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## THE U. S. DEPARTMENT OF COMMERCE: FRIEND OF THE FOREIGN TRADER

WALTER BUCHDAHL\*

Some small or medium-sized United States firms which successfully market their products in the United States are frequently unfamiliar with the mechanics of exporting their wares or know-how to foreign countries. Although the production capacity of these businesses may be ample to supply some foreign demand, they are still hesitant to sell and ship to countries with different languages, business customs, and industrial standards. Further, they are uncertain as to how to collect from firms located abroad. Finally, some firms, while aware of the fact that some of their needs could be more advantageously purchased abroad, are unacquainted with the details of importing.

Generally speaking, it is no more difficult to enter a foreign market than it is to sell or buy a specific product in the United States. Admittedly, a foreign firm may face greater obstacles to selling in the United States than at home or in third countries, not because United States regulations are more cumbersome or restrictive than those of other countries, but because the United States is a most demanding market and the United States customer—the industrial entrepreneur as well as the ultimate consumer—is extremely sophisticated, as well as price and quality conscious.

There are, of course, innumerable consulting firms, business or trade organizations, chambers of commerce, banks, state or municipal agencies and a host of other instrumentalities able to assist the foreign trader or investor with many, if not all of his problems. The most extensive, and usually the least costly source of information and help available in the foreign field is often overlooked, however. The reason is that the neophyte is normally unaware of the functions and the activities of the largest entity in this field—the United States Department of Commerce.

This agency, created by Congress in 1913, resulted from the division

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of the original *Department of Commerce and Labor* into two separate departments. Its purpose is to "promote a healthy growth of the American economy through assistance to business and commerce." Through a vast number of administrative units it develops and disseminates basic economic, demographic, business, scientific and environmental information. Of major importance to the individual or firm interested in foreign business are its programs to promote foreign trade, to increase travel in the United States, and to induce foreign capital to come to this country. In view of the currency and importance of the export promotion activities of the Department to the United States balance of payments, the remainder of this article will refer to those activities.

### A VISIT TO THE DEPARTMENT

In lieu of enumerating and describing in detail all of the subdivisions of the Department of Commerce, their functions, and their impact on specific phases of doing business abroad, it may be useful to follow an individual businessman who attempts to enter the export field for the first time.

A visit to the Department of Commerce in Washington is not necessary. The businessman need only consult one of the forty two *Offices of Field Services* (Field Offices) strategically located throughout the United States and in Puerto Rico. These offices are equipped to carry out the programs of a number of Commerce Bureaus, and to assist the businessman generally in the same manner as the Department in Washington.

Our businessman, however, has decided to take his problem directly to Washington. He has produced and marketed successfully in his native Midwest a new type of paint, and although somewhat apprehensive, he is now eager to enter the foreign field.

### BASIC INFORMATION ON UNITED STATES INDUSTRIES

The logical place to start the visit is the Business and Defense Services Administration (BDSA), whose primary function is to serve United States industry. Twenty-four industry divisions of BDSA with approximately 200 industry specialists provide information and assistance to several hundred United States industries. The BDSA specialist is prepared to give an overall picture of the scope (for example, production, sales and employment) of the domestic industry making a product similar to the one in which the visitor has expressed interest. Further, he knows where these products are being successfully exported, or which countries offer the most promising prospects. The specialist may also refer the

visitor to the Census Bureau's FT 410 series showing United States exports by commodity to countries of destination. All census publications are described in the Bureau of Census Catalogue, a quarterly with monthly supplements which may be ordered from the Superintendent of Documents, Washington, D. C. 2042. The cost is \$2.25 annually (\$3.00 abroad).

The businessman, by checking exports of his product or one similar to it, can determine which countries have been consistent customers of the product in question. BDSA can then make available a *Market Share Report* to enable the businessman to evaluate the strength of his foreign competition in a market abroad. These reports are available for sixty-nine foreign countries and show the dollar value of more than 1,100 manufactured products imported by a specific country from the fourteen major exporting countries of the world, including the United States. The *Commodity Series* are also available and these enable the exporter to learn about the United States' share of the total dollar value of deliveries of a single product category to ninety individual foreign countries.

Armed with this preliminary information, the visitor may determine the existence of a promising market for his product in, let us assume, certain countries in Western Europe and South America. Next, he may decide to narrow his initial efforts to two or three countries in these areas.

