



State Trade and Export Program (STEP)

If you are exporting, we'd like to help you export more. If you are not exporting, then we'd like to help you get started. Iowa companies who export tend to be more profitable, have less cyclical growth paths and are less susceptible to global competition.

The Iowa Economic Development Authority's (IEDA) International Trade Office encourages Iowa small businesses to think globally as an ongoing part of their sales strategy formulation. Because of Iowa's business competitiveness, Iowa ranks among the top five states as net exporting states in the country. And this is not driven by just ag-commodities – manufactured goods represent the major portion of what is exported from Iowa. So if you want to grow your business internationally, here are a few IEDA programs that may be of interest to you:

TTAP offers educational and technical assistance. You can access IEDA trade experts who will assist in a variety of trade topics from international marketing to shipping. We are able to provide specific market research or assistance in identifying channels of distribution. We are also eager to assist you through one of our ongoing seminar series or by one-on-one consultation at your office. The IEDA trade information is provided for free or at a highly discounted rate.

ETAP is funding assistance to attend international trade shows or trade missions. Iowa small businesses can qualify to receive up to \$4,000 to defray the cost of exhibiting at a trade show, or participating on an IEDA trade mission, outside of the U.S.

DTAP provides funding assistance to attend a domestic tradeshow. Many of the U.S. tradeshows are international in their reach. One of the easiest ways to reach an international client base is by attending a U.S. tradeshow where there are international buyers. You could qualify for up to \$3,000 to reduce your cost of exhibiting at the event.

PTAP offers funding assistance to obtain international certifications. Many countries have their own standard or import certification requirements. The PTAP program can provide up to \$5,000 to support your efforts to help qualify your product for the international market.

All of these programs are outlined at iowaeconomicdevelopment.com or you contact us at 515.725.3139 or e-mail: lisa.longman@iowa.gov.



Funded in part through a Cooperative Agreement with the U.S. Small Business Administration (SBA)

Farm Progress Show – Boone, Iowa

(August 28-30, 2012)

The Farm Progress Show is the largest agricultural exhibition of its type in the United States. The exhibition showcases the most extensive state-of-the-art information and technology vital to today's agricultural producers with the latest agricultural equipment, products and services. A number of international visitors attend the show each year, providing a prime opportunity for international exposure of Iowa companies in their own backyard. IEDA along with the Ames Convention and Visitors Bureau, Greater Des Moines Convention and Visitors Bureau and Boone Area Chamber of Commerce/Convention and Visitors Bureau will sponsor an International Visitor Center in the Wallaces Farmer Hospitality Tent. The center will offer international visitors a comfortable location to relax and have a snack, network, hold meetings and access the internet. Spanish, Portuguese, German, Japanese, Chinese and possibly other language assistance will be available. Information regarding the state of Iowa's agriculture, manufacturing, tourism industries and business expansion services will also be available. Contact Peggy Kerr at 515.725.3143 or **peggy.kerr@iowa.gov** for more information.

Participating in an international trade show in the U.S., such as the Farm Progress Show, is a very cost effective way for companies to enter new markets and receive feedback on their products from particular markets. The Domestic Trade Assistance Program (DTAP) is a new program offered by the State of Iowa and may provide financial assistance, up to \$3,000, to eligible Iowa companies for exhibiting at the show. Companies must be located in Iowa and qualify under the Small Business Administration's (SBA) State Trade Export Program guidelines. For more information, visit **www.iowaeconomicdevelopment.com/business/intltrade/export_finance.aspx** or contact Lisa Longman at 515.725.3139 or **lisa.longman@iowa.gov**.



Iowa meat trade mission to Korea and Japan

(September 8-15, 2012)

Japan is Iowa's most important export market for Iowa meat suppliers. In 2011, Iowa exporters shipped \$586 million in meat products to Japan and \$196 million in meat products to Korea. High disposable income, embracement of technology, desire to improve the diet, and an appreciation for high quality, safe products creates demand for Iowa meat products in Japan. An outbreak of foot-and-mouth disease in Korea led to a big increase in U.S. exports in 2011. In addition, the Korea Free Trade Agreement is creating long term opportunities for Iowa suppliers. Contact Mark Fischer at 515.725.3140 or **mark.fischer@iowa.gov** for more information.



