A MARKET SURVEY FOR FLINT & WALLING, INC.

An Honors Thesis (ID 499)

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INTRODUCTION

In today's competitive marketing systems, firms have to thoroughly investigate opportunities to expand their markets. One means of accomplishing this goal has come to play an increasingly large part -- exporting. But why should a firm actively seek a market abroad? The answer is simple -- more profits and more jobs.

Today one hears a great deal about the volatility of our domestic industries and the economy as a whole in the United States. Through exportation, a firm can establish a more extensive marketing base for itself. As a consequence of this, the firm strengthens its own financial position. Firms must keep in mind that if they fail to meet an exporting need, some other firm in the industry will capture that market. Recapturing a market that has been stolen from a firm's campaign can prove to be difficult.

Also, exporting can help the national economy. As a firm seeks and acquires foreign markets, it stimulates not only its own sales potential but also that of the domestic environment. As funds from exporting enter the financial records of the firm, the national economy is stimulated through the strengthening of the international trade position.

The purpose of market research is to aid companies in locating potential markets in which exportation of their goods can prove feasible and profitable. Exporting requires a company to take on a substantial risk due to the extension of its resources. Uncertainty about political climates, currency exchange, product acceptance, and many other hazards inherent in international ventures must be carefully calculated and explored to minimize financial disaster.
THE COMPANY

Flint & Walling, Inc., a subsidiary of Flint & Walling Industries, Inc., is located in Kendallville, Indiana. Flint & Walling Industries is a manufacturer of domestic water systems, loudspeaker systems, paper tubing, hand dryers, and gray iron castings. It employs over 700 people in seven plants located in Indiana, Iowa, Massachusetts, and Texas. Other facilities for warehousing are located in Florida and California. Corporate headquarters are located in Livonia, Michigan.

The company started in the manufacturing of hand operated water pumps made of wood, leather, or cast iron. During the 1870's, Flint & Walling manufactured windmills which operated water pumps by means of a crank. This method brought electricity to rural areas in the early 1900's.

In the 1930's, Flint & Walling gained a reputation for product leadership for its development of the convertible jet pump for use in water systems. Competition spurred the company on to the development of the submersible pump in the 1950's.

Flint & Walling has acquired several companies since 1965 which have added to the profitability of the company. The corporation owns all of the stock of Utah-American Corporation. This corporation is involved in the manufacturing of loudspeakers and commercial hand dryers. The company also acquired Paramount Industries. This company manufactures paper tubes for winding small electrical transformers. Flint & Walling owns the Kendallville Foundry which supplies Flint & Walling's needs in the manufacturing of castings.

Flint & Walling is taking great interest in exploring the potential markets for its products. Already, the corporation has
explored exporting possibilities in countries world-wide. Some of these countries include Australia, India, Sri Lanka, Argentina, the Phillipines, and several other countries.¹
THE SURVEY

This project is done in cooperation with the U.S. Department of Commerce. It is an attempt to provide Flint & Walling, Inc. with information on potential markets for, specifically, domestic water systems.

Within the structure of this project, the attempt will be made to explore each country selected through a variety of areas. A survey of the people, the geographical proximity, trade restrictions, tariffs, trade barriers, and several other areas will be presented. The presentation will be made on a country by country basis to provide the reader with a quick reference to a particular country.
THE INDUSTRY

The world is developing at an ever-increasing rate. In the years ahead, the United States, because of the volume of goods it is able to deliver, the complexity of these goods, and the financial backing needed to provide this service, is going to be called upon time and time again to supply the products needed for development. And nowhere is the need going to be greater for products such as those marketed by Flint & Walling than in developing countries.

Much of the literature dealing with the industry classifies pumps and compressors together. This literature projects an immediate need for equipment of this type during the 1980's. According to the U.S. Industrial Outlook 1981 outlining pumps and compressors, the expected growth in the value of the shipments is expected to approximate $6.51 billion in 1981. This amounts to a 15% increase in shipments over the year 1980.

