

EXPORT AND CORONAVIRUS: 10 KEYS

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The Coronavirus crisis has caused a situation in the international economy unknown until now and of which there is no possible reference, not even the financial crisis of 2008, which, starting from the bankruptcy of Lehman Brothers in the United States, spread in stages to every developed country.

By contrast, the Coronavirus, in just three months, has confined hundreds of millions of people to their homes, and most of the employees of large multinationals are teleworking.

For exporting companies, this crisis is having consequences that are difficult to assess at present, although there are some trends that must be taken into account, both in the international strategies as well as in practice of foreign sales.

With an 18-month perspective - until the end of 2021 - these are some of the keys to understanding the new international environment that exporting companies should take into account if they plan to continue and even increase their commercial activity in the coming months.

Greater decline in international trade than in world production

According to forecasts made in early April 2020 by the IMF (International Monetary Fund) and the WTO (World Trade Organization), world GDP by 2020 will decrease by 3%, compared to 12% drop in foreign trade flows. This four-fold drop in world trade in relation to world production has also occurred in other international economic crises, and is justified by the actions of economic agents:

- Governments implement protectionist measures to protect their national industries.
- Importing companies, both manufacturers and distributors, become much more cautious and conservative in their purchases: they reduce their number of suppliers and adjust the negotiating conditions. On the other hand, they are not favourable to begin commercial relations with new suppliers whose offers come from other countries.
- Consumers, in addition to a reduction in their income, instinctively change their purchasing criteria favouring national products.

The European Union, the market most affected in the health situation and economically

It is easy to observe a correlation between the numbers of infected and deceased people, and the decreases in the GDP of each country; in other words, the health crisis marks the

evolution of the economic crisis. Europe has become the center of the pandemic. The five largest economies in the EU are among the countries with the worst economic outlook for 2020: Germany (-7%), the United Kingdom (-6.5%), France (-7.2%), Italy (-9,1%) or Spain (-8.0%). Therefore, European companies will have best business opportunities in other geographical areas than in the EU.

Geographical areas with the best perspectives: Eastern Europe, Southeast Asia and Sub-Saharan Africa.

The reorientation in the search for new markets has, a priori, three target areas in which the fall in GDP will be lesser than other areas and, therefore, the recovery is expected to be faster.

The Eastern countries, especially the members of the EU (Poland, Czech Republic, Baltic countries) have had very few cases of infection, which has allowed them to keep their economies active in the first quarter of 2020. The exception is Russia which generates uncertainty as to the veracity of the data of infected and deceased people.

Without a doubt, the economic zone that is going to come out of this crisis in the best position is Southeast Asia. Countries such as Japan, Korea or Singapore, in addition to having faced the pandemic with great discipline, have reinforced their image as a competitive area in the application of technology to solve new problems, in this case health problems.

The particular idiosyncrasy of sub-Saharan Africa in order to cope with major health crises, suggests that the Coronavirus will not have the economic effect that one might expect as Ebola did, not even AIDS.

United States, a more federal market

The consequences of the Coronavirus on the North American economy are, at present difficult to foresee. The IMF forecasts a decrease in GDP of 5.9% for 2020, somewhat less than the average for the EU countries (-7%). Recovery for 2021 is set at 4.7%, the same figure that the EU.

The fact that President Trump has given federal states full powers to apply the sanitary and economic recovery measures that they consider most appropriate, suggests that the evolution of business in each state will be very different, although supported by the dynamism that characterizes the American economy. Exporting companies that choose the United States as a target market will have to be very careful in the geographical area (states) in which to focus their commercial efforts. In principle, states like New York (the center of the pandemic) or Florida (tourist center) have worse perspectives for recovery.

Business opportunities in the Least Developed Countries (LDC)

The group of the world's poorest countries - approximately 80 with a per capita income of less than \$ 1,085 - will improve their financial situation through debt cancellations and preferential financing for investment projects financed by international financial institutions such as the World Bank or regional development banks (African Development Bank or Asian Development Bank). These projects can be an important source of opportunities for western companies in sectors such as infrastructure, telecommunications, electricity, transportation, the environment, water, training, etc. who will be the suppliers of these projects. In this sense, countries like Senegal, Ghana or Ivory Coast can be very interesting markets in the coming years.

Change in means of payment: from bank transfer (open account) to letter of credit

The uncertainty generated by the Coronavirus crisis implies the use of secure means of payment that guarantee exporters and importers the successful completion of operations. In this sense, many of the operations that were paid through open account (bank transfer) are already being done through letter of credits. In this way the exporter ensures the payment of the merchandise and the importer the supply under the conditions agreed upon in the opening of the letter of credit. The fact that many banks facilitate the opening of letter of credits online makes this means of payment the most suitable for international sales of a certain volume and risk in the time of Coronavirus.

