



Promoting Global Understanding, Peace and Stability through Education and Trade

Southern California's Premier International Business Association

SUMMER 2006

Volume 2, Issue 2

IEIBA'S QUARTERLY NEWSLETTER

THE GLOBAL

IEIBA 13th Annual World Trade Networking Conference

By David Martinez

On May 25th, the Inland Empire International Business Association hosted the 13th Annual World Trade Networking Conference in celebration of World Trade Month. The luncheon event took place at the Ontario Convention Center and was attended by business leaders, government officials and top members of academia from around the Southern California region. The guests were treated to briefings by Mr. Rasli Muda, representing the Consul General of Malaysia-Industrial Development Authority Office of Investment, and Mrs. Nantana Sivakua, Thailand Deputy Consul General. Malaysia and Thailand have participated in international trade for many years and currently have many opportunities for businesses seeking direct foreign investment.



Fred Latuperissa of the U.S. Commercial Service introduces Rasli Muda from Malaysia's Office of Investment

Mr. Muda and Mrs. Sivakua provided short presentations to promote trade opportunities, shared views on current global trade issues, and gave their perspective on the general state of affairs within their respective countries. Malaysia is currently developing a Multimedia Super Corridor as a bridge for U.S. companies wishing to expand into the Asian Pacific

Continued on page 5



Thailand Deputy Consul General Nantana Sivakua addresses the World Trade Conference attendees.

IN THIS ISSUE:

- 13th Annual World Trade Networking Conference; P.1&5
- Part 2: India - Hot New Trading Opportunities; P. 1&3
- Inland Empire Company Profile: Jo-Jo's Enterprises; P.2
- Focus on Free Trade Agreements; P.4
- Pointers for Doing Business in the Middle East by Dr. Amy Zelman; P.5
- Calendar of Events; P.6
- Announcements; P.6
- How Can We Serve You?; P.6

India: Now an Opportunistic Destination (Part II)

By Gagan Aggarwal Be, MBA

Foreign students are keen to avail India's low cost advantage without compromising on quality. The Indian School of Business (ISB), Hyderabad, set up three years ago, is one such research-oriented, independent, management Institution, offering high quality Post Graduate, Executive and Doctoral Programme for students from all over the world. It has been promoted by India's corporate sector in partnership with the best educational institutions in the US and UK. The expenses on education in ISB are nearly one-tenth of the cost of education in USA. ISB offers intensive programme courses of much shorter duration. The course duration of ISB Post Graduate Programme in Management is one year compared to the two-year duration for the same course in USA. ISB has formal affiliations with The Wharton School at the University of Pennsylvania, The Kellogg School of Management at

Continued on page 3

Inland Empire Company Profile: Jo-Jo'z Enterprises

By David Martinez

This past May, IEIBA held the 13th Annual World Trade Conference in celebration of World Trade Week. During the festivities, the 2006 Inland Empire Exporter of the Year Awards were presented to recognize outstanding achievements in global trade for the past year. Jo-Jo'z Enterprises was one of the award recipients that afternoon. I had the privilege to interview Jo-Jo'z Enterprises President & CEO Steve Gomez to get the story behind the company's success.



Steve Gomez, Chief Executive Officer & President of Jo-Jo'z Enterprises

Jo-Jo'z Enterprises is a wholesale food distributor headquartered in Chino, California. The company merchandises foods such as canned vegetables, margarine, salad dressing, cake mixes, name brand Mexican food items including *Tapatio® Salsa Picante Hot Sauce* and *Juanita's® Menudo*, and products marketed under Jo-Jo'z private label, *Honey Hill®*. "Our 84,000 sq. ft. warehouse is strategically located and has easy access to the railway system. This helps us to ship orders to our domestic customers and receive food items from our mid-western suppliers with ease," says Steve. "Our larger food suppliers are the Allen Canning Co., who produces *Veg-All®* brand vegetables and Ventura Foods, a producer of gourmet salad dressings and cooking oils."

