarantees to buyers so they can get better financing terms. You’ll rest easy knowing the insurance covers commercial risks (insolvency, Bankruptcy and protracted default); political crisis (war, revolution and insurrection); cancellation of import and export license, and currency transfer risk.

You can insure a single buyer of your entire portfolio. Insurance from the Ex-IM Bank also enables you to offer “open account” credit to your buyers for up to 180 days. Your company will be more competitive worldwide because you won’t need to demand cash-in-advance—and you can forgo expensive letters of credit, too.

Finally, when your nonpayment risks are covered by the full faith and credit of the U.S. government, you can improve your cash flow by assigning your foreign receivables to a lender.

STAY ON TOP OF COMPLIANCE: Following every rule and regulation of exporting can feel overwhelming. And the last thing you want is to get everything ready to go and find out your package or freight can’t leave the dock. But the process can be relatively simple if you know where to go for help.

(http://www.fedex.com/us/demo/gtm/start.html) at fedex.com. This collection of services, tools and information is free and accessible 24/7, so you’ll never be left hanging with compliance issues—and your shipments will be on time.

• Avoid fines. You must not ship to anyone who’s been prohibited from engaging in international business. The Denied Party Screening tool will help you find individuals, companies and other business associates you need to steer clear of.

• Fill out the right paperwork—the first time. With Find International Documents all of the shipping documents you need are in one place making it easier to get through customs and stay on schedule.
• **Follow regulations.** Search the Advisories and Prohibits feature for the regulatory information pertinent to your shipment. Based on the commodity you are shipping, you'll get a report listing shipping advisories you need to be aware of. Also know that if the U. S. has prohibited trade with a country, it’s illegal to ship your product to that country. You can also avoid violating sanctions by clearly identifying the end user of your shipment on export control statements, proposals, invoices and shipping documents.

In this era of globalization, your business can benefit from abundant resources. Consider seeking counsel from an expert at an Export Assistance Center (http://export.gov/eac/) near you. Expand your knowledge as you expand your horizons. Check out the educational programs provided through the FedEx Know and Grow(sm) Program.

**NOTE: So many great resources regarding international trade in this newsletter.....keep reading!**

**CHINA SHARPENS FOCUS AND INVESTMENT ON ENERGY-RELATED INDUSTRIES**

*Surging demand: A reliance on imported fuel and escalating pollution are driving growth in energy-related industries in China.*

Many Chinese Industries are reaping the benefits of a maturing business environment and surging domestic demand for products and services. Despite growth in the economy slowing down, China’s gross domestic product (GDP) is still forecast to grow almost twice as fast as the US GDP rate over the next five years, at about 7.0% annually.

IBISWorld has analyzed more than 230 Chinese Industries and compiled a list of seven of the fast-growing industries to watch out for based on their annualized revenue growth over the past five years, as well as expected performance through 2018. One trend stood out above all: China’s quest for energy conservation and independence, through the development of alternatives to fossil fuels, is playing an integral role in determining which industries are growing the fastest.

Development of alternative energy sources – such as wind, hydroelectric, and solar – is at the top of the Chinese Government’s agenda due to escalating domestic electricity demand, a heavy reliance on imported oil and gas resources, and growing environmental pollution concerns. Reports of deteriorating air and water quality in China’s big cities have also led to the increasing regulation of high-polluting sectors and strong growth in environmental protection related industries, such as energy-efficiency consulting, pollution treatment equipment manufacturing, environmental monitoring, and water pollution control.

(Resource: BY DANIELLE GOODMAN, IBIS WORLD)
CHINA’S COUNTRY SNAPSHOT

- China is home to 1.3 billion people – more than four times the population of the U.S. – with 11 of the world’s 50 largest metro areas and roughly 260 cities with populations of 1 million or more people.
- China became the world’s largest exporter in 2011, and the U.S. was the No. 1 destination for those goods.
- And...China is the third-largest export market for the U.S. as well as the third-largest market overall for luxury goods. So the outlook for international expansion of your business may shine brightest in China.
- Beijing is the capital of the People’s Republic of China.
- Language: Chinese (Mandarin dialect) is the official language. However, there are many other local dialects, such as Yue (Cantonese), Wu (Shanghaiese), Mimbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan, Hakka, Etc.
- Currency: China Yuan (CNY);
- Its basic unit is the Yuan. 10 Fed- 1Jiao, 10 Jiao – 1 Yuan.
- Trade Group Member: Other than the World Trade Organization (WTO) China is a member of a number of international economic organizations including the: Economic & Social Commission for Asia & Pacific (ESCAP); Asia Pacific Economic Corporation (APEC).

(Resource: https://smallbusiness.fedex.com/international/country-snapsots/china)
(Resource: https://smallbusiness.fedex.com/export-import-2.html)

YOUR LOCAL RESOURCES FOR ASSISTANCE WITH INTERNATIONAL TRADE:

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