

# EXPORT *America*

January 2004

Volume 5 Number 1

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THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS



## Global Economic Recovery Gathering Momentum



### INSIDE:

SABIT: Your Partner for Success  
in the Former Soviet Union

Mandolins for a Global Market:  
Handmade in Montana

Poland: Emerging into a New Era





# SABIT

## Training Program

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The **Special American Business Internship Training Program (SABIT)** promotes U.S. trade interests, market access and public-private partnerships, while concurrently facilitating Eurasian economic development by providing innovative and targeted training to managers and scientist in U.S. business practices.

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- A majority of U.S. hosts enter into business relationships with interns in the form of joint ventures, distributorships, or contractual relationships.
- Hosts have formed cooperative R&D partnerships with Eurasian scientists that have led to the commercialization of marketable technologies.

## Contact Information

For more information  
please contact:

Patrick Brennan  
202-482-0073  
patrick\_brennan@ita.doc.gov

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The 2004 SABIT Grant Program will begin accepting applications mid-January, following publication in the Federal Register. Applications are accessible through registration on the SABIT website. For more information on the SABIT Training Program please visit our website:

[www.mac.doc.gov/sabit](http://www.mac.doc.gov/sabit)

# EXPORT America

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U.S. DEPARTMENT OF COMMERCE  
 International Trade Administration

**Donald L. Evans**  
 Secretary of Commerce

**Grant Aldonas**  
 Under Secretary  
 for International Trade

**Mary-Brown Brewer**  
 Director of Public Affairs

**Cory Churches**  
 Editor

**William Corley**  
 Associate Editor/Writer

**Frank Deasel**  
 Printing Specialist

**Kevin Cofer**  
 Printing Specialist

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## MEMO

**P**ick up any newspaper and you will most likely find a story that illustrates how tightly entwined the world is—whether it is a story in the business section on how the regions of Russia are developing into consumer capitals or a report in the Sunday travel section that takes you away to the far reaches of Morocco or Turkey.

Wherever you look, there are reminders that societies of the world are colliding and commingling constantly. Americans now dine on ethnic cuisine more frequently, watch more foreign films, and are more familiar with world events as they affect our everyday lives than any time in the past. When you can overhear a conversation at a cocktail party about the implications of the expansion of the European Union, you know that we are all much more aware of how interconnected and interdependent world economies are. If you asked someone 15 years ago about Feng Shui, yoga, tai chi, or Zen Buddhism, they were likely to look at you as if you were speaking a foreign language. But now, many of these ideas are familiar to most Americans because Asian culture has percolated into ours.

When the small, neighborhood pet store is exporting to Finland because their Web site is equipped to handle online ordering, you know that globalization is touching even the most remote corners of our society. Countries like South Korea and Japan rely on American consumers to buy electronics, manufactured goods, and intermediate inputs for other items. If you've ever

tried to determine the exact origin of a product, you will understand just how global our economy has become; one item of clothing may be made of cloth woven in North Carolina, cut according to patterns developed in Italy, assembled in Guatemala, and finally sold to a consumer in Biloxi, Mississippi.

As we become more connected to other economies, so too are we subjected to the swings of normal business cycles. As the largest consumer economy as well as the largest debtor nation, the United States usually leads the way in both global economic downturns and recoveries.

Our feature this month focuses on a broad-picture of global economic health and the gradual recovery that is underway. In the context of the big picture, there are still attractive and viable business opportunities for U.S. companies in emerging markets. May 2004 marks the enlargement of the EU by 10, and we focus on the prospects for U.S. businesses in Poland, as it is a pivotal player in the European Union. To illustrate global trends of cultural influence, one of the companies profiled as a success story is finding that Japanese consumers' familiarity with bluegrass music is creating demand for his mandolins.

*Cory Churches*

Cory Churches  
Editor



## VIETNAM

**Vietnam's automobile industry has expanded rapidly in recent years as economic growth and market reforms have led to an increased demand for cars.** A sizeable domestic industry, centered largely on assembly of imported kits, has also developed.

The Vietnamese government is encouraging domestic production of autos and parts and has stated a goal for the 2010–2015 period to achieve both complete import substitution of vehicles and the export of parts, components, and non-luxury vehicles.

High taxes and duties on imported vehicles and assembly kits, which are set to increase significantly in the coming years, inhibit further automotive market growth, in conjunction with insufficient road infrastructure and lack of parking space in large cities.

Presently there are 11 auto manufacturers operating in Vietnam, all of which are joint ventures involving foreign firms. Total auto sales by these joint ventures quadrupled between 1999 and 2002. Sales in 2003 have also been brisk as buyers make purchases before additional taxes and tariffs on cars made from imported assembly kits come into effect in 2004.

## BRAZIL

**The Brazilian market for telecommunications equipment and services amounted to approximately \$25.3 billion in 2002, a 20-percent decrease from the previous year.** Most investments in the telecommunications market were made in 2001 to comply with Anatel's goals. (Anatel is the Brazilian telecommunications body equivalent to the U.S. Federal

Communications Commission.) As a result, the total revenue for the sector grew less than GDP (1.5 percent vs. 1.2 percent). However, market analysts predict that the sector will begin to accelerate, with estimated growth of 13 percent in 2004.

There are several emerging opportunities in the Brazilian telecommunications market. Original equipment manufacturers are particularly optimistic about asymmetric digital subscriber line (ADSL) technology. This sector experienced significant growth in 2002 and has good prospects, because it does not require significant investment but can generate revenue for telecommunications carriers. Currently, Brazil has approximately 41 million fixed-line phone subscribers, but some 2 million lines are disconnected. With regard to the mobile market, there are 41.3 million mobile phones, according to Anatel.

## RUSSIA

**In general, last year was a successful year for the Russian economy.** GDP grew 4.1 percent, industrial output grew 3.7 percent, and real income grew 8.8 percent. One of the most amazing economic indicators was the growth of retail sales, which rose 9.1 percent. Some experts attribute GDP growth last year to the rise in retail sales and an increase in the price of oil (a major Russian export commodity).

The Russian population relies heavily on imports of apparel and textiles. The apparel and textiles market has plenty of opportunity for both high-quality, expensive goods and lower quality, inexpensive products. According to market analysis by one of the major retail chains in Russia, about 60 percent of Russians buy products in discount shops, and nearly 6 percent of the population buys goods in supermarkets and newly constructed malls. A large segment of the population still continues to shop in open markets that offer inexpensive food products and low quality apparel, textiles,





and consumer goods. At the same time, the Russian middle class continues to expand and with it the demand for high-quality imported goods. Italy, Germany, Poland, Finland, Spain, and France are the major suppliers of high-quality apparel and textile products. The market is far from being saturated, and there is an opportunity for the U.S. apparel industry to expand in the Russian market. U.S. wool, denim, and high-quality synthetic fabrics are believed to have the best potential in the Russian market. Generally, U.S. brands are widely recognized and are very popular in Russia.

## HUNGARY

**The Hungarian market for automotive parts for original equipment manufacturers (OEMs) is maturing.**

The total number of registered passenger cars in Hungary is approximately 2.6 million, a relatively high number given that the total population of Hungary is only 10.1 million.

Asian imports and domestic production dominate sales to manufacturers, but according to industry sources, the market is not yet saturated and offers potential for U.S. exporters who are still underrepresented in the Hungarian automotive market. Local production of automotive parts accounts for nearly 65 percent of the total market. The sector has grown 3 to 5 percent annually over the last five years. This growth can be attributed to the demand for car parts for domestic OEMs and also for exports to Western European automotive assembly plants. Although automobiles today require less service and maintenance, replacement auto parts are still needed.

The best prospects for U.S. manufacturers include plastic auto parts, cables, engine parts, compressors for air-conditioning systems, camshafts, cylinder heads, die-cast parts, chassis, car sealing systems, and a wide variety of car seat accessories and upholstery with favorable price and shipping conditions.

## NORWAY

**Despite a large number of equipment suppliers in a very selective market, Norway continuously seeks new and proven technology for construction and building projects.**

There are many potential niches and new market segments to be explored by U.S. companies.

In 2002, the overall market for building and construction in Norway reached \$20 billion, up 8 percent from 2001. The heavy construction market is estimated at \$6.5 billion annually, according to the Norwegian Public Roads Administration.

The market for construction machinery, specifically, is estimated to be \$500 million on an annual basis. Most of the construction machinery importers and suppliers in Norway had a very good year in 2002.

Best prospects in Norway are machinery used for road construction, tunneling, energy development projects (offshore oil and gas projects, onshore landing and processing facilities, and hydro-based energy projects), and commercial and residential building projects.

## NEW ZEALAND

**In 2002, the New Zealand market for food processing equipment was estimated at \$34.4 million.**

Of that total, imported products represented approximately two-thirds of local demand. Due to the importance of the food sector to the New Zealand economy, this sector is particularly strong and integrated. It includes engineering companies that specialize in custom-made equipment.

Biotechnology, genetic engineering, and genetically modified organisms are hot and emotionally charged issues in New Zealand. However, the New Zealand government foresees a key role for biotechnology in future product development. Besides desiring tasty and healthful food, consumers are very concerned about food safety. Organic food products are perceived as safe from

environmental contamination, and as a result the organic food sector is small but strong and growing. New Zealand organic producers find it difficult to meet domestic and international demand. Organic dairy products are forecast to spur growth in this subsector.

New Zealand food processors spur investment in new equipment by developing new and innovative products. The United States is a leading source of equipment. In the first nine months of 2003, the United States represented 23.5 percent of the equipment market, a 143-percent increase over the previous year.

The best prospects for U.S. suppliers include machinery for preparing meat and poultry and machinery for preparing fruits and vegetables. There is a strong demand from small and medium-sized enterprises for scaleable or appropriately sized machinery suitable for their operations. ■

### NEED MORE DETAIL?

Ask a commercial officer at one of the Department of Commerce posts located around the globe. Contact information, including phone, fax and e-mail, is available by calling the Trade Information Center at (800) USA-TRAD(E), or visiting [www.buyusa.gov](http://www.buyusa.gov).

# Mandolins for a Global Market

**Handmade in Montana**

**By Inge McNeese and Shae Wright**

*U.S. Small Business Administration*

**W**hen Bruce Weber moved to Bozeman, Mont., in 1980, he brought with him a passion for art that included woodworking, pottery, and playing his mandolin. Montana seemed an ideal place to live and inspire his ambitions. Weber found when he ran out of mandolin strings that the music store in Bozeman was out as well. This one seemingly insignificant event led Weber to where he is today.

The music store suggested another possible source for strings and sent him to a small red building that housed the Flatiron Mandolin and Banjo Company. Flatiron left a lasting impression on Weber, and he began to work for the company shortly thereafter, determined to learn as much as possible about luthery (the making of stringed musical instruments).

Gibson Guitar bought Flatiron in 1987, and Bruce Weber, along with many other employees, stayed on. Ten years later, the operation moved to Nashville, Tenn., and a part of the mandolin team temporarily relocated to set up the mandolin division in Nashville. Even when their jobs were at stake, the team members could not give up the majestic wilderness and unique atmosphere of Montana, and they decided to return home.

## HOMESICK FOR BIG SKY

Amazingly, the break from Gibson only momentarily slowed this ambitious group of people. Upon their return to Montana, letters of support and encouragement from musical dealers were already waiting for them. The dealers who had previously bought from the Gibson Flatiron Division followed Bruce Weber. Weber, his luthiers (stringed instrument makers), and sales manager—all known for their integrity

and quality of work—had created a loyal following that solidified into a customer base. The next step was obvious: obtain financing so they could begin fulfilling orders.