Jo-Jo'z Enterprises was founded in 1978 by Steve's father, Joe J. Gomez. A native of Silver City, New Mexico, Joe J. worked in various food processing plants in and around the Los Angeles area where he learned the food distribution business. According to Steve, "Dad always stressed the importance of wearing a shirt and tie, and rarely left the house without them." During this time, he developed key business connections and started a small home-based distribution business. "Joe J. bought a delivery truck and started selling lard to local customers," added Steve.

Though this first venture did not pan out, Joe J. persisted and eventually secured an agreement with Wilsey Foods of Industry, California to distribute *Table Maid Margarine®* to local food markets. As demand for *Table Maid®* grew, Joe J. expanded his market into Northern

California. In 1981, the company entered the international market by developing solid contacts with food importers and distribution centers in Baja California. "We specialize in distributing to larger food retailers such as Grupo Gigante, a supermarket chain in Mexico," says Steve. "It can be difficult to introduce new products there because the Mexican marketplace is very protective of its domestic business. But we assure our customers that Jo-Jo'z Enterprises will be there to help every step of the way throughout the product's business cycle."

In 1987, Joe J. and Wilsey Foods cemented their business relationship by forming ZMG, Inc. In 1990, with the assistance of the Small Business Administration, Joe J. obtained controlling interest of ZMG. Under the ZMG umbrella, Joe J. created Jo-Jo'z Enterprises and relocated its headquarters to Chino.

In the mid-1990's, the Mexican government imposed a certification and labeling law that required Mexican importers to display their company's identification information on the label of every product brought into the country. Jo-Jo'z had already been selling to several Mexican distributors and retailers, and it would have been very costly to prepare separate labels for each importer on every can and bottle they sold.

To circumvent this issue, and a testament to their ingenuity, the company formed Jo-Jo'z De Mexico S.A. de C.V. With assistance from the Export/Import Bank and Comerica, Jo-Jo'z opened a 23,000 sq. ft. warehouse ten miles from the U.S./Mexican border in Tijuana. The facility is utilized as the main importer and Jo-Jo'z De Mexico information is now printed on the labels. Subsequent to this move, they experienced a 10% increase in sales!

Today, Jo-Jo'z operates 8 distribution centers in Mexico with plans to expand into Monterrey and Juarez. "What I like best about selling internationally is the travel, the opportunity to meet different people and the challenge of introducing new items to a new market," says Steve.

Although Joe J. Gomez is no longer with us, his legacy continues with the help of his family. The privately held company is operated by wife Gloria, sons Steve, Ron-V.P. Sales, and Rick-V.P. Purchasing, and nephew Sal Carlos-V.P. Marketing. With this level of commitment, Jo-Jo'z Enterprises will continue to be the Inland Empire's leading food distributor for years to come.



India: Now an Opportunistic Destination

Continued from first page

Northwestern University and London Business School (LBS). The degrees given by ISB enjoy high reputation as they bear the signatures of the Deans of these Institutions.

With the growth of Indian youth and families traveling abroad for education, leisure and business many new trends are seen in the Indian industry. The retail industry in India has grown from corner shops to superstores of different sizes. There are new promotional and discount schemes available which were never thought about few years ago. There are many foreign brands that have set up shops in India retailing and manufacturing their products. Among the consumer items, watches, clothes and automobiles are the three key branded items available in India.



The consumer industry in India is at its peak and continues to grow by leaps and bounds. The US companies are particularly excited with the sheer size of the consuming class in India. According to Richard Celester, the former US ambassador to India, the country has grown by a Brazil in last 10 years and will grow by another Brazil in this decade. The science and technology industry in India has taken a new shape all together since the 1980s. It started with the IT boom and the boom continues in IT and other industries have also been added to the list. The new set of services within this industry includes Biotechnology related services and the Manufacturing services.



The Biotechnology industry and its associated services are poised to be many times bigger than the IT industry of India. The scope of biotechnology industry sector in India is huge due to the high number of science graduates in India and the huge captive hospitals and facilities including patients available in India to offer such services.