Currency volatility: use instruments to cover currency risk

Another consequence of the economic crisis caused by the Coronavirus is the sudden changes in the price of currencies, specifically, between the euro and the dollar. As an example, can be mentioned that in just 20 days (from March 8 to March 27, 2020) the euro depreciated by about 10%, going from 1.06 to 1.17 EUR/Dollar.

It is expected that these significant short-term changes in the exchange rate will continue in the coming months, so it is advisable that companies that export or import on deferred payment cover the exchange risk with instruments such as currency insurance or currency options.

Difficulties in supply chains

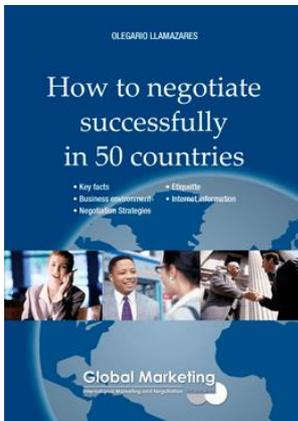
Those exporting companies that import products necessary in their manufacturing processes must take into account that difficulties are occurring in the supply chain with a shortage situation in various sectors (components, electronic products, textiles), mainly in Asian countries like China, Vietnam or India. For future months, they must diversify their supply sources.

Virtual tools for business presentations and negotiations

The new concept of “social distance” is aggravated internationally with difficulties in travelling to foreign countries has made online communication tools a very useful tool to communicate with international clients. In addition to the well-known Skype or Face Time, a videoconferencing platform has been added with enormous diffusion Zoom that during the month of April 2020 doubled its users to 300 million, despite news about possible security problems. Export executives should learn to use all these online in order to communicate and negotiate effectively with their international clients and suppliers.

In summary, the Coronavirus crisis is causing very significant changes in some of the essential aspects of exports such as: preferred target markets, use of payment methods, or the way of communication with international clients. Some of them will remain beyond the time horizon of this great health crisis. The exporting companies that adapt to these changes faster and better will be in a better position to maintain their international activity and, even, will emerge stronger from this difficult situation.

You can find the best strategies for doing business in the main world markets in the publication:



[How to negotiate successfully in 50 countries](#)

* *Managing-Director of Global Marketing Strategies*

NEGOTIATION AND ETIQUETTE GUIDES IN 70 COUNTRIES

How to negotiate and do business in **BRAZIL**

Introduction
Brazil is the third largest country in Latin America with over 200 million people. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Brazil is one of the few countries that are not an industrial industry: mostly agricultural. Culture: The heart of the generation of the traditional "gosto brasileiro". Tom, Catherine or Clara are recommended in Brazil.



KEY FACTS

POPULATION: 191.1m
AREA: 8,511,965 sq km
FORM OF GOVERNMENT: Federal republic (28 states and 1 Federal district)
GDP PER CAPITA (PPP): USD 1,300
COUNTRY RISK RATING (Global Risk): Medium-High (A1-A2, A3, A4, B-C, D)
CURRENCY: Real (R\$) = 100 cents
OFFICIAL LANGUAGE: Portuguese
LANGUAGE FOR BUSINESS: Portuguese, Spanish and English (ESL) in Miami and Washington (DC)
RELIGION: Catholic (70%), Protestant and Evangelical (25%), Muslim and traditional (5%)
CAPITAL: Brasilia (1.5m)
MAIN CITIES: Sao Paulo (12.5m), Rio de Janeiro (10.5m), Belo Horizonte (3.5m), Salvador (2.5m), Recife (2.5m), Fortaleza (2.5m)
TELEPHONE CODE: 55
INTERNET CODE: .br
NATIONAL HOLIDAY: 1st September

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Negotiation and Etiquette in Brazil

How to negotiate and do business in **CHINA**

Introduction
China is the most populous country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. China is one of the few countries that are not an industrial industry: mostly agricultural. Culture: The heart of the generation of the traditional "gosto chinês". Tom, Catherine or Clara are recommended in China.



