

Los Medanos College



International Commerce

UPDATE

Issue Three: Recommendations for the East Contra Costa County International Commerce Sector

IDRC Project: The Final Phase

Nine months ago, the Los Medanos College Social Science Department began the “*Promoting International Commerce in East Contra Costa County Project*” based on previous studies in a series of international relations classes. The information compiled from those studies led to the belief by students and faculty at Los Medanos College that East Contra Costa County had the potential to become a center of international commerce. That belief was, however, tempered by the lack of substantial international commerce and local resistance.

East County has a precarious regional economic system that is dependent on employment outside of the region. Most of the revenue generated within the East County region is either the result of service industries or taxes. Service industries, such as retail sales and professional services, rely on wage earnings that come from outside the region.

The economic predicament of East County really is not that unusual and can be found among thousands of communities across the country.

Globalization is shifting America’s productive capability and capacity abroad and with it American jobs. One barometer of this trend was reported in *Frontlines*, a Public Broadcasting Service Public Affairs program, which revealed that Wal-Mart annually imports \$25 billion worth of goods from China, helping that company deliver everyday low prices to 100 million customers each week. The businesses, government offices and

residents of East County, as well as most of America, can decide to accept the precarious

economic situation and the consequences of a “service industry” mentality or attempt to join the globalization process as producers. The latter choice is clearly the more difficult at this juncture considering the hurdles that include wages, efficiency, product pricing, investment and environment considerations.

This project first sought to identify an international commerce sector in this region and subsequently conducted an assessment of that sector. The project concentrated on the major features of the region that supported international commerce, the regional workforce and the businesses and organizations that were actually or potentially associated with international commerce. Although the project found many barriers, notwithstanding transportation, land use policy, investment and basic awareness hurdles, there are encouraging signs that include our San Joaquin Delta location, skilled workforce and available tracts of commercial property. In fact, one of the most promising indications of an East County international commerce sector was the discovering companies in this region that were actually engaged in international trade.

In his final phase of the project, recommendations regarding the future of the East Contra Costa County international commerce sector will highlight some of the best practices and noteworthy developments in international commerce. Ultimately, this project succeeded not necessarily in the providing specific answers, but in raising a number of key questions and drawing attention to this important issue. It is hoped that this project will prove to be a cause for thought and grounds for more intense research and action.

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Promoting International Commerce in East Contra Costa County is a Project of the Los Medanos College Social Sciences Department

Direct All Inquiries to:
IDRC Project
c/o Social Sciences Dept.
Los Medanos College
2700 E. Leland Rd.
Pittsburg, CA. 94565
(925) 439-2185 / Ext. 3343

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The complete "Update" series can be accessed at the Social Science Department web- page of the Los Medanos College Website: www.losmedanos.edu

Economic Development America Coaches Companies and Government

The U.S. Department of Commerce currently supports the Economic Development Information Coalition in publishing *Economic Development America*, a quarterly publication about economic development practices and programs. In the Fall 2004 issue of *Economic Development America*, the Article "**Time to coach Companies to Compete in the Ring**" by Carol Conway, listed five common reasons why American companies export far less than their potential and six strategies for increasing exports. Although East County appears to suffer from all five reasons, the six strategies provide a framework or starting point for the development of a region-wide approach to increasing international commerce.

Why do we export far less than our potential?

Lack of awareness and expertise

Clearly, this is a problem for East County as there really are no local public sources of information or expertise on conducting international trade transactions within the region. The City of Pittsburg has taken steps to address this problem with information on its Economic Development Department website.

Internal disconnect

"Going global" will normally require major changes to the operations of a company. In many situations, departments such as shipping and receiving or packaging need new procedures and the personnel will need additional training.

Rigidity

In many of the project interviews with local businesses, it was clear that disinterest in exporting was driven more by resistance to change more than anything else. A number of these companies had products with export potential and the possibility of additional sales, but they were adamant about remaining a domestic supplier. Making the transition from domestic to international trade will naturally be difficult for most East County businesses, but sound business practices and the bottom-line should dictate that the decision.**(please see next page)**

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Lack of planning and commitment

It is hard to imagine a successful business in this region or elsewhere that does not engage in planning. The problems here for East County is what to plan. The transportation needs and required documentation of the export process alone will require special plans and commitments.

