

CHINA PORK MISSION (DECEMBER 11-18, 2010)

China is the largest pork market in the world and was a huge buyer of US pork in 2008. As China is re-opening its market to US pork, this mission will provide Iowa suppliers with an opportunity to see the market first hand and meet with importers and traders looking to purchase pork. The mission will introduce Iowa companies to the markets. In 2009, Iowa pork exports to Hong Kong and China reached \$98 million. This region will see good growth in the future. Contact Mark Fischer at mark.fischer@iowa.gov or 515.725.3140 for more information.

NEW DATES: IOWA TRADE MISSION TO MEXICO CITY AND GUADALAJARA (FEBRUARY 13-19, 2011)

Mexico is the second largest single country market for Iowa exports, capturing over 15 percent of the exports in 2009. This mission will concentrate on the top two market areas of the country: Mexico City and Guadalajara and is open to all industries. One-on-one, pre-qualified appointments will be arranged in each location 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.

Mexico City and surrounding states are the political and financial center of Mexico and constitute over 45 percent of Mexico's total industrial base. Guadalajara is the second largest city and the capital of the Mexican state of Jalisco. Jalisco has established itself as a main hub in the national economy and as the business center of the western portion of the country. The state ranks number three in terms of nominal GDP. If you are unfamiliar with the Mexican market, need updated market information, or just want to see what type of contacts are available prior to making a participation decision we encourage you to apply for an Industry-Market Analysis (IMA) and Sales Associate Search (SAS) package.

An IMA is a customized market industry overview covering market potential, competitors, competitive products/services, marketing channels, market characteristics and distribution, advertising and promotions and requirements to conduct business in the market. The SAS identifies and prescreens potential customers, agents, distributors or other sales associates based upon the industry-market parameters and criteria you provide. The research and screening process includes gathering current information from industry sources followed by interviewing potential candidates for a match with the criteria provided and compatibility with your market objectives. If you are interested in an IMA/SAS, please contact Peggy Kerr at peggy.kerr@iowa.gov or 515.725.3143 immediately.

Contact Peggy Kerr or Mark Fischer at 515.725.3140 or mark.fischer@iowa.gov for more information regarding this trade mission.

IOWA MEAT TRADE MISSION TO JAPAN (APRIL 2-9, 2011)

Japan is the most important export market for Iowa meat suppliers. In 2009, Iowa exporters shipped \$523 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.

A special pork seminar is planned in Japan for meat buyers. Iowa participants may also want to exhibit or visit the Japan Meat Fair, being held in Tokyo, April 6-8, 2011. Exhibition space is separate from the trade mission and will require exporter incurred costs. If you are interesting in show details or need more information, contact Mark Fischer at 515.725.3140 or mark.fischer@iowa.gov.

TRADE MISSION TO NORTHEAST CHINA – JUNE 10 – 20, 2011 • HARBIN TRADE FAIR – JUNE 15-19, 2011

Northeast China comprises the three provinces of Liaoning, Jilin and Heilongjiang, with a total population of over 107 million people. The region is rich in natural resources, including coal, oil, iron ore and timber, and is China's heavy industrial center for iron and steel, oil, petrochemical, shipbuilding, machine tools, aviation and automobile. Encompassing one of the world's three black earth belts, the region is also an important agricultural, animal husbandry and forestry base for China. The Northeast is China's largest producer of corn, soybean and wheat, while production of fruit crops and aquaculture are also rising in significance. [Source: U.S. Commercial Service, Shenyang]

Continued next page

TRADE MISSION TO NORTHEAST CHINA – JUNE 10 – 20, 2011
HARBIN TRADE FAIR – JUNE 15-19, 2011

Continued from previous page

The international trade office of the Iowa Department of Economic Development (IDED) will organize and lead a trade mission to Northeast China with business meetings to be scheduled June 13-17, 2011, including opportunities for business meetings in the Provinces of Heilongjiang, Jilin and Liaoning. Companies participating in the trade mission will have prequalified business meetings organized for them with the assistance of IDED's international trade office, the U.S. Foreign Commercial and Agricultural Services and Phoenix Consulting, IDED's China Office representative. IDED's China Office, at no cost to you, will provide mission participants up to 40 hours of pre-post mission assistance to help you prepare for, or follow up on your business meetings. In preparation for your company's participation we encourage participants to have our China Office do a market research study.

