Special Export Section

AMERICAN-HELLENIC
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The Greece-U.S. Export Market

Developments and Opportunities

HISTORICAL BACKGROUND

Bilateral trade has historically been a key element in maintaining positive relations between Greece and the United States. For a small country like Greece, the wealth and power of the United States provide stability and expectations of higher trade yields. On the other hand, Greece's competitive geopolitical advantage in both the Mediterranean and the Balkans makes the nation an important ally for the United States. This symbiotic relationship between the two countries goes back to the 1821 Greek War of Independence. Following the emancipation of Greece, the U.S. was among the first powers to officially recognize the country as a sovereign nation on November 7, 1837. Subsequently, the U.S. appointed its first Consul to Greece and signed its first bilateral commercial treaty in 1837, setting the trade framework between the two countries for the following eight decades. About 30 years later, the first Greek Consuls to the U.S. were appointed in New Orleans and New York. For the past two hundred years, the two countries have maintained friendly relations through difficult periods, including both world wars and several financial crises. Indeed, Greece's post-WWII reconstruction was largely based on the Marshall Plan, under which the country received $376 million over a three-year period, equivalent to $3.9 billion today.

Immigration has been another important factor in fostering close relations between Greece and the United States, with close to 450,000 Greeks immigrating to the U.S. during the late 19th and early 20th century in pursuit of employment opportunities and the promise of economic mobility. Following the first wave of economic migrants, a measurable portion of Greeks stayed in the United States, establishing one of the largest diaspora communities in the ensuing decades. Today, 2.5 million U.S. citizens identify with their Greek ancestry according to the U.S. Census Bureau, with populations of Greeks and Greek American communities rooted across the United States. The largest Greek American communities are in the states of New York (146,526 citizens), California (135,321), Illinois (98,786), Florida (90,960), Massachusetts (82,363), New Jersey (64,347), and Pennsylvania (61,361). These Greek American communities were kept alive and vibrant with subsequent surges of immigration and with the establishment of dozens of diaspora-oriented businesses, institutions, organizations, and foundations. Founded in 1932, one of the oldest such institutions is the American-Hellenic Chamber of Commerce, which has been working to promote and strengthen business and trade relations between Greece and the United States for the past 90 years.

PARTNERSHIP AT THE INTERNATIONAL LEVEL

The two countries remain close allies and partners in many international organizations and institutions including the United Nations, North Atlantic Treaty Organization (NATO), Euro-Atlantic Partnership Council (EAPC), Organization for Security and Cooperation in Europe (OSCE), Organization for Economic Cooperation and Development (OECD), International Monetary Fund (IMF), World Bank, and World Trade Organization (WTO). Greece is also a permanent observer to the Organization of American States.

TRAVELING TO THE USA

Greece is among the countries eligible for the visa waiver program and has been since 2010. The Visa Waiver Program (VWP) enables most citizens or nationals of participating countries to travel to the United States for tourism or business for stays up to 90 days without a visa. Travelers must have a valid Electronic System for Travel Authorization (ESTA) approval prior to travel and must meet certain requirements. Travelers who prefer to have a visa in their passport may still apply for a visitor (category B) visa. In order to travel without a visa on the VWP, travelers must obtain authorization through the Electronic System for Travel Authorization (ESTA) prior to boarding a U.S.-bound air or sea carrier. ESTA is a web-based system operated by U.S. Customs and Border Protection (CBP) to determine eligibility to travel under the VWP to the United States for tourism or business. More information is available on the ESTA webpage on the CBP website. In most cases, ESTA will be valid for two years. A new ESTA is required if you: receive a new passport, including an emergency or temporary passport; change your name; change your gender; change your country of citizenship; or need to change your responses to any of the "yes" or "no" questions on the ESTA application. Under certain circumstances, additional travel orders, extensions or restrictions can be introduced; during the Covid-19 pandemic, these included requirements regarding vaccination status, the ability to show documentation of a negative viral test taken within one day of travel, or documentation from a licensed health care provider of having recovered from Covid-19 in the 90 days preceding travel. Other restrictions and facts include the remaining validity of the passport and currency restrictions of €10,000 or equivalent for entry and exit.