Sound to Earth, Ltd., got started with initial financing from First Security Bank and a development grant from Belgrade, Mont. The grant was designed to create jobs—something Weber was glad to do, already aware of the great number of local artists looking for work. Job creation is part of Sound to Earth's success story. The company has grown from five to 26 employees in its six years of operation.

Bruce Weber, joined by Paula Jean Lewis, his sales manager, and three luthiers, had an ambitious plan to form a company that would integrate their moral values and work ethics into something they could do successfully. With their eyes on these two goals, they opened Sound to Earth in a shop in Bruce's backyard. By early 2003, the company had 30 percent of the U.S. mandolin market, and sales continued to grow.

Building a mandolin takes time, creativity, and ingenuity. Sound to Earth's luthiers spend up to 80 hours over an eight-week period to complete a custom mandolin. This may seem like a long time; however, considering the three-year



wait quoted by other small luthiers, it is quite reasonable.

## ARTISTIC CRAFTSMANSHIP

Few luthery schools exist in the United States, but schooling is not necessary to become a luthier. Bruce Weber hires a menagerie of artists, whether their specialty is pottery, painting, sculpting, or tying flies. If they have a passion for art and craftsmanship, that is all that is needed. He has found that there is no shortage of artistic talent in Montana.

Sound to Earth's success in the international market can be attributed mainly to its participation in strategic trade shows. One example is the company's attendance twice a year at the trade show of the National Association of Music Merchants. This domestic show is an excellent opportunity to reach international distributors and dealers without leaving the country.

Another important component of Sound to Earth's international business is the Internet. "The Internet has played a huge part in our sales, because people find our product on-line and go to their dealers and request the item," says Bruce



Weber. This sales method initiated business with a large dealer in London. Once players bring Weber mandolins into their circle, other musicians began to notice them, Weber said, and that is when demand begins to climb in an area. Along with trade shows and the Internet, word of mouth has a great deal to do with the success of Weber mandolins abroad.

Bruce Weber plans to pursue more international business. Japan is a market that Weber feels is ripe for exploration. The Japanese are beginning to pick up on bluegrass sounds, and Weber sees Japan as an emerging market. When entering a country like Japan, Sound to Earth will contact a major distributor and bring him to the plant in Montana to show the distributor how the instruments are made.

With a large U.S. market share and a formidable list of clients abroad, Sound to Earth found it necessary in recent years to postpone attending some major trade shows. The company simply did not have the production capacity to take on any new customers and still provide the same service in its original facility. In 2002, Bruce Weber began to search for a new venue for the growing company. A historical building, which had once housed Logan School, caught his eye with its stately windows and old mural. It seemed an ideal place to begin the next phase of business.

## HAPPY MUSIC MAKES FOR BETTER SALES

While many growing businesses are left crippled during economic downturns, historically there has been an increase in acoustic instrument sales during such periods. Sound to Earth has relied on the fact that, as Weber puts it, "mandolin music brings people together, families together... it's happy music."

As Weber considered expanding production, Sound to Earth's relationship with Gallatin Development Corporation,



an economic development organization for the Bozeman area, suggested seeking loans from the Small Business Administration. The process went smoothly, Weber says: "The SBA has wonderful [loan] programs, as far as small entrepreneurs go, to facilitate growth and create jobs." Sound to Earth received SBA loans for the remodel of the Logan School, the consolidation of new property, and the purchase of new machinery.

Now, the stage is set for the next phase of business development, and Bruce intends to build guitars and fiddles. He has his eye on expanding further into the European market as well. He plans to attend the music industry's largest trade show, the Musikmesse in Frankfurt, Germany, in 2005. Presently, export sales are only 5 percent of Sound to Earth's annual sales. However, the company already has customers in several European countries and Canada and hopes to build on that further in the coming years. Such growth and prospects are music to any businessman's ears. ■

Inge McNeese works for the U.S. Small Business Administration at the U.S. Export Assistance Center in Portland, Ore. Shae Wright was as an intern at the Portland USEAC.

## Expansion Financing

Whether a business is strictly domestic or plans to enter global markets, the ability to obtain financing is a one of the critical factors for business success.

Initially, start-up capital is needed to bring an idea to reality. Later expansion financing can take an enterprise to the next level of development. Capital is the underpinning of the entrepreneurial vision. Combined with planning and careful attention to risk factors as the business grows, raising capital is crucial.

The Small Business Administration is only one of many sources for start-up and business expansion financing. A creative entrepreneur will search for other resources and, as the success story of Sound to Earth shows, sometimes a local economic development program may be best suited to a company's needs.

Timing and finding the right pace for business growth may not immediately seem crucial to business success. Yet, runaway growth may have the seductive appearance of success only to lead ultimately to failure. With double-digit growth rates, Sound to Earth has in six years increased its employees from three to 26, and become the largest U.S. manufacturer of mandolins. Managing the expansion into export markets has been a deliberate strategy for Sound to Earth, which is now poised to benefit from its planning.

For more information about the SBA, visit [www.sba.gov](http://www.sba.gov).

SUCCESS  
STORIES

# Hair Care Company Sitting Pretty

## Assistance Locating Distributors

By Doug Barry

U.S. Commercial Service

**T**he next best thing to having a factory or an office in a foreign country is to have a knowledgeable, aggressive distributor. It is also potentially the least expensive, lowest risk way to enter and profit from overseas markets, as many smaller U.S. companies are finding.

But how do you locate well-matched, trustworthy distributors without spending an arm and a leg?

Farouk Systems, Inc., a Houston-based manufacturer of natural hair care and spa products, wanted to get a foothold in Southeast Asia, after successfully entering more than 60 countries, including China. Lenita Fuchs, vice president for Southeast Asia at Farouk, learned about a trade show in Singapore from her husband, who knows the commercial counselor at the U.S. embassy there.

At the show last March, Fuchs met Luanne Theseira, a commercial specialist at the embassy. Fuchs was pleased to learn that Theseira and her colleagues at the U.S. Commercial Service offer a service called Gold Key that locates potential buyers and distributors for U.S. firms wanting to enter Singapore and other Asian markets. Of particular interest to Fuchs was that it is not possible to throw a mud pack in Singapore without hitting a beauty shop or spa.

"First we sought Singapore distributors who serviced salons and spas," says Theseira. "Then we took it further by asking the end users their opinion of both the Farouk product, its potential in an already saturated market, and which of their current distributors they were comfortable with."

Fuchs provided Theseira with a wish list of characteristics for the ideal

distributor. This list included: "Experience within the Southeast Asian market, connections with other countries, experience doing hair shows and educational seminars; a company with solid foundations within the industry, and financially sound."

Theseira came up with a shortlist of distributors in Singapore, and Fuchs approved them based on profiles of the potential distributors including existing distribution channels, how many people would be dedicated to the new agreement, and information on the financial status of the Singaporean companies.

### MEETING AT THE EMBASSY

Farouk and the prospective distributors came to the embassy for a series of individual meetings that lasted through the day. Theseira watched as the parade of distributors explained to Fuchs how they would position and market the Farouk line in Singapore. "For a new product that is soon to be introduced in a market, knowing how well a distributor can build your brand is very important," explains Theseira. "Every U.S. manufacturer should want a distributor that looks long term and who will invest in the brand."

Theseira and Fuchs watched and listened as the prospective distributors described what in essence was a marketing plan for the Farouk line. "This

is important as it demonstrates understanding of the product and market, and if there is a fit then the agreement between the parties will fall into place," Theseira says.

### CHEMISTRY AND GUT INSTINCT

Theseira says another important factor is the chemistry between the U.S. client and the potential distributors: "It is very important that there be a high comfort level between the parties. Whether or not this gut feel exists is often evident by the end of a session."

Fuchs settled on Tru-Line Beauty Consultants and its president, L.P. Lim, a former engineer turned beauty products dynamo. According to Theseira, "Lenita was very comfortable with Mr. Lim and felt that she could communicate and work together with him. We actually had an order for sample products from another distributor, but Lenita declined because she agreed to work with Tru-Line."

Lim concedes that his resume is somewhat unorthodox for this line of work. "For many years my concept of beauty care consisted of a bar of Lux soap, which I used head to tail," says Lim, who appears to be in his mid-60s and sports a surprising shock of lightly lacquered, jet-black hair, suggesting that Lux soap is a thing of the past.

"I needed a new career during an economic slowdown here in the 1980s, and I've always been interested in buying and selling," Lim explains. Tru-Line Beauty was formed 12 years ago and now



True-Line and Farouk meet at the embassy in Singapore to conduct business. From left are Commercial Specialist Luanne Theseira, Lisa Lee of Tru-Line Beauty, L.P. Sim of Tru-Line, and Lenita Fuchs of Farouk.

Photo courtesy of U.S. Commercial Service, Singapore.

has 20 employees. “We’re close-knit,” says Lim. “We eat from the same rice bowl,” a figurative expression meaning they share the company’s fate. Many of Lim’s staff members are former hair stylists turned salespeople, and he has the largest beauty products sales staff in Singapore.

Lim’s strategy for introducing new products is to know the individual stylists and to offer them reasons to use the products. His sales force will fan out across Singapore, an island state of 4.4 million people, explaining the benefits of a new product (natural ingredients and environmental friendly being persuasive features of Farouk) and offering incentives such as refunds if the product does not sell or one free bottle for every so many sold. Once a new beauty shop or spa has shown interest, Lim lays out training for stylists, demonstrating new cutting and coloring techniques using Farouk products. These kinds of promotions are largely possible because of the relatively high profit margins associated with beauty products.

### THE COST OF PAMPERING

Lim says that Singapore is a good market for U.S. beauty care products, in part because Singaporean women spend an average of nearly \$80 a year on such goods, compared with the 17 cents women spend in China. “There are a lot more heads in China, but women here spend much more

per capita, and there are far fewer barriers to entry,” says Lim.

Fuchs was impressed with Lim’s proposals regarding representation in nearby markets. In fact, Lim asked for and received exclusive distribution rights in a number of other countries, including Malaysia and Taiwan. These efforts have been slower in developing, and Fuchs now wonders if at the beginning it would have been smarter to go with Tru-Line in Singapore and another distributor in the other countries. “My plan now is to get Singapore up and running, then move into the other markets,” she says.

### A NEED FOR FLEXIBILITY

What can U.S. companies do to avoid such disappointments? Theseira says that it is sometimes useful to specify performance benchmarks tied to timelines in the agreement conferring exclusivity on the distributor. If the results are unsatisfactory, the U.S. company can move to plan B, which might be to find another distributor to perform some of the work the original distributor cannot do. “The setting up, care, and feeding of distribution networks in multiple countries with different cultures and economic conditions is a big challenge,” explains Theseira. “You need to analyze the distributor’s capabilities in each market separately.”

An even larger issue, says Theseira, might be called expectations on the part of U.S. companies that are in part culturally based. She cautions that the U.S. firms should not be “too rigid” about meeting the expected sales volume of initial orders or timelines. “Be flexible,” she advises. “That way, goodwill is established and the Singapore distributor will work harder for you.”

Theseira contends that many distributors view Americans as overly “clinical” or “hyper-rigid” in their approach to business. She says that some Singaporeans are caught in a Catch-22 situation: “Do very well and the U.S. company will set up an office here and kick you out; don’t do too well and they’ll look for other distributors, which means whatever resources have been invested by the distributor are wasted.”

In the end, “it is important that both parties view their partnership as a long-term commitment.” Theseira believes Tru-Line and Farouk are on course to do exactly that. Tru-Line Beauty and Farouk recently received an award from the U.S. Department of Commerce for creating new trade between Singapore and the United States.

