



Export 101 Webinar

October 21, 2014

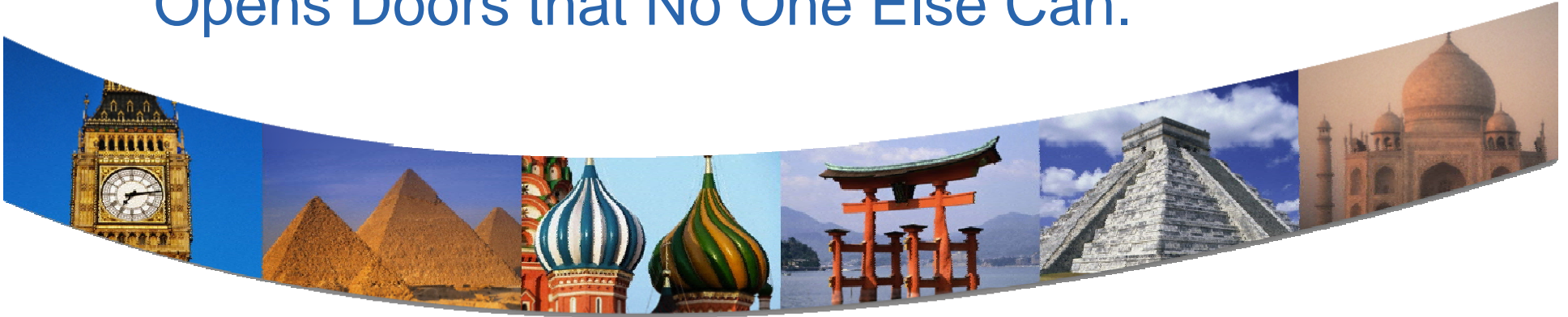
Rachid Sayouty, Director
US Commercial Service - Los Angeles



What is the U.S. Commercial Service



Our Global Network of Trade Professionals Opens Doors that No One Else Can.



Our Mission

Global Markets assists and advocates for U.S. businesses in international markets to foster U.S. economic prosperity.

Utilizing our network of trade promotion and policy professionals located in over 70 countries and 100 U.S. locations, Global Markets promotes U.S. exports, especially among small and medium-sized enterprises; advances and protects U.S. commercial interests overseas; and attracts inward investment into the United States.

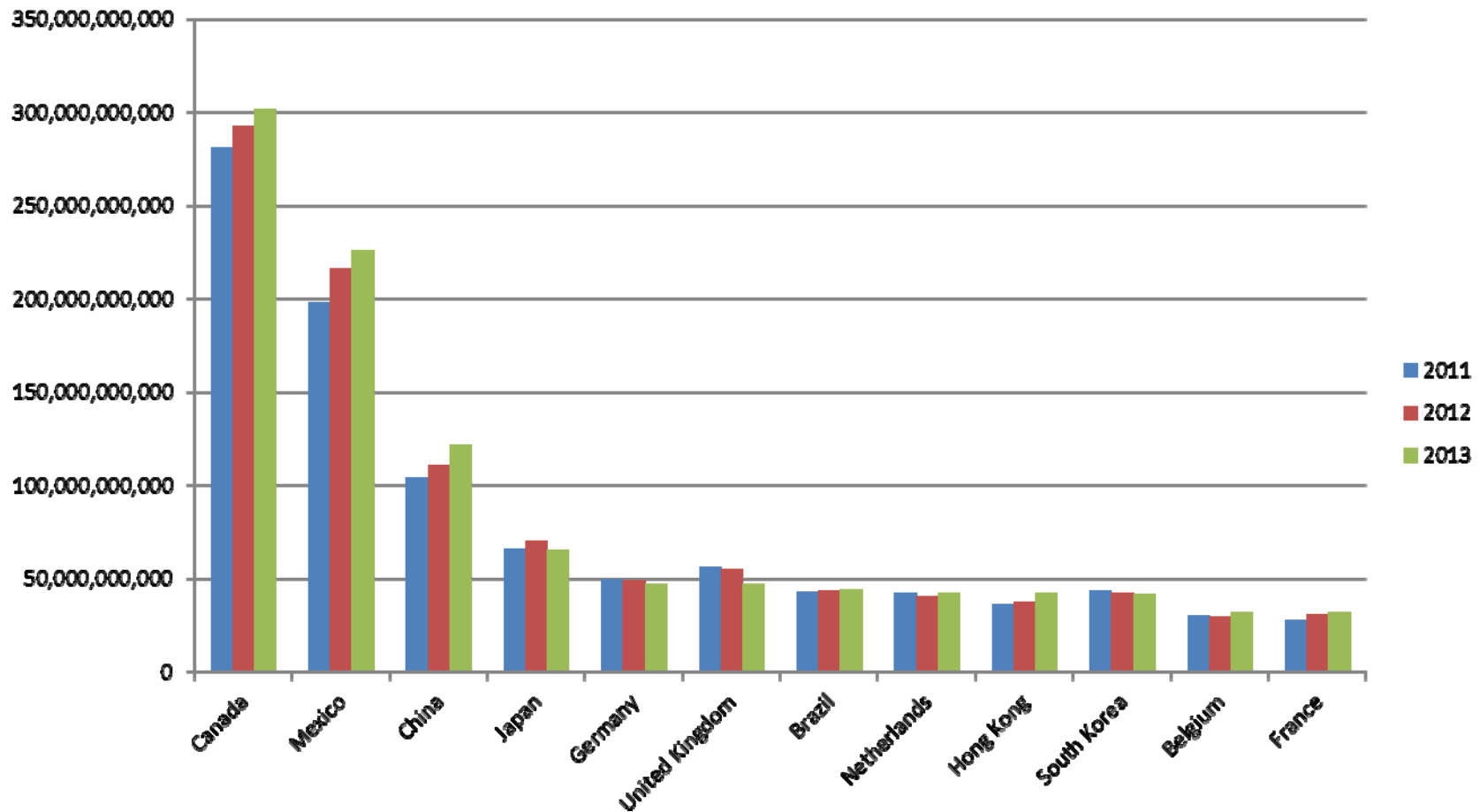
We Work with You to Connect Your Company with the Right Opportunities Abroad.

Our experienced trade professionals help you enter international markets in the most efficient, targeted way. We assess your export potential, understand your needs, and provide the right mix of U.S. Commercial Service capabilities to achieve your exporting goals.

U.S. Commercial Service Business Approach



Top 10 US Export Markets (2011-2013)



What does California Exports (2013)

- ❑ Machinery and Mechanical Appliances (\$7.2B)
- ❑ Electrical Machinery and Equipment (\$6.5B)
- ❑ Optical and Cinematography, Surgical Instruments (\$4.2B)
- ❑ Vehicles (\$1.97B)
- ❑ Edible Fruits and Nuts (\$1.95B)
- ❑ Aircrafts, Spacecraft (\$1.72B)

Our Proven Expertise Makes Doing Business Internationally Easier.

Whether you are looking to make your first export sale or expand to additional international markets, we have the expertise you need to tap into lucrative opportunities and increase your bottom line.

- **Trade Counseling.** Get the information and advice you need to succeed.
- **Market Intelligence.** Target the best trade opportunities.
- **Business Matchmaking.** Connect with the right partners and prospects.
- **Commercial Diplomacy.** Ensure your products and services have the best possible prospects for success in international markets.

Proven Expertise: Trade Counseling

Get the information and advice you need to succeed.

