

**CENTRAL MEXICO TRADE MISSION (October 16-21, 2011)**

Mexico is the second largest single country market for Iowa exports, with nearly \$1.8 billion in manufactured and value added goods exported alone in 2010. With the exception of 2009, Iowa exports have increased at least 20 percent in each of the last six years! Mexico is a natural market because of the tremendous receptivity it extends to U.S. suppliers. However, it can be difficult to capitalize upon its full potential due to issues such as its size and diversity, legal and banking systems, regulations and standards, language and culture. This mission will concentrate on the central region of the country, providing opportunities to explore Mexico City-the largest market in Mexico-and the secondary and tertiary markets in the surrounding states including the states of Mexico, Hidalgo, Puebla and Queretaro. This area is the political and financial center of Mexico and constitutes over 60 percent of Mexico's total industrial base. Mexico City will serve as the hub with one-on-one pre-qualified business meetings in the city and day trips to the surrounding markets most appropriate to the participant's industry and products.

One-on-one pre-qualified appointments will be arranged for participating companies whether they are seeking to develop or expand direct export sales, locate distributors or agents, conduct market research or have other goals. All industry sectors are invited to participate in this mission. The mission will coincide with EXPO CIHAC which is the premier event in Mexico for the building, construction and housing industries. Show sub-sectors include building materials, machinery, equipment, hand and power tools, building systems and prefabricated technologies, financial services, real estate, finished houses and piping, etc. EXPO CIHAC also includes a forum on sustainable infrastructure and urban development; conferences and lectures by renowned architects and engineers; seminars and workshops; and a special section for those companies producing eco-technologies for the construction industry. Details are available at [www.iowalifechanging.com/intlevents](http://www.iowalifechanging.com/intlevents). Contact Peggy Kerr at 515.725.3143 or [peggy.kerr@iowa.gov](mailto:peggy.kerr@iowa.gov) for additional information.

**US CENSUS BUREAU AES COMPLIANCE SEMINAR AND WORKSHOP (November 2 - 3, 2011)**

The Iowa Economic Development Authority will host another U.S. Census Bureau AES Compliance Seminar and Workshop in Des Moines November 2 - 3, 2011. This is a two-part series designed to effectively teach exporters how to avoid penalties and accurately report shipments through the Automated Export System (AES). The seminar features a full day of learning, covering the different restrictions and classifications of foreign trade regulations, a full overview of the AES, changes to the Foreign Trade Regulations (FTR), clarification of routed shipments, penalties, export controls and enforcement, and commodity classification – Schedule B. During the workshop, attendees put their knowledge to use with certified training on completing AES filings on the web. If you are new to exporting or are unfamiliar with AES, this event will provide all the training you need to get started. Experienced exporters must understand the new requirements of the FTR and how to avoid possible penalties and seizure of your commodities. In addition, it is vital to provide accurate and complete data in efforts to help the exporters make sound business decisions. Full details are available at [http://www.census.gov/foreign-trade/aes/meetingsandpresentations/pres\\_iowa\\_11\\_2011.pdf](http://www.census.gov/foreign-trade/aes/meetingsandpresentations/pres_iowa_11_2011.pdf) and online registration is at <http://www.iowalifechanging.com/register/>.

**IOWA MEAT TRADE MISSION TO JAPAN (November 5-11, 2011)**

Japan is the most important export market for Iowa meat suppliers. In 2010, Iowa exporters shipped \$504 million in meat products to Japan. High disposable income, embracement of technology, desire to improve the diet, and a growing market for high quality products creates opportunities for Iowa suppliers to increase their presence in Japan. Japan also presents niche opportunities for highly marbled, antibiotic-free and storybook pork. Individual appointments will be arranged for Iowa suppliers to meet importers, processors and retailers. An Iowa Reception will be held for Japanese buyers and importers to meet with the Iowa team. For more information contact Mark Fischer at [mark.fischer@iowa.gov](mailto:mark.fischer@iowa.gov) or 515.725.3140.

## **CENTRAL AMERICA TRADE MISSION (February 2012)**

The Central America Free Trade Agreement (CAFTA) is creating opportunities for Iowa companies to increase their exports to central America. In 2010, Iowa's pork exports increased by 64 percent to Honduras, 100 percent to Guatemala and 1250 percent to Costa Rica. These three countries combined generated \$18 million in pork exports. Combining all product categories, Iowa exports increased by 21 percent to Guatemala, 62 percent to Costa Rica and 43 percent to Honduras in 2010. This mission will focus on pork, but is open to all food and manufacturing sectors. Contact Mark Fischer at [mark.fischer@iowa.gov](mailto:mark.fischer@iowa.gov) or 515.725.3140 for more information.