To help create more long-term partnerships between U.S. companies and international buyers, the U.S. Commercial Services has an ongoing promotion called Asia Now, which provides single-point access to 14 country markets in this huge region. The goal of the program is to offer U.S. companies a cost-effective way to enter multiple markets in Asia. For more information, visit [www.buyusa.gov/asianow](http://www.buyusa.gov/asianow). ■





## Your Partner for Success in the Former Soviet Union

**By Tanner Johnson**

*Special American Business Internship Training Program, Market Access and Compliance*

**T**he former Soviet Union has a number of positive distinguishing characteristics for U.S. business partners: a highly educated work force, an increasing number of businesspeople who have studied and worked abroad, and a growing acceptance of international accounting standards and general business practices.

Despite these positive developments, exporting and establishing commercial relationships in the former Soviet Union are often tricky propositions. Customs laws are unclear and their enforcement can be spotty, regulations can be confusing, corruption is endemic among low- and middle-level officials, and the infrastructure is often substandard.

With the proper preparation, however, these countries offer a largely untapped market to U.S. exporters. Perhaps the best way to take advantage of commercial opportunities in this underdeveloped region is to utilize a trusted local partner who possesses experience dealing with the barriers to entry in a particular market, and who can give an American partner a realistic view of what to expect when setting up joint ventures, exporting goods and services, founding representative offices, or establishing distributorships. Such a partner in the region can facilitate the resolution of problems that may arise with customs, shipping, local, regional and federal officials, registration of new businesses or products, transportation, and legal questions.

### CREATING CONNECTIONS

Although there are many ways to find partners, one of the most cost-effective ways to “test drive” potential partners and receive

timely, first-person business information from most of the former Soviet Union (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan) is to utilize the SABIT Grant Program. Every year, SABIT offers grants to U.S. companies and organizations interested in exploring commercial and scientific relationships with representatives from institutions located in these countries (“interns”). By providing a training program for a manager or scientist from this region, the host organization gains the opportunity to start, or further develop, a relationship with a partner that can help them navigate this part of the world.

A SABIT grant reimburses a host organization the cost of a round-trip international airfare for a participant from his or her home country to the United States, housing costs up to \$750 per month (depending on a market survey), and a per diem to the intern in the amount of \$34. The host company must pay these costs up front, and then apply for reimbursement. Costs above these stated limits are the responsibility of the host company. The majority of host companies host an individual for three to six months, thereby giving both parties the chance to establish and evaluate a deeper relationship. Additionally, companies can apply to host multiple interns, although

SABIT reserves the right to limit the total number of trainees for one grant award, in the interests of fairness.

SABIT grants have repeatedly shown themselves to be a highly effective way to succeed in markets of the former Soviet Union. Some of the recent successes that U.S. companies have had with the help of SABIT include the following:

- Vaughn and Melton, a Tennessee-based company specializing in engineering and architectural services, has established representation with SABIT alumni Olga and Aleksei Blokhin of the Sotrudnik, a firm in Petropavlovsk-Kamchatka, Russia. Sotrudnik will contribute marketing, engineering support, and client relations services under the terms of the agreement, covering Vaughn and Melton’s activities in the Russian Far East.
- A past participant in SABIT’s grant program sold \$410,000 worth of American automobiles in Almaty, Kazakhstan in 2002. Tatyana Usatova, who was hosted by SAITCO, a Virginia-based automotive retailer, established an ongoing business relationship with SAITCO while in the United States.
- Astronautics Corporation of America (Milwaukee, Wis.) was recently awarded a contract to supply Boeing’s 777 airliners with electronic flight bay displays. Through a joint venture between Astronautics and Electroavtomatika in St. Petersburg, Russia, established with Russian SABIT grant program alumni who trained in the United States at Astronautics, a major part



Five interns from Kazakhstan trained with Taurus Service, in Belleville, Pa., learning about agribusiness in the United States.

Photo  
courtesy of  
SABIT.

of the software and design for this project was completed. Boeing has contracted for 300 of these systems, worth \$15 million dollars, which will be installed in airplanes exported to KLM Airlines.

How does an interested organization apply? Interested organizations should watch to see when the funding round opens, in the *Federal Register*, or by visiting the SABIT Web site ([www.mac.doc.gov/sabit](http://www.mac.doc.gov/sabit)). The organization should then complete an application, and send it to the SABIT office in Washington, D.C. The application can be found and downloaded on SABIT's Web site, or a hard copy can be sent to you from SABIT. Full instructions on applying are included with the application packet.

There are several important regulations for interested organizations to consider before applying for a SABIT grant:

- Interns must be mid- to upper-level managers (typically, with a minimum of three years of managerial experience).
- The SABIT office in Washington, D.C., must approve all interns before their arrival in the United States. In part, this is done by having potential

interns fill out the SABIT Intern Application after a company has been awarded a grant.

- Companies can apply for a SABIT grant with a given individual in mind, but they may also apply and have SABIT assist them in finding someone to participate after being awarded a SABIT grant.
- Reimbursable expenses are strictly outlined in the *Federal Register* notice. SABIT is not liable for any additional expenses incurred by the company.
- Interns, as a general rule, may not be students enrolled in a university program.

Applicants should remember that the evaluation process could be complex; it might take several months from the time an application is submitted until the actual award notification is received. This can be due to a number of factors, including the number of applications received, technology transfer considerations, and the complexity of the applications received. Certain more technical industry sectors, such as telecommunications, IT, and chemicals, are more prone to experience delays due to technology transfer and licensing concerns,

and such organizations should factor this into their planning when applying for SABIT grants.

If awarded a SABIT grant, an organization has one year from the start of the award to complete its proposed training program. A program officer in Washington, D.C., will be assigned to the grant company to help them with the program regulations and facilitate the grant.

Organizations in all industries that have a serious interest in doing business in the former Soviet Union should consider submitting a SABIT grant application. For additional information on the SABIT grant program, phone (202) 482-0073, visit [www.mac.doc.gov/sabit](http://www.mac.doc.gov/sabit), or e-mail [sabitapply@ita.doc.gov](mailto:sabitapply@ita.doc.gov). ■

# Italy

## A Promising Market for U.S. Pet Product Exports

By Annalena Anselmini

U.S. Commercial Service, Milan

**T**he Italian market for pet products is one of the largest in Europe and has significant growth potential. The overall pet products sector no longer represents just a passing fad but has become a booming business. Since 1990, the Italian pet products market has expanded by more than 70 percent, reaching \$2.9 billion in 2002. This increase is more than double the growth of the sector in other major European countries, where the pet market has already reached maturity.

In recent years, the profile of the average Italian pet owner has changed, as has the role pets play in society. Today dogs and cats—as well as birds, small animals, and even exotic animals such as reptiles and fish—are considered friends and companions. In this increasingly hectic and stressful society, pets represent security and provide important emotional support.

As a result of the role played by pets in Italian society, pet ownership in Italy is on the rise, making it the fourth highest in Europe, after the United Kingdom, Germany, and France. In the 2000–2002 period, the Italian

pet products market proved to be the most dynamic in the European Union, registering the highest average annual growth rate of 4.3 percent.

Italy's pet population is estimated to be almost 60 million (against a human population of 58 million). Demographic phenomena of great relevance such as the fall in birthrate—which today in Italy is 1.26 children per woman compared with the European average of 1.47—and the increase of single-member households, above all elderly, increase the importance of pets as emotional substitutes.

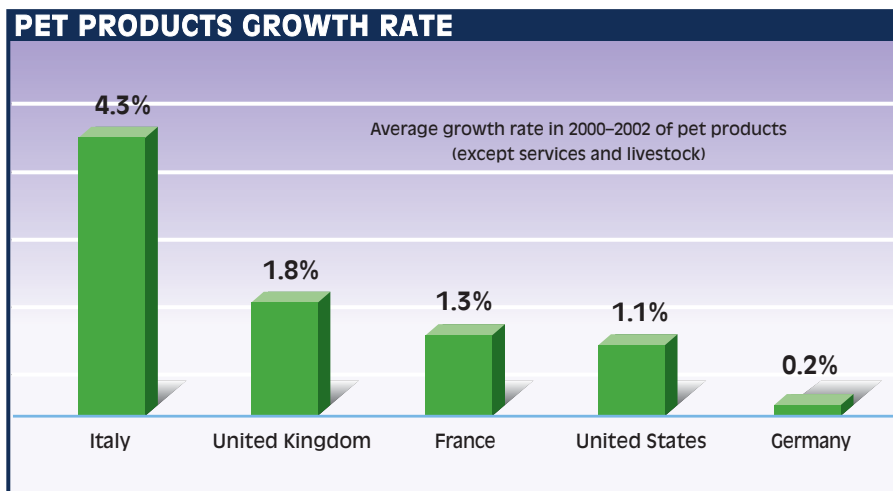
The pet products market in Italy has grown considerably since the end

of the 1990. This market is one of the most promising from a global perspective, both in current conditions and short-term growth potential. The latest figures for 2000–2002 confirm positive market trends and growth rates that could create new opportunities for U.S. exports. This is mainly due to the size of the pet population, consumers' increasing reliance on manufactured pet food, consumers' growing concern for pets, and the rapid development of distribution networks in the pet products market.

### PET CARE

The changing role of pets in Italy is spurring demand for pet-related products and services. To meet the needs of pet owners and the needs of the pets themselves, pet products have become more specialized. Italians demand a wide variety of products for their pets, from special diets to dog apparel, and from grooming tools to perfumes. Since pets now are more integral to people's lives, people tend to spend significant amounts of money on pet care.

Dog food is one of the subsectors expected to grow the most, because the consumption rate of commercial food is still very low compared with other countries. While the "Mediterranean diet" (pasta or rice) is still prevalent in dog and cat diets, the market for industrial or commercial pet food has increased greatly in recent years. This trend is a result of some key factors: people have less time to care for their pets, pet food can be easily found in supermarkets



Source: Centro Studi Zoomark



where people usually shop, and commercial pet food is becoming more diversified and acceptable. Therefore, the future of the pet food segment lies in further specialization ensuing from increased research and from the “humanization” of the products, which in turn leads pet owners to buy them.

Pet care is also experiencing remarkable growth. The “humanization” of pets has led owners to buy specific products for their animal companions. In the pet accessories sector, the growth is even greater, due to the development of high technology products, as well as those that focus on the beauty, elegance, and “personality” of pets and satisfy pet owners’ whims.

Technological innovation is mainly found in aquarium and terrarium markets, which will continue to experience remarkable growth. Also, many aquarium equipment manufacturers are beginning to produce terrarium accessories, as a result of the increase in reptiles being kept as pets.

Although the retail end of the distribution chain continues to be dominated by small, specialized pet stores, distribution patterns have changed significantly in recent years. Traditionally, pet products were sold only through specialized stores.

