

REALITIES OF TWO WAY TRADE BETWEEN U.S. AND MEXICO



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Session Outline

- Duquesne University SBDC Services
- Pennsylvania Trade Services / PA Sales to Mexico.
- USAID “TIES” Partnership Grant
- Promoting and Expediting Exports
 - Challenges and Successes
- Every Day Trade: Successful Trade Mission Programs
 - Success Stories
- Lead Follow Up
- Do’s and Don’ts

Mission Statement

To assist “entry-to-export” companies market their products overseas successfully and profitably.





- Program began in 1989
- Worked with more than 2000 companies over time.
- Typical Client Profile:
 - Industries
 - Environmental Technology
 - Medical Technology
 - Computer Software
 - Manufacturers
- International Students Linkage Program
- Collaborate with U.S. Commercial Service and Commonwealth of Pennsylvania, Center for Trade Development.

Export -----> **Sales**



Center for International Regulatory Assistance

- CITRA consultants provide CE Mark, WEEE, ROHS, REACH, EUP for Europe, and CCC Mark for China.
- Relationships with U.S. and European trade, regulatory and standards bodies.
- **NEW: Inquiry about the “Business with/in China” program.**
- **CITRA offers:**
 - Training
 - Consulting
 - Product Standards
 - Guidance Publications

www.citra.duq.edu

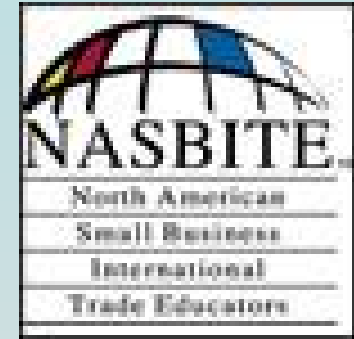




Center for International Regulatory Assistance

- **In 2003, CITRA received the NASBITE
Program Excellence Award**

- **CITRA is the only independent, not-for-profit business service provider offering assistance and training products and services on European trade regulations and CE Marking in North America.**
- **The CITRA program stood out from the many quality applications “in every regard: uniqueness, success in meeting clearly identified objectives, strength and quality of program, impact, benefits to program participants and strategic alliances and partnerships formed,” according to NASBITE officials.**





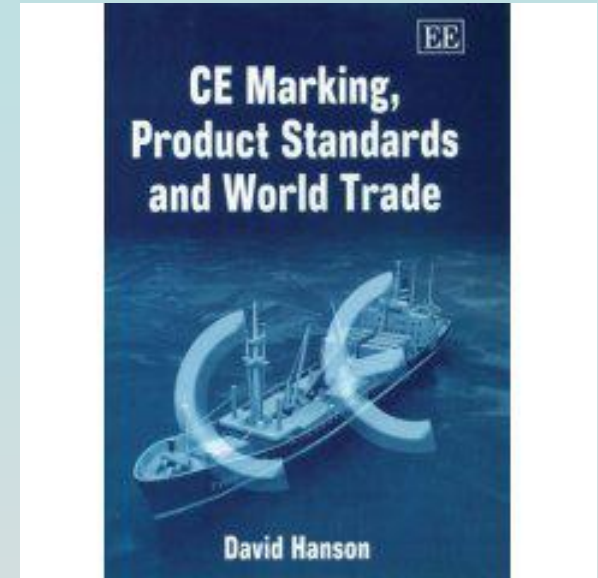
Center for International Regulatory Assistance

•CE Marking, Product Standards And World Trade

- Published by Dr. Dave Hanson Technical Director of CITRA
- The book addresses:
 - Patterns of EU decision making
 - CE Marking

•CE 123... A Guide to Understanding European Technical Regulations and CE Marking

- Published by Dr. Dave Hanson, Dr. Mary McKinney and Gonzalo Manchego
- Training manual of CE Marking and its components



USAID “TIES” GRANT

- 1. Car



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Duquesne University-Mexico Partnership: UNIVERSIDAD AUTONOMA DE AGUASCALIENTES, CEINNOVA, ITESO.

EXPANDING BUSINESS CAPABILITIES:

- **MEXICAN STUDENTS,**
- **FACULTY,**
- **BUSINESS CONSULTANTS**
- **BUSINESSES**

**TO ENHANCE TRADE,
COMPETITIVENESS AND
ECONOMIC DEVELOPMENT.**



USAID
FROM THE AMERICAN PEOPLE

Aguascalientes and Guadalajara “Golden Triangle”. 40 million people.



