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United States of America
Department of Commerce

*“U.S. Government Trade Promotion Assistance for
Small & Medium Sized Companies”*

GRIPS-Mansfield Foundation Joint Seminar

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Presentation Agenda

- What is the impact of SMEs on the U.S. Economy?
- How is the U.S. Government supporting SME exporters?
- What are the opportunities and challenges for SME exporters in Japan?
- Why is U.S. export promotion important for both the U.S. and Japan?



Economic Impact of SMEs

What % of U.S. SMEs export their product or service?

- A. 70%
- B. 15.5% (Average among Industrialized Countries)
- C. 5.5%
- D. Less than 1%

Answer: "D" - Of the nearly 27 million SMEs in the U.S., only 240,000 export their goods and services outside of the country.



Economic Impact of SMEs

What % of SMEs export to only one international market?

- A. Greater than 50% **Answer: 59%**
- B. Less than 50%



Factors that Impede Export Development

Lack of:

- Desire - due to large U.S. market
- Internationalized Product or Service
- Management Resources and Commitment
- Access to Accurate and Reliable Information
- Working Capital



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U.S. Commercial Service

An agency of the U.S. Department of Commerce

Our Mission:

- To Promote the export of U.S. goods & services, particularly by small- and medium-sized businesses
- To represent and protect U.S. commercial interests in foreign markets
- To help U.S. businesses find qualified international partners



U.S. Commercial Service Network

Trade specialists in over 100 U.S. cities and 130 offices in 75 countries worldwide...

Offices in Japan

- U.S. Embassy, Tokyo
- U. S. Consulates
 - Osaka
 - Nagoya
 - Sapporo



Services Provided to SMEs

Consulting & Advocacy

- Domestic and Overseas Network
- Other U.S. DOC Divisions

Market Research

- Online Research Reports
- Flexible Market Research

Finding International Buyers & Partners

- Partner Search
- Company Promotion
- Background Check

Trade Events

- Trade Shows
- Catalog Show
- International Buyers Program



Consulting & Advocacy

Trade specialists in the U.S. work directly with Commercial Attaches' in U.S. Embassies and Consulates overseas to provide information for SMEs, which include the following topics:

- Export Readiness
- Market Characteristics & Potential
- Product & Labeling Requirements
- Business Culture for Target Market
- Export Licensing
- Intellectual Property Rights
- Potential Trade Barriers
- Free Trade Agreements
- Export Documentation
- Tariffs
- Incoterms
- Getting Paid

Market Research



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Market Research Library (www.export.gov)

Contains more than 100,000 industry and country-specific market reports, written by U.S. Commercial Service specialists working in overseas Embassies and Consulates.

The Library Includes:

- Country Commercial Guides
- Industry Overviews
- Market Updates
- Best Prospects
- Industry/Regional Reports



Finding International Buyers & Partners:

International Partner Search Service:

- U.S. SME provides company background, marketing materials and goals for the target market to the U.S. Commercial Service.
- U.S. Commercial Service uses network of international contacts to interview potential partners and provide the SME with a list of pre-qualified candidates.
- 30 Days / \$600 for SME and \$1,400 for Large Company

Gold Key Matchmaking Service:

- U.S. SME provides company background, marketing materials and goals for the target market to the U.S. Commercial Service.
- U.S. Commercial Service arranges one-on-one appointments for the SME in the target market.
- 30 Days / \$700 for SME and \$2,300 for Large Company

Qualifying International Buyers & Partners:

International Company Profile: Helps SMEs determine whether an overseas company or individual is a suitable partner.

- Management
- Business Activities
- Product/Service Lines
- Financial Condition
- Credit-Worthiness
- Trading Experience
- Market Coverage
- Business Connections

Trade Events



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Trade Shows: U.S. Commercial Service supports U.S. pavilions at trade shows, placing SMEs in the best int'l trade shows with access to thousands of buyers. Staff will arrange one-on-one meetings between SMEs and potential buyers.

Catalog Shows: U.S. Commercial Service will display SME's product catalogs and sales brochures at American Embassies and Consulates or in conjunction with trade shows.

International Buyers Program: U.S. Commercial Service selects leading domestic trade shows to promote through its global network of offices and contacts. Staff within the Embassies and Consulates abroad recruit and bring delegations of qualified buyers, prospective representatives and distributors to domestic trade shows.



Federal Export Assistance

- International Trade Administration
- Department of Energy
- Export-Import Bank
- Foreign Agriculture Service
- Agency for Int'l Development
- Overseas Private Investment Corp.
- Small Business Administration
- Department of State
- U.S. Trade & Development Agency
- Office of Foreign Assets Control
- United States Trade Representative
- Etc.



Opportunities for U.S. SMEs in Japan

- Medical Devices
- Biotechnology
- Pharmaceuticals
- Environmental
- Other Sectors...



Challenges for U.S. SMEs in Japan

- Labor mobility
- High overall cost structure
- Cultural and linguistic challenges
- Exclusive supplier networks
- Regulatory Approval Process
- Tariffs



Why is Trade Promotion Important?

- "Increased internationalization of big firms have subcontracting affects on SMEs"
- "Reduction of protectionist barriers"
- "Increased world trade and investment"
- "Enjoy economies of scale with products that are more 'global' in scope rather and adapting for each market."
- "Transfer of Technology and Information"
- "Increased mobility of technology, capital and management"
- "Job Growth"
- "Enforce structural changes and increased efficiencies in markets"
- "Diversify Sales"
- "Enhance Competitiveness"
- "Importance of technology diffusion through trade and foreign direct investment"
- "Changing technology, communications and organizational forms which make SMEs more competitive"
- "Foreign Direct Investment"
- "Changing attitudes and managerial skills"
- "Jobs/Economic Activity"
- "Increase level of competition & opportunities for SMEs"



Conclusion