The international trade office will also be organizing a visit to the Harbin Trade Fair, June 15-19, 2011, for interested companies. <http://en.ichtf.com/czzn/1.php> . Contact Kathy Hill at kathy.hill@iowa.gov or 515.725.3141.

OTHER INFORMATION

FINANCIAL ASSISTANCE

IDED offers qualified Iowa companies financial assistance for eligible trade shows taking place outside the United States and specific trade missions. Funds are available for events taking place during the current fiscal year (July 1, 2010 to June 30, 2011). Each grant awards up to \$3,000 and can be accessed two times during the fiscal year. Companies need to apply at least 30 days prior to an event. Contact Lisa Mason at etap@iowa.gov or 515.725.3139 for more information.

FREE REGIONAL ELECTRONIC NEWSLETTERS FROM IOWA IN-MARKET REPRESENTATIVES/OFFICES AVAILABLE!

International Education Newsletter — A compilation of export/import education events in Iowa and surrounding areas, webinars, technical updates, etc. typically sent monthly.

International Economy & Politics Brief — Mexico - A monthly update from our Iowa Mexico Office (our representative Business Development Partners)

China Agricultural Newsletter — A monthly update from our Iowa China Office (our representative Phoenix Consulting LLC)

To receive any or all of these newsletters: Sign up at <http://www.iowalifechanging.com/subscriptions/login.aspx>

INCOTERMS® 2010 RULES

Article submitted by Karen Dunlap, President of Iowa based export trading and consulting firm Dunlap International, Inc. www.dunlapinternational.com

On January 1, 2011 Incoterms® 2010 Rules, the new International Chamber of Commerce rules for the use of domestic and international trade terms, will enter into force. Incoterms® 2010 Rules are designed to govern the sales/purchases of tangible, portable goods in a business to business contract. Internet delivery (electronic software transfers), real estate, and retail sales will not be covered by these rules. Every rule was modified in this latest revision, reflecting ongoing changes in trade practices and security issues. It is not possible to itemize all the changes in a short article like this, so the following is a brief summary of the high points of the changes.

The number of Incoterms® 2000 rules has been reduced from 13 to 11. DEQ has been replaced by Delivered at Terminal (DAT named terminal at port or place of destination, unloaded from arriving means of transport). This is the only Incoterms® rule that specifically tasks the seller with unloading the cargo. "Terminal" includes any place such as a quay, warehouse, container yard or road, and rail or air cargo terminal. DAF, DES, and DDU have been replaced by Delivered at Place (DAP named place of destination, at the disposal of the buyer on the arriving means of transport, ready for unloading at the named place of destination). Sellers are warned to define clearly in their contracts the specific point of delivery (complete address of terminal or place) to avoid confusion over division of port handling charges. Additional expenses incurred beyond that delivery point are not recoverable from the buyers unless otherwise agreed to in the contract.

Continued next page

INCOTERMS® 2010 RULES

Continued from previous page

The Incoterms® 2010 book is divided into two sections. The front of the book covers Rules for Any Mode or Modes of Transport, and define EXW, FCA, CPT, CIP, DAT, DAP and DDP. These terms can define door-to-door, door-to-port or port-to-port transport via road, rail, air, or ocean and/or any combination thereof. The back of the book is reserved for Rules for Sea and Inland Waterway Transport only, and cover FAS, FOB, CFR, and CIF. These rules are strictly for port-to-port moves and are restricted to marine transport only. Goods are required to be simply delivered on-board the vessel for FOB, CFR, and CIF rules, deleting the need for goods to cross the “ship’s rail” as the point of delivery.

A definition for DELIVERY has been formally added to Incoterms® 2010 Rules, indicating where the risk of loss of or damage to the goods passes from seller to buyer. Per A4 of each of the Rules, it is highly recommended to be very specific in naming that delivery point in the Sales/Purchase contract, to avoid misunderstandings and potential lawsuits.

In the Incoterms® 2010 Rules “packaging” is used to mean the packaging of goods to comply with the Sales/Purchase Contract and the packaging of goods so they are fit for transport by the intended means of transport. Incoterms® 2010 Rules DO NOT specifically task either buyer or seller for the proper stowage of goods within a container. This needs to be addressed separately in the Sales/Purchase contract.