Some of the first improvements put into effect as a country begins to develop its resources are municipal water supplies. The people of rural areas, as well as those in the city, need access to adequate and sanitary water supplies. As construction increases in developing nations, the demand for pumps and related equipment will surge.

In addition to domestic water systems, there is also a great need for pumps in agricultural development projects. Irrigation is vital to many of the parched environments in which many of the developing countries find themselves. Food is, of course, a very basic need for survival as well as suitable drinking water. Without the irrigation
systems that can provide the agricultural community with a livelihood, development is hindered and prosperity stopped in its tracks.

The pump industry itself is composed of over 600 companies. Of these companies, approximately 46% have 20 or fewer employees. Many of the materials used in the manufacturing process are very costly. This has resulted in frequent price increases. Flint & Walling has an advantage over some of its competitors in that it has its own foundry to supply its needs.

Flint & Walling is going to have an opportunity to capitalize on the increased demand for its products in the coming decade and beyond. The company should focus its marketing strategies on searching out those firms involved in major construction projects within the developing nation. Many governments are beginning to recognize the importance of fostering programs for improved water systems for their country. It is up to the firms seeking the market to provide them with adequate and informative service in the development of a suitable water system.
THE COUNTRIES

Throughout this section of the study, each country will be introduced by a presentation of the vital statistics and general information of the country. Following this general insight into the country, a statement on the market potential in the country will be presented.

The countries in the study were chosen by Flint & Walling, Inc. as those believed to offer the best opportunities for exportation.
BOLIVIA

Population: 5.5 million Language: Spanish
Capital: LaPaz (gov't seat) Electricals:
Primary Ports: landlocked Currency: peso (IMF--$b20=US$1)

--Overseas Business Report

Bolivia's economy is slowly easing out of its dependence on mineral exports. As the economy strengthens, the need for water systems is growing through increased interest in raising the standard of living. Most of Bolivia's population lives in a rural setting and subsists on agriculture as a means of providing nourishment and income.

Bolivia is a member of ANCOM, ALADI, and several other minor South American trade associations. It is not a member of GATT. Bolivia enforces no foreign exchange controls and tariff rates are relatively low.

Electricity may be limited in rural areas. Because of this, the potential for electrically mechanized water systems may be limited. However, a government sponsored program aimed at providing electricity to these isolated areas is currently in effect. This, in itself, may allow electrical facilities to be more readily accessible through the 1980's.

Transportation facilities are somewhat limited in Bolivia due to the rugged terrain. Railroads lead out of LaPaz to a Pacific Ocean seaport in Chile. Highways are, for the most part, unpaved although the government is working to improve the system. Rivers are also used to transport some commodities. There are air services through
the LaPaz international airport. The main civil air carrier is Lloyd Aereo Boliviano (LAB). 6

There is definitely a need for systems such as those developed by Flint & Walling in Bolivia. Tourists to Bolivia are warned of the poor sanitary conditions and it is suggested to them that they consume only bottled water. This leads one to assume that the need for municipal water systems is definitely acute in Bolivia.
CHILE

***************************************************************
Population: 11.26 million  Language: Spanish
Capital: Santiago  Electricals: A.C. 50 cycles, 220/380 volts
Primary Ports: Arica, San Antonio, Valparaiso  Currency: peso (39peso/US$1)
***************************************************************

Chile's economy is largely dependent on the copper industry. In recent years, the government has been struggling with extreme rates of inflation. For example, in 1975 Chile had an inflation rate of more than 600%. It was reduced to 129% through the period 1976-79. Then, according to the Wall Street Journal (January 6, 1982), Chile's inflation rate has fallen to 9.5% for 1981. President Augusto Pinochet claims that this has occurred because the:

...military government has given top priority to lowering the inflation rate by balancing its budget, freezing the peso-dollar exchange rate, carefully controlling the money supply and limiting public spending.

These changes were brought about partly because of a mid-1975 policy by the Chilean government to change the economy to a free-market oriented economy. Part of this plan was to reduce tariffs to 10%.