- **Documentation and Product Requirements.**
 - Learn about export documents, including Electronic Export Information filing, invoices, packing lists, and certificates of origin.
 - Verify tariff rates and import fees; determine your product's Schedule B and HS numbers.
- **Trade Problems.**
 - Get assistance with customs-related issues.
 - Obtain support if your company's exports or foreign bids are adversely affected by a trade barrier.
 - Limit the risk of non-payment and receive assistance if problems arise.



Market Identification

- Question 1: **What value do we bring to the market**
 - *Niche Specialty*
 - *Ability to bring finance and other solutions*
 - *Expertise /Product Quality*
 - *Price Advantage*
- Question 2: **Is the market Ready for us**
- Question 3: **What are the costs of Doing Business:**
 - *Explicit Costs*
 - *Hidden Costs: communication; corruption; slow progress.*

Market Development Challenges

- **Building a trust worthy network**
- **Competitive Pricing and Getting paid**
 - *Value of contract*
- **Different approaches to doing business**
 - *Building standards*
 - *International Competition and advocacy*
- **Competition and existing vested relationships**

Proven Expertise: Market Intelligence

Target the best trade opportunities.

- **Background Reports.**

- *Learn about potential partners from our trade professionals working in your target markets.*
- *Get detailed credit reports covering sales, profit figures, potential, liabilities, and other financial information.*

- **Trade Data and Analysis.**

- *Obtain the latest annual and quarterly trade data by country, state, commodity, and year.*
- *Find industry-specific trade data and analysis.*
- *Get country-specific tariff and trade agreement information.*



Things to consider

- Population Data/ Growth
- Market Size
- Characteristics of the Population (Age, Gender)
- Currency
- GDP
- Purchasing Power Parity
- Inflation rate
- Political Conditions
- Legal System (English Common Law..., European..)
- Infrastructure (Ports, Roads, Electricity).

Accessing Market Research - www.Export.Gov

powered by  **U.S. Commercial Service : Your Global Business Partner**
MRL ver. 3.01.2

 **Market Research Library**
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FTA Online Tool on **EXPORT.GOV**

The screenshot shows the 'export.gov' website with the tagline 'Helping U.S. Companies Export'. The main navigation bar includes links for Home, Opportunities, Solutions, Locations, FAQ, Blog, and Connect. A search bar is located in the top right corner. The 'FTA Tariff Tool Home > Tariff Search' section is active, displaying three steps: 1. Are you Importing or Exporting? (with radio buttons for exporting to an FTA partner or importing from one), 2. Please select an FTA Partner: (with a dropdown menu), and 3. Search by an HS Code: (with a text input field and a 'Search' button). Below the search section, there is a disclaimer and a 'Print' link. The footer contains a table with links to various sections of the site.

export.gov
Helping U.S. Companies Export

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FTA Tariff Tool Home > Tariff Search

1. Are you Importing or Exporting?
☒ You are exporting goods from the United States to an FTA partner
☐ You are importing goods from an FTA partner into the United States

2. Please select an FTA Partner:
--Select Partner--

3. Search by an HS Code:
If you know your HS code, enter it here (enter 4-10 numeric codes to identify a product):

If you do not know your HS code, the [U.S. Census Bureau's Schedule B Search Engine](#) can help you determine your HS code by allowing you to search by keyword or product description. If you are still having trouble finding your products, click [here](#) for more information.

Search

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Done Trusted sites 100%

Proven Expertise: Business Matchmaking

Connect with the right partners and prospects.

- *Matchmaking Services*
 - *Gold Key Matching*
 - *International Partner Search.*
- **Trade Shows.**
 - *Use our International Buyer Program to meet buyers at major U.S. trade shows.*
- **In-Country Promotions.**
 - *Commercial News USA*
 - *FUSE Program – Local Commercial Post Website Advertizing.*



Proven Expertise: Commercial Diplomacy

Level the international playing field for your company.

- Overcome trade obstacles to successfully enter international markets.
- Access U.S. government trade advocacy for your foreign government procurement bids.
 - *Visits to key foreign officials by high-ranking U.S. officials*
 - *Direct support from U.S. officials stationed overseas*
 - *Letters to foreign decision-makers*



Strategies for positive export experience

- **International Trade requires patience and focus:**
 - *Do not wait to develop international strategy until all domestic opportunities are exhausted.*
 - *Developing International Trade markets takes time.*
- **Stay in the Game:**
 - *You foreign Competitors are actively seeking US market share*
 - *Your business strategy should be proactive not reactive*
 - *Upcoming Events, ExportTech – Clairemont, CA*
Congresswoman G. Napolitano - Export Forum, La Verne, CA

What we can do for you and your clients - Recap

- Cost-effective matchmaking with potential partners (GKS)
- Screen unsolicited offers from foreign companies (ICP)
- Company promotions to select audiences (SCP)
- Multi-city road shows; USG-led trade missions
- Trade show support (Domestic and International) (TFC)
- Better strategic decisions through market research (CMR)

What motivates us

- *Your Export Successes*
- *Value of Exported Goods and Services*
- *Number of U.S. Jobs created*

Contact Information

Rachid Sayouty, Director
Los Angeles Downtown USEAC
rachid.sayouty@trade.gov
export.gov

**U.S. Commercial Service—
Connecting you to global markets.**



Role of Freight Forwarder in Building Your Export Business



Prepared for:



LOS ANGELES COUNTY
ECONOMIC DEVELOPMENT CORPORATION

October 21, 2014

Mark Hirzel

President: Los Angeles Customs Brokers and Freight Forwarders Assoc., Inc.

Customs Consultancy Manager: DHL Global Logistics



- 28 Years in the Customhouse Brokerage Industry
- 26 Years as a Licensed Customhouse Broker

What is a Customhouse Broker / Freight Forwarder?

Customs Brokers are for imports in the representation of the importer to Customs

Freight Forwarders arrange for the movement of goods (both Import and Export)

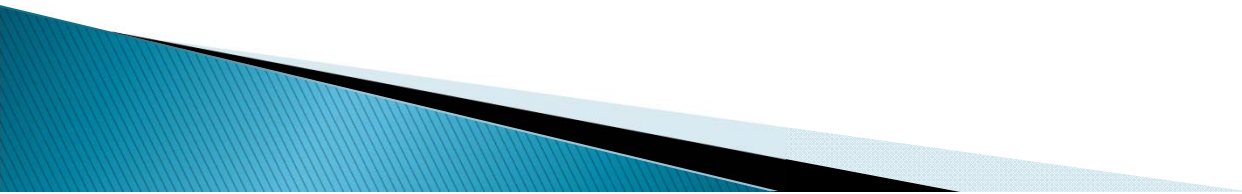
Trade the world's second oldest profession

US Regulation of Trade Professionals as far back as 1799

Air versus Ocean

Air (TSA)

Ocean (Federal Maritime Commission)




A VOCC (Vessel Operating Common Carrier)
Maersk, MSC, NYK, APL, OOCL, etc...



What's the difference? OCEAN

An Ocean Transportation Intermediary can be a:
Ocean Freight Forwarder or,
a Non-Vessel Operating Common Carrier (NVOCC).

Ocean Freight Forwarder is an individual or company that dispatches shipments to/from the United States via common carriers and books or otherwise arranges space for those shipments on behalf of shippers. They also prepare and process the documentation and perform related activities pertaining to those shipments.

A decorative graphic element located at the bottom left of the slide. It consists of a series of overlapping, semi-transparent blue and black shapes that form a triangular, wave-like pattern pointing towards the right.

What's the difference? OCEAN

Non-Vessel Operating Common Carrier (NVOCC)

- ▶ Acts like a common carrier and holds itself out to the public to provide ocean transportation.
- ▶ Issues its own house bills of lading or equivalent document
- ▶ Does not operate the vessels by which ocean transportation is provided.