Many Indian companies are growing from generic Tier 3 (low end) value addition provider by doing job work for domestic or international companies to Tier 2 and Tier 1 (higher end) value addition provider by co-partnering & co-investing in research or development services. India Inc. is gaining strength day by day and has successfully acquired number of overseas companies.

As per estimates from KPMG, India Inc. has spent over US\$1.7 billion for 62 foreign businesses including a German metal forge, a South Korean truck maker, and a British tea company. Most of the acquisitions are not to transfer the production into India but to keep the foreign company as it is and run it under a new management controlled from India. Many Indian companies have mastered the skill of managing multi-location businesses in and out of India. Paul Wolfowitz, President - World Bank says "The dynamism shown by India in the last 15 years is phenomenal." Now is the time for International corporate to work hand in hand with Indian corporate to enhance the dynamism India has shown and be part of shaping new India ready for new global challenges and opportunities of 21st century.

About Gagan Aggarwal Be, MBA

Mr. Aggarwal Be is partner at InSpring Consulting Delhi with a specialization in management consultancy for infrastructure, finance and technology companies. His expertise affords conscientious and professional channel relationships for companies entering new markets be they in Europe or India. He currently works closely with British and European Union high tech players seeking to conduct business in India. He is equally involved in consulting roles for major Indian pharmaceutical, biotechnology and emerging IT healthcare organizations and companies looking towards business in the West.

InSpring Consulting provides Business and Technology Development services including business and marketing plans; opportunity analysis and product positioning; due diligence involving mergers, joint ventures, acquisitions and strategic partnering; contract research and development; and management support.



Contact Mr. Aggarwal Be at gagan@spring-consulting.biz.



Focus on Free Trade Agreements

By Katharine Hutton



Free Trade Agreements (FTA) are pacts between two or more countries that facilitate trade with each other's particular markets. This type of an agreement enables the movement of goods, services and occasionally people by removing artificial barriers to trade, such as lowering or eliminating tariffs, quotas, subsidies and taxes. Currently, the United States is participating in several free trade agreements, the oldest having been ratified with Israel in 1985 and the newest, the Central America Free Trade Agreement (CAFTA), which went into effect in March 2006.

To give you an idea how a functioning free trade agreement operates, I will focus on the North America Free Trade Agreement (NAFTA). Established in 1994, it created the largest free trade zone in the world and includes the United States, Mexico and Canada. NAFTA reaches a trading base of over 360 million consumers and has a gross national product of over \$7 trillion dollars. Since its implementation, trade has increased by 173% within these regions. Additionally, an accession clause written into the agreement allows for the expansion of its membership to any country or group of countries that wish to join.

Key elements of NAFTA include the promotion of fair competition between these regions, increased investment opportunities, improved transportation logistics and lowered duty rates for raw materials and manufactured goods originating in North America. For example, NAFTA eliminates duties on trade with Canada, and allows a majority of Mexican goods to be traded duty free. However, not all goods manufactured and/or traded within NAFTA countries are automatically eligible for preferential tariff rates under an FTA. Products must meet certain criteria prior to shipping. To minimize errors and increased shipping expenses, companies should observe the following steps prior to importing/exporting.

Key elements of NAFTA include the promotion of fair competition between these regions, increased investment opportunities, improved transportation logistics and lowered duty rates for raw materials and manufactured goods originating in North America. For example, NAFTA eliminates duties on trade with Canada, and allows a majority of Mexican goods to be traded duty free. However, not all goods manufactured and/or traded within NAFTA countries are automatically eligible for preferential tariff rates under an FTA. Products must meet certain criteria prior to shipping. To minimize errors and increased shipping expenses, companies should observe the following steps prior to importing/exporting.

Four Steps to comply for a Free Trade Agreement:

Step 1: Determine your product's Harmonized Schedule (HS) number

The HS number classifies products for customs purposes. It is important to determine the proper classification number of your product because it can make a significant difference in its final shipping cost.

First determine the end-use of your finished product then look for its description in the classification section of the HS book to find its HS number. A typical number is between 6 and 10 digits long. The 6 digit is a general description of the item and the longer number indicates a specific product description. To determine the HS number, go to www.export.gov/tic.

