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.
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](http://www.citra.duq.edu)
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.
• 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

Duquesne University, Chrysler Corporation, Small Business Development Center-99
Expanding Business Capabilities:

- Mexican Students,
- Faculty,
- Business Consultants
- Businesses

To enhance trade, competitiveness and economic development.
Aguascalientes and Guadalajara “Golden Triangle”. 40 million people.

- Guadalajara – Monterrey - MexicoCity (where 70%+ of the country’s GDP takes place & 60% of the population lives)
- Only spot where Ferromex y Kansas City Southern meet
- State of the Art International Airport
- “Ring” system for energy, unique to Mexico
## Top U.S. Trade Partners Exports of HS

TOTAL in thousands ($ USD) Source: [http://tse.exports.gov](http://tse.exports.gov)

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

Exports of NAICS Total All Merchandise from Pennsylvania in thousands ($ USD)

<table>
<thead>
<tr>
<th>Partner</th>
<th>2004</th>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Total</td>
<td>18,539,007</td>
<td>22,333,839</td>
<td>26,358,528</td>
<td>29,195,435</td>
<td>34,448,471</td>
</tr>
<tr>
<td>Canada</td>
<td>6,434,381</td>
<td>7,775,174</td>
<td>8,921,214</td>
<td>9,303,560</td>
<td>10,268,659</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,199,995</td>
<td>1,422,450</td>
<td>1,993,068</td>
<td>2,223,695</td>
<td>2,434,856</td>
</tr>
<tr>
<td>Belgium</td>
<td>702,150</td>
<td>813,456</td>
<td>1,150,361</td>
<td>1,493,301</td>
<td>1,649,324</td>
</tr>
<tr>
<td>China</td>
<td>784,127</td>
<td>933,179</td>
<td>1,264,317</td>
<td>1,293,499</td>
<td>1,630,564</td>
</tr>
<tr>
<td>Japan</td>
<td>921,960</td>
<td>1,013,352</td>
<td>1,226,481</td>
<td>1,261,544</td>
<td>1,514,320</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>903,216</td>
<td>1,036,689</td>
<td>1,143,199</td>
<td>1,347,485</td>
<td>1,391,273</td>
</tr>
</tbody>
</table>
**Top Pennsylvania Products to Mexico**  
NAICS Total All  
Merchandise Exports from Pennsylvania to Mexico in thousands ($ USD)

<table>
<thead>
<tr>
<th>Item</th>
<th>2004</th>
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<th>2007</th>
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</tr>
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<tbody>
<tr>
<td>Total</td>
<td>1,199,995</td>
<td>1,422,450</td>
<td>1,993,068</td>
<td>2,223,695</td>
<td>2,434,856</td>
</tr>
<tr>
<td>325 _Chemical Manufactures</td>
<td>233,167</td>
<td>307,479</td>
<td>493,238</td>
<td>531,390</td>
<td>646,311</td>
</tr>
<tr>
<td>331 _Primary Metal Manufactures</td>
<td>238,783</td>
<td>331,702</td>
<td>438,991</td>
<td>343,148</td>
<td>440,385</td>
</tr>
<tr>
<td>333 _Machinery Manufactures</td>
<td>106,959</td>
<td>135,307</td>
<td>182,652</td>
<td>206,188</td>
<td>237,325</td>
</tr>
<tr>
<td>336 _Transportation Equipment</td>
<td>50,164</td>
<td>113,049</td>
<td>125,199</td>
<td>262,165</td>
<td>170,270</td>
</tr>
<tr>
<td>335 _Elec. Eq., Appliances &amp; Parts</td>
<td>85,960</td>
<td>83,759</td>
<td>94,963</td>
<td>104,676</td>
<td>117,112</td>
</tr>
</tbody>
</table>
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](http://www.newpa.com/trade)
Market Access Grant (MAG)

Source: [www.newpa.com/trade](http://www.newpa.com/trade)
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
Pennsylvania’s Overseas Representatives (MAP)

- 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!
Duquesne University, Chrysler Corporation, Small Business Development Center-99

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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

Contact Information

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Brent Rondon, MPA. Manager, Global Business Program

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• Efren Flores. Pennsylvania State Representative.

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