

MICHAEL SENOFF'S
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PRESENTS



WAL-MART
INTERVIEW SERIES

**The Only Web Site And Resource You'll
Need To Get Your Products Sourced,
Manufactured, Imported and Sold Into
America's Largest Retail Stores.**

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Published by:

Michael Senoff
JS&M Sales & Marketing Inc.
4735 Claremont Sq. #361
San Diego, CA 92117
858-234-7851 Office
858-274-2579 Fax
Michael@michaelsenoff.com
<http://www.hardtofindseminars.com/MarketingConsulting.html>

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The Only Web Site And Resource You'll Need To Get Your Products Sourced, Manufactured, Imported and Sold Into America's Largest Retail Stores.

The Federation of International Trade Associations (FITA) was founded in 1984. Its mission is to foster international trade by strengthening the role of local, regional, and national trade associations.

In this interview with Barney, FITA's web master and advertising expert, you will learn about how the FITA web site is the Number One portal for both export and import international trade. Barney and I begin by discussing how to use the FITA web site (www.fita.org).

The site contains over 500 different links to different products and services to help American manufacturers to safely export their products to any country in the world. Additionally, if yours is an international company wanting to import your products into the United States, the web site is the source for questions, answers, and logistics on bring your product to the United States.

One important term that Barney introduces is the "trade lead." Trade leads were started in 1993 by the United Nations to get the word out about products that third-world countries had for sale. At that time, the Internet was still in its infancy and was not used. Rather, there were offices called Trade Points set up in strategic cities of the world where a person could go to obtain the latest list of trade leads.

Now, with the advent of the Internet, the Trade Point offices have been bypassed and everything is handled online. Further, now anyone can post a trade lead and Barney and I discuss how there are a lot of trade lead scams online and what to look for to identify a scam.

There are currently approximately 700 web sites that contain trade leads. In China, it's really become a big business. The two main Chinese trade lead sites are AliBaba and Global Sources and they basically do what the UN used to do. However, instead of their services being free, they charge factories to list their trade leads.

The FITA web site has 500 associations having to do with international trade as members. You will hear Barney give examples of some of the associations that are members of FITA.

FITA's web site is free for people to browse but only members who pay a small fee get access to their database of respected trade systems. This is one way the FITA qualifies its trade association members, such as AliBaba, Global Sources, and Trade India.

Barney gives us a hypothetical example of how a US manufacturer can use FITA to get into Business to Business exporting. First, the manufacturer would put his trade lead information into the databases of several trade associations. Within a few weeks, the manufacturer would begin getting emails from interested parties around the world and you may begin negotiating with them. Barney warns that you have to make sure that the buyer can and will pay you. There are many complications with international trade and in fact, most transactions don't get completed because of these complications.

We discuss how international trade, especially in Asia, is very different than doing business only in the US due to the cultural aspects of the country of the person you are dealing with. It's all about building relationships and trust. Barney advises that the most important thing a new importer or exporter must learn is patience. Additionally, it would behoove an importer or exporter to learn all of the "hidden" obstacles that he may be faced with in different countries.

FITA's web site has lots of information about doing business internationally. When you look at www.fita.org, you will be amazed with the amount of useful information in addition to the trade association links that you will find such as:

- Detailed international market research reports.
- FITA's Really Useful Sites for International Trade email newsletter.
- How Export Management Companies will perform all of the tasks necessary to export your product. FITA's web site has a list of Export Management Companies.
- Detailed reports of the business environments of most countries.
- Links to export training.
- Links to sites that will help to get your product into another country.
- Lists of Foreign Trade Zones, how they are useful and can save you money.

- Different kinds of trade software to assist with logistics
- Links to companies who deal exclusively with international travel.
- Books promoted by FITA about international trade.
- Government security issues
- ...and tons of other great resources!

Barney and I discuss many other topics, such as outsourcing and how it can be dangerous to US companies. You'll want to listen to the entire interview so as not to miss any crucial details.

The bottom line is that, in our growing Global Economy, US manufacturers cannot afford to only sell their products in the US. Exporting products to other countries will soon be a necessity.

Everything you need to do importing and exporting can be found on www.fita.org. It could be time for you to investigate what other companies are doing in the way of trade and how you, too, can get involved. Enjoy!

Michael: Hi, this is Michael Senoff with Michael Senoff's www.hardtfindseminars.com. As our world becomes a global economy, American businesses and manufacturers are going to be faced with the possibility of exporting and marketing their product outside of the United States. This is an interview with a gentleman who has built a website over the last ten years that is the world's number one portal for export trade. On the site is over 500 different links to different products and different services to help you as an American manufacturer export your product safely to any country in the world. And conversely, if you are an international company wanting to import your product into the United States, this is the source to go to first for questions and answers in logistics for bringing your product into the U.S. So, in this 40-minute interview, we'll be discussing the site and how you can use it to your advantage to find trading partners and handling all logistics of importing or exporting your products for more money. Enjoy.