What's the difference? AIR

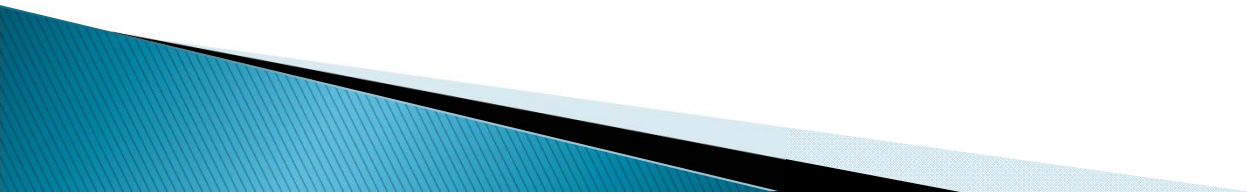
Air Freight Forwarder

Just like ocean except with aircraft

International Air Transport Association: (IATA)

Indirect Air Carrier: (IAC)

Means any person or entity (not an airline) that undertakes to engage indirectly in air transportation and uses the services of a passenger air carrier.



How do they add value?

The revenue is in the transportation.

The compliant processing of the transaction adds velocity and value to the supply chain.

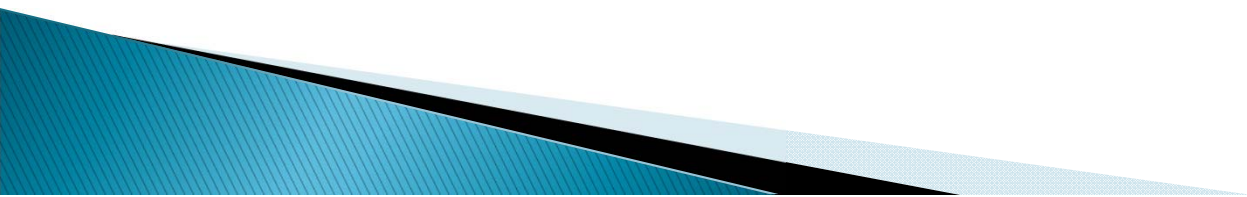
They purchase in quantities much larger than an individual shipper, and sell at a rate lower than an individual shipper can purchase.



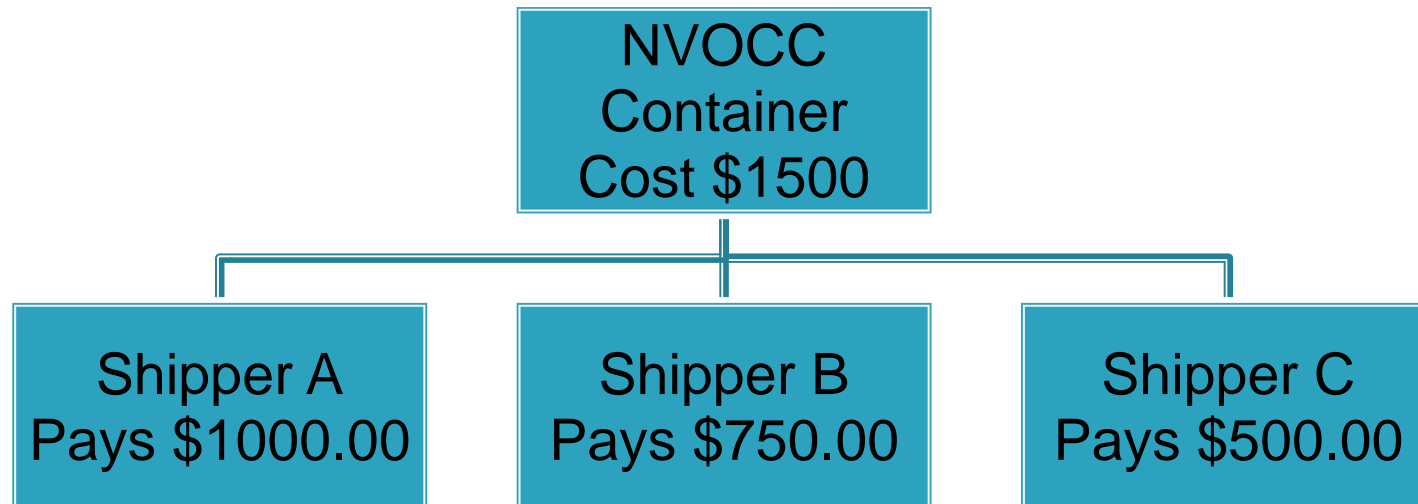
How a NVOCC makes money

One Container cost \$2000.00
10,000 containers cost \$1500.00
If the NVOCC sells at \$1750.00