SNAPSHOT OF THE TWO ECONOMIES

With an increasingly internationalized economy, in which even local crises can have a significant effect on a global scale, traditional strategic partnerships remain invaluable for the modern business environment. Despite differences in the size and stability of the U.S. and Greek economies, global economic downturns in the past have affected both countries significantly, and in recent years, dealing with such fiscal constraints has revealed strengths and weaknesses for both countries. In 2020, the U.S. direct investment position in Greece was $74 million, a major decrease compared to the pre-Covid-19 era, while on average the U.S. direct investment position between 2015 and 2019 stood at $749 million. Financial transactions toward Greece amounted to -$136 million, and income without current cost adjustment stood at $123 million. Of the total financial transactions, $16 million were from "professional, scientific, and technical services" and $174 million from "wholesale." In 2019, Greece-based majority-owned affiliates of U.S. MNEs employed 14,800 people, a minor decrease on 2018, and sales were at $5.7 billion. Meanwhile, U.S.-based majority-owned affiliates of Greek MNEs employed 3,700 thousand people in 2019, having recorded no change compared to the previous year, and sales were at $1.8 billion, which was a marginal change on the previous fiscal year (Bureau of Economic Analysis, September 2020).

REVIEW OF THE U.S. AND GREEK ECONOMIES

UNITED STATES OF AMERICA

The 2020 United States presidential election, which took place in November 2020, saw Joe Biden elected as the 46th President of the United States of America, following a single term of the Trump administration. Former President Trump had taken office in January 2017 and promoted a different approach to federal budgeting, immigration, international trade, energy, and other aspects of the U.S. economy, which, with a GDP of $22.99 trillion (BEA 2022) and a per capita GDP of $59,692 (chained 2012 US$), is the largest in the world. Real gross domestic product (GDP) increased at an annual rate of 6.9% in the fourth quarter of 2021, according to the advance estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP grew by 2.3%, reflecting private inventory investment, exports, personal consumption expenditures (PCE), and nonresidential fixed investment that were partly offset by decreases in both federal and state and local government spending. According to the OECD (July 2020), following the longest expansion on record came to an unforeseen halt due to the worldwide spread of Covid-19. The U.S. economy suffered one of the most vigorous shocks with an immediate impact on employment, households, and small businesses as governments around the world proceeded with widespread shutdowns and quarantine measures. The intensity of the economic measures taken during the first period of the outbreak of the pandemic and the sanitary measures remaining in place until the virus is eliminated are expected to weaken the already sluggish productivity growth of the U.S. economy, and it is thus regarded as imperative that the government should continue to focus on structural reforms in order to boost productivity.

The U.S. economy's growth has been among the strongest among OECD countries since the outbreak of the global financial crisis of 2008-2009. Up until the beginning of the pandemic, employment was growing steadily and at rates above the levels considered necessary for new entrants into the labor force, which resulted in historically low unemployment levels (OECD, 2019). In 2019, the unemployment rate stood at 3.7% but jumped to almost 15% in April 2020 before edging back down to 6.7% by November 2020. As the economy started to adjust in 2021, unemployment declined by 0.3% in December, rounding up to 3.9%, or 6.3 million. According to the Bureau of Labor Statistics, the number of permanent job losers stood at 1.7 million (1.8 in 2020) while temporary layoffs stood at 812,000 and the long term unemployed stood at 2 million or 31.7% of total unemployed. In terms of unemployment rates by state, the lowest was recorded in Nebraska (1.7%) and the highest in California (6.5%). Furthermore, the unemployment rates for adult men (3.6%), adult women (3.6%) and teenagers (10.9 %) reflect the transition to normality after the pandemic outbreak. The employment ratio grew from 57.4% to 59.5% in December 2021. The U.S. current-account deficit (combined balances on trade in goods and services and income flows) widened to $214.8 billion in the third quarter of 2021 from $198.3 billion in the second quarter of 2021. As a percentage of current-dollar U.S. GDP, the deficit increased to 3.7% from 3.5%. The $16.5 billion widening of the current account deficit in the third quarter reflected the reduction of the services surplus and the expansion of the deficits on secondary income and on goods. In general, exports of goods and services and income from foreign residents increased by $22.8 billion amounting to $955.9 billion during the third quarter of 2021 while imports of goods and services and income paid to foreign residents increased by $39.3 billion to $1.17 trillion. The qualitative breakdown of the deficit reveals that all parts of the current accounts, including the traditional surplus components, reflect the stable transition to normality after the pandemic.