Peer support networks tend to be very limited

The lack of awareness and expertise regarding international commerce in the East County region means that fewer businesses will be engaged in this type of business activity, and as a result, a lack of peer support.

Strategies for increasing exports

Provide systematic educational programs for existing business staff

The proximity of East County to the major cities of the San Francisco Bay Area provides access to a number of organizations that offer educational services in international commerce. The catch-22, however, is that without the interest, there will not be much demand for educational services. It is imperative then that governmental offices and agencies, economic development departments in particular, and civic and business organizations, such as the local chambers of commerce, make a major push to encourage the demand for educational programs in international commerce.

Organize and support alliance and collaborations among trade service stakeholders

The major question here is who or what will organize such alliances and collaborations? The City of Pittsburg has had a measure of success in this regard, but the effort of that municipal government does not appear to be duplicated in neighboring cities. Forming alliances and collaborations seemed to be hampered by a persistent inter-city rivalry based on social, historical, geographic and economic factors. The divisions among the local chambers of commerce based on municipality themselves seem rather counterproductive considering that regional consumerism and employment patters transcend city boundaries. A good place for alliances and collaborations on international commerce to start would be with the East County economic

development departments and chambers. Ideally, a strategic plan for “helping businesses go global,” as well as a memoranda of understanding regarding infrastructural development in support of international commerce, would emerge from such a meetings or series of meetings.

Create structures for business to learn from and encourage each other

According to the article, “Exporters say that most of what they know about trade they learned on their own or from their peers.” The interviews that the project conducted with local businesses revealed insightful information about local international commerce, including for example Canada as a market for a number of East County businesses

Develop systems to spread business intelligence

In “Time to Coach,” Carol Conway says that “International certification, standards, regulations, politics, competition and consumer taste shift rapidly and all at the same time”, necessitating a system to gather and disseminate global trade information for the local or regional business community. An international trade center, not unlike the City of Pittsburg’s international trade center incubator plan, but more regional in scope, seems almost an ideal component of an export strategy.(please see International Trade Center).

Increase contact opportunities for firms, entrepreneurs and their key personnel

The various delegations organized by the Economic Development Department of the City of Pittsburg that have visited Italy and China provided a good model for this strategy. In addition to affording the “face time with potential buyers” that Conway mentions in her articles, Brad Nail, Director of the City of Pittsburg Economic Development Department, found during his visits to China that he was able to better understand the economic challenges that businesses in East County face. Underscoring the importance of attending international trade fairs in this country in establishing “contact opportunities,” Nail also disclosed to project staff that it was at an international trade fair in San Jose where he made contact with Chinese (please see the next page)

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business representatives that led to the exchange of delegations from both China and Pittsburg. Once again, making this strategy possible for the region will require elements of the strategies mentioned earlier.

Invest in the hard infrastructures of transportation and communication

Expanding the East Contra Costa County international commerce sector will be dependent on developing and in some instances initiating infrastructure. Although most communities are basically on their own in this regard, there are good examples of partnerships principally with the Federal government after much lobbying that resulted in the funding of major infrastructural projects. The development of the Port of Stockton over many years and the recent completion of the Alameda Corridor in Southern California are two examples of transportation infrastructure that are supported with Federal expenditures that directly benefited the export capabilities of those regions. Is it possible that portions of the millions of dollars that either were or will be invested in developing East County housing tracts could be diverted to infrastructure that supports commercial activity?

Cities and Regions Implementing the Strategies

The Kansas City Chamber of Commerce created GLOBE(Global Leadership Opportunities for Business Executives), a nine-month export training program for business executives.

The Southwest Virginia Higher Education Center initiated the International Business Program, which targets export advice and help to smaller firms.

The North Alabama International Trade Association promotes trade education, provides a networking forum and offers current on-line information about trade issues.

The South Carolina Export Consortium supplies small businesses within the region with market studies and consulting services.