Oil Sands Trade Show and Conference Suncor Community Leisure Centre, Fort McMurray, Alberta, Canada

(September 10 – 12, 2012)

<http://oilsandstradeshows.com/>

“Since 1985, Oil Sands Trade Show and Conference has been the business gateway to the oil sands community. Focusing on the entire supply chain, attendees and exhibitors gather together to source new technologies, services and products, gain new contacts and maintain current ones, and get face to face with key decision makers.”

If your company is involved in supplying the Canadian oil sand industry or interested in expanding into the marketplace, you should attend this show. The show will offer numerous ways to connect you face-to-face with suppliers, customers and potential customers. You will have the opportunity to meet over 5,000 attendees from the oil sand regions involved in engineering, procurement and design for the major producing operators, and purchasing agents for companies such as Suncor, Syncrude, Shell Albian Sands and Canadian Natural Resources at the show. Also attending will be manufacturers, distributors and plant operations and maintenance professionals.

Why exhibit?

- Access to purchasing managers who will spend upwards of \$1.7 trillion on goods, materials and services through the year 2035
- Direct access to the people who influence or decide which technologies, products and services to be deployed in the oil sands sector
- Opportunity for companies already in the oil sands market to stay close to their clients and identify potential new customers
- Opportunity for new companies wishing to enter the oil sands market to make connections
- Extra benefits as part of the purchase of your booth include unlimited guest invitations
- Exclusive access to the Wood Buffalo House Exhibitor and VIP Networking Lounge

Export Trade Assistance Funds will be available to eligible companies to assist you in defraying your trade show expenses. Please review the web link below for the IEDA's International Trade Office financial assistance programs funded in part by the SBA. www.iowaeconomicdevelopment.com/business/intltrade/export_finance.aspx

For more information contact Peggy Kerr at 515.725.3143 or peggy.kerr@iowa.gov or Kathy Hill at 515.725.3141 or kathy.hill@iowa.gov.

VIV China 2012 - Beijing, China

(September 23-25, 2012)

For U.S. companies in animal production and meat processing, China is the indisputable growth market today. Population growth, changing dietary habits and rising income have resulted in a dramatic increase in meat consumption in China, surging up to 30 percent of the global demand!

VIV China 2012, scheduled September 23-25, 2012, in Beijing, offers you the perfect platform to access this huge market. VIV China 2012 is the only international trade exhibition in China that features every step in the feed-to-meat supply chain. Organizers expect 15,000 visitors from the most important production regions in China and 3,000 international visitors.

The show is now sold out for Chinese exhibitors as top decision makers from all across China — key buyers, feed manufacturers, farm managers, breeders, integrators, meat producers — are making plans to attend VIV China 2012.

U.S. market leaders — Big Dutchman, National Swine Registry, Livestock Exporters Association, Hydro Systems, Special Nutrients — have already secured their booths.

Good news! There are still booths available in the Official U.S.A. Pavilion certified by the U.S. Department of Commerce (USDOC). Occupying a prime location at the heart of VIV China, the U.S.A. Pavilion offers exhibitors the ease of a complete turnkey booth package with professional guidance and logistical coordination from USDOC staff in the U.S. and onsite in Beijing.

The USDOC adds even more value via exclusive assistance to U.S.A. Pavilion exhibitors: pre-show promotion to industry-wide contacts in Beijing; facilitating contacts with buyers, agents and distributors and offering business counseling during the show.