Top U.S. Trade Partners Exports of HS

TOTAL in thousands (\$ USD) Source: <http://tse.exports.gov>

Partner	2004	2005	2006	2007	2008
World Total	818,774,859	905,977,633	1,036,634,650	1,162,479,299	1,300,135,650
Canada	189,879,866	211,898,689	230,656,014	248,888,145	260,914,364
Mexico	110,834,985	120,364,770	133,978,809	136,092,127	151,538,592
China	34,744,053	41,925,281	55,185,707	65,236,121	71,457,073
Japan	54,243,120	55,484,472	59,612,714	62,703,458	66,579,152
Germany	31,415,882	34,183,656	41,319,095	49,650,956	54,732,310
United Kingdom	36,000,233	38,587,772	45,410,107	50,228,663	53,775,110

**Top Pennsylvania Trade Partners Exports of NAICS Total All Merchandise
from Pennsylvania in thousands (\$ USD)**

Partner	2004	2005	2006	2007	2008
World Total	18,539,007	22,333,839	26,358,528	29,195,435	34,448,471
Canada	6,434,381	7,775,174	8,921,214	9,303,560	10,268,659
Mexico	1,199,995	1,422,450	1,993,068	2,223,695	2,434,856
Belgium	702,150	813,456	1,150,361	1,493,301	1,649,324
China	784,127	933,179	1,264,317	1,293,499	1,630,564
Japan	921,960	1,013,352	1,226,481	1,261,544	1,514,320
United Kingdom	903,216	1,036,689	1,143,199	1,347,485	1,391,273

Top Pennsylvania Products to Mexico NAICS Total All
 Merchandise Exports from Pennsylvania to Mexico in thousands (\$ USD)

Item	2004	2005	2006	2007	2008
Total	1,199,995	1,422,450	1,993,068	2,223,695	2,434,856
325 _Chemical Manufactures	233,167	307,479	493,238	531,390	646,311
331 _Primary Metal Manufactures	238,783	331,702	438,991	343,148	440,385
334 _Computers & Electronic Prod.	145,441	128,667	239,892	299,085	255,268
333 _Machinery Manufactures	106,959	135,307	182,652	206,188	237,325
336 _Transportation Equipment	50,164	113,049	125,199	262,165	170,270
335 _Elec. Eq., Appliances & Parts	85,960	83,759	94,963	104,676	117,112

Pittsburgh Companies

Pittsburgh is the 71st largest economy in the World.

Gross Metro Product of \$96.2 billion. (Source: Global Insight 2005)

Service Driven economy.

35% of SBDC clients who export go to Mexico.

The rest need handholding and education about Mexico. (Not Cancun).

Pennsylvania OIBD Services

Trade Missions

Pennsylvania Trade Representatives

Foreign Direct Investment

Pennsylvania International Week (PIW)

Regional Export Network (REN)

Export Financing (eliminated)

Virtual Trade Advisor. www.newpa.com/trade

Market Access Grant (MAG)

Source: www.newpa.com/trade

International Trade
Show

Pennsylvania Market Access Grant (MAG)

\$5,000 USD in matching funds annually

CRITERIA:

- Annual sales: \$40 million or less
- Export sales: \$5 million or less
- Employees: no more than 250
- Businesses that manufacture, produce and/or assemble a product or provide an exportable service.
- Grant to be used for travel, hotel, booth, translations, Website, Gold Key, seminars.

Source: www.newpa.com/trade

International Trade
Show

Pennsylvania Overseas Representatives



Pennsylvania's Overseas Representatives (MAP)

• 1. Canada

- **Pennsylvania Trade Representatives**
- Pennsylvania's interests are represented the world over by Pennsylvania Trade Representatives. These experts act as your company's market partners abroad, providing in-country assistance and market intelligence, identifying overseas partners for Pennsylvania companies and supporting in-country trade initiatives.

Pennsylvania's Overseas Representatives (MAP)

• 1. Canada

- Canada, Mexico, Brazil, Chile.
- UK, Germany, France, Holland, Spain, Czech Republic
- Russia
- Israel
- Saudi Arabia, Qatar
- South Africa
- India
- China, Japan, Taiwan, Korea, Singapore, Vietnam
- Australia

Promoting and Expediting Exports: From Pittsburgh to Mexico

- In 3 years of the project, 80 companies attended Mexico seminars in Pittsburgh. (100% interested in Mexico).
- Conference Call with Efren Flores, PA office in Mexico
- Topics: Market Research, Cultural Considerations, Negotiating with Business Partners and Logistics.
- Attended Trade Mission: 12. (15% of firms from Pittsburgh region attended)

Promoting and Expediting Exports: From Pittsburgh to Mexico

- **Challenges**: Busy To Do Lists, bureaucracy and forms, costs, the “unknown” factor, language barrier, security, did not know about the program.
- **Successes**: Follow up after seminars, handholding, trip is viewed as an official delegation, market research provided names from directory ahead of time, brochure translations, etc.