California Export Data Sample

The following data sample is a small example of a broader range of information that could generate a number of assumptions and in-depth analysis regarding the future of international commerce in East Contra Costa County. The growth of Asia and Mexico as a markets for California products and the continuing dominance of California computer and electronic products are two obvious assumptions that can be implied from this data. Questions raised by these assumptions include whether the concentration of markets in Mexico and Asia have peaked or have growth potential and whether East County has the capability and capacity to become a site of current innovations in the computer and electronics industry.

Shares of Total Exports Industry

Industry	California(%)	Rest of U.S.(%)
Computers and Electronics	47.1	18.4
Machinery(except electrical)	10.0	11.3
Transportation Equipment	7.9	19.5
Chemicals	4.9	11.8
Agricultural Products	3.7	3.4
Food and Related Products	3.7	3.7
Electrical Equip., appliances, etc.	3.1	3.5
Fabricated Metal Products	2.3	2.9
Plastics and Rubber Products	1.5	2.4
Apparel and Accessories	1.0	0.9
Total	85.2	77.9

Source: Public Policy Institute of California

Top Export Destinations, 2001

Country	Export Share (%)	
	California	Rest of U.S.
Mexico	15.3	13.6
Japan	13.7	6.9
Canada	11.1	24.3
Taiwan	5.3	2.0
United Kingdom	5.2	5.6
Korea	4.7	2.7
China	4.4	2.3
Germany	4.4	4.1
Netherlands	4.0	2.4
Singapore	4.0	2.2
Hong Kong	3.7	1.6
Malaysia	2.4	1.1
France	2.1	2.8
Australia	2.0	1.4
Philippines	1.9	0.9
Brazil	1.1	2.4
Belgium	1.1	2.0
Switzerland	0.8	1.4

2002 Top Twenty California Agricultural Commodity Export Values and Rankings

Rank 2002	Commodity	2002 Export value \$million
1.	Almonds	829
2.	Cotton	513.5
3.	Wine	485.7
4.	Table Grapes	367.3
5.	Oranges	303
6.	Dairy	300.9
7.	Tomatoes(processed)	215.4
8.	Walnuts	183.9
9.	Rice	183
10.	Beef and Products	167.7
11.	Strawberries	156.7
12.	Raisins	151.9
13.	Lettuce	136.4
14.	Pistachios	130.7
15.	Prunes	127.9
16.	Peaches/Nectarines	106.7
17.	Hay	103.9
18.	Broccoli	95.3
19.	Lemons	84
20.	Carrots	71.2

Source: Agricultural Issues Center, UC Davis

Top Ten California Agricultural Export Destinations

Country	Share/Export Value(%)
Canada	23%
EU-15	21%
Japan	17%
China	7%
Mexico	6%
Korea	5%
Taiwan	4%
Indonesia	2%
India	2%
Malaysia	1%
Rest of world	12%

Source: Agricultural Issues Center, UC Davis

East Contra Costa County International Trade Center?

Among the California cities and regions that regularly engage in international commerce, international or world trade centers play an

important role as educational resource and trade facilitator. The **City of Pittsburg** Economic Development Department has developed a plan for an international trade center and import-export incubator. This plan features an approximately 600 square-foot, two-floor facility containing office, warehouse and showroom space, located adjacent to the USS-POSCO plant at Harbor Street in the Pittsburg waterfront area. Ideally, this center will develop as a regional institution, meeting the international trade interests of the entire region. Listed below are examples of existing international trade centers and the services that can potential be provided by an East County international trade center.

Bay Area World Trade Center, (BAWTC)-Oakland

- The BAWTC provides import/export management course and a 10-week internet course.
- Export readiness training is provided, covering knowledge of international business concepts, export documentation requirements, financial tools, cultural factors, and knowledge of shipping practices and US customs
- Consulting services for market research is offered, covering capital expenditure decision-making, local and global market intelligence, market targeting, and entrance strategies.
- BAWTC has expedited trade leads for businesses in Mexico, Chile, China, and Europe (Bay). In addition, the center runs its own directory of trade leads through Alibaba.com, which allows business members to post leads from all over the world to buy or sell a variety of products.

