

Exporting, Importing Provide Business Options For Global Entrepreneurs

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Entrepreneurs looking for new business opportunities may want to look outside their boundaries into trade with other countries.

International trade is commerce between businesses from different nations. Importing is the purchase of goods or services from a party outside one's political borders; exporting is selling goods or services outside one's political borders. International business is difficult, but many people involved enjoy overcoming the challenges of operating in an unfamiliar environment.

The United States has become fertile ground for international commerce, however there are many obstacles to overcome when dealing with people of different cultural backgrounds. It's necessary to do extensive research on the country, industry and companies involved in the trade.

Patience also is an important factor. Business deals may be harder to execute due to cultural barriers and varying levels of language proficiency. Being patient with business partners is crucial in developing lasting personal relationships, thus facilitating better business relationships.

Tariffs are one of the first issues to investigate when considering international business. Tariffs are taxes on imported or exported goods. The General Agreement on Tariffs and Trade, an international agreement to lower tariffs and trade barriers, has made international commerce easier.

Although most countries subscribe to GATT, it's been difficult to get all of them to agree. Some countries complain about unfair trading practices, which has led to trading blocs. These blocs are regional agreements that allow for unrestricted trade between groups of countries, such as the North American Free Trade Agreement and the European Community.

All U.S. companies interested in export should follow basic steps when selling to other countries: do market research, prepare marketing plans, explore sales and distribution options, prepare products for shipping and comply with documentation requirements. Many steps in preparing domestic marketing plans apply to the international plan, but there are significant differences. For example, entrepreneurs must evaluate export market alternatives such as which countries their products are most likely to succeed. Distribution options also must be explored to decide the best way to ship products overseas. Make sure to look into the competition as well.

When developing an agreement with individuals or companies to export goods, make sure to get the agreement in writing. This protects from infringement on intellectual property rights and other problems that can occur during cross-border trading. It's also wise to patent goods in the countries in which they will be sold. This provides the most security possible against somebody stealing the idea.

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SOURCES: Marilyn Schlake, program coordinator, Center for Applied Rural Innovation, Nebraska EDGE program; NX Level Guide, 2000