So, Barney, how can an individual or anybody in the world who is interested in doing international import/export trading or business utilize FITA and what is your advice for them?

- Barney: They can use it in many different ways. One thing that I'd say the majority of people do is first when they come to our website is use our extensive links to other websites that have what are called trade leads.
- Michael: What is a trade lead?
- Barney: A trade lead is an invention that appeared with the Internet back in about 1993; actually it started with the United Nations. They started a trade website and it was supposedly focused at just the third world countries, people in those third world countries that wanted to get the word out about products that they had for sale. And they gave free access to list whatever product they had for sale on a U.N. website. And early on this became the main website that people would go to, to find listing of products for sale and then also other people would list things that they wanted to buy.
- Michael: Was this done mainly through the Internet or were there offices set up in different countries that someone could go to and research it?
- Barney: At the time there were offices set up in different countries. It's called trade points. They still nominally exist, although the system doesn't function anymore.
- Michael: Give me an example. Let's say I'm a manufacturer of scented candles in Chile. Back then, how would I have used that United Nations site to benefit me?
- Barney: Back then, there weren't as many people on the Internet, and maybe as a candle manufacturer, maybe you didn't have a computer. Could be that the local trade link office...which I don't remember if there was one in Chile, but let's say there was one in Chile...would have gone out to the business community and said we have a new way of finding you international buyers. Come over to our office and sign up with our office and we will put your products on a system that will get the word out about your products to buyers all over the world.
- Michael: Was the United Nations site a free service?
- Barney: Yes it was.
- Michael: So, that was free for anyone who had offices set up. Now, with the advent of the Internet in many of the countries having access to the Internet, we've bypassed the offices and it's now doable all online for anyone.

- Barney: Well, actually what happened then with that particular system is that as more and more people got online, they realized that just doing it through offices wasn't really an efficient way of doing it and then they just opened up the system to anybody and they could post whatever they wanted to on the system. And, of course, that also was a problem because a bunch of scam artists figured out this is a good way of trying to get people to give them money. And other people sort of just put on...and still do...put on these trade leads as kind of fishing expeditions rather than really having a certain product that they want to buy or a product they really have to sell.
- Michael: So, give me an example. Let's say you had a scam artist in Nigeria, for example. I think a lot of people recognize Nigeria as engaged in that type of thing, whether it's true or not. And they would put that they have, for example, what...something to sell.
- Barney: One of the danger signs you still see actually in a lot of these trade leads is people who are offering to buy or sell commodities such as sugar or urea or oil. First of all, anybody who really was selling oil or really was buying sugar would make it publicly known because these are worldwide commodities, they're worldwide national prices that go up and down in the world commodity market for these products and basically these products, for the most part, are sold by cartels, so all the buyers know all the sellers and vice versa and they don't need to put trade leads on the Internet. As with any kind of business transaction you do online or offline, you have to be knowledgeable and you have to have a sense of what's real and what's not and you have to do your own investigations to figure out what makes sense. But this idea that started with the U.N. back in '92 or '93...whenever it was...then proliferated and as Internet technology got more sophisticated, as database technology got more sophisticated, a lot more people started setting up their websites just like that. On our website, I have links probably to that 700 websites that have those trade leads. A lot of them are free. Some of them charge. What then has happened in some countries, such as China in particular, is that this is actually become very, very big business because China is going through this spectacular growth, not too long ago, people had very limited ways of communicating with each other within China and with people outside of China. And a few companies were setup in China, one called Global Sources, another called Ali Baba, which has since then been bought out, at least half bought out by Yahoo where they started with this idea of trade leads, first the same kind of thing as the U.N. was doing, but then they realized they had a real gold

mine in China itself because Chinese manufacturers really didn't have much experience in letting the world know about their products. And so, they built up this huge business of charging Chinese factories to list their whole catalog or products and feature them and they have video demonstrations of the factories now as a way of international buyers buying Chinese products. So, particularly in China and particularly with Ali Baba, Global Sources, and a few others...there's one called www.madeinchina.com, in China in particular the trade...what was begun as this kind of simple trade lead database system has now become a very, very sophisticated international business marketplace online.

Michael: And this is obviously been great for China.

Barney: It's been very good for China and everybody in China knows Ali Baba now.

Michael: How much did Yahoo buy part of it for?

Barney: One billion dollars.

Michael: What was their interest in that?

Barney: Well, they had many reasons to do it. Ali Baba also has a huge retail auction, similar to Ebay. They're bigger than Ebay in China.

Michael: Is it still under the Ali Baba name, the auction part?

Barney: No, it has a Chinese name and people know it is part of Ali Baba. They don't call it Ali Baba.

Michael: Is it all in Chinese?

Barney: It's only in Chinese. In any case, first of all, one of the original CTOs of Yahoo went to work for Ali Baba eight years ago, so there was a good relationship between the two companies. Yahoo had got into some trouble in China breaking into this market. Google was beating them on a couple of local Chinese search engines and they felt they'd be better off by just having basically a Chinese run company take over their operations there. And the way they did it was by putting \$1 billion into Ali Baba and putting in some of their Chinese executives to work at Ali Baba. This is about a year ago.

