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Exporting Is Not Just For Big Business

Cheryl A. Burkhart-Kriesel
University of Nebraska-Lincoln

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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Exporting Is Not Just For Big Business

Market Report	Yr Ago	4 Wks Ago	5/14/04
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$79.99	\$89.15	\$88.39
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	91.00	*	*
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	93.94	109.62	120.67
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	129.49	145.31	143.78
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	44.75	49.00	60.50
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	*	39.00
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	107.17	117.08	142.23
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	109.25	*	*
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	194.96	187.99	188.30
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu	3.67	3.91	3.65
Corn, No. 2, Yellow Omaha, bu	2.42	2.92	2.73
Soybeans, No. 1, Yellow Omaha, bu	6.31	9.63	9.51
Grain Sorghum, No. 2, Yellow Kansas City, cwt	4.18	5.25	4.75
Oats, No. 2, Heavy Minneapolis, MN, bu	1.85	1.79	1.66
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	125.00	150.00	150.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	80.00	55.00	55.00
Prairie, Sm. Square, Good Northeast Nebraska, ton	117.50	87.50	87.50
* No market.			

According to Susan Rouch, Director of International Trade and Investment for the Nebraska Department of Economic Development, 30 percent of Nebraska's small businesses export their goods to another country. Being an exporter is no longer just for big business.

In the past, Nebraska businesses have developed products that have found good markets in the U.S. But today many of these markets are now fully developed, so growth potential is limited. Expanding into the export market is a logical next step, as it is estimated that 85 percent of the consumers in the world live outside the U.S.

Who Buys Nebraska Products? According to Rouch, fifty countries currently account for about 98 percent of Nebraska exports, with 60 percent of the exports going exclusively to three countries: Canada, Mexico and Japan.

What is Being Sold? Statistics show that processed foods from Nebraska are a major export commodity overseas, and within this category meat products play a major role. Machinery manufacturing, crop production, chemical manufacturing and transportation equipment are also important exports.

How Do Business Owners Get Started? For some business owners the next question could be "How do I get started in the export market?" According to Rouch, care must be taken to make sure the business is ready for the demands of the export market. The following questions will give a business an indication if they are ready to export:



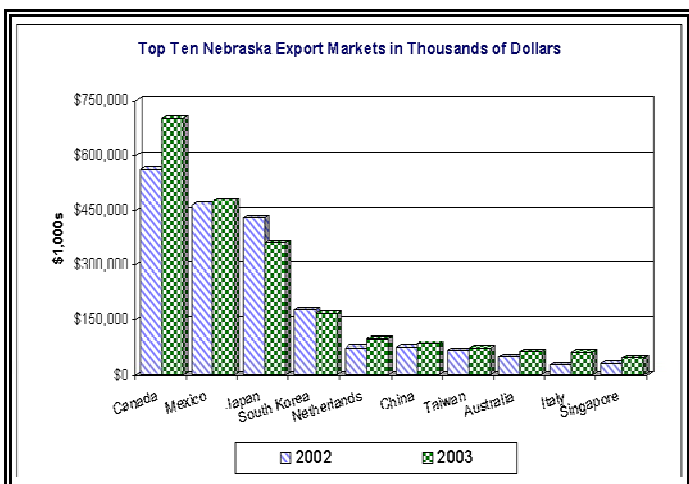
1. Does the business really want to export? Do the owners and employees have the time and interest to operate in this arena?

2. Does it have sufficient capacity to expand sales on a permanent basis? Many firms turn to exporting to deal with excess capacity during slack economic times in the domestic market. However, you can't just throw away a foreign market once the domestic market picks back up. If you enter the international market, you should be prepared to export in both good times and bad.

3. Is everyone in the business committed to exporting? Everyone must be committed to exporting, since it is a task not to be taken lightly. The business must be prepared to stick it out during the first few months or even years of exporting, when the bottom line won't always look rosy. The successful company will look beyond short-term problems to long-term success.

4. Will the business want to establish a long-term sales relationship with an overseas buyer? If "no"- is the initial effort worthwhile? Can the new sales generate a growing appreciation of exports, and the profits associated with those sales? If "yes"- to which country or countries will you target your marketing efforts?

Answering these questions gives a business owner, regardless of their size, a pretty good idea if they are ready for expanding their markets internationally. For Nebraska businesses, exporting is one way new markets and ultimately increased profits can be pro-



duced.

For more information contact:

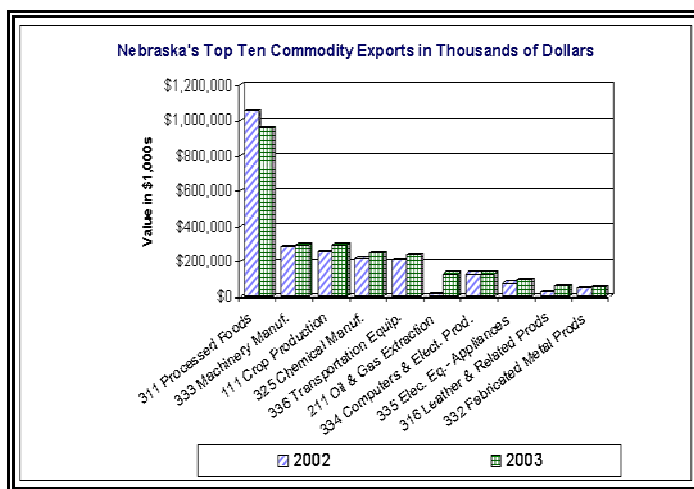
Susan Rouch, Director
Office of International Trade and Investment
Nebraska Department of Economic Development
Phone: (800) 426-6505

Or:

Meredith Bond, Manager
Nebraska Export Assistance Center
U.S. Department of Commerce
Phone: (402) 597-0193

Reference:

Nebraska Department of Economic Development
www.neded.org, 2004.



Cheryl Burkhardt-Kriesel, (308) 632-1234
Extension Specialist, Community Development
Panhandle Research and Extension Center