The IEDA's International Trade Office offers reimbursement of trade show expenses:

- Export Trade Assistance Program (ETAP) funds are available for this show on a first-come, first-served basis to qualified business applicants.
- ETAP will reimburse 75% of an eligible company's direct expenses up to \$4,000 per pre-approved trade show.
- Can't make it yourself, but have a distributor available? You can also be reimbursed if your distributor attends to represent your company.

For more information contact Joseph Rude at 515.725.3023 or joseph.rude@iowa.gov.



44th Annual Midwest U.S. – Japan Association Conference - Hilton Hotel Minneapolis, Minnesota

(September 16 – 18, 2012)

The Midwest U.S.-Japan Association Conference brings together leaders of industry and government to advance our region's relationship with Japan. Minnesota will welcome participants from Japan and the Midwest to the Twin Cities for this important forum on trade and investment. Join the conversation as we discuss "Global Strategies for Economic Growth" and explore topics ranging from sustainable energy solutions to trade partnerships to using advances in technology to nurture business growth.

About the Midwest U.S. – Japan Association: The Midwest U.S. –Japan Association is comprised of ten member States including: Illinois, Indiana, Iowa, Michigan, Kansas, Minnesota, Missouri, Ohio and Wisconsin – along with Japanese and American Businesses. The governments of these states cooperate within the Association to increase understanding throughout the Midwest business community of Japan's market and resources, to showcase the Midwest as America's most dynamic business environment, and to develop knowledge in Japan of the export potential of Midwest companies.

For more conference information and to register, go to: **www.midwest-japan.org/pages/agenda.aspx**

If you have any questions, contact Victoria Nwasike at **victoria.nwasike@iowa.gov** or 515.725.3008.

Mexico and Central America grain buyers mission to Iowa

(October 8-10, 2012)

IEDA will bring grain buyers from Mexico and Central America to Iowa during harvest season to see crop progress, learn about the Iowa grain industry and meet with grain exporters. IEDA will be working with Iowa Corn and Iowa Soybean Associations on this project. Iowa grain suppliers interested in meeting with the buyers should contact Mark Fischer at 515.725.3140 or **mark.fischer@iowa.gov**.

EuroTier 2012 Hanover, Germany

(November 13-16, 2012)

EuroTier 2012 is the key European Trade Show for animal husbandry and is held every two years in Hanover, Germany. More than 140,000 visitors come to gather information about machinery and equipment, genetics, farm inputs and services for modern animal husbandry as well as the field of bioenergy from 1,900 exhibitors. This show is a must for suppliers to the livestock industry looking for customers in Western Europe, Eastern Europe, and Russia. For more information contact Mark Fischer at 515.725.3140 or **mark.fischer@iowa.gov**.



FIGAP/VIV América Latina 2012 - Guadalajara, Mexico

(October 17-19, 2012)

The Iowa Economic Development Authority's International Trade Office is coordinating an Iowa pavilion at the FIGAP/VIV América Latina 2012 (www.figap.com/). This biennial exhibition brings together the agro-industrial and livestock sectors and the feed-to-meat supply chain in Mexico. Feed-to-meat brings together supply and demand within the complete animal protein chain, driven by the concept that animal feed and animal health are vital for meat quality and safety. VIV América Latina will represent every step in the meat production process.

Target sectors include:

Agricultural equipment	Ingredients and additives
Animal breeding	Knowledge transfer and consultancy
Animal health	Livestock
Aquaculture companies	Machinery for the feed industry
Dairy processing	Meat ingredients
Egg processing	Meat processing, packaging, handling and refrigeration
Equipment for slaughter houses	Meat, dairy, egg products
Farm equipment	Nutrition
Feed	Pet food manufacturers
Feed and forage manufacturers	Poultry production
Feed ingredients and additives	Raw materials
Genetics	Slaughter equipment
Grain and seed buyers/traders	Software
Grain/ingredient storage and handling equipment	Transport companies (rail, freight, customs agents)
Industrial feed processing equipment & supplies	

Target visitors include:

- Distribution/wholesale/retail/trade meat (products)
- Farm / industry equipment suppliers
- Feed ingredient and additives companies
- Feed mills
- Large-scale integrated companies
- Meat processors
- Meat slaughtering companies
- National / local authorities
- Other distribution / trade agencies
- Poultry/pig/cattle/fish/agricultural farms
- Research / consultancy
- Veterinarians

In addition to the exhibition, there will be conferences and seminars presented by high-quality experts on the issues. Only two booths left, so call today!