KEY FACTS

POPULATION: 1,339m
AREA: 9,596,961 sq km
FORM OF GOVERNMENT: Communist Party of China (CPC) (1 administration region, 22 provinces, 5 autonomous regions, 4 municipalities, 1 special administrative region)
GDP PER CAPITA (PPP): USD 4,000
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Yuan (RMB) = 100 cents
OFFICIAL LANGUAGE: Chinese
LANGUAGE FOR BUSINESS: English
RELIGION: Traditionally is officially atheist, but actually, the most religions are Confucianism, Taoism and Buddhism
CAPITAL: Beijing (21.5m)
MAIN CITIES: Shanghai (23.5m), Tianjin (10.5m), Hong Kong (7m), Shenzhen (12.5m), Chengde (10.5m), Beijing (21.5m), Nanjing (8.5m), Wuhan (8.5m), Guangzhou (10.5m), Xi'an (8.5m)
TELEPHONE CODE: 86
INTERNET CODE: .cn
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Negotiation and Etiquette in China

How to negotiate and do business in... **RUSSIA**

Introduction
Russia is the largest country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Russia is one of the few countries that are not an industrial industry: mostly agricultural. Culture: The heart of the generation of the traditional "gosto russo". Tom, Catherine or Clara are recommended in Russia.



KEY FACTS

POPULATION: 142.4m
AREA: 17,098,242 sq km
FORM OF GOVERNMENT: Federal republic (81 Federal administrative districts, 47 Federal subjects)
GDP PER CAPITA (PPP): USD 1,000
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Russian Ruble (RUB) = 100 kopecks
OFFICIAL LANGUAGE: Russian and other (Chechen, Ukrainian, Armenian, etc.)
LANGUAGE FOR BUSINESS: English
RELIGION: Russian Orthodox, Protestant, Muslim (20% of the population adheres to the official religion in the official)
CAPITAL: Moscow (15m)
MAIN CITIES: Saint Petersburg (5.5m), Novosibirsk (1.5m), Nizhny Novgorod (1.5m), Yekaterinburg (1.5m)
TELEPHONE CODE: 7
INTERNET CODE: .ru
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Negotiation and Etiquette in Russia

How to negotiate and do business in **AUSTRALIA**

Introduction
Australia is the sixth largest country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Australia is one of the few countries that are not an industrial industry: mostly agricultural. Culture: The heart of the generation of the traditional "gosto australiano". Tom, Catherine or Clara are recommended in Australia.



KEY FACTS

POPULATION: 22.5m
AREA: 7,688,000 sq km
FORM OF GOVERNMENT: Federal republic (6 territories and 6 independent states)
GDP PER CAPITA (PPP): USD 23,500
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Australian dollar (AUD) = 100 cents
OFFICIAL LANGUAGE: English
LANGUAGE FOR BUSINESS: English
RELIGION: Protestant (20%), Catholic (20%), Muslim (2%), Hindu (2%), Buddhist (2%), Jain (2%), Sikh (2%), Other (2%)
CAPITAL: Canberra (3.5m)
MAIN CITIES: Sydney (4.5m), Melbourne (3.5m), Brisbane (2.5m), Perth (2.5m), Adelaide (2.5m)
TELEPHONE CODE: 61
INTERNET CODE: .au
NATIONAL HOLIDAY: 26th January

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Negotiation and Etiquette in Australia

How to negotiate and do business in **GERMANY**

Introduction
Germany is the seventh largest country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Germany is one of the few countries that are not an industrial industry: mostly agricultural. Culture: The heart of the generation of the traditional "gosto tedesco". Tom, Catherine or Clara are recommended in Germany.



KEY FACTS

POPULATION: 82.5m
AREA: 357,021 sq km
FORM OF GOVERNMENT: Federal republic (16 states in Länder)
GDP PER CAPITA (PPP): USD 37,500
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Euro (EUR) = 100 cents
OFFICIAL LANGUAGE: German
LANGUAGE FOR BUSINESS: English and German
RELIGION: Protestant (40%), Catholic (35%)
CAPITAL: Berlin (3.5m)
MAIN CITIES: Frankfurt (6.5m), Cologne (10.5m), Munich (1.5m), Stuttgart (2.5m), Düsseldorf (2.5m), Berlin (3.5m)
TELEPHONE CODE: 49
INTERNET CODE: .de
NATIONAL HOLIDAY: 3rd October

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Negotiation and Etiquette in Germany

How to negotiate and do business in... **JAPAN**

Introduction
Japan is the thirteenth largest country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Japan is one of the few countries that are not an industrial industry: mostly agricultural. Culture: The heart of the generation of the traditional "gosto japonês". Tom, Catherine or Clara are recommended in Japan.