The present course of the U.S. economy is partly the result of the implementation of the Troubled Asset Relief Program (TARP), which was created to help stabilize the financial system during the crisis of 2008 and was authorized by the Emergency Economic Stabilization Act (EESA). Its purpose was to promote the stability and liquidity of the financial system. The congressional authorization for TARP was $700 billion, but the U.S. Treasury estimates its cost at around $40.5 billion. Despite the U.S. government's efforts, the crisis worsened, and in 2009 Congress passed the American Recovery and Reinvestment Act (ARRA). ARRA aimed to save jobs, improve economic activity, and invest in longterm growth. Additional legislation to add economic stimulus included the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010; initiatives such as the Patient Protection and Affordable Care Act, often referred to as "Obamacare"; and the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Consolidated and Further Continuing Appropriations Act, signed into law in December 2014, helped to extend a more stable fiscal environment into 2015 and onwards. Real gross domestic product (GDP) grew at a solid 3% annual rate over the second quarter of 2017. Following the change of the administration in January 2017, specific actions were taken to adjust policies and acts of the Obama administration to the Trump federal government agenda. Such adjustments included bills to repeal Obamacare, which failed on a vote of 45–55 in the Senate in July 2017. Furthermore, the Trump administration implemented the Tax Cuts and Jobs Act (TCJA) that amended the Internal Revenue Code of 1986. Changes included reducing tax rates for businesses and individual's personal tax simplification by increasing the standard deduction and family tax credits but eliminating personal exemptions and making it less beneficial to itemize deductions; limiting deductions for state and local income taxes (SALT) and property taxes; further limiting the mortgage interest deduction; reducing the alternative minimum tax for individuals and eliminating it for corporations. To that extent, the Taxpayer First Act of 2019 was signed into law by President Trump on July 1, 2019, aiming to modify requirements for the Internal Revenue Service (IRS) regarding its organizational structure, customer service, enforcement procedures, management of information technology, and use of electronic systems.

As the pandemic gained momentum, the United States government was preparing for the transition from Trump to the Biden administration. The newly elected President differentiated the policy agenda and adjusted it to the urgent needs of restraining the pandemic. In March 2021, Biden signed the American Rescue Plan, a $1.9 trillion package that aimed to bolster the country's recovery from the pandemic and provide relief to families and workers impacted by the crisis; measures included Economic Impact Payments of up to $1,400 for eligible individuals, a weekly supplemental benefit of $300 on top of the regular unemployment benefit, and an increase of the Child Tax Credit to up to $3,600 per child. The plan also included $350 billion in state and local aid to assist, among others, small businesses and vaccine research and development. Additional measures included extensions of the Paycheck Protection Program and the Covid-19 Bankruptcy Relief Extension Act, which extended temporary bankruptcy relief provisions granted by the CARES Act. By November 2021, the Infrastructure Investment and Jobs Act was signed into law, infusing $1.2 trillion dollars into the country's traditional hard infrastructure, such as roads and bridges.

In the fiscal year 2021, the federal budget deficit totaled $2.8 trillion — about $360 billion less than in 2020 and more than triple the shortfall recorded in fiscal year 2019. Measured as a share of the nation's GDP, the deficit equaled 12.4% of GDP, decreased from 15% in 2020 but significantly increased from 4.7% in 2019. According to the Congressional Budget Office, in 2021, the government's revenues amounted to $4 trillion, $626 billion (or 18.3 %) up since in 2020. As a percentage of GDP, revenues stood at 18.1 % in 2021 well above the 16.3% in 2020 and the average (17.3%) for the past 50 years. Revenues were significantly affected by strong growth in economic activity following the strong disruption in 2020. Specifically:

Revenue

- Individual income taxes, the largest source of revenues, increased by $436 billion (or 27%), standing at $2,044 billion, or 9.1% of GDP
- Payroll taxes, the second largest source of revenues, increased marginally by 0.3%, or $4 billion, to $1,314 billion, or 5.9% of GDP
- Corporate income taxes, the third-largest source of revenues, rose by $160 billion (or 76 percent) in 2021, standing at $372 billion, or 1.7% of GDP
- Other receipts, the third-largest source of revenues, rose by $160 billion (or 76 percent) in 2021, standing at $316 billion or 1.4% of GDP

Net spending by the government was $6.8 trillion in 2020 — $266 billion (or 4%) more than in 2020. Outlays amounted to 30.5% of GDP in 2020, compared with 31.3% in 2019, and above the 50-year average.

