

Exporting Basics

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This practical guide to exporting is for new and less experienced exporters. It starts with the initial question -- "Is Exporting for Me?" -- and moves on to the fundamentals, procedures and available tools for "Developing Overseas Markets" and "Making Export Sales".

Is Exporting For Me is aimed at non-exporting companies thinking about exporting. It deals with the fundamentals of exporting, how to get started, and where to go for help. It compares exporting to domestic marketing, explores reasons why more companies don't export, explains what it takes to export, and discusses benefits, costs and risks of exporting.

Developing Overseas Markets is aimed at export-ready companies seeking new or additional markets and customers. It gives 5 key steps to (1) plan for export; (2) identify and select promising markets; (3) determine entry strategies for each market; (4) increase market exposure abroad; and (5) find interested and qualified overseas buyers and distributors.

Making Export Sales is aimed at companies that want to turn export opportunities into actual sales. It describes 6 key steps in a typical export transaction, from (1) responding to general and specific inquiries; (2) checking out the prospects; (3) preparing the goods for delivery; (4) complying with documentary and regulatory requirements; (5) shipping the goods; and (6) getting paid.

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I. Is Exporting For Me?

Is Exporting For Me? is aimed at non-exporting companies thinking about exporting. It deals with the fundamentals of exporting, how to get started, and where to go for help. It compares exporting to domestic marketing, explores reasons why more companies don't export, explains what it takes to export, and discusses benefits, costs and risks of exporting.

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A. What is Exporting?

Similarities to Domestic Selling. Exporting is like domestic selling in many ways. It's basic marketing first and foremost. Whether you sell domestically or abroad:

- You have a product or service to sell, either your own or a client's (if you're an intermediary)
- Your customers vary in their racial, religious, ethnic, cultural and linguistic orientations
- Your marketing territory includes areas with differing seasons and physical environments
- You do market research to pinpoint, size-up, and assess your customer base
- You develop a market plan to plot your distribution, pricing and promotion strategy
- You market and promote through the Internet, direct E-mail and regular mail, Fax, phone, brochures, press releases, the ad media, trade shows, etc.
- You set up sales and distribution networks to cultivate and service customers
- You respond to inquiries and issue price quotes on request
- You invoice purchasers and get paid

Dissimilarities. Here are the main dissimilarities between domestic sales and exporting:

- **Exports are more often channeled through intermediaries in each country, not directly to end-users.** In most countries, imports are routinely handled by local agents on commission, or by importer-distributors who buy for their own account and resell to end users. These intermediaries know the market and have contacts with the end-users. They are assets for you, not extra layers. They develop and send you sales orders, arrange for payment, prepare required import documents, and clear the delivered goods through customs. Many are equipped to stock, install and service the goods. The end-users know and prefer to deal with these local agents and distributors, rather than buy direct from you or other foreign suppliers. As the exporter, your best bet is to find qualified agents or distributors to represent you abroad. To help you find them, consider matchmaking services available from a federal or state export assistance center in your area. Potential agent/distributor contacts can also be found in Internet [foreign trade directories](#)
- **Exports usually involve an exchange of currency to pay for the purchase.** The importer pays your purchase price in his local currency, converted to your preferred currency (e.g. U.S. dollars) at the prevailing exchange rate. To protect against exchange rate fluctuations, you should quote your selling price in a strong currency, preferably your own. That way, you get the full amount you quoted, regardless of currency fluctuations.
- **Export sales use different payment methods.** Exporters usually receive payment through a process handled by banks in your country and the importer's country. The most common method, an irrevocable, confirmed [Letter of Credit](#) (L/C), assures prompt payment with minimal risk. The importer commits the money or collateral up front to his local bank. The importer's bank credits these funds to a cooperating bank in your country, which pays you, the exporter, after the goods are shipped. Other methods, such

as "sight" or "time" drafts, are used for credit sales involving delayed payment terms. You can purchase export credit insurance to reduce risks of non-payment.

- **Exporting involves more and different paperwork.** Exporters must prepare a number of specialized shipping and regulatory documents. The U.S. government, for example, requires a Shippers Export Declaration for most exports, and a U.S. Export License for "controlled" goods. Foreign governments in the importer's country typically require a commercial invoice and, in some cases, a consular invoice, certificate of origin and possibly other documents. Various freight-related documents are needed for sea and air shipments, such as a packing list and bill of lading. Many exporters use professional freight forwarders to handle all their export documentation.
- **Exporting involves added costs to deliver the goods from the exporter's country to the importer's country.** For example, the importer may ask for a price quote that includes all costs from the factory to the end destination overseas. If so, the exporter must determine and include these added freight and insurance costs to the domestic price. Some importers may prefer to arrange their own transportation and insurance, either from the exporter's factory or from the departure port or airport. These costs are expressed in INCOTERMS, such as CIF ("cost" of goods at the factory, plus "insurance" against loss or damage to the cargo en route, plus "freight" to the foreign port of entry). A freight forwarder can advise on shipping and insurance costs and handle all arrangements to transport the goods to their overseas destination.
- **Exports are subject to customs duties and taxes in the importing countries.** If high enough, these costs could price your products out of the foreign market.
- **Widely differing laws and business practices exist in other countries.** These encompass trade, monetary and fiscal policy; pricing, distribution and promotion; treatment of intellectual property; health, safety and technical standards, etc. These laws and practices affect what you're allowed to or should do to protect yourself in the market. Although many practices are business friendly and compatible with those in your country, some pose obstacles and risks for exporters. It's best to research potential regulatory constraints in each country and seek counsel from an international law firm if needed.
- **Linguistic, demographic and environmental variations are more pronounced outside your country.** These differences, if ignored, can make or break your sales efforts abroad. Take care not to offend your foreign customers in the words, symbols and body language you use in your promotional material and business negotiations. In addition, your products must "fit" the market environment -- the climate, terrain, sizes of people and things, consumer tastes and preferences, etc. Your local trade assistance organization has relevant information on each country and can refer you to "localization" specialists to help you adapt your product or approach as needed.

B. Export Prerequisites

An "ideal" exporter has four basic attributes: committed management, competitive product, adequate resources, and sound marketing methodology. How do you stack up against this ideal?

Management Commitment. Motivated management is the primary key to export success -- "Where there's a will, there's a way." If the will exists, ways can be found to make a product more salable; overcome or adjust to tight budgets; or to better market a product. Reluctant or indifferent management won't make that happen.

Exporting takes time and perseverance to pay off. To be more than an occasional or incidental exporter, management must be willing to commit and see it through. Has your management reached this point?

- Do you foresee exports contributing to sound, specific company goals?
- Do you want foreign sales to be a more significant facet of your business?
- Are you willing to wait the 2-4 times longer it may take to develop new export business, compared with domestic selling?

If you're not sure, you might try low-risk, go-slow approaches to test the waters and build more confidence in your export potential. These are discussed under [Costs of Exporting](#).

Competitive Product. Products won't sell anywhere if they can't compete. To compete, your product must match or exceed the appeal of others -- in meeting needs, in quality, in price, etc. Are you export-competitive? You may well be without realizing it. For example, if your product has sold reasonably well in the domestic market, chances are it will also sell abroad. Why? By succeeding in the competitive domestic market, you've already proven your product can compete not only against other domestic products, but also against imported products. This is essentially the same competition you'll meet when you export. The overseas playing field will be different. You may need to adapt your product and pricing somewhat to compete in specific markets. You may have to absorb added marketing and shipping costs to remain price competitive. You may have to offer credit terms and wait longer for payment to match competitors. You may need to alter your product to comply with local standards and tastes. Are you prepared to do what it takes to compete? If not, you won't succeed as an exporter.

Adequate Resources. Whether you are a manufacturer or export intermediary, you'll need experienced staff, a place of business, equipment to operate the business, and working capital to finance basic activities. For intermediaries, it's possible to start with as little as a home-based office, and a computer, phone and fax. If you're already established, you'll need to research and develop potential markets abroad. As export orders come in, you'll need enough inventory on hand to fill them, or the ability to produce or acquire more product as needed. If your customers want delayed payment terms, you'll have to pay for financing. You can minimize these costs and still export, but you can't eliminate them entirely. Do you have or can you get the necessary resources? If not, consider the go-slow, low-budget approach discussed under [Costs of Exporting](#).

Sound Marketing Methods. How you enter and develop a foreign market is important. Marketing and distribution practices vary by country and are often dictated by law, custom, or necessity. Some countries may require or prefer certain marketing or distribution methods, such as direct sales or use of local representatives. Some countries have excellent mass media and high receptivity to advertising, trade shows, mail order, etc. Others shun these approaches or do not have the modern communication technologies to support them. Are you prepared to adapt your marketing methods? If not, you'll need to limit yourself to markets more like your own.

C. Myths About Exporting - Why More Companies Don't Export

Many manufacturers do not export at all or as much as they could. The U.S., for example, is the world's largest exporting nation, but it has one of the lowest percentages of exporting companies. Fewer than 20% of all U.S. manufacturers export. Why don't more of them export? The usual explanation is "I'm satisfied with the domestic market" or "I'm too busy with the domestic market to think about exporting." That may appear understandable in very large, lucrative markets, such as the U.S. However, it's a shortsighted view. In effect, these non-exporters are saying "I'm not interested in the additional sales that exports could bring." Yet, if asked whether they would actually turn down a sales order merely because it came, say, from Canada, they might answer, "Of course not".

What, then, are the real reasons – or excuses -- for not exporting? Mainly, it boils down to fear and ignorance, often expressed as "I'm too small," "I can't afford it," "I can't compete," "It's too risky," "It's too complicated." These are myths and misconceptions. All can be overcome with guidance and readily available assistance.

I'm too small to export; only large firms with name recognition, ample resources, and export departments can export successfully. False! In the U.S., for example, over 95% of the exporting firms are small and medium-sized enterprises (SMEs). Many have fewer than 50 employees and annual sales in the \$1-10 million range. It's true that large firms typically account for far more total exports by value (over 85% in the U.S.), but SMEs dominate the exporting population in the U.S. and most other countries.

I can't afford to export; I don't have the money to hire people, market myself abroad, or expand production if I get new export business. Not true! There are low-cost ways to market and promote abroad and finance new export orders. These don't require hiring new staff or setting up an export department. The Internet is a low-cost medium to reach potential customers worldwide, as well as to conduct international market research. At little or no cost, for example, you can get product and country market surveys, worldwide market exposure, specific trade leads, and find qualified overseas distributors to represent you. Low-cost help is also available from federal, state and local trade assistance organizations. They typically offer one-on-one export counseling, export seminars and matchmaking services. If you need start-up or working capital for export purposes, consider loan guarantees from governmental sources, such as the **U.S. Small Business Administration** (SBA) or **U.S. Export-Import Bank** and counterparts in other countries.

I can't compete overseas; my products are unknown and my prices too high for foreign markets. Not necessarily. The world is large, with varied needs and interests. If your product is bought domestically, it might well be wanted and affordable somewhere else in the world. What makes your product sell in the home market can help it sell abroad. Price is important, but it is not the only selling point. Other competitive factors are need, utility, quality, service, credit, consumer taste - these may override price. Don't assume your price is uncompetitive. Your products could still be a bargain in strong-currency countries, even after adding overseas delivery costs and import duties.

Exporting is too risky; I might not get paid. I might get taken. I might break a law I didn't know about. Not likely, with common sense due diligence! Selling anywhere has risks, but they can be reduced with reasonable precautions. To assure you get paid, use **Letters of Credit** (L/Cs). If customers want credit, use low-cost export credit insurance programs. To avoid possible scams, check references through the Internet, your bank, or an international credit reporting agency. While trade laws vary by country, most are straightforward and non-threatening. If in doubt, look for relevant country trade regulations on the Web (e.g. **Country Commercial Guides**) and **National Trade Estimate Report on Foreign Trade Barriers**. For legal advice and help with contracts, protecting intellectual property, etc., consult a lawyer specializing in international trade.

Exporting is too complicated; I don't know how. Wrong! You don't need to be an expert to export. You can use outside experts to deal with the complications, including Export Management Companies (EMCs), freight forwarders, commercial banks, and overseas agents and distributors. Between them, they can represent you, find overseas customers, present you with sales orders, handle all the export paperwork, assure you get paid, and deliver the goods. You fill the orders and get paid for the sale. You pay them a fee or commission. If export business warrants, hire your own expert. Or, become more knowledgeable yourself. This export guide can help demystify exporting for you. Personalized "how-to" counseling is available at no cost from many local trade assistance organizations. Export workshops and computerized export tutorials are other ways to learn at modest cost. Once you learn more and gain confidence, you can better decide how much to do yourself and how much to rely on intermediaries.

D. Benefits of Exporting

Exporting benefits the firms that export as well as the nation. The nation benefits, because increased exports create jobs, spur economic growth, bring in tax revenues, and improve the balance of payments. For firms, more money is the number one benefit. Whatever your business, you want to make a profit. Exporting helps you do that by increasing your sales income, diversifying your markets, reducing your vulnerability to lags in domestic demand, extending product life cycles, using idle capacity, and reducing unit costs through economies of scale. Exports also help sharpen competitiveness, broaden contacts, and enhance understanding of global markets and cultures. Besides, exporting can be fun if you like to travel abroad and meet new people.

Exports increase sales and income. Selling more is the surest way to make more money. Exporting greatly increases your sales potential. If you don't export, you're competing only for a

larger slice of the domestic pie. With exporting, you expand the pie - the entire world is your market. The U.S., for example, is the world's largest market. Yet, over 95% of the world's population and two-thirds of its purchasing power lie outside the U.S. To illustrate, say your state or province is your current market. It's worth \$1 million overall, and you have a 5% share (\$50,000 sales). If you branch out to the \$10 million regional market, you can double your sales with only a 1% market share. At a 5% share, your sales would increase ten-fold. Next, you expand to the nationwide \$100 million market, with the same multiplier effect. Most successful firms do just that. They start locally, expand regionally, and then grow nationally, increasing sales at each stage. But too many of them stop there, as if the world market didn't exist. Why stop at the border? There's no sales barrier that automatically begins where your border ends.

Exports diversify market risk; offset lags in domestic demand. The world market offers new sales options when domestic business slows down. Exports can help offset sales slow-downs during recessions and seasonal changes. When the domestic economy stagnates, the economy in other countries may be growing. As their production and consumption increase, their import demand rises. In your slow periods, rather than accumulate inventory, idle more capacity, or lay off people, explore export opportunities in growth economies. Similarly, when it's summer or winter in your country, it's just the reverse in other parts of the world. When your season ends, these countries are looking for the seasonal products you just stopped selling at home.

Exports extend product life cycles. As technology advances and tastes change, many products become obsolete or lose their appeal, particularly in highly industrialized markets. But these products may still be valued elsewhere. Over half the world's economies are less developed. They may not need or can't afford your latest model. They may even prefer less costly, earlier versions or used or reconditioned products. Pursue exports in markets that still value goods no longer in demand in the domestic market.

Exports use idle capacity; reduce unit costs. Increased exports put idle production capacity to work, often with the same equipment, staff and capital investment. With increased export production and sales, you can achieve economies of scale and spread costs over a larger volume of revenue. You reduce average unit costs and increase overall profitability and competitiveness.

E. Costs of Exporting --Can I Afford Them?

Costs of exporting can be kept low, but can't be avoided altogether. If you're just starting, you'll face the usual start-up costs for an office, furniture, equipment, and supplies. As a beginning exporter, you'll incur some initial research costs to identify your best markets. To enter and develop these markets, you'll have costs to gain exposure, set up sales and distribution networks, and attract customers. As your exports increase, you might translate your sales literature, take overseas business trips, do more media advertising, and participate in trade shows abroad. In some countries, you may have to redesign or modify your product to meet local requirements or customer preferences.

Generally, the more you spend to prepare, promote, and adapt for export, the greater the return for your business. But don't be deterred if your funds are limited. You can start even on a limited budget. You can also borrow at reasonable rates to help with higher export start-up and operating

expenses. Sources include home-equity loans, loans from family, and government guaranteed export loans (e.g., Export Working Capital Loans guaranteed by the [U.S. Small Business Administration](#) or the [U.S. Export-Import Bank](#)).

Examples of Exporting Costs

Premises. If you already have a production site, you're probably already equipped to export. If not, you'll need to set up space for an office and production facility. Look particularly for opportunities for leased space in enterprise zones or industrial parks that may offer location incentives. If you're an intermediary (e.g. Export Management Company), you'll need an office, either in your home or in leased space. Check with a realtor on costs for renting office space and an accountant on home-office tax deductions. If you're home-based, consider a mailing address that sounds more professional, such as a suite number in executive premises with mail drop and conference room services.

Personnel. You may not need additional personnel if you're an intermediary. One experienced person can handle the work for several exporter clients, gathering market research, seeking overseas customers, responding to inquiries, preparing export paperwork, and arranging for delivery of the goods. You'll need a back-up employee in case you're sick, on vacation, or traveling.

If you're already producing a product or service, you can export through an EMC or Export Trading Company (ETC) without adding or training company staff. EMCs/ETCs already have relationships abroad and will incur some or all of the initial costs to find you customers and generate orders. You pay when and if any business results, usually in the form of a commission based on a percentage of the sale. Some EMCs and most ETCs also buy goods outright from domestic producers for eventual resale abroad. You, as the supplier, would get paid right away and would also benefit from exposure of your product abroad. See Appendix D8 for a sample [Export Management Agreement](#).

If you intend to handle some or all of the export work in-house, you should hire an export manager or train someone on staff. The training should focus on market research and analysis techniques, market entry planning, market development and promotion, export financing, export shipping, and handling of export inquiries, orders and documentation. This export guide can be used for staff training, along with other Internet [export guides](#). You can also get training of this kind from and export courses and workshops, as well as on-the-job.

Equipment & supplies. You'll need the usual desks, chairs, filing cabinets, telephone, and office supplies, including letterhead stationery and writing materials. A computer, printer, fax machine and business software are also essential. Recommended are a copier, a scanner with optical character read (OCR) capability, and a scale for weighing overseas-bound mail. For a home office, your telephone should be for business only, not the family phone. You'll need a new line installed for that.

Your computer – a PC or laptop -- should have the most powerful chip and memory (RAM and hard drive) you can afford, along with a high-speed modem and CD/DVD reader. Your fax

machine should be separate from the computer, not just built in, so you can send handwritten and printed materials. Although your fax can double as a copier for very small jobs, it's best to have a copier that can make and collate multiple copies quickly. An OCR scanner can "read" any clean printed text or picture and enter directly into your computer as ordinary word processing documents or image files. This can save you hours of data entry time.

Your software should include an Internet browser, E-mail, and word processing, spreadsheet, database and slide show capability. You'll need these for market research, correspondence, statistical and financial analysis, client tracking, and promotional presentations.

Postage & communications. A successful exporter constantly communicates -- by e-mail, regular mail, phone and fax. To save postage on large direct mailings, get a bulk-rate permit, and format your mail labels to meet postal requirements for the lowest rates. Your local post office has details. To save on phone/fax costs, try a discount long-distance carrier. E-mail is an inexpensive way to communicate worldwide, although only to addressees equipped to receive your messages.

Market research & planning. The Internet is a great source for much of the information you'll need for market research and planning. The most useful information can be found at little or no cost, including the latest U.S. and international trade statistics; detailed country commercial guides; in-depth industry and country market surveys; and specific overseas trade opportunities and business contacts. The best Internet sources, such as the CITD's [Trade Information Database](#), and the Commerce Department's [Export.gov](#) and [STAT-USA](#), have aggregated much of this information for easy on-line access.

Advertising & sales promotion. If you're a new or infrequent exporter, you're probably not known outside your country. You'll need to promote yourself to get overseas exposure and attract inquiries and orders. A company Web site, with company highlights and product descriptions, can be your first window to the world. A web designer can create an attractive site for you, or you can do it yourself with inexpensive Web design software. You can register your dot.com domain for a small fee. Because your individual site may be difficult to find on the very crowded Web, you should also list your company in one or more Internet export directories, such as the [CITD's Trade Directory](#), [Export Yellow Pages/My Exports](#), and [Thomas Global Register](#).

In addition to a Web site and directory listings, you should also have print materials for mailings, handouts and responses to inquiries, such as a company brochure, product sheets, etc. Your brochure could be self-prepared or professionally designed by a marketing firm. Whenever possible, place free press releases in industry journals with international circulation. Higher cost options include paid telemarketing, media ads, and participation in overseas trade shows.

F. Risks of Exporting: How Can I Reduce Them?

Self-inflicted risks. Don't try to run before you crawl. You could make costly mistakes in haste or inexperience. Here are some common mistakes to avoid:

- Don't pursue too many markets at once, or the wrong markets.
- Don't use sales literature that unwittingly offends.
- Don't apply your marketing methods in countries with different business practices.
- Don't appoint incompetent overseas representatives that can't be terminated.
- Don't fail to protect your intellectual property.
- Don't agree to payment methods or terms that leave you at undue risk.
- Don't try to handle all the shipping and documentation yourself.

Crawling is safer until you gain more experience. Do seek export counseling, attend export seminars, conduct market research, adapt to the market, and use specialists to handle the details.

If you're a start-up intermediary, you can be overwhelmed if you try to find immediate "matches" for trade leads you've uncovered. Don't assume that every supplier would welcome an export sales opportunity, or would want you to represent them just because you found the lead. Even if they might, they'll want more details about the lead, the buyer, the market, and you. You'll need to convince them the lead is viable, the market warrants their attention, you are familiar with their product and industry, and you're equipped to handle their export business. You'll need knowledge of the market and experience in export mechanics and procedures. If you're just starting out, you might face rejection or make mistakes that could harm you or your clients. One big mistake to avoid is to let the buyer or seller know who the other party is before you have an agreement with either party requiring them to deal through you. Otherwise, they will likely go around or "circumvent" you and deal directly with each other. See Appendix D4 for a sample [Export Representative Agreement](#).

Financial risks. Your main concern is non-payment after you've shipped the goods, either because the importer can't or won't pay. You can largely avoid default by selling on a [Letter of Credit](#) (L/C) basis. Irrevocable, confirmed L/Cs virtually assure payment because the buyer must deposit the money in advance at his bank, and a correspondent bank in your country then takes on the obligation to pay you. However, many foreign buyers want delayed payments: for example, by open account or sight draft within 30-120 days after the goods arrive. These terms are customary when you know and trust the buyer. You might also extend credit if your competitors are offering these terms. Doing so increases your risk, particularly if, by payment time, the buyer's local purchase costs have increased due to depreciation against your currency. You can protect yourself against non-payment with an export credit insurance policy available commercially or from a government agency (e.g. [U.S. Export-Import Bank](#)).

If buyers won't pay, it's usually for one of two possible reasons: you haven't complied with the terms of sale in their view, or they're dishonest. You must comply with the terms of sale specified in the L/C and the shipping documents. With reasonable precautions, you can recognize dishonest buyers. You can obtain company profiles and credit reports on many foreign companies from banks and credit-reporting firms. Government export assistance agencies in

some countries offer a similar service. In the U.S., for example, the Commerce Department's *International Company Profile* (ICP) service provides detailed financial and commercial information on the foreign companies you specify, including an opinion on whether the firm would be a suitable partner for U.S. firms.

Business risks. Take elementary precautions to learn about potential business partners. Beware of deals that are "too good to be true. Among these are scams that promise rich rewards for up-front advances, such as "guaranteed" access to lucrative government contracts. In many countries, graft and corruption are common. The line between what's customary and tolerable, and what's excessive or illegal, is not always clear. Seek advice from a lawyer or a country specialist in a trade assistance organization.

Watch out for firms out to copy your technology once they get a product sample or your first shipment. Take special care to appoint suitable overseas agents and distributors. Some may already represent your competitors, or be so busy they can't do justice for your products. They may not have the qualifications or capabilities they claimed, such as the ability to stock, install and service your goods. In some countries, once you sign an agent/distributor agreement, it's almost impossible to terminate.

Legal risks. Every country has its own business laws and regulations, and you're presumed to know them. Many may be similar to your country's laws or follow international standards. Some vary widely by country, affecting import procedures, agent/distributor agreements, treatment of intellectual property, rights to own businesses or land, tax liability, currency trading, health and technical standards, and even what is allowable to eat, drink or wear. Failure to comply could trigger fines or worse. Information about these matters is readily available from Internet country guides and trade regulations sources. Take the time to do market research and seek legal advice as needed.

Political risks. Political upheavals can cause dramatic changes, including major shifts in economic policy, nationalization, expropriations, loss of personal rights, and physical danger. Political strife can prompt foreign reactions in the form of economic sanctions, boycotts, and embargoes. Be alert to what's happening in the world. Most common are the shifts to the economic right or left that often come with elections. Some shifts can favor exporters. For example, ongoing shifts toward privatization and trade liberalization in many previously controlled countries continue to offer opportunities for the world's exporters.

G. Assess Your Export Readiness and Potential

Prospective exporters rarely start with all the attributes that assure export success. However, with reasonable effort and guidance, a company can begin to fill the gaps and reach a point where exporting becomes viable. If you have not exported before, don't assume the worst. You lack the experience, but not necessarily the potential to export. Every experienced exporter was at one time a non-exporter.

If you believe exporting might be right for you, having weighed the benefits, costs and risks, your next step is to assess your chances for success. For a detailed, customized assessment, take the CITD's on-line [Export Readiness Assessment](#) test.

Here are three basic indicators of export potential and success:

- Are you “export ready” as a company?
- Is there a demand for your product in one or more countries?
- Are you likely to be competitive in these markets?

Export readiness indicators.

- **Is your top management committed to exporting as a new or expanded area of activity?** A motivated management is a prime factor in export success. Other export needs can be acquired, such as financing, experience and market exposure, but exporting requires strong management commitment and support over the long haul. Long-term management commitment is critical. Exporting is not a spigot that can be turned on and off at will. It requires patience and adequate resources to develop markets and long-term relationships.
- **Are your organizational and marketing practices suitable for exporting?** Sound methodology is as critical in exporting as in domestic marketing. If you've been successful at home, the chances are that you base your decisions on market research and analysis, have a strong sales and distribution network, effectively promote your company and products, and give priority to customer service. Exporting requires the same sound methodology, but may also need to be adapted for countries with different marketing and distribution practices.
- **Could you promptly fill new export orders from present inventory or other sources?** Exporters should be able to respond promptly to any new orders they receive. Foreign buyers typically can buy from various sources, and if you can't fill the order when they want it, they'll usually find someone else who can. Don't start or impair a relationship with delays and apologies. If you have idle plant capacity, you're probably in a good position to fill any new orders. You may already have inventory on hand, or you could increase production fairly quickly without needing more workers, materials or equipment. With that flexibility, you can go after new export business as aggressively as you wish.

Export demand indicators.

- **Has your company received any unsolicited inquiries from foreign firms?** Unsolicited foreign inquiries are a strong indicator of export potential. They offer tangible proof that you've been discovered abroad. You may not know how or why, but count it as a plus that someone overseas has taken the initiative to search you out. Many companies say they first started exporting only after and because they received unsolicited inquiries.

- If you haven't been approached yet, don't be discouraged. A likely reason is not lack of interest, but lack of awareness. Your company and product probably just aren't known abroad, either favorably or unfavorably. You need exposure abroad to pique interest and demand. See [Increase Market Exposure Abroad](#) for tips on how to become better known abroad.
- **Are products like yours already being exported?** If your competitors are already exporting similar products, a demand clearly exists that you may also be able to tap. Check official export statistics to see whether and to what extent similar products are exported. See [USITC Trade DataWeb](#) and [USDOC's Trade Stats Express](#) for official U.S. export/import statistics (Commodity by Country Series).

Export competitiveness indicators.

- **Are domestic sales of your product doing reasonably well?** A strong domestic sales performance is a good indicator of export potential and competitiveness. If domestic sales are increasing, or have at least kept pace with domestic competitors, you could well be competitive abroad. You've already shown strength in the domestic market against the same domestic and imported products you'd likely face in export markets.

Even if your domestic sales have been weak, don't necessarily assume you've lost competitiveness and can't export. In fact, if your sluggish sales are due mainly to a domestic economic slowdown, or to product obsolescence, exporting may offer a promising outlet. When the domestic economy stagnates, other countries may be booming. As their production and consumption increase, their import demand also rises, including for domestic products.

- **Do you have a relatively strong share of the domestic market?** Market share is a key indicator of product competitiveness, whether you're selling locally, regionally or nationally. If your share of that market is already high or growing, or at least holding steady, your product likely has fundamental competitive strengths; e.g., attractive pricing, uniqueness, high quality, strong service and customer support, or other. These competitive assets are as appealing to foreign buyers as domestic

A low or declining market share reflects competitive weaknesses. Because competition is even more intense overseas, the chances are that you would do no better overseas, and probably worse. However, this could depend on the reasons for your low domestic market share. For example, if product obsolescence is the reason, exporting may offer an opportunity. Other countries, particularly lower income or less developed countries, may not need the latest technology and may value yours for its presumably lower cost.

- **Is your product price-competitive in the domestic market?** Domestic price-competitiveness is a big plus in exporting. Competition abroad is usually stiffer than at home, and price is often a decisive competitive factor. A competitive price is a must for products that are otherwise indistinguishable, such as basic commodities. Even for performance-based products, price often becomes decisive at some point. Unless your

product is indisputably superior to the others, or is indispensable, the buyer may ultimately let price be the final determinant. If your prices are competitive domestically, you're in a strong position to offer very attractive export pricing as well. While you'll need to add some export delivery costs to your prices (e.g., freight, insurance, etc.), so too will most of your exporting competitors. You can thus retain your relative price advantage in many export markets.

On the other hand, if you have little or no price advantage domestically, and have no offsetting product strengths (superior quality, uniqueness), exporting may not be a viable option. Given the importance of competitive pricing, you should try to obtain comparative price information before you enter a target market. If necessary, strongly consider adjusting your prices to meet the competition.

Does your product compare favorably with domestic competitors in features and benefits?

It helps to be "superior" in some key way, particularly when you're higher priced than your competition. Foreign buyers look at product performance, not just cost, when they make procurement decisions (e.g., dependability, versatility, durability, repair frequency, productivity, labor-saving etc.). They will often pay more to get more. If your product fits a niche in the domestic market, or has some advantage over competing products, you have strong export potential.

If you have no particular qualitative advantages, you may still have export potential. Many of the most heavily exported products are virtually indistinguishable (e.g., agricultural products, raw materials and semi-manufactures). You and your competitors alike must use price and credit as your main selling points. If you do have a distinguishable product, but it's comparatively "inferior," consider markets that are less selective. Buyers in many less-developed, cost-conscious, labor-intensive countries may not need or want the "best" or "latest". They'll often take a lesser product to pay less (e.g., manually-operated vs. automated equipment, yesterday's technology, no frills models).

II. Developing Overseas Markets

Developing Overseas Markets is aimed at export-ready companies seeking new or additional markets and customers. It gives 5 key steps to (1) plan for export; (2) identify and select promising markets; (3) determine entry strategies for each market; (4) increase market exposure abroad; and (5) find interested and qualified overseas buyers and distributors.

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A. Develop Export Market Plan

Systematic market planning is essential to exporting and can be instrumental in avoiding costly mistakes. As the old adage goes, unsuccessful companies don't "plan to fail, they fail to plan." What may have worked for you domestically may not work overseas. Exporters encounter different income levels and demand cycles abroad; different languages, cultures and environments; different laws and regulations; different ways of doing business; and different risks (e.g., foreign exchange fluctuations, civil strife, nationalization, etc.).

You need an Export Market Plan (EMP), and it must take account of these differences and the resulting potentials and pitfalls. Further, the objectives, goals and timetables set in the Plan must be within your means -- realistic, affordable, manageable and achievable.

The EMP provides a structure and step-by-step roadmap for your export activities. In its simplest form, the EMP addresses three basic questions:

- Which markets are best to pursue?
- What's the best entry strategy for each target market?
- What's the action plan to implement the strategy?

See [Export Market Plan Template](#) (Appendix C1) and a [Sample Export Market Plan](#) (Appendix C2) based on the template. The CITD Web site has mmuch of the information needed to develop the EMP, including access to the latest industry-specific [Best Market Reports, U.S. trade statistics](#); foreign market research on [manufactures and services](#) and [food and agricultural products](#), [country-specific research](#), [international trade laws and regulations](#), and [intercultural research](#).

B. Identify and Select Best Markets

You want to find your best markets, but you also want a manageable number of markets. Don't spread yourself too thin or pursue markets that aren't right for you. Aim for a first cut of 5 to 10 "promising" markets; then weed these down to your top 3 to 5 "target" markets. Here are some techniques to help you narrow the search:

Market selection criteria. The "best" markets offer a combination of high comfort for your company and high potential for your products.

- **High-comfort markets** are those you're personally close to in some way. You may have trusted contacts there, such as relatives or friends; or you're at ease with the language and culture; or you've spent time in the country. Often, however, high comfort countries do not offer the highest potential for your products.
- **High-potential markets** are where you ultimately want to be. They're the large, emerging or fast-growing markets, with high receptivity to products like yours; limited local or foreign competition; and no significant market barriers.

You can find high potential markets with a little research and screening. The CITD Web site offers extensive resources for best-market identification, including [Best Market Reports](#), [U.S. trade statistics](#); and in-depth [product/country](#) and [intercultural research](#).

Here are 5 questions/answers to help identify your high potential markets:

1. **Where are comparable products mostly exported?** Look for the largest and fastest growing export destinations for the product over the past several years. Sources: For U.S. exporters, and foreign exporters to the US, see *USITC DataWeb* or *USDOC's Trade Stats Express* for official US export/import statistics by commodity and country.
2. **Which countries are mostly importing comparable products?** Look for countries with the largest and fastest growing imports of the product over the past several years. Sources: [UN COMTRADE](#), [International Trade Centre](#); and [Market Research Reports](#).
3. **Where would comparable products be most competitive?** Look for high market share countries with limited competition from local producers. Source: [Market Research Reports](#).
4. **Where are comparable products most welcome and easiest to sell?** Look for countries with high receptivity to the product and no significant market barriers. Source: [Market Research Reports](#).
5. **Which markets do the experts consider most promising?** Look for countries recommended as "Best-Prospect" markets for comparable products. Sources: [Best Market Reports](#) and [Market Research Reports](#).

The above criteria generally apply for any product or industry. Additional criteria for specific products include:

- **Economic indicators** -- for products affected by economic conditions or income levels (e.g., level and growth of Gross National Product (GNP)/ Gross Domestic Product (GDP), per capita GNP/GDP, industrial/agricultural production). Sources: [CIA World Factbook](#), [UN InfoNation](#); [IDB Database](#), and [U.S. Economic Accounts](#).
- **Demographic indicators** -- for products aimed at particular population groups (e.g., level and growth of population by age, sex, race, religion, profession). Source: [CIA World Factbook](#), [UN InfoNation](#); and [IDB Database](#).
- **Sectoral indicators** -- for products aimed at particular industry sectors (e.g., number and growth of relevant manufacturers; hospitals; cars, houses, banks, utility companies). Source: [CIA World Factbook](#) and [UN InfoNation](#).
- **Infrastructure indicators** -- for products that use or require infrastructure support (e.g., level and growth of power, transportation, communications, and other facilities). Source: [CIA World Factbook](#) and [UN InfoNation](#).

