



# TradeView

A Kentucky World Trade Center Publication

Volume 14 Number 3  
November 2003

## Thai Ambassador Addresses Trade & Investment Issues at KWTC Program

On October 3, over 40 international business professionals attended a special breakfast seminar hosted by the KWTC in Cincinnati highlighting trade and investment opportunities with Thailand.

The program included presentations by His Excellency Mr. Sakthip Krairiksh, Ambassador of Thailand to the United States, Dr. Atchaka Brimble, Assistant Secretary General of the Thailand Board of Investment, and Mr. Sethaphan Buddhani, Director-General of the Tourism Authority of Thailand.



His Excellency Sakthip Krairiksh, Thai Ambassador to the United States, speaks to a delegation of businessmen at the KWTC's Thailand Trade & Investment program in Cincinnati.

### THAILAND'S ECONOMY

Ambassador Krairiksh painted a glowing picture of Thailand's current economic situation, announcing that the 1997 financial crisis has not only come to an end (with all IMF loans being paid back 2 years ahead of schedule), but that Thailand has emerged as one of the fastest growing economies in the world.

Thailand's GDP growth was 5.3% in 2002, and is forecast to reach 5.8-6.2% in 2003 and 6.5-8.5% in 2004. Likewise, Thailand's export growth reached 5.7% in 2002 and is forecast to more than double to 12.1% in 2003.

### U.S. - THAI RELATIONS

The ambassador noted that 2003 marks the 170th year of formal ties between Thailand and the U.S., pre-dating U.S. ties with China and Japan by 11 and 21 years respectively. As one of the U.S.'s 5 treaty allies in the Asia-Pacific, our countries are working together in both Afghanistan and Iraq.

The ambassador also stated that prospects "look good" for a U.S. - Thailand free trade agreement in the near future. The U.S. is Thailand's largest trading partner and its largest export market, while Thailand is the U.S.'s 17th largest trading partner, 16th largest source of imports, and its 23rd largest export market.

### INVESTING IN THAILAND

Dr. Atchaka Brimble, Assistant Secretary General of the Thailand Board of Investment, highlighted the advantages of investing in Thailand, which include:

1. Political and social stability;
2. A large market of over 500 million people;
3. A well-developed infrastructure;
4. A large pool of skilled labor for value-added industries;
5. Strong support industries, including abundant raw materials for the textile, auto parts, and construction industries;
6. Membership in ASEAN, which allows access to lower tariff rates for exports to the 10 member countries with a combined GDP of \$737 billion;
7. One of the most liberal investment policies in Southeast Asia, allowing 100% ownership for most industries, no local content requirements, no export requirements, no foreign entry restrictions, and no location requirements for all but 6 industries;
8. Incentives packages which include guarantees against nationalization and price controls, income tax exemptions for 3-8 years, and VAT and other tax reductions or exemptions on imported machinery and inputs.

**A special thank you to our co-organizers for helping the KWTC make this program a success!**

- Greater Cincinnati Chamber of Commerce
- Kentucky Cabinet for Economic Development
- Northern Kentucky International Trade Association
- U.S. Department of Commerce

Thailand is the largest assembler of automotive products in Southeast Asia, often referred to as the "Detroit of the East," with over 700 components manufacturers. Locally manufactured parts are purchased 75% of the time, which is an investment incentive, but U.S. export opportunities still exist for high-end components like transmissions. Other target industries for investment include fashion, electronics, high-value services, agriculture (Thailand is a major food exporter), and rubber products (Thailand is the world's #1 rubber producer).

The U.S. is the 2nd leading investor in Thailand after Japan. U.S. companies, including UPS, Goodyear, Dole, Kellogg, GM, Ford, Chevron, Honeywell, GE Aircraft Engines and Daimler-Chrysler, have invested close to \$17 billion in the country.

### TOURISM IN THAILAND

Mr. Sethaphan Buddhani, Director-General of the Tourism Authority of Thailand, made a compelling case for

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## Jiangxi Government Delegation Visits Kentucky

On October 1 a delegation of mayors and other government officials from Jiangxi province in the People's Republic of China made a goodwill visit to Kentucky. The purpose of the delegation's visit was to establish a better understanding of each region's economy and to identify possible cooperative projects. The delegation was hosted by the Kentucky Cabinet for Economic Development's International Trade Division.

During a meeting with the Kentucky World Trade Center (KWTC), Mr. Xu Yaojin, the Deputy Director-General with the Foreign Affairs Office of the Jiangxi government, indicated the government's desire to have the KWTC organize a business match-making event in Kentucky for company representatives from Jiangxi in the coming year.

