Export Assistance Program

Andrew J Cassey
School of Economic Sciences
Washington State University

October 5, 2001
Why Listen to This Guy?

▶ Ph.D. 2008 University of Minnesota
▶ Dissertation: State Export Behavior & Policy
▶ Research interest: Regional development through exportation
  • Information barriers to trade
  • Costs to begin exporting
  • Export promotion policy
▶ Contact information
  • Cassey@wsu.edu
  • 509-335-8334
  • extecon.wsu.edu/pages/Regional_Economics
Export Assistance Program: Overview

- Assist new-to-export and new-to-market firms
- Create a culture of exporting
- No cost confidential, in-depth, long-term one-on-one export advice
- Collaboration on developing an export plan and targeting markets
- Guidance in navigating trade forms, domestic and foreign
- Development of export assistance materials
- Compilation and interpretation of export and exchange rate data
Partners

- Community Economic Revitalization Board
  Washington Department of Commerce

- Washington Small Business Development Center
  - Direct assistance
  - 4 certified international business advisors
    - 2 in Spokane, 2 in Seattle

- Washington Department of Agriculture
  - Direct assistance
  - 6 certified agricultural business advisors
    - Olympia, Yakima, and Kennewick

- Economics Sciences / IMPACT Center / WSU Extension
  - Supporting research
  - Direct assistance for agricultural producers
  - Extension network
Highlights of SES / IMPACT / Extension Research

- Global to local:
  Community development through international sales

- Guidance: Agricultural export quick start guide

- Data
  - Exchange rates
  - Export trends
10 Steps to Exporting

1. Assessing export readiness
   - $1 million investment
   - Able to withstand year or two of initial losses
   - Not a replacement for domestic success

2. Planning
   - One-on-one assistance with business advisors
   - WSDA if agricultural good
   - SBDC if non-agricultural good

3. Researching markets
   - Growth potential
   - Destinations of peer exporters
   - Personal networking
   - Trade barriers report (soon online filtering tool)
10 Steps to Exporting

4 Marketing channel
   • New exporters hire advertising intermediary
   • Export management companies, export agents

5 Marketing products
   • Generally same as domestic marketing

6 Pricing
   • More negotiable than domestic prices
   • Begin with price you need to receive then work forward to arrive at price foreign buyers pay
   • Include shipping costs, insurance, cost of inspections
   • Use pro forma invoice to establish where shipment is your responsibility
10 Steps to Exporting

7 Receiving payment
- Depends on where buyer takes responsibility of shipment
- Letter of account method most common
  - Involves domestic bank and foreign bank
- Remember to consider exchange rate fluctuations

8 Financing exports
- Long time duration between receiving order and payment
- Increased risk means higher interest from U.S. banks to finance
- Dedicated export financing institutions
  - USDA export credit guarantee program for ag exports
  - Export-Import bank for others
10 Steps to Exporting

9 Forwarding freight
- New exporters should use a freight forwarder to handle international regulations and logistics
- Often specialize in particular commodities
- Experienced in trade barriers and regulations

10 Shipping product
- Commercial invoice
- Packing list
- Product certification or sanitation form
- Bills of lading
- Automated export system to file some export documents
Depreciation of dollar

- Good to be an exporter now
Number of Destination Countries

![Graph showing the number of countries receiving WA exports for different categories over the years 2002 to 2010. The categories include Navigational Instruments, Aerospace Products and Parts, Computer Equipment, Other Machinery, and Petroleum and Coal Products. The graph indicates a trend where the number of countries receiving exports for most categories has increased over the years, with fluctuations.](image-url)
Agricultural Export Trends

- Real Exports (Millions)

- Year: 2002 to 2010

- Categories:
  - Dairy Products
  - Grain and Oilseed Milling Products
  - Foods Not Elsewhere Specified
  - Meat Products
  - Seafood Products
  - Fruit and Vegetable Preserves

Graph showing trends in agricultural exports from 2002 to 2010 for various categories.
Conclusion

▶ Now is a great time to begin exporting
  • Depreciation of dollar favors exporters
  • Recent up turn in Washington exports
  • Free trade agreements: South Korea, Colombia, Panama
  • No cost assistance

▶ But exporting is risky and only those firms that can handle loss should consider it
  • Successful domestic business plan
  • $1 million investment
  • More than a year between order and payment
  • Paper work headaches
People to Know

▶ Economic Sciences
  • Andrew Cassey, Research lead
  • Yunfei Zhao, Research support and direct assistance

▶ Washington Department of Agriculture
  • Janet Leister, International Marketing Program
  • Rebecca Weber, Business Advisor
  • Overseas office in Japan, Taiwan, and China

▶ Small Business Development Center
  • Terry Chambers, Export Assistance Program Director
  • Kat Korish, Business Advisor

cassey@wsu.edu; yunfei.zhao@email.wsu.edu
extecon.wsu.edu/pages/ExportAssistanceProgram