\$250.00 in value to client
\$250.00 value to NVOCC



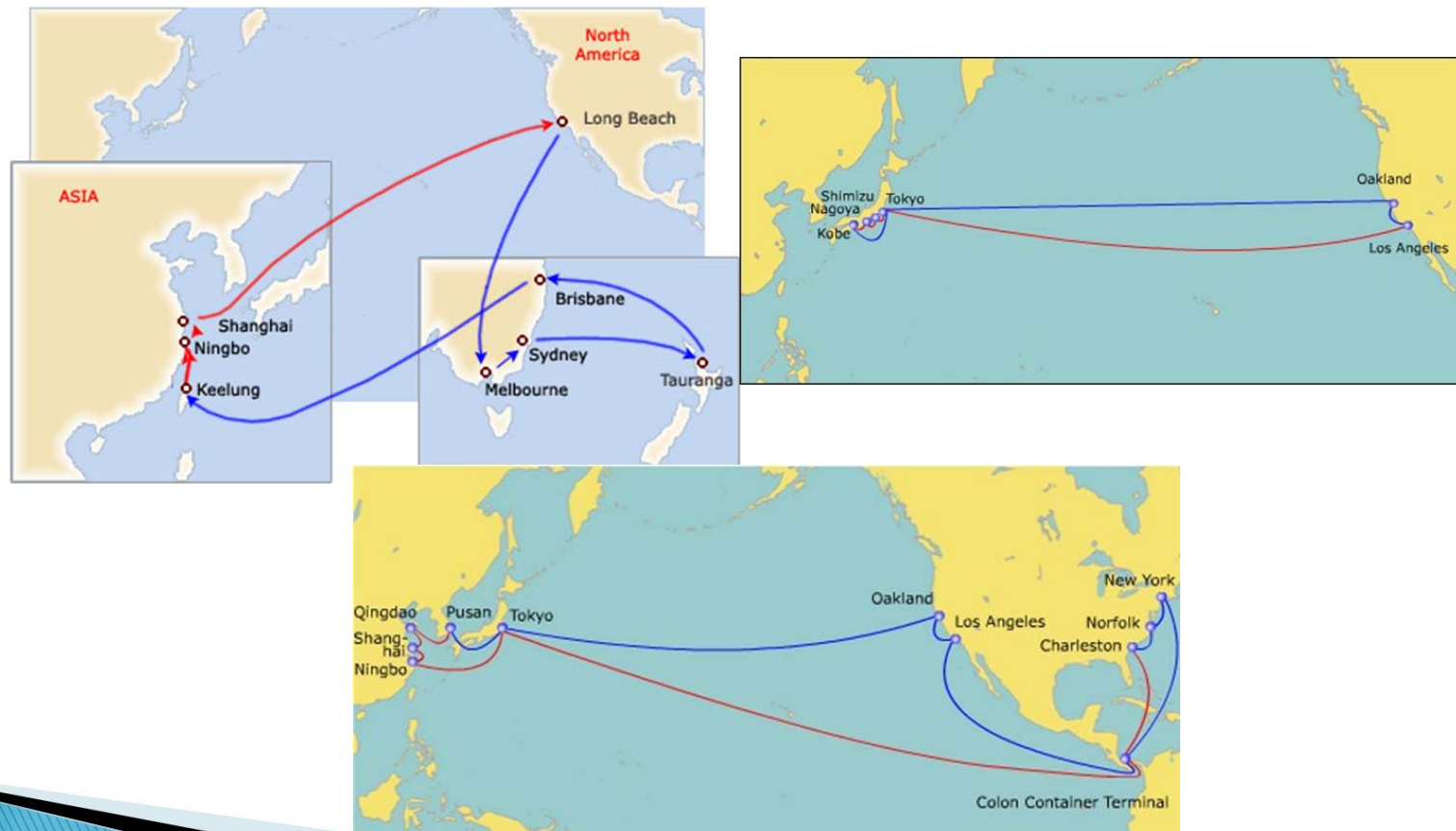
How a NVOCC makes money: Consolidations



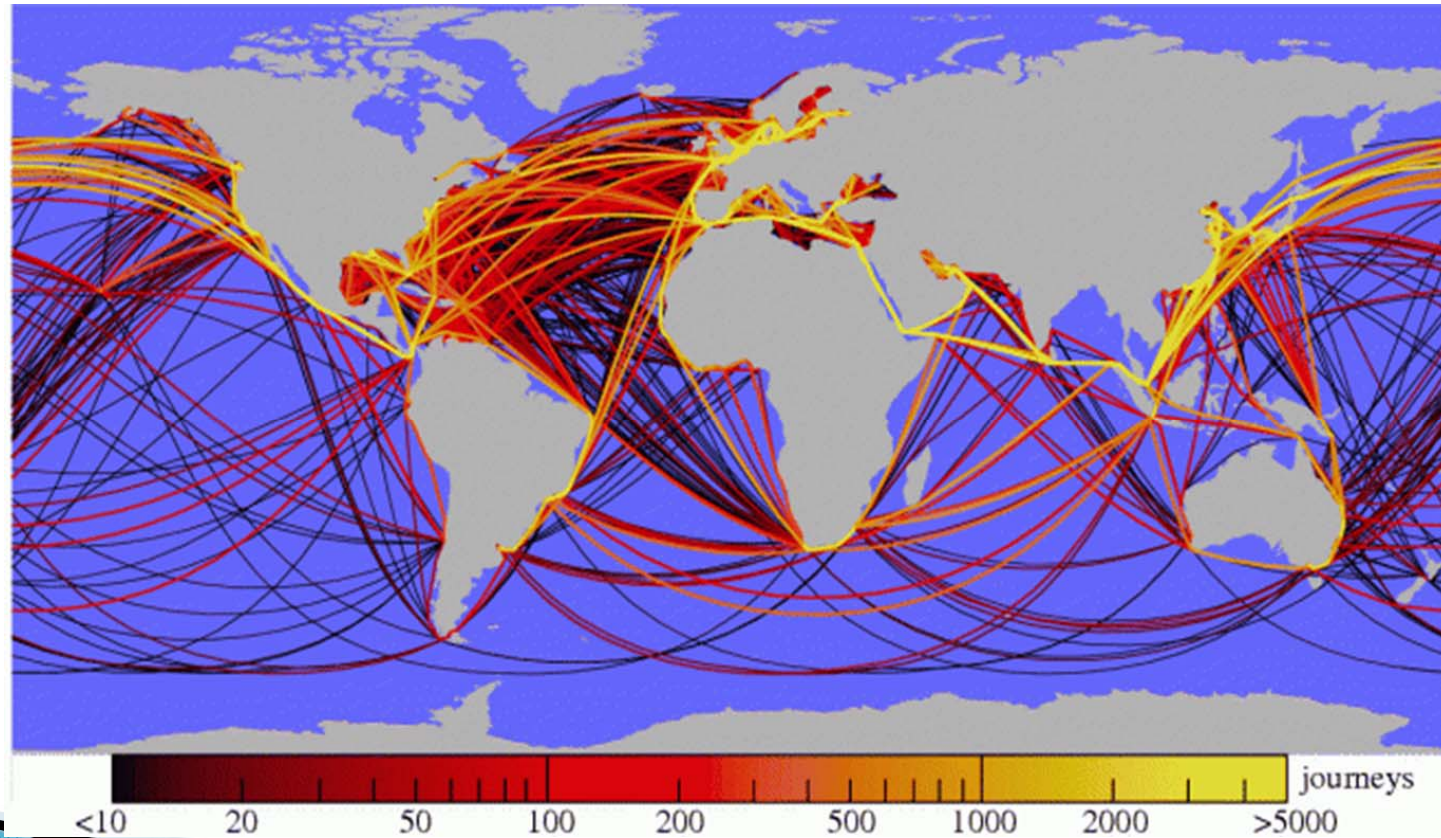
Consolidated (CFS) Cargo



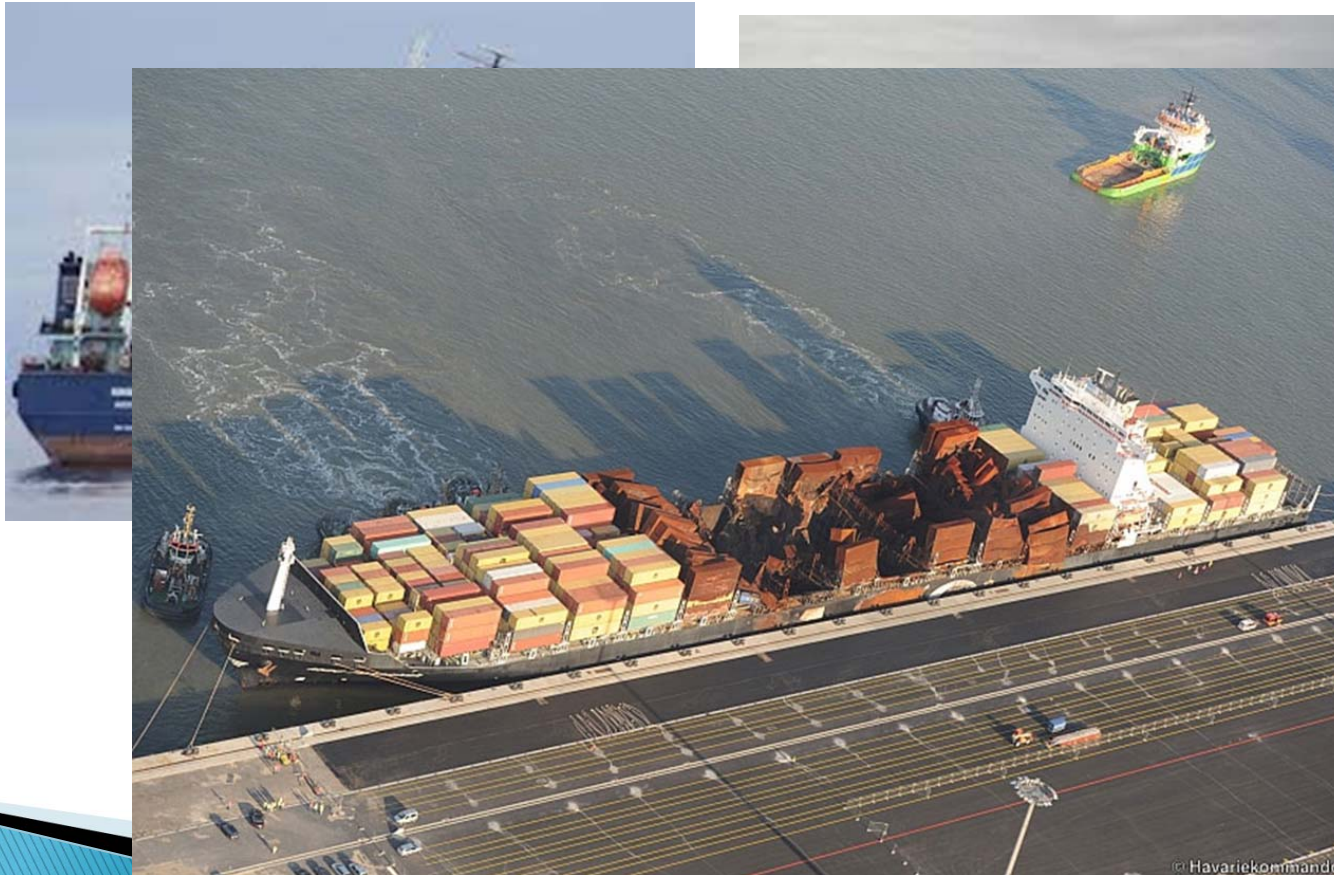
How long will it take to get there?