- **Financial indicators** -- for products affected by fiscal and monetary developments (e.g., level and growth of consumer/wholesale/industrial prices, interest rates, foreign exchange reserves, national debt). *Source: [CIA World Factbook](#), [UN InfoNation](#); [IDB Database](#), and [U.S. Economic Accounts](#).*

Market Potential Matrix A matrix technique can help you compare market potentials for any number of countries and easily spot the most promising markets. The matrix model below shows how well five hypothetical countries met 11 illustrative criteria -- indicated by a "blank" (didn't meet), single "X" (minimally met), or "XX" (significantly met). The more promising markets are those with XX or X across the most number of columns. In this case, Countries 3 and 1 appear far more promising than the others. See [Market Potential Matrix Worksheet](#) (Appendix C4) and [Trade Statistics Worksheets 1-4](#) (Appendix C5) to help you fill out your own matrix.

Selection Criteria

	1	2	3	4	5	6	7	8	9	10	11
Country 1	X	XX	X	XX	X	X	XX	X	XX	XX	XX
Country 2		X			XX			X		X	X
Country 3	XX	X	X	XX	XX	XX	XX	X	XX	XX	XX
Country 4			X	X					X	X	
Country 5		X			X						
Country											

Key: Columns/Criteria

1. Largest export markets, latest year
2. Fastest growing export markets, past 3 yrs
3. Fastest growing export markets, latest year
4. Largest importing countries, latest year
5. Fastest growing importing countries, past 3 yrs
6. Fastest growing importing countries, latest year
7. Strong share of import market, latest year
8. Limited competition from local producers
9. High receptivity to products from your country
10. No significant market barriers
11. Recommended as a "best" export market

Sources of Market Potential Data. Having defined your market selection criteria, you now need to gather the data to make your assessments. The [CITD Trade Information Database](#) provides access to most of the information needed to fill in the Export Potential Matrix, including trade statistics, trade and economic indicators, and international market research covering virtually all world markets.

- **U.S. trade statistics** compiled by the U.S. Census Bureau provide the data needed for Matrix columns 1-3. (Best sources: *USITC DataWeb* or *USDOC's Trade Stats Express*.) The Commodity-by-Country series shows all the destination or source countries for a specified product, by value, quantity, unit value, customs district, transport mode and year. The Country-by-Commodity series shows all products exported to or imported from a specified country. With these statistics, you can readily spot the largest and fastest growing export markets for products like yours; or identify the largest and fastest growing U.S. exports to a particular country. Individual tables can be downloaded to a spreadsheet. Once in the spreadsheet, you can do whatever calculations and sorting you wish (e.g., growth rates, rank ordering, projections, etc.). See **Worksheets 1-3** for sample Commodity-by-Country U.S. export statistics (Appendix C5).
- **Foreign trade statistics** (columns 4-7) help "size up" markets of interest, identify the major supplier countries, and compare competitor country market shares. (Best sources: *UN COMTRADE* and *International Trade Centre*.) Each country compiles and publishes its own import statistics. The United Nations also consolidates and publishes the data, but in broader product categories and on a less current basis.
- **Market Research Reports** (columns 8-10) can provide more detailed assessments of market potentials for your products in particularly promising countries. These reports are product-and country-specific market surveys written by U.S. commercial staff abroad. They discuss overall demand trends; best sales prospects within the subsector; key end-user segments; major competitors; and relevant business conditions, practices and market barriers. They also identify useful government and industry contacts, including importers and distributors. They offer corroborating information for columns 8-10 in the Export Promotion Matrix (market share, product receptivity, competitive situation, and market access).
- **Best Market Reports** (BMRs) column 11) are a fast way to pinpoint high potential markets for selected industries. BMRs are compiled only on the industries considered "best-prospects" worldwide, based on recommendations of U.S. commercial officers in each country. BMRs identify the largest/fastest growing markets for selected industries in one convenient matrix and give a brief rationale for each country's selection as a "best prospect."

C. Determine Market Entry Strategies

Each target market needs its own market entry strategy. Foreign markets can differ in many ways -- in income levels, standards, climates, sizes of people and space, language, religion, cultural preferences and taboos, business practices, etc. These differences often dictate whether your products could freely access the market, could be afforded, could tolerate the local physical environment, would "fit" or operate efficiently, or would appeal to or offend potential buyers. Without a market-conducive entry strategy, you will not maximize your market potential; or worse, you could make costly mistakes. The biggest mistake is to assume that all markets can be approached in the same way, or the way you operate domestically.

In its simplest form, market entry plan should address 4 key points:

1. Distribution
2. Promotion
3. Pricing
4. Localization

1. Distribution strategy -- The main options are to:

- Sell directly to end users in the market
- Sell through agents or distributors in the market
- Hire overseas sales staff to cover the market
- Establish overseas sales offices in the market
- Establish overseas joint ventures or subsidiaries

The right approach largely depends on how much control you want over the process, the expected volume of sales, the openness of the market, and what is customary in each market. Most exporting is done through local agents or distributors, or directly. Overseas sales offices, joint ventures and subsidiaries are typically deferred or last-resort options. They require higher volume to justify the cost. Joint ventures and subsidiaries may also become necessary if imports are subject to prohibitive import duties or other restrictions.

- **Selling through overseas agents and distributors.** Exporting through local agents or distributors is the norm in most markets and also the most effective. As market "insiders," they speak the language, understand how business is done, and know who the customers are and how to reach them. The end-users generally prefer to deal with local agents and distributors, rather than buy direct from foreign suppliers. Overseas **agents** typically act as your representative in the market. They develop and send sales orders, arrange payment in dollars, prepare all required import documents, and clear the goods through customs. They normally work on a commission basis and don't take title to the goods. Overseas **distributors**, in addition to representation functions, generally purchase the goods and resell them at a markup. Many are equipped to stock, install and service the goods. In large, developed markets, agents and distributors often specialize by industry. In smaller, less developed markets, they're more likely to carry many different lines.
- **Selling direct to foreign end users.** Direct selling avoids intermediary costs and offers more control over price, service and level of effort. It is a viable option in markets with only a few potential buyers, or when you or the end users can easily find each other. Direct selling is particularly used for mail order sales and now increasingly for Web-based Business-to-Consumer (B2C) and Business-to-Business (B2B) trade. An intermediary is not needed in these situations. However, direct sales are less effective where seller and buyer are not easily matched. Without a local representative, you must find the prospects and handle the transactions. This is not cost-effective in most cases. The lost opportunities and high costs of reaching a large buyer universe usually outweigh any direct marketing benefits.

For guidance on which approach is best in any given market, see *[Country Commercial Guides](#)* (CCGs) and *[Market Research Reports](#)*. CCGs are country-specific reports prepared annually by U.S. commercial officers in all major countries. Distribution options are discussed in the chapter "Marketing U.S. Products and Services in ([country](#))". Market Research Reports also discuss distribution channels, including what's customary and recommended for specific products.

2. Promotion strategy. You will need some promotion in target markets to make your presence known. The promotion plan should spell out the techniques to be used in each market; how much to spend; and who will do it – you or your overseas representatives. The options abroad are generally the same as domestically – a Company Web page, direct mail (regular or e-mail), telemarketing, press releases, paid ads, trade shows, and sales trips. Most countries have adequate media and can support any of these methods. However, some techniques may work better than others in particular markets. Costs could also affect the approach. Certain promotions clearly cost more if done from afar, such as direct regular mail, telemarketing, and business travel. If you opt for these techniques, let the overseas rep handle them, possibly on a cost-sharing basis. Techniques that work best in a given market are covered in *[Country Commercial Guides](#)* (see chapter, "Marketing U.S. Products and Services in [Country]")

3. Pricing strategy. Ideally, the export price should cover all costs, meet the competition, attract buyers, and still make a profit. That's a tall order, complicated by the fact that the "optimum" price in one market may not work in other markets. Whatever the market, price planning must start with the product's baseline unit costs. Pricing below cost is not only economically unwise, but could also trigger anti-dumping penalties.

- **Calculating baseline export costs.** Baseline export costs include fixed costs to produce the product for export, plus variable costs to market and deliver the product abroad. Fixed production costs for export could be higher or lower than costs for the domestic market. They might be lower for a stripped down or no-frills model; higher if a product redesign is needed to accommodate different sizes and technical standards.

Variable export costs might include any or all of the following:

- Market research
- Postage
- Overseas phone/fax calls
- Promotion
- Travel
- Credit checks
- Translations
- Consultant/legal fees
- Performance bonds
- Export documentation
- Any special packaging, labeling, freight forwarding fees
- Transportation to destination
- Cargo insurance
- Agent/distributor commissions

- Training
 - Warehousing
 - Product warranties
 - Service contracts
 - Banking fees
 - Credit insurance or credit carrying costs.
- **Determining what the market will bear.** Once you determine your baseline costs, your price above that can be whatever the market will bear. That's usually a function of market demand, ability to pay, the competition, and your product's particular attributes (new or unique, superior quality, brand recognition). Price flexibility is important, since it's unlikely you'll dominate in any given market. You might consider volume discounts or low introductory pricing to gain a foothold in the market. You might also offer delayed payments or credits to offset price resistance. These concessions, of course, will lower your profit margins, at least in the short run.

Market Research Reports give a feel for market demand, ability to pay, the extent of competition, and whether price and credit are key competitive factors in the market. Getting actual comparative prices takes more digging. You could ask a prospective overseas rep to check market prices, or pay for a customized market survey, such as the U.S. Department of Commerce's *Customized Market Research Program* (U.S. exporters only).

4. Localization strategy. Most countries have different languages, cultural values, tastes, business practices, income levels, environmental conditions, product standards, legal requirements, etc. These all have important sales implications. To be relevant in "different" markets, you'll need to "localize" your approach. In particular, you may need to localize the product, packaging or sales material.

For example, "as is" sales won't do well if:

- The product is incompatible with local health, electrical and technical standards.
- The product is unaffordable for buyers able to use no frills or older generation models.
- The product needs added protections against harsh climates, pestilence, pollutants, etc.
- The product requires downsizing to fit smaller people, homes, streets, etc.
- The product or packaging uses colors, shapes, words or symbols that offend or appear foolish to target customers.
- The sales literature and user manuals need translation to be understood.

To know when to adapt, do some research on the cultural, economic, environmental or legal situations in each country. The *CITD Web site* provides access to many good sources of *intercultural research*. Also, *Country Studies* (formerly *Army Area Handbooks*) cover these matters in great detail. Other sources include *Market Research Reports* and *Country Commercial Guides* (see standard chapters on "Business Travel -- Business Customs" and "Trade Regulations & Standards").

D. Increase Market Exposure Abroad

If you're not already known abroad, you'll need to actively promote your company and products. Overseas promotion is a must. You won't sell much if the buyers don't know who you are. Generally, the more you promote, the greater the impact. You can best increase your overseas market exposure through combination of broadcast and targeted techniques.

Broadcast Promotion -- This is highly leveraged promotion. You can reach many markets at once with a single notice or ad. All you need is a medium with worldwide outreach. The object is to promote awareness and generate interest and inquiries. The advantage of this approach is its low overall cost and cost per lead. One drawback is that you might get more responses than you want, particularly from firms merely fishing for product samples or information. Follow-up can also be costly, especially if you send bulky catalogs or other materials.

Here are some broadcast options worth a try:

- **Company Web site.** Your own company Web site can potentially be "seen" by anyone in the world at any given moment. You can design it as a virtual company/product catalog, with text, images, price sheets, order forms and anything else you wish. You can track and collect data on site traffic, such as number of hits and individual sessions by user location and incorporate automatic e-mail responses to orders and inquiries. Web Page set-up costs are fairly low. However, with millions of sites on the Web, potential customers may not find yours when they do a typical keyword search in [Yahoo](#), [Google](#) or other Web search engines. Be sure to include your Web "URL" address on your business card and other promotional literature.
- **Export Directories.** Unlike directories of manufacturers, such as the [Thomas Register](#), export directories only list companies actually engaged or interested in exporting. Since many manufacturers do not export, foreign buyers will more likely look in an export directory to find potential suppliers. It's to your advantage to be listed in export directories, particularly those with worldwide Internet outreach.

There are two types of export directories – company-specific and product-specific. An export company directory essentially lists the companies by name and industry category, with fewer details about their specific export products (e.g., [Thomas Global Register](#) and [Export Yellow Pages](#)). An export product directory lists the products each company offers for export, often with detailed descriptions and images (e.g., the [CITD Trade Directory](#) and [Commercial News USA](#)). You should seek opportunities to list in both types of directories. However, since foreign buyers primarily look for products, not companies, you may get better promotional results from listings in export product directories.

- **Export "sell" offers.** You can post your own "offers to sell" in a number of different electronic trade lead systems, such as [Alibaba](#) and [International Import-Export Trade Leads](#). It's best to provide as much information as possible in your offer, to reassure potential respondents that you are a serious and reliable supplier. It's especially helpful to be specific in describing your export product (specifications, uses, benefits), quantity

available, price and delivery options, your bona fides, and what you would like to know from respondents. See Appendix D1 for suggested particulars to include in a **sell offer**. Also, use discretion in selecting trade lead systems. Most allow anyone to post an export offer and have no quality control.

- **Trade press ads.** Many industry magazines published domestically are also circulated abroad. When you advertise or get a favorable review in these industry journals, you reach the same interest groups overseas as domestically -- producers, buyers, distributors, and other procurement decision-makers. Nearly all industry magazines carry paid ads, and most have sections that announce or evaluate new products.

Targeted promotion -- Here your promotion reaches just the market or audience you want. Since you're not everywhere at once, your message can be more detailed and personalized. Your objective is high-quality, high-impact exposure. The costs are higher, but so are the potential rewards. If you have foreign representatives, they can do some or all of the promotion in their areas, usually on a cost-sharing basis. Consider these targeted promotion techniques:

- **Overseas Business Trips.** Face-to-face promotion can be very persuasive. The key is to know whom to see before you get there. Don't waste precious time looking after you arrive. If you don't know anyone in particular, a trade assistance organization with overseas representatives may be able to help. For example, the U.S. Commerce Department can arrange advance appointments and make introductions for U.S. exporters, under its fee-based **Gold Key Matching** service. Other *Gold Key* options, if needed, include orientation briefings, market research, interpreter service for meetings, and assistance in developing a market strategy and effective follow-up. States can also provide some or all of these matchmaking services where they have overseas offices. Other countries may offer similar programs for their exporters.
- **Overseas trade shows.** They're more costly, but a trade show puts you face-to-face with many potential customers at once, all able to see you and your products first hand. You can talk face-to-face, book orders, and perhaps even sell off the floor. Trade show opportunities exist all over the world. Every country has at least one major annual trade show. Many countries have shows throughout the year, often on specific industry themes. For names, dates and locations check the "Directory of International Expositions" in any library or any one of several on line trade show directories, such as **TSNN**, **ExpoWorldNet** or the U.S. Commerce Department's **Trade Events** directory.

It's not always easy to get into major overseas shows on your own. They're often booked years in advance. However, you can still participate if a trade assistance organization or industry association has already reserved a pavilion or booth space for eligible exporters. For example, the U.S. Department of Commerce sponsors overseas trade shows abroad, either directly or through a "certified" private organizer. U.S. exporters can secure booth space for a fee, sometimes as late as six months before the start date. Typically, Government-sponsored events offer personalized services not otherwise available, such as delivery of your goods to the site, turnkey booth set-up, "repfind" assistance, embassy briefings, etc.

- **Domestic trade shows.** Some domestic trade shows attract large numbers of foreign buyers. They're serious buyers, because they've come a long way to see what's new. If you're an exhibitor, they can see you just as well there as at a foreign show. You get the best of both worlds -- the domestic exposure you mainly want, plus spin-off exposure to foreign buyers. The U.S. Commerce Department provides matchmaking support at over 30 domestic trade shows annually under its *International Buyer Program* (IBP) and makes vigorous efforts to attract foreign buyers to these shows. IBP-designated events can be found in the U.S. Commerce Department's *Trade Events* directory.
- **Catalog shows.** In the U.S., the Commerce Department and many States offer opportunities for companies to showcase their product catalogs abroad. Other countries may sponsor similar events. These events do not require your physical presence and are much less costly than trade shows. U.S. *Catalog Shows* are normally theme-specific and typically make stops in several selected countries. At each stop, foreign prospects can view the displayed catalogs, brochures, videos and other sales materials. You receive any resulting sales leads, along with a list of all foreign buyers attending the event. Check the Department's *Catalog Show Schedule* for dates of upcoming Catalog Shows abroad.
- **Video promotions.** You can also communicate face-to face with potential foreign customers from home using relatively low-cost Web- conferencing media. The U.S. Department of Commerce offers several such services at their local Export Assistance Centers throughout the U.S. For example, *Video Business Services*, such as the *Video Gold Key Matching Service*, *Video Meeting*, and *Customized Video Services*, allow you and a prescreened target audience to see and converse directly with each other about your export interests.
- **Overseas trade missions.** Traveling with a group can add impact to your visit. A group, particularly an "official" delegation, has more prestige, gets more notice and opens more doors. Many state governments and industry associations organize overseas trade missions for exporter groups. The U.S. Department of Commerce also organizes *Trade Missions* specifically designed for matchmaking. Before the trip, Commerce trade specialists evaluate each company's export potential, find and screen contacts, handle the logistics, provide in-country business briefings, and arrange one-on-one meetings with prospective clients. Trade mission opportunities are usually announced well in advance, and your chances of getting on one are good if you apply early enough. Upcoming U.S. Trade Missions are listed in the U.S. Commerce Department's *Trade Events* directory.

E. Find Overseas Buyers and Distributors

Finding the "right" buyers, agents or distributors for each market is crucial. You need good overseas business partners to generate ongoing sales. Agent/distributor selection is especially important. A poor rep could seriously hamper you in possibly lucrative markets, perhaps indefinitely in countries that impede termination agent/distributor agreements. Therefore, you want to choose carefully. Here are techniques for finding interested and qualified buyers and distributors.

Find potential buyers. You can't assume that the buyers will find you. You need to search for your own leads. There are two basic sources of "buy" leads:

- The ones you or your reps develop first-hand
- Second hand leads -- the ones you hear or read about

Clearly, the best leads are the first-hand leads you uncover on foreign business trips or that your overseas reps find for you. While better, these leads are also more costly to develop. If you don't have overseas reps, or can't afford overseas sales trips, give the "second-hand" leads a try. They're often solid and substantial. However, since your competitors can learn about them too, you want to follow up quickly on these leads. The CITD Web site provides access to [Trade Lead](#) systems that include specific overseas "buy" offers reported daily by U.S. embassies, as well as leads self-posted by individual importers throughout the world. U.S. embassy leads, for example, are for specific products sought either by foreign government agencies or private buyers and distributors. Other good trade lead sources include the U.S. Commerce Department's [Trade Opportunity Program](#) and others listed in the [Internet Guide to Export Trade Leads](#). Also, the [World Trade Center](#) (WTC) network and many states have their own overseas trade offices that could be sources of trade leads. Whatever your source, use due diligence to assure that the buyer is reputable (see [Check Out Prospects](#)).

Some of the best leads are for development projects still in the planning stage. These future projects offer opportunities for equipment, supplies and services of all kinds. They often have foreign government backing and assured financing from the World Bank and its network of regional development banks. Each bank lists proposed and pending projects and procurement opportunities on its Web site, along with procedures for bidding, including the [World Bank](#), [African Development Bank](#), [Asian Development Bank](#), [European Bank for Reconstruction and Development](#), and the [Inter-American Development Bank](#).

Find potential agents/distributors. Finding and keeping good overseas reps is a four-step process:

1. Identify and contact potential representatives in target market
2. Screen the best prospects
3. Select and appoint the reps
4. Support the reps over time.

1. Identify and contact prospective representatives. There are two basic ways to search for prospects -- "do-it-yourself" or use a rep-find matchmaking service. In either case, you should thoroughly screen each prospect before you make a selection.

- **Do-it-yourself searching** can be frustrating and costly in the absence of solid leads or recommendations. Contact names can be found in numerous print and on-line [directories](#), or in some cases in the Key Contacts section of U.S. Department of Commerce [Market Research Reports](#). Alternatively, you can purchase targeted mailing

lists, check with trade associations, or get referrals from other firms with overseas experience.

- **Rep-find services** are available from government trade promotion organizations in many countries. For example, the U.S. Department of Commerce offers several rep-find services ([International Partner Search](#), [Gold Key Matching](#), teleconferencing and [Video Business Services](#)). Many state and provincial export assistance agencies also offer rep-find services, as do World Trade Centers and matchmaking consultants. Typically, they conduct the search, usually for a fee, and present you with a list of screened prospects. You not only avoid the frustration and search costs, you may get better quality leads. First, the search agencies generally know the prospects they contact; and second, only the "interested" prospects are listed.

2. Screen prospective reps. First impressions count, so what you say first is very important. The initial message should convey basic facts about your company and products and your market objectives, the qualifications you seek in a potential rep, and what the rep could expect from you (pricing, payment terms, delivery, promotional support, etc.). For guidance in communicating with agent/distributor prospects, see sample [Introductory Letter to Potential Overseas Representatives](#) and [Responses to Inquiries from Agent/Distributor Prospects](#) (Appendix E1). You should respond promptly to all serious responses, try to answer all questions as fully as possible, and provide standard product literature. Do use discretion in sending costly product samples, especially if they could be easily copied. Product samples should be reserved for the top prospects.

Once you've located some prospects, how can you tell who's best? The key is to know what you want in a rep. You should identify the qualifications needed for effective representation and look for reps with the required attributes. The requirements may vary by product, but five basic qualities are fundamental:

- **Experience** – a rep with a solid track record as an agent or distributor; expertise in the product area; and strong connections in the user community.
- **Capability** – a rep who can market and support the products in the way require (e.g., promote the product, train users, install and service equipment)
- **Motivation** – a rep who is enthusiastic about the product and able and willing to give it priority
- **Loyalty** – a rep who would not desert you for a competitor or represent a firm with a competing product
- **Honesty** – a rep with a good reputation in the industry and good bank and trade references

To find the best rep, you should compile background information on each prospect, at least on the points below. See [Agent/Distributor Qualifications Checklist](#) (**Appendix D3**) for more detailed assessment criteria.

- Current status and history, including background on principal officers
- Personnel and other resources (salespeople, warehouse and service facilities, etc.)
- Sales territory covered
- Current sales volume
- Typical customer profiles
- Names and addresses of foreign firms currently represented
- Trade and bank references
- Capability to meet your special requirements
- Opinion on the market potential for your products

Don't hesitate to ask prospects for this information. They'll respond if they want your business. Of course, don't go by what they say alone, since they might well give self-serving answers. You should also seek neutral sources for corroboration. Check the firm's bank references for one. A number of overseas [Credit Reporting Agencies](#) can provide commercial profiles on foreign firms for a fee. Some Government trade promotion organizations offer a comparable service for their exporters. For example, the U.S. Department of Commerce's [International Company Profiles](#) cover the foreign firm's trade experience, size, the companies and products it already represents, principal officers, bank and trade references, financial stability, reputability and its suitability as a possible trading partner for U.S. exporters. A face-to-face meeting with top prospects is also wise at some point, preferably at their premises for a first-hand evaluation.

3. Select and appoint the best reps. Once you've identified the best prospects, you should formalize the appointment with an agent/distributor agreement. These agreements spell out the terms of the relationship and the responsibilities of each party. See [Sample Foreign Representation Agreement](#) for illustrative provisions (Appendix D4). These agreements usually cover the following points

- Products covered
- Territory covered (e.g., country)
- Degree of exclusivity
- Minimum sales/purchase obligations
- Non-circumvention
- Responsibilities for marketing, promotion, shipping
- Responsibilities for technical support, training, after-sales service
- On-hand inventory requirement
- Allocation of expenses
- Terms of commission/payment
- Handling of complaints and disputes (e.g., arbitration)
- Conditions of termination

These points are negotiable. Aim for a mutually beneficial agreement that motivates the rep and protects your interests. The rep will seek your commitment to respond promptly to orders, deliver the product on time, pay the agreed commission, provide training or other specified support, and pay a fair share of any joint marketing and promotion expenses. These are reasonable conditions. In turn, you should seek the following commitments from the rep:

- To apply the utmost skill and ability to the sale of your products
- To effectively perform the marketing, promotion and support tasks you specify
- To meet any performance goals you specify (e.g., sales volume and growth)
- Not to handle competing lines
- Not to disclose confidential information about your company and products
- Not to bind you to agreements without your prior approval

It's also vital to have an escape clause in the agreement. You need the flexibility to make a safe, clean break if the rep doesn't perform as agreed. Most agreements call for a specified duration (usually one year), with automatic annual renewal, unless either party opts to terminate. Typically, advance notice is required for termination (e.g., 30, 60 or 90 days), and it usually must be for cause if before the normal term (e.g., failure to meet specified performance levels). However, some countries limit termination rights in order to protect local businesses. Without an enforceable termination clause, you might have to retain a poor performer longer than you want, or pay a high fee to sever the relationship. You should consult an internationally experienced attorney before signing any agent/distributor agreement.

4. Support your overseas reps. Good reps need your cooperation and support as much as you need theirs. Treat them as you would your domestic sales force. Prices, terms and commissions should be reasonable. At the least, you should:

- Alert your reps to planned changes to the product line, pricing and delivery
- Respond promptly to their calls and correspondence
- Provide product training and customer support as needed
- Consider help with promotions, including cost sharing for trade shows and media ads
- Deliver the goods when and as promised

If volume warrants, make periodic visits to help motivate the reps and also get a better feel for what and how they're doing.

III. Making Export Sales

Making Export Sales is aimed at companies that want to turn specific export opportunities into actual sales. It describes 6 key steps in a typical export transaction, from:

- Responding to general and specific inquiries
- Checking out the prospects' bona fides
- Preparing the goods for delivery
- Complying with documentary and regulatory requirements
- Shipping the goods
- Getting paid

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A. Respond to Inquiries

An export sale usually starts with an inquiry. Someone overseas has heard of you and wants more information. The inquiry might be general, for example, "Tell me more about your company and product" or specific, for example, "What is the price?"

Inquiries are precious. It's a buyer's market, and the inquirer has other options. You should respond quickly, fully and professionally. If prospects like what you tell them, they'll follow up with more specific requests for price, delivery and payment terms. As you provide requested information, you should also ask the prospects for information, such as who they are and what they do. Basically, you need to know if they are serious and reputable. If you're satisfied and want the business, be prepared to negotiate until you've mutually agreed on all the terms (price, delivery, payment, etc.)

Handling general inquiries. **Follow these basic rules to respond to overseas inquiries (see [Sample Inquiry Responses](#) in Appendix E1).**

- **Reply quickly or not at all.** Delay implies lack of interest or insensitivity to the prospect's needs. Also, delays give competitors more time to win the business. Use E-mail, fax, airmail or express delivery as appropriate. Surface mail can take weeks to reach some countries.
- **Answer all questions.** The inquirers may ask many questions, but should not have to ask the same questions twice. If one of your standard letters answers the questions, send the letter. If not, revise the letter to answer the questions.
- **Use a business-like tone.** Impersonal form responses don't make a good impression. A Word Processing program can easily add customized touches to a standard letter. Be friendly and courteous, but avoid slang or informal responses. Include name, title and contact information in all correspondence (phone, fax, E-mail and Web address). Print all letters on company letterhead.
- **Reply in the language specified.** Most inquiries are in English. Some are in the author's language but invite a reply in English. If the inquiry is not in English, have it translated so it's clear what the prospect wants. Translate the response if requested. Commercial translators will do this for a fee. Some colleges and universities also offer translation services. For instant translations of uncomplicated messages from English to 5 languages, and vice versa, try Alta Vista's [Translate with Babelfish](#).
- **Enclose product brochures, price lists and other information.** Use your materials to answer most questions, so that the next communication will be a request for quote!

Should you respond to every inquiry? No. You might disregard form letters or inquiries that are clearly unprofessional or poorly written. However, it's not always possible to distinguish serious from frivolous requests. Err on the side of responding to all or most inquiries. If in doubt, don't send samples or bulky product literature that costs more in postage.

Handling requests for information and price quotes. As inquiries lead to interest, prospects will send you a **Request for Quote** (Appendix E2). Your **Export Quotation** (Appendix E3) in response should cover all costs to produce and deliver the goods, plus ancillary fees and markup. See sample **Export Quotation Worksheet** (Appendix E4) for illustrative export costs from the factory to the overseas port of entry. Your export quotation could also take the form of a **Proforma Invoice** (Appendix E5). Proforma invoices are not bills for payment, since a sale has not yet occurred. They're basically quotations in an invoice format. They require more detail than domestic quotations, because the customer may also need them to obtain an import license or open a Letter of Credit.

Delivery costs are the major cost variable. They will depend on whether you or the buyer will pay the transportation costs after the product leaves the factory or warehouse. The buyer will specify which delivery price to quote, using the appropriate INCOTERM. The **INCOTERMS** (Appendix B2) most often used for this purpose are:

- EXW (Ex-Works, cost at factory)
- FAS (free alongside) the carrier, including cost of goods, transport to the loading dock, and ancillary fees.
- FOB (free on board) the carrier, including FAS costs, loading fees, port charges, and other ancillary fees.
- CIF (cost, insurance and freight) to the final destination).

For example, quote a CIF price if the buyer wants a complete price to reach his destination from your factory (cost of the goods, plus costs for internal transport, overseas transport, and cargo insurance). Quote an FAS or FOB price to cover only the costs from your factory to the outgoing vessel or airplane. The buyer will arrange for and pay all costs from that point to his destination. Quote an EXW price if the buyer wants to arrange and pay for all delivery costs from your factory to his destination. In these examples, you are liable for the goods only up to the delivery point specified in the quote.

Although formats can vary, **Proforma invoices** should be neatly typed on business letterhead and cover the following points

- Date prepared
- Exporter's name, address and telephone/fax/telex numbers
- Buyer's name and address
- Buyer's reference number and date of inquiry
- List and brief description of requested products
- Price of each item (it's best to quote in U.S. dollars to reduce foreign-exchange risk)
- Trade discount, if applicable
- Country of origin of the goods
- Gross and net shipping weight (in metric units where appropriate)
- Total cubic volume and dimensions (in metric units as needed) packed for export
- Delivery point

- Terms of sale
- Payment terms and method, including currency to be used for payment
- Insurance and shipping costs, specifying who will pay
- Total charges to be paid by customer
- Estimated shipping date to factory or U.S. port (it's preferable to give U.S. port)
- Estimated date of shipment arrival
- Any other terms of the proposed sale
- An explicit expiration date for quotation

When you and the buyer have agreed on the final price and terms, a **Commercial Invoice** (Appendix E6) is used for billing. As in a domestic transaction, the commercial invoice is a bill for the goods from the seller to the buyer. A commercial invoice lists the quantity, weight, unit price, and total price of each item exported, along with other basic information about the transaction (such as the address of the shipper and seller, and the delivery and payment terms). The buyer needs the invoice to prove ownership and to arrange payment. Some governments use the commercial invoice to assess customs duties. Make sure the bill covers all costs, and that the delivery and payment **INCOTERMS** (Appendix B2) are clearly explained.

B. Check Out Prospects

Before committing to any sale, you should verify that the buyer is trustworthy. Gather impressions from your correspondence with the firm, and particularly from its response to your questions. However, also look to independent sources to evaluate prospects, such as:

- **Government services.** The U.S. Department of Commerce has a fee-based **International Company Profile** (ICP) service that provides detailed background reports on individual foreign firms. U.S. exporters can order ICPs from a local U.S. Export Assistance Center. A number of U.S. states have overseas trade offices that will compile foreign company information for state residents. Federal and state governments in other countries may offer similar services for their exporters.
- **Web-based company databases and directories.** These directories have profiles on millions of worldwide companies, although with fewer specifics about each company (e.g., the **EDGAR** database of U.S. public companies, **Ward Global Directory**, **Canadian Company Capabilities**, **Europages** and **Companies of Africa**).
- **International banks.** Major **international commercial banks** will often provide information on foreign firms for their corporate customers.
- **World Trade Centers (WTCs).** The **World Trade Center Association's** worldwide network can provide information about foreign companies for WTC members. Check with your local **WTC** office.
- **Credit reporting agencies.** Many **credit reporting agencies** provide credit reports on foreign companies, including **Dun and Bradstreet**, **Credit Reports World**, and **Coface**.

C. Prepare Goods for Delivery

To move the goods overseas, you'll need to pack, label, document, insure, and ship them. Some of this preparation is precautionary -- to protect the goods from damage, theft, or delay in transit. Some actions are legally required, either by the exporting or importing country. In these cases, the requirements are usually very specific and must be followed to the letter. Given the complexities and risks, most exporters use an international **freight forwarder** to perform these critical services.

Packing for export. Exported goods face greater physical risks en route than domestic shipments. They're more vulnerable to breakage, theft, and damage. At some ports, goods may still be loaded or unloaded in a net or by a sling, conveyor, chute, or other method, putting added strain on the package. In the hold, goods might be stacked on top of each other or bump sharply against other goods in transit.

Overseas, where handling facilities may not be up to domestic standards, the cargo might be dragged, pushed, rolled, or dropped. Moisture is also a danger, because cargo can be damaged by condensation, even in the hold of a ship equipped with air conditioning and a dehumidifier. The cargo also might be unloaded in the rain. Some foreign ports do not have covered storage facilities. Goods can also be stolen when inadequately protected.

Packaging tips and advice can be obtained from freight forwarders, carriers and marine insurance companies. If you're not equipped to pack the goods yourself, use a professional export packing firm. This service is usually provided at a moderate cost.

To avoid problems:

- Use strong, reinforced boxes or crates to pack the goods. Seal and fill with lightweight, moisture-resistant material. Distribute the weight evenly to brace the container.
- To deter theft, use strapping, seals, or shrink wrapping where possible.
- Don't list the contents or show brand names on the outside of the packages.
- For sea shipments, containerize your cargo whenever possible. Containers vary in size, material, and construction and are best suited for standard package sizes and shapes. Refrigerated and liquid bulk containers are readily available. If you can't fill an entire container, a freight forwarder can arrange to combine your cargo with others.
- For air shipments, you can use lighter weight packing, but you must still take precautions. Standard domestic packing should suffice, especially if the product is durable. Otherwise, high-test cardboard or tri-wall construction boxes are more than adequate (at least 250 pounds per square inch).