Michael: Very interesting. Before we get into more benefits, let me go into just a little history about you. Why don't you tell me what is your

background and how did you get involved? What was the genesis of this entire website?

Barney: Well, a long time ago, actually I was a professional classical musician.

Michael: What did you play?

Barney: I played freelance around New York City. I worked in Austria for a couple of years. I worked in Brazil for a few years. Toured the world as a musician. I played in Broadway shows in New York. I got rather fed up with the music profession in the 80s and decided to go back to school and got myself an MBA from a school called Thunderbird in Phoenix, Arizona, which is a school just for international business. Got a job with a trading company in New York. We were importing products from Spain and developed markets for Spanish products. Then the worldwide web came along and I got to know Nelson Joyner, who is the Chairman of FITA and he was at the time, around 1994, starting up what was called the _____ website, and we talked and I had been playing with the Internet since the idea came along...

Michael: So, FITA was already established before the website.

Barney: FITA was established in 1984 by Nelson Joyner.

Michael: And what does it stand for?

Barney: Federation of International Trade Associations.

Michael: Are they the predominant trade association or just one of many?

Barney: What FITA is it's a federation, which means it's an association of many associations. So, we have about 500 member associations. Individuals can't become members.

Michael: I got it. Only associations.

Barney: And FITA associations are only associations that have something to do with international trade and international business.

Michael: You're basically the top of the chain.

Barney: Right. What we do is we provide various advantages to our member associations. The website is then our face to the general public, the general business community around the world. That's

the other aspect of what FITA does. But membership in FITA has nothing to do with the website basically.

Michael: Is it expensive for an association to be a member of FITA?

Barney: It's extremely cheap. It's free.

Michael: It's free. So, anyone can become a member. Any association...

Barney: Any appropriate association can become a member. Where are you located?

Michael: I'm in San Diego.

Barney: Yes, so the San Diego World Trade Center, for example, is a member of FITA. The Brazilian American Chamber of Commerce is a member of FITA. The Customs Brokers Association of the United States is a member of FITA. That kind of organization can be members.

Michael: And so, you've been with them ever since. And so, what is your position there now?

Barney: I do a bunch of stuff...everything that relates to the websites. I'm the Web Master. I'm the publisher of our newsletter. I'm director of whatever e-commerce we do. I'm the advertising department.

Michael: Why don't we get back to some more advantages, some more benefits that FITA can offer businesses...internationally and nationally.

Barney: First is the trade leads and as I said, we have something called the trading hub, which has links to about 600 websites and we have a few co-branded of those. One is called the FITA buy/sell exchange, which actually charges a fee, which is one way of qualifying the quality of the people that use it. If they're paying a fee, there's more chance that they are actually telling the truth about what they want to do and who they are.

Michael: So, what advantage does that offer that the free access does not?

Barney: Well, it's kind of a self-qualification. If somebody is willing to pay a monthly fee that means they're more serious about what they're doing.

Michael: How much is a monthly fee?

- Barney: It's about \$70 a month.
- Michael: What do I get for that?
- Barney: You get access to the system, the database of leads that people post and catalogs of companies that have products to sell.
- Michael: And the free version just let's me view some of the ads, but not access to the data?
- Barney: Right. You can't get their contact information.
- Michael: So, \$70 a month. Can I ask how many paying members you have?
- Barney: We don't run the system. It's run by a company called World Bid, and at this point actually I don't know. I can't give you a number. I'd have to ask them. So, we have that and we have co-branded trade lead sites with Ali Baba, with Global Sources, and with a company in India called Trade India.
- Michael: So, give me an example. Why is it a benefit for you to co-brand the Ali Baba site directly through your site?
- Barney: There's no direct financial benefit to us or anything. It's a matter of getting the word out about these different systems. It's sort of an endorsement on our part that these are more respected trade lead systems that people can use. The database themselves are the same as if you just go to www.alibaba.com.
- Michael: What other larger affiliates like Ali Baba are you co-branded with?
- Barney: Global Sources. It's another Chinese...it's run by an American actually, the president of the company is American, but it's also mostly Chinese manufacturers. We have something called Trade India, which is mostly Indian manufacturers.
- Michael: So, let's just simplify it. How does it work? Give me an example of two parties using your system and maybe take me through a mockup trade, a deal, and in the process show me things to think about in protecting myself so I don't lose money. Can you do that?
- Barney: Sure.
- Michael: Tell me a story that sticks out in your mind about a successful trade that went through your system.

Barney: Let me give you the hypothetical. You have a widget factory in San Diego and you don't sell it internationally, you just sell locally. You have supplied local shops with whatever it is that you make. And you feel it's a competitive product, that the price is good, and that you compete with similar products that you may see coming from other countries. So, you go to a trade lead website and you probably should go to a few of them, not just one, and first of all just write up a description of what it is you have to sell and have some good photographs ready. And you make sure that you optimize, just like your optimizing for people to find you, you have to optimize the words that people might use in order to find your kind of product in your description.