At this stage the visitor is well advised to begin gathering information on such major factors as the economic situation in each of the countries concerned, the size of the markets, import duties and other trade restrictions on his product, and a host of other factors which may influence his ability to enter these markets.

#### BASIC INFORMATION ON FOREIGN COUNTRIES

By now, the BDSA officer has most likely referred the visitor to the Bureau of International Commerce (BIC), with the suggestion that he see the country specialists (desk officers) for those countries which will be the targets of his sales efforts. There are a number of Area Divisions in BIC and, considering his special interests, our businessman should visit the European and the Latin American Divisions.

The desk officers can provide him with information on the overall size of the market (such as population by age and income, industries which might use his product, and the size of the GNP) and on many other factors of importance concerning the penetration of the foreign market.

It should be noted that there are certain Commerce publications which allow him to prepare for his meeting with the desk officer, and which might be obtained *before* making an appointment in any Area Division. These publications are: *Overseas Business Reports* (OBR's), which are in-depth reports concentrating on a particular aspect of a foreign market, such as "Basic Economic Data on the Economy Country X", "Market Factors in . . . .", "Market Indicators for . . . .", and "Selling in . . . .". Some OBR's also discuss the market prospects for a specific product in a given country. Approximately 100 new OBR's are published every year, with as many as ten different titles available for some of the major trading countries. A complete list of these reports, including titles and prices, is contained in the *Checklist of International Business Publications* which lists *all* international publications of the Department of Commerce, and which appears semi-annually. This list may only be ordered (free) from any of the Field Offices.

Of interest may also be a series of publications named *The Market Series*, containing an evaluation of the nature and scope of a country's market, including present import patterns, distribution facilities, trade practices, and an analysis of the market for selected commodities; for example, "Belgium, A Market for U.S. Products." The title and DIB number is found in the *Checklist*, and the publication may be ordered only from the Clearing House for Federal Scientific and Technical Information, Springfield, Virginia, 22151. (Some of the information in an OBR is sometimes duplicated or enlarged upon in this series)

The vast majority of all United States exports move under the "General License" authorization published in the *Comprehensive Export Schedule*, which is available through annual subscriptions and includes the *Current Export Bulletins*, which may amend the schedule. The cost is \$7 annually in the United States and \$9 abroad. "Validated Licenses" authorize specific exportation upon a formal application from the exporter and are required for exports of certain strategic goods to any destination, as well as for many other types of exports to the European Soviet bloc. It should be noted, however, that there is an embargo on all exports, either direct or indirect, to Communist China, North Korea, North Vietnam, and Cuba, and any exceptions also require a validated license.

Our paint manufacturer has convinced himself — again with the assistance of the local Field Office — that shipments of his product to the destinations selected may be made under "general license." However, he is aware of the fact in any case he must fill out an export declaration. This may be ordered through the Field Offices, or directly from BIC

Offices. Forms are for sale through Department of Commerce Field Offices, Custom House Officers, or from the Superintendent of Documents, at \$1.00 per pack.

After answering the questions concerning "where to sell," and ascertaining that there are no major obstacles in governmental regulations either in the United States or abroad, the businessman is ready to investigate the mechanics of "how" to penetrate the foreign markets selected.

## METHODS OF EXPORTING

We have reviewed, on the basis of a specific case, how the Department of Commerce can assist an exporting firm to determine if its product can be sold, and if so, where this can best be accomplished. We shall next summarize the services available in the Department to establish contact with and actually sell to foreign firms. If, of course, the United States manufacturer should decide to enter the foreign field by selling through a United States export merchant, an export commission house, an export broker, or a resident buyer — the most frequently used channels for so-called "indirect exports" — any of these may avail themselves of the help of the Department at their convenience. Such organizations are extremely knowledgeable in the foreign trade field and will usually require less assistance than the firm which attempts to export directly.

A new method of promoting "indirect exports" has been recently instituted — the so-called "Piggyback Program." This program, which has the support of the Department, attempts to help newcomers to international trade to find other United States companies which have experience in exporting and which may be willing to add other compatible and non-competitive products to their export lines. A BIC computer is used to match "Riders" and "Carriers." Again, the Field Offices are available to provide greater detail. A booklet called "The Piggyback Program" is also available at a price of fifteen cents.