Step 2: Determine the Benefit to your company

Before taking advantage of FTA rates, determine if your company will qualify for a lower tariff rate under the "Most Favored Nation" (MFN) status. Now designated as "Normal Trade Relations" (NTR), most countries that trade with the United States are considered MFN's. Products from all MFN's are subject to the same tariffs when they enter the U.S. When the U.S. lowers changes or eliminates tariff rates, the change is applied equally to all NTR countries. Sometimes MFN rates may be more advantageous than FTA rates. In all cases, it is best to check each and choose the most favorable rate.

Step 3: Rule of Origin

Rules of origin regulations are designed to ensure that the benefits of free trade accrue to FTA parties by requiring that goods traded with FTA preference originate from a participating country, and prevents non-FTA goods from receiving preferable treatment. The producer/ exporter is responsible for determining the origin of the good being shipped.

Typically, customs regulations require that companies file certain documentation on shipments, such as a notarized Certificate of Origin. The Certificate of Origin certifies that the goods wholly originated from a particular FTA nation. For example, products that fall under this classification include milk from California dairy cows and salmon caught in Alaska.

Step 4: Qualifying

Lastly, companies must determine if any foreign inputs to a product being shipped will change its tariff classification or HS number, otherwise known as a tariff shift. Tariff shift means that a finished good undergoes a substantial transformation changing its makeup from one item into something completely different. Many times, this change will bring about a tariff shift of the HS code which can significantly affect the tariff rate of the good being shipped.



Pointers for Doing Business in the Middle East

By Dr. Amy Zalman

Cross-cultural finesse has always been an important part of doing business in the Middle East. This is especially true right now. News of violence in Iraq and Gaza, fears of terrorism and our own media feed our perceptions that the Middle East and Islam are not only strange, but dangerous. Additionally, globalization is changing business culture in many parts of the Middle East.

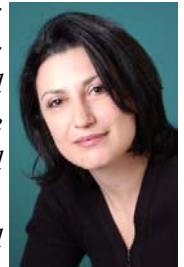
In truth, the Middle East is neither an absolutely alien region beyond American comprehension, nor does its business culture function exactly the way ours does. While it is difficult to generalize about a large region with many different subcultures itself, the region's Islamic Arab heritage makes some pointers about business etiquette useful:

1. Be aware of the role of Islamic practice in daily life. Islam, which is a way of life as much as a religion, structures many elements of Middle Eastern life.
2. Don't underestimate the importance of personal relationships. Business in the Middle East is conventionally reliant on personal relationships to a greater extent than in the United States.
3. Do respond to hospitality conventions and hierarchies. By historical convention, hospitality is an important value in the Arab world.

4. Dress appropriately. Modesty is an important value in most of the Middle East. This is as true for men as it is for women.
5. Be aware of the role of language in your interactions. Language plays an important role among Muslim Arabs. Americans see language as a way to communicate; for Muslim Arabs, Arabic is historically an artistic and religious medium, as well. In a business setting, what is said out loud can be more important than a written contract.

As Middle Eastern markets conform increasingly to global practices, business mores will also change. In the midst of change, your own instincts stemming from good will and graciousness will be your best guide.

Amy Zalman is a writer and consultant who focuses on the Middle East and cross-cultural communication. She has ten years of combined experience publishing, consulting, writing and public speaking, and has provided expertise on behalf of U.S. military, educational and human rights organizations. She holds a Ph.D. in modern Arabic literature and cultural history from New York University. Amy can be contacted via e-mail at: azalman@nyc.rr.com.



Ricardo Borrero of Paper Pak (at podium) accepts his 2006 Exporter of the Year Award.

World Trade Conference

Continued from front page

market. Mrs. Sivakua commented (tongue-in-cheek) that Thailand is "much more than Thai food." Thailand has excellent trade opportunities in the electrical energy, telecommunications and computer services sectors.