Monterey Bay International Trade Association, (MBITA)- Santa Cruz

- MBITA charges a fixed rate for the trade **(please see the next page)**
- center to personally conduct an export readiness assessment for a business.
- It has a fixed-price market research program, which includes a country-by-county industry assessment, industry trend research and competitive data analysis.

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- It has a foreign country meeting program that conducts pre-screened business meetings for companies in search of foreign ties, but more common among this trade center are domestic luncheons with delegated speakers from other countries. In July 2004, Deputy Consul General of the Chinese Consulate, Qiu Xuejun, spoke to fifty business leaders associated with the MBITA.
- MBITA has a trade lead program that guarantees three to five hours of post-meeting support for transaction closing.

Northern California World Trade Center, (NCWTC)-Sacramento

- The United States Department of Agriculture Rural Development Office and Foreign Agriculture Service have recently awarded NCWTC grant funding to help regional Northern California and Central Valley companies find new global markets.
- NCWTC programs include export and trade show assistance, counseling, NCWTC offers access to trade leads and networks with agents, distributors and other foreign buyers through various trade missions and videoconferencing.
- The International Business Leadership Certificate Program (IBLCP) is a comprehensive program of export related training seminars and foreign business travel that provides business executives and their staff with the knowledge, skills and connections to successfully compete in the global marketplace.
- The NCWTC internship program is designed to provide students with a thorough orientation to international trade, the factors and dynamics involved in an export transaction, the trade related functions of the NCWTC and the various types of industry involved in export operations.

Learning the Export Game the Hard Way: *The Rise of Japanese Steel*

By the late 1970's, industry in East Contra Costa County was in trouble. The mainstays of the East County industrial sector, steel, food processing and paper productions, were regularly facing plant closures and layoffs were the norm. The steel industry was especially effected by the downsizing trend, which has never really recovered from the lost of over 50 percent of its workforce. The main products of East County steel mills, nails, barded wire, rebar and other "merchant quality" steel commodities, were the target of the big Japanese producers. These Japanese producers undersold American and East County producers in particular and would come to dominate over 40 percent of the world steel market. It is commonly asserted that the Japanese success in steel and other industries for that matter, was due to unethical business practices that emphasized cheap labor, unfair price competition and government assistance. On the contrary, others points to factors that reflected sound business practices that had nothing to do with ethics.

An alternative view of Japan's success in steel production highlights the following key factors:

- The development of state-of-the-art steel plants that resulted from the high investment levels in the steel industry.
- The application of highly effective raw material acquisition and logistic systems.
- Productivity gains that allow the steel industry to offer competitive wages while lowering unit labor costs.
- The role of the Ministry of International Trade and Industry(MITI) in providing highly accurate industry-wide research and analysis, industrial plans and the formal and informal coordination of the major steel producers.

Modern Japanese Steel Plant

The Japanese steel producers were able to adopt the Linz-donawitz converters, which are much less expensive to construct and produces crude steel almost six times faster than conventional methods. **(please see the next page)**

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These plants were financed through largely through a combination of government subsidies, including import duty exemptions on steel making equipment, generous tax depreciation allowances, government loans and high debt levels with Japanese banks.

Raw Material Acquisition and logistic Systems

Supported by the MITI research divisions and faced with a deficiency in raw materials, Japanese steel industry representatives scoured the earth, searching for the cheapest source of raw materials. Unfortunately for U.S. steel producers, the abundance of domestic raw materials for steel production in this country were not necessarily cheaper than worldwide sources. Japanese steel producers opened liaison offices on every continent, offering almost every incentive possible to obtain raw materials, such as long-term supply contracts. Many Japanese steel and logistics/transportations companies concluded a broad range of agreements to move raw materials and steel products across the globe. In addition to revolutionizing the capacity of the freight vessels, Japanese steel and logistics companies opened a series of research laboratories and by 1969 had introduced computer-based operations. These developments resulted in many firsts for the Japanese steel industry, including for example the first super-size crawler crane.