Michael: Just like you would on Ebay if you're selling something on Ebay.

Barney: Exactly, the same thing, but this is only B2B and they buying is much larger. On Ebay you're selling one item.

Michael: Yes, it's consumer to consumer. It's B2B, too, but mainly consumer to consumer.

Barney: Depending on the product, but in general you're talking about container loads of products.

Michael: Are there minimums on the volume or not really?

Barney: Again, it depends on the size and the cost of the product. In general, people don't do business internationally if you're buying less than a container load. There are exceptions because it could be a very, very high volume small size item that people ship by FedEx. But in general, I'm just saying, we're talking about container loads. So, you put your lead on a bunch of these systems. Some of them charge extra to put extra photographs of the products, and as I said, companies like Ali Baba do go out and do videos of your factory and all that other stuff. You probably don't have to do that much, but as you would in any case, you would make your product look as good as possible and you want to target it to a certain market, so let's say you want to try to sell it in China, for example. You might want to put it on Global Sources or Ali Baba because you're looking for Chinese buyers. You then take a look and make sure that the product is found the way you want it to be found and people will contact you. You're going to start getting emails within about a week, assuming that the product makes sense, from people in China or wherever who have interest in buying your product and you start a negotiation with them. You then, like you

would with any other business transaction, some people get blinded by the Internet and they say well this is easy. I'll just ship them my product. No, you still have to do regular business conventions. You have to make sure your buyer is able to pay you and you go through the normal financial arrangements you would with any other buyer.

Michael: So, let's say I had some contacts from China who are interested in a couple container loads of my widget. They express interest. My initial reaction, which I'm sure many people in America is, you've got a lot of prejudice. There are rumors that the Chinese are just going to rip your stuff off or you're going to get ripped off. Does that fear prevent many American manufacturers from doing export?

Barney: It certainly does and a lot of other fears. There's the fear of somebody in any other country, first of all not paying you, which is a very real concern. You really have to make sure you have a way of getting paid safely. There's a fear, of course, in China and of other countries of them ripping off if there's a particular technical advances that your product has and that does happen. Intellectual property rights is a big problem not only with China, but with a lot of other places in the world. And just having a patent or copyright doesn't always protect you and that's a complicated process.

Michael: How often does this happen? Could you safely say from your experience that most genuine Chinese interests in American manufacturers products, they're mostly honest people and the deals go down satisfactory?

Barney: Let me put this...not only with China, but international trade is a very strange field. Most transactions don't get completed in international trade.

Michael: What percent?

Barney: Well, there's no way of really having an actual number. The only way of knowing in general is how many letters of credit are never satisfied in international trade transactions. And I heard just a few years ago that there was 60% of letters of credit are never paid, which means the transaction is open.

Michael: Wow. So, went all the way to the point where a letter of credit was issued that basically states we've got the money, we're ready to pay, but the manufacturer won't ship.

Barney: Or some other one of thousands of other complications would have gotten in the way. It's not just the fear of getting ripped off, but this is bring me to another use of our website. There are a lot of things one should know before directly trying to do international trade and our website has, in addition to the trade leads I've been talking about, we have an extensive database of information about doing business internationally, including links to about 8,000 websites that you can use in doing market research, in learning about the process trade, and getting references for consultants or trading companies that may help you if that's appropriate. Learning about training courses and learning about what banks to use, how to approach banks...all these other things. It is a very complicated process. And that's another thing that scares a lot of Americans.

Michael: What percentage of American manufacturers are doing export? Do you know?

Barney: No, I don't know that off hand. I would say less than 50% certainly.

Michael: We know where it stops if a deal does not go through. Let's say that I do my due diligence...

Barney: You have, first, an email correspondence with this particular buyer and there seems to be a good rapport just by email. It's kind of like dating in a way. You have this kind of exchange of messages and then okay this person sounds reasonable. They understand what they're doing. The next step is, first of all, get on the phone with the person, talk to them, and if you're doing container load type business, if you're doing tens or hundreds of thousands dollars worth of business...and this is a mistake again that a lot of people make...I would get on a plane and actually go and meet the buyer because one of the many different things about international trade is that at the end of the day, you have very little recourse if things don't work out. When you're going in between countries, even though there may be treaties, there may be agreements, there may be all kinds of legal things on paper, the reality is selling something to somebody in another country is an act of trust on both sides because the buyer also wants to make sure you're selling him what you say you're selling him. And the only way that people who are really successful in international trade succeed is because they spend a lot of time building relationships, getting to know their buying or selling partners overseas and just feeling comfortable that they become sort of like a family. They know how to trust each other.

Michael: And that's on both sides. I'm sure that countries outside of the U.S. feel the same way.

Barney: Even more so actually.

Michael: How is America perceived internationally as far as international trade? Are they perceived like trustworthy?