For over twenty years, Kentucky has had a sister-state agreement with the Jiangxi

province, signed under the direction of former Governor Martha Layne Collins.

In like fashion, Sister Cities of Louisville has been working toward establishing a sister city relationship with the city of Jiujiang, located in Jiangxi province. Sister Cities recently welcomed a delegation from Jiujiang, at which time a friendship agreement was signed as a first step toward this goal. The organization is hoping to further this progress by possibly sending a Louisville delegation to Jiujiang in March.

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## Thai Ambassador

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Thailand as a premier vacation destination, saying that 60% of Americans who visit Thailand make a return trip.

What makes Thailand such a great place to visit?

1. The food! According to travel magazine *Conte Nast*, two of the best restaurants in the world are found in Thailand.
2. Beauty. The country is incredibly beautiful, offering sea, sand and sun, and the Thai people are very service-oriented.
3. Affordability. The shopping is superb, and products and services in Thailand are on average 5 times less expensive than they are in the U.S. Golf lovers can play at the best courses for an entire week for what it would cost to play for one day in the U.S., and the price includes a free caddy, a kiosk with food at every 3rd hole, and a massage at the end of the day!

For more information on travel to Thailand, call 1-800-THAILAND.

### Photos with the Ambassador



(L to R) His Excellency Sakhith Krairiksh, Thai Ambassador to the United States, Dr. Atchaka Brimble, Assistant Secretary General of the Thai Board of Investment, and Mr. Sethaphan Buddhani, Director of the Tourism Authority of Thailand.



Holley Groshek, Executive Director of the KWTC, and His Excellency Sakhith Krairiksh, Thai Ambassador to the United States, exchange gifts at the conclusion of the program.

# International Marketing Strategies that Work

By Philippe Deprez, International Business Consultant

Developing an international marketing strategy is similar to developing a domestic strategy. The difference is in the application.

First, you need to define the business you are in. Your business in an export market may be different from your domestic business, although your core product offering is the same. For instance, if you sell agricultural products in Mexico, you are automatically in the business of selling to government agencies, because farmers often get their equipment and supplies through government grants.

Then you need to set strategic goals. This requires a great deal of international market research. You cannot set strategic goals in a vacuum. You need to study the foreign business environment, including key competitors and distribution patterns, and see how your company's strength and weaknesses will fit in.

Your strategic goals need to be challenging, realistic and sustainable. Say that you want to penetrate a foreign market by competing on the basis of low pricing. This may work at first, because your business volume in the foreign market

has not reached the critical mass level yet. However, what if local competitors start to retaliate after a few years? Are you prepared to see your profit margins eroded by a downward pricing spiral, or are you planning for productivity gains to make up for this?

Once your strategic goals are backed up by a strategic plan to accomplish them, you are ready for the implementation phase. Whether this becomes an exciting experience or a source of constant stress, often depends on how well this plan was thought through.

In an overwhelming majority of cases, foreign market entry includes three phases: selling through one or more importers, setting up a sales office and warehouse, and setting up a manufacturing operation. There are exceptions to this, such as when a company manufactures in China for the purpose of exporting from that country, but that is the general rule.

When a company is ready to launch their own sales effort in the export market, a solution that is often overlooked, but that can be very effective, is forming a strategic alliance with a partner in the foreign country. This can take the form of a marketing alliance or a joint venture. To make this work, you must maximize your control over the operation, taking at least a 50% share in the venture, or involving a trusted third party.

The types of partner to look for in such an alliance include distributors, manufacturers of complimentary products, or manufacturers of similar products who are

happy to help you enter their market if a reciprocal agreement is concluded that gives them access to your home market.

Some advantages of strategic alliances include having limited financial exposure, more rapid market penetration, and enhanced cultural integration in the foreign country. I fully agree with the U.S. Department of Commerce's publication *A Basic Guide to Exporting*, which states that "understanding and heeding cultural variables...is critical to success in international business. Lack of familiarity with the business practices, social customs, and etiquette of a country can weaken a company's position in the market, prevent it from accomplishing its objectives, and ultimately lead to failure".

Philippe Deprez provides general export assistance and help with foreign market entry, such as market analysis; identifying opportunities for strategic alliances, acquisitions or joint ventures; international strategy development; and help in formulating a business plan. He also offers assistance in negotiations with foreign partners, establishing an international distribution network, and with the selection and preparation of international staff. He may be reached at (502) 225-6293 or philippedeprez@cs.com.