Export marking and labeling. Export packages need to be properly marked and labeled to meet shipping regulations, ensure proper handling, conceal the identity of the contents, and help

receivers identify shipments. The buyer usually specifies export marks that should appear on the cargo, such as:

- Shipper's mark
- Country of origin (USA)
- Weight marking (in pounds and in kilograms)
- Number of packages and size of cases (in inches and centimeters)
- Handling marks (international pictorial symbols)
- Cautionary markings, such as "This Side Up."
- Port of entry
- Labels for hazardous materials (universal symbols of the international Maritime Organization)

Mark containers legibly to prevent misunderstandings and delays in shipping. Letters are generally stenciled onto packages in waterproof ink. Markings should appear on three faces of the package, preferably on the top and on the two ends or the two sides. Old markings must be completely removed. Most freight forwarders can advise on specific marks and labels required by each country.

E. Comply with Trade Requirements

Exporters must comply with a host of documentary and regulatory requirement to get their goods out of their own country and into the importing country. Failure to comply has severe potential consequences. At minimum, your shipment could be delayed at either end and your payment held up. Worse, your goods could be seized or you could be fined, denied further export privileges, or jailed. Take all requirements seriously.

Documentary Requirements. Exporting involves a lot of paperwork. All required documentation must be fully and precisely completed. Even slight discrepancies or omissions could nullify a transaction. Given the burden and risk, most exporters use freight forwarders to handle required documentation.

The following documents are most often required in exporting, either for each export shipment or for certain products (for sample documents, see Transportation Documentation and Appendices indicated below):

- **U.S. Shipper's Export Declaration** (Appendix F2). This document is required by the U.S. to control exports and compile trade statistics. It must be prepared and submitted to the U.S. customs agent for mail shipments valued above \$500 and for all other shipments valued above \$2,500. Other countries may use a comparable document for these purposes.
- **Export Packing List** (Appendix F3). An Export Packing List is more detailed and informative than a standard domestic packing list. It itemizes the material in each individual package and indicates the type of package: box, crate, drum, carton, and so on. It shows the individual net, legal, tare, and gross weights and measurements for each

package (in both U.S. and metric systems). Package markings should be shown along with the shipper's and buyer's references. The packing list should be attached to the outside of a package in a waterproof envelope marked "Packing List Enclosed." The list is used by the shipper or forwarding agent to determine the total shipment weight and volume and whether the correct cargo is being shipped. In addition, customs officials (both U.S. and foreign) may use the list to check the cargo.

- **Ocean Bill of Lading** and **Air Waybill** (Appendix F4, 5). Bills of lading are contracts between the owner of the goods and the carrier. Bills of lading come in two types. A straight bill of lading is non-negotiable. A negotiable, or shipper's order, bill of lading is used for letter-of-credit transactions and can be bought, sold, or traded while goods are in transit. The customer usually needs the original or a copy as proof of ownership to take possession of the goods.
- **Dock Receipt** and Warehouse Receipt (Appendix F6). These receipts are used to transfer accountability when the export item is moved by the domestic carrier to the port of embarkation and left with the international carrier for export.
- **Insurance Certificate** (Appendix F7). If the seller provides insurance, the insurance certificate states the type and amount of coverage. This instrument is negotiable.
- **Consular Invoice** (Appendix F8). Some countries require a consular invoice used to control and identify goods. The invoice must be purchased from a local consulate of the destination country and usually must be prepared in that country's language.
- **Certificate of Origin** (Appendix F9). Some nations require a signed statement as to the origin of the export item. Such certificates are usually obtained through a semiofficial organization such as a chamber of commerce. A certificate may be required even though the commercial invoice contains the information.
- **Inspection Certification** (Appendix F10). Some purchasers and countries may require a certificate of inspection attesting to the specifications of the goods shipped. A third party prepares this certificate. Inspection certificates are often obtained from independent testing organizations.

Regulatory requirements. All countries control their exports and imports in some form. Exporters need to comply not only with their own country's export regulations, but also the procedural requirements imposed by the importing countries.

- **Export controls** are generally less burdensome, because most countries want to encourage, not discourage exports. Export controls are mainly used to prevent "denied" persons and unfriendly countries from getting certain products (strategic controls), or to prevent depletion of precious or scarce resources (short-supply controls).

Export controls are typically administered through a licensing process. U.S. export control regulations and forms, for example, are spelled out in the Department of

Commerce's **Export Administration Regulations**. Although all U.S. exports are technically subject to control, a formal **export license** (Appendix F1) is required for a small minority of total U.S. goods exported. The licensing requirement can be satisfied for most U.S. products simply by entering "NLR" (no license required) on the **Shipper's Export Declaration**. For U.S. export control purposes, a product's **Export Control Classification Number** (ECCN) determines whether and what type of license is required. U.S. exporters may ask the Department's **Bureau of Industry and Security** (BIS) for advice on whether a license is required, or is likely to be granted for a particular end-use, end-user, and/or destination. This type of request, along with requests for guidance regarding other interpretations of the EAR, is commonly referred to as "Advisory Opinions".

- **Import controls.** Foreign trade regulations vary widely by country. Each country has its own policies, laws, regulations, and business practices that may or may not be import-friendly. Some countries are virtually free of restrictions, such as Hong Kong and Singapore. The U.S. and most industrialized countries have relatively open markets. Less developed countries tend to have higher import duties and more restrictive non-tariff barriers, such as import quotas and licensing and exchange controls.
- **Import duties and taxes.** Governments impose duties and taxes on most imported goods to generate revenue and/or to protect local industries against foreign competition. The levies normally must be paid before the goods are released from customs. The duty and tax amount may be based on:
 - Commodity value
 - Trade agreements
 - Country of manufacture
 - Use of the article
 - Commodity HS number

Duty and tax rates are generally published by the Customs agency in each country. Free Internet sources of country-specific import duties include:

- ***Harmonized Tariff Schedule of the United States***
- ***Tariff and Tax Information (many countries)***
- ***WTO Tariff Schedules (import duties on agricultural products in all countries)***
- ***APEC Tariff Database (free registration, import duty rates in 16 Pacific Rim countries)***
- ***Free Trade Area of the Americas (FTAA) Tariff Database (import duty rates in 28 Western Hemisphere countries)***
- ***European Union Tariff Schedule (common external tariff for all 15 EU countries)***

Non-tariff barriers. You should research potential trade restrictions in each country and seek counsel from an international law firm if needed. Useful Internet sources of trade regulations by country and product include:

- **Country Commercial Guide** (CCG) chapters on "Trade Regulations and Standards" and "Investment Climate" examine each country's trade regulations and investment practices.
- **FAS Food and Agricultural Import Regulations and Standards (FAIRS)** provide country-specific requirement for agricultural imports. **National Trade Estimate Reports on Foreign Trade Barriers (all countries)** are annual surveys of trade barriers by country.
- **Market Access Sectoral and Trade Barriers Database (EU)** can be searched by country, industry or barrier type to find barriers that apply to specific products in specific countries.
- **Internet Legal Resources** provides links to web sites that specialize in international trade laws and regulations by topic and country.

E. Deliver the Goods

Transport Options. The sooner the goods arrive, the sooner you get paid, so speed is essential. However, faster transport may cost more. The procedures, routes and rates vary with the transport mode -- truck, rail, air or sea. It's best to use international **freight forwarders** to ship the goods. They're the experts. They can compare the costs, lead times, and transit times for each transport option; select the best one; and make the booking. If desired, they can also prepare the required documentation; handle the packing, marking and labeling; transport the goods from the factory to the exit point; secure the cargo insurance; and arrange to clear the goods through customs on arrival. Their modest fees can be factored into the export price. The CITD Web site provides access **Trade Logistics Tools** to assist the exporter or the forwarder.

Cargo insurance. Cargo insurance offers important protection against delays in transit and losses or damage from bad weather, rough handling by carriers, and other common hazards. Either the supplier or the buyer is at risk for the cargo in transit, depending on the terms of sale. For all CIF transactions, the supplier is liable for any loss or damage to the goods up to the point the buyer takes title. For FOB or FAS sales, the buyer assumes risk at the exit point. The responsible party must insure the cargo for its portion of the risk.

To cover your share of the risk, you can take out a company policy, or insure the cargo under a freight forwarder's policy for a fee. If the foreign buyer has responsibility, don't assume (or even take the buyer's word) that he or she has adequate insurance. You could still be liable if the buyer fails to obtain coverage or takes too little. The carrier will not insure the cargo. For international shipments, the carrier's liability is frequently limited by international agreements, and the coverage is substantially different from domestic coverage. Check with an **international insurance carrier** or **freight forwarder** for options and advice.

F. Get Paid

After the goods leave your control, you want to make certain you'll get paid. You need to be familiar with the payment methods used for export transactions. These differ from methods used

domestically, and some methods are riskier than others. Domestically, you might sell on open account to trusted customers, but require advance payment from unknown or questionable buyers. These methods are less often used in exporting. Foreign buyers expect to pay only when the goods arrive, or later if possible. Few will be willing to pay in advance. Although most importers would prefer open account terms, the risks are greater for international than for domestic sales. You should generally avoid open account export sales except to loyal and long-standing overseas customers.

Letters of Credit (L/Cs) or documentary drafts (sight or time) are more common export payment methods. They provide reasonable security for you and some latitude for the buyer on when to pay. L/Cs are the most secure after cash in advance. You are virtually assured of payment when the buyer receives the goods. However, many importers prefer still more time to pay. Because buyers can often get better terms from your competitors, L/Cs are not always an option. Thus, documentary drafts (payment after a specified time period) are frequently used. If you want to use open account to be more competitive, but still need the money right away, look for governmental or other export credit insurance programs (e.g., the U.S. Export-Import Bank's [Small Business Export Insurance Policy](#)). Alternatively, you can discount your export receivable to a **factoring** or **forfaiting** company.

To some extent, you are always at risk at payment time, even with domestic sales. It's important, therefore, to check out the buyer. The payment terms should be more demanding for less-known buyers. Also, export sales pose foreign exchange risks. For protection, you should require payment in a stable currency (e.g., U.S. dollars). Even if the buyer's currency depreciates, you are still owed the dollar amount specified. However, the buyer would have to put up more local currency than expected, and might default as a result. These and other payment risks can be reduced through export insurance. Policies are usually available from governmental export development banks (e.g., the [Export-Import Bank](#) in the U.S.).

The different export payment methods are described below from the most to the least secure:

- **Advance payment** by credit card or wire transfer virtually eliminates all risk of default before delivery. That's clearly to your advantage. However, while advance payment has helped spur the exploding growth of domestic e-commerce, it creates cash flow problems for importers and increases their risks – for example, that the goods they receive are damaged, defective, or not exactly what they ordered. Don't expect foreign buyers to agree to advance payments except, perhaps, for relatively small consumer purchases.
- A **Letter of Credit** (L/C) is the most secure payment method short of advance payment. With an L/C, a bank pays you, not the importer directly. The bank collects independently from the importer. An L/C can be at sight (immediate payment upon presentation of documents) or a time or date L/C (payment to be made at a specified future date).

Here's a typical L/C scenario:

- The exporter and the importer agree on the terms of a sale.

- The importer applies for the L/C for the amount due from a local commercial bank (Appendix G1). The L/C is normally “irrevocable” to protect both parties (no changes permitted without the consent of both the buyer and the seller). The bank typically requires the buyer to put up collateral to cover the L/C amount. At this point, the buyer’s bank takes on the obligation to pay you.
- The importer's bank prepares the irrevocable L/C and all **instructions** (Appendix G2) concerning the shipment.
- The importer's bank sends the irrevocable L/C to a correspondent bank in the exporter’s country, requesting “confirmation”. At this point, the confirming bank accepts the obligation to pay the exporter.
- The confirming bank sends the exporter a letter of confirmation along with the “confirmed, irrevocable” L/C.
- The exporter reviews and accepts all conditions in the L/C.
- The exporter’s freight forwarder arranges to deliver the goods to the appropriate exit port or airport.
- When the goods are loaded, the forwarder completes the necessary documents.
- The exporter or the forwarder present documents to the confirming bank showing full compliance with all the product and delivery terms and conditions specified in the L/C.
- The confirming bank checks that documents are in order and sends them to the importer's bank for review.
- The importer gets the documents from his bank and uses them to claim the goods.
- The confirming bank pays the exporter by draft at the time specified.

Compliance with all L/C terms is crucial. You should carefully review the L/C and make sure the price and terms are the same agreed to in price quotes and other documents. If the L/C terms are not precisely met, the bank might not pay. Also, the bank will only pay the amount in the L/C, even if higher charges for shipping, insurance, or other factors are documented. If the L/C terms can't be met, or it has errors or even misspellings, you should contact the buyer immediately and ask for an amendment to the L/C to correct the problem.

To get paid, you must provide documentation showing that the goods were shipped by the date specified. The freight forwarder can advise about any unusual conditions that might delay shipment. You must also present the documents by the date specified. The bankers can advise whether there’s enough time to meet a presentation deadline. You should always request that the L/C specify that partial shipments and transshipment will be allowed. This will avoid unforeseen problems at the last minute.

- A **Documentary Draft** (Appendix G3), also known as a bill of exchange, is comparable to payment by check. Like checks, drafts sometimes carry default risks. The buyer's ability or willingness to pay could change between the time the goods are shipped and the time the drafts are presented for payment. Also, the policies of the importing country could change. If the buyer can't or won't pay for and claim the goods, you would have to dispose of or return them.

A **sight** draft is less risky than a time draft. The buyer essentially pays when the goods arrive (upon sight or presentation of the documents conveying title). You retain title up to the point you receive payment and the goods are released. In this case, the evidence of title is the original **ocean bill of lading**. **Air waybills** do not need to be presented to claim the goods. Hence, a sight draft used with air shipments carries somewhat more risk.

A **time draft** is somewhat more risky than a sight draft, because the buyer is given a specified time to pay after receiving the goods. A time draft would be used if you want to extend credit to the buyer, such as 30 or 60 days after acceptance of the draft. By signing and writing "accepted" on the draft, the buyer is normally obligated to pay within the stated time. In this situation the draft is called a **trade acceptance** and can be either kept by you until maturity or sold to a bank at a discount for immediate payment.

A **date draft** differs slightly from a time draft in that it specifies a date on which payment is due (for example, December 3, 2001) rather than a time period after the draft is accepted. When a sight draft or time draft is used, a buyer can delay payment by delaying acceptance of the draft. A date draft can prevent this delay in payment, but still must be accepted. When a bank accepts a draft, it becomes an obligation of the bank and creates a negotiable instrument known as a **banker's acceptance**. This can also be sold to a bank at a discount for immediate payment.

- **Open account** sales are riskier still and should not be used for new or relatively unknown customers. The buyer gets your bill and is expected to pay under agreed terms at a future date. The absence of documents and banking channels may make it difficult to pursue claims, particularly in the buyer's territory. Also, receivables may be harder to finance, since drafts or other evidence of indebtedness are unavailable. However, since credit is often a key competitive factor, do consider open account for loyal, longstanding customers and for buyers that are large and well established, have solid payment records, or have been thoroughly checked for creditworthiness. **Here's an important tip for U.S. exporters.** If you must or wish to sell on open account, an **Export Credit Insurance** policy from the U.S. Export-Import Bank can protect against buyer default. This gives you the best of both worlds – open account terms preferred by the buyer with assurance that you will get paid if the buyer fails to pay when due.
- **Countertrade and barter** transactions are more complex and not for novice exporters. Nevertheless, they may have to be considered in countries that restrict importer access to foreign exchange. Simple barter – payment in kind – is rare, because the exporter generally has no interest in the importer's products and no easy way to sell them for cash. Other, more common forms of Countertrade typically involve contractually linked, parallel transactions. For example, the importer will be allowed access to foreign exchange to purchase the exporter's product, provided the exporter agrees to export a related quantity of goods from the importing country. If Countertrade is your only available option, you can work the deal through intermediaries that specialize in these types of transactions, such as international brokers, international banks, or export management company.

- Factoring and Forfaiting are further options for exporters willing to pay a premium for an up-front payment at no-risk. In both cases, you sell your export receivable to a third party at a discount (face value less the premium). The third party – a factor or forfaiter – typically assumes all transaction risks to collect the full amount from the buyer. The factoring premium ranges around 15% and is used primarily for smaller, short-term transactions. Forfaiting is used more for longer-term transactions, particularly involving installment payments. In these cases, the forfaiter is often a financial institution.

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Appendix A

Trade Counseling & Assistance Sources

1. U.S. Sources of Export Assistance

The U.S. Government offers a wide range of export assistance programs and services, and most state governments provide similar support to resident exporters. Government assistance focuses primarily on how-to counseling, trade information, matchmaking, trade promotion, and trade finance.

At the Federal level, many different U.S. agencies offer information or services of value to exporters. However, two U.S. agencies have primary responsibility for U.S. export assistance:

- The Commerce Department's **International Trade Administration (ITA)** for exporters of manufactures and services.
- The Agriculture Department's **Foreign Agricultural Service (FAS)** for exporters of food and agricultural products.

ITA has export assistance centers throughout the U.S., and both ITA and FAS have a network of overseas commercial and agricultural officers typically located in American embassies and consulates. Many states also have overseas offices. Other U.S. export assistance sources include Small Business Development Centers (SBDCs) supported by the U.S. Small Business Administration (SBA), World Trade Centers, and trade assistance centers often affiliated with local community colleges and universities.

The [National Export Directory](#) (NED) lists all the major federal and state export assistance organizations. Use the NED to find an agency, office or counselor near you, or contact each source directly (see list below). For a comprehensive list and description of U.S. Government programs and services, see [Export Programs Guide](#).

A. Federal/State Export Assistance Organizations

U.S. Fed World

FirstGov – Defense & International Relations Agencies

Department of Commerce

- [International Trade Administration \(ITA\)](#)
- [ITA/U.S. Commercial Service \(USCS\)](#)
- [U.S. and Foreign Commercial Offices and Staff](#)
- [ITA/Trade Development](#)
- [ITA/Market Access & Compliance](#)
- [ITA/Trade Information Center](#)
- [ITA/Import Administration](#)
- [Bureau of Industry & Security \(BIS\)](#)
- [Bureau of Census/Foreign Trade Division](#)
- [Patent & Trademark Office](#)
- [District Export Council \(DEC\)](#)

Department of Agriculture

- **Foreign Agricultural Service (FAS)**
- **State Regional Trade Groups (SRTGs)**
- **Agricultural Research Service**
- **Agricultural Marketing Service**
- **Economic Research Service**

Export-Import Bank (EX-IM)

Small Business Administration (SBA)

- **Office of International Trade**
- **Small Business Development Centers (SBDCs)**
- **Service Corps of Retired Executives (SCORE)**
- **SBA/Export Legal Assistance Network (ELAN)**

State Department

- **Agency for International Development (USAID)**
- **Trade and Development Agency (TDA)**
- **Directorate of Defense Trade Controls**
- **Key Officers of Foreign Service Posts**

Central Intelligence Agency (CIA)

Energy Information Administration

Federal Reserve Board (FRB)

Food & Drug Administration (FDA)

International Trade Commission (ITC)

Maritime Administration (MARAD)

Treasury Department

- **Office of Foreign Assets Control**

Justice Department

- **Bureau of Alcohol, Tobacco, Firearms & Explosives**

Department of Homeland Security

- **Transportation Security Administration**
- **U.S. Bureau of Customs & Border Protection**

US Trade Representative (USTR)

International Finance Corporation (IFC)

Overseas Private Investment Corporation

State Export Assistance Agencies

Foreign Trade Offices in the U.S. (Embassies & Consulates)

Foreign Chambers of Commerce in the U.S.

B. Federal Export Assistance Programs and Services

Market Identification and Assessment

- International market surveys and reports are available by product and/or country from DOC/ITA ([manufactures and services research](#)) and USDA/FAS ([food and agriculture research](#)). The comprehensive reports typically cover market size and outlook, market characteristics, competitive and end-user analysis, market access, and key contacts by industry and country.
- DOC/ITA also offers a [Customized Market Research](#) service tailored to a company's specific product. A customized survey is conducted in the selected market to assess sales prospects, identify competitors, compare prices, recommend marketing and distribution channels, and identify potentially interested buyers and distributors.

Matchmaking

- Specific trade leads by product and/or country are available from DOC/ITA's [Trade Opportunity Program](#) (TOP). The leads are screened and reported daily by U.S. commercial staff in each country.
- DOC/ITA's customized [International Partner Search](#) looks for qualified overseas representatives for U.S. firms. U.S. embassy officers conduct the search and prepare a report identifying up to six foreign prospects that have examined the U.S. firm's product literature and expressed interest in representing the U.S. firm's products.
- DOC/ITA's [Gold Key Matching Services](#) assist U.S. firms conducting business trips abroad. The service includes embassy orientation briefings, market research, introductions to potential partners, interpreter service for meetings, and assistance in developing a sound market strategy and effective follow-up.
- DOC/ITA's [International Company Profiles](#) provide key details about a specified foreign firm – reputability, financial status, references, recommendation – to assess their suitability as a potential trading partner for U.S. firms.

Market Promotion/Trade Events

- DOC/ITA's [Commercial News USA](#) (CNUSA) promoting U.S. products and services worldwide through a magazine and a companion on-line service. Each listing provides brief product information and a photo, with links to the company's E-mail address and Web site.
- DOC/ITA's [Trade Missions](#) "match" U.S. firms with prospective agents, distributors, and other potential business partners in selected countries. Delegation members travel to each country and benefit from export counseling, interpreter service and logistics support,

market research, in-depth market briefings, and a personalized itinerary of business appointments screened by commercial specialists at U.S. Embassies and Consulates.

- DOC/ITA's **Catalog Exhibitions** display product catalogs, brochures, and other graphic sales tools of U.S. firms in selected countries. Catalog exhibitors receive sales leads and a list of all foreign buyers attending the event.
- DOC/ITA's **Certified Trade Fairs** program places U.S. firms in pavilions at leading international trade shows and provides services ranging from advance promotion to booth set-up help and other on-site assistance for U.S. exhibitors.
- DOC/ITA's **International Buyer Program** supports selected leading U.S. trade shows in industries with high export potential. Commerce helps recruit delegations of foreign buyers to attend the event and assists U.S. firms in matching their products, marketing objectives, and geographic targets with the needs of the international business visitors.

Export Financing

- The **U.S. Small Business Administration** (SBA) and the **U.S. Export-Import Bank** (Exim) offer pre-export financing for firms that need up-front working capital to fill foreign orders. Exim also offers buyer financing for foreign purchasers of U.S. products, as well as export credit insurance for open account sales.
- SBA's **Export Express Program** helps small businesses defray costs of overseas promotion, including costs to participate in foreign trade shows, conduct market research, translate their product brochures or catalogues.
- USDA/FAS offers several financing programs specifically for agricultural exports. The **Supplier Credit Guarantee Program** insures short-term, open account financing. The Commodity Credit Corporation's (CCC) **Facility Guarantee Program** (FGP) provides payment guarantees to facilitate the financing of U.S. manufactured goods and services that would improve or establish agriculture-related facilities in emerging markets. CCC's **Export Credit Guarantee Programs** encourage exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees.

Appendix A

Trade Counseling & Assistance Sources

2. International Sources of Export Assistance

Governments of the World

Country Trade Promotion Organizations

United Nations Organizations

- World Trade Organization (WTO)
- UN Conference on Trade & Development (UNCTAD)
- International Trade Centre (ITC)
- Industrial Development Organization (UNIDO)
- Food & Agriculture Organization (FAO)
- International Labour Organization (ILO)
- Economic Commission for Latin America & the Caribbean (ECLAC)
- Economic Commission for Europe (ECE)
- Economic and Social Commission for Asia and the Pacific (ESCAP)
- Economic Commission for Africa (ECA)
- Economic and Social Commission for Western Asia (ECWA)

Regional Organizations (other than UN)

- Organization for Economic Cooperation and Development (OECD)
- Asia Pacific Economic Cooperation (APEC)
- North American Free Trade Agreement (NAFTA)
- European Union (EU)
- Common Market for Eastern and Southern Africa (COMESA)

World Bank Organizations and Affiliates

- World Bank
- International Monetary Fund (IMF)
- African Development Bank
- Asian Development Bank
- European Bank for Reconstruction and Development
- Inter-American Development Bank
- North American Development Bank

International Trade & Industry Associations

- International Trade Associations
- World Trade Center Association
- International Chamber of Commerce
- World Chambers of Commerce
- American Chambers of Commerce Abroad (AmChams)

Appendix A

Trade Counseling & Assistance Sources

3. Export Readiness Assessment

Companies can use the Web-based *Export Readiness Assessment System* to assess their “readiness” to export. ERAS is designed for companies that see exporting as a possible new or expanded activity, but are uncertain of their export potential or prospects. Trade counselors can also use ERAS as a fast, user-friendly way to “qualify” new clients for export assistance.

The company's export readiness is determined by its answers to 23 test questions about its present operations, attitudes and products. Once all 23 questions are answered, ERAS provides immediate feedback in the form of an export readiness “score” and a detailed, point-by-point diagnosis. The diagnosis addresses the company’s export strengths and weaknesses in each of the 23 areas and suggests specific steps the company can take to build on its strengths and overcome any weaknesses.

The 23 ERAS Questions & Possible Responses

A. Company Export Readiness

1. Are you an established presence in your industry domestically?

- Well known
- Somewhat known
- Not well known

2. How extensive is your current domestic sales outreach?

- Sell to large national customer base
- Sell to large regional customer base
- Sell to large local customer base
- Sell to few regional/national customers
- Sell to local customers

3. How do you sell and distribute your products in the domestic market?

- Use combination of own sales force and regional distributors
- Use regional distributors only
- Use own sales force only
- No sales/distribution network

4. Do you customarily conduct market research and planning for your domestic operations?

- Always
- Sometimes
- Rarely

5. To what extent do you advertise and promote your products in the domestic market?

- Very aggressively
- Fairly aggressively
- Modestly
- Not much
- None

6. Do any of your current managers or staff have export marketing or sales experience?

- Considerable experience
- Some experience
- Little or no experience

7. Has your company received any unsolicited inquiries from foreign firms?

- Many
- Some
- None

8. Could you promptly fill any new export orders from present inventory or other sources?

- Easily
- With Some Difficulty
- With Great Difficulty

9. How would you handle any new or additional export business within your organization?

- Establish export department
- Establish export manager
- Hire more staff
- Train existing staff
- Assign to current staff

10. What is the current status of your export activity?

- Export to many markets
- Export to some markets
- Export occasionally
- No export activity

11. Is your top management committed to exporting as a new or expanded area of activity?

- Strongly committed
- Somewhat committed
- Little commitment

12. How much per year could you afford to spend on export development?

- <\$5K
- \$5-25K
- \$ 26-50K
- \$51-100K
- >\$100K

13. How long would your management be willing to wait to achieve acceptable export results?

- Up to 3 years
- Up to 2 years
- Up to 1 year
- Up to 6 months
- Need immediate results

B. Product Export Readiness

14. Have domestic sales of your product grown over the past 3 years (average per year)?

- Zero or negative
- <5%
- 6-10%
- 11-20%
- >20%

15. What is your product's current share of the domestic market?

- <5%
- 5-10%
- 11-20%
- 21-40%
- >40%

16. Is your product price-competitive in the domestic market?

- Highly Competitive
- Somewhat Competitive
- Not Competitive

17. What payment terms would you be willing to offer reputable foreign buyers?

- Pay in advance
- Pay on delivery
- Up to 30 days
- 31-60 days
- 61-120 days
- Over 120 days

18. Does your product compare favorably with domestic competitors in features and benefits?

- Very favorably
- Somewhat favorably
- Somewhat unfavorably
- Unfavorably

19. Would you be willing to adapt your product and/or packaging to better suit foreign markets?

- Very willing
- Willing
- Reluctantly
- Unwilling

20. Is your product costly to transport over long distances?

- Not very costly
- Somewhat costly
- Very costly

21. Is any special training required to assemble, install or operate your product?

- No special training
- Some training
- Extensive training

22. Does your product require any special technical support or after-sale service?

- None required
- Some support/service
- Extensive support/service

23. Can your product tolerate harsh or widely varying environmental conditions?

- High tolerance
- Some tolerance
- Low tolerance

Appendix B Trade Reference Resources

1. Glossaries of International Trade Terms & Acronyms

The glossaries listed below provide definitions and explanations of thousands of common and not so common international business and global trade terms and commonly used trade abbreviations.

- [Dictionary of International Trade Terms](#)
- [Industry Terms and Acronyms](#)
- [Glossary of Shipping Terms](#)
- [Glossary of Trade Finance Terms](#)
- [Hyperdictionary of Electronic Commerce Law](#)
- [IMF Glossary of Financial Terms](#)

2. INCOTERMS Used In International Trade

INCOTERMS are international commercial terms of sale developed by the International Chamber of Commerce. These shorthand terms are used in foreign trade contracts to define at which point in a shipment the parties incur costs and bear liability. The more frequently used INCOTERMS are listed below. For a complete list of INCOTERMS, see [Incoterms 2000](#).

EXW (ex works) at a named point of origin (e.g., ex factory, ex mill, ex warehouse). Under this term, the price quoted applies only at the point of origin and the seller agrees to place the goods at the disposal of the buyer at the specified place on the date or within the period fixed. All other charges are for the account of the buyer.

FAS (free alongside ship) at a named U.S. port of export. This includes the price for the goods, plus charges to deliver the goods from the factory to alongside the vessel at the U.S. exit port. The seller handles the cost of unloading and wharfage. The buyer covers the cost to load the goods on the vessel and all the insurance and transportation costs to the destination port.

FOB (free on board) at a named U.S. port of export. This includes the FAS cost, plus the cost to load the goods on the vessel. The buyer pays for insurance and transportation to the foreign port.

CFR (cost and freight) to a named overseas port of import. Under this term, the seller quotes a price for the goods that includes the cost of transportation to the named point of debarkation. The cost of insurance is left to the buyer's account. (Typically used for ocean shipments only.)

CIF (cost, insurance, freight) to a named overseas port of import. This includes the FOB cost, plus all insurance and transportation to costs to the foreign port.

DDP (delivered duty paid) to a named place of destination. This includes all CIF costs, plus the import duty and any other costs to clear the goods through customs. In effect, DDP is the “landed cost” to the foreign buyer.

Appendix B Trade Reference Resources

3. Commodity Classification Codes

The most widely used trade classification codes are: the **Harmonized System (HS) Code**, a universal standard; the **Schedule B and Harmonized Tariff Schedule of the United States (HTSUSA)**; and the **Standard International Trade Classification (SITC)**, used by the United Nations. Other coding systems may be used to categorize products by industry sector rather than for trade purposes, such as the **North American Industry Classification System (NAICS)**, which replaced the **Standard Industrial Classification (SIC)**.

- **Schedule B Export Codes** are used only in the U.S. and only for export shipments. The 10-digit Schedule B codes are required entries on U.S. Shipper's Export Declarations. At the 6-digit level, Schedule B codes are equivalent to Harmonized System (HS) codes.
- **Harmonized System (HS) Codes** were developed in 1989 by more than 60 countries to provide a uniform classification system for export and import statistics and to determine applicable import duties by product. The first 6 digits of an HS number are the same regardless of country.
- **Harmonized Tariff Schedule of the United States (HTSUSA) Codes** are specific to the U.S. for exports (comparable to 10 digit Schedule B codes) and imports (to determine applicable U.S. import duties).
- **Standard International Trade Classification (SITC) Codes** were developed by the United Nations in 1950 for use solely by international organizations for reporting international trade. The SITC has been revised several times; the current version is Revision 3.
- **North American Industry Classification System (NAICS) Codes** are used to categorize business establishments and industries in the U.S., Canada and Mexico, replacing the **Standard Industrial Classification (SIC)** codes. The NAICS, adopted in 1997-98, was developed to provide a consistent framework for the collection, analysis, and dissemination of industrial statistics. Of the 1,170 NAICS codes, 358 are new industries, 390 are revised from SIC, and 422 can be compared to the older SIC codes. See **SIC-NAICS Code Concordance** to look up SIC or NAICS Codes for specified products.

Appendix B

Trade Reference Resources

4. International Conversion Tools

Every country either has its own system of measures and standards or has harmonized at least some them within a bloc of countries (e.g., the European Union). To do business in this diverse environment, exporters must be able to convert their own frame of reference into that of their target audience in other countries. The on-line conversion aids listed below cover most of these situations.

- [Currency Converter](#) or [Foreign Exchange Currency Converter](#) -- calculate how much any amount of one currency is worth in another currency.
- [Interactive Units Converter](#) or [WWW International Unit Converter](#) -- convert weights and measures from one system to another.
- [Volumetric Weight Calculator-Converter](#) – calculates the volumetric weight of a shipment.
- [International Time Converter](#) -- compares the times in two geographically different cities anywhere in the world.
- [International Dialing Codes](#) -- lists Country Codes, IDD (International Direct Dialing) prefixes, and NDD (National Direct Dialing) prefixes.
- [Electric Current Abroad, 2002 Edition](#) -- lists the characteristics of electric current available and the type of attachment plugs used in most countries. The tables indicate the type of current (alternating or direct current), number of phases, frequency (hertz), and voltage, as well as the stability of the frequency and the number of wires to a commercial or residential installation.
- [International Voltage/Cycle Chart](#) – displays applicable voltage, cycle frequency, and required input cord set in most countries.
- [USPS Zip Code Look-UP](#) -- associates ZIP Codes with U.S. city/state names, and locates a ZIP+4 code for any U.S. address.
- [World Maps](#) – displays map and directions for specified countries, cities and addresses.
- [World Weather](#) – provides local weather conditions and forecast for any city in the world.
- [Google Language and Translation Tools](#) – provide means to translate text from one language to one or more others.

Appendix C

Market Research & Planning Aids

1. Export Market Plan Template

The Export Market Plan (EMP) template below can help each company develop a customized export development and market entry plan, with specific recommendations on target markets, prospective buyers and distributors, and effective export pricing, distribution and promotion strategies in each target market. The EMP provides a structure and step-by-step roadmap for the company. It has a three-part focus:

- Available company resources, capabilities and potentials.
- Overall strategic objectives and approach to develop markets, including product and market focus and whether to export directly or through a domestic intermediary.
- Strategy and actions to effectively enter and penetrate specific target markets, including product, pricing, distribution and promotion strategies.

I. Executive Summary

II. Company Profile

Provide a concise description of the company to include type of business (manufacturer, other), products supplied, when established, current location, # employees, organization structure and key managers.

III. SWOT Analysis

- A. Strengths**
- B. Weaknesses**
- C. Opportunities**
- D. Threats**

IV. Current Export Status

- A. Current export activity (as % of total sales):**
- B. Current export products and markets:**
- C. Ability to meet commercially acceptable international product standards:**

V. Product Focus for Export

A. Product 1: _____

1. **Classification: Schedule B/HS#** _____
2. **Product description & function:**
3. **Target customers/users:**
4. **Customary sales/distribution channels:**
5. **Customer support requirements for export:**
 - **Warranty & replacement policies:**
 - **Installation & maintenance:**
 - **User training:**
 - **Replacements/spare parts stocking:**
6. **Available supply for export (units per month):**

_____ currently available for export
_____ to be available for export as of _____

B. Product 2: Repeat for each product

VI. Current Export Resources, Functions & Requirements

A. Export Budget (last 3 years):

3 years ago: \$ _____ 2 Year ago: \$ _____ Last Year: \$ _____

B. Export Organization Structure & Reporting Hierarchy: Which unit has responsibility for the function; Where does it fit in the organization?