In recent years, pet products and accessories have been increasingly sold also by large department stores, hypermarkets, and other mass-marketers. ■

## Zoomark International

### An Ideal Gateway to Europe for U.S. Companies in the Pet Sector

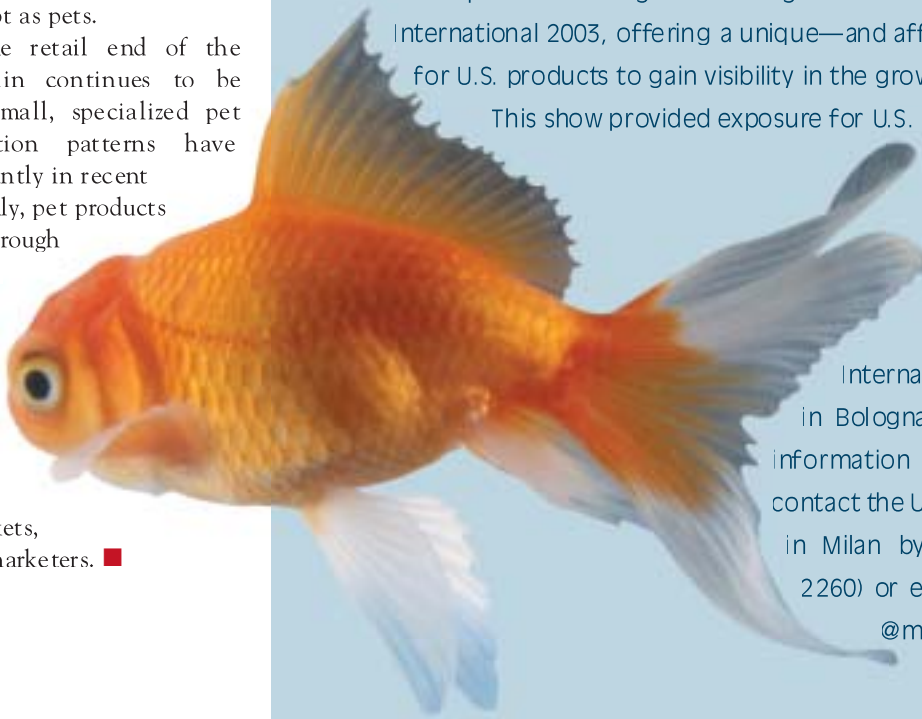
American pet products enjoy a reputation for innovation and high quality. Excellent opportunities exist for innovative pet products, but U.S. companies must exhibit to take advantage. Exhibiting at a trade show is the fastest way to enter the expanding Italian market for pet products.

In fact, in Italy trade fairs play a major role in product marketing. U.S. companies seeking to penetrate the Italian market are encouraged to exhibit in, or at least to visit, a sector-specific Italian fair. For U.S. manufacturers and exporters of pet products wishing to sell in Italy (and in the rest of Europe) the place to be is Zoomark International, a biennial event and one of the leading pet products exhibitions in Europe. The most recent exhibition was held in Bologna, Italy, April 11–14, 2003. More than 500 exhibitors and 20,000 qualified buyers came to Zoomark International, making it Italy’s premier and Europe’s largest pet products trade show in 2003.

Given the importance of this exhibition, the Commercial Service of the U.S. Department of Commerce and the Foreign Agricultural Service of the U.S. Department of Agriculture organized a U.S. pavilion at Zoomark International 2003, offering a unique—and affordable—opportunity for U.S. products to gain visibility in the growing European market.

This show provided exposure for U.S. products to thousands of potential buyers, distributors, and other interested parties throughout Europe.

The next Zoomark International will take place in Bologna, May 5–8, 2005. For information about participating, contact the U.S. Commercial Service in Milan by phone (+39-02-659-2260) or e-mail ([milan.office.box@mail.doc.gov](mailto:milan.office.box@mail.doc.gov)).



# Ensuring Protection in the European Union

## Design and Trademark Registration for Products and Services

By the EU Office for Harmonization in the Internal Market and the U.S. Mission to the European Union, U.S. Commercial Service

**E**xporters of products and services are sometimes unaware that U.S. trademark and design protection does not extend beyond the boundaries of the United States. Exporters to the European Union can either register marks and designs in individual countries or secure protection for the entire area by obtaining a "Community trade mark" (CTM) or a "registered Community design" (RCD).

Steve Alley, minister counselor for commercial affairs at the U.S. Mission to the European Union, met with representatives from the Office of Harmonization in the Internal Market (OHIM), the EU agency that handles the registration process for these EU marks and designs, to learn more about the opportunities they provide for U.S. exporters.

**I understand that the OHIM manages the registration process for both trademarks and designs. Could you tell us the difference between the two?**

Fundamentally, design registration offers protection for the appearance of a product, rather than the product itself, resulting from its various features, such as lines, textures, ornamentation, and patterns. A registered design also has to fulfill the requirement of being novel, although this criterion is not examined prior to registration.

Trademark protection, on the other hand, protects any sign that is capable of being represented graphically, and which at the same time has the capacity to distinguish the trade origin of the goods it is applied to from one undertaking to another. In simple terms, a design is the appearance of a novel

creation, whereas a trademark is an indicator of origin.

While design protection can be obtained for up to 25 years, a trademark can be renewed indefinitely.

**Should exporters apply for an EU-wide trademark or protection in individual EU member states?**

Companies adopt a variety of filing strategies for many different reasons, but if a U.S. company has the intention of trading in several EU countries, then the Community mark is the logical option. First and foremost, with combined filing and registration fees of around \$2,000, the CTM is a cost-effective protection right, given that a 10-year registration for this fee covers 15 countries. This will extend automatically to 10 new member states in 2004. Administratively, the CTM offers the additional advantage of a single application to cover the entire EU territory, with one fee, one language, and one legislative framework. This greatly facilitates the management of a company's trademark portfolio, eliminating the need to engage the services of attorneys in each member state, and avoiding the much-feared translation costs.

**Is it possible to register on-line? And what steps are involved between applying for a trademark and having it formally registered?**

To answer the first question, both the Community design and mark can be applied for electronically, using the e-filing facility available via the OHIM site (<http://oami.eu.int>). The system is a self-explanatory, menu-based filing interface, offering error-free filing by "red flagging" any erroneous data keyed in. On-line instructions are included.

As to the procedures involved in obtaining registration, the Office for Harmonization carries out an examination of every CTM application. The examination includes the following:

**Formalities check:** The nationality and status of the applicant is checked, as well as the representative's capacity to act.

**Classification check:** The specification of the goods and services applied for is checked to ensure it corresponds to an official classification.

**Translation and searches:** The specification of goods and services is translated into the official languages of the European Union, and the relevant national offices are asked to search their databases for prior rights.

**Absolute grounds for refusal search:** The trademark is examined to ensure it fulfills certain basic requirements, such as being distinctive, not being a descriptive term, and being in line with public morality.

**Publication for opposition purposes:** Once approved by the OHIM,

the application is published for three months, to allow any prior right holder to file an appeal, or to allow any third party to make observations.

**Registration:** If there are no objections, or if any dispute proceedings have been resolved, the trademark will be registered as a CTM for a 10-year, renewable period.

The procedure can take from a year to 18 months if no dispute proceedings arise, and if the OHIM raises no objections at any one of the examination stages.

### **And what are the costs involved in securing a CTM?**

The filing fee is 975 euros. If the application proceeds to registration, a further 1,100 euros is due. This offers a 10-year protection period throughout the European Union, covering three classes of products or services. Any additional classes incur an extra fee of 200 euros per class.

### **We have heard recently talk of the European Union joining the Madrid Protocol. When is that likely to happen and what practical difference will it make for a U.S. exporter looking to secure a CTM?**

Following the European Union's decision to accede to the Madrid Protocol, it is likely that the OHIM will be ready to accept any international application designating the European Union, as well as offering the extension of a CTM application to the Madrid Protocol countries, from around Autumn 2004.

In practical terms, U.S. companies can file an application through the U.S. Patent and Trademark Office, and then apply through the Madrid system for an extension of that protection to the European Union, and/or to any other countries party to the protocol. The option to apply direct to the OHIM for a CTM will still, of course, be available.

### **How can an exporter know whether a trademark is already in use?**

It is important to note that a trademark in some countries can acquire rights as a mark through use without actually being registered, but this should be considered the exception to the rule. The general

principle is that the trademark right is acquired through registration. This being the case, a search of the OHIM database, as well as the databases of the national intellectual property offices, will show any marks applied for or registered in the European Union. During the CTM application procedure, such a search is carried out by the OHIM, and the results forwarded to the applicant. However, neither the German, French, or Italian national offices provide search results; therefore the information on prior rights given by the OHIM does not cover the entire European Union.

There always exists the option of contracting private companies to undertake database searches on behalf of the applicant, and this indeed is a service provided by many trademark representatives. The added value to using a professional service is that a trademark representative is also in a position to offer advice, and interpret the validity of any prior rights encountered.

An unregistered right is not traceable in a database, and therefore only market knowledge of its existence would provide evidence of its use.

### **If the mark is in use in one EU country, will that prevent its registration as a CTM?**

In principle, if a prior right to the mark applied for exists and is being used in any one of the EU member states, then it may impede the registration of the CTM applied for at the opposition stage.

### **Are similar search facilities available for the registered Community design?**

The Community design bulletin is available on-line, via the OHIM site, and offers full text searching. As yet, a database similar to the CTM on-line facility is not available.

### **I understand that non-registered designs are protected in the European Union, so why should companies get involved in the registration process?**

The unregistered Community design provides protection for three years, and only against deliberate copying, not the

independent development of similar designs. In an infringement action based on an unregistered Community design, the Community court will not presume the validity or existence of the right, but rather the holder needs to produce proof that the conditions of the regulation are met and that the design holds individual character. The registered Community design provides for up to 25 years of protection and grants an exclusive right that is presumed valid in infringement actions.

### **And what costs are involved in registering a Community design?**

Depending on the number of designs applied for, and whether or not deferment of publication is requested, the fee for one RCD is 350 euros. The OHIM Web site offers a full fee table, as well as an interactive fee calculator.

### **Will the CTM and RCD also provide protection in the 10 countries that are about to join the European Union?**

Protection for existing CTM and RCD applications and registrations will automatically be extended to the new member states on January 1, 2004. There will be no need to submit any further documents, nor will any supplementary administrative procedures be necessary on the part of the applicant. It is also important to note that no extra fees will be requested. CTM applications made before November 1, 2003 will not be subject to the possibility of opposition proceedings based on earlier rights that may exist in any of the new member states. ■

For more information, contact the U.S. Mission to the European Union via e-mail ([brussels.ec.office.box@mail.doc.gov](mailto:brussels.ec.office.box@mail.doc.gov)) or visit the OHIM Web site (<http://oami.eu.int>).



# Poland

## Emerging into a New Era

By Jennifer Kane

U.S. Commercial Service

**P**oland's star is on the rise in European and world markets. Since 1989, Poland has shed socialism and joined the WTO, OECD, and NATO. With accession into the European Union in May 2004 and an expected GDP growth rate for 2004 of 4 percent, Poland's economy is moving in the right direction and holds many good opportunities for U.S. firms.

This is a good time for U.S. Secretary of Commerce Donald Evans to encourage America's strong political ties with the government of Poland as well as expand the U.S.-Polish trade relationship. His visit in December 2003 did just that. Acknowledging Poland's role in the Iraq war coalition, Secretary Evans also worked to advance commercial relations. Evans even attended a business summit with U.S. and Polish companies. This event resulted in recommendations on how to improve bilateral trade.

### A NEW PLAYER

Poland's entry into the European Union will make it the sixth-largest country by population in the expanded union. Poland represents half the geography and population as well as half the economic output of all 10 countries set to join the European Union in May.

For Poland, EU membership means furthering the structural transformation of the economy, harmonizing its administrative and regulatory systems with those of the common body of EU law, and taking advantage of billions of euros in additional resources for infrastructure development and agricultural reforms. While Poland has done a remarkable job of putting in place legislation to support fair and free markets,

harmonization with EU rules will make Poland one of the easiest markets in which to do business, outside of North America, for U.S. firms.

It is no wonder the United States is one of the most active countries in Poland, with more than \$8 billion invested in and \$687 billion exported to Poland in 2002. Edgar Fulton of the U.S. Commercial Service in Warsaw sees a bright future: "We expect U.S. trade with Poland to triple by 2010. U.S. exporters who value European market share have no choice—they must have a strategy for developing sales in Poland."

### A WELCOME RECEPTION

The Poles are so interested in working with foreign companies that they are improving their business environment. The corporate tax rate will drop from 27 to 19 percent, and there has been a sharp fall in interest rates. Both these factors will create a stronger competitive position with regard to Europe.