How long will it take to get there?



Cargo Insurance: General Average



What an Export Forwarder Can Do

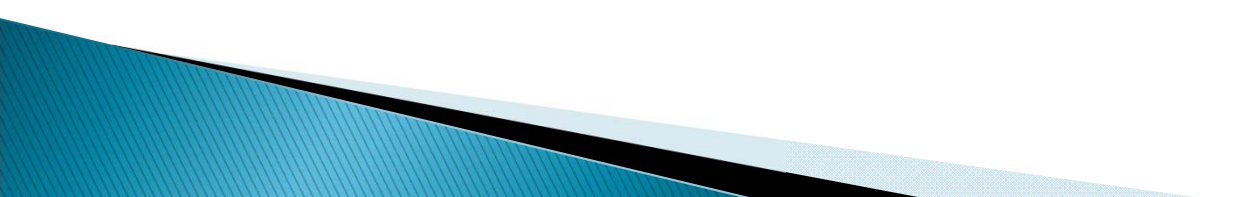
Has established relationships with:

Agents/Offices in the port of destination who know what documents are required (Consularization, Notarization, etc.)

International Carriers

US Government Agencies

- Bureau of Industry and Security
- Automated Export System (AES)



How to get started

Ask for a quotation

Make sure that you know your INCOTERMS

Make sure that your quotes are “apples to apples”



How to get started

Confirm any export restrictions

- Export Control Classification Number
- International Traffic in Arms Regulations
- Denied Parties

Confirm Documentation Requirements with Buyer



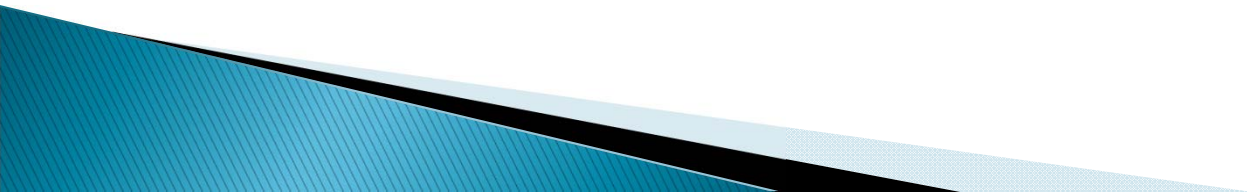
Resources:

US Customs:

http://www.cbp.gov/xp/cgov/trade/basic_trade/export_docs/

Free Trade Agreements available to US Exporters:

<http://blogs.census.gov/globalreach/2011/04/new-fta-tariff-tool.html>



How to find a good Freight Forwarder

Ask if they:

- Have experience with your commodity
 - Normally provide you with copies of all documents files on your behalf
 - ▶ Personnel and Professional Recommendations
 - ▶ National Customs Brokers and Forwarders Association of America: www.NCBFAA.org
 - ▶ Los Angeles Customs Brokers and Freight Forwarders Association: www.LACBFFA.org
- 



Thank you!

Mark Hirzel

Cell: 714.225.6196

Email: markhirzel@yahoo.com
mark.hirzel@dhl.com

Exporting from the Los Angeles Region to the World

LAEDC Webinar
October 21, 2014



Southern CA Connects Resources to Promote Global Trade

International Trade Community



Benefits of Global Trade in Southern CA

- Generating over 1 million direct & indirect jobs in Southern California
- Highly talented & skilled professionals with multi-cultural experience
- Largest concentration of manufacturing in the U.S.
- 1.7 billion sq. ft. of warehousing within the SoCal region (LA, OC, Riverside, San Bernardino, Ventura & San Diego Counties)
- LA/LB Ports handle 1/3rd of total U.S. global trade

Trade & Economic Recovery:

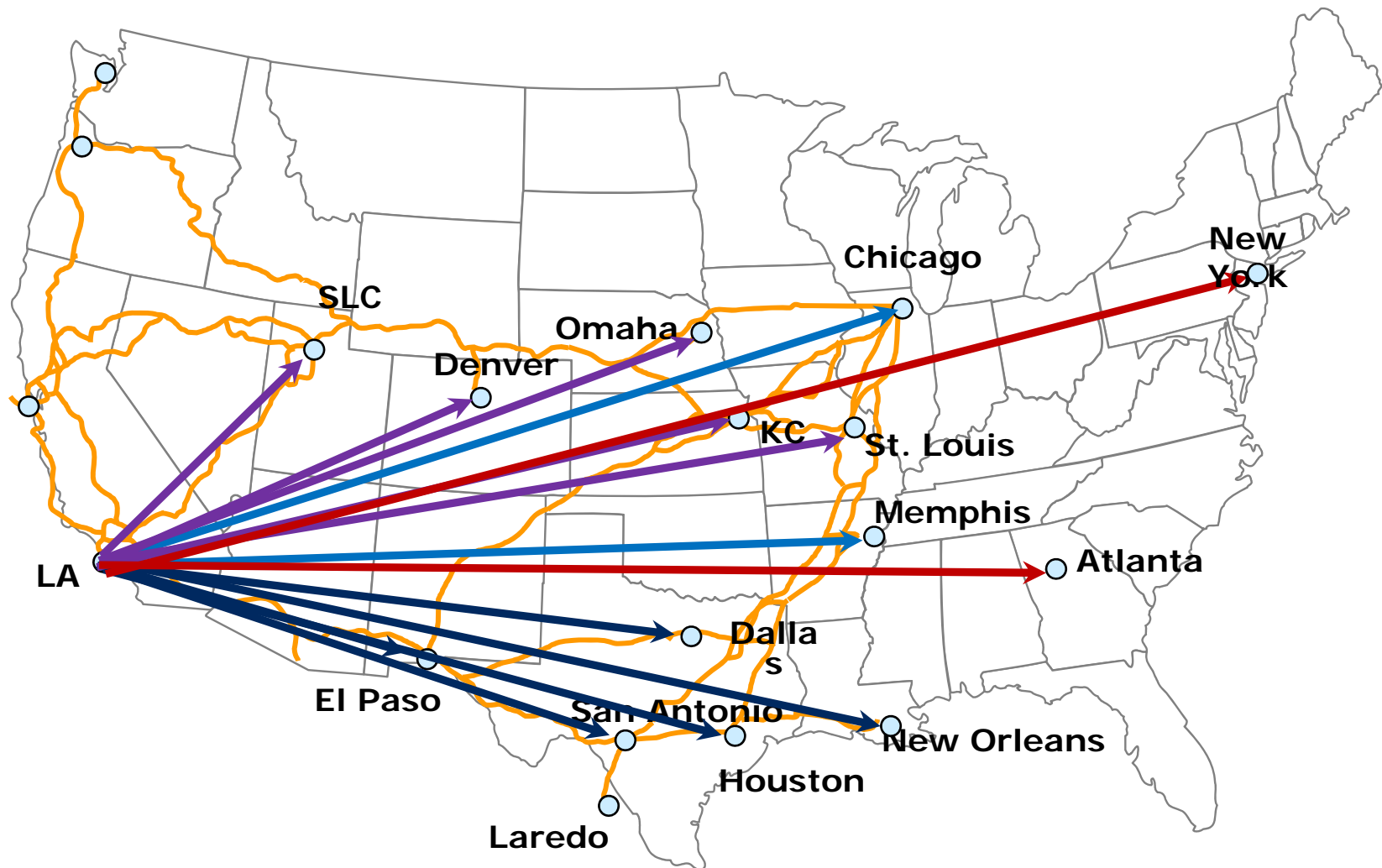
Trade through LA Customs District (Port of Long Beach, Port of Los Angeles & LAX) surged to a record in 2013 of \$ 414 Billion, including record exports & record imports !