If a United States firm should choose to export its products *directly* it will have to contact potential purchasers in foreign countries, or it will have to find an agent, distributor or representative abroad. If a trip overseas seems to be necessary for this purpose, the Field Office, with the assistance of the Foreign Service, will attempt to arrange meetings with interested parties in the country or countries at which the United States firm's export activities are aimed, provided the field office is given four weeks notice before the start of the trip.

Many United States firms, of course, will attempt to establish con-

tacts abroad through correspondence. They may first call on the Field Offices to register on the *American International Traders Index* in order to obtain the greatest amount of assistance which the Department can provide. The *Index* is an automated file showing specific data on United States firms active in international trade or investments. Such data, of course, can only be used by the United States Government for trade promotion purposes, and are unavailable to private parties. For example, when an overseas buyer looks for a specific United States product the *Index* enables the United States Commercial Officer abroad to bring the foreign buyer and the United States supplier together with a minimum of effort and red tape.

To find the foreign correspondent who comes closest to the requirements or expectations of the United States exporter, the Department has available a variety of publications and reports. The most basic of these reports are the *Trade Lists*, *Automated Trade Lists* and *World Trade Directory Reports*.

The *Trade Lists*, which are available through the Field Offices or BIC at a cost of \$1.00, contain information on firms in foreign countries or areas which are dealing in specific commodities. They show the names and addresses of such firms, as well as basic trade and industry data for the country or area. They also show lists of importers, exporters and dealers, and the relative sizes of the firms, products handled, sales territory and sales force available. In cases where a trade list is not specific enough as to the exact nature of the product involved, *Automated Trade Lists* are available. These show a more finely delineated statistical description of the commodities involved, the foreign firms handling such commodities, as well as information as to their type, size and function. They also give the exact names and addresses of the firms involved, and the name of the firms' chief executive officer.

If the available trade lists are not specific enough, the United States exporter may wish to request through the appropriate Field Office a *Trade Contact Survey* which is prepared by the Commercial Officer in the foreign country in which the United States firm intends to trade. Two or three firms interested in the proposals of the United States firm, and qualified to deal in its products, will be chosen and details will be submitted to the inquirer, usually within sixty days. The cost of each survey is \$50.00.

Additional data on specific foreign firms is contained in the *World Trade Directory Reports*, which give United States firms a basis for determining the foreign firm's competence and reliability. These reports

are of particular interest in those cases where the United States firm wishes to be reassured about a foreign firm's reputation, its method of operation, size, sales volume, capitalization, American representation and other factors. The reports may be obtained directly from BIC or through the Field Offices at a cost of \$2.00 each. It should be noted, however, that these reports are not "credit reports" in the strict sense of that term. Credit reports may be obtained from credit agencies, such as Dun and Bradstreet, or the Foreign Credit Interchange Bureau, both located in New York City.

Other rich sources listing foreign firms interested in doing business in the United States are the Department's weekly publication called *International Commerce*, and the *Commerce Business Daily*.

*International Commerce* is the Department's most important publication in the field of international trade and investment. It contains the latest information in these fields, with special sections on business leads on importers, exporters, agents and licensing opportunities. Regular sections cover trade fairs and trade center shows, business trends and economic conditions by country and area, United States and foreign government actions pertaining to trade and investments, and special features, such as reports on the findings of United States Trade Missions. The annual subscription rate is \$16.00 (\$21.00 if sent to a foreign address.)

The *Weekly* is supplemented by *Commerce Business Daily* which, in addition to latest foreign business opportunities, publishes United States Government procurement invitations, sales of surplus property, subcontracting leads and other information of interest to the foreign trading community. It may be ordered from the Field Offices or the Superintendent of Documents, Washington, D. C., 20402. The subscription price is \$15.00 annually (\$57.00 if sent by airmail.)

## EXPORT PROMOTION PROGRAMS

Thus far this article has only mentioned those instances in which the Department of Commerce acts as a depository and distributor of pertinent documentation and as an adviser to business firms calling on it for assistance, but its active role in promoting exports is extensive and deserves some comment.