What has happened now is that the demand for Chilean exports has dropped sharply. Because the government refuses to change the fixed exchange rate with the U.S. dollar, Chilean exports are more expensive than competitors' and imports are cheaper than domestic goods. This has resulted in a very volatile economy. Unemployment is high and there is an overwhelming air of skepticism on the part of Chileans and those interested in investing in Chile.

Chile participates in ALADI and is also a member of GATT. It participates in the most-favored nation treatment. In 1979, as a
result of a bilateral trade agreement with the United States, a 35% ceiling on the tariff schedules went into effect in July, 1980.¹⁴

Chile's policy on imports for international fairs labels imports brought in for fairs and exhibits as temporary items. These items can then be sold after the event in the country and the items are accorded a rebate of 20% of the existing duties.¹⁵

Transportation, according to sources cited in the Background Notes for Chile, is generally acceptable. Braniff International Airways provides most of the air traffic for the area. There are also approximately thirty other airports. The railroads are government owned and there are about 11,200 kilometers of tracks. The Pan American Highway is the main thoroughfare and it stretches nearly the entire length of the country. There are also systems of road transports that run parallel to the railway systems. Chile has several ports which are serves internationally by the Lykes Brothers Steamship Company, Inc. and the Delta Steamship Lines from the United States.¹⁶

One area where attention may be particularly directed would be in the area around Concepcion, Chile. This area is becoming highly industrialized through advances in the steel and petrochemical industries. As workers for these industries move to the city, the capacity for sanitary water supplies will require immediate attention.

Due to the seemingly unstable conditions that exist in Chile at the present time, Flint & Walling must carefully examine the risk factors involved in exporting to Chile. Indeed, the need for water systems exists in Chile, but whether the company is willing to risk the political and economic climate of the nation is of paramount concern.
Columbia is one of the world's leading producers of coffee. One of the goals of the government is to try to diversify the exports of the country so that they are not so dependent on coffee. The country is also developing potential in the petroleum, sugar, and textile industries.

Columbia, along with many other countries world-wide, has had difficulty controlling the rate of inflation. In 1978, Columbia's inflation rate was 18% -- in 1979, it was 30%. The government has given priority to controlling this high rate of inflation.

Columbia has several memberships in trade organizations. It participates in ANCOM and also in ALADI and LAFTA. It is not a member of GATT, but participates in UNCTAD. The primary factor in determining whether or not the items are taxable through duties depends on whether the goods are domestically produced or whether domestic substitutes are available. The previously high duties on imports were lowered to 20-50% and the sales tax in Columbia is 15%.

Major projects that are planned by the government deal with development of transportation, telecommunications, and power. Pumping equipment, used in both residential and commercial water systems, is supplied through firms from the U.S. already active in Columbia. Aurora, Worthington, and Barnes contribute in this area from the United States. The market potential is very good.
for pumps in Columbia. In fact, because of the increased emphasis on supplying electrical power to outlying areas of the country, expenditures for development of domestic water and sewage systems, as well as agricultural development through irrigation, are sure to increase.

International air service is available to the major industrial centers of Barranquilla, Cali, Medellen, and Bogota. Local service is excellent in both air service and in transportation by railway.

Flint & Walling may find that market potential for its products is good in Columbia. Since the market already supports several other U.S. firms, Flint & Walling, through competitive actions, should be able to enter this marketplace.
Mexico's economy is largely dependent on the exportation of crude oil. It also has coffee, cotton, and shrimp industries.

Mexico participates in ALADI and in ANCOM. It is not affiliated with GATT. Mexico pursues a policy of domestic protectionism. They will offer rebates for duties if there are insufficient domestic goods available. Customs are high and goods are subject to import duties.

Effective January 1, 1980, a 10% value added tax replaced the four percent sales tax. Mexico is also in the process of removing licensing controls in order to prevent market disruptions that may be caused by the presence of these controls.

Mexico has had some recent problems regarding the valuation of the peso. According to the Wall Street Journal (January 28, 1982), recent predictions of the slide of the peso against the U.S. dollar may be underestimated. Mexico is having these problems for many reasons, the most obvious of these reasons being that Mexicans are travelling to the U.S. to purchase goods and services not available, or more expensive, in Mexico. The flight of pesos out of Mexico is aggravating the government's attempts to restore stability to the peso within Mexico.