Over the past decade, Poland has made remarkable progress in transforming itself into a market-based economy. In mid-2003, Poland completed the privatization of more than 8,500 individual state-owned companies. Meanwhile, federal and local Polish governments realize there is a need to give stronger

support to businesses, especially investors, to help create jobs for a highly skilled work force.

### BEST PROSPECTS FOR U.S. COMPANIES

U.S. goods and services enjoy a very good reputation in the Polish market. Opportunities for U.S. firms exist across a broad spectrum of sectors. Computers, national defense, automotive parts, and water and wastewater treatment and equipment are among the best prospects. Poland also remains ripe for the continued growth of franchising.

For additional information on these and other prospects, check the *Country Commercial Guide*, listed at the end of this article.

#### Computers, Software, and Services

The total information technology market has grown phenomenally in recent years. Hardware is nearly half of the total IT market. Foreign suppliers dominate the notebook and high-end computer market segments. Demand for software is also on the rise due to the need for more database management systems, networking and tools software, and security software, as well as the government's plan to reduce software piracy. Computer services have solid prospects for the next several years because Poland has to fulfill EU obligations, which involve several IT projects as tools to support public administration programs. The best prospects for computer services include training, consulting, hardware maintenance and services, and data processing.



Commerce Secretary Donald L. Evans (right) met with MBA students at the Warsaw Stock Exchange and rang the closing bell during his recent visit to Poland.

Photo courtesy of U.S. embassy, Warsaw.

### Defense Industry

The Polish government, the Military Property Agency, and privatized defense companies have allocated nearly \$4 billion for defense expenditures. Opportunities for American firms exist mainly in investment, technology transfer, and joint ventures. In April 2003, Lockheed Martin signed an agreement with the Polish government to supply 48 fighter aircraft to the Polish armed forces. This deal is expected to increase opportunities for both U.S. and Polish companies in the defense sector. Nearly 70 percent of modernization spending is allocated for implementation of NATO force goals.

### Automotive Parts

The need for automotive parts continues to grow significantly as the number of cars registered in Poland multiplies. Half of these cars rolled off assembly lines more than six years ago. This translates into significant market potential for replacement parts over the next five to seven years. American auto parts and accessories enjoy an excellent reputation for reliability and quality in Poland.

### Water and Wastewater Treatment

The Polish government has negotiated a transition period for compliance with EU standards within the water and wastewater sector until 2014. In order to comply with EU regulations over the next 10 years, Poland will have to spend more money on the improvement, expansion, and replacement

of its sewer and wastewater treatment facilities than on all other environmental areas combined. Access to EU funding may be subject to EU content criteria, which may require U.S. suppliers to find local partners or act as subcontractors.

### Franchising

There are more than 120 franchise systems operating in Poland, almost half of which are foreign franchising systems. Financing is the most critical element for successful market entry by U.S. franchisers. The best franchising prospects are in retail trade, services (automotive, maid, and personal services; commercial cleaning, laundry, and dry cleaning), mid-range and low-end hotels and motels, and fast-food chains. Business services, currently not represented within the franchising sector in Poland, hold great potential.

### BECOMING A LOYAL PARTNER

Companies should think about starting small and finding good local partners. Most companies make sales within the first year of their initial marketing effort. But once that occurs, companies need to gear up quickly to demonstrate loyalty to the market. If the aim is to build a long-term customer base, it is essential to avoid the perception of being distant and not available to service clients on a daily basis.

To become a long-term player and gain market share, most companies

## POLISH NATIONAL HOLIDAYS, 2004

January 1	New Year's Day
April 11	Easter
April 12	Easter Monday
May 1	Labor Day
May 3	Constitution Day
June 10	Corpus Christi
August 15	Mother Mary Ascension Day
November 1	All Saints' Day
November 11	Independence Day
December 25	Christmas
December 26	Boxing Day

Source: *Country Commercial Guide: Poland*, 2003.

## MARKET IN BRIEF

### FACTS AND FIGURES

**Total area:** 312,685 square km

(slightly smaller than New Mexico)

**Population:** 38.6 million

**Official language:** Polish

**GDP growth:** 4.1% (2004 forecast)

**Inflation:** 2.2% (2004 forecast)

**Currency:** zloty

**GDP by sector:** services 61%, industry 35%, agriculture 4%

**Main industries:** machine building, iron and steel, coal mining, chemicals, shipbuilding, food processing, glass, beverages, textiles

**Exports:** machinery and transportation equipment, manufactured goods, food, live animals

**Imports:** machinery and transportation equipment, manufactured goods, chemicals

Sources: IMF, EIU, CIA, U.S. Commercial Service.



find they need to invest in local talent and sales teams. Ultimately, they take advantage of lower costs to assemble and even produce some of their lines in Poland. Remember, starting in May 2004, American businesses in Poland will also gain access to the single market of the European Union.

Competition in the consumer goods sector, particularly non-durable consumer goods, is intense in Poland. Small U.S. companies usually enter the Polish market by partnering with small, regional distributors and then developing networks from there. Large firms may initially establish regional warehouse systems with fleets of trucks and teams of distributors in order to branch out to various markets across Poland. This requires significant initial investment.

Polish companies tend to act as distributors (importing, taking possession of, and reselling goods) rather than as agents. Expensive equipment is an exception to

this, since many Polish companies do not have the financial capability to make such purchases. Also, heavy industrial equipment tends to be sold directly to end users due to the inability of most distributors to purchase the equipment prior to reselling it to end users.

Many U.S. businesses in Poland take the form of joint ventures, with Polish companies set up to handle sales in the market. Joint ventures are an excellent way to facilitate export sales to the Polish market.

#### **DOING BUSINESS THE RIGHT WAY**

Poles are very well informed about America and hold U.S. values in high esteem. Many young people have learned English and are eager to develop business ties with American companies. While U.S. firms often have more experience in marketing and state-of-the-art technologies, it is

important not to project an overly aggressive or patronizing style.

Poles frequently find Americans' lack of knowledge about their country disappointing. Poles are very proud of their history. Learning a little bit about Poland's history is a great way to earn respect and trust.

In business, be aware that the country has changed rapidly in recent years, but some businesspeople may be stuck in old ways. Watch out for those who have not developed business ethics as we understand them. There are plenty of Polish businesspeople who could be good partners. ■

This article was compiled with assistance from Edgar Fulton, senior commercial officer, and the U.S. Commercial Service staff in Warsaw, Poland.



## An EU Constitution

The EU constitution, to be signed by all members yet still in draft form, will afford the European Union a political status to match its current economic position. However, the EU constitutional meeting in December did not result in agreement. Items up for discussion included potential roles for an EU president and foreign minister and perhaps most importantly, member voting rights. Poland and Spain are pleased with their currently allocated 27 votes each compared with the 29 a piece for Italy, Germany, France, and the United Kingdom, which have much larger populations. Talks are to resume in March 2004.

Because Poland is a comfortable, low-cost center (wage rates are the some of the lowest among the May 2004 EU accession candidates), American firms can set up shop here and then sell into the entire European Union. Reduced tariffs will promote private investment and sustained consumer growth once Poland has fully acceded to the European Union.



MARKET  
IN BRIEF

## RESOURCES

### U.S. Commercial Service in Warsaw, Poland

[www.buyusa.gov/poland/en](http://www.buyusa.gov/poland/en)

This Web site has useful resources such as Poland's 2003 *Country Commercial Guide* and a Webcast of an interview with Senior Commercial Officer Edgar Fulton discussing the Polish market.

### Embassy of Poland in the United States

[www.polandembassy.org](http://www.polandembassy.org)

The embassy has a wealth of historical and cultural information available on this site. The site also includes business news and consular and tourism information.

### European Union

[www.europa.eu.int](http://www.europa.eu.int)

This is the official EU site. It contains a variety of legal and organizational documents, lists of EU institutions, guides to industries, news, and country-specific information.

### Embassy of the United States in Poland

[www.usinfo.pl](http://www.usinfo.pl)

This is the official site of the U.S. embassy in Warsaw, Poland. Visitors will find information on economic, political, consular, and business issues related to the United States and Poland.

### American Chamber of Commerce in Poland

[www.amcham.com.pl](http://www.amcham.com.pl)

The chamber represents U.S. businesses in Poland to the Polish and U.S. governments. The Web site offers current business news, publications, reports, and information on upcoming events.

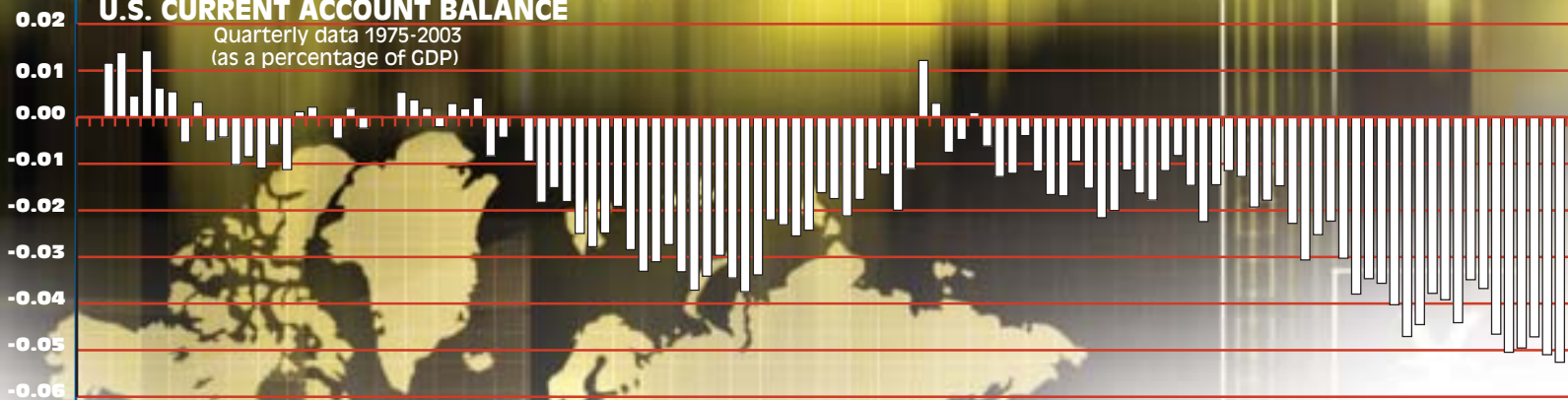
### Warsaw Business Journal

[www.wbj.pl](http://www.wbj.pl)

Up-to-date information related to business, politics, the economy, and more is available on this news Web site.

## U.S. CURRENT ACCOUNT BALANCE

Quarterly data 1975-2003  
(as a percentage of GDP)



# Global Economic Recovery

## Gathering Momentum

By John Jelacic

*Office of Trade and Economic Analysis, Trade Development*

**T**he world economy is in the second year of a gradual and uneven recovery from the downturn of 2001. There is enough information available for 2003 to estimate that world growth for the year was approximately 3.3 percent. Compared with past recoveries, the current one is slow and tenuous. At the end of 2003, most of the major economies across the globe were gathering momentum. The outlook for 2004 is that the world economic growth will accelerate to a growth rate of around 4 percent.

The table on page 23 reveals the widespread nature of the 2001 downturn and the irregular and uneven character of the recover since then. In industrial economies, economic growth fell from 3.6 percent in 2000 to 1.1 percent in 2001. The growth rate fell sharply in all industrial regions and in most of the industrial countries shown in the table with the exception of Australia. In 2002, with moderately better growth in the United States and very good growth in Canada and Australia, the record for the industrial economies improved a little, but slower growth in Europe and recession in Japan keep the overall growth rate for this group of countries well below potential. In 2003, economic growth in the United States and Japan picked up in the first

half of the year, but growth in the euro area stalled. During the second half of 2003, Europe showed positive indications, and signs of stronger growth appeared in most industrial countries, most notably in the United States, where third quarter growth surged to a 20-year high.