Productivity gains

The Japanese made astounding labor productively gains in the 1960's and 70's amid steel worker wages increases between 10 and 17.2 percent annually. During these years, physical output per man hours increased 125 percent compared with 4 percent increases in the U.S. steel industry. Japan's high productivity growth is often associated with policies that actively encouraged the transfer of labor out of what are considered to be declining industries and sectors, and into industries and sectors considered to be expanding. At the same time, a significant proportion of the Japanese workforce was motivated by the guarantee of job security and the infusion of cultural values into the workplace. Consequently, Japanese workers readily accepted "Just-in-Time" inventory control methods and quality control circles.

MITI

Over the course of Japan's post-war industrial growth, the Ministry of International Trade and Industry has taken responsibility for overseeing industrial policy. By intervening between Japanese firms and foreign companies, it acted as a single buyer of technology and raw materials, playing off competing foreign enterprises in order to reduce costs. The MITI has continuously sought to instill stability in the Japanese steel industry by holding regular informal consultations with steel industry representatives, organizing "fair trade commissions" and providing on-going research and analysis regarding capacity, production and export issues.

Services Exports Considered

The absence of a particular product does not necessarily mean that a company or individual still may not be engaged in international commerce. Service exporting is emerging as a major force in international commerce. In 2001, services exports accounted for more than 28 percent of total U.S. exports. Services exports are generally the sale of a service to a foreign national, but are often combined with the exporting of products. For example, the sale of aircraft may also include contractors for training and mechanical servicing purposes. In the United States, private services exports are divided into five broad categories: travel, passenger fares, other transportation, royalties and other private services. "Other private services," is the largest category and represents services in education, banking, telecommunications and filmmaking. By purchasing an airline ticket and incurring other costs associated with visiting the United States, that foreign traveler is actually paying for exported services. According to the Public Policy Institute of California, California does especially well in the export of tourism, intellectual property, port services and professional services. Using aspects of the common exporting techniques, which at minimum will involve foreign market research and a review of required export documentation and licensing, it is not telling what services could be exported.

IMPORTS: The Benefits

A period of increasing U.S. trade deficits and a weakened U.S. dollar may not sound like the time to increase imports, but **import trade** can still present business opportunities that are beneficial to the regional economy and create jobs. Japan and the European Community are classic examples of countries that are very sensitive to the effect imports will have on their economies. Both countries contain powerful interests, whether in unions or trade associations, that are opposed **(please see the next page)**

to imports that would compete with domestic products. Consequently, these countries have erected what are often very complicated regulations and taxes, commonly considered “protectionist” to limit imports. In this country, a similar approach has been applied to steel production. There are a number of ways, however, that imports can have a positive effect on a domestic economy, particularly if one underlying goal of the import activity is to create employment and revenue for the economy rather than the reverse.

The Real life Small Business Import Guide

Laurie Huffman is normally a fulltime foreign language and ESL professor at Los Medanos College, but at one stage in her career she decided to try a different vocation, she became an importer. During travels to Central America she became aware of natural products and organic cottons that she had not seen in the U.S. market. Positive interactions with the supplier and a review of the import process encouraged her to pursue import opportunities. The following are the major experiences in her import journey.

Experience#1

Six major steps in preparing to begin and following through with an import business:

(1) **Research** a product outside of the US that would be unique to the North American market. Many times a trip to a foreign country on a vacation or business trip can result in finding and/or hearing of a product that would fit a corner of the US market.

(2) Once a product targeted, approach the manufacturers with an **export proposal**. Review and decide if wholesale pricing will allow for profit once shipping and handling prices are calculated and final costs allow for competitive and cost effective pricing in the USA.

(3) Research **trade agreements** to make certain of import tax laws and additional charges to shipments entering the USA. Certain products that compete with USA made products will carry much higher taxes at point of entry.

(4) Make certain that if FDA **approval** is needed, this process is addressed. Products such as vitamin supplements, herbal based products and any food item will need FDA approval upon entry into the USA.

(5) Normally, the manufacturer will process **paperwork** for shipping, but it would be prudent for the wholesaler on the US side to research the most effective and efficient form of shipping for the product entering the USA. Initial shipments may be best moved by air. Later, as the business grows, inventory could be brought to the USA by ship. Usually, shipping via water represents more time in arrival of the product to US ports.