Outlays

- Social security benefits stood at $1,123 billion, increased by 3.6%, or $39 billion
- Medicare stood at $692, decreased by 10.4%, or $81 billion
- Medicaid stood at $521 billion, increased by 13.5%, or $63 billion
- Certain Refundable Tax Credits stood $778 billion, increased by $363 billion, or 87.7%; the was mostly driven by spending for the recovery rebates that were provided by the CAA and ARPA
- Unemployment Compensation stood at $397 billion, decreased by $79 billion, or 16.6%
- Small Business Administration stood at $323 billion, decreased by $254 billion, or 44.1%
- Coronavirus Relief Fund was $243 billion in 2021, compared with $149 billion the previous year
- Military programs of the Department of Defense rose by $27 billion, or 4%

- Interest on the public debt increased by $25 billion, or 7%, in 2021, partly because the debt has grown and partly because inflation was higher in 2021
- Other outlays increased by $70 billion, or 4.5%

It is more than evident that the pandemic had a significant impact on the United States fiscal policy as well as on the economy in general, which was going through an era of stable economic growth in the period leading up to April 2020 (and following the economic crisis in 2008) and was expected to continue expanding, albeit at a slower pace, driven by consumer spending and capital investment by businesses.

WHAT THE FUTURE HOLDS

The outbreak of the economic crisis prompted the need for thorough strategic planning for the future by policymakers. To that end, the Congressional Budget Office (CBO) employed modern policy-making tools and methods in order to better prepare the U.S. economy for the future. The Update to the Budget and the Economic Outlook: 2021–2031, which was published in July 2021, estimates that the federal government's annual budget deficit was largely disrupted by the 2021 coronavirus pandemic and the legislative actions to contain it. After declining since the economic crisis of 2008, it is estimated to be $3 trillion in 2021 (or 13.4% of the GDP), which is the largest since 1945, exceeded only by the previous year's shortfall. Furthermore, as direct budgetary effects of ARPA the budget shortfall will continue to decrease to 4.7% of GDP in 2022 and 2.9% in 2024 before deficits begin to rise again reaching 5.5% in 2031, significantly larger than the 3.3 percent of GDP that deficits have averaged over the past 50 years. The CBO is arguably comparing the current economic situation with the period of World War II since outlays have sharply increased and revenues have fallen in 2020. Most of the increase in outlays stems from the effects of the measures taken in response to the coronavirus pandemic:

- the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123, enacted on March 6, 2020),
- the Families First Coronavirus Response Act (FFCRA, P.L. 116-127, enacted on March 18, 2020),
- the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, P.L. 116-136, enacted on March 27, 2020), and
- the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139, enacted on April 24, 2020).

The large deficits that are directly related to the economic impact of the pandemic are expected to lead to a sharp increase in debt held by the public, which is estimated at 103% of GDP in 2021 and will continue to grow up to 106% by the end of 2031. Outlays in 2021 are projected to reach a record high since 1945 while they are projected to decline in the near term, falling below 21% of GDP in 2024, and then rise, reaching 23% of GDP in 2031. Revenues hover around 18% of GDP, just above their historical average.

Economic Outlook: As the pandemic loses momentum the economic outlook is expected to expand rapidly over the next two years. In 2021, real (inflation-adjusted) GDP grew by 7.4 percent, largely because of increased consumer spending and a rebound in business fixed investment. Thereafter, as conditions in labor and product markets remain strong, growth in real GDP moderates at about 1.6% per year. That growth mainly reflects an increase in revenues relative to GDP from individual income taxes and, to a lesser extent, from corporate income taxes.

Unemployment: Until the outbreak of the pandemic unemployment rates stood at a record low, mainly due to the rapid growth recorded during the previous years. By April 2020, the unemployment rate increased sharply to 15% due to temporary and permanent layoffs and remain higher than the pre-pandemic levels of February 2020. In the CBO's projections, the unemployment rate is expected to continue its drift downward reaching 4.3% by the end of 2031.

Inflation: Inflation, as measured by the growth rate of the price index for personal consumption expenditures (PCE), stood at 1.2% in 2021 and is expected to reach the Federal Reserve's 2.8% long-run objective in 2021. The traditional measure of core PCE price inflation, which excludes food and energy prices because they tend to be volatile, is projected to rise from 1.4 percent in 2020 to 2.4 percent in 2021. Thereafter the Congressional Budget Office projects that inflation will remain above the Federal Reserve's 2% longrun goal for the projection period.