Promoting and Expediting Exports: From Mexico to Pittsburgh

- **Successes**: 1 firm sent 3 people to Pittsburgh. They enjoyed the experience.
- Put Mexico on the Pittsburgh business landscape
- We are viewed as experts in Mexico
- We support the Pennsylvania Trade Missions to Mexico
- We support our Regional Export Network partner with marketing when Efren Flores comes to visit Pittsburgh
- University exchanges

Promoting and Expediting Exports: From Mexico to Pittsburgh

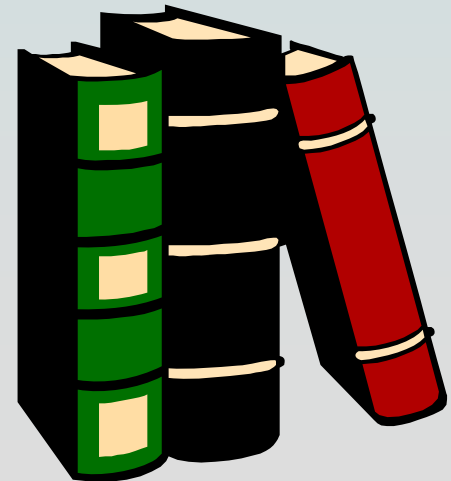
- **Challenges**: Know where local government stands. Exports are not a big priority for them.
- Assess capabilities of their export agency: (they want the order first and then they would travel)
- No MAG grant available for them
- Familiarity with dealing only with Southwest of U.S.
- English language proficiency
- Pricing is a little bit higher than India (software)
- Politics are meshed with businesses
- Ads don't work in Mexico newspapers
- U.S. government funded export agencies cannot help IMPORTS.
- Lack of staff to do matchmaking given no help from others.

HOW TO CONDUCT SUCCESSFUL TRADE MISSIONS

- **Efrén Flores**
Pennsylvania State Representative
- ***Pennsylvania State Office, Mexico City***
- ***Department of Community and Economic Development***
- Benjamin Franklin # 50 B
- Col. Escandon
- C.P. 11800 México D.F.
-
- Tel: (5255) 4624-7001
- Tel: (717) 798-8092 ***Dialing From U.S. 717-805-3113***
- Fax:(5255) 5559-1704
Cel: (52 155) 2818-2455
eflores@gbpmexico.com

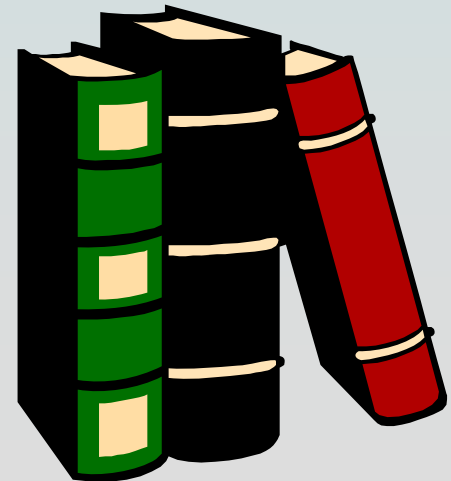
EXPORT CASE STUDIES

- Efren



TRADE MISSION FOLLOW UP

- Efren



Do's and Don'ts

- Do Establish communication via email or by phone before you visit them, **but visit them.** 80% OF THOSE WHO VISIT GET BUSINESS.
- Do expect some time to reach conclusions. Be patient!
- Do not get upset if they don't show up for a meeting. Plan for cancellations.
- Do invest time in getting to know the person representing the business, after all, he/she will make or break your business.
- Do dress nicely for business meetings.
- Do have translated materials in Spanish.
- Do show pictures on your materials.
- Do enjoy and respect their rich culture
- Do keep in touch when you return, and if no response, **keep trying.**

Do's and Don'ts

- Don't generalize and don't talk politics
- Don't show signs of wealth. That will hurt you on the negotiation table.
- Don't disclose all information at the beginning. There is a warm up period where both parties are getting to know each other.
- Don't rush to conclusions. What you see is not what you get. (Clusters).
- Don't expect that a meeting with a junior associate will get too far, **find out the chief and meet with him/her!**
- Don't return to the U.S. without having enjoyed their rich culture, food and developed relationships!



