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Exporting to the United States

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OUTLINE

1. Criteria for Selecting an Export Market
2. Overview of U.S. Market
3. Meeting U.S. Standards
4. How to find a competitive niche
5. Attracting and retaining customers
6. AIRTF's initiatives
7. Next Steps

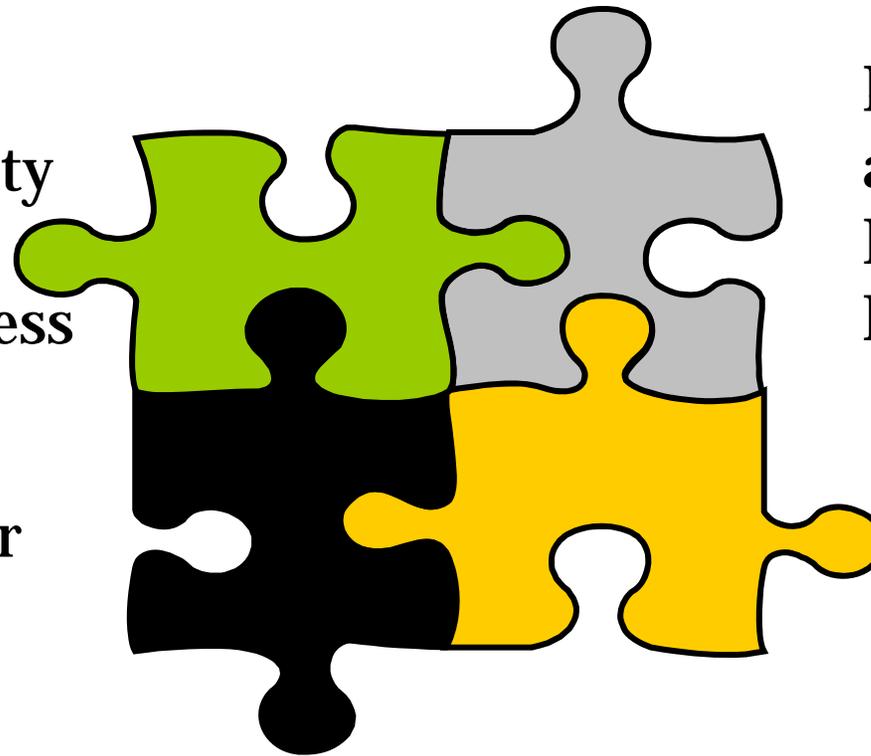


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1. Criteria for Selecting an Export Market

Product quality
and
competitiveness

Consumer
Demand



Logistics
and
Distribution
Network

Capacity to
support
Market
Demands



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2. U.S. Market Overview

Carpets

- **\$14 billion industry- \$1.2 billion for hand-woven.**
- **Two primary markets- residential and commercial.**
- **Trends - Fashion & Design Industries Drive the Process**
 - customized designs and colors
 - long-term durability
 - quality and value



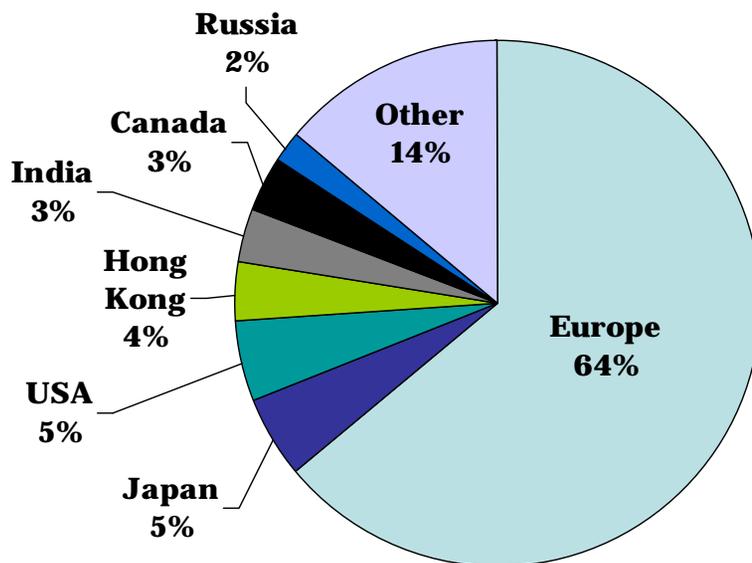
2. U.S. Market Overview

Dried Fruits and Nuts

- Large and lucrative \$600 billion (but smaller than Europe)
- Highly competitive
- Food Safety = High Priority
- U.S. importers and sellers are liable for bad food
- 2 types of markets:

- ❖ large, generic market
- ❖ niche, branded, “high-end” market
 - » Organic
 - » Fair Trade,
 - » Natural

Global Nut Imports





2. U.S. Market Overview

Marble and Other Natural Stones

- Second largest natural stone consumer in the world, after China.
- Most of the growth is represented by imports, but domestic stone production in the U.S. has increased significantly, more than doubling in 10 years.
- Industry sources indicate that around 30% of U.S. natural stone finished goods are made at local production plants.
- Imports have increased from China, India, Brazil as well as many other countries, including Turkey, South Africa, etc. Italy has been the main market share loser but other traditional exporters (e.g., Portugal, Spain, Greece and other European countries) have also lost share.
- Average prices in the U.S. have decreased, in line with expansion of imports from lower-cost countries.



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2. U.S. Market Overview

Natural Stone - continued

- The U.S. natural stone market is extremely fragmented in terms of product offer (materials, colors, textures, finishes), suppliers (countries and companies), channels of distribution (multiple Importer/Distributors and over 22,000 fabricators) and applications (interior and exterior uses; floors, walls, counters, landscaping).
- Competitive market where suppliers must provide excellent service to maintain their presence.
- Most of the imported products are purchased by importers/distributors – however, increasing quantities of marble are purchased by fabricators/installers and home centers from foreign suppliers.
- Higher demand for importing specified/customized fabricated products from low-cost countries.



3. Meeting U.S. Standards

- Domestic and foreign products under same standard
- All aspects of supply chain
- U.S. standards are the toughest in the world
- Professional design and process consultants are highly recommended
- Getting to basic U.S. standard can be very expensive!
- Dedicated standards compliance staff
- Each buyer likely to have their own standards



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BBC

**DURBIN, KLOBUCHAR SEEK ACTION FROM CPSC
REGARDING TOXIC LEAD IN TOYS**

washingtonpost.com

Tainted Chinese Imports Common

In Four Months, FDA Refused 298 Shipments

By Rick Weiss
Washington Post Staff Writer
Sunday, May 20, 2007; A01



...CHINESE CHEMICALS
FLOW UNCHECKED ONTO
WORLD DRUG MARKET

**KFC
Responds To
Health
Department
Warning
In China**

**March
13, 2007**

FDA to check toothpaste imports from China
Officials inspecting shipments after reports



Toy Recall Has Parents Wondering 'What's Next?'

Anxiety About Toy Safety Rises as One Mom
Tosses Son's First Birthday Gifts

AB
By EMILY FRIEDMAN
Aug. 14, 2007

Los Angeles Times



Trader Joe's halting some Chinese imports

By Jerry Hirsch,
Los Angeles Times Staff Writer
February 12, 2008

The New York Times

EU and US team up on Chinese toys



The EU and the United States have agreed to work closely to persuade Chinese toy-makers to improve the safety of their products.

The Epoch Times
A Costly Trade With China

Millions of Chinese-made toys were recalled in 2007 after safety concerns about lead paint or detachable magnets...