C. Export Manager(s)/Sales Force: Who supervises the function; how experienced. How large and experienced is the staff?

D. Export Functions Currently Performed (organization unit/persons assigned): How regularly is this function performed; what is done; how and by whom is it used?

1. **Market research, analysis and planning:**
2. **Export marketing and promotion:**
3. **Order taking & processing:**
4. **Export documentation:**
5. **Export finance/insurance:**
6. **Shipping & delivery:**

VII. Export Market Strategy for [This Year-Next Year]

A. Most Promising Markets:

B. Target Market 1 (Repeat for each target market):

1. Market Profile

- **Market overview:**
- **Demand trends:**
- **End user analysis:**
- **Competitive analysis:**
- **Import requirements and regulations:**
- **Market compatibility:**
- **Marketing & distribution practices:**
- **Advertising and promotion media:**
- **Potential business contacts:**

2. First Year Export Sales Goal: \$_____

3. Market Entry Strategy

- **Export Mode:** (Whether to export directly or use domestic export representative)
- **Localization/adaptation:** (Whether/how to adapt product, packaging, literature)
- **Distribution:** (Whether to sell direct to buyer or use local rep, sales office, etc.)
- **Advertising & promotion:** (Whether/how to promote and media to use)
- **Product pricing:** (Base price and whether /how much to discount)
- **Export financing:** (What payment terms/methods to use, for whom)
- **Product delivery:** (What packing, labeling, shipping, storage needs/methods apply)

4. Market Development Action Plan (milestones/dates)

- **Develop marketing collateral:** (Promotional materials, price lists, legal instruments, etc.)
- **Identify prospects in target markets:** (Buyers, agents/distributors, licensees, etc.)
- **Select/appoint partners:** (Conclude agent/distributor/other agreements)
- **Conduct marketing campaign:** (Advertising, trade shows, business visits)
- **Evaluate results:** (apply to ongoing strategic review)

First-Year Export Budget

A. Pre-Export Working Capital:	\$ _____
B. Market Research:	\$ _____
C. Sales & Distribution:	\$ _____
D. Market Promotion:	\$ _____
E. Market Adaptation:	\$ _____
Total	\$ _____

Appendix C

Market Research & Planning Aids

2. Sample Export Market Plan

ABC Co.

I. Executive Summary

II. Company Profile

ABC Company, established in 1980 and located in Big City, USA, manufactures digital imaging systems for the medical market. ABC's products are highly regarded for reliability, innovation and quality engineering. The complete ABC line offers diagnostic and review workstations, transcription software, and Web distribution and tele-radiology solutions. This scalable product line allows each facility to transition into the digital environment and grow at its own rate, offering improved productivity with limited financial exposure.

III. Current Export Status

A. Current Export Activity (as % of total sales): Exports are fairly sporadic and currently account for about 5% of total sales.

B. Current Export Products and Markets – Digital imaging systems , exported on occasion to Canada, Mexico, Israel, Hong Kong, Saudi Arabia.

C. Ability to meet commercially acceptable standards: ABC's PACS (Picture Archiving Communication Systems) comply with all FDA and other U.S. standards. CE Mark pending.

IV .Product Focus for Export

Product 1: Digital imaging systems

1. HS Classification: 902214

2. Product Description: - ABC's digital imaging systems bring the best of today's digital imaging technology to hospitals, imaging centers and other institutions in a user-friendly environment that dramatically reduces wasteful administrative time. The systems enable diagnosticians in one location to analyze medical scans taken at the source location and also to easily interface and consult with other medical professionals on a timely basis to improved patient care. See ABC's Web site for further details (www.xxx.xxx).

3. Target Customers/Users: Hospitals, medical centers, imaging centers, doctors' offices.

4. Customary Sales/Distribution Channels: ABC sells to a large customer base domestically, utilizing a combination of their own sales force and regional distributors. The current domestic sales and marketing strategy is to service existing customers and rely on them and word of mouth to attract new customers. Customers are encouraged to visit the plant and talk over their needs with the plant staff.

5. Customer Support Requirements for Export

- **Warranty & replacement policies:** ABC has a strong customer service orientation. We are willing to send or train technicians to replace or repair any system that does not meet customer requirements.
- **Installation & maintenance:** Dealer's responsibility.
- **User Training:** Dealer provides and/or training provided at ABC.
- **Replacements/Spare parts stocking:** Dealer discretion.

6. Available supply for export (units per month):

- **Currently available for export:** ABC could easily fill new export orders from present inventory or other sources.
- **To be available for export as of _____:** Not applicable.

V. Current Export Resources, Functions & Requirements

A. Export Budget (last 3 years): The ABC Company's management is strongly committed to exporting and would be willing to commit over 15,000 per year for export development. The company would also be willing to wait up to 3 years to achieve acceptable export results.

3 yrs ago: None

2 yrs ago: None

Last yr: \$ 5,000

B. Export Organization Structure & Reporting Hierarchy (which unit has responsibility for the functions; where does it fit in the organization?): A Marketing Staff and a Sales Staff, including an export sales manager, report to the Marketing and Sales Manager.

C. Export Manager(s)/Sales Force (Who supervises the function; how experienced; how large and experienced is the staff?). The Marketing and Sales Manager supervises the Export Sales Manager. ABC would hire or train additional staff to work with its export manager to handle any new or additional export business.

D. Export Functions Currently Performed (organization unit/persons assigned; How regularly is this function performed; what is done, how and by whom is the work used in the company):

- **Market research, analysis and planning:** ABC conducts rigorous market research and planning for its domestic operations.
- **Export marketing and promotion:** ABC has actively promoted its medical imaging systems in specialized U.S. trade shows and in relevant industry journals. The ABC Web site includes a detailed product catalog and descriptions.
- **Order taking & processing:** Assigned to Export Manager.
- **Export documentation:** Export Manager works with local freight forwarder.
- **Export finance/insurance:** Export Manager works with local bank and freight forwarder.
- **Shipping & delivery:** Export Manager works with local freight forwarder.

VI. Export Market Strategy Next 2 Years

A. Most Promising Markets: The best five initial markets for ABC's medical imaging systems are [Country 1], [Country 2], [Country 3], [Country 4] and [Country 5] These market selections were based on analysis of trade statistics and market research in the target markets. Statistically, over the last 4 years, these countries were the largest and fastest growing export destinations for U.S. medical equipment and also the largest and fastest growing world importers of such equipment. The U.S. has maintained a relatively strong and growing share of the medical equipment import market in these countries. See also *Best Export Markets for U.S. Medical Equipment & Supplies*.

B. Target Market 1. [Country]

1. Market Profile

- **Market Overview:** Extract from Market Research Reports or other sources.
- **Demand trends:** E Extract from Market Research Reports or other sources.
- **End user analysis:** Extract from Market Research Reports or other sources.
- **Competitive analysis:** Extract from Market Research Reports or other sources.
- **Market compatibility:** Extract from Market Research Reports or other sources.
- **Import requirements and regulations:** Extract from Market Research Reports or other sources.
- **Marketing & distribution practices:** Extract from Market Research Reports or other sources.
- **Advertising and promotion media:** Extract from Market Research Reports or other sources.
- **Potential business contacts:** Extract from Market Research Reports or other sources.

2. First Year Export Sales Goals: \$500,000

3. Market Entry Strategy--:

- **Export Mode**(Whether to export directly or use domestic export representative): ABC will export directly to [Country], not use a U.S. intermediary
- **Localization/Adaptation**(Whether/how to adapt product, packaging, literature): For the [Country] market, ABC will be able to use current product design and packaging and current English-language product brochures and other marketing collateral..
- **Distribution** (Whether to sell direct to buyer or use local rep, sales office, etc.): ABC will initially appoint a distributor in [Country] that specializes in radiological equipment, can train locally as needed, is not already overloaded with other accounts, and is willing to share costs of market development and promotion.
- **Advertising/Promotion** (Whether/how to promote and media to use): ABC and its distributor will launch an aggressive promotion campaign focused on ads in the major medical imaging trade magazines and participation in the 2005 Medica show.
- **Product Pricing** (Base price and whether/how much to discount): Base export prices (Ex Works and FAS Los Angeles) are shown on the attached Price List. CIF pricing can be quoted on a case-by-case basis. The distributor will get a 15% discount on orders below \$25,000 and a 25% discount on orders above \$25,000.

- **Export Financing/Payment Terms** (What payment terms/methods to use, for whom): Unless special circumstances apply, or the distributor advises otherwise, ABC will sell on an irrevocable confirmed Letter of Credit basis or, if warranted, on open account backed by export credit insurance from the U.S. Export-Import Bank.
- **Product Delivery** (What packing, labeling, shipping, storage needs/methods apply): Own packing, labeling and shipping via freight company, in compliance with local product marking and labeling requirements.

4. Market Development Action Plan (milestones/dates)

- **Develop marketing collateral** (promotional materials, price lists, legal instruments, etc.) : Done
- **Identify prospects in target markets** (Buyers, agents/distributors): Conduct USCS International Partner Search (IPS) by [Date]
- **Select/ appoint partners** (Conclude agent/distributor/other agreements): By [Date]
- **Conduct marketing campaign** (Advertising, trade shows, business visits): After selection of distributor(s)
- **Evaluate results:** Quarterly

VII. First-Year Export Budget

1. Pre-Export Working Capital:	\$ None
2. Export Training (8 topics):	\$1,800
3. Market Research & Planning:	\$1,500
4. Sales & Distribution:	\$600 for IPS
5. Market Promotion:	\$10,000 (Medica Trade Show)
6. Market Adaptation:	\$ None
Total:	\$13,900

Appendix C Market Research & Planning Aids

3. Internet Resources for Exporters

The Internet is a gold mine of trade information for exporters. Literally hundreds of Web sites offer valuable how-to guidance, trade statistics, market research, trade leads, trade facilitation services, and extensive links to other international sites. Internet users have many options, perhaps too many, to find what they need.

A few Internet “portals” have sought to aggregate this abundance of riches in more user-friendly, one-stop environments. The best of these are:

- www.citd.org – the Web site of the California Centers for International Trade Development (CITDs) offers one-stop access, at no cost, to virtually all trade information and tools typically required in the export process -- from governmental as well as non-governmental sources.
- www.export.gov – the Web site of the Commerce Department’s U.S. Commercial Service (USCS) offers free access to the wealth of trade information compiled by U.S. embassies and consulates abroad (also included in the CITD site above).
- www.stat-usa.gov – The U.S. Government subscription Web site that provides access to trade information from many different federal agencies (mostly also included in the CITD’s no-cost Web site above).

Internet Export Search Wizard

To simplify the search process for the most relevant information, the CITD’s Internet Export Search Wizard lists 11 basic export needs and provides direct access to specific Internet resources, tools, programs and services to meet each need.

Develop Export Readiness. Most U.S. manufacturers do not export. Although many have exportable products, they are not yet export ready; i.e., they lack the necessary resources, knowledge and skills to export successfully. The Internet offers a wealth of tools to assess and develop company export readiness.

Identify Best Export Markets. The Internet is a rich resource for best-market identification. The "best" markets offer a combination of high comfort for the company and high potential for the products. High-comfort markets (language and cultural affinity) are easier to relate to, but are rarely the most promising (large, emerging, fast-growing, receptive, open, limited competition, etc.). You can find high potential markets with a little research and screening. The **Best Market Reports (BMRs)** compiled by the El Camino College Center for International Trade Development identify best U.S. export markets for 10-15 specific industries. The US Government also offers extensive resources for best-market identification, including [trade statistics](#) and in-depth market research on specific industry sectors and countries

Develop Market Entry Strategies. Foreign markets can differ in income levels, standards, climates, sizes of people and space, language, religion, cultural preferences and taboos, business practices, etc.

These differences must be accommodated in market entry planning to succeed in a market and avoid costly mistakes. A market entry plan should cover these four points at least -- distribution, promotion, competition/pricing, market access and localization. To develop a strategic profile and plan for specific markets, you should analyze market needs/demand; end-users; competitive situation, market access; business practices; distribution channels and market promotion media/methods.

Develop Trade Contacts/Leads. Exporters cannot survive on unsolicited business. They must aggressively seek and pursue potential customers -- buyers and distributors alike. Finding the “right” buyers, agents or distributors for each market is crucial. You need good overseas business partners to generate ongoing sales. Agent/distributor selection is especially important. A poor rep could seriously hamper you in possibly lucrative markets, perhaps indefinitely in countries that impede termination of agent/distributor agreements. Therefore, you want to choose carefully. The Internet is an exploding source of trade contacts and specific trade leads. Here are techniques for finding interested and qualified buyers and distributors.

Advertise Promote Abroad. Exporters that aren't known abroad attract no business, so exposure is a must. The Internet is a low cost, global promotional medium. Promotion methods typically used in exporting are described in **Exporting Basics** and other export guides on the CITD Web site listed in the **Export-Import Guides** section. Promotional techniques that work well in particular countries are discussed in **Country Commercial Guides** (CCGs) and in **Market Research Reports** as they relate to industry-specific promotion in the country.

Respond To Inquiries & Orders. An export sale often starts with an inquiry, solicited or unsolicited. The Internet includes helpful hints on how best to respond to general inquiries and specific requests for quote.

Comply With Trade Requirements. Exporters must comply with a host of documentary and regulatory requirement to get their goods out of their own country and into the importing country. Failure to comply has severe potential consequences. Take all requirements seriously. The Internet provides access to U.S. and foreign import duties, import and export controls, and documentary requirements.

Prepare & Deliver the Goods. Export goods must arrive intact, in good condition, on time, and in compliance with any laws. The Internet identifies sources and describes requirements and procedures for packing, marking, labeling, insuring, and transporting export goods.

Get Paid. Exporters want prompt and secure payment for their goods, but also need to offer competitive terms that may involve more risk. The Internet offers guidance on payment methods and terms from least to greatest risk, as well as sources of trade finance and credit insurance.

Get Help. The Internet is an exhaustive medium for export query and communication. Whatever the question or need, some organization, some service or some individual can help.

Appendix C Market Research & Planning Aids

4. Market Potential Matrix Worksheet

Selection Criteria

This matrix assesses the U.S. industry's market potential in each listed country, based on how well the country performed against the 11 "predictor" criteria represented in Columns 1-11 below. A **double X** in the Column cell indicates the country met the criterion very well; a **single X** indicates reasonably good performance; a **blank** indicates the country was lacking in that criterion. The countries with the greatest number of XX's and X's across the most number of criteria are presumed to offer greater export potential for the industry.

	1	2	3	4	5	6	7	8	9	10	11
Argentina											
Australia											
Austria											
Belgium											
Brazil											
Canada											
Chile											
China											
Czech Republic											
Denmark											
France											
Germany											
Hong Kong											
Hungary											
India											
Ireland											
Israel											
Italy											
Japan											
Korea											
Malaysia											
Mexico											
Netherlands											
Poland											
Russia											
Saudi Arabia											
Singapore											
South Africa											
Spain											
Sweden											
Switzerland											
Taiwan											
Thailand											
UAE											
UK											
Ukraine											

Key: Columns/Criteria

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Largest export markets, latest year 2. Fastest growing export markets, past 3 yrs 3. Fastest growing export markets, latest year 4. Largest importing countries, latest year 5. Fastest growing importing countries, past 3 yrs 6. Fastest growing importing countries, latest year | <ol style="list-style-type: none"> 7. Strong share of import market, latest year 8. Limited competition from local producers 9. High receptivity to products from your country 10. No significant market barriers 11. Recommended as a "best" export market |
|---|--|

Appendix C Market Research & Planning Aids

5. Market Potential Statistics Worksheets

Worksheet 1

Top 30 U.S. Export Markets for Widgets [Past 4 Years] In Rank Order by Country [Latest Year]

Country	Base Year	2 Years Ago	Last Year4	Latest Year	% Change	% Change	% Share
	<i>In 1,000 Dollars</i>				From Base Year	From Last Year	Latest Year
Canada	5,052,205	4,759,415	5,131,904	5,393,844	6.8%	5.10%	22.5%
Mexico	2,876,758	2,722,342	2,687,602	3,999,975	39.0%	48.80%	16.7%
Japan	2,542,296	1,778,775	1,649,501	1,567,063	-38.4%	-5.00%	6.5%
United Kingdom	1,980,351	1,390,027	1,339,784	1,485,395	-25.0%	10.90%	6.2%
Netherlands	2,118,322	1,463,165	1,379,502	1,318,343	-37.8%	-4.40%	5.5%
Germany	1,123,926	965,580	1,017,171	1,091,621	-2.9%	7.30%	4.6%
China	957,494	738,618	735,760	779,539	-18.6%	6.00%	3.2%
Singapore	923,633	660,386	669,519	649,593	-29.7%	-3.00%	2.7%
Hong Kong	1,250,218	800,819	686,630	633,767	-49.3%	-7.70%	2.6%
France	508,981	415,218	457,123	516,888	1.6%	13.10%	2.2%
Korea	812,728	694,474	518,784	502,270	-38.2%	-3.20%	2.1%
Australia	589,983	428,935	452,526	474,064	-19.6%	4.80%	2.0%
Brazil	765,436	423,420	371,178	421,148	-45.0%	13.50%	1.8%
Ireland	648,126	411,319	444,715	391,723	-39.6%	-11.90%	1.6%
Malaysia	407,250	371,353	288,711	350,984	-13.8%	21.60%	1.5%
Taiwan	548,479	416,308	324,952	340,030	-38.0%	4.60%	1.4%
India	246,348	255,726	274,416	311,686	26.5%	13.60%	1.3%
Italy	198,878	174,147	191,785	239,779	20.6%	25.00%	1.0%
Chile	193,447	187,887	183,373	236,537	22.3%	29.00%	1.0%
Israel	303,740	186,689	211,471	225,203	-25.9%	6.50%	0.9%
Colombia	228,811	217,061	201,473	189,369	-17.2%	-6.00%	0.8%
Venezuela	221,331	110,641	65,003	179,424	-18.9%	176.00%	0.7%
Belgium	221,275	136,483	135,213	174,471	-21.2%	29.00%	0.7%
Argentina	246,526	46,589	114,522	150,261	-39.0%	31.20%	0.6%
Spain	107,596	98,865	114,881	135,921	26.3%	18.30%	0.6%
Thailand	137,412	136,827	125,262	130,169	-5.3%	3.90%	0.5%
Paraguay	118,940	170,643	106,546	123,091	3.5%	15.50%	0.5%
Denmark	62,151	75,932	79,977	105,283	69.4%	31.60%	0.4%
Russia	63,360	59,666	72,001	98,335	55.2%	36.60%	0.4%
Peru	92,703	75,673	92,693	96,024	3.6%	3.60%	0.4%
Subtotal :	25,548,703	20,372,983	20,123,974	22,311,797	-12.7%	10.90%	93.0%
All Other:	1,837,611	1,439,095	1,470,962	1,678,571	-8.7%	14.10%	7.0%
Total	27,386,314	21,812,078	21,594,936	23,990,368	-12.4%	11.10%	100.0%

Source: US Census Bureau

Appendix C Market Research & Planning Aids

5. Market Potential Statistics Worksheets

Worksheet 2

Top 30 U.S. Export Markets for Widgets [Past 4 Years] In Rank Order by Growth Rate [From Base Year to Latest Year]

Country	Base Year	2 Years Ago	Last Year4	Latest Year	% Change	% Change	% Share
	<i>In 1,000 Dollars</i>				From Base Year	From Last Year	Latest Year
Denmark	62,151	75,932	79,977	105,283	69.40%	31.60%	0.40%
Russia	63,360	59,666	72,001	98,335	55.20%	36.60%	0.40%
Mexico	2,876,758	2,722,342	2,687,602	3,999,975	39.00%	48.80%	16.70%
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Source: US Census Bureau

Appendix C Market Research & Planning Aids

5. Market Potential Statistics Worksheets

Worksheet 3

Top 30 U.S. Export Markets for Widgets, [Past 4 Years] In Rank Order by Growth Rate [From Last Year to Latest Year]

Country	Base Year	2 Years Ago	Last Year4	Latest Year	% Change	% Change	% Share
	<i>In 1,000 Dollars</i>				From Base Year	From Last Year	Latest Year
Venezuela	221,331	110,641	65,003	179,424	-18.90%	176.00%	0.70%
Mexico	2,876,758	2,722,342	2,687,602	3,999,975	39.00%	48.80%	16.70%
Russia	63,360	59,666	72,001	98,335	55.20%	36.60%	0.40%
Denmark	62,151	75,932	79,977	105,283	69.40%	31.60%	0.40%
Argentina	246,526	46,589	114,522	150,261	-39.00%	31.20%	0.60%
Chile	193,447	187,887	183,373	236,537	22.30%	29.00%	1.00%
Belgium	221,275	136,483	135,213	174,471	-21.20%	29.00%	0.70%
Italy	198,878	174,147	191,785	239,779	20.60%	25.00%	1.00%
Malaysia	407,250	371,353	288,711	350,984	-13.80%	21.60%	1.50%
Spain	107,596	98,865	114,881	135,921	26.30%	18.30%	0.60%
Paraguay	118,940	170,643	106,546	123,091	3.50%	15.50%	0.50%
India	246,348	255,726	274,416	311,686	26.50%	13.60%	1.30%
Brazil	765,436	423,420	371,178	421,148	-45.00%	13.50%	1.80%
France	508,981	415,218	457,123	516,888	1.60%	13.10%	2.20%
United Kingdom	1,980,351	1,390,027	1,339,784	1,485,395	-25.00%	10.90%	6.20%
Germany	1,123,926	965,580	1,017,171	1,091,621	-2.90%	7.30%	4.60%
Israel	303,740	186,689	211,471	225,203	-25.90%	6.50%	0.90%
China	957,494	738,618	735,760	779,539	-18.60%	6.00%	3.20%
Canada	5,052,205	4,759,415	5,131,904	5,393,844	6.80%	5.10%	22.50%
Australia	589,983	428,935	452,526	474,064	-19.60%	4.80%	2.00%
Taiwan	548,479	416,308	324,952	340,030	-38.00%	4.60%	1.40%
Thailand	137,412	136,827	125,262	130,169	-5.30%	3.90%	0.50%
Peru	92,703	75,673	92,693	96,024	3.60%	3.60%	0.40%
Singapore	923,633	660,386	669,519	649,593	-29.70%	-3.00%	2.70%
Korea	812,728	694,474	518,784	502,270	-38.20%	-3.20%	2.10%
Netherlands	2,118,322	1,463,165	1,379,502	1,318,343	-37.80%	-4.40%	5.50%
Japan	2,542,296	1,778,775	1,649,501	1,567,063	-38.40%	-5.00%	6.50%
Colombia	228,811	217,061	201,473	189,369	-17.20%	-6.00%	0.80%
Hong Kong	1,250,218	800,819	686,630	633,767	-49.30%	-7.70%	2.60%
Ireland	648,126	411,319	444,715	391,723	-39.60%	-11.90%	1.60%
Subtotal :	25,548,703	20,372,983	20,123,974	22,311,797	-12.70%	10.90%	93.00%
All Other:	1,837,611	1,439,095	1,470,962	1,678,571	-8.70%	14.10%	7.00%
Total	27,386,314	21,812,078	21,594,936	23,990,368	-12.40%	11.10%	100.00%

Source: US Census Bureau

Appendix C Market Research & Planning Aids

5. Market Potential Statistics Worksheets

Worksheet 4

Top 30 World Importers of Widgets, [Past 4 Years] In Rank Order by Country [Latest Year]

Importing Country	Base Year	2 Years Ago	Last Year4	Latest Year	% Change From Base Year	% Change From Last Year	% Share Latest Year
	<i>In 1,000 Dollars</i>						
<u>USA</u>	48,492,144	51,012,784	52,984,512	60,782,880	25.3%	14.7%	23.9%
<u>Netherlands</u>	14,177,290	12,713,590	17,062,944	21,922,432	54.6%	28.5%	8.6%
<u>Germany</u>	16,964,912	16,003,794	17,772,144	20,392,544	20.2%	14.7%	8.0%
<u>United Kingdom</u>	14,597,824	13,785,818	15,233,345	17,904,640	22.7%	17.5%	7.0%
<u>Japan</u>	15,038,005	14,332,633	15,928,690	17,617,440	17.2%	10.6%	6.9%
<u>China</u>	4,980,964	6,733,327	11,411,206	14,456,089	190.2%	26.7%	5.7%
<u>France</u>	8,054,771	7,873,243	9,148,496	11,428,904	41.9%	24.9%	4.5%
<u>Hong Kong</u>	6,448,641	6,846,739	7,028,636	7,441,557	15.4%	5.9%	2.9%
<u>Canada</u>	6,555,357	6,143,934	6,524,289	7,339,777	12.0%	12.5%	2.9%
<u>Italy</u>	4,698,982	4,662,938	5,351,687	6,273,750	33.5%	17.2%	2.5%
<u>Mexico</u>	4,162,375	4,524,254	5,235,837	6,240,103	49.9%	19.2%	2.5%
<u>Belgium</u>	3,840,399	3,627,217	4,824,050	5,394,915	40.5%	11.8%	2.1%
<u>Singapore</u>	5,423,161	4,413,267	4,341,531	4,984,158	-8.1%	14.8%	2.0%
<u>Spain</u>	2,858,692	2,690,508	3,789,003	4,676,536	63.6%	23.4%	1.8%
<u>Australia</u>	2,495,448	2,713,043	3,152,170	4,047,342	62.2%	28.4%	1.6%
<u>Ireland</u>	4,535,643	3,437,614	3,547,569	3,558,203	-21.6%	0.3%	1.4%
<u>Korea Republic</u>	3,039,814	3,210,755	3,178,907	3,455,784	13.7%	8.7%	1.4%
<u>Switzerland</u>	3,105,710	2,860,008	3,027,437	3,265,489	5.1%	7.9%	1.3%
<u>Sweden</u>	2,136,065	2,097,531	2,538,045	3,075,320	44.0%	21.2%	1.2%
<u>Malaysia</u>	1,640,171	1,431,360	1,225,400	2,220,873	35.4%	81.2%	0.9%
<u>Austria</u>	1,414,702	1,460,193	1,860,513	2,122,010	50.0%	14.1%	0.8%
<u>Denmark</u>	1,260,986	1,458,821	1,760,183	2,035,252	61.4%	15.6%	0.8%
<u>Czech Rep</u>	1,140,474	1,590,309	1,766,046	2,003,695	75.7%	13.5%	0.8%
<u>Thailand</u>	1,038,687	N/A	1,763,233	N/A	-100.0%	-100.0%	0.0%
<u>India</u>	591,409	806,512	1,091,994	1,471,025	148.7%	34.7%	0.6%
<u>Poland</u>	1,092,673	1,035,209	1,146,867	1,460,261	33.6%	27.3%	0.6%
<u>Norway</u>	994,669	978,113	1,098,273	1,388,434	39.6%	26.4%	0.5%
<u>Hungary</u>	628,990	970,898	1,031,544	1,310,856	108.4%	27.1%	0.5%
<u>Finland</u>	922,442	904,930	1,022,561	1,286,122	39.4%	25.8%	0.5%
<u>South Africa</u>	695,581	638,615	902,932	1,258,171	80.9%	39.3%	0.5%
Subtotal:	183,026,981	180,957,957	206,750,044	240,814,562	31.6%	16.5%	94.6%
All Other:	11,116,420	10,185,154	11,791,845	13,781,302	24.0%	16.9%	5.4%
Total:	194143401	191143111	218541889	254595864	31.1%	16.5%	100.0%

Source: United Nations Comtrade

Appendix C Market Research & Planning Aids

5. Market Potential Statistics Worksheets

Worksheet 5

Top 30 World Exporters of Widgets, [Past 4 Years] In Rank Order by Country [Latest Year]

Exporting Country	Base Year	2 Years Ago	Last Year4	Latest Year	% Change From Base Year	% Change From Last Year	% Shar Lates Year
	<i>In 1,000 Dollars</i>						
Italy	\$2,486,029,568	\$2,719,557,901	\$3,188,613,603	\$3,152,002,685	26.8%	-1.1%	15.1%
Germany	\$1,853,634,816	\$2,108,984,000	\$2,742,899,000	\$2,823,024,000	52.3%	2.9%	13.5%
China	\$1,313,839,558	\$1,612,924,802	\$2,028,959,587	\$2,756,843,267	109.8%	35.9%	13.2%
USA	\$1,250,118,581	\$1,378,639,835	\$1,659,469,135	\$1,972,277,018	57.8%	18.8%	9.4%
Japan	\$836,997,952	\$1,019,295,658	\$1,252,187,175	\$1,385,504,259	65.5%	10.6%	6.6%
Belgium	\$805,705,088	\$999,390,328	\$1,157,331,806	\$1,220,434,208	51.5%	5.5%	5.8%
United Kingdom	\$685,780,288	\$818,617,880	\$1,011,257,188	\$1,130,869,450	64.9%	11.8%	5.4%
France	\$805,705,088	\$883,498,496	\$982,702,252	\$1,053,352,707	30.7%	7.2%	5.0%
Canada	\$767,516,470	\$762,098,853	\$864,942,697	\$918,421,953	19.7%	6.2%	4.4%
Austria	\$399,964,320	\$550,824,071	\$639,352,516	\$672,185,008	68.1%	5.1%	3.2%
Mexico	\$345,260,128	\$390,256,493	\$457,778,521	\$543,970,079	57.6%	18.8%	2.6%
Switzerland	\$267,932,352	\$308,303,328	\$353,983,862	\$335,906,935	25.4%	-5.1%	1.6%
Korea	\$197,750,896	\$227,394,880	\$263,454,937	\$316,035,647	59.8%	20.0%	1.5%
Sweden	\$178,527,744	\$212,277,072	\$260,647,661	\$304,215,924	70.4%	16.7%	1.5%
Finland	\$185,074,720	\$225,654,736	\$279,205,590	\$295,929,873	59.9%	6.0%	1.4%
Denmark	\$174,207,536	\$216,867,952	\$228,714,576	\$238,338,596	36.8%	4.2%	1.1%
Russia	\$82,779,735	\$106,709,375	\$164,171,014	\$216,550,590	161.6%	31.9%	1.0%
Slovenia	\$124,712,960	\$139,715,725	\$163,009,318	\$182,098,845	46.0%	11.7%	0.9%
South Africa	\$91,208,368	\$105,742,192	\$158,647,257	\$174,209,118	91.0%	9.8%	0.8%
Hungary	\$66,244,000	\$101,866,000	\$127,709,000	\$170,187,943	156.9%	33.3%	0.8%
Thailand	\$0	\$104,758,958	\$128,993,121	\$151,196,901	N/A	17.2%	0.7%
Greece	\$106,789,208	\$137,731,744	\$129,524,594	\$137,520,211	28.8%	6.2%	0.7%
Hong Kong	\$102,210,526	\$109,347,991	\$135,135,933	\$133,490,907	30.6%	-1.2%	0.6%
Luxembourg	\$61,437,424	\$63,159,139	\$73,269,636	\$85,258,959	38.8%	16.4%	0.4%
Belarus	\$42,076,232	\$62,437,816	\$85,124,238	\$82,095,900	95.1%	-3.6%	0.4%
Singapore	\$48,043,564	\$45,834,525	\$56,090,680	\$68,958,162	43.5%	22.9%	0.3%
Ireland	\$50,212,032	\$56,517,120	\$60,837,763	\$58,484,673	16.5%	-3.9%	0.3%
Argentina	\$24,225,619	\$29,667,333	\$60,837,763	\$52,926,349	118.5%	-13.0%	0.3%
Australia	\$34,825,920	\$42,042,184	\$42,180,806	\$46,485,940	33.5%	10.2%	0.2%
Croatia	\$20,465,569	\$23,117,496	\$31,382,978	\$46,433,534	126.9%	48.0%	0.2%
Subtotal:	\$13,409,276,262	\$15,563,233,883	\$18,788,414,207	\$20,725,209,641	54.6%	10.3%	99.0%
All Other:	\$3,082,728,454	\$4,294,092,215	\$5,211,757,609	\$213,577,557	-93.1%	-95.9%	1.0%
Total:	\$16,492,004,716	\$19,857,326,098	\$24,000,171,816	\$20,938,787,198	27.0%	-12.8%	100.0%

Source: United Nations Comtrade

**World Importers of Widgets, [Latest 3 Years]
Total Market, Imports and Imports from the U.S.
In Rank Order by Imports from the U.S. [Latest Year]
In \$millions**

Country	Total Market			Total Imports			Imports from US			% U.S. Share
	Base Year	Latest Year	% Change	Base Year	Latest Year	% Change	Base Year	Latest Year	% Change	Latest Year
Argentina	175	236	35%	105	156	49%	31	45	45%	29%
Australia	1,787	2,009	12%	1,208	1,310	8%	593	570	-4%	44%
Austria	442	494	12%	827	868	5%	171	178	4%	20%
Brazil	1,602	1,840	15%	851	930	9%	361	360	0%	39%
Bulgaria	111	165	49%	104	160	54%	16	33	106%	21%
Canada	2,981	3,589	20%	1,993	2,594	30%	1,223	1,496	22%	58%
Chile	58	78	34%	43	59	37%	23	25	9%	42%
China	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colombia	205	231	13%	179	200	12%	76	87	14%	43%
Costa Rica	16	75	369%	17	77	358%	8	34	315%	44%
Denmark	975	1,100	13%	900	950	6%	254	285	12%	30%
Dom Rep.	207	179	-14%	201	175	-13%	121	104	-14%	59%
Egypt	572	671	17%	546	638	17%	136	160	18%	25%
Finland	562	533	-5%	404	368	-9%	109	103	-6%	28%
France	4,586	5,047	10%	2,540	2,850	12%	760	822	8%	29%
Germany	13,720	14,600	6%	13,260	14,400	9%	4,080	4,438	9%	31%
Greece	690	750	9%	688	744	8%	98	125	28%	17%
Guatemala	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hong Kong	172	164	-5%	801	886	11%	228	224	-2%	25%
Hungary	160	185	16%	143	160	12%	15	20	33%	13%
India	1,745	1,925	10%	1,065	1,200	13%	150	200	33%	17%
Ireland	296	352	19%	570	659	16%	340	393	16%	60%
Israel	463	553	19%	450	510	13%	127	150	18%	29%
Japan	18,184	18,752	3%	7,767	8,579	10%	4,791	5,274	10%	61%

Source: USDOC Country Commercial Guides

Appendix D Matchmaking Aids

1. Export Offer Template

Products can be offered for export in Web-based trade lead systems or directly by E-mail, Fax or letter to potential buyers. Whatever the medium, provide as much detail as space allows to inform the buyers. The template below prompts for details of most initial interest to potential buyers:

Product for Export:	Name of product
HS Code	6-10 digits
Product Description:	Describe the products/services for export as specifically as possible (HS Code, dimensions, technical specifications, etc.). Highlight features, uses, benefits or other attributes likely to attract interest.
Availability:	Indicate available quantities and when product can be delivered.
Target Respondents:	Indicate whether you seek buyers/end users and/or agents/distributors.
Target Market(s):	Specify any target market(s), if the product is not for sale worldwide.
Incentives:	Describe any pricing, credit or other inducements for customers.
Payment/delivery terms:	Specify any preferred or required terms, such as transport mode, L/C or other payment method; credit terms offered, etc.
Company Profile:	Provide key facts to highlight your company's capabilities as a reliable and reputable exporter, such as years in business, market coverage, prominent suppliers or customers, etc.
References:	Cite organizations that can attest to your bona fides, such as well-known customers or suppliers, a bank, trade association, chamber of commerce, etc.
Contact Information:	Name of Key Company Contact: Title Address: Phone, Fax E-mail Web Site:

Appendix D

Matchmaking Aids

2. Sample Agent/Distributor Search Letter

Dear _____:

We are seeking representation for our products in your country and would welcome your possible interest. This will briefly describe who we are, what we do, what we are looking for, and how we prefer to operate. Please refer to our Web site (www.xxxxxxxxx.com) for additional information.