Whether Mexico will choose a sudden devaluation or a gradual one is still speculation. This year is an election year and many forecasters
suspect that if there is to be a devaluation, it will occur after the election.\textsuperscript{30} Political survival may depend of this issue for President Jose Lopez Portillo.

As cited in the Overseas Business Report for Mexico, transportation systems are basically well-developed. For example, there are 25,100 kilometers of railroad tracks and a 60,000 kilometer system of roadways. Mexico also has 28 international airports, 19 domestic airlines, and 435 smaller airport facilities for use.\textsuperscript{31}

If a company plans to use trucking as a means of transporting the product through Mexico, special permission must be attained from the Secretariat of Communication and Transportation.\textsuperscript{32}

The demand for power is growing tremendously in Mexico and there are attempts in the planning stages for development of alternative sources of fuel, including coal and nuclear powered plants.\textsuperscript{33} Water and sewage treatment plants are also in short supply and Mexico is working to attain foreign financial aid to provide these essential services for its citizens.\textsuperscript{34}

Mexico does have a domestic pump industry which is involved primarily in the production of smaller, inexpensive pumps.\textsuperscript{35} This may prevent Flint & Walling from competing in this particular area, especially due to the protective atmosphere for domestic industries within the country. Nevertheless, the present need for pumps exceeds the supply the country itself can provide. The time is right for Flint & Walling to seek out this very promising market.
PERU

Population: 15.8 million
Language: Spanish, Quechua
Capital: Lima
Primary Ports: Callao, Mollendo
Currency: sol (295 soles/1$US)
Electricals: 60 cycles, 220 volts (110/220 in Talara)

Peru is dependent on the copper and mineral industries for revenues. The country is also involved in sugar and cotton production.

Peru participates in ANCON, LAIA, ALADI, and also in GATT. A revised tariff schedule near the end of 1979 abolishes duty exemptions and reduces duties—only one rate per item and duties on capital and intermediate goods were reduced to half of the previous rates. Other taxes include a maximum of 60% ad valorem and a sales tax of 22%.

Peru, in the past, had a highly protected economy. It has, in recent years, helped U.S. exporters by opening up the economy to lessor restraints to increase competition and, thus, to provide incentives for greater productivity.

Due to the rugged terrain that exists throughout most of Peru, transportation can be difficult. There are two primary highways and some secondary roads (32,559 miles of which 3355 are paved). Peru also has over 1300 miles of railroad lines although the system serves primarily passenger traffic. In addition, there are 58 airports and 29 seaports available to trade.

The government is fostering programs to bring electricity to many remote areas of the country. Still, most power in these areas is created through the burning of firewood. Electricity is, at this time, limited primarily to the industrial centers and cities.
Peru is in the midst of a liquidity problem. Peruvian exports have suffered during the recent world-wide drop in demand for their products. The country is now in the midst of seeking additional funding through various sources including drawing upon the resources of the International Monetary Fund.44

There are also political problems within the country. The new government of President Fernando Belaunde is having to deal with increased terrorism although these acts have not resulted in significant problems yet.45

Flint & Walling may find opportunities for marketing their product within Peru. The travel information warns tourists that drinking water in areas outside of Lima may be harmful.46 The water problems are not of primary concern at this time; however, they are needed and will continue to be as emphasis is shifted from controlling the economy to providing for the needs of the people of the country.
Venezuela is involved in the production of petrochemicals and in the processing of oil for export. The petroleum industry is growing rapidly and aiding in the further enhancement of the standard of living in Venezuela.

Venezuela is a member of ANCOM and ALADI. Imports are allowed into the country without restrictions except for the usual documentation and payment of import duties and consular fees. Customs service tax is 3.5% ad valorem--2% more if parcel post or airfreight.

Inflation is moderate in Venezuela as compared to other countries in Latin and South America. Luis Ugeuto, Venezuela's finance minister, was quoted in the Wall Street Journal (December 21, 1981) as stating that the Venezuela inflation rate for 1982 will decline from the 11% rate recorded in 1981.