Many Chinese goods found to be harmful, mislabeled, and defective

By Heide B. Malhotra
Epoch Times Washington, D.C. Staff

The Washington Post

Consumers Warned Against Toxic Chinese Fish



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FDA and Food Safety



- FDA regulates all food and food-related products in the U.S.
- Foreign and domestic goods under same standard
- Basically foods must be pure, wholesome, safe to eat, produced under sanitary conditions, and its labeling be honest and informative.
- Key dangers = aflatoxins, salmonella, E. Coli, insect damage
- Food is the responsibility of its owner (importer, retailer, etc.)
- FDA does not approve, license, or issue permits for domestic products shipped in interstate commerce
- Compliance via periodic inspections of facilities and products, analysis of samples and legal proceedings
- FDA also regulates processing of foods and establishes Good Manufacturing Practices (GMP) and rules for Hazard Analysis for Critical Control Points (HACCP)



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Natural Stone- Standards

- –ANSI (American National Standards Institute)
Standards for issues such as safety, installation, specifications for mortars and grout, etc.
- –ASTM (American Society for Testing and Materials)
International Standards. Voluntary standards for materials, products, systems and services, eg. slip resistance, abrasion resistance, absorption, compressive strength, bending strength.



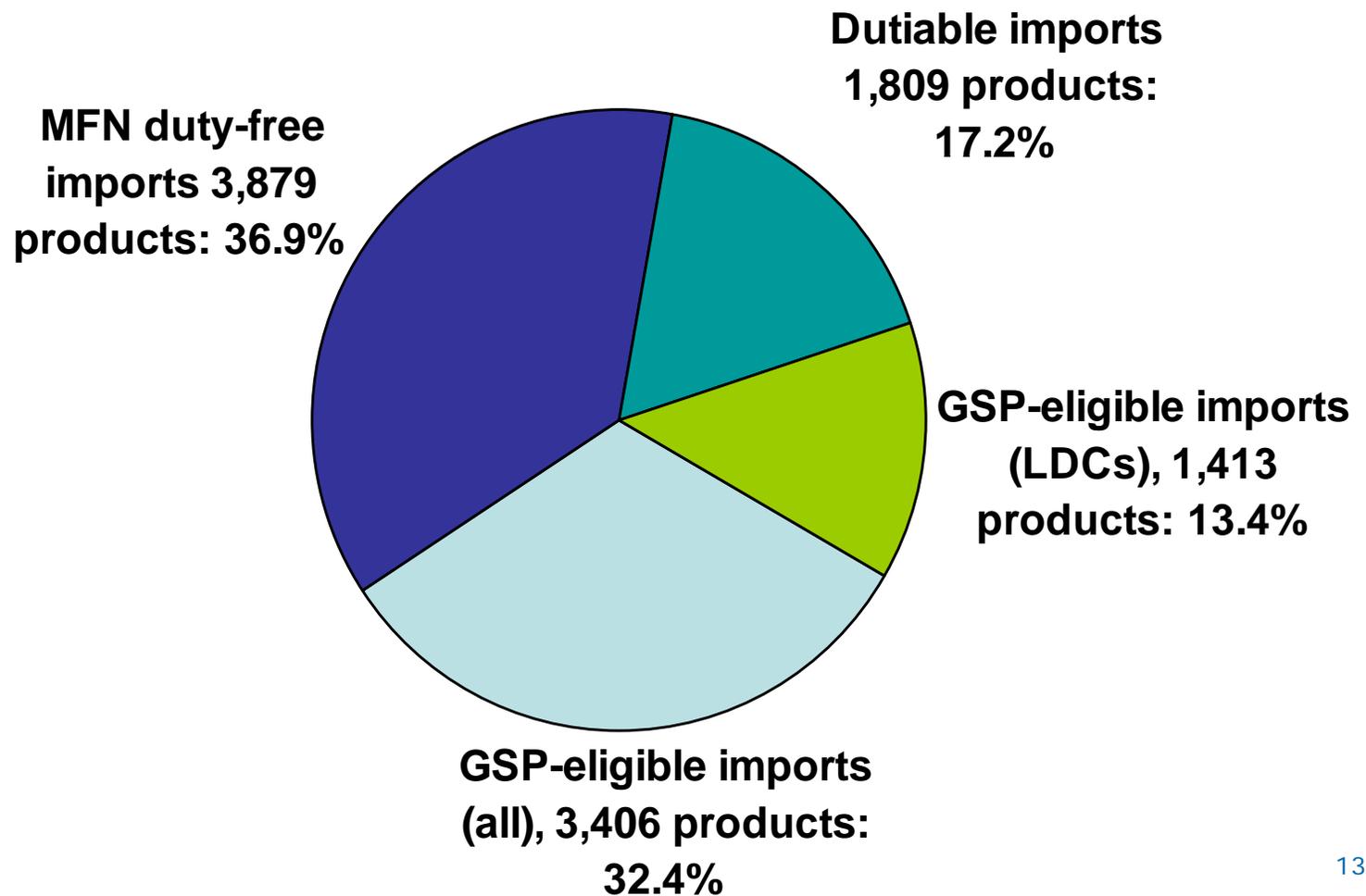
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4. How to find a competitive niche