XYZ, Inc. is a leading U.S. manufacturer of two-way radio communications equipment for professional use. We offer vehicular mounted radios and base station radios. They are used by police, taxis, delivery services, etc. We are currently [exporting to _____, but not yet in your country] [selling throughout the U.S., but not yet exporting].

Our firm was founded in 19__ with __ employees. We now have __ employees, and our annual sales this past year totaled over \$_____. XYZ, Inc. is capitalized at over \$____, has modern plant facilities, and excellent profitability. Our financial and operations can be confirmed by national credit agencies. We are also a member of the [any relevant chambers or other organizations].

Our products are sold in the U.S. through a nationwide network of stocking distributors who purchase direct from our factory. The distributors must have the capability to install the equipment and provide local warranty and non-warranty service. The distributor must have adequate test equipment and be willing to not only inventory our radios, but service materials as well.

We prefer to deal with mutually exclusive distributors in each defined territory. We grant a __% discount (__% commission) from our recommended or suggested list prices and fully support our distributors with technical advice, express shipments when needed, and other support services. We would support our overseas representatives in the same way.

It is our policy to select and work with a dealer on a trial basis using either pre-payment or payment by a confirmed, irrevocable letter of credit. After a relationship has been established, and a distributor has demonstrated they can sell and service our products profitably, we are open to other credit and payment terms.

With kind regards,

Appendix D Matchmaking Aids

3. Agent/Distributor Qualifications Checklist

The following factors should be considered in evaluating prospective overseas representatives. Their significance varies with the products and countries involved. The questions should be tailored to the needs of the company seeking a rep.

Sales force

- Number and location of sales staff.
- Would the rep need more staff to service your account effectively? Would it be willing add staff?
- How is its sales staff compensated? Are any incentive or motivation programs offered?
- How is its sales staff trained? Would it pay or share costs of Egypt-based training if needed?

Sales performance

- Sales volume for the past five years. If growing, why? If not, why not?
- Sales goals for next year; based on what assumptions?
- What sales volume does it foresee for your products? Based on what? Is this adequate for you?

Territorial coverage

- Current territory served. Is that the coverage you need?
- How does it serve more distant areas within its territory -- resident staff, branch offices?
- Would it be willing to strengthen coverage in areas you consider important?

Companies/products represented

- How many and which companies/products does it currently represent? Is this a manageable level?
- Would you be the primary supplier? What priority would you receive?
- Would your products fit well in this mix?
- Do you compete with any of the companies/products represented?

Customer profile

- What end-use sectors does it mainly sell to? Are these the right targets for you?
- Who are its key accounts? What share of sales do they represent? Do they make sense for you too?

Facilities and equipment

- Communications facilities and preferred methods -- phone, fax, cable, E-mail, other?
- Warehouse and stocking capacity. Is there enough for you, if you need it?
- Customer support facilities/capabilities. Can it install and service your products if needed?
- Training facilities/capabilities. Can it train users if needed?

Localization capabilities

- Can it translate your sales literature and ad copy if needed?
- Can it alter the packaging or the product itself if needed to meet local requirement or tastes?

Market development capabilities

- Market research -- Does it conduct or use market research in decision-making? Can it help you assess your market potential?
- Promotion -- Does it promote itself and the products it represents? What promotional literature is used for this? What promotional media are used? How are the results measured? How much is spent on each method? If the principals contribute, what formula is used to allocate the costs?

Appendix D

Matchmaking Aids

4. Sample Export Sales Representative Agreement

DISCLAIMER

This sample agreement is provided by Y.F. Chou, Prof. Corp., (this "Firm") as a service and does not constitute legal advice. A sample agreement does not constitute legal advice and does not create an attorney-client relationship. This Firm makes no claims, promises, representations, warranties or guarantees concerning the accuracy, completeness, adequacy, currency, suitability, legal effect, appropriateness of the provisions and/or information contained in the agreements, including but not limited to the warranties of merchantability and fitness for a particular purpose. The sample agreement is provided "as is," "as available," and with "all faults," and its use is entirely at user's own risk. The sample agreement may be inappropriate for particular circumstances, and different jurisdictions may require different or additional provisions to ensure the desired result. Some provisions contained herein might not be enforceable in various jurisdictions. As legal advice must be tailored to the specific circumstances of each case or matter, and laws are constantly changing, nothing provided herein shall be used as a substitute for the advice of competent counsel. Users should not act or rely on the sample agreement without seeking the advice of competent counsel licensed to practice in user's jurisdiction. Users should obtain professional assurances and determine the appropriate provisions and agreements applicable to their particular transactions. Further, the sample agreement is provided on a non-exclusive license basis only for user's personal one-time use for non-commercial purposes, without any right to re-license, sublicense, distribute, assign or transfer such license.

THIS EXPORT SALES REPRESENTATIVE AGREEMENT (this "Agreement") is made and entered into on ____ (*date*) (the "Effective Date"), by and between ____ ("Manufacturer"), a California corporation with principal offices located at ____ (*address*), USA, and ____, ("Representative") having its principal offices at ____ (*complete address of representative's office*).

RECITALS

- A. Manufacturer is in the business of manufacturing and exporting _____;
- B. Representative is in the business of representing manufacturers to sell products; and
- C. Manufacturer desires to retain Representative to act as Manufacturer's sales representative pursuant to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the Manufacturer and Representative agree as follows:

1.. DEFINITION

1.1 "Affiliate" means an entity which, directly or indirectly, controls, is controlled by, or is under common control of a parent company with a party to this Agreement. For purposes of this paragraph, "control" means owning or controlling at least 30% of the voting stock entitled to vote for elections of the members of the board of directors (or, if none, persons performing similar functions) or, in the case of entities not having voting stock, equivalent ownership or control thereof.

1.2 "Commissions" shall mean the commissions to be paid by Manufacturer to Representatives for the Commissionable Orders pursuant to Sections 6.3, 6.4 and 6.5 of this Agreement.

1.3 "Commissionable Orders" shall mean any and all Orders for Products: (a) that have been received by Manufacturer through or from the Representative for orders of Products to be delivered to Manufacturer Customers within the Territory; (b) that have been reported by Representative to Manufacturer promptly after the receipt of the order; (c) that have been confirmed in writing signed by the CEO of, or a person designated by, Manufacturer, confirming that such an Order is a Commissionable Order; (d) that disclose the name of the ultimate Manufacturer Customers and the price or prices quoted for payment by such Manufacturer Customers for Products; (e) that have

been delivered to Manufacturer's principal office located at ____; and, (f) that have been accepted by the Manufacturer in writing prior to the termination or expiration of the Term. Any Order submitted by Representative not in compliance with Section 1.3 will not be qualified as a Commissionable Order, and Manufacturer shall not be obligated to pay Commissions on such an Order. Commissionable Orders shall not include any Products sold to Manufacturer Customers outside the Territory for delivery outside the Territory or any Products that are incorporated into, and become a component of, goods or items that are delivered to or sold within the Territory by a third person. Manufacturer agrees that all bona fide inquiries and Orders received by Manufacturer from persons within the Territory will be referred to Representative and may qualify as Commissionable Orders if other requirements set forth in this Section 1.2 of this Agreement are met. With respect to Orders from Manufacturer Customers within the Territory for delivery outside the Territory or from Manufacturer Customers outside the Territory for delivery within the Territory, if there is no exclusive sales representative for any of the territories involved herein other than the Territory, such orders may qualify as Commissionable Orders if all other requirements set forth in this Section 1.2 of this Agreement are met. If, however, there are one or more exclusive sales representatives for the territories involved other than the Territory, then such orders will not qualify as Commissionable Order, and instead, Manufacturer will divide the commission applicable for such orders equally among the sales representatives involved on a case by case basis.

(The above set forth provision is applicable if the Representative is the exclusive representative for Manufacturer in the Territory. If the Representative is a non-exclusive representative, the following should be used instead.)

1.3 "Commissionable Orders" shall mean any and all Orders for Products: (a) that have been received by Manufacturer through or from the Representative for orders of Products to be delivered to Manufacturer Customers within the Territory; (b) that have been reported by Representative to Manufacturer promptly after the receipt of the order; (c) that have been confirmed in writing signed by the CEO of, or a person designated by, Manufacturer, confirming that such an Order is a Commissionable Order; (d) that disclose the name of the ultimate Manufacturer Customers and the price or prices quoted for payment by such Manufacturer Customers for Products; (e) that have been delivered to Manufacturer's principal office located at _____; and, (f) that have been accepted by the Manufacturer in writing prior to the termination or expiration of the Term. Any Order submitted by Representative not in compliance with Section 1.3 will not be qualified as a Commissionable Order, and Manufacturer shall not be obligated to pay Commissions on such an Order. Commissionable Orders shall not include any orders for Products received by Manufacturer not from Representative.

1.4 "Confidential Information" shall mean information provided by Manufacturer or Manufacturer Customers to Representative (i) that is not known by actual or potential competitors of Manufacturer or is generally unavailable to the public, (ii) that has been created, discovered, developed or otherwise become known to Manufacturer or in which property rights have been assigned or otherwise conveyed to Manufacturer, and (iii) that has material economic value or potential material economic value to Manufacturer's present or future business. Confidential Information, subject to exceptions set forth by laws, shall include trade secrets (as defined under California Civil Code section 3426.1) which include all discoveries, developments, designs, improvements, inventions, formulas, software programs, processes, techniques, know-how, negative know-how, data, research, technical data (whether or not patentable or registrable under patent, copyright or similar statutes and including all rights to obtain, register, perfect and enforce those proprietary interests), customer and supplier lists, customer profile and other customer information, customer and price list, business plans, and any modifications or enhancements of any of the forgoing, and all program, marketing, sales, or other financial or business information disclosed to Representative by Manufacturer, either directly or indirectly, in writing or orally or by drawings or observation, which has actual or potential economic value to Manufacturer.

1.5 "Effective Date" shall mean _____.

1.6 "Initial Term" shall mean the initial term of this Agreement from ___ to ___.

1.7 "Manufacturer" shall mean _____ and its Affiliates.

1.8 "Manufacturer Customers" shall mean any individuals or entities, who are current or potential customers or business prospects of Manufacturer, or who are introduced from or by Manufacturer to Representative.

1.9 "Net selling price" shall mean the gross amount actually invoiced to Manufacturer Customers, including components, spare parts, accessories and related services, minus any of the following which may have been included in the gross price or contract value, provided that they are stated separately on the applicable invoice: (a) shipping, freight and insurance charges, inland, air and ocean; (b) packing, crating or handling charges; (c) sales, use, value added or similar taxes, customs duties, import or export taxes or levies applicable to Products but excluding any income, withholding or other tax or assessment imposed on Manufacturer or Manufacturer Customers in the normal course of business; and (d) discounts, allowances or other special deductions granted Manufacturer Customers.

1.10 "Order" shall mean an order placed by a Manufacturer Customer for Products and received by Manufacturer from or through Representative. Only Orders that meet all terms and conditions set forth in Section 1.4 are Commissionable Orders.

1.11 "Party" shall mean Manufacturer or Representative, individually. "Parties" shall mean Manufacturer and Representative collectively.

1.12 "Products" shall mean the products set forth in Attachment A, which is hereby incorporated by reference as fully set forth in this Agreement.

1.13 "Renewal Term" shall mean any renewal term of this Agreement pursuant to Section 8.1 of this Agreement.

1.14 "Representative" shall mean _____ and its Affiliates.

1.15 "Term" shall mean the term of this Agreement, including the Initial Term and any Renewal Terms, if any.

1.16 "Territory" shall mean the following country/countries: _____ (or "_____ types of customers serviced by Representative in _____").

2. APPOINTMENT

2.1 Manufacturer appoints Representative, and Representative accepts the appointment, to act as Manufacturer's exclusive sales representative in the Territory for the sale of the Products during the Term. (*The word "exclusive" is optional.*)

3. RELATIONSHIP OF THE PARTIES

3.1 Independent Contractor. This Agreement shall not be deemed to create a partnership, joint venture or agent-principal relationship between the parties, and Representative or any of Representative's directors, officers, employees or agents shall not, by virtue of the performance of their obligations under this Agreement, represent themselves as, or be deemed to be, an agent, partner or employee of Manufacturer. The parties agree that Representative is an independent contractor, not an employee, of Manufacturer. Neither party is liable for any acts, omissions to act, contracts, promises, commitments or representations made by the other, except as specified in this Agreement.

3.2 Exclusivity: Most Favored Representative. Representative shall be the exclusive representative for Manufacturer to sell Products in the Territory. If Manufacturer enters into any export sales representative agreement for Product with another sales representative in a different territory in the future, providing that new sales representative more favorable terms, other than commission amount, Manufacturer will immediately amend this Agreement to provide Representative with the benefit of any terms, other than the commission amount, in the new agreement more favorable than those included in this Agreement. (*This Section is optional. Also, the portion after the first sentence is optional, even if this Agreement is an exclusive agreement.*)

4. DUTIES AND RESPONSIBILITIES OF REPRESENTATIVE

4.1 Representative's duties and responsibilities include but are not limited to:

- (a) Obtaining and providing Manufacturer with market forecast information regarding the Products, identifying potential business and contacts, investigating inquiries received by Manufacturer and referred to Representative and making introductions to, and arranging meetings with, potential customers;
- (b) Assisting Manufacturer in preparation and submission of presentations, bids and quotations for Orders and in their negotiation at the time and in the manner reasonably requested by Manufacturer, assisting Manufacturer in arranging and coordinating demonstration of Products, and assisting Manufacturer's installation of Products and the provision of services in connection with the demonstrations;
- (c) Achieving the minimum sales requirements of Products as set forth in Attachment A.
- (d) Providing Manufacturer Customers presales and post-sales customer services, including but not limited to transmitting technical information and providing advice and assistance concerning the implementation of technical and training programs and the provision of Manufacturer's personnel and other assistance;
- (e) Providing logistical and support services in the Territory, including but not limited to providing assistance necessary to Manufacturer in arranging and providing lodging, office space, equipment, translation, transportation, communications, facilities and other related support activities;
- (f) Providing advice to Manufacturer regarding the probable financing requirements and financing sources for acquisition of Products by potential customers;
- (g) Providing advice and assistance to Manufacturer on compliance with laws, regulations, business and financial practices in the Territory, maintenance of contact, communications and liaison with government officials and obtaining necessary licenses, permits and authorizations in compliance with law, regulations and ordinances;
- (h) Providing information and recommendations concerning local subcontractors that might be necessary for construction, installation, maintenance or service of Products; and
- (i) Providing other assistance and services as Manufacturer may reasonably request.

(This is a suggested list and should be revised to meet the needs of the parties.)

4.2 With fifteen (15) days from the closing of each calendar ____ (*month or quarter*), or as reasonably requested by Manufacturer, Representative shall submit a written report to Manufacturer setting forth the sales in that quarter, potential sales in the future, information relating to commercial conditions in the Territory, the financial and credit status of Manufacturer Customers and any additional information necessary to enable Manufacturer to manufacture or supply Products to the required specifications, safety codes, regulations and requirements in the Territory. Representative agrees that it is Manufacturer's objective to obtain "sole-source negotiated sales" wherever possible.

4.3 Representative shall not make any representations, warranties or guarantees to any person with respect to Products or related services, other than those representations, warranties or guarantees that Manufacturer has specifically authorized in writing to be given to that person. Representative's authority is limited to the solicitation and forwarding or placing of Orders with Manufacturer and the performance of other functions set forth in this Agreement. Representative shall have no authorities to make or execute any commitment or agreement, accept any Orders or incur any liability on behalf of Manufacturer or bind Manufacturer in any way.

4.4 Except as specified in Section 5, Representative is responsible for all expenses incurred by Representative in connection with the implementation and performance of Representative's duties and obligations under this Agreement, including but not limited to: (a) the expenses incurred in fulfilling its duties and responsibilities as provided in Section 4; (b) costs, expenses and salaries of its personnel associated with establishing and maintaining its sales organization and offices; (c) advertising and promotion expenses; and (d) any and all taxes, duties, tariffs or charges that may be imposed on Representative in the Territory. Subject to prior written approval by Manufacturer

for each specific trip, Manufacturer may reimburse Representative for Representative's actual and reasonable travel, room and board expenses incurred while performing services under this Agreement in a country that is not also the place of Representative's principal business or residence, provided that Representative provides reasonable documentation for those expenses. *(The last sentence is optional.)*

4.5 Representative is solely responsible for the performance of its duties.

5. DUTIES AND RESPONSIBILITIES OF MANUFACTURER

5.1 Manufacturer will use its best efforts to deliver Products pursuant to the dates and other requirements stated in Orders delivered to and accepted by Manufacturer.

5.2 From time to time, Manufacturer will supply Representative with a reasonable amount of descriptive materials and literature, including but not limited to sales brochures, installation, operating and maintenance manuals, technical descriptions and other data and information, to enable Representative to promote the sale of Products and to undertake its duties and responsibilities set forth in this Agreement.

5.3 At reasonable requests by Representative, Manufacturer may, at its discretion, make arrangement for meetings to introduce and demonstrate Products to promotion sale and other services performed by Representative, so as to familiarize Representative with the use and applications of Products and to facilitate Representative's performance of its duties under this Agreement. The locations for such meetings shall be determined by Manufacturer. Except as otherwise agreed by the parties in writing, each party shall bear its own costs and expenses for such meetings, including but not limited to costs for its personnel and travel and lodging expenses.

5.4 Manufacturer will provide, or make available, expert personnel and technical assistance, in the manner and at the time Manufacturer considers reasonable and appropriate, to follow up Representative's promotion and sales activities and to fulfill Manufacturer Customer's Order or requirements received and accepted by Manufacturer. Manufacturer is solely responsible for the design, development, supply and production of Products, the performance of its personnel and the furnishing of technical assistance. In no event is Representative entitled to, nor does Representative have any right to, claim any compensation or loss for clientele or sales or for other reason arising from Manufacturer's performance or failure to perform any of its above-stated functions.

(This is only a suggested list and should be revised to meet the needs of the parties.)

5.5 Manufacturer is solely responsible for the performance of its duties.

6. PRICING, COMMISSIONS AND ACCOUNTING

6.1 Pricing. Manufacturer has the sole right to establish and control over all prices, discounts, extension of credit, allowances, refunds, specifications, delivery and other terms governing the sale of Products. Representative shall only quote to Manufacturer Customers the prices and terms of sale for Products provided by Manufacturer and will in no event alter or change the prices or terms of sale unless authorized by Manufacturer in writing. Prices and terms of sale are subject to change by Manufacturer at any time without advance notice. Manufacturer reserves the right to grant or not to grant any discount or allowance, to accept a return or make a refund, or to extend credit, as Manufacturer in its discretion deems advisable. However, after making any change in prices or terms or canceling any approved Order, Manufacturer shall immediately notify Representative of the changes and/or cancellations.

6.2 Acceptance and Cancellation of Orders. No Order is binding on Manufacturer until accepted in writing by Manufacturer. Manufacturer reserves the right to accept, reject, modify or cancel, in whole or in part, any or all Orders received or accepted by Manufacturer. Manufacturer will bill Manufacturer Customers and carry accounts in its own name as creditor, except in cases where a different procedure is agreed upon by the parties in advance in writing. Following Product shipment, Manufacturer will furnish Representative with a copy of Manufacturer's approval of the Order and the invoice or invoices included in the shipping documents. Notwithstanding Manufacturer's acceptance of an Order, Manufacturer has the absolute right to modify or cancel the Order or to consent to Manufacturer Customer's modification or cancellation of the Order at any time for any reason. Manufacturer is not liable to Representative for a cancellation or modification or Manufacturer's failure to deliver any Product.

6.3 Commissions. Manufacturer will pay Representative Commissions at the rates set forth in Attachment B, which is hereby incorporated by reference as fully set forth in this Agreement, of the Net Selling Price of all Products sold pursuant to Commissionable Orders accepted by Manufacturer under, and during the term of, this Agreement. Unless otherwise agreed by the parties in writing, Commissions for a particular Commissionable Order are deemed earned and payable, pro rata, within fifteen (15) days of Manufacturer's receipt of payment from Manufacturer Customer placing the Commissionable Order. In the event of nonpayment by such Customer for any reason, no Commissions may arise or be deemed to be earned with respect to the unpaid amount, and Representative agrees to relinquish and waive any claims against Manufacturer for all of these Orders. *(Commissions can also be paid on a monthly basis.)*

6.4 Payments of Commissions. Any payment of Commissions will be made in U.S. Dollars, unless the parties agree otherwise in writing, and will be made by check or bank transfer to the order of Representative or by any other means as the parties may agree otherwise in writing prior to such payment. No payment of Commissions may be made to any person or entity other than Representative, except pursuant to a written assignment by Representative approved in advance in writing by Manufacturer. No Commission will be paid for any Commissionable Orders placed with Manufacturer for the specific purpose of repairing or replacing defective or damaged Products. If a Product ordered by a Manufacturer Customer is returned by that Customer, Commissions paid by Manufacturer to Representative for such Products will be deducted from future Commissions to be paid by Manufacturer to Representative until the amount is deducted in full. If no future Commissions will be paid to Representative, then Representative shall immediately pay the unpaid balance of such amount to Manufacturer in full.

6.5 Payment of Commissions Following Termination or Expiration. Subject to Sections 6.2 and 6.4, following termination or expiration of this Agreement, within thirty (30) days from the date of termination or expiration, Manufacturer will pay Representative Commissions on Products under Commissionable Orders accepted by Manufacturer and paid by Manufacturer Customers on or before the date of termination or expiration. No Commissions will be paid with respect to any Orders accepted after the termination or expiration date, except that Manufacturer will pay Commissions on the following Order: (a) Any Orders received by Manufacturer prior to the date of termination or expiration but accepted and paid in whole or in part thereafter; and (b) any Order received and accepted by Manufacturer and paid by Manufacturer Customers within ___ days of the termination or expiration date if the Term is ___ years or less at the time of termination or expiration; or within ___ days of the termination or expiration date, if the Term is ___ year or less; or within ___ days of the termination or expiration date if the Term is ___ or more. *(The second half of Section 6.6, starting from "except, (a) . . ." to the end of the Section is optional – the parties can use (a), (b) or both.)*

6.6 Audit Rights. During the Term and for a period of one (1) year following the termination expiration of the Agreement, each party shall maintain complete, accurate and detailed books and records with respect to the determination of its revenues and other matters associated with the performance of this Agreement. Each Party (the "requesting party") shall have the right, at its expense and upon prior written notice given to the other party (the "responding party") at least fifteen (15) days prior to the inspection date requested by the requesting party, to inspect and audit all of the responding party's records associated with the performance of this Agreement, and the responding party agrees to reasonably cooperate with and provide access to the requesting party and its financial advisors as may be necessary and appropriate for such inspection and audit.

7. COMPLIANCE WITH LAW

7.1 Representative agrees that in rendering services and in carrying out its duties under this Agreement, Representative will neither undertake nor cause or permit to be undertaken any activity which to Representative's knowledge is illegal under the laws of the Territory or of the U.S. It is a condition of this Agreement that, within ___ *(specify number, such as: 30)* days from execution of this Agreement and prior to the initiation of any activities with respect to any Order, Representative will submit to Manufacturer an opinion of Representative's counsel, provided that such counsel and the form and substance of the opinion shall be to Manufacturer's satisfaction, that nothing in this Agreement prevents Representative from carrying out its duties in accordance with laws, decrees, rules and regulations of the Territory, and that Representative may act as representative and sales agent for all Products to any government ministries, agencies and departments, including the armed forces. The submission of this opinion is a condition precedent to the effectiveness of this Agreement. In addition to this opinion, or as an alternative, Manufacturer may require Representative to disclose this relationship to any Manufacturer Customer and, either to provide satisfactory evidence of the disclosure or to secure, prior to, and as a condition of, any Order

being accepted pursuant to Section 1.3, Manufacturer Customer's authorization or acknowledgment in writing, in a form acceptable to Manufacturer, of this relationship as to the specific Products involved. If Manufacturer, at its own discretion, considers that Representative fails to do so within a reasonable period of time, Manufacturer may conclude such Order for its own account, and Representative shall not be entitled to any Commissions for such an Order.

7.2 Representative understands and agrees that Manufacturer may comply with any legal provision requiring disclosure, or any request from the U.S. Government or the Government of the Territory to disclose, by affidavit or otherwise, the identity of Representative, as well as the identities of Representative's principal and the amount of any payment made or to be made to Representative under this Agreement.

8. TERM AND TERMINATION

8.1 Term. The term of this Agreement will commence on the effective date of this Agreement and will continue for a period of _ () years unless earlier terminated by either party accordance with Section 8.2. At the end of each Term, including at the end of the Initial Term and the Renewal Terms, this Agreement will be automatically renewed for an additional _ () year period, unless either party give the other party a written notice _ () days prior to the expiration of the Initial Term or any Renewal Term. All the terms and conditions contained in this Agreement will remain the same during any renewals beyond the Initial Term, unless this Agreement is amended or modified in written pursuant to Section 15.4 of this Agreement. ***(The automatic renewal portion of the provision is optional. Also, restrictions or conditions may be required, such as sales quota, before there will be a renewal term.)***

8.2 Termination. In the event of any of the following, this Agreement, and the rights and licenses granted hereunder, will terminate.

8.2.1. If either party defaults in the performance of or compliance with any provision contained in this Agreement or breach any provisions set forth in this Agreement (except as otherwise provided in this Section 8) and such default or breach is not cured within fifteen (15) days after written notice thereof is received by the defaulting party, the party giving such notice may then give further written notice to the defaulting party terminating this Agreement, in which event this Agreement, and the rights and licenses granted hereunder, will terminate on the date specified in such further notice.

8.2.2. If either party discontinues its primary business for more than fifteen (15) days, either party may terminate this Agreement upon fifteen (15) days' prior written notice to the other party. If the primary business is continued by an Affiliate, the primary business will be deemed continued by the party for purposes of Section 8.2.2.

8.2.3. Either party may terminate this Agreement by written notice to the other party and may regard the other party as in default of this Agreement, if the other party becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, or becomes subject to any proceedings under any bankruptcy or insolvency law, which is not dismissed within ninety (90) days, or has wound up or entered liquidation, voluntarily or otherwise. In the event that any of the above events occur, the defaulting party will immediately notify the other party of its occurrence.

8.2.4. In the event of a breach of Representative's obligations under Sections 7, 11, 12, 13 and 14, Manufacturer may immediately terminate this Agreement in writing without providing any cure period.

8.2.5. If one party is unable to perform its obligations under the Agreement by reason of any law, rule, regulation or order of any municipal, state or federal or foreign authority, including, but not limited to any regulatory authority that has jurisdiction over that party's business, then the either party may terminate this Agreement by given the other party a thirty (30) day written notice.

8.2.6. If the performance of this Agreement becomes impracticable because of the change of situation in the U.S. or Territory, or if the trade between the U.S. and Territory becomes impracticable because of the change in the currency exchange, then either party may terminate this Agreement by given the other party a _ () days' prior written notice. ***(Optional.)***

8.2.7. Either party may terminate this Agreement without cause upon ___ () days' prior written notice to the other party. (*Optional.*)

8.3 Termination of the Agreement for any reason does not affect (a) obligations that have accrued as of the date of termination; and (b) the obligations under those sections identified in Section 15.12 of this Agreement. Further, in the event of termination, Representative shall return Manufacturer the Confidential Information as provided in Section 12.4 (*or 12.1*) of this Agreement, and Representative's limited license to use Manufacturer' intellectual property shall cease immediately.

9. REPRESENTATIONS AND WARRANTIES

9.1 Each party represents and warrants that:

9.1.1 It has the authority to enter into this Agreement and the rights and license necessary to enter into, and perform its obligations under, this Agreement.

9.1.2 It is free to enter into this Agreement and is not bound by any agreements, including but not limited to nondisclosure agreement, noncompetition agreement, documents or obligation that may infringe on its ability or in any manner prevent it from performing any of the duties that may be required of it during the Term, or that may result in liability to it in any manner, action, or proceeding.

9.1.3 It has full power and authority to execute and deliver this Agreement, and this Agreement has been duly executed and delivered by or on behalf of itself and constitutes a legal, valid and binding obligation enforceable against it in accordance with its respective terms. Neither the execution, delivery, nor performance of this Agreement violates or conflicts with any applicable laws, decrees, rules, regulations, requires any notice, consent or other action by a third party or creates a default or breach or give rise to any right of termination, cancellation or acceleration of any right or obligation or to lose any benefit to which it is entitled under any agreement or other instrument binding upon it. It will not take any action that would have the effect of causing the other to be in violation of any laws, decrees, rules or regulations.

9.2 Manufacturer represents and warrants that it has all rights, title and interest in and to all copyrights, patents, trademarks and other intellectual property rights associated with Products or otherwise has the right to allow the use thereof which are necessary to use, sell, market and distribute Products, and to manufacture and sell Products without infringing any rights; and that, as of the Effective Date, Manufacturer is not aware of any basis for third party claims of infringement of any patents, trademarks, or trade names with respect to Products. In the event that any action, claim or suit is brought against Representative alleging that the manufacture, use, sale or transfer of any Product or the use of the trademarks or trade names constitutes infringement of any proprietary rights of any third party, Manufacturer shall indemnify Representative pursuant to Section 10.1 of this Agreement, provided that Representative gives written notice of such actions or claims brought against Representative within five (5) days from the receipt of notice of such actions or claims, and that Representative takes reasonable steps as may be requested by Manufacturer to assist in the defense of such action. (*The last sentence, starting with "In the event that . . ." is optional.*)

9.3 Representative represents and warrants that any fees or Commissions paid or to be paid to Representative under this Agreement are for Representative's own account, and that except as appropriate to carry out Representative's duties in this Agreement, Representative has not, has no obligation to and will not, directly or indirectly, give, offer, pay, promise to pay or authorize the payment of money or thing of value to any other person in connection with transactions for which Commissions under this Agreement are to be paid. Representative agrees not to take any actions that would cause Manufacturer to violate section 103 of the Foreign Corrupt Practices Act of 1977 (15 U.S.C.A. § 78dd-1). Representative warrants that none of its officer, director, employee or agent is an "official" of ___ (*name of country*) Government as that term is defined in section 103, nor will Representative employ an "official" of that government.

9.4 Representative represents and warrants that it will make and keep books, records and accounts that, in reasonable detail, accurately and fairly reflect the transactions performed by Representative under this Agreement and the dispositions of the Commissions paid Representative pursuant to this Agreement. Representative

specifically agrees that Manufacturer may inspect such books, records and accounts upon reasonable requests made by Manufacturer to Representative.

10. INDEMNIFICATION AND LIMITATION OF LIABILITY

10.1 Indemnification. Each party (the “First Party”) hereby indemnifies and agrees to hold the other party (the “Second Party”) and its affiliates, and its and their successors and assigns, and its and their directors, officers and employees harmless against any and all claims, causes of actions, loss, demands, penalties, damages, costs, judgments, attorney’s fees or any other expenses incurred in connection with, caused by or relating to the First Party’s actions or failure to act or any breach by the First Party of the terms, covenants, representations or warranties set forth in this Agreement.

10.2 Limitation of Liability. REGARDLESS OF THE BASIS ON WHICH ANY PARTY (THE “FIRST PARTY”) MAY BE ENTITLED TO RECOVER DAMAGES FROM THE OTHER PARTY (THE “SECOND PARTY”), INCLUDING BUT NOT LIMITED TO, BREACH OF WARRANTY, CONTRACT OR FIDUCIARY DUTY, FRAUD, NEGLIGENCE, MISREPRESENTATION, OTHER TORT OR INDEMNITY, THE SECOND PARTY’S AGGREGATE LIABILITY UNDER THIS AGREEMENT OR RELATED TO PRODUCTS OR THE USE THEREOF IS LIMITED TO ACTUAL, DIRECT DAMAGES THAT CAN BE PROVEN UP TO AN AMOUNT NOT TO EXCEED THE AGGREGATE OF COMMISSIONS PAID BY MANUFACTURER TO REPRESENTATIVE FOR THE SIX-MONTH PERIOD PRIOR TO THE DATE WHEN SUCH PROBLEM OCCURRED. THE PARTY SUFFERING SUCH DAMAGES OR LOSSES MUST FIRST EXHAUST ANY AVAILABLE LEGAL AND EQUITABLE REMEDIES AGAINST PARTIES OTHER THAN THE SECOND PARTY. THE SECOND PARTY SHALL IN NO EVENT BE LIABLE TO THE FIRST PARTY OR ANY THIRD PARTY FOR ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS, SAVINGS, REVENUES, BUSINESS OPPORTUNITIES OR BUSINESS ADVANTAGES) UNDER THIS AGREEMENT OR IN ANY WAY IN CONNECTION WITH PRODUCTS OR THE USE THEREOF WHATSOEVER, EVEN IF SECOND PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, THE LIMITATIONS OF LIABILITY SET FORTH ABOVE IN THIS SECTION 10.2 SHALL NOT APPLY TO LOSSES AGAINST WHICH THE PARTIES HAVE AGREED TO INDEMNIFY EACH OTHER PURSUANT TO THE TERMS AND PROVISIONS OF THIS AGREEMENT OR THE DAMAGES INCURRED BY MANUFACTURER BECAUSE OF REPRESENTATIVE’S BREACH OF SECTIONS 11, 12, 13 AND 14 OF THIS AGREEMENT BY REPRESENTATIVE. *(Optional.)*

10.3 Disclaimer. EXCEPT OR AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY DISCLAIMS ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OF THE SERVICES OR PRODUCTS, QUIET ENJOYMENT, AS WELL AS IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

10.4 Some jurisdictions do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply.

(The sections on limitation of liability will limit the liability for both parties. If the parties or either party does not want to set a limitation on liability, then please delete Sections 10.2 to 10.4 and delete the reference of limitation of liability in the header. If the limitation is applicable as to one party only, then revise these sections accordingly.)