Financial assistance will be available to eligible companies to help defray trade show expenses. iowaeconomicdevelopment.com/business/intltrade/export_finance.aspx

Visit iowaeconomicdevelopment.com/intlevents or contact Peggy Kerr at peggy.kerr@iowa.gov or 515.725.3143 for more information.

The Big 5 Trade International Building and Construction Show – Dubai

(November 5 – 8, 2012)

The Big 5 show connects you to more than 50,000 buyers from across the Middle East. Exhibitors showcase the largest and most innovative range of construction products and services including:

Bathrooms, Kitchens & Sanitary Ware	Marble/Ceramic/Stone
Building Services	Metal/Steel/Aluminum Pipelines
Conveying Systems	Plumbing/Water Technology
Decorative Products	Safety & Security Equipment
Doors & Windows	Scaffolding
Electrical Systems	Software / IT
Finishes (Coating, Painting, Gypsum, Tiling etc)	Special Construction (Swimming Pools, Fountains)
Fire Suppression & Protection	Thermal Moisture
Glass & Glazing	Protection/Insulation
HVAC	Tools
Landscaping Products & Services	Wood, Plastic & Composite

New for this year is the introduction of business matching events. The events will be designed to match manufacturers and distributors as well as to facilitate introductions and business between key buyers and suppliers.

What makes the Big 5 unique?

- The largest and best attended construction event in the Middle East that attracts buyers from the whole Middle East and North Africa region
- The only event that provides free educational programs and over 130 free seminars to help exhibitors trade in the Middle East
- The only event that matches international manufacturers with local distributors
- The only event to invest in a key buyer programs which attracts 600+ of the region's most influential buyers

Export Trade Assistance Program (ETAP) grant funding will be available to eligible companies. For more information about your participation at the Big 5 (www.thebig5.ae), contact Kathy Hill at 515.725.3141 or kathy.hill@iowa.gov or Joseph Rude at 515.725.3023 or joseph.rude@iowa.gov.

Iowa Trade Mission to Vietnam and Philippines

(February 2013)

Growing demand for meat products in Southeast Asia is creating opportunities for Iowa suppliers. In 2011, Iowa companies exported \$9.3 million in pork and \$27.9 million in beef products. During the first four months of 2012 the export pace is picking up as Iowa pork exports have increased 141 percent and Iowa beef exports have grown 65 percent. This mission will be held in collaboration with the U.S. Meat Export Federation in an effort to identify additional opportunities in these growing markets. Contact Mark Fischer at 515.725.3140 or mark.fischer@iowa.gov for more information.

Iowa Trade Mission to Honduras, El Salvador, Mexico

(March 2013)

CAFTA is creating opportunities for Iowa companies to increase their exports to Central America, while Mexico continues to be a driver in south of the border meat exports. In 2011, Iowa companies exported \$167 million in pork to these three countries and \$11.4 million in beef. This mission will explore new opportunities in this region of the world and will also be used to recruit meat buyers to travel to Iowa to meet with suppliers. For more information contact Mark Fischer at 515.725.3140 or mark.fischer@iowa.gov.

News from our Japan Office

Japanese Political System's Lack of Determination

Prime Minister Yoshihiko Noda and the ruling Democratic Party of Japan (DPJ) are holding negotiations within the party and with opposition parties to pass a bill that will fundamentally reform the social security system, through measures such as an increase in the consumption tax from the current five percent to 8-10 percent, but progress is slow. There is a very real danger the country could face a financial crisis similar to that being experienced by some EU members, as it is projected that the debt of the Japanese government could grow to nearly twice the GDP and there will be a shortage of pension funds in the future. This reform is indispensable in order to prevent such an outcome. However, even as public opinion polls show that more than 60 percent of citizens approve of a tax hike, the bill is facing resistance from both inside the ruling party and from opposition parties.