The emerging markets of Latin America and Asia showed the most significant impact of the world recession of 2001. In the case of Asia, dependency on the United States as an export market, in particular telecommunications and computer product exports, severely undercut growth in Taiwan, Hong Kong, Singapore, the Philippines, and Malaysia. Imports to the United States of manufactures from several of these countries continued to fall in early 2002 before picking up

modestly later in the year. While Asian growth fell by two percentage points in 2001, in comparison with the previous year, the expansion in Asia continued well above world averages owing to continued strong growth in China. Today, China accounts for nearly half of the output in Asia's emerging markets (excluding Japan, Australia, and New Zealand). Overall, growth in the emerging markets of Asia increased to 6.2 percent in 2002 and 6.3 percent in 2003 (estimate) and is forecast at 6.5 percent for 2004.

Latin American emerging markets were hit particularly hard by the 2001 slump. Growth slowed dramatically before falling into negative territory in 2002. Much of the slowdown was centered in the three giants of the region: Argentina, Mexico, and Brazil. These three countries account for 10 percent, 23 percent, and 32 percent, respectively, of total Latin American output. In 2002 the 0.5-percent decline in Latin American output was centered in Argentina, where output fell by nearly 11 percent following the financial crisis of December 2001.

In 2003, Argentina's economy began a strong rebound, but the economies of Mexico and Brazil were very sluggish while political turmoil in Venezuela resulted in a sharp 10-percent decline in output. The net result has been a third consecutive year of very poor growth in Latin America, but—excluding the continuing political uncertainty in Venezuela and several Andean countries—indications are that growth in the region will rebound to nearly 4 percent in 2004.

Among the major groups of emerging market economies, only the transition economies of Central-Eastern Europe and the former Soviet Union enjoyed continued good growth through 2001 and 2002, even though growth was less than the excellent 7-percent growth recorded in 2000. When the final data for 2003 is tallied, this group of countries is expected to have achieved another solid year of growth around 5 percent. Within this group of economies, Russia and Poland are the giants, accounting for approximately 43 percent and 13 percent, respectively, of total output in the region. Very strong growth in Russia, supported by higher energy prices, large export surpluses, and increasing consumer demand helped to offset a third consecutive subpar year of growth in Poland. In 2004, solid economic performance is expected with around 5 percent.

On balance, the condition of the world economy looks as stable and favorable as it has in several years with one important concern—the U.S. economy is again leading the world recovery. Why is this a problem? The key issue relates to the U.S. current account deficit. Many observers believe that the U.S. current account constitutes an important imbalance in the global economy. Although there is evidence that a deficit of 4 to 5 percent of GDP is sustainable for a considerable period of time, these observers worry that the rapid growth of the U.S. current account deficit cannot continue indefinitely.

Unfortunately, the short, shallow 2001 U.S. recession did not lead to a sustained correction in the U.S. current account. Although it fell from 4.7 percent of GDP in the third quarter of

2000 to 3.6 percent of GDP during the third quarter of the recession year of 2001, the current account deficit began to grow again as the economy recovered. The deficit reached an estimated 5.3 percent of GDP in the third quarter of 2003. With most forecasts stating that the U.S. economy will grow by 3 to 4 percent in 2004, there is little doubt but that the U.S. current account deficit will continue to grow in the coming year. This is a symptom of the world's continued overdependence on U.S. growth in the past few years.

Despite these concerns, there are several positive factors at work in the world economy that make the current outlook more hopeful than it has been in many months. First, geopolitical tensions have been reduced compared with the period before and just after the Afghanistan and Iraq invasions. The reduction in international tensions has been reflected in generally higher business and consumer confidence throughout the world.

A second major factor is that the current recovery is taking place during a period of low price inflation. Indeed, there were concerns just a few months ago that world price deflation was a threat. While deflation remains a problem in a few areas, primarily in Japan and in the Chinese manufacturing sector, the general threat of deflation has passed. Instead, there has been a gradual recovery in the prices of many commodities, a trend that has benefited those economies, primarily emerging markets that depend on commodity exports for significant foreign exchange earnings. Most commodity price indices are well above their levels of two years ago, and the terms of trade of producing countries have improved.

Emerging market economies have benefited of late not only from improved terms of trade but also through sharply lower risk premiums on borrowed funds. With no major financial crises in nearly two years and investment returns generally low in the more developed economies, foreign investors have been more willing to extend funding to emerging markets at reduced rates. The easier credit terms, in turn, have allowed

emerging market governments to balance fiscal budgets.

In general, there has been marked improvement in most areas within emerging markets as a result of better fiscal discipline, more transparency in economic institutions, better monetary policy, and increased intraregional trade in emerging market areas, particularly in Asia and Central-Eastern Europe.

Some potentially troublesome issues could threaten the stability of the current recovery, aside from the inherent risks in yet another U.S.-led world recovery discussed above. Foremost among these concerns is the threat of renewed terrorist attacks. This danger not only contributes to an environment of uncertainty, but perhaps more importantly, protection against this danger drains scarce resources from more productive uses. Another big danger is the long-run fiscal stance of many developed countries. Countries with rapidly aging populations and inadequately funded social retirement systems especially are at risk. Finally, the suspension of the Doha round of WTO negotiations at Cancun last September was a setback to progress in trade liberalization, and it may be a sign of greater threats of trade protectionism. ■







## REGIONAL ANALYSIS

In 2002, more than 90 percent of U.S. exports of manufactured goods were shipped to three world regions—the United States' North American Free Trade Agreement (NAFTA) partners (38 percent), Asia, including Australia and New Zealand (29 percent), and Europe (25 percent). Exports to South America accounted for another 7 percent, bringing the total share for countries in these four regions to more than 99 percent of total U.S. manufactured exports. Within these broad groupings, U.S. exports to 10 countries—Canada, Mexico, four countries in Western Europe, and four countries in Asia—equaled more than two-thirds of all U.S. exports of manufactured goods.

The economic outlook within these three regions, and the 10 countries in particular, strongly influences the prospects for U.S. exports in a given period. In addition, the value of the dollar relative to the currencies of these countries is a major factor determining the competitiveness of U.S. exports in these markets compared with local products and compared with products from other countries. The following is a brief synopsis of current conditions within these important export markets and the prospects for economic growth over the next year.

### NAFTA

Canada and Mexico are the most important trading partners of the United States. The United States ships more than one-third of its manufactured goods to the two countries and receives nearly 30 percent of its total manufactured goods imports from the two countries. U.S. manufactured goods exports to both countries dropped in 2001 and in 2002, but recovered somewhat in 2003. The fall in exports to the United States' NAFTA partners was part of an overall decline in U.S. manufactured goods exports in 2001 and 2002 and part of the global decline in world trade.

In 2002, Canada was one of the better performing developed industrial economies. Although growth slowed to 1.5 percent in 2001, Canada avoided the recession that hit the United States. In 2002, the economy accelerated and recorded a 3.3-percent rate of growth, the best showing among

the Group of Seven. Early in 2003, the Canadian economy began to slow. The sluggish recovery in the United States, coupled with a sharp appreciation of the Canadian dollar began to take a toll on Canadian exports. Additionally, Canada was hit by a series of economic shocks in early 2003 that dampened growth. These shocks included an outbreak of severe acute respiratory syndrome (SARS) in the Toronto area and the discovery of a case of mad-cow disease that resulted in an embargo on Canadian beef shipments. The Northeast power blackout and Pacific Northwest forest fires also adversely affected Canada's economy. In reaction to deteriorating economic conditions, the Bank of Canada cut interest rates last summer. Aside from strong consumer spending, much of the economy remained tepid at the end of 2003. The strong Canadian dollar has brought inflation down, and interest rates may be

cut again if growth rates do not meet projections. The Canadian economy is expected to grow around 3 percent in 2004.

Mexico, after Canada, is the United States' second most important trading partner.

Mexico is the second-largest export market for U.S. manufactured goods and is the fourth-largest source of manufactured goods imports into the United States. In 2001, Mexico was the third-largest source of manufactured goods for the United States, just behind Japan, but rapidly rising U.S. imports from China have pushed China into second place ahead of both Japan and Mexico.

Mexico's economy began recovering from the 2001 recession in the spring of 2002, but growth remained sluggish throughout 2002 and 2003. Mexico's economy is highly dependent on the U.S. economy, particularly the U.S. manufacturing sector. Since manufacturing in the U.S. has been slow to recover, Mexico's economy has also failed to show much growth. Aside from the slow rebound in exports to the U.S., Mexico has experienced the loss of tens of thousands of jobs in its manufacturing sector as jobs and plants have migrated to China and Central America, where wages are much lower.

Slow export growth and uncertainty about the pace of Mexican reforms in tax policy and in the electrical energy industry have been factors behind the eroding value of the peso. Higher oil revenues and growing remittances by Mexicans working in the United States have largely offset weak exports and foreign investment flows. Remittances amount to nearly \$15 billion, making these payments the second leading source of foreign exchange after oil shipments. Despite the lower value of the peso, inflation and interest rates have remained low. The continued healthy expansion of the U.S. economy is expected to be the primary force behind an anticipated acceleration of Mexican growth in 2004 when GDP is expected to grow by around 3.5 percent. ■

## World, Regional & Country Growth

	1999	2000	2001	2002	2003	2004
<b>WORLD</b>	3.7	4.8	2.4	2.8	3.3	4.1
<b>INDUSTRIAL ECONOMIES</b>	3.3	3.6	1.1	1.5	1.9	3.0
<b>UNITED STATES</b>	4.5	3.7	0.5	2.2	2.9	4.2
<b>CANADA</b>	5.5	5.3	1.9	3.3	1.9	3.0
<b>JAPAN</b>	0.1	2.8	0.4	-0.4	2.4	1.8
<b>EC-15</b>	2.8	3.7	1.8	1.1	0.8	2.0
<b>UNITED KINGDOM</b>	2.8	3.8	2.1	1.7	2.0	2.7
<b>EURO AREA</b>	2.8	3.7	1.7	0.9	0.5	1.8
<b>GERMANY</b>	1.9	3.1	1.0	0.2	0.0	1.6
<b>FRANCE</b>	3.2	4.2	2.1	1.3	0.2	1.8
<b>ITALY</b>	1.7	3.3	1.7	0.4	0.4	1.6
<b>AUSTRALIA</b>	4.4	3.0	2.7	3.3	2.4	3.7
<b>EMERGING MARKETS</b>	4.2	5.9	3.7	4.4	4.9	5.5
<b>AFRICA</b>	2.7	2.9	3.5	3.2	3.6	4.6
<b>SUB-SAHARA AFRICA</b>	2.8	3.0	3.5	3.2	3.5	4.8
<b>ASIA</b>	6.4	7.0	5.1	6.2	6.3	6.5
<b>CHINA</b>	7.1	8.0	7.5	8.0	8.2	7.7
<b>INDIA</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>NICS</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>KOREA</b>	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
<b>ASEAN</b>	0.1	0.1	0.1	0.1	0.1	0.1
<b>INDONESIA</b>	0.1	0.1	0.1	0.1	0.1	0.1
<b>MIDDLE EAST</b>	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
<b>CENT &amp; S. AMERICA</b>	0.1	0.1	0.1	0.1	0.1	0.1
<b>BRAZIL</b>	0.1	0.1	0.1	0.1	0.1	0.1
<b>MEXICO</b>	0.1	0.1	0.1	0.1	0.1	0.1
<b>INDIA</b>	6.7	5.4	4.2	4.7	6.1	6.3
<b>NIES</b>	7.9	8.4	0.8	4.7	2.5	4.8
<b>SOUTH KOREA</b>	10.9	9.3	3.1	6.3	2.5	4.8
<b>ASEAN</b>	3.5	5.7	2.9	4.4	4.3	4.7
<b>INDONESIA</b>	0.8	4.9	3.4	3.7	3.7	4.3
<b>MIDDLE EAST</b>	0.8	5.6	0.5	4.1	4.5	4.3
<b>LATIN AMERICA</b>	0.2	4.0	0.6	-0.5	1.3	3.7
<b>BRAZIL</b>	0.8	4.4	1.4	1.5	0.7	3.2
<b>MEXICO</b>	3.7	6.6	-0.2	0.7	1.6	3.5
<b>TRANSITION ECONOMIES</b>	4.0	7.1	5.1	4.0	5.1	4.8
<b>East &amp; Central Europe</b>	2.2	3.9	3.0	2.9	3.6	4.3
<b>POLAND</b>	4.1	4.0	1.0	1.4	3.3	4.5
<b>CIS - TOTAL</b>	5.2	9.1	6.3	4.7	6.0	5.0
<b>RUSSIA</b>	6.3	10.0	5.0	4.3	6.3	5.1
<b>UKRAINE</b>	-0.2	5.9	9.2	4.8	5.0	4.5
<b>TOP 20 U.S. MARKETS FOR MANUFACTURED GOODS</b>	3.8	5.2	2.8	3.0	3.1	3.8

SOURCE: Historic data are from the IMF; forecast data from the U.S. Department of Commerce, ITA.