11. OWNERSHIP OF INTELLECTUAL PROPERTY

11.1 Manufacturer shall at all times own and retain all respective right, title and interest in and to, and is the sole and exclusive owner of, any intellectual property rights in Products. Such right, title and interest include, but are not limited to, all patents, copyrights, trademarks, trade names, trade dress and trade secrets, names and marks now and subsequently used to identify Products, any proprietary information used in or applying to Products, rights of privacy or publicity, rights to the graphical user interface, source code, object code and other intellectual property rights. Representative agrees that (a) the intellectual property rights in Products are Manufacturer’ property and

contain valuable proprietary materials of Manufacturer; (b) Manufacturer hereby grants a limited license to Representative to use the names and trademarks of Manufacturer and Product and manuals in order to market and sell Product in strict conformity with this Agreement; and (c) Representative shall not have any rights in and to the intellectual property rights in Products, except as otherwise explicitly stated in this Agreement. If requested by Manufacturer, Representative shall assist Manufacturer or Manufacturer's designees at Manufacturer's expense to file any application for registration of a patent, trademark, trade name, service mark or other trade-identifying symbol used in connection with the Products and to establish any right of prior use by Manufacturer that may be required for the registration or protection of the patent, trademark, tradename, service mark or other symbol under the laws of the Territory. Upon expiration or sooner termination of this Agreement, Representative's limited license to use Manufacturer's intellectual property shall cease immediately.

12. CONFIDENTIALITY

12.1 Confidential Information. In the course of performing its obligations hereunder, it may be necessary for Manufacturer or Manufacturer Customers to disclose Confidential Information. Manufacturer shall be the sole owner of the Confidential Information. Such Confidential Information is considered by Manufacturer to be commercially valuable, confidential and proprietary including information furnished by a third party. Manufacturer makes no representations or warranties, express or implied, with respect to any Confidential Information. Manufacturer will not be liable for any damages arising out of use of Confidential Information by Representative. Any use of Confidential Information is at Representative's own risk. Also, nothing in this Agreement will be construed as granting or conferring any rights by license or otherwise in Confidential Information, except for the use as expressly provided in this Agreement.

12.2 Notice to Manufacturer re Disclosure. If, at any time, Representative become aware of any unauthorized access, use, possession or knowledge of any Confidential Information, or if Representative receives any request of a governmental agency or third party pursuant to operation of law, regulation or court order, Representative shall (1) give Manufacturer sufficient prior written notice of such proposed disclosure to enable Manufacturer to obtain an appropriate protective order, if it so desires; and (2) take such reasonable steps as are available to Representative to prevent disclosure of such Confidential Information until the Manufacturer has been informed of such requested disclosure and Manufacturer has an opportunity to take any necessary action to respond to such requested disclosure. In addition, Representative shall provide all reasonable assistance to Manufacturer to protect the confidentiality of any such Confidential Information that Representative may have directly or indirectly disclosed, published, or made available to third parties in breach of this Agreement, including reimbursement for any and all attorney fees and costs that Manufacturer may incur to protect the rights in such Confidential Information.

12.3 Nondisclosure. Representative: (1) shall hold and maintain the Confidential Information in strictest confidence and in trust for the sole and exclusive benefit of Manufacturer; (2) shall not, without the prior written approval of Manufacturer, use for its own benefit, publish or otherwise disclose to others, or permit the use by others for their benefit or to the detriment of Manufacturer, any of the Confidential Information; and (3) shall only disclose the Confidential Information to its employees and/or consultants with a need to know, and only if such employees and/or consultants have executed agreements that impose on them substantially the same duty with respect to confidentiality as is imposed hereunder.

12.4 Effect of Termination. Upon the expiration or termination of this Agreement, Representative shall immediately cease the use of the Confidential Information and shall have thirty (30) days from the expiration or termination date of this Agreement to return any Confidential Information received from Manufacturer. Representative shall not reproduce or permit the reproduction of any such Confidential Information, nor circulate such to any individual or entity. If it is physically impossible to return any Confidential Information received by Representative, Representative shall delete such undeliverable files and data items transferred from Manufacturer.

12.5 Injunctive Relief. Representative understands and acknowledges that any disclosure or misappropriation of any Confidential Information in violation of this Agreement may cause Manufacturer irreparable harm, the amount of which may be difficult to ascertain, and agrees that Manufacturer shall have the right to apply to a court of competent jurisdiction for an order restraining any such further disclosure or misappropriation and for such other relief as Manufacturer shall deem appropriate, and Representative expressly agrees that Manufacturer shall be entitled, in addition to any other remedy provided by law, to obtain an injunction or other equitable remedy

respecting such violation or continued violation. Such right is to be in addition to the remedies otherwise available to Manufacturer at law or in equity.

(This section is a long version with complete protection of intellectual property rights. Below is a shorter version of "Confidentiality.")

12.1 In the course of performing its obligations hereunder, it may be necessary for Manufacturer or Manufacturer Customers to disclose Confidential Information to Representative. Manufacturer is the sole owner of the Confidential Information. Representative shall hold and maintain Confidential Information in strictest confidence and in trust for the sole and exclusive benefit of Manufacturer and shall not, without the prior written approval of Manufacturer, use for its own benefit, publish or otherwise disclose to others or permit the use by others for their benefit or to the detriment of Manufacturer, any of Confidential Information. Any disclosure of Confidential Information to Representative's employees and/or consultants shall be on a need to know basis. If, at any time, Representative becomes aware of any unauthorized access, use, possession or knowledge of any Confidential Information, or if Representative receives any request of disclosure by a governmental agency or third party pursuant to operation of law, regulation or court order, Representative shall (1) give Manufacturer sufficient prior written notice of such proposed disclosure to enable Manufacturer to obtain an appropriate protective order, if it so desires; and (2) prevent disclosure of such Confidential Information until Manufacturer has an opportunity to take any necessary action to respond to such requested disclosure. Representative shall also provide all reasonable assistance to Manufacturer to protect the confidentiality of such Confidential Information. Upon the expiration or sooner termination of this Agreement, Representative shall have thirty (30) days from the expiration or termination date of this Agreement to return Confidential Information received from Manufacturer or delete Confidential Information, which cannot be returned physically. Representative shall not reproduce or permit the reproduction of any such Confidential Information, nor circulate such to any individual or entity. Representative understands and acknowledges that any disclosure or misappropriation of any Confidential Information in violation of this Agreement may cause Manufacturer irreparable harm, the amount of which may be difficult to ascertain, and agrees that Manufacturer shall have the right to apply to a court of competent jurisdiction for an order restraining any such further disclosure or misappropriation and for such other relief as Manufacturer shall deem appropriate, and Representative expressly agrees that Manufacturer shall be entitled, in addition to any other remedy provided by law, to obtain an injunction or other equitable remedy respecting such violation or continued violation. Such right is to be in addition to the remedies otherwise available to Manufacturer at law or in equity.

13. NO CONFLICT DURING TERM

13.1 No Representation of Competitor. During the Term, Representative shall not act as a representative for products competitive in substantial respects, or bearing substantial similarities with Products or other products produced by Manufacturer, except as otherwise agreed upon by the parties in writing. Representative agrees that at the end of each calendar year, or from time to time at Manufacturer's reasonable requests, it will provide Manufacturer, in writing, with the identity of Representative's other principals.

14. NO UNFAIR COMPETITION AND NON-INTERFERENCE WITH BUSINESS *(These subsections are optional and should be revised to fit the specific situation for each matter.)*

14.1 General. Representative understands that during the Term, Representative will receive from the Manufacturer or Manufacturer Customers Confidential Information belongs to Manufacturer and/or Manufacturer Customers. This Section 14 in no way unnecessarily restricts Representative from continuing to undertake and perform all activities and functions, which Representative is undertaking and performing as of the execution of this Agreement. Representative specifically agrees that this Section 14 is an essential incentive to induce Manufacturer to enter into this Agreement, and that this Section 14 shall be specifically enforceable by Manufacturer, its related entities and its and their successors and assigns. Representative acknowledges that the limitations as to time, geographical area and scope of activity restrained as set forth herein are reasonable and do not impose a greater restraint on Representative than is necessary to protect the integrity of the Confidential Information, the goodwill and other business interests of Manufacturer, as well as the competitive benefit of Manufacturer. As one of the considerations for Manufacturer to enter into this Agreement and without in any way limiting any other provisions herein, Representative agrees to be bound by Section 14.

14.2 No Unfair Competition. Representative shall not (1) during the Term and for one (1) year after the expiration or termination of this Agreement, including but not limited to using Confidential Information, directly or indirectly engage or participate in services for, work for, involved in, engaged in, own, manage or operate any business competitive with, or similar to, that of the Manufacturer in the Territory, so long as the Manufacturer carries on a like business in the Territory; (2) engage in unfair competition with Manufacturer, including but not limited to doing so by using Confidential Information; (3) aid others in any unfair competition with Manufacturer, including but not limited to doing so by using Confidential Information; (4) in any way breach the confidence that Manufacturer placed in Representative during the Term; (5) misappropriate any Confidential Information; or (6) breach any of the provisions of this Section 14 of the Agreement.

14.3 Non-Interference with Business. During the Term of this Agreement and for one (1) year after the expiration of the Agreement, Representative shall not, including but not limited to by using Confidential Information, (1) influence or attempt to influence any Manufacturer Customers to divert their business to any individual or entity then in competition with Manufacturer; (2) disrupt, damage, impair or interfere with the business of Manufacturer by disrupting its relationships with Manufacturer Customers or prospects or Manufacturer's Customers' agents, representatives or vendors; or (3) solicit, contract with or join in with any Manufacturer Customers or prospects without the involvement of Manufacturer for any purpose without first applying for and receiving the express written consent of Manufacturer.

14.4 Non-Solicitation of Employees. Representative acknowledges and agrees that Manufacturer has made a substantial investment in bringing qualified and professional employees, contractors, agents and/or representatives and would suffer a loss if they are hired by others due to the conduct by Representative. Representative agrees that, during the Term of this Agreement and for one (1) year after the expiration or sooner termination of the Agreement, Manufacturer shall not disrupt, damage, impair or interfere with the business of Manufacturer by interfering with Manufacturer's relationship with its employees by directly or indirectly soliciting Manufacturer's employees who earned _____ (\$_____) or more on an annual basis to work for any individual or entity then in competition with Manufacturer.

14.5 Non-Circumvention. Representative agrees that it shall not, directly or indirectly, circumvent, avoid, bypass or obviate Manufacturer in any way, including but not limited to entering into any separate business transactions in any manner with Manufacturer Customers without first applying for and receiving the express written consent of Manufacturer. Such "business transactions" shall include, but not be limited to any transactions, purchases, sales, manufacturing, joint ventures, investment, mergers, acquisitions, projects, any loans or collateral, or other transaction involving any products, transfers or services or addition, renewal extension, rollover, amendment, renegotiations, new contracts, parallel contracts/agreements or third party assignments thereof.

14.6 Application of this Section. Representative agrees that Section 15.6 shall apply to any transaction between the parties and/or between Representatives and any and all Manufacturer Customers, which makes use of, or involves, Confidential Information, or relates to any sources, introduced by, or disclosed by or from, Manufacturer.

14.7 Injunctive Relief. Representative agrees that a breach of Representative's obligations under this Agreement shall result from any efforts of the Representative or its associates, including but not limited to any of Representative's agents, representatives, employees, affiliates, solicitors, bankers, buyers or sellers, who directly or indirectly, attempt to conduct business of or in any manner, to the exclusion of Manufacturer based upon, or pertaining to, Confidential Information or relating to Manufacturer Customers.

15. MISCELLANEOUS

15.1 Binding Effect. This Agreement shall be binding upon both parties and their permitted successors and assigns from the Effective Date.

15.2 Governing Law. This Agreement shall be construed, interpreted and governed as to procedural and substantive matters according to the laws of _____ (*such as the State of California, United States of America,*) without regard to its choice of law, conflict of laws provisions.

15.3 Arbitration; Choice of Forum.

15.3.1 All claims, disputes, controversies, or disagreements of any kind whatsoever ("claims"), including any claims arising out of, relating to or in connection with this Agreement, shall be submitted to final and binding arbitration before _____ (*name of an arbitration agency*) in _____ (*name of location*) in accordance with the rules and procedures of _____ (*specify governing rules and provider such as American Arbitration Association*) then existing. The arbitration shall be held before one arbitrator mutually agreed by the parties. Either party may request to submit any claims to arbitration and make a written request to the other party to select an arbitrator within ____ (__) days. If the parties cannot agree on one arbitrator within ____ (__) days from the first written request to select an arbitrator by either party, then each party shall select one arbitrator, those two arbitrator shall select a third mutual arbitrator, and the arbitration shall be held before these three arbitrators. If parties fail to select any arbitrator within ____ (__) days from the first written request to select an arbitrator by either party, then an arbitrator shall be appointed by _____ (*specify governing rules and provider such as American Arbitration Association*), and the arbitration shall proceed in _____ (*name of location*) before the arbitrator so appointed. The arbitration must be conducted in the English language. The parties agree that the arbitration award is final and binding, and that the judgment on any arbitration award may be entered in any court of competent jurisdiction, and either party may file an action to compel arbitration with any court of competent jurisdiction. This Agreement is a waiver of all rights the parties may have to a civil court action on any dispute outlined by this Agreement. The fees and costs of the arbitration shall be borne equally by the parties, except that each party shall each pay for their own attorney fees or costs of representation for purposes of the arbitration unless otherwise provided by law.

15.3.2 The parties agree that the following claims may be excluded from this arbitration provision: (1) claims relating to Representative's violations or breach of Sections _____ of this Agreement; and (2) claims that are expressly excluded by applicable laws. Either party may choose to file any actions concerning disputes or controversies arising out of such claims or the interpretation of any provisions contained therein with _____ (*specify name of court, such as the Los Angeles County Superior Court in Los Angeles, California*). (*This Section is optional.*)

(The parties may choose to use the following arbitration clause instead.)

15.3 Arbitration; Choice of Forum.

15.3.1 Arbitration. All claims, disputes, controversies, or disagreements of any kind whatsoever ("claims"), including any claims arising out of or in connection with this Agreement, shall be submitted to final and binding arbitration before _____ (*name of an arbitration agency*) in _____ (*name of location*) in accordance with the rules and procedures of (*if applicable, add: the supervision of _____ (specify appointing authority) and*) the Rules of the United Nations Commission on International Trade Law ("UNCITRAL") in effect on the date of this contract (the "Rules"). In the event of any conflict between the Rules and this Section, the provisions of this Section govern. Arbitration under this Agreement is the parties' exclusive remedy, and no party to any arbitration is required to exhaust any local administrative or judicial remedy first.

15.3.2 Arbitrator. Each party must appoint one arbitrator within ____ (*specify time period, such as: 30 days*) after receipt by the respondent of the notice of arbitration. The two arbitrators appointed by the parties must, within ____ (*specify time period, such as: 30 days*) after their appointment, appoint a third, presiding arbitrator, who may not be a citizen or resident of _____ (*specify country*) or _____ (*specify country*). If either party fails to nominate an arbitrator, or the two arbitrators appointed by the parties are unable to appoint a presiding arbitrator within the stated periods, the arbitrator or arbitrators will be appointed by the _____ (*appointing authority*) according to the Rules. All arbitrators must be fluent in ____ (*specify language, such as: English*) and must ____ (*specify desired expertise, if any*).

15.3.3 Procedure. The arbitrators will hold hearings where written, documentary and oral evidence may be presented. Evidence may not be accepted except in the presence of both parties. All witnesses may be questioned by both parties. Unless the parties otherwise agree, or a witness is dead, ill, or unavailable for other good reasons, the arbitrators may not accept a witness' written statement unless the other party has an opportunity to question the witness in the arbitrators' presence. All proceedings must be conducted in the _____ (*specify language, such as: English*) language.

15.3.4 Award. The arbitrators must, by majority vote, render a written decision, stating reasons for their decision, within ____ (*specify number*) months after the respondent receives the request for arbitration. Any cash

award must be payable in U.S. Dollars through a bank in the US and determined, to the extent necessary, on the basis of the rate of exchange in effect at the time the claim arose, as published in the Wall Street Journal. Each party must bear its own costs and attorney's fees (***or the prevailing party is entitled to recover its costs of arbitration and reasonable attorney's fees, as determined by the arbitrators***). The award is deemed an award issued in ____ (***specify nation***).

15.3.5 **Enforcement.** The award is final and enforceable and may be confirmed by the judgment of, or enforced by, a court of competent jurisdiction. To the extent that an award or confirming judgment is unsatisfied, it may be enforced in the manner provided by law in all countries. The prevailing party is entitled to recover its costs and attorney's fees in any proceedings to enforce the award or confirming judgment.

15.3.6 **Reservation of Rights.** The right to refer a claim or dispute to arbitration under this Agreement is not affected by the fact that a claimant or respondent has received full or partial compensation from a third party for the loss or injury that is the object of the claim or dispute, and any third party may participate in these proceedings by right of subrogation.

15.3.7 The parties agree that the following claims may be excluded from this arbitration provision: (1) claims relating to Representative's violations or breach of Sections 11, 12, 13 and 14 of this Agreement; and (2) claims that are expressly excluded by applicable laws. Either party may choose to file an action concerning disputes or controversies arising out of such claims or the interpretation of any provisions contained therein with ____ (***specify name of court, such as the Los Angeles County Superior Court in Los Angeles, California***).

(The parties may choose to use the following "Choice of Forum" clause instead.)

15.3 **Choice of Forum.** The parties further agree that any actions concerning disputes or controversies arising out of this Agreement or the interpretation of any provisions contained therein shall be filed with the ____ Court in ____ (***specify location***).

15.4 **Entire Agreement; Language; Amendments.** This Agreement constitutes the entire Agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes and cancels any other prior agreements or understandings whether written, oral or implied relating to the subject of this Agreement. There are no restrictions, promises, representations, warranties covenants or undertakings other than those expressly set forth or referred to in this Agreement. The parties further agree that neither they nor anyone acting on their behalf made any inducements, agreements, promises, or representations other than those set forth in this Agreement. This Agreement is written in English only, which is the controlling language in all respects. Any version in any other language is for accommodation only and is not binding upon the parties. All formal notices given pursuant to this Agreement must be in English. This Agreement may be amended, modified, and supplemented only by written agreement signed by the parties' authorized personnel hereto.

15.5 **Waiver of Breach.** The waiver by either party of a breach or violation of any provision of the Agreement shall not operate as, or be construed to be, a waiver of any prior, concurrent or subsequent breach hereof. No waiver or purported waiver will be valid or enforceable unless it is in writing and signed by the party against whom it is sought to be enforced.

15.6 **Assignment.** No portion of this Agreement or any right or obligation under this Agreement can be transferred or assigned, in whole or in part, whether by operation of law or otherwise, by either party without the prior written consent of the other party, except that Manufacturer may freely transfer and assign its rights and obligations under this Agreement to any of Manufacturer's wholly owned subsidiaries, provided that Manufacturer provides guarantees of the obligations of the wholly owned subsidiaries in form and substance satisfactory to Representative.

15.7 **Force Majeure.** If either party fails to perform its obligations hereunder (except for the obligation to pay money) because of fires, floods, earthquakes, riots, civil unrest, war, epidemics, shortages, labor unrest, strikes, accidents, acts of God, weather conditions, or action or inaction of any government body or other proper authority, delays caused beyond its reasonable control, then such failure to perform will not be deemed a default hereunder and will be excused without penalty until such time as such party is capable of performing and will not be liable to the other party for any loss, cost or damages arising out of, or resulting from, such failure to perform.

15.8 Notice. All notices which are required or permitted to be given pursuant to this Agreement shall be in writing and shall be sufficient in all respects if delivered personally, by facsimile, by email, by overnight courier using a nationally recognized courier company, or by registered or certified mail, postage prepaid, addressed to a party as indicated below: Manufacturer: _____; and, Representative: _____. Notice shall be deemed to have been received upon delivery thereof as to communications which are personally delivered, are sent by facsimile or by email; on the third (3rd) day after mailing as to communications which are sent by overnight courier; and on the seventh (7th) day after mailing as to communications made by mail. The above addresses may be changed by giving written notice of such change in the manner provided above for giving notice.

15.9 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision or other provision hereof in any other jurisdiction.

15.10 Attorney's Fees. The prevailing party in any arbitration or litigation brought by either party to this Agreement in connection with this Agreement will be entitled to recover from the other party all reasonable costs, attorney's fees, and other expenses incurred by the prevailing party in such arbitration or litigation.

15.11 Third Parties. Nothing herein expressed or implied is intended or will be construed to confer upon or give to any person or entity other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

15.12 Survival. The provisions of Sections 1, 6.5, 7, 8.2, 9, 10, 11, 12, 13, 14 and 15 of this Agreement will survive any expiration or termination of this Agreement.

15.13 Headings. The headings of the Sections of this Agreement are inserted for convenience of reference only and do not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement.

15.14 Dollar Amount. Any dollar amount in the Agreement is in U.S. dollars.

15.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Each party hereto acknowledges and agrees that the other party may rely on electronic facsimile signatures as conclusive evidence of the valid and binding execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the first paragraph hereof.

Dated: _____ MANUFACTURER

By: _____
Name: _____
Title: _____

Dated: _____ REPRESENTATIVE

By: _____
Name: _____
Title: _____

ATTACHMENT A

LIST OF PRODUCTS

(Manufacturer may retain the right to change Products during the Term. Manufacturer may grant the right of approval or first right of refusal to Distributor for such change of Products during the Term.)

ATTCHMENT B

COMMISSION RATES

Appendix D Matchmaking Aids

5. Sample Foreign Representation Agreement

DISCLAIMER

This sample agreement is provided by Y.F. Chou, Prof. Corp., (this "Firm") as a service and does not constitute legal advice. A sample agreement does not constitute legal advice and does not create an attorney-client relationship. This Firm makes no claims, promises, representations, warranties or guarantees concerning the accuracy, completeness, adequacy, currency, suitability, legal effect, appropriateness of the provisions and/or information contained in the agreements, including but not limited to the warranties of merchantability and fitness for a particular purpose. The sample agreement is provided "as is," "as available," and with "all faults," and its use is entirely at user's own risk. The sample agreement may be inappropriate for particular circumstances, and different jurisdictions may require different or additional provisions to ensure the desired result. Some provisions contained herein might not be enforceable in various jurisdictions. As legal advice must be tailored to the specific circumstances of each case or matter, and laws are constantly changing, nothing provided herein shall be used as a substitute for the advice of competent counsel. Users should not act or rely on the sample agreement without seeking the advice of competent counsel licensed to practice in user's jurisdiction. Users should obtain professional assurances and determine the appropriate provisions and agreements applicable to their particular transactions. Further, the sample agreement is provided on a non-exclusive license basis only for user's personal one-time use for non-commercial purposes, without any right to re-license, sublicense, distribute, assign or transfer such license.

THIS DISTRIBUTION AGREEMENT (this "Agreement") is made and entered into on _____ (*date*) (the "Effective Date"), by and between _____ ("Manufacturer"), a California corporation with principal offices located at _____ (*address*), USA, and _____, ("Distributor") having its principal offices at _____ (*complete address of Distributor's office*).

RECITALS

- A. Manufacturer is in the business of manufacturing and export _____;
- B. Distributor is in the business of importing _____ (*types of products*) into _____ (*name(s) of country/countries*); and
- C. Manufacturer desires to retain Distributor to sell Manufacturer's _____ (*types of products*) in _____ (*name(s) of country/countries*) pursuant to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the Manufacturer and Distributor agree as follows:

1. DEFINITION

1.1 "Affiliate" means an entity which, directly or indirectly, controls, is controlled by, or is under common control of a parent company with a party to this Agreement. For purposes of this paragraph, "control" means owning or controlling at least 30% of the voting stock entitled to vote for elections of the members of the board of directors (or, if none, persons performing similar functions) or, in the case of entities not having voting stock, equivalent ownership or control thereof.

1.2 "Confidential Information" shall mean information provided by Manufacturer or Manufacturer Customers to Distributor (i) that is not known by actual or potential competitors of Manufacturer or is generally unavailable to the public, (ii) that has been created, discovered, developed or otherwise become known to Manufacturer or in

which property rights have been assigned or otherwise conveyed to Manufacturer, and (iii) that has material economic value or potential material economic value to Manufacturer's present or future business. Confidential Information, subject to exceptions set forth by laws, shall include trade secrets (as defined under California Civil Code section 3426.1) which include all discoveries, developments, designs, improvements, inventions, formulas, software programs, processes, techniques, know-how, negative know-how, data, research, technical data (whether or not patentable or registrable under patent, copyright or similar statutes and including all rights to obtain, register, perfect and enforce those proprietary interests), customer and supplier lists, customer profile and other customer information, customer and price list, business plans, and any modifications or enhancements of any of the foregoing, and all program, marketing, sales, or other financial or business information disclosed to Distributor by Manufacturer, either directly or indirectly, in writing or orally or by drawings or observation, which has actual or potential economic value to Manufacturer.

1.3 "Distributor" shall mean _____ and its Affiliates.

1.4 "Effective Date" shall mean _____.

1.5 "Initial Term" shall mean the initial term of this Agreement from __ to __.

1.6 "Manufacturer" shall mean _____ and its Affiliates.

1.7 "Manufacturer Customers" shall mean any individuals or entities, who are current or potential customers or business prospects of Manufacturer, or who are introduced from or by Manufacturer to Representative.

1.8 "Order" shall mean orders placed by Distributor for Products, which are received by Manufacturer and accepted by Manufacturer in writing.

1.9 "Party" shall mean Manufacturer or Distributor, individually. "Parties shall mean Manufacturer and Distributor collectively.

1.10 "Products" shall mean the products set forth in Attachment A, which is hereby incorporated by reference as fully set forth in this Agreement.

1.11 "Renewal Term" shall mean any renewal term of this Agreement pursuant to Section 8.1 of this Agreement.

1.12 "Term" shall mean the term of this Agreement, including the Initial Term and any Renewal Terms, if any.

1.3 "Territory" shall mean the following country/countries: _____ (or "*_____ types of customers serviced by Distributor in _____*").

2. GRANT OF DISTRIBUTORSHIP

2.1 Manufacturer hereby grants Distributor, subject to the terms and conditions of this Agreement, the exclusive right to sell, distribute and service Products in Territory during the Term. *(The word "exclusive" is optional. Also, the right to sell can also be limited to selling Products to specified types of customers.)*

3. RELATIONSHIP OF THE PARTIES

3.1 Independent Contractor. This Agreement shall not be deemed to create a partnership, joint venture or an agent and principal relationship between the parties, and Distributor or any of Distributor's directors, officers, employees or agents shall not, by virtue of the performance of their obligations under this Agreement, represent themselves as, or be deemed to be, an agent, partner or employee of Manufacturer. The parties mutually agree that Distributor is an independent contractor, not an employee, of Manufacturer. Neither party is liable for any acts, omissions to act, contracts, promises, commitments or representations made by the other, except as specified in this Agreement.

3.2 Exclusivity. Distributor shall be the exclusive distributor for Manufacturer to sell Products in Territory and shall not act as a distributor or a sales representative for, or design, manufacture, sell, distribute, service or market, any products in competition with any products manufactured by Manufacturer. Distributor shall disclose to Manufacturer the identities of all products and manufacturers, which it distributes or represents, and notify, and obtain prior written consent from, Manufacturer of any future products or manufacturers that it will distribute or represent prior to making such commitment to do so. (*Optional.*)

3.3 Most Favorable Terms. If Manufacturer enters into any other export distribution agreement for Product with another distributor in a different territory in the future, which provides that new distributor more favorable terms, other than pricing for Products, Manufacturer will immediately amend this Agreement to provide Distributor with the benefit of any terms, other than the pricing for Products, in the new agreement more favorable than those included in this Agreement. (*Optional.*)

4. DUTIES AND RESPONSIBILITIES OF DISTRIBUTOR

4.1 Distributor's duties and responsibilities include but not be limited to:

(a) Using its best effort to market, offer, sell, promote and develop a market for Products within Territory, referring all inquiries regarding Products or other products manufactured by Manufacturer to Manufacturer and maintaining qualified sales distribution organization and channels within Territory;

(b) Engaging in sales promotion activities, in which designate Products with its correct name and identify Products as being manufactured by Manufacturer and marketed and sold by Distributor as an independent contractor;

(c) attached to this Establishing and maintaining place of business in Territory with display of Products for demonstration, a staff of trained technicians and a stock of spare parts and technical literature in order to provide technical support and services to customers; and providing technical support and services to customers;

(d) Purchasing the minimum dollar amounts of Products as set forth in Attachment A, a copy of which is Agreement and is hereby incorporate by reference as fully set forth herein; and maintaining an inventory of products sufficient to satisfy customer Orders as they are received.

(e) Providing reports concerning inventory, sales and potential sales with fifteen (15) days from the closing of each calendar __ (*month or quarter*), or as reasonably requested by Manufacturer, and forecasts of anticipated sales over __ month period on a __ (*quarter or yearly*) basis to assist Manufacturer in planning production activities; and assisting Manufacturer in assessing customer requirements for Products and developing modifications and improvements of Products;

(f) Providing logistical and support services in Territory concerning the sale or service of Products, including but not limited to providing assistance necessary to Manufacturer in arranging and providing lodging, office space, equipment, translation, transportation, communications, facilities and other related support activities;

(g) Conducting its business at all times in a manner, which shall reflect favorably on Manufacturer and Products, and which is not deceptive, misleading, illegal or unethical, and providing advice and assistance concerning compliance of laws, regulations, business and financial practices in Territory, maintenance of contact, communications and liaison with government officials and obtaining necessary licenses, permits and authorizations in compliance with law, regulations and ordinances;

(h) Obtaining all necessary export and import licenses and permits, paying all customs duty and other charges and fees and taking all other actions required to accomplish the export and import of Products;

(i) Providing advice and assistance to Manufacturer on compliance of laws, regulations, business and financial practices in Territory, maintenance of contact, communications and liaison with government officials and obtaining necessary licenses, permits and authorizations in compliance with law, regulations and ordinances;

(j) Providing Manufacturer, upon reasonable notice by Manufacturer and during regular business hours, access to Distributor's place of business and inventory stock to ascertain Distributor's compliance with this Agreement;

(k) Providing Manufacturer with a copy of all Distributor's sales, advertising and promotion materials mentioned Products, and a copy of any translation of materials relating to Products prior to the use of such materials and translations; and

(l) Providing other assistance and services as Manufacturer may reasonably request.

(This is a suggested list and should be revised to meet the needs of the parties.)

4.2 Distributor shall not advertise, market, sell or distribute Products outside Territory or to establish or maintain a warehouse located outside Territory for the distribution of Products outside Territory.

4.3 Distributor shall have no authorities to make any representations, warranties or guarantees or make or execute any commitment or agreement, accept any Orders or incur any liability on behalf of Manufacturer or bind Manufacturer in any way.

4.4 Distributor is responsible for all expenses incurred by Distributor in connection with the implementation and performance of Distributor's duties and obligations under this Agreement, including but not limited to: (a) the expenses incurred in fulfilling its duties and responsibilities as provided in Section 4; (b) costs, expenses and salaries of its personnel associated with establishing and maintaining its sales organization and offices; (c) advertising and promotion expenses; and (e) any and all taxes, duties, tariffs or charges that may be imposed on Distributor in Territory.

4.5 Distributor is solely responsible for the performance of its duties.

5. DUTIES AND RESPONSIBILITIES OF MANUFACTURER

5.1 Manufacturer will use its best efforts to deliver Products pursuant to the dates and other requirements stated in Orders delivered to and accepted by Manufacturer, however, Manufacturer is under no obligation to sell or continue to produce any model or type of any Products, whether or not listed on Attachment A beyond ___ (__) days of notice of discontinuation sent by Manufacturer to Distributor, and Manufacturer reserves the right to make substitutions and/or modifications to Products if such substitutions or modifications will not materially adversely affect overall performance of Products. In addition, Manufacturer will keep Distributor informed of changes in Products, specifications and deliveries.

5.2 Manufacturer will provide Distributor, from time to time, advertising matter, price lists and technical assistance when Manufacturer deems necessary

5.3 Manufacturer, from time to time, may, at Manufacturer's sole discretion, make special purchase offers and/or quantity discounts available to Distributor.

5.4 Manufacturer may, from time to time, send representatives to consult with Distributor concerning the promotion and increase of market of Products and technical support and service of Products and provide training to Distributor's personnel as reasonably requested by Distributor.

5.5 Manufacturer shall make repair or replacement parts available to Distributor. Further, during the Term and during a period of ___ (*months, years*) after the expiration or termination of the Agreement, Manufacturer will sell Distributor repair and replacement parts necessary to maintain Products in good and serviceable condition at all times, unless the parts have been discontinued by Manufacturer. Manufacturer shall provide Distributor ___ (__) day prior notice of any discontinuance.

5.6 Manufacturer shall not make any direct sales within Territory, except for accommodation sales or as otherwise agreed upon by the parties. In those cases, commissions shall be credited to Distributor on a case by case basis.

5.7 Manufacturer is solely responsible for the performance of its duties.

(This is a suggested list and should be revised to meet the needs of the parties.)

6. PRICING, ORDER, PAYMENT, SHIPMENT AND ACCOUNTING

6.1 Pricing. The initial pricing for Products is provided in Attachment A. However, the pricing is subject to changed by Manufacturer at its sole discretion at any time. Such changes shall be effective upon sending notice by Manufacturer to Distributor pursuant to Section 15.8 of this Agreement (*or by email, facsimile or other means*). All pricing is quoted FOB _____ (*name of city and country.*) and shall include the cost of packaging and crating for export.

6.2 Orders. Any Order placed by Distributor shall be submitted to Manufacturer. An Order shall designate the delivery date for at least __ days from the day such Order is submitted to Manufacturer. The Order shall not contain a shipment date fewer than __ (__) days from the date that such Order is submitted to Manufacturer. After receiving the Order, Manufacturer shall either reject or accept the Order in writing within ___ hours and notify Distributor of its decision pursuant to Section 15.8 of this Agreement. Manufacture has sole discretion to determine if it will accept such an Order. Prior to receiving an acceptance of the Order, Distributor may cancel the Order without further obligations. Upon acceptance of any Order, it shall become a binding agreement between Distributor and Manufacturer, wherein Distributor agrees to purchase Products set forth on the Order pursuant to the terms and conditions in this Agreement. Should Distributor intend to either cancel or change an Order after such Order has been accepted by Manufacturer, Manufacture has the sole discretion to determine if Manufacturer will (1) allow such a cancellation or change, (2) impose a cancellation or change order charge, or (3) declare that Distributor has breached the Agreement and terminate the Agreement pursuant to Section 8.2.1 of this Agreement. Furthermore, Distributor shall meet the minimum dollar amount set forth in Attachment A. Otherwise, Manufacturer may declare that Distributor has breached this Agreement and terminate the Agreement pursuant to Section 8.2.1 of this Agreement.