The Advantages of LA & Southern California for International Trade

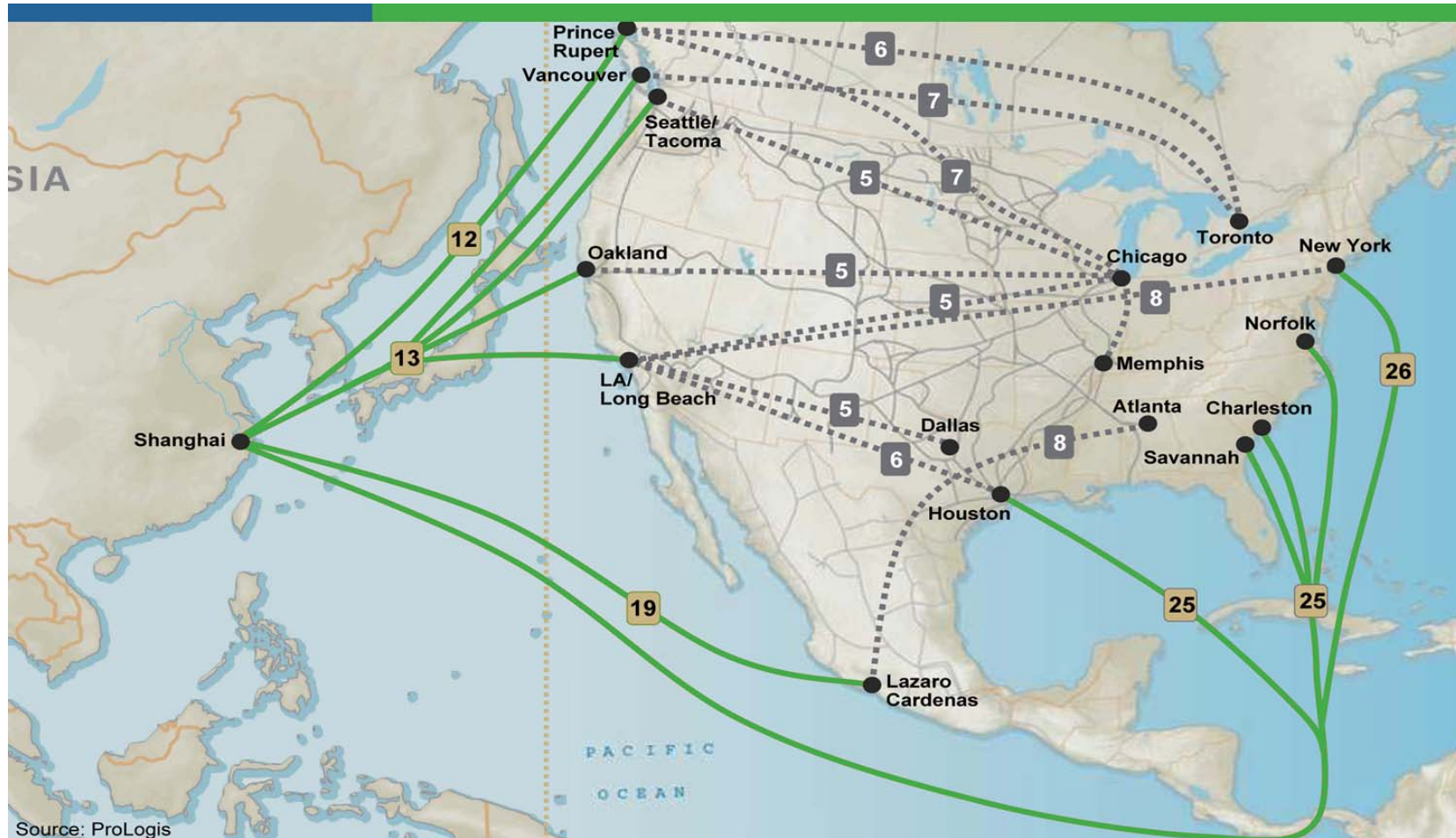
Number 1 U.S. Customs District Gateway

- Huge & Diverse Local Consumer Market
- Low Transport Cost Between Port & Airport
- Widest Variety of Destination Ports
- 80 + Weekly Sailings to the Pacific Rim
- Intense Price Competition (13 shipping lines)
- Equipment Availability
- Low Export Rates
- 100 trains per day to & from LA/LB Ports
- Unrivalled Rail & Intermodal Capabilities
- *We are the strategic business & transportation link between Asia & Latin America !*

We have an extensive rail network connecting us to & from inland U.S. markets



Competitive Service Times



LA Customs District: Top Trading Partners (2010 All Cargo Value)

• China/HK	\$144.34 billion	+ 25 %
• Japan	\$ 39.55 billion	+ 23 %
• S. Korea	\$ 21.57 billion	+ 37 %
• Taiwan	\$ 13.90 billion	+ 27 %
• Thailand	\$ 9.47 billion	+ 18 %
• Australia	\$ 7.71 billion	+ 8 %
• Singapore	\$ 7.49 billion	+ 15 %
• Vietnam	\$ 7.49 billion	+ 27 %
• Germany	\$ 7.35 billion	+ 28 %
• Malaysia	\$ 7.07 billion	+ 1 %
• Indonesia	\$ 6.75 billion	+ 24 %
• Hong Kong	\$ 6.66 billion	+ 21 %
• India	\$ 5.71 billion	+ 51 %



2013 Air & Sea Cargo Value

1. China	\$ 164
2. Japan	\$ 43
3. Korea	\$ 23
4. Taiwan	\$ 15
5. Germany	\$ 11
6. Vietnam	\$ 11
7. Thailand	\$ 10

8. India	\$ 10
9. Australia	\$ 9
10. Hong Kong	\$ 8
11. Indonesia	\$ 8
12. Malaysia	\$ 7
13. Singapore	\$ 7
14. U.K.	\$ 5
15. Philippines	\$ 5

** Includes Hong Kong & Macau

TABLE 11B: Major Trading Partners of the Los Angeles Customs District
(Billions of \$, based on exports and imports for consumption*); Page 1 of 2