Because the United States is nearer to Venezuela than its competitors, the possibilities for exporting pumps to Venezuela is great. Domestic production of pumps is in the infant stages in Venezuela. However, construction of housing and commercial development is going to necessitate increased imports of pumps and pump parts into the country.

Transportation is relatively good in Venezuela. The airport at Maiquetia is newly renovated and the highway system is improving.
There are approximately 61,000 kilometers of highways of which 39% are paved.\textsuperscript{52} Venezuela also has two main railroads—one from Puerto Cabello (one of the largest ports with 33 docks and expanding) to Barquisimeto which carries most of the import traffic.\textsuperscript{53} There are also seven international airports, 51 national airports, and 200 other small facilities.\textsuperscript{54} Venezuela is expanding many of these facilities because of tremendous congestion problems.

The economy of Venezuela is expanding both through its own exporting capacity and through the influx of imports. Because Venezuela is prospering due to its new wealth, the economy is experiencing heightened capacity for improving the well-being of its residents. Increased government emphasis on improvements in housing and in the expansion of electrical production is evidenced in the plans of the sixth National Development Plan (1981-85). This plan includes a total of $16 billion in expenditures for housing, water systems, and other related areas.\textsuperscript{55}

Although Flint & Walling may encounter competition from domestic producers of small pumps (Bombague, Mardal, FAMOVEN, and Manufacturas Hidromecanicas), the potential for sales in this country appears excellent.\textsuperscript{56} Local distributors appear to be the channel from which those purchasing equipment look for products. Flint & Walling should attempt to define the market in Venezuela as a good potential for exports of water pumps.
Egypt's primary exports are cotton, oil products, and fruits and vegetables.

Recent political upheaval in Egypt has the government contemplating stricter controls on imports. President Sadat's death last year has placed the new president, Hosni Mubarak, in control. There is speculation on how the new administration is going to handle many issues—among these, import controls. According to the the Wall Street Journal (January 27, 1982) the economic program of Mubarak is expected to impose: "... sharply higher taxes on imports, in an attempt to stem Egypt's recent spending binge on foreign consumer goods." Egypt has relied heavily on American aid for developmental programs within the country.

Egypt has strict controls already on certain goods that are considered luxury goods. The Mubarak administration feels that much of the discontent in Egypt is based on results of Sadat's "open-door" trading policy which allowed many Egyptians to reap a handsome profit while leaving the majority of Egyptians with an average per capita income of around $400. The new policies are aimed at alleviating this source of unrest.

Egypt, nevertheless, has been experiencing strong economic growth. It has benefited from tourism, Suez Canal tolls, and other sectors that may have helped to set off some of the slack in oil sales. This growth is expected to show up in attempts by the
government to raise the standard of living. The public expects the government to protect it from the effects of inflation and prices of commodities that are increasing. The government already spends a large portion of its budget on subsidizing commodities.63

The transportation facilities in Egypt are in most cases adequate. The government has worked to improve the highway systems of which there are now 22,500 kilometers available for use.64 In addition, there is a 4,000 mile railroad stretching from Alexandria to Aswan along with many minor lines.65 The Nile River, the lifeline of Egypt, and its canals are the primary source of inland travel.66 There are also air facilities in all major cities.67

Water is a very valuable commodity in the parched environment that most of Egypt finds itself. Many municipal systems consist of wells from which women come daily to collect water. As the government pursues its aims to improve the standard of living for the people of Egypt the market for pumping equipment, like those marketed by Flint & Walling, could provide the country with the products it needs for development.
Ethiopia exports primarily coffee. It also trades hides and skins, spices and oils. In recent months, coffee prices have fallen and the effect has somewhat hindered the growth of the Ethiopian economy.

The Investment Proclamation Act in 1966 provides relief from duties and taxes for agricultural and industrial machinery imported to Ethiopia provided the products are not in competition with Ethiopian products. Ethiopia does not grant any preferential duties and there are no free trade zones.