KEY FACTS

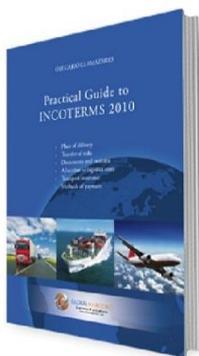
POPULATION: 127.1m
AREA: 377,837 sq km
FORM OF GOVERNMENT: Constitutional monarchy (1st monarchy)
GDP PER CAPITA (PPP): USD 29,400
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Yen (JPY) = 100 cents
OFFICIAL LANGUAGE: Japanese
LANGUAGE FOR BUSINESS: English
RELIGION: Shinto and Buddhism (80%), Christianity (2%)
CAPITAL: Tokyo (13.5m)
MAIN CITIES: Yokohama (3.5m), Osaka (2.5m), Nagoya (2.5m), Kyoto (1.5m), Fukuoka (1.5m)
TELEPHONE CODE: 81
INTERNET CODE: .jp
NATIONAL HOLIDAY: 23rd December

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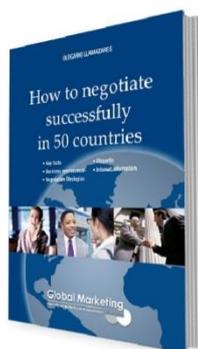
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Negotiation and Etiquette in Japan

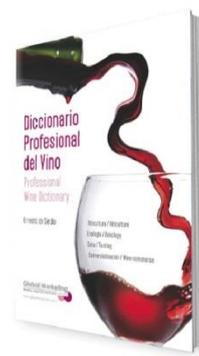
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INTERNATIONAL CONTRACTS TEMPLATES



INTERNATIONAL CONTRACTS IN ENGLISH

- International Sale Contract
- International Distribution Contract
- International Commercial Agency Contract
- International Sales Representative Agreement
- Intermediary Contract for Trade Operations
- International Joint Venture Contract
- International Strategic Alliance Agreement
- International Franchise Contract
- International Services Contract
- International Consulting Contract
- International Technology Transfer Agreement
- International Trademark License Agreement
- International Supply Contract
- International Manufacturing Contract
- International Buying Agent Contract
- Logistics Services Contract
- Export Contract
- Confidentiality Agreement
- Expatriate Contract of Employment
- Memorandum Understanding International distribution
- Memorandum of Understanding for Joint Venture
- **Pack 10 Contracts in English**
- **Pack All Contracts in English**



INTERNATIONAL CONTRACTS IN SPANISH

- Contrato de Compraventa Internacional
- Contrato de Distribución Internacional
- Contrato de Agencia Comercial Internacional
- Contrato de Representación Comercial Internacional
- Contrato de Intermediación Comercial Internacional
- Contrato de Joint Venture Internacional
- Contrato de Alianza Estratégica Internacional
- Contrato de Franquicia Internacional
- Contrato Internacional de Servicios
- Contrato Internacional de Consultoría
- Contrato Internacional de Transferencia de Tecnología
- Contrato Internacional de Licencia de Marca
- Contrato Internacional de Suministro
- Contrato Internacional de Fabricación
- Contrato de Agente de Compras Internacional
- Contrato de Servicios Logísticos
- Contrato de Exportación
- Contrato de Confidencialidad
- Contrato de Trabajo para Expatriado
- Memorándum Entendimiento Distribución Internacional
- Memorándum de Entendimiento para Joint Venture
- **Pack 10 Contratos en Español**
- **Pack Todos los Contratos en Español**



INTERNATIONAL CONTRACTS IN FRENCH

- Contrat de Vente Internationale
- Contrat de Distribution Internationale
- Contrat d'Agent Commercial International
- Contrat de Représentation Commerciale Internationale
- Contrat de Joint Venture Internationale
- Contrat de Franchise Internationale
- Contrat International de Services
- Contrat International d'Approvisionnement
- Contrat International de Fabrication
- Contrat de Confidentialité
- Protocole d'Accord pour Distribution Internationale
- Protocole d'Accord pour Joint Venture Internationale
- **Pack Tous les Contrats en Français**



INTERNATIONAL CONTRACTS IN GERMAN

- Internationaler Kaufvertrag
- Internationaler Vertriebsvertrag
- Internationaler Handelsvertretervertrag
- Internationaler Vertretungsvertrag
- Internationaler Joint Venture Vertrag
- Internationaler Franchisevertrag
- Internationaler Dienstleistungsvertrag
- Internationaler Liefervertrag
- Internationaler Herstellungsvertrag
- Geheimhaltungsvereinbarung
- Absichserklärung Internationalen Vertriebsvertrag
- Absichserklärung Joint Venture
- **Pack Alle Verträge in Deutscher**