Barney: They're perceived, in a lot of cases, as difficult to deal with. Some of the societies have in their culture there's this sort of built-in way of building up these kinds of relationships and we here in the States, we're used to all right you want to buy this, this is the price, send me the money, and I'll ship it to you. But in deal with China, for example, nobody's going to do business like that. Nobody will buy from you unless you spend a lot of time and energy getting to know them, meeting their wife, having quite a number of dinners together, doing a lot of drinking together, and all that other stuff. Then eventually they'll sense that this is somebody who I can feel like I can trust as part of my family, therefore, I will send them my money. That kind of thing actually is very common in most countries of the world outside of the U.S. and Northern European countries. So, Germans, the Scandinavians, the British; they'll do business more or less the way we do business. Even if you go to Italy or Spain or even France, it's much more complicated because they want more of a personal kind of connection with whoever they're doing business with.

Michael: Here's a question. How can a manufacturer or trading company or an export based outside the U.S. utilize FITA?

Barney: Basically the same way because one of the links we have is to free market reports for most products and it's called the Export Navigator.

Michael: Is that free?

Barney: It's free. Go to that link from our website.

Michael: And these reports are what?

Barney: They are extracted from hundreds of different sources. The people that supply us, it's an agreement we have with a company in Paris, actually, that does the research. They go through thousands and thousands of government market research reports, private market research reports, and excerpt certain information that can be useful. If you have a product that you want to sell, you type it in,

and you get all the international reports of what the market is like in different countries to sell a certain kind of product.

Michael: I see. So, international companies can do research about selling into North America.

Barney: Yes, you can get a report on what it's like to sell shoes in the United States.

Michael: That is a great resource.

Barney: So, this kind of information doesn't really matter if you're in the U.S.

Michael: What would you say, Barney, are some of the biggest opportunities, and also challenges or obstacles, for U.S. companies who want to export their products or services to China?

Barney: First of all, what I already covered was patience. I mean I guess that can be the largest thing and again not only China, in a lot of other countries in the world, especially if you're doing a big business to business deal. Don't expect things to happen quickly because people want to make sure that they feel comfortable doing business with you even if they're buying from you...either way, buying from you or selling to you, either way. So, first thing is patience. And that's an obstacle. A second obstacle in some countries such as China and a lot of countries out there are hidden obstacles to trade in general. For example, China is now part of the World Trade Organization, WTO, which means they are ____ for bringing products into China. But then you'll find out okay well you want to bring in this product in China, the tariff is 10%, but then there's a license fee of 15% and then there's this special registration process where you have to buy drinks for the commissioner of this and give some money to that other guy or hire somebody in China to do this for you and it ends up getting to be too expensive to sell your product sometimes. And again, this is not just China, although this kind of thing does happen in China.

Michael: They make these things up as each shipment comes in or is this standard stuff?

Barney: Yes, sometimes they make it up as the shipment comes in. It's usually somebody knows that there are these obstacles and the best way to find out about it if you are a U.S. company is to contact the U.S. _____ Commercial Service Office in the country you're selling to and say I have this product I want to sell. As far as you know, what obstacles can I expect to come across? I have a buyer,

what obstacles might I come across and how would you advise me in how to deal with? And it's these peoples job...these are U.S. Department of Commerce employees who work in the consulates around the world whose job it is to offer this kind of advice, especially to small businesses.

Michael: How spread out is this assistance for encouraging trade? I mean are they all over the world, U.S. representatives?

Barney: I think they're in something like 75 countries. I can send you a link to a website that lists where they are.

Michael: How does it compare back in the days, maybe 15 or 20 years ago, was there more funding for that, for international trade than there is today?

Barney: Yes. The Bush administration has cut down a lot on a lot of the programs for small businesses.

Michael: How do you feel about the theft of intellectual property? As you know, China and Asia, in general, are the focal point for piracy of products, so you would have to have a way of distributing it and not have it being duplicated and resold for one tenth of the cost by some pirate companies. Are you seeing any changes for the better in cutting down on that?

Barney: Well, they're giving lip service to it. At the end of the day, if you have a product that can be easily copied, then the chances are somebody's going to copy it. So, I guess the only advice I can say is you have to have something that's so unique that no matter what they try they can't really copy it. And that's not easy to do in some cases.

Michael: Let's talk a little bit more about FITA's partnership with these five companies.

Barney: We also have partnerships with other kinds of service providers such as a company called Conference Plus.

Michael: What is that?

Barney: It's a company that provides online conference services, conference calls, various products at a very, very low price.

Michael: What about translation services?