Beginners in the foreign trade field — as well as United States firms already operating abroad — are being helped and counseled by the Regional Export Expansion Councils, established by the Department in each city where there is a Field Office. These Councils are composed of businessmen who have experience in all phases of international trade, and

which lend an even greater voice of authority to the numerous courses and seminars on exporting arranged by the Field Offices in cooperation with local chambers of commerce, banks, colleges, trade schools and similar organizations interested in promoting United States foreign trade.

Another Commerce activity which has been extremely successful is the *Trade Mission Program*. There are two types of trade missions recognized officially: (1) the government-organized trade mission and, (2) the industry-organized, government-approved trade mission. The first is organized and financed by the Department of Commerce; the second by an industry, or possibly by a state, a chamber of commerce, or similar group, but is sponsored and administered by the Department of Commerce. Space limitations do not permit description of the organization and the functioning of such missions in detail. Interested readers may obtain detailed information on both types of missions from the Field Offices or directly from BIC, Trade Missions Division, Washington, D. C. Advance information on projected trade missions, as well as reports on the results of such missions and their findings, are regularly published in *International Commerce*. Of interest may also be a pamphlet on "Industry-Organized Missions Abroad", which is available at Field Offices at fifteen cents per copy.

The Department of Commerce has also been instrumental in establishing and staffing *United States Centers* presently located in London, Frankfurt, Milan, Stockholm, Tokyo and Bangkok. These centers offer year-round facilities for displaying and demonstrating United States products. Eight to ten major product exhibitions are held annually in each center. Individual United States firms are encouraged by Commerce to use the centers for the promotion of their specific products. Local Field Offices should be consulted for additional details on this subject.

For smaller firms, the Commerce-BIC sponsored *Sample Display Centers* in Beirut, Manila, Nairobi and Bangkok have been particularly attractive. United States firms can show samples of their products in these centers and may even send representatives to such displays. If this is not practical, the appropriate commercial offices will attempt to have local agents or distributors inspect the products shown. An additional benefit of this program is the numerous inquiries about other United States goods and services which are brought to the attention of the United States business community through pertinent Commerce publications, such as the *Weekly*.

Additionally, BIC provides technical and financial assistance to qualified operators of the so-called *Mobile Trade Fairs*, which exhibit

United States goods in several foreign countries on airplanes, ships, trains and other vehicles.

Exhibits abroad conducted by other United States Government agencies, such as the Department of the Interior (fishery products), use BIC's Trade Center facilities to promote export of these products. Commerce Department Field Offices will refer interested parties to the appropriate bureaus of these Departments.

## RECENT DEVELOPMENTS

The above-mentioned Commerce activities in the export promotional field will most probably continue under the Nixon administration, and may even develop into a more vigorous program. The new Secretary of Commerce, Mr. Maurice H. Stans, has set an export goal which, during the next five years, aims at increasing United States 1968 exports from 34 billion dollars to 50 billion dollars. As an initial step, President Nixon has revived the Cabinet Committee on Export Expansion, chaired by the Secretary of Commerce. This committee will examine special subjects relating to export expansion, such as tax incentives and export financing, tax parity with other countries, and the reduction of transportation and other exporting costs for United States goods.

The Commerce Department is already gearing up its services to achieve this goal. United States manufacturers will benefit from a new *Export Market Identification Program*, which involves the preparation of a number of market reports focusing on promising foreign markets for specific United States products. These reports — prepared for the most part abroad — will be made available to United States industrialists and exporters to stimulate export interest.

The Commerce Department is also expanding its *Automated Data Processing System* to inform interested United States producers of new or expanded export opportunities as quickly as possible.

Another new Commerce activity is the *Joint Export Association* (JEA) Program, proposed by the Johnson administration, which aims to expand United States sales abroad through increased cooperation between private United States contractors and the Department of Commerce. Such "contractors" represent a considerable number of United States firms, many of them small-size firms. The Department of Commerce will share with the contractors — chosen on the basis of the most promising proposals submitted to the Department — the expenses involved in overseas market research, publicity, distribution of technical data and samples, participation in trade exhibits, international promotional travel,

and training of sales and service personnel. Additional information covering this program may be found in *International Commerce* of January 20, 1969.

The United States Department of Commerce stands ready to assist the United States businessman trading abroad. Its extensive international services and activities are available in the interest of international trade.