6.3 Payments. For each Order, Distributor shall establish an applicable irrevocable letter of credit in favor of Manufacturer's bank within __ days after receipt of the acceptance of the Order from Manufacturer. The letter of credit must be confirmed by a United States bank and for the entire amount of each shipment of the Order when made. The letter of credit shall allow negotiation time of ___ days from the day of the Order's confirmed shipment date. The Order shall be paid, upon presentation of shipping documents to Distributor's bank in ___(*name of city, country*), net cash in U.S. currency.

6.4 Shipment. Distributor is liable to pay for all costs and expenses associated with the shipment of Products. At Distributor's request, Manufacturer may arrange for shipment of Products, with all costs and expenses associated with the shipment paid by Distributor in accordance with Section 6.3 of this Agreement. Title and risk of loss or damage of Products shall pass from Manufacturer to Distributor upon delivery of Product to the shipping company or Distributor's representative for shipment, regardless of which party makes the shipping arrangements. After the acceptance of an Order by Manufacturer, if Distributor requests delay in shipment, any storage, insurance or other costs incurred because of the delay shall be paid by Distributor pursuant to Section 6.3 of this Agreement. If any Product is not correctly shipped due an error by Manufacturer, Manufacturer will replace such Product as promptly as possible free of charge and freight prepaid to Distributor's destination. (*Last sentence is optional.*)

6.5 Inspection of Products. Manufacturer shall inspect all Products prior to shipment to confirm that such Products are in first-class condition. Distributor shall have the right to inspect the Products dockside in __ (*name of city, country*). Manufacturer has the right to appoint a third party for inspection purpose. If Distributor discovers any damaged or defective Products, Distributor shall notify Manufacturer within __ (__) days of such discovery. Upon a written confirmation of an independent merchandise surveyor and a written confirmation from Manufacturer, Distributor shall have damaged and defective merchandise repaired in __ (*name of city, country*) at Manufacturer's expense.

6.6 Payments Following Termination or Expiration. Following termination or expiration of this Agreement, Distributor shall pay Manufacturer for Products ordered by Distributor and accepted by Manufacturer prior to the termination or expiration within __ (__) from the date of termination or expiration, even though such Products have not been shipped by Manufacturer.

6.7 Audit Rights. During the Term and for a period of one (1) year following the termination or expiration of the Agreement, each party shall maintain complete, accurate and detailed books and records with respect to the determination of its revenues and other matters associated with the performance of this Agreement. Each Party (the “requesting party”) shall have the right, at its expense and upon prior written notice given to the other party (the “responding party”) at least fifteen (15) days prior to the inspection date requested by the requesting party, to inspect and audit all of the responding party’s records associated with the performance of this Agreement, and the responding party agrees to reasonably cooperate with and provide access to the requesting party and its financial advisors as may be necessary and appropriate for such inspection and audit.

7. COMPLIANCE WITH LAW

7.1 Distributor agrees that in carrying out its duties under this Agreement, Distributor will neither undertake nor cause or permit to be undertaken any activity which to Distributor's knowledge is illegal under the laws of the Territory or of the United States. It is a condition of this Agreement that, within __ (*specify number, such as: 30*) days from execution of this Agreement and prior to the initiation of any activities with respect to any Order, Distributor will submit to Manufacturer an opinion of Distributor's counsel, provided that such counsel and the form and substance of the opinion shall be to Manufacturer’s satisfaction, that nothing in this Agreement prevents Distributor from carrying out its duties in accordance with laws, decrees, rules and regulations of the Territory, and that Distributor may act as Distributor for all Products to any government ministries, agencies and departments, including the armed forces. The submission of this opinion is a condition precedent to the effectiveness of this Agreement.

7.2 Distributor understands and agrees that Manufacturer may comply with any legal provision requiring disclosure, or any request from the U.S. Government or the Government of the Territory to disclose, by affidavit or otherwise, the identity of Distributor, as well as the identities of Distributor's principal and the amount of any payment made or to be made to Distributor under this Agreement.

8. TERM AND TERMINATION

8.1 Term. The term of this Agreement will commence on the effective date of this Agreement and will continue for a period of __ (__) years unless earlier terminated by either party accordance with Section __. At the end of each Term, including at the end of the Initial Term and the Renewal Terms, this Agreement will be automatically renewed for an additional __ (__) year period, unless either party give the other party a written notice __ (__) days prior to the expiration of the Initial Term or any Renewal Term. All the terms and conditions contained in this Agreement will remain the same during any renewals beyond the Initial Term, unless this Agreement is amended or modified in written pursuant to Section __ of this Agreement. *(The automatic renewal portion of the provision is optional. Also, restrictions or conditions may be required, such as sales quota, before there will be a renewal.)*

8.2 Termination. In the event of any of the following, this Agreement, and the rights and licenses granted hereunder, will terminate.

8.2.1 If either party defaults in the performance of or compliance with any provision contained in this Agreement or breach any provisions set forth in this Agreement (except as otherwise provided in this Section 8) and such default or breach is not cured within fifteen (15) days after written notice thereof is received by the defaulting party, the party giving such notice may then give further written notice to the defaulting party terminating this Agreement, in which event this Agreement, and the rights and licenses granted hereunder, will terminate on the date specified in such further notice.

8.2.2 If either party discontinues its primary business for more than fifteen (15) days, either party may terminate this Agreement upon fifteen (15) days' prior written notice to the other party. If the primary business is continued by an Affiliate, the primary business will be deemed continued by the party for purposes of Section 8.2.2.

8.2.3 Either party may terminate this Agreement by written notice to the other party and may regard the other party as in default of this Agreement, if the other party becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, or becomes subject to any proceedings under any bankruptcy or insolvency law, which is not

dismissed within ninety (90) days, or has wound up or entered liquidation, voluntarily or otherwise. In the event that any of the above events occur, the defaulting party will immediately notify the other party of its occurrence.

8.2.4 In the event of a breach of Distributor's obligations under Sections 7, 11, 12, 13 and/or 14, Manufacturer may immediately terminate this Agreement in writing without providing any cure period.

8.2.5 If one party is unable to perform its obligations under the Agreement by reason of any law, rule, regulation or order of any municipal, state or federal or foreign authority, including, but not limited to any regulatory authority that has jurisdiction over that party's business, then the either party may terminate this Agreement by given the other party a thirty (30) day written notice.

8.2.6 If the performance of this Agreement becomes impracticable because of the change of the situation of the U.S., or if the trade between the U.S. and the Territory becomes impracticable because of the change in the currency controls renders, then either party may terminate this Agreement by given the other party a _ () days' prior written notice. (*Optional.*)

8.2.7 Either party may terminate this Agreement without cause upon _ () days' prior written notice to the other party. (*Optional.*)

8.3 Termination of the Agreement for any reason does not affect (a) obligations that have accrued as of the date of termination; and (b) the obligations under those sections identified in Section 15.12 of this Agreement. Further, in the event of termination, Distributor shall return Manufacturer the Confidential Information as provided in Section 12.4 (*or 12.1*) of this Agreement, and Distributor's limited license to use Manufacturer' intellectual property shall cease immediately.

9. REPRESENTATIONS AND WARRANTIES

9.1 Each party represents and warrants that:

9.1.1 It has the authority to enter into this Agreement and the rights and license necessary to enter into, and perform its obligations under, this Agreement.

9.1.2 It is free to enter into this Agreement and is not bound by any agreements, including but not limited to nondisclosure agreement, noncompetition agreement, documents or obligation that may infringe on its ability or in any manner prevent it from performing any of the duties that may be required of it during the Term, or that may result in liability to it in any manner, action, or proceeding.

9.1.3 It has full power and authority to execute and deliver this Agreement, and this Agreement has been duly executed and delivered by or on behalf of itself and constitutes a legal, valid and binding obligation enforceable against it in accordance with its respective terms. Neither the execution, delivery, nor performance of this Agreement violates or conflicts with any applicable laws, decrees, rules, regulations, requires any notice, consent or other action by a third party or creates a default or breach or give rise to any right of termination, cancellation or acceleration of any right or obligation or to lose any benefit to which it is entitled under any agreement or other instrument binding upon it. It will not take any action that would have the effect of causing the other to be in violation of any laws, decrees, rules or regulations.

9.2 Manufacturer represents and warrants that it has all rights, title and interest in and to all copyrights, patents, trademarks and other intellectual property rights associated with Products or otherwise has the right to allow the use thereof which are necessary to use, sell, market and distribute Products, and to manufacture and sell Products without infringing any rights; and that, as of the Effective Date, Manufacturer is not aware of any basis for third party claims of infringement of any patents, trademarks, or tradenames with respect to Products. In the event that any action, claim or suit is brought against Distributor alleging that the manufacture, use, sale or transfer of any Product or the use of the trademarks or tradenames constitutes infringement of any proprietary rights of any third party, Manufacturer shall indemnify Distributor pursuant to Section 10.1 of this Agreement, provided that Distributor gives written notice of such actions or claims brought against Distributor within five (5) days from the receipt of notice of such actions or

claims, and that Distributor takes reasonable steps as may be requested by Manufacturer to assist in the defense of such action. *(The last sentence, starting with "In the event that . . ." is optional.)*

9.3 Manufacturer further represents and warrants that Products shall conform in all material aspects with Manufacturer's written specifications for Products and are free of defects in material or workmanship. This representation and warranty will extend for ___ *(months or years)* from the shipment date of Products. Manufacturer's obligations for breaching this representation and warranty shall be limited to replacing or repairing defective Products at Manufacturer's choice. However, Manufacturer is not liable for any defects in Products, if Products were used to operate in manner inconsistent with use intended by Manufacturer, or if there were modifications or repairs made to Products by party other than Manufacturer's personnel in manner that adversely affects Products' operation or reliability, or if Products were damaged because of accident, neglect or misuse by party other than Manufacturer's personnel.

9.4 Distributor represents and warrants that except as appropriate to carry out Distributor's duties in this Agreement, Distributor has not, has no obligation to and will not, directly or indirectly, give, offer, pay, promise to pay or authorize the payment of money or thing of value to any other person in connection with transactions under this Agreement are to be paid. Distributor agrees not to take any actions that would cause Manufacturer to violate section 103 of the Foreign Corrupt Practices Act of 1977 (15 U.S.C.A. § 78dd-1). Distributor warrants that none of its officer, director, employee or agent is an "official" of ___ *(name of country)* Government as that term is defined in section 103, nor will Distributor employ an "official" of that government.

9.5 Distributor represents and warrants that it will make and keep books, records and accounts that, in reasonable detail, accurately and fairly reflect the transactions performed by Distributor under this Agreement and the dispositions of Products. Distributor specifically agrees that Manufacturer may inspect such books, records and accounts upon reasonable requests made by Manufacturer to Distributor.

10. INDEMNIFICATION AND LIMITATION OF LIABILITY

10.1 Indemnification. Each party (the "First Party") hereby indemnifies and agrees to hold the other party (the "Second Party") and its affiliates, and its and their successors and assigns, and its and their directors, officers and employees harmless against any and all claims, causes of actions, loss, demands, penalties, damages, costs, judgments, attorney's fees or any other expenses incurred in connection with, caused by or relating to the First Party's actions or failure to act or any breach by the First Party of the terms, covenants, representations or warranties set forth in this Agreement.

10.2 Limitation of Liability. REGARDLESS OF THE BASIS ON WHICH ANY PARTY (THE "FIRST PARTY") MAY BE ENTITLED TO RECOVER DAMAGES FROM THE OTHER PARTY (THE "SECOND PARTY"), INCLUDING BUT NOT LIMITED TO, BREACH OF WARRANTY, CONTRACT OR FIDUCIARY DUTY, FRAUD, NEGLIGENCE, MISREPRESENTATION, OTHER TORT OR INDEMNITY, THE SECOND PARTY'S AGGREGATE LIABILITY UNDER THIS AGREEMENT OR RELATED TO PRODUCTS OR THE USE THEREOF IS LIMITED TO ACTUAL, DIRECT DAMAGES THAT CAN BE PROVEN UP TO AN AMOUNT NOT TO EXCEED THE AGGREGATE OF AMOUNT PAID BY MANUFACTURER TO DISTRIBUTOR FOR THE SIX-MONTH PERIOD PRIOR TO THE DATE WHEN SUCH PROBLEM OCCURRED. THE PARTY SUFFERING SUCH DAMAGES OR LOSSES MUST FIRST EXHAUST ANY AVAILABLE LEGAL AND EQUITABLE REMEDIES AGAINST PARTIES OTHER THAN THE SECOND PARTY. THE SECOND PARTY SHALL IN NO EVENT BE LIABLE TO THE FIRST PARTY OR ANY THIRD PARTY FOR ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS, SAVINGS, REVENUES, BUSINESS OPPORTUNITIES OR BUSINESS ADVANTAGES) UNDER THIS AGREEMENT OR IN ANY WAY IN CONNECTION WITH PRODUCTS OR THE USE THEREOF WHATSOEVER, EVEN IF SECOND PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, THE LIMITATIONS OF LIABILITY SET FORTH ABOVE IN THIS SECTION 10.2 SHALL NOT APPLY TO LOSSES AGAINST WHICH THE PARTIES HAVE AGREED TO INDEMNIFY EACH OTHER PURSUANT TO THE TERMS AND PROVISIONS OF THIS AGREEMENT OR THE DAMAGES INCURRED BY MANUFACTURER BECAUSE OF THE BREACH OF SECTIONS 11, 12, 13 AND 14 OF THIS AGREEMENT BY DISTRIBUTOR.

10.3 Disclaimer. EXCEPT OR AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY DISCLAIMS ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OF THE SERVICES OR PRODUCTS, QUIET ENJOYMENT, AS WELL AS IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

10.4 Some jurisdictions do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply.

(The sections on limitation of liability will limit the liability for both parties. If the parties or either party does not want to set a limitation on liability, then please delete Sections 10.2 to 10.4 and delete the reference of limitation of liability in the header. If the limitation is applicable as to one party only, then revise these sections accordingly.)

11. OWNERSHIP OF INTELLECTUAL PROPERTY

11.1 Manufacturer shall at all times own and retain all respective right, title and interest in and to, and is the sole and exclusive owner of, any intellectual property rights in Products. Such right, title and interest include, but are not limited to, all patents, copyrights, trademarks, trade names, trade dress and trade secrets, names and marks now and subsequently used to identify Products, any proprietary information used in or applying to Products, rights of privacy or publicity, rights to the graphical user interface, source code, object code and other intellectual property rights. Distributor agrees that (a) the intellectual property rights in Products are Manufacturer' property and contain valuable proprietary materials of Manufacturer; (b) Manufacturer hereby grants a limited license to Distributor to use the name of Product to market and sell Product in strict conformity with this Agreement; and (c) Distributor shall not have any rights in and to the intellectual property rights in Products, except as otherwise explicitly stated in this Agreement. If requested by Manufacturer, Distributor shall assist Manufacturer or Manufacturer's designees at Manufacturer's expense to file any application for registration of a patent, trademark, tradename, service mark or other trade-identifying symbol used in connection with the Products and to establish any right of prior use by Manufacturer that may be required for the registration or protection of the patent, trademark, tradename, service mark or other symbol under the laws of the Territory. Upon expiration or sooner termination of this Agreement, Distributor's limited license to use Manufacturer' intellectual property shall cease immediately.

12. CONFIDENTIALITY

12.1 Confidential Information. In the course of performing its obligations hereunder, it may be necessary for Manufacturer or Manufacturer Customers to disclose Confidential Information. Manufacturer shall be the sole owner of the Confidential Information. Such Confidential Information is considered by Manufacturer to be commercially valuable, confidential and proprietary including information furnished by a third party. Manufacturer makes no representations or warranties, express or implied, with respect to any Confidential Information. Manufacturer will not be liable for any damages arising out of use of Confidential Information by Distributor. Any use of Confidential Information is at Distributor's own risk. Also, nothing in this Agreement will be construed as granting or conferring any rights by license or otherwise in Confidential Information, except for the use as expressly provided in this Agreement.

12.2 Notice to Manufacturer re Disclosure. If, at any time, Distributor become aware of any unauthorized access, use, possession or knowledge of any Confidential Information, or if Distributor receives any request of a governmental agency or third party pursuant to operation of law, regulation or court order, Distributor shall (1) give Manufacturer sufficient prior written notice of such proposed disclosure to enable Manufacturer to obtain an appropriate protective order, if it so desires; and (2) take such reasonable steps as are available to Distributor to prevent disclosure of such Confidential Information until the Manufacturer has been informed of such requested disclosure and Manufacturer has an opportunity to take any necessary action to respond to such requested disclosure. In addition, Distributor shall provide all reasonable assistance to Manufacturer to protect the confidentiality of any such Confidential Information that Distributor may have directly or indirectly disclosed, published, or made available to third parties in breach of this Agreement, including reimbursement for any and all attorney fees and costs that Manufacturer may incur to protect the rights in such Confidential Information.

12.3 Nondisclosure. Distributor: (1) shall hold and maintain Confidential Information in strictest confidence and in trust for the sole and exclusive benefit of Manufacturer; (2) shall not, without the prior written approval of Manufacturer, use for its own benefit, publish or otherwise disclose to others, or permit the use by others for their benefit or to the detriment of Manufacturer, any of Confidential Information; and (3) shall only disclose Confidential Information to its employees and/or consultants with a need to know, and only if such employees and/or consultants have executed agreements that impose on them substantially the same duty with respect to confidentiality as is imposed hereunder.

12.4 Effect of Termination. Upon the expiration or termination of this Agreement, Distributor shall immediately cease the use of the Confidential Information and shall have thirty (30) days from the expiration or termination date of this Agreement to return any Confidential Information received from Manufacturer. Distributor shall not reproduce or permit the reproduction of any such Confidential Information, nor circulate such to any individual or entity. If it is physically impossible to return any Confidential Information received by Distributor, Distributor shall delete such undeliverable files and data items transferred from Manufacturer.

12.5 Injunctive Relief. Distributor understands and acknowledges that any disclosure or misappropriation of any Confidential Information in violation of this Agreement may cause Manufacturer irreparable harm, the amount of which may be difficult to ascertain, and agrees that Manufacturer shall have the right to apply to a court of competent jurisdiction for an order restraining any such further disclosure or misappropriation and for such other relief as Manufacturer shall deem appropriate, and Distributor expressly agrees that Manufacturer shall be entitled, in addition to any other remedy provided by law, to obtain an injunction or other equitable remedy respecting such violation or continued violation. Such right is to be in addition to the remedies otherwise available to Manufacturer at law or in equity.

(This section is a long version with complete protection of intellectual property rights. Below is a shorter version of "Confidentiality.")

12.1 In the course of performing its obligations hereunder, it may be necessary for Manufacturer or Manufacturer Customers to disclose Confidential Information to Distributor. Manufacturer is the sole owner of the Confidential Information. Distributor shall hold and maintain Confidential Information in strictest confidence and in trust for the sole and exclusive benefit of Manufacturer and shall not, without the prior written approval of Manufacturer, use for its own benefit, publish or otherwise disclose to others or permit the use by others for their benefit or to the detriment of Manufacturer, any of Confidential Information. Any disclosure of Confidential Information to Distributor's employees and/or consultants shall be on a need to know basis. If, at any time, Distributor become aware of any unauthorized access, use, possession or knowledge of any Confidential Information, or if Distributor receives any request of disclosure by a governmental agency or third party pursuant to operation of law, regulation or court order, Distributor shall (1) give Manufacturer sufficient prior written notice of such proposed disclosure to enable Manufacturer to obtain an appropriate protective order, if it so desires; and (2) prevent disclosure of such Confidential Information until Manufacturer has an opportunity to take any necessary action to respond to such requested disclosure. Distributor shall also provide all reasonable assistance to Manufacturer to protect the confidentiality of such Confidential Information. Upon the expiration or sooner termination of this Agreement, Distributor shall have thirty (30) days from the expiration or termination date of this Agreement to return Confidential Information received from Manufacturer or delete Confidential Information, which cannot be returned physically. Distributor shall not reproduce or permit the reproduction of any such Confidential Information, nor circulate such to any individual or entity. Distributor understands and acknowledges that any disclosure or misappropriation of any Confidential Information in violation of this Agreement may cause Manufacturer irreparable harm, the amount of which may be difficult to ascertain, and agrees that Manufacturer shall have the right to apply to a court of competent jurisdiction for an order restraining any such further disclosure or misappropriation and for such other relief as Manufacturer shall deem appropriate, and Distributor agrees that Manufacturer shall be entitled, in addition to any other remedy provided by law, to obtain an injunction or other equitable remedy respecting such violation or continued violation. Such right is to be in addition to the remedies otherwise available to Manufacturer at law or in equity.

13. NO CONFLICT DURING TERM

13.1 No Representation of Competitor. During the Term, Distributor shall not act as a distributor for products competitive in substantial respects, or bearing substantial similarities with Products or other products produced by

Manufacturer, except as otherwise agreed upon by the parties in writing. Distributor agrees that at the end of each calendar year, or from time to time at Manufacturer's reasonable requests, it will provide Manufacturer, in writing, with the identity of other manufacturers for whom Distributor has been granted distributorship. *(This Section is optional. If the parties agree that Distributor may represent other manufacturer, then use the following Section instead.)*

13. NON-EXCLUSIVITY

13.1 Non-Exclusivity. The parties agree that Distributor is not the exclusive distributor for Manufacturer in the Territory, that Distributor is free to act as a distributor for other manufacturers, and that Manufacturer may retain other distributor to distribute Products in the Territory.

14. NO UNFAIR COMPETITION AND NON-INTERFERENCE WITH BUSINESS (NOTE: These subsections are optional.)

14.1 General. Distributor understands that during the Term, Distributor will receive from the Manufacturer or Manufacturer Customers Confidential Information belongs to Manufacturer and/or Manufacturer Customers. This Section 14 in no way unnecessarily restricts Distributor from continuing to undertake and perform all activities and functions, which Distributor is undertaking and performing as of the execution of this Agreement. Distributor specifically agrees that this Section 14 is an essential incentive to induce Manufacturer to enter into this Agreement, and that this Section 14 shall be specifically enforceable by Manufacturer, its related entities and its and their successors and assigns. Distributor acknowledges that the limitations as to time, geographical area and scope of activity restrained as set forth herein are reasonable and do not impose a greater restraint on Distributor than is necessary to protect the integrity of the Confidential Information, the goodwill and other business interests of Manufacturer, as well as the competitive benefit of Manufacturer. As one of the considerations for Manufacturer to enter into this Agreement and without in any way limiting any other provisions herein, Distributor agrees to be bound by this Section 14.

14.2 No Unfair Competition. Distributor shall not (1) during the Term and for one (1) year after the expiration or termination of this Agreement, including but not limited to using Confidential Information, directly or indirectly engage or participate in services for, work for, involved in, engaged in, own, manage or operate any business competitive with, or similar to, that of the Manufacturer in the Territory, so long as the Manufacturer carries on a like business in the Territory; (2) engage in unfair competition with Manufacturer, including but not limited to doing so by using Confidential Information; (3) aid others in any unfair competition with Manufacturer, including but not limited to doing so by using Confidential Information; (4) in any way breach the confidence that Manufacturer placed in Distributor during the Term; (5) misappropriate any Confidential Information; or (6) breach any of the provisions of this Section 14 of the Agreement.

14.3 Non-Interference with Business. During the Term of this Agreement and for one (1) year after the expiration of the Agreement, Distributor shall not, including but not limited to by using Confidential Information, (1) influence or attempt to influence any Manufacturer Customers to divert their business to any individual or entity then in competition with Manufacturer; (2) disrupt, damage, impair or interfere with the business of Manufacturer by disrupting its relationships with Manufacturer Customers or prospects or Manufacturer's Customers' agents, Distributors or vendors; or (3) solicit, contract with or join in with any Manufacturer Customers or prospects without the involvement of Manufacturer for any purpose without first applying for and receiving the express written consent of Manufacturer.

14.4 Non-Solicitation of Employees. Distributor acknowledges and agrees that Manufacturer has made a substantial investment in bringing qualified and professional employees, contractors, agents and/or Distributors and would suffer a loss if they are hired by others due to the conduct by Distributor. Distributor agrees that, during the Term of this Agreement and for one (1) year after the expiration or sooner termination of the Agreement, Manufacturer shall not disrupt, damage, impair or interfere with the business of Manufacturer by interfering with Manufacturer's relationship with its employees by directly or indirectly soliciting Manufacturer's employees who earned ____ (\$___) or more on an annual basis to work for any individual or entity then in competition with Manufacturer.

14.5 Non-Circumvention. Distributor agrees that it shall not, directly or indirectly, circumvent, avoid, bypass or obviate Manufacturer in any way, including but not limited to entering into any separate business transactions in any manner with Manufacturer Customers without first applying for and receiving the express written consent of Manufacturer. Such "business transactions" shall include, but not be limited to any transactions, purchases, sales, manufacturing, joint ventures, investment, mergers, acquisitions, projects, any loans or collateral, or other transaction involving any products, transfers or services or addition, renewal extension, rollover, amendment, renegotiations, new contracts, parallel contracts/agreements or third party assignments thereof.

14.6 Application of this Section. Distributor agrees that Section 15.6 shall apply to any transaction between the parties and/or between Distributors and any and all Manufacturer Customers, which makes use of, or involves, Confidential Information, or relates to any sources, introduced by, or disclosed by or from, Manufacturer.

14.7 Injunctive Relief. Distributor agrees that a breach of Distributor's obligations under this Agreement shall result from any efforts of the Distributor or its associates, including but not limited to any of Distributor's agents, Distributors, employees, affiliates, solicitors, bankers, buyers or sellers, who directly or indirectly, attempt to conduct business of or in any manner, to the exclusion of Manufacturer based upon, or pertaining to, Confidential Information or relating to Manufacturer Customers.

15. MISCELLANEOUS

15.1 Binding Effect. This Agreement shall be binding upon both parties and their permitted successors and assigns from the Effective Date.

15.2 Governing Law. This Agreement shall be construed, interpreted and governed as to procedural and substantive matters according to the laws of _____ (*such as the State of California, United States of America,*) without regard to its choice of law, conflict of laws provisions.

15.3 Arbitration; Choice of Forum.

15.3.1 Arbitration. All claims, disputes, controversies, or disagreements of any kind whatsoever ("claims"), including any claims arising out of, relating to or in connection with this Agreement, shall be submitted to final and binding arbitration before _____ (*name of an arbitration agency*) in _____ (*name of location*) in accordance with the rules and procedures of _____ (*specify governing rules and provider such as American Arbitration Association*) then existing. The arbitration shall be held before one arbitrator mutually agreed by the parties. Either party may request to submit any claims to arbitration and make a written request to the other party to select an arbitrator within __ () days. If the parties cannot agree on one arbitrator within __ () days from the first written request to select an arbitrator by either party, then each party shall select one arbitrator, those two arbitrator shall select a third mutual arbitrator, and the arbitration shall be held before these three arbitrators. If parties fail to select any arbitrator within __ () days from the first written request to select an arbitrator by either party, then an arbitrator shall be appointed by _____ (*specify governing rules and provider such as American Arbitration Association*), and the arbitration shall proceed in _____ (*name of location*) before the arbitrator so appointed. The arbitration must be conducted in the English language. The parties agree that the arbitration award is final and binding, and that the judgment on any arbitration award may be entered in any court of competent jurisdiction, and either party may file an action to compel arbitration with any court of competent jurisdiction. This Agreement is a waiver of all rights the parties may have to a civil court action on any dispute outlined by this Agreement. The fees and costs of the arbitration shall be borne equally by the parties, except that each party shall each pay for their own attorney fees or costs of representation for purposes of the arbitration unless otherwise provided by law.

15.3.2 The parties agree that the following claims may be excluded from this arbitration provision: (1) claims relating to Distributor's violations or breach of Sections ___ of this Agreement; and (2) claims that are expressly excluded by applicable laws. Either party may choose to file any actions concerning disputes or controversies arising out of such claims or the interpretation of any provisions contained therein with _____ (*specify name of court, such as the Los Angeles County Superior Court in Los Angeles, California*).

(The parties may choose to use the following arbitration clause instead.)

15.3 Arbitration; Choice of Forum.

15.3.1 Arbitration. All claims, disputes, controversies, or disagreements of any kind whatsoever ("claims"), including any claims arising out of or in connection with this Agreement, shall be submitted to final and binding arbitration before _____ (*name of an arbitration agency*) in _____ (*name of location*) in accordance with the rules and procedures of (if applicable, add: the supervision of _____ (*specify appointing authority*) and) the Rules of the United Nations Commission on International Trade Law ("UNCITRAL") in effect on the date of this contract (the "Rules"). In the event of any conflict between the Rules and this Section, the provisions of this Section govern. Arbitration under this Agreement is the parties' exclusive remedy, and no party to any arbitration is required to exhaust any local administrative or judicial remedy first

15.3.2 Arbitrator. Each party must appoint one arbitrator within ____ (*specify time period, such as: 30 days*) after receipt by the respondent of the notice of arbitration. The two arbitrators appointed by the parties must, within ____ (*specify time period, such as: 30 days*) after their appointment, appoint a third, presiding arbitrator, who may not be a citizen or resident of _____ (*specify country*) or _____ (*specify country*). If either party fails to nominate an arbitrator, or the two arbitrators appointed by the parties are unable to appoint a presiding arbitrator within the stated periods, the arbitrator or arbitrators will be appointed by the _____ (*appointing authority*) according to the Rules. All arbitrators must be fluent in ____ (*specify language, such as: English*) and must ____ (*specify desired expertise, if any*).

15.3.3 Procedure. The arbitrators will hold hearings where written, documentary and oral evidence may be presented. Evidence may not be taken except in the presence of both parties, and all witnesses may be questioned by both parties. Unless the parties otherwise agree, or a witness is dead, ill, or unavailable for other good reasons, the arbitrators may not accept a witness' written statement unless the other party has an opportunity to question the witness in the arbitrators' presence. All proceedings must be conducted in the _____ (*specify language, such as: English*) language.

15.3.4 Award. The arbitrators must, by majority vote, render a written decision, stating reasons for their decision, within ____ (*specify number*) months after the respondent receives the request for arbitration. Any cash award must be payable in U.S. Dollars through a bank in the US and determined, to the extent necessary, on the basis of the rate of exchange in effect at the time the claim arose, as published in the Wall Street Journal. Each party must bear its own costs and attorney's fees or the prevailing party is entitled to recover its costs of arbitration and reasonable attorney's fees, as determined by the arbitrators. The award is deemed a _____ (*specify nationality*) award.

15.3.5 Enforcement. The award is final and enforceable and may be confirmed by the judgment of a court of competent jurisdiction. To the extent that an award or confirming judgment is unsatisfied, it may be enforced in the manner provided by law in all countries. The prevailing party is entitled to recover its costs and attorney's fees in any proceedings to enforce the award or confirming judgment.

15.3.6 Reservation of Rights. The right to refer a claim or dispute to arbitration under this Agreement is not affected by the fact that a claimant or respondent has received full or partial compensation from a third party for the loss or injury that is the object of the claim or dispute, and any third party may participate in these proceedings by right of subrogation.

15.3.7 The parties agree that the following claims may be excluded from this arbitration provision: (1) claims relating to Distributor's violations or breach of Sections 11, 12, 13 and 14 of this Agreement; and (2) claims that are expressly excluded by applicable laws. Either party may choose to file an action concerning disputes or controversies arising out of such claims or the interpretation of any provisions contained therein with _____ (*specify name of court, such as the Los Angeles County Superior Court in Los Angeles, California*).

(The parties may choose to use the following “Choice of Forum” clause instead.)

15.3 Choice of Forum. The parties further agree that any actions concerning disputes or controversies arising out of this Agreement or the interpretation of any provisions contained therein shall be filed with the _____ Court in _____ (*specify location*).

15.4 Entire Agreement; Language; Amendments. This Agreement constitutes the entire Agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes and cancels any other prior agreements or understandings whether written, oral or implied relating to the subject of this Agreement. There are no restrictions, promises, representations, warranties covenants or undertakings other than those expressly set forth or referred to in this Agreement. The parties further agree that neither they nor anyone acting on their behalf made any inducements, agreements, promises, or representations other than those set forth in this Agreement. This Agreement is written in English only, which is the controlling language in all respects. Any version in any other language is for accommodation only and is not bidding upon the parties. All formal notices given pursuant to this Agreement must be in English. Except as provided in Section 6.1, this Agreement may be amended, modified, and supplemented only by written agreement signed by the parties’ authorized personnel hereto.

15.5 Waiver of Breach. The waiver by either party of a breach or violation of any provision of the Agreement shall not operate as, or be construed to be, a waiver of any prior, concurrent or subsequent breach hereof. No waiver or purported waiver will be valid or enforceable unless it is in writing and signed by the party against whom it is sought to be enforced.

15.6 Assignment. No portion of this Agreement or any right or obligation under this Agreement can be transferred or assigned, in whole or in part, whether by operation of law or otherwise, by either party without the prior written consent of the other party, except that Manufacturer may freely transfer and assign its rights and obligations under this Agreement to any of Manufacturer's wholly owned subsidiaries, provided that Manufacturer provides guarantees of the obligations of the wholly owned subsidiaries in form and substance satisfactory to Distributor.

15.7 Force Majeure. If either party fails to perform its obligations hereunder (except for the obligation to pay money) because of fires, floods, earthquakes, riots, civil unrest, war, epidemics, shortages, labor unrest, strikes, accidents, acts of God, weather conditions, or action or inaction of any government body or other proper authority, delays caused beyond its reasonable control, then such failure to perform will not be deemed a default hereunder and will be excused without penalty until such time as such party is capable of performing and will not be liable to the other party for any loss, cost or damages arising out of, or resulting from, such failure to perform.

15.8 Notice. All notices which are required or permitted to be given pursuant to this Agreement shall be in writing and shall be sufficient in all respects if delivered personally, by facsimile, by email, by overnight courier using a nationally recognized courier company, or by registered or certified mail, postage prepaid, addressed to a party as indicated below: Manufacturer: _____; and, Distributor: _____. Notice shall be deemed to have been received upon delivery thereof as to communications which are personally delivered, are sent by facsimile or by email; on the third (3rd) day after mailing as to communications which are sent by overnight courier; and on the seventh (7th) day after mailing as to communications made by mail. The above addresses may be changed by giving written notice of such change in the manner provided above for giving notice.

15.9 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision or other provision hereof in any other jurisdiction.

15.10 Attorney’s Fees. The prevailing party in any arbitration or litigation brought by either party to this Agreement in connection with this Agreement will be entitled to recover from the other party all reasonable costs, attorney’s fees, and other expenses incurred by the prevailing party in such arbitration or litigation.