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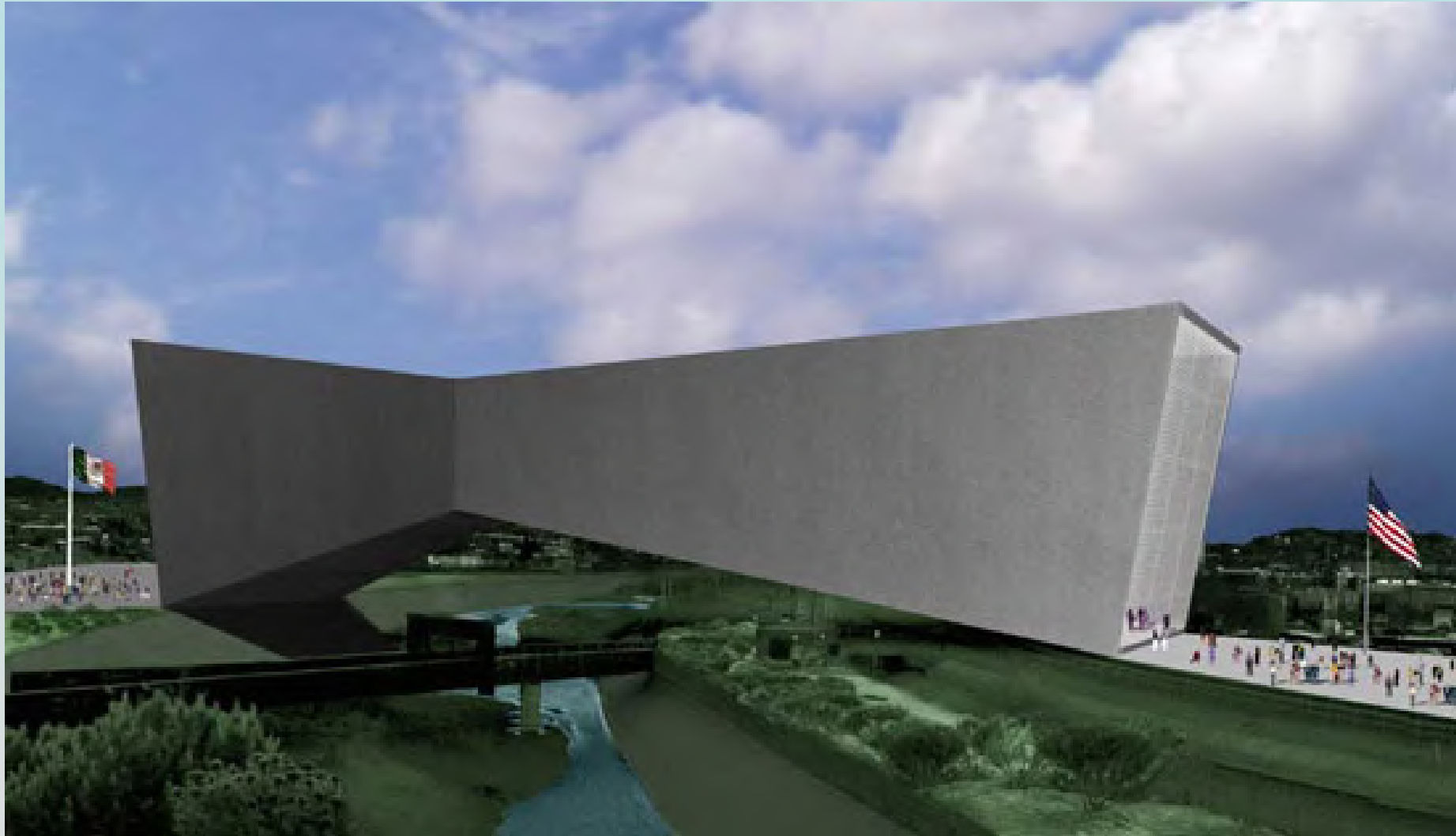


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WORLD TRADE CENTER NUEVO LEON - UANL

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- Bridging Mexico/USA, Ciudad Juarez, Chihuahua/El Paso, Texas, 2000–ongoing. Courtesy LAR/Fernando Romero.

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MEXICO SBDC

- **10th Mexican ASBDC Annual Conference**
- **June 24 - 26 2009**
Mérida, Yucatán, México
Fiesta Americana Mérida Hotel
Paseo Montejo Calle 56A No.45, esq.
Av. Colón, C.P. 97000
- <http://www.amcdpe.org/reunion/10reunion-en/index.html>

Contact Information

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Brent Rondon, MPA. Manager, Global Business
Program

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- **Efren Flores.** Pennsylvania State Representative.

Pennsylvania State Office, Mexico City. Department of Community and Economic Development. Benjamin Franklin # 50 B. Col. Escandon. C.P. 11800 México D.F. Tel: (5255) 4624-7001. Cel: (52 155) 2818-2455. eflores@gbpmexico.com

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