As in the past, Incoterms® 2010 Rules are NOT law. If you want your contract to be governed by Incoterms® 2010 Rules, you must specify it in the contract (abbreviation + place + Incoterms® 2010). Incoterms® 2010 Rules are also NOT freight terms. Their primary function is to define the obligations of the buyer to the seller/seller to the buyer in the Sales/Purchase contract. However, they can serve as guidelines in establishing the secondary contracts with the freight companies for transportation contracts, insurance contracts, and with the banks for finance contracts. Incoterms® 2010 Rules, as previous editions, do NOT define when title transfers from seller to buyer. This must be clearly defined in the Offer/Acceptance or Sales Contract.

The Iowa Department of Economic Development’s international office has invited Frank Reynolds, USA representative to the Incoterms® 2010 Drafting Group to teach a class on the new Incoterms® 2010 Rules on December 7, 2010 at the Clarion Hotel in Cedar Rapids. To register, go to <http://www.regonline.com/Incoterms2010>.

MEXICO RETAIL MARKET UPDATE

Article submitted by: Jose Jimenez, Business Development Partners, S.A. de

Mexico’s retail sector, a key bellwether for the health of the domestic economy, took a severe beating in 2009. In the space of a few months, economic activity was affected by the international recession, the influenza outbreak, violence in border areas and a drought in agricultural areas. Fortunately, varying degrees of recovery in the United States spurred some rather healthy signs of economic revival in Mexico as well. General merchandise and specialty store chains such as Wal-Mart, Soriana and Coppel reactivated expansion plans in 2010, and through July of this year, overall retail sales were up 9.2 percent over the same period for 2009.

As retailers strive to recover from the effects of the recession and find new ways to strengthen their sales, certain trends are emerging within the market. Perhaps the most visible of these is the sudden love affair between retail chains and banks that has sprung up in the wake of recent regulatory changes. This new relationship has taken various forms, including the following:

Bank branches in grocery stores: Banamex, for example, has partnered with the Soriana grocery and general merchandise chain to operate bank branches in Soriana stores.

Retail chains operating their own banks: Wal-Mart, Coppel, Famsa, Elektra, Chedraui and others now operate their own banks, providing their customers financial services on-site in their stores.

Stores offering financial services on behalf of banks: Financial authorities will soon permit banks to authorize stores such as convenience chains to carry out banking operations on their behalf. Banorte has allied with 7-Eleven for the chain’s sites to take account deposits, bill and credit card payments and other banking services.

Continued next page

MEXICO RETAIL MARKET UPDATE

Continued from previous page

In addition to boosting traffic by offering financial services, grocery stores in particular are offering a greater variety of goods including more gourmet, organic and “environmentally sustainable” products. North American and European producers of specialty products have been able to take advantage of their more advanced product development in these areas to serve this growing demand.

The growth of internet commerce in Mexico has lagged behind that of its NAFTA partners, but a surge appears now to be underway. E-commerce sales in Mexico totaled close to US\$1.8 billion in 2008 and growth of some 85 percent was projected for 2009, according to the Mexican Internet Association (AMIPCI). Despite the recession, advertising on Mexican internet sites rose 24% last year, the AMIPCI reported. Marketers are now beginning to leverage social networking resources as well, as sites such as buzzurbano.com team up with retailers to offer promotions that use Twitter and Facebook to spread the word. MercadoLibre.com, which serves a function similar to eBay or Craigslist, has now allied with the Oxxo convenience chain to allow customers make payments for their on-line purchases at Oxxo locations.

Another channel increasingly pursued by large Mexican retail chains is expansion abroad. The Chedraui grocery and general merchandise chain obtained a foothold in the United States when it took over Gigante’s locations in California, and this year projects its U.S. presence will reach 21 locations, under the Fiesta Foods brand. Coppel, a downmarket department store chain, reportedly plans to test the waters in the markets of Brazil and Argentina, initially with two stores in each country. Upscale department store and commercial real estate developer Liverpool, meanwhile, has obtained a beachhead in Central America and the Caribbean through the purchase of a 30 percent stake in Regal Forest Holdings, which operates appliance and furniture stores under various brands and formats throughout the region.



Iowa Department of Economic Development • 200 East Grand • Des Moines, IA 50309

Moving? Or, want to list a new or additional contact? Please contact international@iowa.gov or 515.725.3139 with your updates.