- Barney: We did have for a while a few different partnerships with another company. We have a list of those companies in our database. There's a whole section on language and translation.
- Michael: Would you say this site is one of the most complete international trade sites available in the world?
- Barney: I'd say so, yes, and also our newsletter. I'm not sure if you know about that, it's called Really Useful Sites for International Trade.
- Michael: Yes, I saw that. Now, that's an email newsletter, correct.
- Barney: Right. It's an email newsletter that goes out every two weeks. It's free. It goes out to about 100,000 subscribers all over the world.
- Michael: And it's all in English?
- Barney: It's all in English.
- Michael: So, all the subscribers are literate and English?
- Barney: Yes. For a while we had a partnership with a company in China who was translating it into Chinese and sending it out to their list, but that fell apart.
- Michael: In that experience, were they able to effectively translate your communication into Chinese?
- Barney: Yes, they did a very good job.
- Michael: I know you have advertising in the newsletter. Has the advertising been effective for your companies who are advertising in it?
- Barney: Yes. It's actually the most effective way of advertising. The newsletters ads to a certain degree, but what they found even more effective is that we send out special mailings to our subscriber list.
- Michael: A hardcopy mailing?
- Barney: Not hardcopy.
- Michael: A special mailing to the subscriber list.
- Barney: Special to the subscriber list of the message just from one of our advertisers.

Michael: I see. I did see the radio. It was like \$3,000.

Barney: Right.

Michael: And that goes out to about 100,000 subscribers.

Barney: Because people have opted out of that, so it goes out to maybe 80,000.

Michael: Eighty thousand. Can you tell me a success story about an advertiser who got a good response from that? For example, how would I use it?

Barney: We have a couple testimonials. People are not going to tell me well I got this great deal because we advertised in FITA unfortunately because of the price, they're kind of larger companies and they don't give me that information. They will say that in terms of what the cost is, it's worth their return on investment because they get a good amount of response and mostly advertisers are repeat customers.

Michael: Tell me more about Trade India. How much trade is going on between the U.S. and India? Is it growing or diminishing?

Barney: It's growing exponentially.

Michael: India is a big trading partner with the U.S.?

Barney: India is becoming a big trading partner with the U.S. India is what some people think is next China in terms of the volume of business that's going to go on.

Michael: Are there benefits trading with India compared to China if I could find similar products?

Barney: First of all, one major benefit is communication. Whoever you're dealing with probably speaks English pretty well. And then it depends what product. But the Chinese are still ahead in terms of manufacturer of big factory production kind of things; electronic products, toys, and things like that. The Indians at this point are more successful in selling first of all services. They're very good at that; outsourcing of computer programming and call centers and things like that. But also the textile industry is huge in India and they're becoming a bigger player in the U.S. market in textiles. And they are starting to get involved with manufacturing, but it's going to be a while before they catch up with China.

- Michael: Describe what the Euro Pages business opportunities affiliate is.
- Barney: Euro Pages is the largest directory of European businesses. Those are just companies that do business-to-business business in Europe and it's like the Yellow Pages for Europe.
- Michael: Is that a free service?
- Barney: Yes it is.
- Michael: So, I can go in and search beauty salons all through Europe?
- Barney: Well, not beauty salons because that's a retail business.
- Michael: I see. Kind of like Thomas Registers of the United States, but for Europe.
- Barney: Yes. They're a competitor of Thomas right now because Thomas has become global.
- Michael: Oh, they are a competitor.
- Barney: Yes.
- Michael: Very interesting. Let's describe a little bit more Global Sources, a partnership between FITA and Global Source, a leading business-to-business media company that facilitates global trade, with a particular focus on the China market, by providing information to international buyers and integrated marketing services to suppliers. So, that's trade leads, as well, mainly focused with China.
- Barney: It's very similar to Ali Baba. Trade leads mostly focused on China and also they have extensive directories of Asian companies; not only China, but all over Asia. And they have industry specific market reports, very in depth market reports about electronics, fashion accessories.
- Michael: Are those free?
- Barney: Some of them you have to pay for actually. Most run trade shows in China.
- Michael: I see. I was doing some research on Ali Baba and I was reading some of the feedback that was posted up on Yahoo from of the

members who have used it. There was some good stuff, but there was a lot of negative stuff.

Barney: Well, anytime people get successful, there are a lot of people on the Web that are trying to...

Michael: They could be planted testimonies.

Barney: You don't really know what those are about.

Michael: Do you think there are millions of transactions going on a month on that Ali Baba?

Barney: They claim there are millions of transactions going on just through Ali Baba. They claim they're doing millions of dollars worth of business going on just because of connections made on Ali baba.

Michael: Do you yourself do any kind of exporting or importing on the side or anything?

Barney: On the side I'm starting up a business with some friends in France and actually in China to try to sell French wine into China. Interesting process.

Michael: So, when you're looking for a product to get into China, you certainly don't want to focus on a commodity. I mean exclusivity or something that they can't knock off is important, right.

Barney: Right. That's what's appealing about French wine, for example, because the Chinese make wine, but it's not French wine.

Michael: Right. Have you ever bought or sold something on Ebay?

Barney: Yes I have.

Michael: So, Ebay had set up a lot of protections. They've got feedback ratings, they have Square Deal, which is kind of like a system for protecting and making sure that the vendor is legitimate and honest. You can pay through PayPal and buy PayPal insurance in case you get ripped off, you can get your money back just by paying for the insurance. Has Ali Baba incorporated some of these protections to give the users of the site more confidence that you know of?

