

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



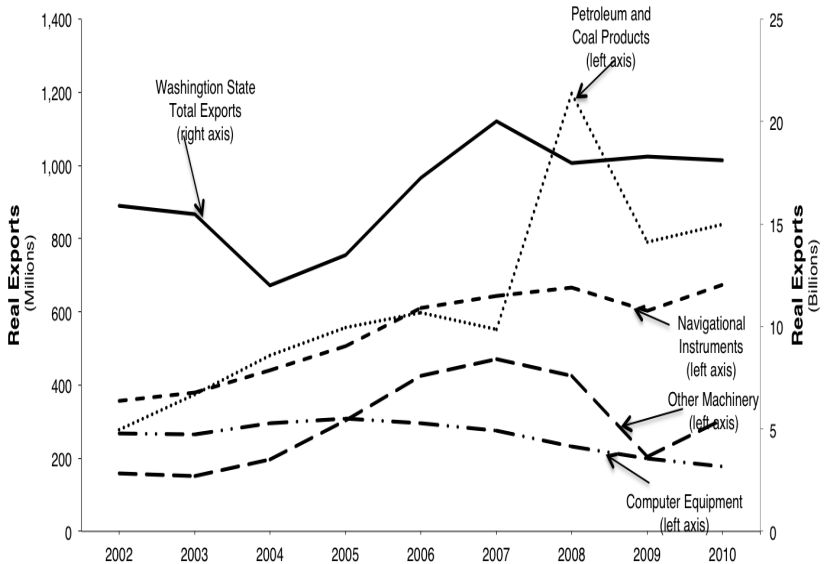
Depreciation of dollar



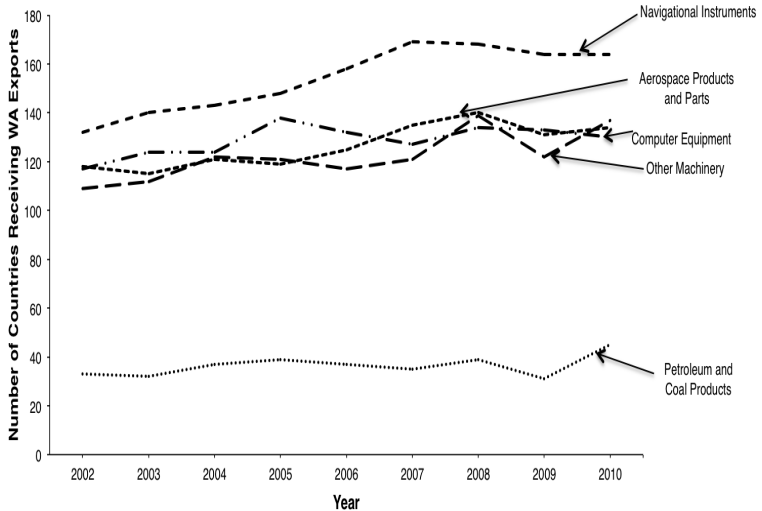
▶ Good to be an exporter now



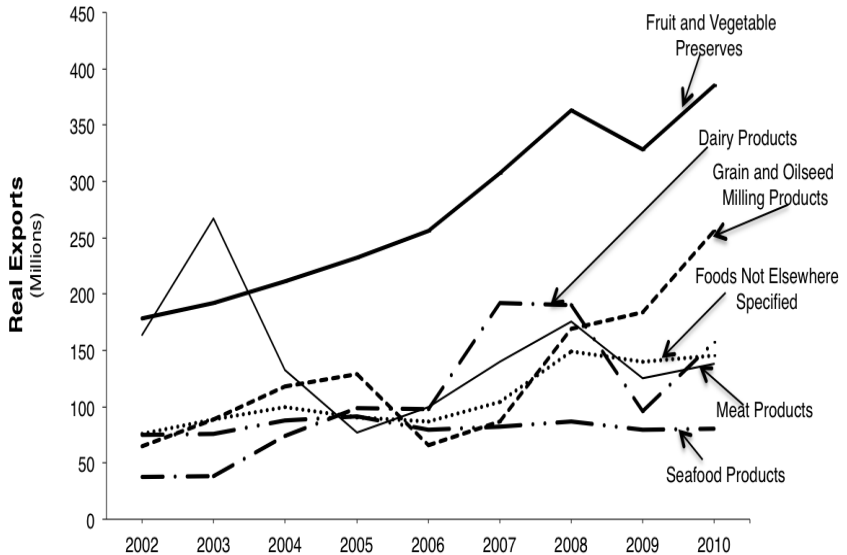
Washington Export Trends



Number of Destination Countries



Agricultural Export Trends



Number of Agricultural Destinations



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