15.11 Third Parties. Nothing herein expressed or implied is intended or will be construed to confer upon or give to any person or entity other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

15.12 Survival. The provisions of Sections 1, 6.6, 7, 8.2, 9, 10, 11, 12, 13, 14 and 15 of this Agreement will survive any expiration or termination of this Agreement.

15.13 Headings. The headings of the Sections of this Agreement are inserted for convenience of reference only and do not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement.

15.14 Dollar Amount. Any dollar amount in the Agreement is in U.S. dollars.

15.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Each party hereto acknowledges and agrees that the other party may rely on electronic facsimile signatures as conclusive evidence of the valid and binding execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the first paragraph hereof.

Dated: _____

MANUFACTURER

By: _____

Name: _____

Title: _____

Dated: _____

DISTRIBUTOR

By: _____

Name: _____

Title: _____

ATTACHMENT A

LIST OF PRODUCTS AND PRICING

A. Names of Products and Pricing:

(Manufacturer may retain the right to change Products during the Term. Manufacturer may grant the right of approval or first right of refusal to Distributor for such change of Products during the Term.)

B. An initial Order for Products in the amount of \$_____ shall be placed within ___ (__) days from the Effective Date of this Agreement.

C. Minimum Dollar Amounts of Products to Be Purchased by Distributor During the Term *(Optional)*:

(a) The minimum purchase of _____ (*name of the Product*) shall be \$_____.

(b) Any Order placed by Distributor shall be credited against the minimum purchase amount at the time of placing of such Order. Any Order subsequently cancelled by Distributor shall not be given any credit against the minimum purchase amounts.

(Or, the following section can be used.)

C. Minimum Dollar Amounts of Products to Be Purchased by Distributor During the Term *(Optional)*:

(a) For the period from _____ to _____, the minimum purchase of _____ (*name of the Product*) shall be \$_____;

(b) For each year subsequent to _____ (*date*), Distributor shall purchase a minimum dollar amount equal to _____% of the actual amount purchased by Distributor during the immediate preceding year.

(c) Any Order placed by Distributor shall be credited against the minimum purchase amount at the time of placing of such Order. Any Order subsequently cancelled by Distributor shall not be given any credit against the minimum purchase amounts.

D. Manufacturer reserve the right to sell less than the minimum amount of Products if the capacity of its factory is unable to meet the demands of all of its distributors, both domestic and foreign.

Appendix E Sales Aids

1. Sample Inquiry Responses

Responses to Prospective Buyers

Letter #1: For buyers not familiar enough with the line to ask about a specific model.

Letter #2: For buyers that ask about a specific model or requirement. This letter requires a quotation on a Proforma invoice.

Responses to Prospective Agents/Distributors

Letter #3: For agents/distributors not familiar with the line and do not ask about a specific model.

Letter #4: For agents/distributors that ask about a specific model or requirement. This letter requires a quotation on a Proforma invoice.

Appendix E Sales Aids

1. Sample Inquiry Responses

Responses to Potential Buyers

Letter #1: For buyers not familiar enough with the line to ask about a specific model.

Dear _____:

Thank you for your inquiry about our company and products. We appreciate your interest. Our products are now being sold throughout the United States [and in __ countries around the world]. We are very proud of this widespread product acceptance. We are prepared to fill orders from international customers and comply with all reasonable regulatory requirements.

After you have examined our Web site (www.xxxxxxxx.com) [attached descriptive literature], please let us know which model would best meet your requirements. We will prepare a Proforma invoice with a price quote ranging from ex works to CIF, as you require.

Please let us know if you have further questions. We look forward to hearing from you soon.

With kind regards,

Letter #2: For buyers that ask about a specific model or requirement. This letter requires a quotation on a Proforma invoice

Dear _____:

Thank you for your inquiry about MNC's products. We appreciate your interest. Our products are now being sold throughout the United States [and in __ countries around the world]. We are very proud of this widespread product acceptance. We are prepared to fill orders from international customers and comply with all reasonable regulatory requirements.

We believe that the models selected on the attached Proforma invoices may be the best suited for your requirements. The standard equipment and optional equipment are listed on our Web site (www.xxxxxxxx.com) [the attached specification data sheets for each of these models.].

Please let us know if you require further Proforma invoices or have any questions about our company or products, or concerning delivery, inland freight, insurance, shipping ports, or freight.

With kind regards,

Appendix E Sales Aids

1. Sample Inquiry Responses

Responses to Potential Agents/Distributors

Letter #3: Response to agents/distributors not familiar with the line and do not ask about a specific model.

Dear _____:

Thank you for your inquiry about MNC's products. We appreciate your possible interest in representing MNC in [Country]. Our products are now being sold throughout the United States [and in __ countries around the world]. We are very proud of this widespread product acceptance. We are prepared to fill orders from international customers and comply with all reasonable regulatory requirements.

After you have examined our Web site (www.xxxxxxxx.com) [attached descriptive literature], please let us know which products you feel would offer the most potential in your country if distributed through you. The attached Dealer Confidential Net Price Schedule will provide you with F.O.B. Los Angeles costs on all models, optional equipment, and spare parts. If you wish to be considered as our representative in [Country], please provide information about your organization that would help us assess your qualifications.

Please let us know if you have further questions. We look forward to hearing from you soon.

With kind regards,

Letter #4: Response to agents/distributors that ask about a specific model or requirement. This letter requires a quotation on a Proforma invoice.

Dear _____:

Thank you for your inquiry about MNC's products. We appreciate your possible interest in representing MNC in [Country]. Our products are now being sold throughout the United States [and in __ countries around the world]. We are very proud of this widespread product acceptance. We are prepared to fill orders from international customers and comply with all reasonable regulatory requirements.

We believe that the models selected on the attached Proforma invoices may be of most interest to you. The standard equipment and optional equipment are listed on our Web site (www.xxxxxxxx.com) [the attached specification data sheets for each of these models.]. The attached Dealer Confidential Net Price Schedule will provide you with F.O.B. Los Angeles costs on all models, optional equipment, and spare parts.

If you wish to be considered as our representative in [Country], please let us know why you see a market potential for our products if distributed through you. Please also provide information about your organization that would help us assess your qualifications.

We look forward to hearing from you soon.

With kind regards,

Appendix E Sales Aids

2. RFQ Request for Quote

Thank you for your interest in our products. For a Request for Quotation, please provide the following information:

Quantity	Product(s)

Include quote for **on-site installation and training**? Yes No

Include quote for a **maintenance contract**? Yes No

Include quote for one-year **spare parts kits**? Yes No

All quotations are Ex Works (at factory) unless you specify other INCOTERMS, in which case additional costs for shipping, handling and insurance will be included. Our normal payment terms are: [specify terms, e.g., L/C, D/P, D/A, open account, etc.]

Comments (If you have any questions or need special terms or conditions):

Your Contact Information:

Name:	
E-Mail	
Phone:	
Fax:	

Appendix E Sales Aids

3. Export Quotation					
01: FROM (SELLER)		05: QUOTE NO _____			
02: TO (BUYER)		06: QUOTE DATE _____			
03		07: DELIVERY _____			
04: SHIP TO (ADDRESS)		08: TERMS _____			
		09: SHIP VIA _____			
		10: INCOTERM _____			
		11: _____			
		12: SHIP FROM _____			
		13: SHIP TO _____			
		14: E-Mail TO <input style="width: 150px; height: 15px;" type="text"/>			
15. ITEM NO	16. DESCRIPTION	17. UNIT OF MEASURE	18. QUANTITY	19. UNIT VALUE	20. AMOUNT
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
				21. SUBTOTAL	\$0.00
25. AUTHORIZED SIGNATURE				22. TAX	\$0.00
26. REMARKS				23. FREIGHT	\$0.00
				24. TOTAL	\$0.00

Appendix E Sales Aids

4. Export Quotation Worksheet

I. Export Unit Price

		<u>AMOUNT</u>
a. Export Unit Price		\$0.00
b. Number of Units	0	<u>\$0.00</u>

EXW [EX Works]Price (a X b)	\$0.00
-------------------------------------	--------

II. Financing and Inland Fees

a. Financing Fees	\$0.00	
b. Labeling & Marketing Costs	\$0.00	
c. Export Packing Fees*	\$0.00	
d. Shippers Export Declaration Fee*	\$0.00	
e. Bank Draft Fees*	\$0.00	
f. Certificates of Origin Fees*	\$0.00	
g. Export License Fees*	\$0.00	
h. Freight Forwarder Fees	\$0.00	
i. Domestic Shipping Insurance Costs	\$0.00	
j. Inland Freight (Pre-carriage) Costs	\$0.00	
k. Other (Name)	\$0.00	<u>\$0.00</u>

III. Port Charges

a. Unloading (Heavy Lift) Charges	\$0.00	
b. Terminal Service Fees	\$0.00	
c. Other (Name)	\$0.00	<u>\$0.00</u>

FAS [Free Along Side] Price	\$0.00
------------------------------------	--------

IV. International Air, Sea or Land Freight Charges

a. Freight Charge (Main-Carriage)	\$0.00	
b. Bunker Surcharge	\$0.00	
c. Port Congestion Surcharge	\$0.00	
d. Country Landing Charge	\$0.00	
e. Other	\$0.00	<u>\$0.00</u>

CFR [Cost and Freight] Price	\$0.00
-------------------------------------	--------

VI. International Insurance	\$0.00	<u>\$0.00</u>
------------------------------------	--------	---------------

CIF [Cost, Insurance & Freight] Price	\$0.00
--	--------

Appendix E Sales Aids

5. Proforma Invoice														
SELLER / SHIPPER (Name, Full Address, Country)	Invoice Date and Number		Customer Order Number											
	Bill of Lading / Air Waybill Number													
CONSIGNEE (Name, Full Address, Country)	Air/Ocean Port of Embarkation		Final Destination											
	Marks and Numbers		Exporting Carrier											
Notify Party (Intermediate Consignee)	Date of Export													
	Terms and Conditions of Delivery and Payment (Incoterms)													
Currency of Sale	Total Number of Packages		Total Gross Weight (kg)											
Complete And Accurate Commodity Description, Country of Manufacture. and HTS Code	Net Weight	Quantity / Unit of Measure	Unit Price	Amount										
<p>These commodities, technology, or software were exported from the United States of America in accordance with the Export Administration Regulations. Diversion contrary to U.S. law is prohibited.</p> <p>It is hereby certified that this invoice shows the actual price of the goods described, that no other invoice has been or will be issued, and that all particulars are true and correct.</p>														
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black; vertical-align: bottom;">Signature and Status of Authorized Person</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 5%;"></td> </tr> <tr> <td style="text-align: center;">Date</td> <td style="text-align: center;">Place</td> <td colspan="3"></td> </tr> </table>					Signature and Status of Authorized Person					Date	Place			
Signature and Status of Authorized Person														
Date	Place													
Packing Costs														
Freight Costs														
Other Transportation Costs														
Handling														
Insurance Costs														
Assists														
Additional Fees														
Duties and Taxes														
Total Invoice Value														

Appendix E Sales Aids

6. Commercial Invoice														
SELLER/SHIPPER (Name, Full Address, Country)		Invoice Date and Number		Customer Order Number										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%; padding: 5px;">Tax Identification Number (EIN)</td> <td style="padding: 5px;">Other References</td> </tr> </table>		Tax Identification Number (EIN)	Other References											
Tax Identification Number (EIN)	Other References													
CONSIGNEE (Name, Full Address, Country)		Buyer (if Other than Consignee)												
Port of Lading		Terms and Conditions of Delivery and Payment (Incoterms)												
Final Destination	Exporting Carrier													
Other Transportation Information		Currency of Sale												
Marks and Numbers	Total Number of Packages	Total Gross Weight (kg)		Cubic Meters										
Complete and Accurate Commodity Description and Country of Manufacture		Quantity/ Unit of Measure	Unit Price	Amount										
<p>These commodities, technology, or software were exported from the United States of America in accordance with the Export Administration Regulations. Diversion contrary to U.S. law is prohibited.</p> <p>It is hereby certified that this invoice shows the actual price of the goods described, that no other invoice has been or will be issued, and that all particulars are true and correct.</p>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px;">Packing Costs</td></tr> <tr><td style="padding: 2px;">Freight Costs</td></tr> <tr><td style="padding: 2px;">Other Transportation Costs</td></tr> <tr><td style="padding: 2px;">Handling</td></tr> <tr><td style="padding: 2px;">Insurance Costs</td></tr> <tr><td style="padding: 2px;">Assists</td></tr> <tr><td style="padding: 2px;">Additional Fees</td></tr> <tr><td style="padding: 2px;">Duties and Taxes</td></tr> <tr><td style="padding: 2px;">Total Invoice Value</td></tr> </table>				Packing Costs	Freight Costs	Other Transportation Costs	Handling	Insurance Costs	Assists	Additional Fees	Duties and Taxes	Total Invoice Value
Packing Costs														
Freight Costs														
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Assists														
Additional Fees														
Duties and Taxes														
Total Invoice Value														
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; padding: 5px;">Signature and Status of Authorized Person</td> <td style="width: 20%; padding: 5px;">Date</td> <td style="width: 50%; padding: 5px;">Place</td> </tr> </table>		Signature and Status of Authorized Person	Date	Place										
Signature and Status of Authorized Person	Date	Place												

Appendix F Documentation & Regulatory Aids

1. U.S Export License See also Export License Application Form (BIS-711)

<http://www.bis.doc.gov/Licensing/BIS711.pdf>

CONSIGNEE IN COUNTRY OF ULTIMATE DESTINATION: ABU DHABI TRADING ESTABLISHMENT 2445 LRAM COX WAY ABU DHABI UNITED ARAB EMIRATES		APPLICANT'S REFERENCE NO: A030043 PURCHASER: AEG TELEFUNKEN STEINHOEPFT 9 HAMBURG, GERMANY		
LICENSEE: A P CIRCUIT CORPORATION 513 NAST 66 STREET NEW YORK NY 10028		INTERMEDIATE CONSIGNEE: LINCOR INFOSYSTEMS, INC. 4456 PASQUATCH LET BOMBAY, INDIA		
PROCESSING CODE: CS				
COMMODITIES:				
QUANTITY	DESCRIPTION	ECCN	UNIT PRICE	TOTAL PRICE
50 EACH	MODEL 2345 6.50 MATH COPROCESSORS	1565	\$14000	\$700000
2 EACH	MCS68 3.40 HUMPHREY ANALYZERS	1565	\$30000	\$60000
			TOTAL	\$760000
VOID				
<p>THE EXPORT ADMINISTRATION REGULATIONS REQUIRE YOU TO TAKE THE FOLLOWING ACTIONS WHEN EXPORTING UNDER THE AUTHORITY OF THIS LICENSE.</p> <p>A. RECORD THE EXPORT CONTROL COMMODITY NUMBER IN PARENTHESES DIRECTLY BELOW THE CORRESPONDING SCHEDULE 8 NUMBER ON EACH SHIPPERS EXPORT DECLARATION (SED)</p> <p>B. RECORD YOUR LICENSE NUMBER IN THE COMMODITY DESCRIPTION COLUMN ON EACH SED.</p> <p>C. PLACE A DESTINATION CONTROL STATEMENT ON ALL BILLS OF LADING, AIR WAYBILLS, AND COMMERCIAL INVOICES.</p> <p>THIS LICENSE AUTHORIZES THE LICENSEE TO CARRY OUT THE EXPORT TRANSACTION DESCRIBED ON THE LICENSE (INCLUDING ALL ATTACHMENTS)- IT MAY NOT BE TRANSFERRED WITHOUT PRIOR WRITTEN APPROVAL OF THE BUREAU OF EXPORT ADMINISTRATION. THIS LICENSE HAS BEEN GRANTED IN RELIANCE ON REPRESENTATIONS MADE BY THE LICENSEE AND OTHERS IN CONNECTION WITH THE APPLICATION FOR EXPORT AND IS EXPRESSLY SUBJECT TO ANY CONDITIONS STATED ON THE LICENSE, AS WELL AS ALL APPLICABLE EXPORT CONTROL LAWS, REGULATIONS, RULES, AND ORDERS. THIS LICENSE IS SUBJECT TO REVISION, SUSPENSION, OR REVOCATION WITHOUT PRIOR NOTICE.</p>				

Appendix F Documentation & Regulatory Aids

2. Shipper's Export Declaration (SED)

See <http://www.census.gov/foreign-trade/regulations/forms/index.html#sed> for most current, official SED form & instructions

1a. U.S. PRINIPAL PARTY IN INTEREST (USPPI) (Complete name and address) <div style="border: 1px solid black; width: 100px; height: 20px; margin-left: auto; margin-right: auto;">ZIP CODE</div>		2. DATE OF EXPORTATION	3. TRANSPORTATION REFERENCE NO.
b. USPPI EIN (IRS) OR ID NO <input type="checkbox"/>	c. PARTIES TO TRANSACTION <input type="checkbox"/> Related <input type="checkbox"/> Non-related		
4a. ULTIMATE CONSIGNEE (Complete name and address) ----- b. INTERMEDIATE CONSIGNEE (Complete name and address)			
5. FORWARDING AGENT (Complete name and address)			
6. POINT (STATE) OF ORIGIN OR FTZ NO.		7. COUNTRY OF ULTIMATE DESTINATION	
8. LOADING PIER (Vessel only)	9. METHOD OF TRANSPORTATION (Specify)	14. CARRIER IDENTIFICATION CODE	15. SHIPMENT REFERENCE NO.
10. EXPORTING CARRIER	11. PORT OF EXPORT	16. ENTRY NUMBER	17. HAZARDOUS MATERIALS ___ Yes ___ No
12. PORT OF UNLOADING (Vessel and air only)		13. CONTAINERIZED (Vessel only)	19. ROUTED EXPORT TRANSACTION ___ Yes ___ No
18. IN BOND CODE			

This form may be printed by private parties provided it conforms to the official form. For sale by the Superintendent of Documents, Government Printing Office, Washington, DC 20402, and local Customs District Directors. The "Correct Way to Fill Out the Shipper's Export Declaration" is available from the U.S. Census Bureau, Washington, DC 20233.

20. SCHEDULE B DESCRIPTION OF COMMODITIES (Use columns 22-24)					
D/F or M	SCHEDULE B NUMBER	QUANTITY - SCHEDULE 8 UNIT(S)	SHIPPING WEIGHT (Kilograms)	VIN/PRODUCT NUMBER/VEHICLE TITLE NUMBER	VALUE (U.S. dollars, Omit cents) (Selling price or cost if not sold) (26)
(21)	(22)	(23)	(24)	(25)	

27. LICENSE NO./LICENSE EXCEPTION SYMBO:/AUTHORIZATION	28. ECCN (When required)
29. Duly authorized officer or employee The USPPI authorizes the forwarder named above to act as forwarding agent for export control and customs purposes.	
30. I certify that all statements made and all information contained herein are true and correct and that I have read and understand the instructions for preparation of this document, set forth in the "Correct Way to Fill Out the Shipper's Export Declaration." I understand that civil and criminal penalties, including forfeiture and sale, may be imposed for making false or fraudulent statements herein, failing to provide the requested information or for violation of U.S. laws on exportation (13 U.S.C. Sec. 305; 22 U.S.C. Sec. 401; 18 U.S.C. Sec. 1001; 50 U.S.C. App. 24101).	
Signature	confidential-For use solely for offal purposes authorized by the Secretary of Commerce 113 U.S.C.301 (g)).
Title	Export shipments are subject to inspection by US Customs Service and/or Office of Export Enforcement
Date	31. AUTHENTICATION (When required)
Telephone No. (Include Area Code)	E-mail address

Appendix F
Documentation & Regulatory Aids

3. Export Packing List				
SHIPPER NAME AND ADDRESS			MARKS	
CONSIGNEE NAME AND ADDRESS				
			BOL/AIR WAYBILL	
INVOICE NUMBER	INVOICE DATE		ORDER NUMBER	EXPORT CARRIER
GROSS WEIGHT (kg)	NET WEIGHT (kg)	DIMENSIONS H x W x L	QUANTITY	DESCRIPTION

Appendix F Documentation & Regulatory Aids

4. Ocean Bill of Lading

EXPORTER (Principle of seller-licensee)		DOCUMENT NO	BOL or AWB NUMBER			
		EXPORT REFERENCES				
CONSIGNEE TO		FORWARDING AGENT				
NOTIFY PARTY/ INTERMEDIATE CONSIGNEE		POINT (STATE) OR ORIGIN OR FTZ NUMBER				
		INSTRUCTIONS				
PRE-CARRIAGE BY		PLACE OF RECEIPT BY PRE-CARRIER	LOADING PIER / TERMINAL			
EXPORTING CARRIER		PORT OF LOADING / EXPORT	TYPE OF MOVE	CONTAINERIZED-VESSEL		
FOREIGN PORT OF UNLOADING		PLACE OF DELIVERY BY ON-CARRIER	Send Email To:			
MARKS	NO OF PACK	DESCRIPTION OF COMMODITIES		GR WEIGHT	MEASURE	C / F
FREIGHT:		VALIDATED LICENSE NO / GEN LIC SYM	ECCN			

I certify that all statements and all information contained herein are true and correct and that I have read and understand the instructions for preparation of this document set forth in to the Correct Way to Fill Out the Shipper's Export Declaration. I understand that civil and criminal penalties, including forfeiture and sale, may be imposed for making false or fraudulent statements herein, failing to provide the requested information or for violation of U.S. laws on exportation (13 U.S.C. Sec 305;22 U.S.C.401; 18 U.S.C.1001;50 U.S.C.App24.10)

SIGNATURE

TITLE

DATE

Appendix F Documentation & Regulatory Aids

5. Air Waybill

SHIPPER				Not Negotiable Air Waybill / Consignment Note			
				Issued by			
				No.			
CONSIGNED TO				Issuing Carrier's Agent			
NOTIFY				Declared Value for Carriage			
				Declared Value for Customs			
				Freight <input type="checkbox"/> Collect <input type="checkbox"/> Prepaid			
				FILE REF:			
Airport of Departure							
To		By first carrier		Flight Date		Flight No.	
Airport of Destination				Amt Insurance		LC NO.	
				INVOICE VALUE			
Number of Pieces	Gross Weight	Rate Class	Commodity Item No.	Chargeable Wight	Rate Charge	Total	Quantity of Goods Dimensions or Volume
PREPAID		COLLECT		INSTRUCTIONS			
Weight Charge		Weight Charge					
Valuation Charge		Valuation Charge					
Tax	Tax			These commodities, technology or software were exported from the United States in accordance with the Export Administration regulations. Diversion contrary to United States Law prohibited. Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper conditions for carriage by air according to the applicable Dangerous Goods Regulations			
Total due Agent	Total due Agent						
Total due Carrier	Total due Carrier						
Total Prepaid	Total Collect						
Carriers Use		Charges at Destination		CARRIER			
				Executed on _____ at Place _____ Signature _____			

Appendix F Documentation & Regulatory Aids

6. Dock Receipt

SHIPPER/EXPORTER		DOCUMENT NO.		
		EXPORT REFERENCES		
CONSIGNEE		FORWARDING AGENT - REFERENCES		
		POINT AND COUNTRY OF ORIGIN		
NOTIFY PARTY		DOMESTIC ROUTING/EXPORT INSTRUCTIONS		
PIER OR AIRPORT				
EXPORTING CARRIER (Vessel/Airline)	PORT OF LOADING	ONWARD INLAND ROUTING		
PARTICULARS FURNISHED BY SHIPPER				
MARKS AND NUMBERS	NO. OF PACKAGES	DESCRIPTION OF PACKAGES AND GOODS	GROSS WEIGHT	MEASUREMENT
DELIVERED BY: LIGHTER ----- TRUCK ----- ARRIVED- DATE ----- TIME ----- UNLOADED- DATE ----- TIME ----- CHECKED BY ----- PLACED IN SHIP ----- ON DOCK LOCATION -----		RECEIVED THE ABOVE DESCRIBED GOODS OR PACKAGES SUBJECT TO ALL THE TERMS OF THE UNDERSIGNED'S REGULAR FORM OF DOCK RECEIPT AND BILL OF LADING WHICH SHALL CONSTITUTE THE CONTRACT UNDER WHICH THE GOODS ARE RECEIVED, COPIES OF WHICH ARE AVAILABLE FROM THE CARRIER ON REQUEST AND MAY BE INSPECTED AT ANY OF ITS OFFICES. <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; width: 150px; height: 80px;"></div> <div style="text-align: right;"> FOR THE MASTER BY ----- RECEIVING CLERK DATE ----- </div> </div>		
ONLY CLEAN DOCK RECEIPT ACCEPTED				

Appendix F Documentation & Regulatory Aids

7. Insurance Certificate (Sample)

<p>XYZ INSURANCE COMPANY 1234 INSURANCE BLVD. ANYTOWN, CA 12345</p> <p>We hereby certify that on _____, we the undersigned, insured under, and subject to the terms and conditions of Policy NO. OMC – 1234567 (terms, conditions, endorsements, Riders attached) for FRESH ORANGE EXPORTER 123 FIRST ST. ANYTOWN, CA, U.S.A. 12345</p> <p>IN THE SUM OF: \$16709.00</p> <p><i>PIER/TERMINAL</i> BERTH 123 <i>VESSEL, VOYAGE # FLAG</i> 13 APL JAPAN <i>PORT OF DISCHARGE</i> HONG KONG</p>	<p>CARRIER'S BOOKING NO. 123456 BILL OF LADING NO. APLU123456789 SHIPPER'S REFERENCE NO. FDE 001 JEL RREFERENCE NO. SFO1234567 TRAFFIC MANAGER JOHN SMITH CARRIER'S AGENT AMERICAN PRESIDENT LINES FORWARDING AGENT ABC CO. 123 MAIN ST. ANYTOWN, CA 12345</p> <p>POINT & COUNTRY OF ORIGIN CALIFORNIA USA</p> <p><input type="checkbox"/> FPAEC <input type="checkbox"/> With Average, irrespective of percentage <input checked="" type="checkbox"/> All Risk Refrigeration Clause <input type="checkbox"/> Theft, Pilferage & Non-delivery <input type="checkbox"/> Air Clauses</p> <p>This insurance is subject to the following current American Institute Clauses; Amended F.C.&S. Warranty, S.R. & C.C. Endorsement Marine Extension Clauses, War Risk Insurance, 60-Day South American Clause, American Institute WAREHOUSE to WAREHOUSE Clause.</p>											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">MARKS</th> <th style="width: 25%;">PACKAGES DESCRIPTION</th> <th style="width: 25%;">GRS WEIGHT</th> <th style="width: 25%;">MEASURE</th> </tr> </thead> <tbody> <tr> <td rowspan="2">CONTAINER APLU 345678-1</td> <td>950 CARTONS FRESH ORANGES 1/40 FT. CY/CY CONTAINER SHIPPERS LOAD AND COUNT (NET WEIGHT 35,150 LBS.) CARGO UNDER REFRIGERATION MAINTAIN TEMPERATURE AT 42 DEGREE F VENTS 45 CFM</td> <td>39900</td> <td>1140</td> </tr> <tr> <td>950 TOTAL</td> <td>18098K</td> <td>32.280M3</td> </tr> </tbody> </table>		MARKS	PACKAGES DESCRIPTION	GRS WEIGHT	MEASURE	CONTAINER APLU 345678-1	950 CARTONS FRESH ORANGES 1/40 FT. CY/CY CONTAINER SHIPPERS LOAD AND COUNT (NET WEIGHT 35,150 LBS.) CARGO UNDER REFRIGERATION MAINTAIN TEMPERATURE AT 42 DEGREE F VENTS 45 CFM	39900	1140	950 TOTAL	18098K	32.280M3
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	950 TOTAL	18098K	32.280M3									
<p>In case of loss the same is payable to the order of the Assured. This certificate is invalid unless countersigned by an authorized representative of this company or ASSURED.</p> <p style="text-align: right; margin-right: 100px;">_____ Joseph Brown</p>												

Appendix F Documentation & Regulatory Aids

8. Consular Invoice

THE GOVERNMENT of BRAZIL			
Date:		Port of Loading	
Invoice No:		Port of Discharge	
Issued At:		Date of Departure	
		Carrier	
EXPORTER		CONSIGNEE	
Marks and Numbers	Quantity	Description of Goods	Value of Shipment
		Total (FOB, C&F, or CIF)	
Other Charges		Amount of Charges	
Certified Correct By: Witnessed By: Fee Paid: U.S. \$		Total U.S.\$	

Appendix F Documentation & Regulatory Aids

9. Certificate of Origin

Shipper Name and Address		Forwarding Agent - References		
Consignee Name and Address		Notify Party		
Exporting Carrier		Country of Manufacture		
Total Number of Packages		Date of Export		
Marks & Numbers	Commodity Description	Quantity / Unit of Measure	Weight (kg)	
			Gross	Net
<p>These commodities, technology or software were exported from the United States of America in accordance with the Export Administration Regulations. Diversion contrary to U.S. law prohibited.</p> <p>Dated at _____ on the ____ day of _____, 20____. Signature of Owner/Agent: _____</p> <p>Sworn to before me this _____ day of _____, 20____. Signature of Notary: _____</p> <p>The _____ - a recognized Chamber of Commerce under the laws of the State of _____</p> <p>has examined the manufacturer's invoice or shipper's affidavit concerning the origin of the merchandise and, according to the best of its knowledge and belief, finds that the products named originated in the _____.</p> <p>Secretary: _____</p>				

Appendix F Documentation & Regulatory Aids

10. Inspection Certification (SAMPLE)

COMMODITY INSPECTION CERTIFICATE Commodity Weight Certificate		
DATE OF ISSUANCE August 1, 2001	ISSUED AT Portland, Oregon	LEVEL OF INSPECTION (Leave Blank)
APPLICANT Cargill Terminal # 4 Portland, Oregon		LOCATION OF COMMODITY Same
IDENTIFICATION ID: M/V Sugar Beet TL OR 89-007 BN 468788 Commodity: Soybean Meal		QUANTITY AND CONTAINER Vessel / Barge Boxcar / Hopper Car Container / Truck Net weight (pounds) 46,350e
Remarks: Type of Movement: Export / In / Out Stowage: Hold No. 5 <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> Time started/finished, gross, tare and net weight may be typed in or printed by the scale's ticket printer. </div> END OF RESULTS		
I CERTIFY THAT THE SERVICES SPECIFIED ABOVE WERE PERFORMED WITH THE RESULTS STATED.		Inspector John Smith _____
<small>This certificate is issued under the authority of the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1621 et seq.), and the regulations thereunder (7 CFR68.1 et seq.) and is receivable in all courts of the United States as prima facie evidence of the truth of the statements therein contained. This certificate does not excuse failure to comply with the provisions of the Federal Food, Drug & Cosmetic Act, or other Federal laws. WARNING: Sec. 203(h) of the Agricultural Marketing Act of 1946 provides that anyone who shall knowingly falsely make, issue, alter or counterfeit any official certificate, or aid, assist, or be a party to such actions, is subject to a fine of not more than \$1,000 or imprisonment for more than 1 year, or both. The conduct of all services and the licensing of inspection/grading/sampling personnel under the regulations governing such services shall be accompanied without discrimination as to race, color, religion, sex, national origin, age, or handicap.</small>		

Appendix G

Trade Finance Aids

1. Sample Letter of Credit (L/C)

**THE MOON BANK
INTERNATIONAL OPERATIONS
5 MOONLIGHT BLVD.,
EXPORT-CITY AND POSTAL CODE
EXPORT-COUNTRY**

OUR ADVICE NO.

MB-5432

ISSUING BANK REF. NO. & DATE

SBRE-777 January 26, 2001

TO: UVW Exports
88 Prosperity Street East, Suite 707
Export-City and Postal Code

Dear Sirs:

We have been requested by [The Sun Bank, Sunlight City, Import-Country] to advise that they have opened with us their [irrevocable] documentary credit number [SB-87654] for account of [DEF Imports, 7 Sunshine Street, Sunlight City, Import-Country] in your favor for the amount of [not exceeding Twenty Five Thousand U.S. Dollars (US\$25,000.00)], available by your draft(s) drawn on [us] at [sight] for [full] invoice value, accompanied by the following documents:

1. Signed commercial invoice in five (5) copies indicating the buyer's Purchase Order No. DEF-101 dated January 10, 2001.
2. Packing list in five (5) copies.
3. Full set 3/3 clean on board ocean bill of lading, plus two (2) non-negotiable copies, issued to order of The Sun Bank, Sunlight City, Import-Country, notify the above accountee, marked "freight Prepaid", dated latest March 19, 2001, and showing documentary credit number.
4. Insurance policy in duplicate for 110% CIF value covering Institute Cargo Clauses (A), Institute War and Strike Clauses, evidencing that claims are payable in Import-Country.

Covering: 100 Sets 'ABC' Brand Pneumatic Tools, 1/2" drive, complete with hose and quick couplings, CIF Sunny Port

Shipment from: [Moonbeam Port, Export-Country] to [Sunny Port, Import-Country]

Partial shipment: Prohibited

Transshipment: Permitted

Special conditions

1. All documents indicating the Import License No. IP/123456 dated January 18, 2001.
2. All charges outside the Import-Country are on beneficiary's account.

Documents must be presented for payment within [15] days after the date of shipment.

Draft(s) drawn under this credit must be marked

Drawn under documentary credit No. SB-87654 of The Sun Bank,
Sunlight City, Import-Country, dated January 26, 2001

We confirm this credit and hereby undertake that all drafts drawn under and in conformity with the terms of this credit will be duly honored upon delivery of documents as specified, if presented at this office on or before [March 26, 2001]

Very truly yours,
[Authorized Signature]

Appendix G Trade Finance Aids

2. L/C Instructions

1. The letter of Credit shall be **IRREVOCABLE**.
2. The credit shall be directly advised thru:
[Name, address, telex, fax, etc. of exporter's bank]
3. The credit shall be **Confirmed**.
4. The credit shall be "**available with any bank**" and **expire** in country of beneficiary (USA).
5. The credit shall show as the beneficiary: [Name, address, etc. of exporter].
6. The credit shall be payable in **U.S.A. currency** in the amount exactly as the invoice.
7. The credit shall be payable **15 days** from Air Waybill Date.
8. **All Fees/Charges** are for the account of Applicant (importer).
9. Partial shipments **allowed**.
10. The credit shall allow for required transport documents not later than _____ (this date will be determined upon receiving your (importer's) purchase order.)
11. The credit shall allow for a minimum of 21 days after the required transport document date for presentation of documents at the counters of the Bank stated above.
12. The required documents should include:
Commercial Invoice Totaled Ex-Works Bradford, Massachusetts U.S.A.
Commercial invoice shall cover the following: _____ (description of merchandise)
Air Waybill consigned to the Issuing Bank

Appendix G
Trade Finance Aids

3. Documentary Draft

USD \$ _____	DATE _____
_____ OF THIS SOLE OF EXCHANGE	
PAY TO THE ORDER OF _____	
_____ UNITED STATES DOLLARS	
FOR VALUE RECEIVED AND CHARGE THE SAME TO ACCOUNT OF	
TO _____	
_____	COMPANY _____
NO _____	BY _____