Barney: Yes, they do. They actually have a rather extensive system where a seller or any member can get some due diligence done on them

and then pay a fee for this, obviously to Ali Baba. They have one system just for Chinese factories where one of these companies signs up for this kind of assurance. They send out a team of people to inspect the company, to inspect the facilities, to check out their financial arrangements, and to come back with an independent report. That goes into this belief that these companies post...

Michael: Is it standard when considering buying a container load of something to buy samples, to have samples shipped from China?

Barney: Sure.

Michael: Do you know where the cheapest labor is in the world for manufacturing?

Barney: A couple of years ago I would have said definitely China, but now the Chinese workers are getting smarter and they're demanding higher wagers. So, it turns out that now places like Viet Nam and Bangladesh are getting to be more attractive.

Michael: Do you know what the average wage for a Chinese factory worker is?

Barney: They start very low by our standards.

Michael: How about trade with Mexico? Is that pretty big?

Barney: Well, Mexico is the second largest trading partner of the United States. But they can't compete with the Chinese. Most Latin America is suffering because of the Chinese.

Michael: Where are the easiest places to trade for U.S. companies?

Barney: There's NAFTA, which is the biggest free trade agreement. The United States has this with Mexico and Canada.

Michael: I did see a video on your site, which was nice. There are some great videos on your site. What's that section of the site called?

Barney: Those are done with us and also with the U.S. Department of Commerce.

Michael: But I saw one with the Ambassador of Chile.

Barney: Some of the other trade agreements we have are Chile, there's one being finished up with Singapore, I believe at the moment. There's

Israel, there's Australia, there's Kafta, the Central America and Dominican Republic. There are a couple of others being negotiated.

Michael: What would you tell an American business today, who is not attempting to market or export their product internationally? I saw one of the questions in the interview, he said, "It's not a matter of if. It's a matter of when you're going to have to look to exporting in this global place." What changes do you see coming up in the next 10-15 -20 years for American manufacturers as far as competing in the world marketplace compared to maybe 20 years ago and now?

Barney: First of all, there's one thing you say, which I just wanted to mention, which is let's say there is a manufacturer in the U.S. that wants to export and they think it's too complicated or they can't figure out how to do it, whatever. There are what are called export management companies in the U.S. There aren't too many of them anymore. There used to be more of them. Right now there are a few of them. I know of a few of them here in New York.

Michael: They do everything for you?

Barney: They actually do it all for you. They become your export department. And a proper export management company actually takes possession of your products, so they actually buy it from you and they take care of everything else.

Michael: But you're responsible for setting up the buyers, is that correct?

Barney: No, no. Then they take care of finding the buyers overseas. You don't have to worry about any of that.

Michael: So, these companies are looking for good products to export.

Barney: That's right.

Michael: So, if you could present and sell them on an idea of a product, they'll take it on.

Barney: They have their own networks of buyers all over the world and some of them do use things like Ali Baba as part of that network, but they also have their own relationship that they built-up over the years. So, you find one of these companies that specializes in your industry.

Michael: Do you have a source for them on your site?

Barney: Yes, we have a whole directory of export management companies. That's www.fita.org/emc.html. But the bigger question you are asking is well how are American companies going to be able to get involved with this. Well, as I said, there's no way of avoiding it because the business world is becoming global no matter what you do. And as these communications get more and more sophisticated, as due diligence becomes easier, _____ attempt for a number of years by a consortium of banks to set up a way of guaranteeing identities of companies in different countries going through the banking system. It's called IDENTRESS. If the website is still up, the company still exists, but they never could get it off the ground. They probably will at some point. There will be a point where getting information about overseas partners will be just about as easy as getting information about American business partners. It's all being put together now. But he's right. Because of the Internet, because of general trends towards globalization, you just can't sell in the United States. You can't just sell in one country. The world _____.

Michael: What do you personally see for the future of the United States with all our manufacturing going out to international companies? Do you think America is on the verge of being a third world country?

Barney: I think there are some dangers. My personal feeling is that's not all good; that American manufacturers can be motivated to be more competitive internationally if they feel like it. They're just sometimes very lazy because they've gotten used to this big market we have here. I mean like GM, for example. There's no reason that GM should be close to bankruptcy. It's ridiculous. They just would have not have had quite as arrogant attitude towards the products they manufacturer and the way they manufacture them in this country because Toyota and Honda do just fine with manufacturing cars in the United States.

Michael: How about barter or large trade? Do you have resources for countries interested in doing actual trades, product for product?

