

ibNEWS

international business news from the heartland

Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma, North & South Dakota

Event & Information Web sites

- Nebraska events and news:
www.mitaonline.org
- Iowa events & news:
www.iowatraders.com
- Kansas City events & news
www.itckc.org
- Minnesota events & news
www.mgta.org
- South Dakota events & news
www.sd-exports.org
- North Dakota events & news
www.exportnd.com

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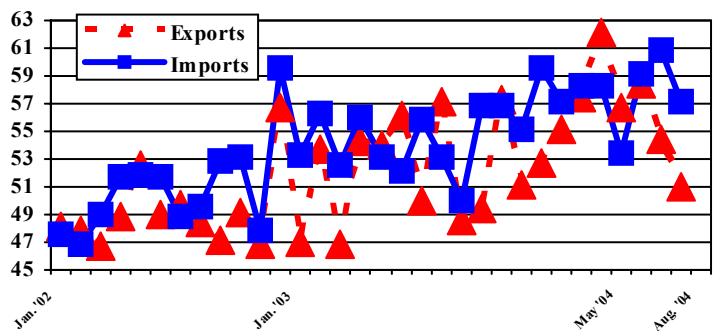
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Heartland Exports Still Growing. Imports Maintain Strength

Despite a slight drop-off in August, Heartland new export orders maintained their growth, notching a 51.0 reading, down from 54.5 in July, according to the latest survey of supply managers in the Midwest.

Heartland imports continued their torrid pace at 57.2 in August, off a few points from the record 60.8 reading in July.

According to Professor Ernie Goss of Creighton University, who compiles the Heartland International Business Index (*ibNDEX*) for *ibNews*, "This was the tenth straight month that supply managers reported expanding export orders. Offsetting that, however, this was the second consecutive month that the export reading has dropped." Economic softness among USA trading partners was responsible for the



downturn, he noted.

"Rising prices for commodities and oil-related goods pushed imports higher measured in dollars," Goss explained.

The *ibNDEX* is a real-time indicator of monthly changes in both new export orders and imports for the nine-state region including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma, North & South Dakota.

Imports

July	60.8
August	57.2

Exports

July	54.5
August	51.0

Economist Looks To Improving Export Trade

Exports should continue to improve, while imports may begin dropping off.

This forecast according to Creighton University Professor of Economic Ernie Goss, who compiles our exclusive Heartland International Business Index. (*ibNDEX*)

Goss believes the dollar will

continue to drop versus the Euro and Yen, which will continue to stimulate exports.

"What is surprising," Goss points out, "is that imports continue to move up even in the face of a falling dollar. We're approaching a \$500 billion trade deficit. A lot of it has to do with the price of oil. When crude

begins dropping, we may see imports begin to fall off."

When will all of this happen? Goss expects imports to begin decreasing sometime after the November elections—may be near the end of the year. In the meantime, exports should remain strong as long as the world economy remains stable.

US-Morocco FTA: Beneficial to Heartland, Security for US



On July 22, 2004, the US Senate voted 85 to 13 in favor of the US-Morocco Free Trade Agreement. This agreement opens up 95 percent of bilateral trade in consumer and industrial products to duty-free exchange immediately upon ratification, with the remaining tariffs to be eliminated within nine years.

The benefits of this agreement will be seen in an increase of \$199 million in export trade from Morocco (up

from \$465 million in 2003), according to an International Trade Commission. Morocco stands to see a huge increase in access to US goods and services with dramatically cheaper prices—immediately improving its standard of living.

According to the Honorary Consul of Morocco, Harry McLear, the mood of both parties is positive with anticipation. Located in Overland Park, Kansas, Consul McLear says Moroccan business has a mental tone of

“How do we get this done?” when referring to doing business in America. He also says there is particular interest by Moroccan companies in Heartland business, specifically agriculture.

With backing from the National Corner Growers Association (NCGA), the US Grains Council (USGC) and the US Wheat Industry, the potential gains in Heartland agricultural businesses are only starting to be realized. Bruce Hammes, Chairman of the Wheat Export (Cont. Morocco FTA page 4.)



Marvin Windows and Doors design and manufacture elegant styles with a personal touch.

“We’ve got jobs,” Says President of Heartland Manufacturer

Don’t tell the managers at Marvin Windows and Doors that there is an unemployment problem in the manufacturing sector of Northern Minnesota. They’ve been calling retirees, former workers, advertising in newspapers and trade publications, using direct mail and even getting recruiting assistance for the Minnesota Workforce Center. The problem: they need to fill 300

positions, now!

A strong housing market is seen as the major contributor to an uptake in an industry that has seen a number of difficult years of hiring freezes and layoffs. Immigrants buying homes, as well as increasing 2nd home sales, caught Marvin off guard in recent months. Orders from colleges, churches and other industrial construction projects

added to the furry of business flowing into this manufacturing industry.

A positive shift in the manufacturing sector signals an economy that continues to rebound as the job market continues to grow. Susan Marvin, President of Marvin Windows and Doors says, “You hear about cutbacks,

(Cont. Manufacture Jobs page3)



2004 Great Plains Regional Air Cargo Conference will address how regional airports can pick up the air cargo slack.

Regional Air Cargo To Get A Boost

If you ship significant loads of air cargo, you should mark your calendar for this Heartland conference Nov. 7-9 in Kansas City.