Ethiopia relies heavily on foreign assistance in the form of financing through the World Bank and the International Monetary Fund. The special project of the government at the present time is to capitalize on the production of hydroelectricity. Since the cost of the development of these plants is high, Ethiopia relies heavily on the availability of credit to finance the project.

Ethiopia has 11,200 kilometers of roads. Since the terrain is mountainous in many areas, transportation of goods is difficult. The airlines are government owned — there are about 30 airports in Ethiopia. The seaports of Assab and Massawa are good, although only Assab is international in nature.

The marketing of pumps in Ethiopia has great potential. The government, which is socialist in nature, is taking great strides...
toward the improvement of the standard of living in Ethiopia. If pumps are marketed, however, there must be readily available spare parts. The country is experiencing liquidity problems and cannot afford to stock inventories of spare parts. However, the potential for sales of pumps is favorable in Ethiopia.
Nigeria depends on exports of primarily crude petroleum and cocoa for revenues. Lower demand for their products in recent years has contributed to an inflation rate that has accelerated. In 1980, the inflation rate for Nigeria was 25%.  

Items imported for economic development are duty free in Nigeria—there are no customs surcharges and no preferential duties. Nigeria favors domestic industries; sources state that one of the primary imports into the country are pumps. Since there is no foreign exchange market locally, irrevocable instruments are recommended in financing transactions. Nigeria is a member of ECOWAS, which includes fifteen west African nations.

Nigeria is in the midst of its fourth developmental plan. This plan emphasizes agriculture, industry, education, and housing. It covers the period from 1981-85.

Much of the terrain of Nigeria is covered with swamps and tropics in the southern region. The northern region is hot and dry. With the increased emphasis on housing developments in both of these areas, pumping equipment is going to be in great demand.

Transportation facilities are somewhat limited in Nigeria. Nigeria has a system of roadways (62,000 miles of which approximately 11,000 are paved). Railway service is available for both passenger and freight.
transports. There are airports at Lagos, Kano, Kaciuna, and Maiduguri.

The prospects for exportation of pumps into Nigeria looks good for Flint & Walling. Once again, financing may be treacherous—consult authorities for more information.
SOUTH AFRICA

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Population: 27.3 million
Language: English

Capital: Johannesburg
Electricals: 50 cycles, 220/380 volts

Primary Ports: Durban, Port Elizabeth, Cape Town
Currency: rand (rand/1.07$US)

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South Africa is an exporter of precious stones and mineral products. The economy is thriving at present evidenced by the enormous growth of such modern conveniences as shopping malls and discount stores.

South Africa's tariff structure conforms to CCCN nomenclature. The economy features selective protectionism to protect itself from strong foreign competition. Ad valorem duties are based on "normal price" and there are no sales duties or import surcharges.

South Africa participates in some trade organizations. It is a member of the Customs Union Agreement which provides for common external tariffs for members which also include Botswana, Lesotho and Swaziland. South Africa is also a signatory of the Tokyo Round (Multilateral Trade Negotiations).

The political atmosphere is somewhat tense between South Africa and many other nations. The U.S. government has shown disapproval of South Africa's internal policy of separate racial development. Conditions are improving, but attitudes change much more slowly than policies.

There are over 116,000 miles of roadways of which approximately 20,000 are paved in South Africa. In addition, there are 13,950 miles of railroad facilities and over 300 airports. Harbor facilities are located primarily in Durban, Port Elizabeth, and Cape Town for international traffic.
As South Africa continues development of housing, power, and other improvements in the standard of living for its people, the U.S. distributors of pumping equipment will undoubtedly enter the marketplace. Transportation costs are going to be much higher due to the distance the products must travel, but the need for pumping equipment is going to persist. Flint & Walling would do well to consider this thriving marketplace as a potential outlet for its products.
SAUDI ARABIA

Population: 7.9 million Language: Arabic, English (business)
Primary Ports: Jeddah, Damman Currency: riyal
Jubail

---Int'l Trade Reporter 100

Saudi Arabia is almost totally dependent on petroleum exports for revenues. Inflation has been held to less than 10% through government supports. 101