(6) Finally, plan ahead as to how **receive** inventory at point of entry, how it will be handled and where product will be stored.

Experience#2

Problems unique to small businesses:

Many times problems with small business arise due to the lack of a thorough business plan. In addition, entrepreneurs often feel that they need substantial capital to begin a small business. In fact, a good credit rating and an excellent idea may be the answer to a successful import business. In East County, local small business importers often have excess inventory thus causing problems in moving product in a timely manner. In addition, import businesses may find it difficult to decide on where and how they will sell their product. Some may decide a storefront will result in higher sales than by internet, or others may choose to do both. A **(please see the next page)**

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business plan will help solve the problem of how to present the product for quick turn-around. Upfront costs of building the business can weigh heavily on entrepreneurs who risk their credit and personal finances to begin a business.

Experience#3

Importing from Latin America

Trade with Latin America is open and accessible to anyone with the desire to begin importation /exportation of product. Latin America is our best trade partner; however, many would-be entrepreneurs have yet to discover this. Due to the open trade agreements, product entering the United States from countries in Latin America, many times enters tax-free. The objective of the free-trade agreements is to promote the trade of unique items for the North American market that are specific only to Latin America. As our Latino population in California increases to nearly a majority, traditional items from countries in Latin America will increase in demand in this state. One example of recent phenomena is the growth of Latino grocery markets in the East County area. El Superior Market, in Pittsburg, one of three Latino markets of the chain in Northern California, carries Central American products that do not exist anywhere else between Pittsburg and Stockton. This market chain is an excellent example of the power of import of product from Latin America to East County. With the pending free trade agreement between Central America and the USA, we should see more products entering the United States from Central America.

Experience#4

The transportation network

For my business of importing natural products and organic cottons from Central America, I used air-freight forwarding. I imported a variety of natural, organic products including shampoos of honey, seaweed and tropical fruits. In addition, I opened the market to volcanic mud facial masks and a soap product from the tropical rainforests of Costa Rica. In addition, naturally colored cottons made by a ayan women's cooperative in Guatemala were imported by my company. All product inventory originated in Costa Rica and Guatemala

and was shipped to San Francisco via US airlines. The American airline processed all import documents in a timely manner and stored the product for two-three days maximum before I could pick it up. The process of shipping and handling, as well as import paperwork and review, was handled professionally and thoroughly with minimal, if any, loss or damage of product.

Government Resources for International Commerce

Federal Government International Trade Assistance

U.S. Customs Service

The U.S. Customs Service has the following responsibilities:

Importation: providing duty rates, advising on international agreements, advising infrequent importers and travelers, enforcing antidumping regulations and countervailing duties, setting strategic trade initiatives, conducting regulatory audits, enforcing textile quotas, and monitoring carriers and cargo.

Exportation: monitoring the list of blocked, denied and debarred persons and reviewing export documents, licenses and licensing requirements.

Bureau of Industry and Security

Formerly named the Bureau of Export Administration, this office is responsible for implementing programs to ensure that U.S. defense industries can meet national security requirements, and for providing advocacy assistance to U.S. Defense exporters. It also analyzes the economic impact of U.S. export controls and other trade policies on U.S. industrial competitiveness.

Export-Import Bank

The Export-Import Bank of the United States (Ex-ImBank) is the official export credit agency of the United States. ExImBank's mission is to assist in financing the export of U.S. goods and services to international markets. ExImBank enables U.S. companies — large and small — to turn export opportunities into real sales that help to maintain

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and create U.S. jobs and contribute to a stronger national economy.

ExImBank does not compete with private sector lenders but provides export financing products that fill gaps in trade financing. ExImBank provides working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans (buyer financing). On average, 85% of the Bank's transactions directly benefit U.S. small businesses. With more than 70 years of experience, ExImBank has supported more than \$400 billion of U.S. exports, primarily to developing markets worldwide.