Interest Rates: Interest rates (ten-year Treasury notes) rises from 1.6% in mid-2021 to 2.5% by end 2025. The three-month Treasury bill rate is expected to display low volatilities until the end of 2025. From 2026 the CBO projects that the rates for three-month Treasury bills and 10-year Treasury notes to rise from 1.3% to 2.4% and from 2.8% to 3.5% t, respectively, over that period.

GREECE

The Greek economy faced a decade-long crisis that brought to the forefront an urgent need to modernize the state, implement structural adjustments and reforms, and introduce necessary, yet often unpopular, measures in order to return to a sustainable growth path. The economic crisis in Greece emerged during the same period as it did in the United States, and its effects were almost immediate. The large public sector combined with the continuously rising fiscal debt ravaged the economy, resulting, among other things, in a contraction of the GDP from $292 billion in 2010 to $249 billion in 2012 and to $241 billion in 2013, or 17.4% (World Bank), while GDP per capita also contracted by almost 17% during that period, and unemployment hit a record of 27.5% by the end of 2013 (ELSTAT).

Three Economic Adjustment Programs (EAPs), aka bailout packages, for Greece were signed in 2010, 2012 and 2015 respectively, and implemented through summer 2018. Following the implementation of the third bailout package by the EUECB-IMF, with vertical and horizontal reforms across all sectors, Greece has been on the path of recovery, showing positive signs of growth. Reforms have gathered pace and fiscal consolidation has strengthened credibility, lowering uncertainty. Exports have led the expansion and labor market reforms have improved competitiveness. Employment rose significantly, while external and fiscal imbalances were addressed. Despite the positive developments, however, public debt remains high and is considered a vulnerability. Prior to the Covid-19 pandemic and its impact on the economy, the debt to GDP ratio was projected to remain on a downward trajectory due to continued high primary surpluses, nominal GDP growth, and debt relief, which provided for a substantial precautionary cash buffer and low debt service on official loans. It rounded up to 183.3% in 2018 and was projected to decline to 174.2% in 2019 and to 167.3% in 2020, but the pandemic disrupted the positive progress on the debt reduction and having taken extensive state measures to support the economy, rounded up in 202.5% of GDP in 2021, and according to the European Commission's 12th Enhanced Surveillance Report for Greece, it is expected to decrease to 195.9% in 2022, 191.1% in 2023, and 185.6% in 2024. By 2030 the debt to GDP ratio is expected to stand at 162.9%. The primary balance of the country's budget swung from a deficit of 2.4% of GDP in 2015, including bank recapitalization, to a surplus of 3.5% of GDP in 2016. In the same year, the general government budget balance was in surplus for the first time in 44 years. This fiscal consolidation effort has been unprecedented, totaling 13% of GDP between 2009 and 2016. Greece's general government surplus increased to 0.8% of GDP in 2017 as the primary surplus came in at 4.0% of GDP, considerably exceeding the target of 1.75% of GDP agreed under the European Stability Mechanism (ESM) program. The surge in the primary balance was supported by a set of measures, including the 2016 pension reform and indirect taxation reform. For fiscal year 2018, the primary balance rounded up to 4.2% — above the 3.5% target set by the ESM — and stood at 3.5% of GDP in 2019. As the pandemic crisis peaked up and state responsive measures increased, the primary balance contracted and recorded a deficit of 7.6% - the first since 2015 – and for 2022 a deficit of 1.2% is expected before surpluses return in 2023 (1.5% of GDP) followed by a stable 2.2% from 2024 onwards. Unemployment, the most persisting and hard to tackle issue during the crisis, peaked at 27.9% in September 2013 and has been decreasing since. The unemployment rate, which stood at 19.3% in 2018, decreased by 2% during 2019. By September 2020, unemployment stood above 16% before declining to 13.3% a year after mainly due to the recovery in the tourism sector. Real GDP growth also followed a positive trend, standing at 1.5% in 2017, followed by an increase of 0.4% in 2018, which remained the same in 2019 before dropping to -9% in 2020. As the recovery picked up, the GDP growth rate stood at 7.1% in 2021, re-estimated to 8.5%, and is expected to slow down to 4.9% in 2022 and to 3.5% in 2023. On average GDP growth is calculated to be 2.5% between 2021 and 2029. Inflation, which had remained well below the EU average, was marginally stable in 2017 and started to pick up from 2018 onwards. As of 2019, inflation (CPI) stood at 0.5% and further contracted to -1.3% as consumption sharply declined due to the pandemic. EU forecasts for Greece calculate inflation at 0.6% in 2021 before sharply increasing to 3.1% in 2022 and declining to 1.1% in 2023.