### **TRADE ASSISTANCE AVAILABLE**

#### **EXPORT TRADE ASSISTANCE PROGRAM (ETAP) AVAILABLE**

The State of Iowa offers financial assistance to Iowa companies that wish to take advantage of international trade shows and trade missions to enter new markets. An eligible company can be reimbursed of up to 75 percent of qualified direct expenses of participating in a trade show/mission taking place outside of the United States. We are accepting applications for events taking place now through June 30, 2012.

#### **ELECTRONIC APPLICATION FOR ETAP FUNDING**

We have moved to an electronic application process. All applications now need to be submitted through the [www.iowagrants.gov](http://www.iowagrants.gov) website. You will first register with the system. After your registration is approved, you can apply for ETAP funding. We have step-by-step instructions for both processes available on our website:

[http://www.iowalifechanging.com/business/intltrade/export\\_finance.aspx](http://www.iowalifechanging.com/business/intltrade/export_finance.aspx)

Companies utilizing ETAP for exhibiting at a trade show will also be required to submit a photo of the booth at the show with their reimbursement documentation.

As a brief reminder, it is very important that companies complete the Final Report form, along with the 9-month and 18-month surveys when they use ETAP funds. This information is used to show the impact of Iowa companies using ETAP.

### **OTHER INFORMATION**

#### **"ELIMINATING THE MYSTIQUE OF LETTERS OF CREDIT" & "HOW INCOTERMS 2010© AND LETTERS OF CREDIT ARE INTER-RELATED"**

International Traders of Iowa (ITI) is proud to welcome Roy Becker for his first public appearance in Iowa! ITI will offer a full-day seminar on Tuesday, October 18 at the Holiday Inn & Suites at Jordan Creek in West Des Moines.

The seminar is sprinkled with many humorous and memorable anecdotes to illustrate the theory of the transactions. Roy Becker is considered one of the leading experts in International Trade and Banking. He has spent the majority of his corporate career working in the international departments of several major banks. During that time he worked directly with importers and exporters consulting on the intricate banking needs associated with international trade. Companies both large and small hire Roy to help them reduce risk and improve cash flow for their international transactions. Please visit [www.iowatraders.com](http://www.iowatraders.com) for more information or to register.

#### **OUTLOOK FOR THE MEXICAN CONSTRUCTION INDUSTRY**

Prepared by the Iowa Mexico office - August 12, 2011

Mexico's construction industry is currently in a growth period as it recovers after a downturn during the 2008-2009 recession. The  
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National Statistics Institute (INEGI) reported overall growth of 4.6 percent in June 2011 with respect to the previous year, resulting in increased demand for inputs such as electrical materials, paints and coatings, cement, metallic structures, sand and gravel, asphalt, concrete and other steel and iron materials.

Despite somewhat slowing growth rates for the overall economy, various key regions in Mexico are projecting an improved second half for construction. Local representatives from the national construction chamber CMIC, from areas such as Quintana Roo (home to Cancun and other leading tourism sites), the Monterrey industrialized metropolitan area, the Matamoros border zone and the economically important states of Jalisco and Guanajuato, predicted improved outlooks for the rest of 2011. The optimistic predictions are based largely on expectations of increased government spending on infrastructure projects in their areas. Construction in Monterrey and the surrounding state of Nuevo León is expected to be boosted by state resources freed up to carry out reconstruction projects in areas such as bridges, roads and water management infrastructure. Quintana Roo is expecting similar outlays for highway and school construction. The awarding of tender contracts for such projects to local construction contractors in turn spurs demand for materials and specialized equipment.

An increase in public housing projects in 2010 that carried over into early 2011 boosted the industry; however, it appears that current demand has not yet caught up with the resulting additional inventory. Although the housing market is currently faced with excess supply in some areas, some industry reports project that building will rebound in the second half due to activation of state funds for subsidized housing, as in the case of infrastructure. Privately funded housing developments, particularly of condominiums, appear to be flourishing in most major cities.

One area now garnering increasing interest in Mexico is ecological or green building materials and technologies. The sector received an important boost in the past year with the introduction of the state-run lending agency Infonavit's "Green Mortgage" program. The program offers increased credit to mortgage recipients who purchase homes that include certain types of green technologies. Enhancements that qualify under the program include energy-saving lighting and appliances, reflective coatings for walls and roofing, solar water heaters, water-saving plumbing fixtures and water purifying devices, among others. While Infonavit loans largely target working and middle class home buyers, more expensive developments are incorporating green components as well. Upscale eco-tourism resorts as well as well-appointed retirement communities targeting foreigners are increasingly leveraging eco-friendly construction materials and technologies in their pursuit of clients. For example, while some recycled materials and solar water heaters are produced domestically, other more advanced and innovative products for these developments must be sourced from abroad.