Philippe Deprez

## WTCA On-Line Highlights



WTCA On-Line, the powerful website of the World Trade Centers Association (WTCA), is the easy to use, affordable online service for crucial business intelligence. This one stop trade information hub, linked to over 300 World Trade Centers in 101 countries and representing over 500,000 affiliated businesses, delivers extensive up-to-the minute business data and reports.

Did you know that you can receive customized news through WTCA On-Line? Kentucky World Trade Center members can receive industry and topic-specific news, right on your "My WTCA Online" page each day.

To get started, use your favorite browser to go to WTCA On-Line ([www.wtca.org](http://www.wtca.org)). From the main page locate the Log In To My WTCA button in the

upper left hand corner. Your personalized portal page should appear. (Note: If you are a KWTC member and have not receive a password, please request one by e-mailing [admin@kwtc.org](mailto:admin@kwtc.org).)

From the top of this page select Add Content. The Add Content Modules page should appear in no time. From this page you can review, add and delete the Content Modules to appear on your personalized portal page.

To add the custom news feature to your page, scroll to the bottom to find the Content modules, the first of which is Custom News. Simply click on the check box to have this module along with any other modules you have selected added to your personal portal page. Scroll to the bottom and click Update. Your updated personal portal page should appear.

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# Are You New to International Commerce?

By Dewayne Johnson, Managing Partner, ICL-USA

The world is indeed a small place, but when you decide to do business internationally, you can face big challenges. For many of the companies who did their homework, overcame the challenges, and integrated globalization into their businesses, they reaped fantastic rewards. However, the learning curve for confidently and comfortably doing business internationally is tremendous.

A typical business operating solely in the U.S. faces many challenges...operational, logistical (product in-product out), sales and marketing, financial, domestic governmental laws and regulations, human resources, etc. For most businesses, the proverbial plate is full, especially for small-to-medium-sized enterprises (SME).



Dewayne Johnson

Now...to begin thinking globally, the company must realize that the aforementioned issues of operating a business begin to multiply each time the company decides to do business in a different country. In addition, import/export regulations on both shores (departure and destination) must be carefully followed.

Given the risks involved, why would a business want to pursue international business? Some reasons

are obvious... some are not so obvious, but both are equally important. They can include:

- Expanding a market base and sales volumes
- Finding new potential vendors
- Lowering the costs of purchases related to products or operations
- Offsetting the peaks and valleys of seasonal, domestic sales cycles
- Tapping unmet demand in foreign markets

The benefits are as unique as the characteristics of each business. A significant amount of strategic thought and planning should be invested into the venture of expanding into the international marketplace.

One of the most important factors of going global is... don't go alone! As part of a company's strategic planning, a business should talk to other businesses who have taken the leap into international commerce. Listen to their story, note the various aspects of their venture, and study how those relate to your business model.

Also seek professional assistance from firms who specialize in international commerce. Select a bank who can advise you on structuring and managing international transactions. Select a law firm who specializes in international law with offices or affiliates on the ground overseas. All international business should be preceded by a strong legally binding contractual agreement.

Select an international freight forwarder with employees on the ground in the countries of interest to your company. Your profit margin is at its greatest risk when

your products are in transit. Yes, you may be covered by transportation insurance, but the loss or delay of delivery can have dire consequence for production, customer satisfaction, business relationships and more.

For beginners, it is advisable to hire a consulting firm who specializes in international commerce. Some firms serve as the import/export arm of a company. Other firms launch an international program for a company, and then transition the program to the company's staff. Most international consultants are flexible and can tailor a program to suit the customer.

One of the most essential aspects of developing an international program is to become active in the Kentucky World Trade Center (KWTC). The KWTC provides a wealth of counsel, resources and contacts. The staff is extremely knowledgeable and in-tune with current issues, which impact business decisions.

International business can provide a rush of energy, enthusiasm and profits into a company. But doing so is a huge decision with many risks. Do your homework, produce a plan, recruit professional assistance and be active with the KWTC.

*ICL-USA is a full service international commerce, logistics and quality company with 850 staff members worldwide. ICL-USA is dedicated to assisting customers plan, develop, implement and maintain successful international business programs, including global sourcing, sales and service. Locally, ICL-USA has offices in Louisville, Lexington and Northern Kentucky. They may be reached at 859-916-1717 or info@icl-usa.com.*

## Dear Trader

Dear Trader,

My company plans to import a broad range of textiles and clothing from companies throughout Asia and Latin America. Could you please explain the concept of quotas and how they could affect our business?