Saudi Arabia does have some tariffs and duties on goods entering the country. For example, customs surcharges (in the form of port fees) are 15.3 riyals per metric ton. 102 Duties are accessed by weight; one-half of the duties through customs are exempted on certain types of goods including developmental machinery and equipment. 103

A third Five-year Developmental Plan (1980-85) stresses development of "productive" sectors of the economy. Included in this plan are improvements in agriculture, industry, and human resources. This plan includes provisions for sewage, water systems, and irrigation. 104

Penetration into Saudi Arabian markets can be difficult. Social etiquette requires personal contact--prospective customers will usually not respond to unsolicited mail. 105 Another problem that may occur is that appointments are not confirmed until the contact is in the country. Arabic businessmen demand that they be negotiating with senior-level representatives, i.e., the representative must be able to commit the firm. 106

The only way to penetrate the Saudi Arabia market may be to participate in a joint venture. 107 Depending on the policies of the firm, this may or may not be feasible. Desalination is important
for urban areas because of the parched environment which surrounds the cities. Pumping stations are essential to transportation of vital water supplies to both the commerce centers and smaller municipalities.

Flint & Walling would probably find this market lucrative; however, the barriers to communication for product marketing are likely to be difficult to hurdle.
**INDONESIA**

**Population:** 142 million  
**Language:** Bahasa Indo, English (business)

**Capital:** Jakarta  
**Electricals:** 50 cycles, 127/220 volts

**Primary Ports:** Jakarta, Cheribon, Surabaya, Jemarang, Dumai, Tanjung Priok  
**Currency:** Rupiah (Rp) (Rp625/$US1)  
---Int'l Trade Reporter

Indonesia exports a variety of goods most notably oil and timber.

The country's inflation rate for 1981 was 7.1%, down from 16% the previous year.

Imports into Indonesia enter a free system of trade--no import licensing and few nontariff barriers. Because Indonesia assents to GATT guidelines, the duties it imposes are bound; however, Indonesia does impose a redistribution tax. Import duties ad valorem at 0-100% on a price determined by the "Check Price Team" of Indonesian officials.

The Indonesian government has undertaken a third five-year development plan -- Repelita III. This plan covers the period from April 1, 1979 to March 31, 1984. Because of the emphasis on socioeconomic growth, economic growth may not be as strong as otherwise. The emphasis of this plan is on upgrading housing, education, and health services in addition to meeting food needs. Because adequate water supplies are lacking in most of the country, particular emphasis on providing safe water supplies will be made as a result of this plan.

Another factor that supports the contention of new human resource planning is the government action attempting to transmigrate 500,000 families from the overpopulated area of Java to other areas throughout Indonesia. This is another of the activities planned during the
course of Repelita III. There are sure to be many trade opportunities for companies marketing products similar to Flint & Walling’s line. Because the plan advocates the population moving into unfamiliar areas, the incentives must be there in order for acceptance of the move to occur. This means, also, new roads and transportation means must be provided. And, of course, new home construction will be necessary.

Although preferential treatment is given to domestic industries, nearly all pumps must be imported to Indonesia. In fact, pumps for liquids imported into Indonesia totaled over $13 million in 1980.116

Indonesia, being a nation of islands, relies heavily on marine transport for receiving and transporting imports among the area. There are 300 registered ports in Indonesia.117 The country is also developing roadways—76,253 miles in 1978 of which 43% were paved.118 Transportation is reliable on the Indonesian State Railways of which there are 4100 miles of track.119 Air travel is somewhat more limited. There were 59 airports in 1978 of which Jakarta and Bali are international in nature.120 Emphasis on new facilities for air transport is one of the primary concerns of the Indonesian government.

Again, the opportunities provided in Indonesia are substantial for Flint & Walling. The emphasis on providing new facilities for water is evident in the plans of Repelita III. Electricity is in short supply (only 6% of Indonesian household have electricity) but the development of new plants is not far away.121 Pumps are needed in Indonesia now and, in all probability, will continue to be imported for years to come.
MALAYSIA

Population: 13 million  Language: Malay, English (business)
Capital: Kuala Lumpur  Electricals: 50/60, 230/400
(Port Kelang, Penang  Currency: Ringgit
(also some D.C.)
---Int'l Trade Reporter\textsuperscript{122}

Malaysia exports primarily rubber products and petroleum.