## **LETTERS OF CREDIT – MORE RELEVANT THAN EVER**

By Julie Masimore, AVP/International Banking Officer  
Bankers Trust Company, Des Moines, Iowa

Financial instruments first used thousands of years ago in international trade – letters of credit – are seeing a modern-day resurgence because of the volatile international economy. Knowing their advantages and pitfalls is essential in the business world of the 21st Century. With the current economic climate, there has been a resurgence in the need for letters of credit to help assure that payment will be received—especially when handling sales or shipment of goods with an international vendor.

The Letter of Credit, whether Documentary or Standby, is issued by a bank (the issuing bank) for the account of the Buyer (the Applicant) or for its own account, to pay a Seller (the Beneficiary) the value of the draft and/or documents presented to the bank for payment, provided the terms and conditions of the letter of credit are met.

Like any trade product, there are pitfalls and situations where a letter of credit, whether a standby or a documentary, will not get paid. The best way to avoid these problems is to be proactive. So, how do you, the Seller, protect yourself from non-payment? Take these steps before the letter of credit is issued:

- Know your customer! Do your due diligence!
- If the Applicant/Buyer is in a high-risk country, have it confirmed or issued by a reputable U.S. bank.
- Even if the letter of credit is issued from a strong foreign bank, demand that it allows for reimbursement through a U.S. bank.

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- Understand the terms of the letter of credit and make sure you can comply.
- Be active in the beginning – review a draft of the language with your international banker and make sure you understand the terms and can comply with them.
- Understand the rules that govern the Standby: ISP98, URDG, UCP600 or work with someone who does.
- Ask that it be governed by the laws of the state of Iowa (or other U.S. states).
- Have an underlying contract or Proforma Invoice and have the letter of credit reference it.
- As an Applicant, do not issue a letter of credit that is “Unconditional” or “Clean” whenever possible – that means the beneficiary can draw anytime for any reason.
- When preparing required documents, make sure they comply with the terms and conditions within the letter of credit – approximately 70 percent of all documents are rejected on first demand due to discrepancies! Remember – letters of credit are paid against a “complying” presentation!
- And, most important, work with a knowledgeable bank, preferably one that is local and has your best interest in mind!

Letters of Credit can help assure that buyers receive their products and sellers receive their payment in a timely fashion. That’s important in today’s economy, and the right bank can help you get the job done.

Want to learn more about the benefits and risks of exporting under a letter of credit? Join Julie Masimore and the International Traders of Iowa as they host a one-day seminar on October 18 featuring Roy Becker of Roy Becker Seminars: "Eliminating the Mystique of Letters of Credit" & "How Incoterms 2010© and Letters of Credit are Inter-Related." Visit <http://www.iowatraders.org/> for more information and to register online.

## MARKET BRIEF

Poland has the sixth largest economy in Europe with a GDP of \$479 billion (2010) and is a member of the European Union. The Polish economy has grown every year since 1991 and expanded by 6.8 percent in 2007. Poland avoided a recession in 2009 and grew 3.8 percent last year making it one of the fastest growing economies in the European Union. Poland has 38 million people and is the sixth largest country in the European Union.

The service sector is the largest sector of the Polish economy. Industry makes up about 31 percent of the economy and agriculture, which employs 14.8 percent of the workforce and generates only 3.8 percent of the GDP.

Poland was the 36th largest market for Iowa exports in 2010. That same year, Iowa’s exports amounted to almost \$27.7 million, an increase of 37.5 percent from 2009. In 2011, thus far, Iowa exports to Poland are up 18.4 percent during the January to May period compared with the previous year.

Iowa exports agricultural machinery, general machinery, modified starches and glues, plastic, wadding, pharmaceuticals, optical/medical instruments, organic chemicals, iron/steel products, paper and paperboard and many more products to Poland.

Below are some trade shows that might be of interest to you:

Poznan International Fair - <http://www.mtp.pl/all/en/tradeshows/tradeshows/calendar/2012/>

Targi Kielce Trade Fairs - [http://www.targikielce.pl/index.html?k=main\\_en&s=kalendarz\\_gl](http://www.targikielce.pl/index.html?k=main_en&s=kalendarz_gl)

If you would like to know more about what products are exported to Poland or about opportunities in Poland, contact the International Trade Office at [international@iowa.gov](mailto:international@iowa.gov) or 515.725.3125.