- Status Quo-ta

Dear Status Quo-ta,

A quota is a quantitative limitation placed on imported merchandise, and is used by countries to protect certain sensitive industries. A quota that designates a maximum quantity of a commodity which may be imported within a stated period is called an 'absolute quota.' It may be applied globally or to specified importations from specified countries.

The other type of quota is a 'tariff-rate quota,' which permits the entry of a specified quantity of imports from anywhere or from specified countries over a specified period at a preferential or reduced rate. After the level of imports of an article subject to a tariff-rate quota reaches the specified 'in-quota' amount, subsequent importations of that article will be subject to the higher 'over-quota' rate of duty.

Commodities which are commonly subject to quotas include textiles as well as various agricultural products such as dairy, green olives, peanuts, tobacco and cotton. The quotas on U.S. textile and apparel imports will disappear on January 1, 2005, however the Committee for the Implementation of Textile Agreements (CITA) will have the authority to re-impose quotas on Chinese textiles through 2008 if it finds that such imports are damaging the U.S. industry.

Based on an allocation system that varies from country to country, overseas governments issue quota licenses to manufacturers or exporters in their country equal to the quota limit imposed by the U.S. government. Some of the licenses find their way to the open market and are traded among companies or quota brokers. If a company imports clothing subject to quota and pays a third party for the quota rights, the price of the rights is not subject to duty. However, if the rights are bought from the same company that made the clothing, the price is subject to duty.

When the quota for an item is filled, an announcement is made to that effect. Thereafter, in the case of an absolute quota, no imports of the commodity in question may be permitted until the opening of the next quota period. In the case of a tariff-rate quota, any entries or withdrawals filed after the closing of the quota are subject to the higher rate of duty. Merchandise imported in excess of either type of quota may be held for the opening of the next quota period by placing it in a foreign trade zone or by entering it for warehouse; or it may be exported or destroyed under Customs supervision.

The U.S. Customs Quota Branch issues weekly reports on the status of various quotas, and may be contacted for further information at (202) 927-5850 or through their website at [www.cbp.gov](http://www.cbp.gov).

## WTCA On-Line

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From here you will want to customize the news you will receive. Click edit in the top right hand corner of the Custom News module window. You will be taken to the Personalize Custom News page. You can select up to ten different news topics and sources that will appear in your Custom News content module. You can also determine the number of headlines (up to 10) that will appear from each news topic or source. When you are finished, simply click on the Update button to return to your custom portal page. To view news items, go to your Custom News content module and simply click on the headline of the news item you want to read.

### KWTC MEMBERS RECEIVE DISCOUNT AT FOUR POINTS SHERATON IN LEXINGTON

Members of the Kentucky World Trade Center and their guests are now entitled to a guestroom rate of \$79 per night at the Four Points Sheraton in Lexington. This rate represents a discount over the hotel's standard rate of \$99 - \$159 per night, and includes breakfast in the hotel's Café and 1-800 credit card calling.

To make reservations for yourself or your guests at the Four Points Sheraton, simply call the hotel at 800-325-3535 and request the Kentucky World Trade Center special rate. All guest room rates are subject to state and local taxes. You may also contact the Kentucky World Trade Center for more information at 800-233-5982.

# MARK YOUR CALENDAR!

*E-Mail Your Upcoming Events to Susan Cook at [susan.cook@loukymetro.org](mailto:susan.cook@loukymetro.org)!*