Malaysia works to keep trade controls to a minimum in order to be able to foster trade. One of the examples of this policy is that items are exempted from tariffs when moved within the country.\textsuperscript{123} Tariff rates on imports range anywhere from 0-100\% -- only a few over 25\% and the average being 15\%.\textsuperscript{124} Most machinery and construction related equipment is imported duty-free.\textsuperscript{125}

Malaysia has recently completed its third developmental plan. Details of the forthcoming plan are not available yet, although speculation seems to point to an emphasis on industrial development.\textsuperscript{126} Presently, the country is working on a comprehensive construction program aimed at development of electrical power and in the upgrading of housing. The water supplies are under the jurisdiction of the state governments except for the municipalities of Malacca and Penang City.\textsuperscript{127}

The highway system within Malaysia is well-developed and being expanded yearly.\textsuperscript{128} The railroad lines are efficient and expanding.\textsuperscript{129} Air service is a priority for development by the government. Air service is termed as "vital" to the well-being of industry both in Malaysia and in the importation of goods. There are two international airports and several domestic services and air freight transportation is being used with increasing frequency.\textsuperscript{130}

Malaysian government is taking a decisive step in the direction
of improving the standard of living for the people of the nation. Since state governments control the water systems, should Flint & Walling decided to market their pumps in Malaysia, the company should contact the necessary authorities to discover the opportunities. Malaysia is a promising market; in 1980, total pumps imported into the nation totaled $501,000. This amount is sure to grow as Malaysia develops the water systems that are so much needed by the people of the country.
THAILAND

Population: 45 million  
Language: Thai, Chinese, English

Capital: Bangkok  
Electricals: 50 cycles, 220/380 volts

Primary Port: Bangkok  
Currency: Baht

Thailand relies primarily on the exportation of rubber for revenues. It also exports some tin and sugar. In recent years, however, Thailand has had a trade deficit and resulting high inflation.  

Thailand is not a member of GATT. The duties it imposes on goods imported into the country are based on weight, unit, or volume and range from 30% or less on most goods. There are no customs surcharges.  

Thailand is in the midst of its fifth five-year development plan. This plan is attempting to solve economic problems that are plaguing the country.  

Thailand has a system of all-weather roads extending throughout the country connecting most major cities. It also has railroad and air systems available.  

Thailand has developed reservoirs for water supplies needed during dry seasons; therefore, the need for irrigation equipment is minimal. Since the current plan is going to concentrate on solving the economic problems, the development of better water systems will probably have lower priority. There are other countries that offer much better potential for sales for Flint & Walling, Inc. than those offered through Thailand at the present time.
CONCLUSION

When a company is anticipating exporting in new areas of the world, it is essential for the people involved in making decisions to be well informed of the opportunities available to the company. There are many ways to accomplish this objective.

One means of gaining additional expertise in the field of international trade would be to be enrolled in any one of a variety of specialized classes in international business. Nearly any university is either presently offering classes of this nature or will know of other institutions that do.

There are also several seminars that are available, at minimal cost, to exporting personnel. One such program is offered through Ball State University entitled "Exporting for Profit." Another challenge to people who desire to know more about exporting can be found through activities of world trade clubs. New ideas, new possibilities for sales, and information relating to exporting in general can be shared and experienced through activities that a world trade club can offer.

There are many publications that are available to companies anticipating future sales abroad. One such publication that is a must is Business America. A journal for the businessperson contemplating, or already involved in exporting, this source can provide the reader with many resourceful ideas and is a valuable asset to the firm's library.

Studies such as this provide the company with only the basic research needed to target potential markets. This type of study is a guide for the business; a learning tool for the student.
The Department of Commerce is always willing to help companies with questions about commerce with foreign and/or domestic trade. The Department of Commerce already knows that foreign trade is the key to success for both the business and the United State economy. The real challenge is to let the rest of the businessworld in on the secret.
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