2-Way Rank	Country	A. Two-Way Trade Value through LACD								
		2004	2005	2006	2007	2008	2009	2010	2011	2012
1	China**	\$92.49	\$109.01	\$126.01	\$117.01	\$143.41	\$121.45	\$151.06	\$162.18	\$167.29
2	Japan	44.00	46.43	50.71	34.55	46.14	32.12	39.54	44.25	48.09
3	Korea, South	16.84	17.94	20.68	12.18	19.13	15.77	21.54	23.79	23.95
4	Taiwan	14.78	15.12	16.71	10.76	15.32	10.91	13.90	15.66	15.62
5	Thailand	7.59	7.98	9.00	6.56	9.73	8.05	9.47	9.91	10.73
6	Germany	7.84	9.01	9.65	5.37	9.02	5.73	7.33	8.71	10.35
7	Australia	6.94	7.62	7.92	1.77	8.28	7.11	7.72	9.46	10.02
8	Vietnam	2.30	2.72	3.44	3.82	5.72	5.89	7.49	8.97	9.71
9	Malaysia	10.35	9.59	9.66	5.00	8.63	7.06	7.07	7.56	8.23
10	Indonesia	4.35	4.78	4.99	4.52	6.29	5.46	6.75	7.67	7.81
11	Singapore	7.30	7.18	8.23	2.24	7.36	6.50	7.49	7.52	6.83
12	India	2.90	3.48	3.71	2.74	4.37	3.79	5.71	7.59	6.83
13	Iraq	1.56	1.36	2.84	3.21	6.74	2.54	3.95	3.94	5.21
14	Ecuador	1.43	2.15	2.90	2.46	3.98	2.32	3.80	6.03	5.11
15	United Kingdom	4.93	5.56	5.44	2.96	5.24	3.70	4.20	4.38	4.80
16	Philippines	4.06	4.35	4.56	2.76	3.74	2.99	3.76	4.14	4.71
17	Saudi Arabia	1.58	2.49	2.45	2.16	3.08	1.60	2.14	3.76	3.83
18	Israel	1.35	1.61	1.62	1.16	2.42	1.45	1.97	3.41	3.75
19	France	2.10	2.42	2.48	1.22	2.80	2.22	2.25	2.64	3.18
20	Netherlands	2.13	2.46	2.96	1.34	2.82	2.46	2.96	3.16	3.05

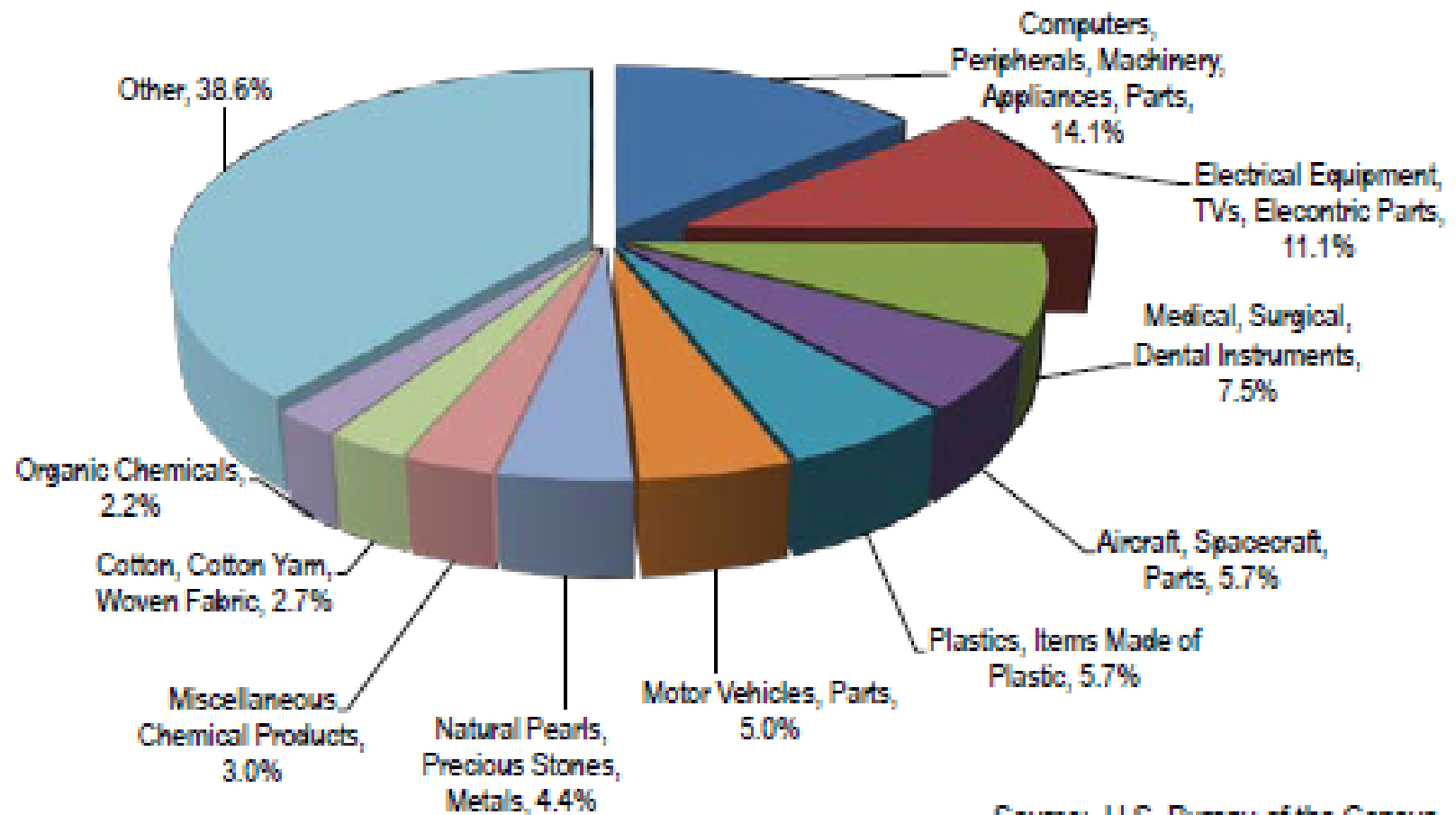
**China includes the mainland, Hong Kong, and Macau.

***Trade between LACD and Canada/Mexico is understated. Many of these goods enter/exit at inland border crossings and clear customs in customs districts like San Diego, Detroit, Laredo, and Blaine, WA.

Source: U.S. Census Bureau, USA Trade Online

2012 Exports Through The L.A.C.D. (Share of Total)

Total Exports: \$121.3 Bn



Source: U.S. Bureau of the Census

Economic Forecast for Exports

- The U.S. Dollar has been weakening for several years... this is a long term trend which helps our exports
- Most Asian & Pacific Rim economies have much stronger rates of growth
- US exports have transitioned from serving mostly advanced economies (Europe and Japan) to serving faster growing emerging markets in Asia (mainly China and Southeast Asia)
- The outlook for LA Customs District exports heavily depends upon demand from top trading partners
- The Los Angeles region is well positioned in terms of both its geography and its goods movement infrastructure to expand regional exports in the coming years



Why Export?