- Analyze competitive advantage, market segment to target and estimate potential demand and competition
- Minimize production and shipping costs to offer competitive price
- Negotiate with importers and wholesalers to identify the best distribution channels
- Stay abreast of US customs regulations for preferential tariff treatment (eg. GSP)



82.8% of all Afghan products get 0% tariff to U.S.





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U.S. Tariff Preference Program (GSP)

- **Provides duty-free treatment for 5,000 products from Afghanistan**
- **Gives Afghan exports an advantage in U.S. market – not charged tariffs so lower cost**
- **U.S. Importer needs to be aware**



5. Attracting and Retaining Customers

- Attend Key Trade Shows in the U.S.
- Direct marketing
- Alliances with certified U.S. partners (BBB, PACA Certified, etc.)
- Follow U.S. business practices



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Key Trade Shows in the U.S.

- AmericasMart—Atlanta, GA (January/July 2009)



- Fancy Food Shows www.fancyfoodshows.com:
 - o January 18-20, 2009, San Francisco
 - o May, 5-7, 2009, Chicago (co-located with "All Things Organic" trade show)
 - o June 28-30, 2009, New York
- PackExpo—Las Vegas, NV (October 2009)
- World AgExpo, Tulare, CA (February 2009)
- StoneExpo—Las Vegas, NV (October 2009)
- Coverings exhibition –Chicago, IL(April, 2009)





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Direct Marketing

- www.tradekey.com
- www.alibaba.com
- www.importbureau.com
- www.macraesbluebook.com
- www.importers.com



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Alliances with Certified U.S. Partners

- Business Registration in U.S. happens state-by-state
- Except to check for criminal or other legal issues, all vetting is privately done.
- Many companies hire a lawyer to do “due diligence”
- Better Business Bureau – www.bbb.org
- USDA Perishable Agricultural Commodities Act (PACA)
 - Like BBB, but specific to perishable goods





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Follow U.S. Business Practices

- American Best Practices (on-time delivery, clear communication, etc.)
- Build a Brand Name & re-invest
- Guard your reputation!
- Watch the market and your competitors



6. AIRTF Initiatives

- “Sheep to Shop” Rug Industry Initiative:
 - Increase livestock, domestic wool and natural dyes
 - Support creation of new finishing/processing facilities
 - Marketing and promotion of Afghan rug industry
- Reverse trade missions organized to support Afghan exporters of rugs, dried fruits and nuts, marble and gemstones.
- Technical assistance programs for Afghan exporters in each sector, focusing on best business practices, design and color trends, shipping and invoicing, etc.



7. Next Steps - Processors/Exporters

- Analyze your products and business model
- Ask for help to look at your company's comparative advantage
- Identify best export market for product
- Develop a business plan for marketing, expansion, improvements
- Consider attending a trade show
- Incorporate Information Technology into plan (DVCs, website, e-marketing)



7. Next Steps - Government and Associations

- Streamline domestic barriers to export (procedures, licensing, transportation..)
- Deepen financial sector to make trade financing available for exporters
- Provide export credit guarantees
- Share knowledge of export markets and sectors through export promotion agencies
- Train staff to promote Afghan products



7. Next Steps – AIRTF Activities

Capacity Building for Afghan exporters

- American Importers Association – Best marketing strategies for exporting to the United States, matchmaking and networking
- National Customs Brokers and Freight Forwarders Association
- Reverse trade missions including rug road show
- Capacity building
- Matchmaking