## ASIA

U.S. exports to Asian countries fell almost across the board in 2001 and 2002. In the first 10 months of 2003, U.S. exports to Pacific Rim countries were up only 3.2 percent compared with the same period in 2002, and most of this increase was related to a 22-percent increase in shipments to China.

Despite the sluggish growth of U.S. exports to Asia in 2003, the region as a whole did well, as it did in 2002. Even Japan's economy, which fell in 2002 after growing only marginally in 2001, grew by more than 2 percent in 2003. There are two main reasons for the recent success of Asia's economy despite sluggish growth in much of the world. China has emerged as a center of economic activity in the region. A significant share of the recent growth in the economies of Southeast and North Asia can be attributed to the growth of China's imports from the region. For example, through the first 10 months of 2003, China's imports from its leading trading partners in Asia increased as follows: from Japan, up 39 percent; from Taiwan, up 29 percent; from South Korea, up 53 percent; from Malaysia, up 53 percent. While attention has focused on the growing deficit in U.S. trade with China, China's trade surplus with the world decreased sharply in 2003, falling 40 percent between January and October, compared with the same period in 2002.

A second element behind Asia's resilience is the growing importance of domestic consumption as a source of growth in Asia. South Korea, China, Thailand, and Malaysia are countries where domestic demand has made an important contribution to growth.

The outlook for Asia in 2004 makes the region important to world growth. Japan's economy is expected to grow moderately, but continuing problems

with deflation, financial sector weaknesses, slow industrial restructuring, and a stronger yen are important downside risks. China's economy expanded more rapidly than expected in 2003, despite the impact of the SARS epidemic in the second quarter. During the second quarter of 2003, China's central bank began to rein in the rapid increase in credit, which, together with large inflows of foreign investment, was spurring large increases in domestic investment. In September, the central bank increased the reserve requirement on lending institutions to further slow the expansion of credit. These steps are expected to trim GDP growth to less than 8 percent in 2004.

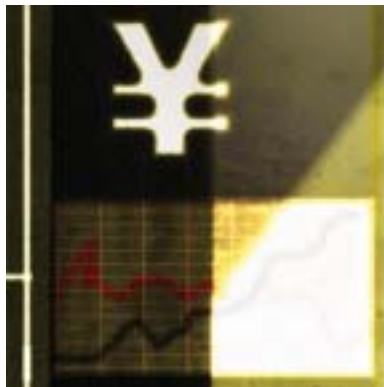
India, the other giant among the

all the countries, but Hong Kong and Singapore, with their large reliance on tourism, suffered the most. These countries all suffered following the 2001 bust in the world telecommunications sector. The continuing shift of manufacturing operations from these countries to mainland China has compounded their problems. All four of these East Asian countries were among the top 10 export destinations for U.S. manufactured goods just two years ago, but Singapore and Hong Kong have fallen to 11th and 15th, respectively. Expansionary fiscal policies, stronger domestic consumption, and increased regional trade are expected to boost growth to nearly 5 percent in 2004. The economies of the 10 members

of the Association of Southeast Asian Nations grew collectively at about the same rate in 2003 as in 2002 (approximately 4.5 percent).

The other major industrial economies in the Pacific Rim, Australia and New Zealand, grew 3 percent and 2.6 percent, respectively, in 2003.

Australia's economy was hit by severe drought in 2002, seriously damaging the agricultural sector. The Australian dollar is another currency that has been appreciating against the dollar after several low-value years. Unemployment has been falling and consumption is strong. The outlook in 2004 is that Australia's economic growth will pick up slightly to around 3.5 percent, while New Zealand's economy expands at a rate of nearly 3 percent. ■



**The outlook for Asia in 2004 makes the region important to world growth.**

emerging markets of Asia, has also experienced strong growth in recent years. Foreign investment, though not as strong as in China, has been growing, particularly in the information technology sector. Currently, India is not a leading trading partner of the United States, and the country ranks only 11th among U.S. trading partners in Asia. India's economy has been growing rapidly, however, and some predict that its growth could soon outpace that in China. In 2003, India's economy grew more than 6 percent, according to many estimates, and similar growth is expected in 2004.

Growth in South Korea, Hong Kong, Singapore, and Taiwan was poor in 2003. Even South Korea, which enjoyed strong growth in 2002, fell into a slump during the first half of 2003. SARS played a depressing role in the economic performance of





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With an economy nearly the same size as the U.S. economy, but a population approximately 30-percent larger, the European Union is poised to welcome 10 new members in 2004. Collectively, the accession countries will boost the EU population an additional 20 percent (currently at 380 million). However, the increase in total output represented by the 10 new members is only 5 percent of current EU production, due to much lower productivity in the economies of the acceding members. Perhaps more importantly for the longer term, the new members will expand the geographic territory of the European Union well into Central Europe and increase its border with the Commonwealth of Independent States, making the European Union a true pan-European economic bloc.

As part of the integration process, the new members have modified their laws to conform to the standards of the EU and have taken steps to bring their fiscal and monetary policies in line with EU guidelines.

Only eight of the current EU countries are among the top 20 markets for U.S. manufactured goods, and none of the new members are in this group. The three new members that are the largest current markets for U.S. exports are Poland, Hungary, and the Czech Republic. Exports of U.S. manufactured goods to these three markets were less than \$2 billion in 2002, which accounts for less than 1 percent of total U.S. manufactured exports. What is more important, however, is that these new members are rapidly becoming more integrated with Western Europe's economies through trade and investment. Companies located in the current European Union, including many American firms, have invested in these economies, and production is being integrated across the continent.

Currently, the United States ships nearly 25 percent of its manufactured goods to Europe. In the last two years, U.S. manufactured goods exported to Europe declined at about the same rate as exports to the rest of the world. The

outlook for exports in the next year is somewhat more hopeful in that there are signs that growth in Western Europe turned up in the second half of 2003. Business confidence has improved a bit, but consumer confidence still lags and unemployment is high. Among the new members growth has been much better, and the outlook for 2004 is better as well. Central Europe, which includes five new members (Poland, Hungary, Slovenia, the Czech Republic, and Slovakia) had economic growth of 3 percent in 2003 and is projected to grow at about 4 percent in 2004, largely because of an increase in GDP growth in Poland, by far the largest economy among the new members. Growth in the Baltic States of Latvia, Estonia, and Lithuania has also been positive, 6 percent in 2003 and approximately the same is expected in 2004. ■

# Trade Events

**January–July 2004**

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
January 28–February 1	<b>Fitur 2004</b> Fitur is Spain's largest travel and tourism fair and is also the third-largest professional tourism industry fair in Europe. The event takes place in Madrid on an annual basis and provides an excellent opportunity for U.S. travel and tourism destinations and companies to gain valuable exposure in the European market.	Madrid, Spain
February 2–5	<b>Environment and Energy</b> Environment and Energy will focus on relieving strains on the environment in Middle Eastern and North African countries. Emphasis is being placed on clean air, water supply, waste disposal, alternative energy sources, renewable energy, health, and safety.	Abu Dhabi, United Arab Emirates
February 12–14	<b>Baby and Kids' Fair</b> This fair is the only international trade fair in Japan that focuses on baby and children's products and services. About 1.2 million babies are born in Japan each year, and Japan now has about 8 million babies and pre-schoolers. Last year's event featured 21 exhibitors in the U.S. pavilion.	Tokyo, Japan
February 16–18	<b>Stadia China 2004</b> In order to prepare for the 2008 Olympic Games, Chinese officials have scheduled this event to attract the world's best builders and managers of stadiums and arenas. There will be 300 exhibitors from 20 countries, including 100 U.S. participants.	Beijing, China
February 24–29	<b>Asian Aerospace 2004</b> Asian Aerospace is the world's third-largest air show. More than 700 exhibitors from 36 countries were at the last show, which attracted over 23,000 visitors from 78 countries. Approximately \$3.2 billion worth of trade deals were made as a result of the show. For more information, see <a href="http://www.asianaerospace.com">www.asianaerospace.com</a> .	Singapore
March 1	<b>Teleexpo 2004</b> Teleexpo is Brazil's largest and most important telecommunications and information technology event. The attendees and conference delegates are managers and directors from the telecommunications, IT, and enterprise markets, representing the largest technology buying companies. The Commercial Service in Brazil plans to organize a U.S. pavilion at the event.	São Paulo, Brazil
March 12–16	<b>Internationale Tourismus Boerse</b> ITB is the leading travel trade fair in the world. The U.S. pavilion, with more than 250 exhibitors, makes up the largest foreign delegation at the show. Exhibitors can expect to make contact with trade visitors (tour operators and travel press) from Germany and other European countries.	Berlin, Germany
March 15–19	<b>Microelectronics Trade Mission</b> This mission will center on the widely acclaimed Shanghai exhibition, Electronic China, in conjunction with Semicon China. Centering the mission on a major trade fair will allow participating firms to have individual meetings scheduled for them by the Commercial Service in Shanghai, as well as an opportunity to make additional business contacts at the exhibition.	Shanghai and Suzhou, China
March 15–23	<b>Information and Communications Technologies Trade Mission</b> The mission will target companies from all sectors of the information and communications technology industry. Delegation participants will be matched with potential agents, distributors, representatives, licensees, and joint venture partners in these markets.	Singapore, Malaysia, and Thailand
March 18–24	<b>CeBIT</b> CeBIT is the largest and most influential international trade show for information and communications technology. Nowhere else in the world, in just one week, can a U.S. company reach more than 700,000 industry professionals, including 139,000 distributors, representing 100 countries.	Hanover, Germany
March 29–30	<b>Natural Health Products Trade Mission</b> U.S. natural health products firms can strategically position themselves to take advantage of Canada's growing demand for natural health products by participating in this mission.	Montreal, Canada
March 29–April 4	<b>FIDAE 2004</b> Building on more than two decades of success as the gateway to aerospace business in Latin America, FIDAE 2004 will again present an unparalleled opportunity for aerospace and defense companies intent on establishing or maintaining strong positions in Latin America. For further information, see <a href="http://www.fidae.cl">www.fidae.cl</a> .	Santiago, Chile

## INDUSTRY

## CONTACT INFORMATION

Travel and  
Tourism Services

Don Huber  
Tel: (202) 482-2525  
E-mail: Don.Huber@mail.doc.gov

Pollution Control,  
Renewable Energy, and  
Water Resources  
Eq./Svcs.