As the economy went through adjustments in order to boost competitiveness, the current account could not have remained unchanged. Domestic consumption and demand declined sharply during the crisis period while exports started to pick up modestly. To that extent, by November 2021 (Bank of Greece data), the current account recorded a rise in the deficit of the balance of goods, since imports grew at a faster pace than exports (70.4% and 58.7% respectively). The surplus of the services balance grew, reflecting an improvement mainly of the travel balance and, to a lesser extent, of the transport balance. Non-residents' arrivals and the relevant receipts rose by 219.3% and 308.2%, respectively, standing at 60% and 91% of their November 2019 levels respectively. The primary income account deficit rose year-on-year, mainly due to higher net interest, dividend and profit payments. The secondary income account deficit also registered a small increase.

THE IMPORTANCE OF TRADE TO NATIONAL ECONOMIES

In addition to capital inflows, international trade in goods and services affects the economic wellbeing of both economies indirectly and directly. Trade balance affects citizens indirectly on a macroeconomic level, given the impact of deficits and surpluses in GDP growth, interest rates, savings, investment behavior, and the total debt of the economy. The public is also affected by deficit directly through price friction and lack of competitiveness. Most importantly, however, deficits may have an impact on household economy through employment (loss of jobs), and consequently a reduction of income available for consumption. Economies can become highly import-dependent, with exports growing slower than imports. Thus, private consumption is considered the key driver for growth.

THE WTO

The World Trade Organization (WTO) is the successor organization of the General Agreement on Tariffs and Trade. The organization mainly deals with the regulation of trade between participating countries by providing a framework for negotiating trade agreements and a dispute resolution process aimed at enforcing participants' adherence to WTO agreements, which are signed by representatives of member governments and ratified by their parliaments. In

2020, the WTO marked its 25th year of operation. The WTO comprises 164 members, with both Greece and the United States being members since its founding in 1995. The most recent members to join the organization are Yemen, which officially became a member of the WTO in June 2014; Seychelles, in April 2015; Kazakhstan, in November 2015; and Liberia and Afghanistan, both in July 2016. As of end 2021, some 23 accessions are in progress; these are Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Curaçao, Equatorial Guinea, Ethiopia, Iran, Iraq, Lebanese Republic, Libya, Sao Tomé and Principe, Serbia, Somalia, Sudan, Sudan, Syrian Arab Republic, Timor-Leste, and Uzbekistan. Its Trade Facilitation Agreement, which entered into force on February 22, 2017, has been ratified by 154 WTO members, as of the end of April 2019.

Today, the WTO accounts for 98% of global trade, compared to 91% in 1995. Among the WTO's objectives is improving the trade performance of member countries through the adoption of decisions by the General Council relating to agriculture, market access for non-agricultural products, services, trade-related aspects of intellectual property rights, trade and development, trade and transfer of technology, trade and environment, trade facilitation, and dispute settlement understanding.

What the WTO does:

- Trade negotiations
- Implementation and monitoring
- Dispute settlement
- Supporting development and building trade capacity
- Outreach

One of the most important responsibilities of the WTO is dispute resolution, which addresses a wide range of trade concerns and often touches upon global issues such as human health, renewable energy, conservation of natural resources, and, more recently, money laundering and tax evasion. The WTO has one of the most active international dispute settlement mechanisms in the world. Since its establishment in 1995, 610 disputes have been brought to the WTO and over 350 rulings have been issued. Just nine requests for consultations were filed in 2021 and five in 2020, compared to 19 in 2019 and 39 in 2018. Of the 610 disputes brought to the WçTO to date, 179 are currently in consultations and 32 are in the panel stage. The United States was part of one new dispute in the period 2020-2021, as a respondent in a complaint filed by China. The EU, on the other hand, has been part of five disputes in the period of 2020-2021, with one complaint filed against Russia, and with complaints filed against it by Turkey, Malaysia, Saudi Arabia, and Brazil.