Barney: It's not really economically viable. There was for a while an organization called The American Counter Trade Association. Counter trade basically is a term for what you might call international barter. It's typically more complicated than that. But at the end of the day, people want to get paid in money. There is a certain amount of that that goes on with countries, for example, who have had currency problems. They can't pay in hard currency and things like that. If they have an attractive product, occasionally you'll see somebody will take a product in exchange for another

product. The other aspect of counter trade and a much bigger aspect was for a long time...and this still happens occasionally...governments will make deals. For a long time the big aircraft manufacturers in this country, like _____ or McDonald-Douglas or Boeing, would sell jet fighters to another country for \$10 billion and the other country would say we can't afford to have that much hard U.S. currency flowing out of our country. So, the deal then is McDonald-Douglas, Boeing, some of these other big military contractors, particularly, would make a deal. You pay us \$10 billion for our jet fighters and we will set up a way of selling products, not necessarily related products. For instance that company I mentioned that I worked for that was importing products from Spain was part of a deal with McDonald-Douglas. The U.S. had sold Spain back in the 80s some time a bunch of jet fighters and the deal was...I can't think of how many billions of dollars it was, but in return McDonald-Douglas had to find some way of facilitating an equivalent amount of exports from Spain to the United States. And they hired the company I worked for to do that for them because they were not in the trading business.

Another thing I'd just point out to everything else I mentioned is...are you on the website now?

Michael: Yes I am.

Barney: Do you see on the left side something that says country profile?

Michael: Yes I see that.

Barney: If you click on that, you'll see we have very detailed reports about the business environment in all of these countries.

Michael: That's incredible. And these reports are very accurate?

Barney: Yes they are. They're updated about once a year. The full reports are updated once a year. Some of the details are updated more often than that.

Michael: We're almost done, but I'm looking down Tools of the Trade. We talked about Really Useful Links.

Barney: Yes. Actually if you look in Tools of the Trade, there are links to training.

Michael: Transportation and logistics. You've got links for getting your products to the countries and into your country. Ocean freight, air

transport, cargo directories, export packaging, foreign trade zones.
What's a foreign trade zone?

Barney: Foreign trade zone is...I think there's one in San Diego...it's like a warehouse or it can be a warehouse, it can be actually a whole factory that's controlled by U.S. Customs. Let's say you assemble a product that's made partly with U.S. components and partly with foreign components. It's cheaper for you to assemble that product in a foreign trade zone, then import it into the U.S. because the tariff then will be lower than if you import the components individually because there's then an American labor component and possibly component part of that. Foreign trade zones are these factories and/or warehouses where products coming from other countries...and almost every country in the world has these foreign trade zones...products come in from other countries without any tariff having been paid. And the tariff is only paid once they leave the foreign trade zone. So, if something is done within the foreign trade zone, such as components put into assembling a product, then the tariff for that particular product is usually lower because there's a U.S. domestic component to it.

Michael: How is trade software used in order to trade software?

Barney: Well, there are different kinds. For larger trading companies or larger companies involved with logistics, there are huge...like SAP has a huge system just for tracking logistics of manufacturing companies; where products are done, what's ready to ship, when its been shipped, how its been shipped, tracking the shipment, and how it arrived, all that stuff. So, there's logistics, which is a huge thing onto itself. Then there are other software products that manage just the transactions, keep track of invoicing, back office accounting, integrated with product lines, integrated with finance and all that other stuff. You have to look through it because each one of them is different.

Michael: I see you have here a link for travel and that's for scheduling inexpensive flights worldwide?

Barney: Yes, we have an arrangement with a company called cFares that does only international travel and usually gives you very, very good rates. We also have a links to a lot of other useful information about international travel.

Michael: Did you put this all together yourself, the whole site?

Barney: Yes, basically this has been my work for the past ten years.

Michael: Ten years.

Barney: Yes.

Michael: You've done a fantastic job. Weights and measures, tell me what are weights and measures and why am I going to have to be familiar with these if I'm getting into importing and exporting?

Barney: Well, actually it's crucial because the rest of the world uses the metric system. So, if you're selling ten pounds of something, you want to make sure that you know and to tell your partner overseas how many kilos it is.

Michael: So, it converts it for you?

Barney: There are various websites that do the conversions.

Michael: And then there's security issues.

Barney: That's another big thing because since 9/11, the U.S. government has completely changed what's called trade compliance. It's become much more complicated for both importers and exporters. There are all kinds of government rules...depending on what products you're selling...about what you have to conform to in order to export your product, for example.

Michael: For someone new and green getting into this, there's certainly a ton to learn. It seems like the best and most efficient way would be going through one of those export management companies that you mentioned. So, would that be advisable getting started?

Barney: I'd say so, yes.

Michael: What kind of percentage do they take?

Barney: It depends on the product, on the industry. There's no single answer.

Michael: Is import and export, the whole topic, becoming...do you see a huge growth in interest over the last ten years?

Barney: Yes, definitely.

Michael: You see American businesses exploring this to gain larger market share?

Barney: No question about it. People are waking up to it. I mean as provincial as a lot of Americans may be, if they're in any kind of competitive business, they realize that they have to look at international markets, for both buying and for manufacturing.

Michael: Very good. I guess, in general, what we have here is a portal to anything and everything you need for finding, sourcing, and doing import and export...all through this website.

Barney: That's correct.

Michael: Very complete. If you're doing international trade, import or export, this would be definitely the place.

That's the end of my interview with Barney. I hope this has been helpful and all you have to do to explore the site in more detail is to go to www.fita.org. Enjoy.