Nancy Charles-Parker  
Tel: +971-2-627-3666, ext. 11  
E-mail: NCharles@mail.doc.gov

Apparel, Books/  
Periodicals, Furniture,  
Toys/Games

John Fleming  
Tel: +81-3-3224-5070  
E-mail: John.Fleming@mail.doc.gov

Architectural, Construcion  
and Engineering Svcs.;  
Building Products,  
Computer Svcs., Health  
Care Svcs.

Sam Dhir  
Tel: (202) 482-4756  
E-mail: Sam.Dhir@mail.doc.gov

Aircraft and Parts;  
Avionics and Defense  
Technology

Haw Cheng Ng  
Tel: +65-6746-9037  
E-mail: Hawcheng.Ng@mail.doc.gov

Telecommunications  
Equipment and Services

Ebe Raso  
Tel: +55-11-3897-4040  
E-mail: Ebe.Raso@mail.doc.gov

Travel/Tourism Services

Elizabeth Powell  
Tel: +49-69-956204-17  
E-mail: Elizabeth.Powell@mail.doc.gov

Microelectronics

Marlene Ruffin  
Tel: (202) 482-0570  
E-mail: Marlene\_Ruffin@ita.doc.gov

Computers, Software,  
Services, Telecommuni-  
cations Equipment

Matthew Wright  
Tel: (202) 482-2567  
E-mail: Matthew.Wright@mail.doc.gov

Audiovisual Eq., Consumer  
Electronics, Software,  
Telecommunications Eq.

Larry Tabash  
Tel: (512) 936-0039  
E-mail: Larry.Tabash@mail.doc.gov

Vitamins, Herbal Products,  
Homeopathic Medicine

Pierre Richer  
Tel: (514) 908-9661  
E-mail: Pierre.Richer@mail.doc.gov

Aircraft/Aircraft Parts

Patricia Jaramillo  
Tel: +56-2-330-3402  
E-mail: Patricia.Jaramillo@mail.doc.gov

# HIGHLIGHTED EVENTS

## AEROSPACE TRADE MISSION

**MARCH 21-26, 2004**  
**INDIA**

The deputy assistant secretary of commerce for transportation and machinery will lead an aerospace trade mission to India. The mission will include representatives from a variety of U.S. aerospace service and manufacturing firms interested in expanding their presence in India. The Commercial Service at the U.S. embassy in India will arrange meetings between mission participants and Indian government and industry officials.

Contact:  
Sean McAlister  
Tel: (202) 482-6239  
E-mail: Sean\_Mcalister@ita.doc.gov

## PLASTICS TRADE MISSION

**MAY 3-4, 2004**  
**CANADA**

This trade mission is scheduled to coincide with Plast-Ex, the Canadian Plastics Industry Association's largest and most important trade event. U.S. companies will have two days of appointments, scheduled by the U.S. Commercial Service in Toronto, prior to attending the show.

The Plast-Ex show includes more than 500 exhibitors on 300,000 square feet of exhibition space. More than 12,000 plastics industry decision-makers attend Plast-Ex and rely on the event to purchase products and services essential to Canada's \$22.5 billion plastics industry.

Contact:  
Madellon C. Lopes  
Tel: (416) 595-5412, ext. 227  
E-mail: Madellon.Lopes@mail.doc.gov

TRADE  
EVENTS



<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
March 31–April 2	<b>Globe 2004</b> Globe 2004 provides a unique opportunity for companies to network with decision-makers from around the world. It is an excellent forum for introducing technological innovation to environmental business leaders. It is also a great venue for the dissemination of research reports.	Vancouver, Canada
April 1–5	<b>Vinitaly</b> Vinitaly offers a great opportunity for the American wine industry to showcase its diverse and unique wines, meet Italian industry players and the large number of international visitors and exhibitors, educate European consumers and press about the wine regions of America, study the latest trends, discuss the newest technologies, and identify ways to enter European markets.	Verona, Italy
April 6–8	<b>Medicare India 2004</b> With a market of \$21 billion and growing at an estimated 17 percent a year, India's health care industry is a prime target for medical and health care equipment and services. About 80 percent of India's medical equipment is imported. U.S. companies should take advantage of this opportunity to garner their share of this growing market by participating in Medicare India 2004.	New Delhi, India
April 14–17	<b>International ICT Expo</b> This event showcases all types of products and services for the information and communications technology industries. The fair will have more than 400 exhibitors from approximately 150 countries. Buyers' delegations will come in from mainland China as well as from other countries. This is an ideal venue for U.S. companies that are considering expanding their business by partnering with Hong Kong companies to penetrate the Chinese market.	Hong Kong
April 20–24	<b>Expomin 2004</b> Expomin has rapidly become the premier mining show in Latin America and one of the largest of its kind in the world. Expomin has grown from a national event with 4,000 attendees to a major international exhibition with more than 45,000 business visitors.	Santiago, Chile
April 20–23	<b>Food and Hotel Asia 2004</b> The 2002 event attracted 2,462 exhibiting companies from 67 countries. A total of 32,931 international buyers from 93 countries visited the show. For more information, see <a href="http://www.foodnhotelasia.com">www.foodnhotelasia.com</a> .	Singapore
April 22–24	<b>Southeast Asian Health Care Show</b> This annual trade event covers a broad range of health care products and services and is especially suited for promoting hospital and electro-medical equipment and supplies, pharmaceuticals, home care, and health information technology.	Kuala Lumpur, Malaysia
May 13–16	<b>InterZoo 2004</b> InterZoo is the largest trade show for the pet industry in Europe. Excellent opportunities exist for U.S. firms in this sector. For U.S. companies wishing to sell in Germany and throughout Europe, it is important to participate in this trade fair in Nuremberg. Attendance is strictly limited to qualified buyers.	Nuremberg, Germany
June 1	<b>Surf Beach Show 2004</b> This event consists of three simultaneous trade fairs, with more than 300 exhibitors and almost 500 brand names represented. This event highlights the latest trends in beach, surf, and leisure wear. More than 38,000 retailers from all over the world are expected to visit. The U.S. Commercial Service in Brazil plans to organize a U.S. pavilion at the event.	São Paulo, Brazil
June 1–4	<b>Hospitalar 2004</b> Hospitalar is the largest medical event in the Latin America. This show is one of the best opportunities for new-to-market companies to find business partners in Brazil. This event covers a wide variety of medical sectors such as rehabilitation, diagnostic products, medical equipment, medical services, home care, drugs, and pharmaceuticals.	São Paulo, Brazil
June 8–10	<b>GEPEC</b> This biannual fair, which is not open to the general public, is targeted to professional visitors, such as relevant agency officials, police and special forces commanders, decision-makers, procurement officers, and trainers and others from regional and federal security forces. Although relatively small, this event provides a good opportunity for U.S. companies active in the security sector.	Hamburg, Germany
June 15–16	<b>Asian Elenex 2004 and Asian Automation 2004</b> This biannual event is the largest building services and air-conditioning trade show in Hong Kong. Held simultaneously with Securitex, it attracts professionals from the air-conditioning, electrical, electronics, building services, security, and lighting products industries. Hong Kong is an important market for U.S. building equipment/service providers and HVAC manufacturers, because it imported \$2.3 billion in air-conditioning, ventilation, heating, and refrigeration equipment last year.	Hong Kong

## INDUSTRY

## CONTACT INFORMATION

Pollution Control Eq.,  
Renewable Energy Eq.,  
Water Resources Eq.

Elizabeth Ausberry  
Tel: (202) 482-4908  
E-mail: Elizabeth.Ausberry@mail.doc.gov

Wine and Spirits

Sharon Cook  
Tel: (202) 720-3425  
E-mail: Sharon.Cook@usda.gov

Dental Eq., Drugs/  
Pharmaceuticals,  
Health Care Svcs.,  
Medical Equipment

Elizabeth Ausberry  
Tel: (202) 482-4908  
E-mail: Elizabeth.Ausberry@mail.doc.gov

Computers/Peripherals,  
Software, Services,  
Telecommunications Eq.

Andy Bihun  
Tel: (202) 482-3663  
E-mail: Andy.Bihun@mail.doc.gov

Mining Industry Eq.,  
Oil/Gas Field Machinery,  
Telecommunications Eq.

Matthew Wright  
Tel: (202) 482-2567  
E-mail: Matthew.Wright@mail.doc.gov

Food and Drinks; Food  
Service Equip./Supplies;  
Restaurant, Catering,  
Hotel Equip./Supplies

Luanne Theseira O'Hara  
Tel: +65-6476-9416  
E-mail: Luanne.Theseira@mail.doc.gov

Drugs/Pharmaceuticals,  
Health Care Services,  
Medical Equipment

Natila Ahmad  
Tel: +60-3-2168-5101  
E-mail: Natila.Ahmad@mail.doc.gov

Pet Food and Supplies

Edward Kimmel  
Tel: (202) 482-3640  
E-mail: Edward\_Kimmel@ita.doc.gov

Sporting Goods/  
Recreational Eq.,  
Textile Fabrics

Denise Barbosa  
Tel: +55-11-3897-4053  
E-mail: Denise.Barbosa@mail.doc.gov

Drugs/Pharmaceuticals,  
Health Care Svcs.,  
Medical Equipment

Jefferson Oliveria  
Tel: +55-11-3897-4038  
E-mail: Jefferson.Oliveira@mail.doc.gov

Security/Safety  
Equipment

Helen Simpson-Davis  
Tel: (202) 482-1882  
E-mail: Helen.Simpson-Davis@mail.doc.gov

Air-conditioning/  
Refrigeration Eq.,  
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Elanna Tam  
Tel: +852-2521-5950  
E-mail: Elanna.Tam@mail.doc.gov

## INTERNATIONAL EXHIBITION ON ENVIRONMENTAL TECHNOLOGIES

**JUNE 21-24, 2004**  
**SOUTH KOREA**

ENVEX is the premier environmental exhibition in South Korea. As the South Korean government has placed more emphasis on the environment, South Korean companies are looking for the latest environmental technologies. ENVEX will include products from every environmental sector. The U.S. Commercial Service will once again organize a U.S. pavilion to support the marketing needs of U.S. environmental companies looking to enter the South Korean market or expand their presence in the country. For participating companies, the U.S. pavilion package includes market briefing and consultation, appointments with environmental companies or public institutions, listing in the U.S. pavilion and ENVEX directories, discounted accommodations, and organizational support. The pavilion is centrally located, and participating companies will receive maximum exposure.

Contact:  
Gregory O'Connor  
Tel: +82-2-397-4356  
E-mail: Greg.O'Connor@mail.doc.gov

## FARNBOROUGH INTERNATIONAL AIR SHOW

**JULY 17-25, 2004**  
**UNITED KINGDOM**

The Farnborough International Air Show will be the largest aerospace trade show in the world in 2004. In recent years, some 300 U.S. companies, large and small, have exhibited at the show, forming the largest national group after the United Kingdom. As such, Farnborough is a key opportunity for U.S. civil and military aerospace companies to showcase their products and services.

Contact:  
Joe Ruland  
Tel: (202) 482-3974  
E-mail: Joseph.Ruland@mail.doc.gov

*A full listing of trade events is available via [www.export.gov](http://www.export.gov).*

TRADE  
EVENTS

U.S. DEPARTMENT OF COMMERCE  
INTERNATIONAL TRADE ADMINISTRATION  
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