Greece: Import & Export Review

THE EUROPEAN CUSTOMS UNION

Greece is a member of the European Union and the eurozone. All 27 European Union member states are part of the Economic and Monetary Union, and 19 are part of the single currency area as the eurozone. In addition, there also exists the European Union Customs Union (EUCU), which comprises all EU member states with Monaco and the British Overseas Territory of Akrotiri and Dhekelia, as well as a number of bilateral customs unions between the European Union and neighboring countries, namely Andorra, San Marino, and Turkey. No customs are levied on goods traveling within customs union members, while a common external tariff on all incoming goods is imposed. The United Kingdom withdrew from the EU on January 31, 2020, and the transitional period ended on December 31, 2020.

TOP IMPORT PRODUCTS AND PARTNERS

According to the WTO, Greece ranked 47th on imports with a share of 0.32% of total world imports, while at the commercial services ranking the country ranked 36th on exports with a share of 0.5% of total world exports. Although imports showed a significant decrease over the years of the economic crisis, a large proportion of them is connected to energy and fuels. However, as the economic climate recovered, domestic consumption took a stable upward trend in imports again. The impact of the global pandemic as well as the major drive to tap into the country's energy production have been key factors in shaping the country's imports profile over the past two years. Overall, on an annual basis, imports of goods decreased by 11.6%, or $7,039.2 million, amounting to a total of $53,864.4 million, compared to $60,903.6 million during the same period in 2019.

Imports can be divided into five general sectors as detailed by ELSTAT (2020):

- Agricultural products, amounting to $7,024.7 million, down 7.3% (or by $549.4 million) compared to last year (annual data)
- Raw materials, amounting to $1,119.3 million, down 6.9% (or $104 million) compared to last year
- Fuels, amounting to $11,029.8 million, down by an impressive 34.4% (or $5,795.4 million) compared to last year
- Industrial supplies and products, amounting to $34,290.8 million, down 1.2% (or $400 million) compared to last year
- Other products, amounting to $112.5 million, down considerably by 62.8% (or $189.9 million) compared to last year

AGRICULTURAL PRODUCTS

The agricultural sector includes three general product categories. These are food and livestock, at $6,181.4 million (6.2%); beverages and tobacco, at $592.8 million (-19.4%); and oils and fats (vegetable and animal), at $250.5 million (0.8%). According to ELSTAT, agricultural products recorded an overall decrease of 7.3%, mainly due to the decrease in the volume of food and livestock by $409 million and in beverages and tobacco by $142.3 million compared to 2020.

RAW MATERIALS

Raw materials include non-edible and non-petroleum materials; they amounted to $1,406.5 million, down by 6.9%, or $104 million, since 2020.

FUELS

Fuels is the second largest import sector and includes three types of products: mineral products, fuels, and lubricants. Imports in the fuels sector recorded the largest decrease: -$5,795.4 million, or 34.4%, since last year.

INDUSTRIAL PRODUCTS

This is the largest import sector (63.9% of the total) and includes four categories: chemicals at $11,094.1 million (up 17.1%), industrial supplies at $6,424.1 million (-4.9%), machinery and transport products at $10,760.3 million (-5.4%), and misc. industrial products at $6,012.3 million (-15.2%). Products in this category recorded a decrease of $400.6 million (1.2%) between 2019 and 2020.

OTHER PRODUCTS

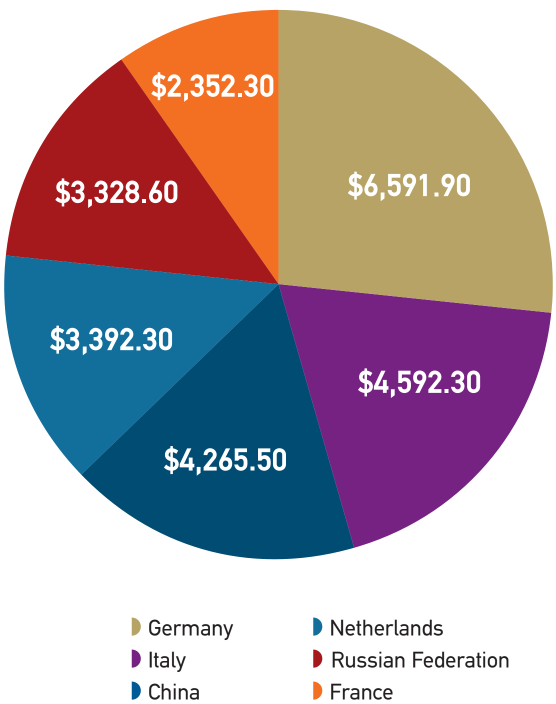
This sector includes products not classified in other sectors or categories and amounted to $112.5 million. Other products recorded the largest increase of Greek imports, about 62.8% in comparison to 2019.