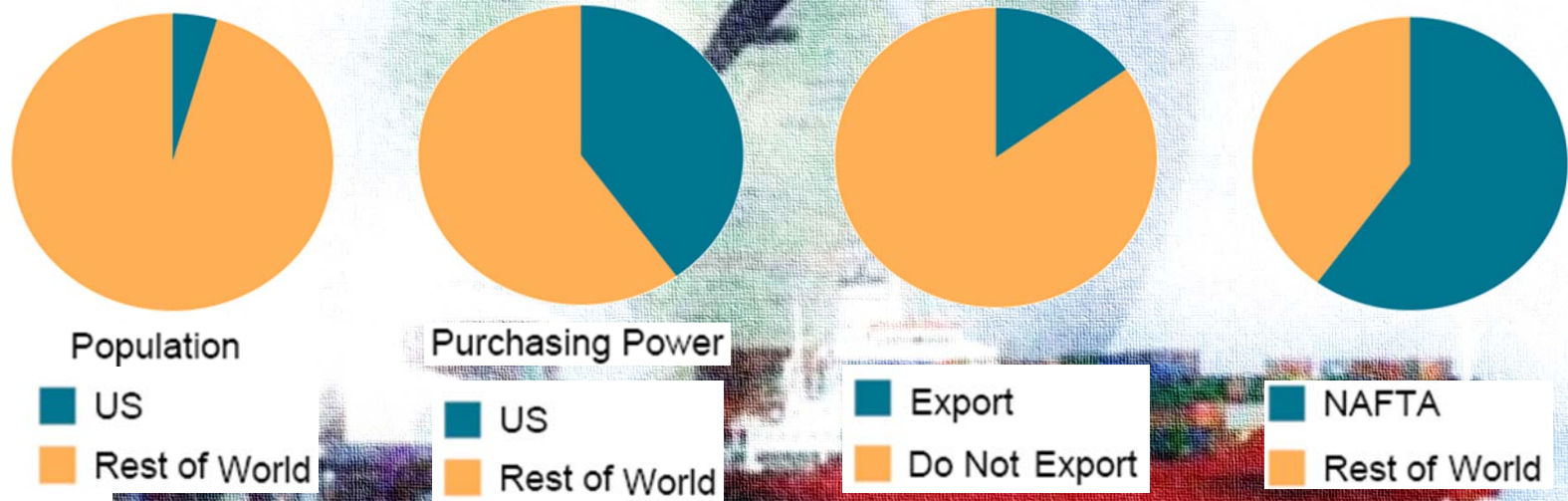
Major California Products & Growth Sectors:

- ❖ Food, Beverages, Processed Fruits etc.
- ❖ Green & Marine Tech
- ❖ Medical, Dental & Veterinarian
- ❖ Apparel, Fashion & Accessories
- ❖ Health, Beauty & Cosmetics
- ❖ Computers & Electronics
- ❖ Aerospace & Machinery
- ❖ Entertainment



California's Export Growth Potential

- 66% of World Purchasing Power is Outside US
- 85% of California Manufacturers do NOT Export
- *Many Make Exportable Products*
- *Many have New-to-Market Export Potential*



SOUTHERN CALIFORNIA IS MORE THAN HOLLYWOOD & GOOD WEATHER

**Direct Int'l Trade 251,000
workers**



**Hospitality and Tourism
132,000 workers**



**Information Technology
44,000 workers**



**Entertainment
180,500 workers**



**Business Services
268,000 workers**



**Education & Knowledge
Creation
125,000 workers**



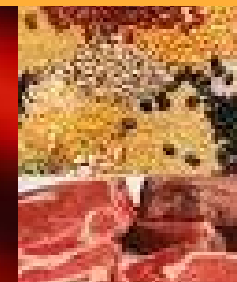
**Financial Services
90,000 workers**



Fashion 77,500

Metal Manufacturing 49,000

Processed Food 57,000



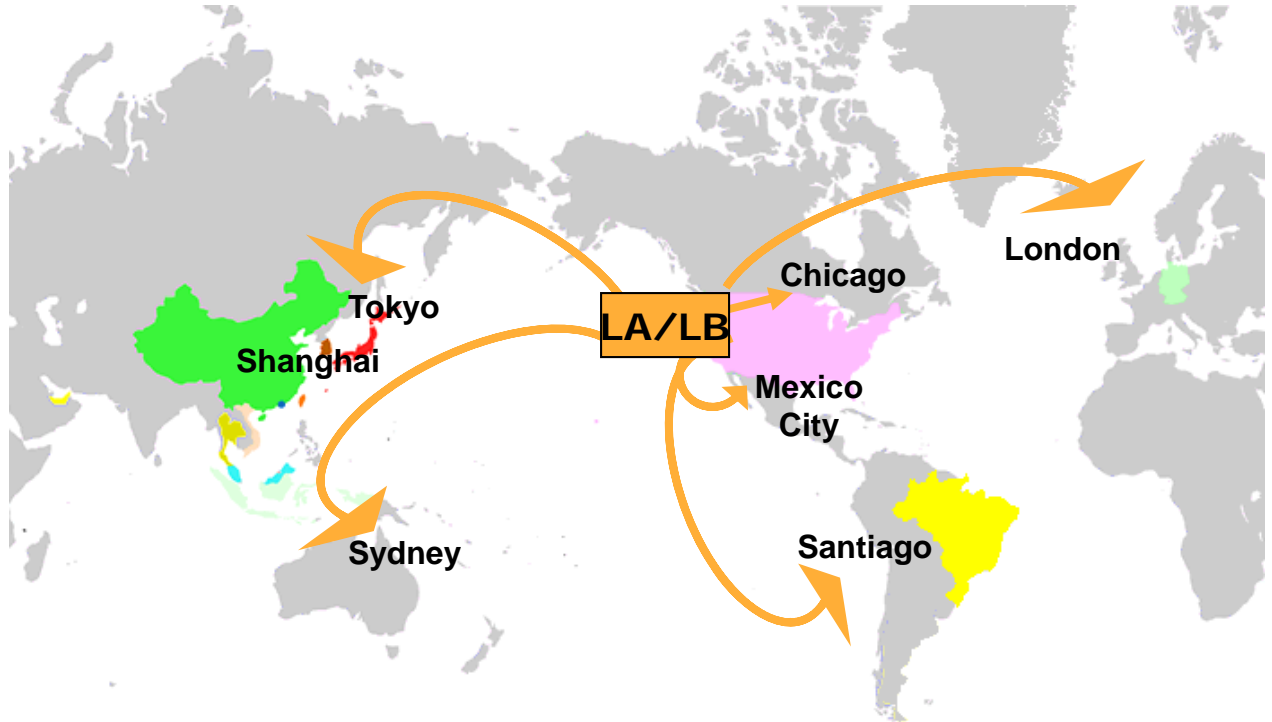
Largest Manufacturing Sector in the U.S.

Source: Los Angeles Economic Development Corporation – July 2013

Southern California Offers One of the Most Extensive Transportation Networks in the World

Key Facts:

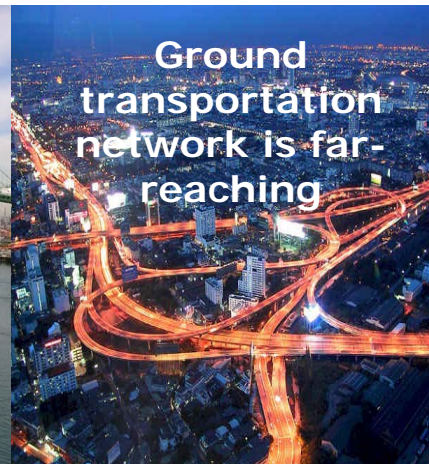
- LA/LB ports are the largest container-shipping facility in the U.S.
- LA's Alameda Corridor is the busiest intermodal rail yard in the nation: 100 trains per day to 13 U.S. markets
- LAX has over 1,000 cargo flights each day linking Los Angeles to the World



LAX is the 13th busiest airport in the world



LA/LB port complex handles 44% of all containerized imports into the U.S.



Ground transportation network is far-reaching



LA/LB's rail yards move goods efficiently from West to East Coast

Port of Los Angeles
TRADEconnect



THANK YOU!

Visit our website at:

www.LAtradeconnect.org

For further information

contact: Jean Coronel at:

jcoronel@portla.org