IEIBA also presented the 2006 Exporter of the Year to three local companies who achieved outstanding export sales in 2005. Fred Latuperissa of the U.S. Department of Commerce, Ontario Export Assistance Center was on hand to assist with the award presentations. The recipients were Mrs. Gloria Gomez of Jo-Jo'z Enterprises (*see article p.2*), Dan Bornholdt, President of Green Suites Inter-



During the networking session, business leaders met to share information and exchange business cards.

national in Up-land, a supplier of environmental products to the lodging industry, and Ricardo Borrero of Paper-Pak Products in San Dimas, which manufactures many paper products including adult diapers.

Following the awards ceremony, a networking session took place where attendees had a chance to interact and exchange international trade experiences. IEIBA would like to thank the conference sponsors, San Manuel Band of Mission Indians, CPA firm Vavrinek, Trine, Day & Co. LLC, University of La Verne, Arrowhead Credit Union and IBDG for supporting this special event!





UPCOMING EVENTS



July 2006

July 12: Financing Your Exports Seminar @ Ontario Export Assistance Center; Transferable letters of credit & short term insurance programs that allow businesses a financing option. Call (909) 466-4134 for more info.

IEIBA events: Check our website for our monthly seminar & networking “mixer.”

August 2006

August 18: SBA Small Business Expo & SBA Loan Fair; 8:00 AM to 12:00 PM; Riverside Convention Center 3443 Orange Street, Riverside, CA. Meet with lenders & attend financing workshops. Call (951) 781-2345.

IEIBA events: Check our website for our monthly seminar & networking “mixer.”

September 2006

IEIBA events: Check our website for our monthly seminar & networking “mixer.”

Save the Date!



THE MUMBAI BUSINESS SUMMIT: November 29-30, 2006; Mumbai, India

Presented by the U.S. Commercial Service, companies will have the opportunity to explore India’s booming market. Summit participants will have access to India’s high-level business, industry, and government representatives and have opportunities to gain insights into the country’s trade and investment climate during breakout sessions.

WHO SHOULD PARTICIPATE?

U.S. Companies and individuals committed to making sales and business contacts in India. Call 800-USA-TRADE, option 21 or visit <http://www.export.gov/indiamission> for more information.



CHINA ECO EXPO: April 4-6, 2007; Beijing International Convention Center; Beijing, China

Visit www.ecoexpo.com for more information on this exciting environmental conference and trade show.

The Global Staff

- David B. Martinez—Editor, Executive Director
- Katharine Hutton—IEIBA Staff
- IEIBA Board of Directors
- Uwe Janssen—International Chairman
- Shannon Barnes—President, U.S. Operations
- Tim Franklin—Vice-President & Security Director



THE GLOBAL is produced by IEIBA to update our membership on current trade issues and events.

Have an event for the calendar?
Call (866) 560-3991.

Visit us on the web www.ieiba.com.

Inland Empire International Business Association © 2006; All rights reserved



Welcome Our Newest Member!



IEIBA extends a warm welcome to Navis Pack & Ship Center of Ontario. Navis is the premiere provider of packaging and shipping services for difficult-to-ship items in North America. Whether your items need to be shipped around the block or around the globe, Navis will package and ship your items with confidence, care and cost consciousness. Navis Pack & Ship Center mailing address is: 4401 Etiwanda Ave, Unit C; Mira Loma, CA 91752. Tel.: 951-360-5515; Fax: 951-360-5588; e-mail: CA1081@GoNavis.com.

Call Jacquelyn Sanchez at (951) 360-5515 for your packing and shipping needs!



We're here to help!

Challenge: Your company’s product or service is ready to reach the international market, but you’re not sure how to start. Or you may be a seasoned importer/exporter and need help locating new overseas markets to buy from or sell to.

Answer: IEIBA offers international trade assistance to its members by providing a one-stop service including global trade education, business assessments, locating potential international trade partners, conducting market research, assistance with trade documents and networking opportunities. We also maintain strategic partnerships, networking links and key alliances throughout the Inland Empire and around the world to ensure you immediate access to trade information and the support to help your company compete effectively in today’s dynamic international marketplace.

Call us TODAY toll-free at (866) 560-3991 for more information .