In the past, the administration that increased the consumption tax subsequently lost in the election that followed. The intension of some members of the diet is to gain an upper hand in upcoming elections by appealing to those in the public that are against an increase in the consumption tax. In addition to this, the ruling DPJ, while holding a majority in the lower house, does not have a majority vote in the upper house. This makes it impossible under current circumstances for government bills to pass.

Due to this, a number of other important bills are on hold such as those related to the Trans-Pacific Partnership issue, the electoral districts revision issue as well as the matter of establishing a regulatory system for nuclear power. Of particular importance is the electoral districts revision issue. As the number of diet members per resident has exceeded the prescribed limit in five electoral districts, the Supreme Court has indicated that the current state is unconstitutional. If elections are held without a revision, there is a possibility the court will rule the election invalid. If this were to take place, the diet will no longer be able to function and no decisions could be made at all.

Many experts are hoping the efforts of Prime Minister Noda will lead to positive results.

The DISC – tax saving opportunity for exporters

Article by: Rich Runde, Director, McGladrey, LLP - Dubuque, Iowa

A DISC (Domestic International Sales Corporation), also known as an IC-DISC (Interest Charge DISC), is a domestic corporation that primarily engages in foreign sales and exporting activity that elects DISC status. The typical IC-DISC structure involves an internal paper shuffle that does not affect how the exporter deals with its customers and suppliers. An IC-DISC requires only the formation of an on-shore corporation with a minimum capitalization of \$2,500, minimal paperwork to formalize the IC-DISC's relationship with the exporter, and submission of an initial tax election and subsequent annual tax returns. The IC-DISC does not have to generate customer invoices, lease office space, employ personnel or invest in fixed assets. An important feature of the IC-DISC is that there is no limitation on who can own it with the exception of retirement plan. Shareholders can be C corporations, S corporations, limited liability companies, partnerships, trusts, individuals or any combination of these.

The DISC – tax saving opportunity for exporters (Continued from previous page)

The IC-DISC works as follows.

- The exporting company or its shareholders create a corporation to become the IC-DISC.
- Shareholders of the corporation elect IC-DISC status.
- The exporting company pays the IC-DISC, a commission based on the profitability of export sales. Tax law sets the commission at the greater of 50% of export sales net income or 4% of gross export sales, but the commission can never exceed 100% of export profits.
- The exporting company deducts the commission paid to the IC-DISC from its ordinary income, taxed at maximum rates of 35% individually and 39% corporate.
- The IC-DISC pays no federal income tax on the commission received from the exporting company. IC-DISC's are a special class of tax-exempt entities.
- The IC-DISC may pay dividends to its shareholders. The shareholders that are individuals or trusts will pay federal income tax on these qualified dividends at a current maximum rate of 15%.
- The result of the above is a federal tax savings of up to 24% on the IC-DISC commissions.
- The IC-DISC may elect not to pay any dividends currently, in which case the IC-DISC will pay interest on the deferred tax on the undistributed income.

The obvious advantage of an IC-DISC is the permanent tax savings that are generated from export sales. Due to the permanent tax savings outlined above, additional benefits derived from the utilization of an IC-DISC include:

- Increased liquidity for the shareholders or corporation
- Reduced after-tax cost of capital
- Provide alternative management incentives
- Assist in succession planning

IC-DISC's are relatively easy to establish. Naturally there are a number of operating procedures and agreements that must be followed and put in place. These procedures are not burdensome when compared to other tax planning strategies. Many states recognize IC-DISC's and provide for similar tax treatment as federal. The tax benefits that can accrue through the use of an IC-DISC can only be applied to export sales made after the IC-DISC has been established.


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