

China: Managing the Challenges and Opportunities

The trade situation with China remains challenging - and volatile. In addition to a wide array of burdensome retaliatory tariffs on a host of goods from the SUSTA region that ranges from packaged products, to seafood, to tree nuts, China is also in the process of implementing its Foreign Non-Governmental Organization (FNGO) registration law. This new law regulates foreign not-for-profit associations, including export promotion cooperator groups like SUSTA, in part through a requirement to register with China's Public Security Bureau. Compliance will add a level of administrative burden to SUSTA's activities in China.

China has always been a major market for SUSTA. Last year, even with the tariffs in place for most of the year, SUSTA participants made more than \$23 million in sales there. But also, it always has been a market that has presented challenges and provided dramatic financial swings. Over the past five years, SUSTA companies' export sales to China have totaled about \$231 million, but from year to year values have ranged from a low of approximately \$11 million to a high or more than \$150 million. Indeed, if there is a lesson taught by doing business in the tumultuous Chinese market, it's the importance of having a diversified approach to exporting. SUSTA is here to help you accomplish just that.

Over the past five years, companies using SUSTA's 50% Cost Share and Global Events programs have exported to more than 60 countries annually. Based on our continuing evaluation of markets and activities, we've implemented a strategy in 2019 - and developed a plan for 2020 - that will balance the need to get export sales in the books now, by going back to the old tried-and-true markets that have proven successful, with the longer-term opportunities from finding new markets in which SUSTA companies can grow.

Examples of both include upcoming trade missions and shows in countries with whom the U.S. has strong trade agreements in place, such as Chile, Colombia, Panama, Costa Rica, and Australia. Activities yet this year targeted to help companies explore the potential of new markets, include inbound trade mission for South Africa and the Philippines, as well as a Scandinavian outbound mission stopping in Denmark and Sweden and Central America outbound mission to Panama and Costa Rica.

Of course, when it comes to reaching a large number of potential customers, dozens of SUSTA companies will be using the 50% Cost Share program to participate in ANUGA, the world's largest food show held every other year in Cologne, Germany. The 50% CostShare program is also helping companies stretch their marketing dollars in developing new markets around the globe.

The program is aptly named; it helps companies partially recover costs for everything from advertising to displays to label design to travel expenses. Last year, 123 companies used the program to make sales in 46 different countries, from Aruba to Zimbabwe, and reported meeting nearly 2,500 new export customer leads. Contact us to see how SUSTA can help your company diversify your export strategy.