DATE	LOCATION	EVENT	ORGANIZED/SPONSORED BY	VENUE	CONTACT
November 9-10	San Jose, Costa Rica	<b>Business Future of the Americas Conference</b> Making Free Trade Work: A Hemispheric Challenge An annual conference providing executives focused business intelligence on Latin America	Hosted by: Association of the American Chambers of Commerce in Latin America & the Costa-Rican-American Chamber of Commerce  Co-sponsored by: Kentucky World Trade Center		Tom Mouhsian at 202-463-5485 or visit <a href="http://www.amcham.co.cr">www.amcham.co.cr</a>
November 9-16	Louisville	<b>Festival of Faiths: A Celebration of Religious Diversity</b> Guests Include: Robert F. Kennedy Jr. and Arun Gandhi	Cathedral Heritage Foundation		502-583-3100 or visit <a href="http://www.cathedral-heritage.org">www.cathedral-heritage.org</a>
November 10	Frankfort	<b>Importing and Exporting Regulations for Trade with Mexico</b>	Kentucky World Trade Center and Gonzalez, Rolon, Valdespino & Rodriguez Attorneys	Best Western Parkside Inn, 8:30 a.m. - 4:00 p.m.	Ying Juan Rogers at 800-233-5982
January 30	Louisville	<b>Asian New Year Dinner and Auction</b>	Crane House, the Asia Institute	Humana Building, 25th Floor	Karen Herold at 502-635-2240 or <a href="mailto:adm@cranehouse.org">adm@cranehouse.org</a>
February 12-19 (tentative)	Dubai, United Arab Emirates (UAE)	<b>Trade Mission to Dubai, United Arab Emirates (UAE)</b> The KWTC will organize meetings in the UAE with potential business partners for Kentucky companies interested in trade and investment in this region.	Kentucky World Trade Center		Susan Cook at 502-574-2400
June 2004	Mexico City, Mexico	<b>Trade Show: ExpoMedica Medical &amp; Hospital Equipment Show</b>	U.S. Commercial Service		Stephanie Wheeler at 800-626-2930 Website: <a href="http://www.ita.doc.gov/td/mdequip/medicalfy03/Expomedi.htm">www.ita.doc.gov/td/mdequip/medicalfy03/Expomedi.htm</a>

## KWTC Member News

### BLUEGRASS CATALUNYA INTERNATIONAL



*Dennis & Janice Watts, Bluegrass Catalunya*

Bluegrass Catalunya International (BCI) announces the signing of an exclusive agreement to import the "Beer of Barcelona" from Grupo Damm in Spain, including: Estrella Damm, Vol Damm, Bock Damm, Damm Bier and Damm light. All Damm products will be sold via licensed wholesalers and distributors throughout the United States.

BCI also proudly announces the arrival of exceptional wines from wineries in the Spanish Catalan Region including: Augustus, Heretat Vall Ventos, Juve Y Camps, and Cims de Porera. Over 16 labels are now available in fine wine stores and restaurants in Kentucky.

In addition, BCI is now the exclusive importer for the entire United States of Font Selva, nitrate-free "pure water from the Pyrenees." The water is currently sold in Louisville at Paul's Fruit Market, Burger's, Party Mart, Prospect Party Center and various restaurants.

### PAPA JOHN'S

Papa John's International Inc. opened two restaurant franchises in Seoul, South Korea on July 21, operated by PJI Korea Co. Ltd. Korea is Papa John's 12th international market, but represents its first presence in Asia.

Papa John's hosted an "Art in Making Pizzas" event to launch the grand opening of the two new Korean restaurants. At the opening, 10 children between ages 6 and 8 fashioned artistic creations using pizza toppings. Along with the pizza, each child received a kit, consisting of a six-compartment plastic plate filled with ingredients such as green peppers, corn, red peppers, olives and pepperonis. Using the kit of colorful toppings, the children completed the design as music filled the air. After each child completed his or her artwork, pizzas were displayed on easels so photographers could get snapshots of the creations.

Papa John's opened its first international restaurant in Mexico City in 1998. The company also has restaurants in Honduras, Venezuela, Costa Rica, Puerto Rico, the United Kingdom, Saudi Arabia, Canada, Aruba, Greece and the Bahamas. In addition, the company expects to see more than 100 new restaurants open in the New York City area in the next several years, joining the 6 existing locations.

### THOMAS INDUSTRIES

Thomas Industries Inc. has acquired Aldax AB of Stockholm, Sweden. For the past 8 years, Aldax has been the distributor for Thomas' pumps and compressors in Scandinavia. Aldax will be renamed Rietschle Thomas and will be responsible for selling a full range of products made by Thomas Industries and Schopfheim, Germany-based Werner Rietschle GmbH & Co. KG, a company Thomas purchased in August. Aldax will be operated as a wholly owned subsidiary.



*Bill Van Epps, Managing Director of International with Papa John's International, attends the opening of the company's first franchise in Korea.*



### Welcome New Members!

#### Corporate Members

Achatto Global Consultants  
Dean, Dorton & Ford, P.S.C  
Eminence Speaker LLC  
HDM Pharmacy, LLC  
ICL-USA  
Morehead Rowan County EDC, Inc.  
Royal Bratt Designs  
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*Multi-National*  
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Associated Industries of Kentucky (AIK)  
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### A World of Thanks to Our Renewing Patron Members

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Frost Brown Todd LLC  
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#### Multi-National

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#### Continental

Accumetric, Inc.  
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Papa John's International  
Steel Technologies  
Smith Management Group  
Strategic Technologies