The premise is that while larger airports struggle to provide needed air cargo lift, regional airports may take up the slack.

The 2004 Great Plains Regional

Air Cargo Conference will examine what Heartland companies want from their air cargo carriers to meet supply chain requirements.

Speakers from both private industry and government will address key issues as the relate to Heartland air cargo needs.

The conference takes place at

the Kansas City Hyatt Regency Hotel. For more information, contact Gary Bartek (Kansas City International Airport) at :

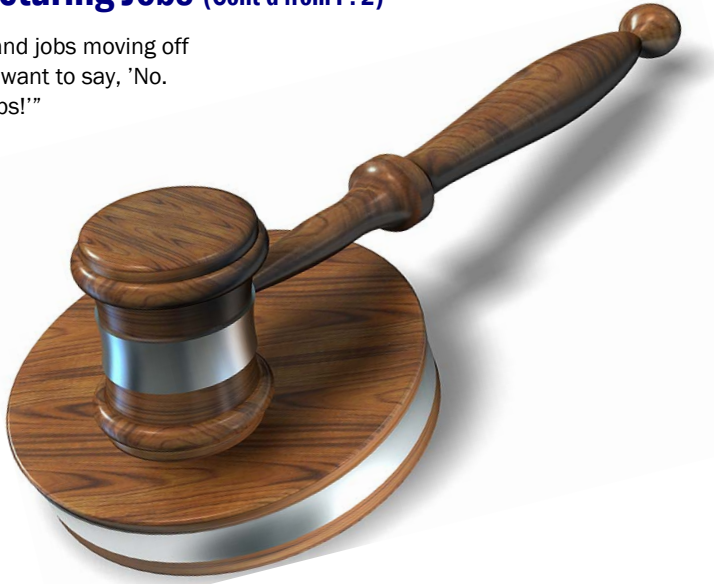
(816) 243-3167

Email at:

Gary_Bartek@kcmo.org

Manufacturing Jobs (Cont'd from P. 2)

downsizing and jobs moving off shore. But I want to say, 'No. We've got jobs!'"



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Corporate Compliance Programs, Almost a Prerequisite

Corporate Fraud has taken the dubious honor of #2 on the Department of Justice's priority list of crimes, second only to terrorism. This prosecutorial vigor is being met by an equally aggressive trend in business—Corporate Compliance programs.

Corporate Compliance programs are now as important to business as a Mission Statement. And small to medium sized businesses are becoming vulnerable. "If a company of 50 employees or more is investigated and found to not have a compliance program, a term

of probation must be ordered which could include burdensome requirements," according to Joe Matye, Partner with Kansas City based Shook, Hardy & Bacon, and a member of the firm's Business Litigation Section and Antitrust and Trade Regulation Practice Group. Companies must protect themselves through openness and vigilance with their employees making perfectly clear that wrong-doers are on their own, not under the corporate blanket, and "whistle blowers" will be protected.

According to Matye a good Corporate Compliance Program benefits a business in three major instances:

1. An effective compliance and ethics program fosters good corporate citizenship and makes good business sense.
2. The program may provide important protections against corporate and individual criminal liability and litigation.
3. An effective program may provide mitigation of both criminal penalties and civil damage awards.

Essentially, prosecutors look at a corporation's compliance program, or lack thereof, as a starting point in deciding whether to move ahead with an investigation. A business with an effective program can be absolved from blame or responsibility when a criminal act occurs. The government may decide to prosecute only those individuals involved in the act. Not surprisingly Matye states, "Only 16 of the 377 organizations sentenced for a federal crime had any compliance program."

Joe Matye can be reached at SHB, (816) 474-6550, or at jmatye@shb.com

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Published monthly for the Heartland International Business Alliance—a nine state region—to keep companies up to date on developments affecting international business.

Each month, we'll bring you the latest trend in new export orders and imports for the Heartland. Our exclusive index is the only real-time, leading economic indicator of changes in exports and imports.

*We'll also keep you updated with news, trends and regulations that affect your business. If you have suggestions to make **ibNEWS** more informative, please send your suggestions to info@intermark3.com.*

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US-Morocco FTA continued

Trade Education Committee and a Minnesota wheat producer said, "I believe this agreement will guarantee wheat producers fair access to this important market."

But beneficial trade is not the only winner with the signing of this 2nd historic agreement. The first agreement being in 1787 when Morocco, the first country to recognize the sovereignty of the USA in 1777, and the US signed the Treaty of Peace and Friendship. Security for the US is enhanced by the FTA starting a path of free commerce between the US and a troubled part of the world—Northern Africa and

the Middle East. Mr. McLearn explains, "This is nothing but positive. Anytime you can establish a friendly relationship with a country through commerce, other relations fall into place. Americans are well liked in Morocco, contrary to what most think. Morocco could be the kingpin toward specialized trade in the Middle East."

Honorary Consul of Morocco Harry McLearn can be reached for questions at:

(913) 649-8021

mclearco@mindspring.com