Oakland U.S. Export Assistance Center

Export Assistance Centers are committed to assisting local firms in realizing their export potential by providing expert counseling and advice, information on markets abroad, international contacts, and advocacy services. These offices are part of an international network consisting of 105 U.S. Export Assistance Centers across the country and 165 offices in 82 foreign nations. Domestic and international offices are linked through a worldwide communications and information network which offers a unique and valuable service to U.S. exporters.

The Oakland U.S. Export Center works closely with the Small Business Administration, Export Import Bank, Multilateral Development Banks and other key trade partners in assisting local businesses with their export objectives. Founded in 1980, the agency's network includes 107 Export Assistance Centers throughout the United States and more than 150 offices internationally. The U.S. Commercial Service also partners with a variety of federal, state, and local partners to provide comprehensive export services. The Oakland Export Assistance Center is one of 15 offices in California and works with companies in Contra Costa and Alameda counties.

**Remember:
The complete "Update"
series can be accessed at
the Social Science
Department web-page of
the Los Medanos College
Website: losmedanos.edu**

State of California International Trade Assistance

TradePort

TradePort is a repository of free information and resources for businesses that seek to conduct international trade to and from California. Created in 1996, TradePort is backed by an alliance of regional trade associations that assist California export and import businesses. The *CalTrade Report* is accessible through TradePort and is the only dedicated source, on-line and in print, for international business news and information in and about California.

Agricultural Export Program

The Agricultural Export Program offers services valuable to both novice and experienced exporters in pursuing their international sales and marketing efforts. The program's mission is to foster the growth of California exports of food and agricultural products by creating and expanding international market for these products. The Agricultural Export Program is dedicated to providing exporters with timely, accurate and reliable information. For questions regarding export certificates, trade shows, agricultural statistics, market research, foreign country import requirements, or other general exporting questions, the program is ready to assist California's agricultural industry.

Centers for International Trade Development

California's Centers for International Trade Development (CITDs) are affiliated with the California Community Colleges' Economic and Workforce Development Program. The 14 CITDs located throughout California are dedicated to helping regional and local businesses succeed as exporters or importers, promoting the state's international trade and competitiveness, and advancing California's economic and job growth. Each CITD center offers free personalized counseling by trade experts, trade training for all levels of experience and a full range of trade assistance services to meet all export-import needs.

Assessing Your Company's Export Readiness

The following guides were excerpted from the U.S. Department of Commerce - *A Basic Guide to Exporting*, published in cooperation with the Unz & Co., Inc.

Answering these general questions about how exporting will enhance into your company's short, medium and long-term goals will help determine your company's readiness to export:

- What does the company want to gain from exporting?
- Is exporting consistent with other company goals?
- What demands will exporting place on the company's key resources, management and personnel, production capacity, and finance and how will these demands be met?
- Are the expected benefits worth the costs, or would company resources be better used for developing new domestic business?

Developing an Export Plan

Once you have decided to sell your products abroad, it is time to develop an export plan. A crucial first step in planning is to develop broad consensus among key management on the company's goals, objectives, capabilities, and constraints. (Answering the questions listed in is one way to start.) The purposes of the export plan are (a) to assemble facts, constraints, and goals and (b) to create an action statement that takes all of these into account. *At least the following ten questions should ultimately be addressed:*

1. Which products are selected for export development? What modifications, if any, must be made to adapt them for overseas markets?
2. Which countries are targeted for sales development?
3. In each country, what is the basic customer profile? What marketing and distribution channels should be used to reach customers?
4. What special challenges pertain to each market (competition, cultural differences, import controls, etc.), and what strategy will be used to address them?
5. How will the product's export sale price be determined?
6. What specific operational steps must be taken and when?
7. What will be the time frame for implementing each element of the plan?
8. What personnel and company resources will be dedicated to exporting?
9. What will be the cost in time and money for each element?
10. How will results be evaluated and used to modify the plan?

Comments? Suggestions? Would you like to receive future issues of the *Update*?

Detach this form and mail to: **IDRC Project, c/o Social Science Department, Los Medanos College,
2700 E. Leland Rd., Pittsburg, CA. 94565**

Name: _____

Address: _____

Comments: _____

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