MAJOR IMPORT PARTNERS

Imports to Greece are related to the country's membership in the European Union, which is a single market. More than 45% of products imported to Greece arrive from members of the European Union, while imports from the Balkan area are also significant. Some Greek companies operate in or have moved to Balkan countries to reduce overheads. According to ELSTAT, Greece's major import partners are:

- Germany ($6,591.9 million, down 0.6% since 2019)
- Italy ($4,592.3 million, down 7.2% since 2019)
- China ($4,265.5 million, down 6.2% since 2019)
- Netherlands ($3,392.3 million, up 11.4% since 2019)
- Russian Federation ($3,328.6 million, down -27.2% since 2019)
- France ($2,352.3 million, down 10.4% since 2019)

Figure: Major Greek Import Partners in million USD



Source: ELSTAT, processed by Directory Team 2022

INTERESTING STORIES

Trade partnerships in Greek imports remained relatively stable regarding the country of origin of the imported products, but significant changes have been recorded in the monetary value of trade over the last year. The United States, a major player in world trade, lost its share of Greek imports by 18.8% (or $258) million while Ireland doubled its share (up by 105.9% or $1,023.8 mil). Germany increased its share by 1.4% and accounted for 12.2% of total imports in Greece. Similarly, Italy increased its share by 0.4% and currently stands at 8.5% of the total. The Netherlands also increased their share by 1.3% and account for 6.3% of the total, while the Russian Federation lost 1.3% of their share. According to ELSTAT data, the most interesting variations in terms of volume were with Venezuela (up by 3392.0%), St Vincent (up by 1050.8%), Yemen (204.4%), Montenegro (up by 201.7%), Gibraltar (up by 198.2%), and Kyrgyzstan (up by 135.6%). Although these impressive increases demonstrate the success of new markets, the change in monetary value is also of high importance. To that point, Ireland increased its share by $1,023.81 million, Algeria by $268.58 million, the Netherlands by $268.58 million, Azerbaijan by $149.1 million, Poland by $52.2 million, Brazil by $49.8 million, and Luxemburg by $30.85 million. On the other hand, the most impressive decreases were Libya (down by 91.4%), Armenia (down by 83%), Nigeria (down by 72.2%), and South Korea (down by 60.1%). In monetary terms, imports from Iraq contracted by $2,818.02 million, Russia by $1,243.16 million, Libya by $614.84 million, and South Korea by $415.84 million.

TOP EXPORT PRODUCTS AND PARTNERS

Greek exports have started to pick up over the last few years due to a variety of reasons, from reforms to increase competitiveness to the efforts of Greek businesses and entrepreneurs to adopt extroversion and expand their trading regions outside the EU. Overall, Greece's integration in global value chains is low due to insufficient investment in human and knowledge-based capital, low inward FDI, the small size of enterprises and low industrial output. On the other hand, positive developments in recent years indicate that exports have led the expansion, and labor market reforms have improved competitiveness, which in combination with rising external demand is boosting exports, though productivity growth remains weak.

Exports, just like imports, can be divided into five general categories, according to ELSTAT:

- Agricultural products, amounting to $7,486.9 million, up 13.7% (or $902 million) compared to last year (annual data)
- Raw materials, amounting to $1,423.3 million, down 13.1 % (or $214.6 million) compared to last year
- Fuels, amounting to $7,652.9 million, decreased considerably by 35.9% (or $4,289.8 million) compared to last year
- Industrial supplies and products, amounting to $17,476.4 million, up 4.8% (or $804.9 million) compared to last year
- Other products, amounting to $521.7 million, down 12.3% (or $73.4 million) compared to last year

AGRICULTURAL PRODUCTS

The agricultural sector recorded an increase of $902 million. It includes three general product components: food and livestock, at $5,952.4 million; beverages and tobacco, at $895.6 million; and oils and fats (vegetable and animal) amounting to $638.8 million. In 2020, oils and fats increased by 38.6% against their value in 2019 while food and livestock decreased their volume by $656.2 million, or 12.4%, which accounts for 72.7% of the total increase in the category.

RAW MATERIALS

Raw materials include non-edible and non-petroleum materials; they amounted to $1,423.3 million. The raw materials category recorded a decrease of 13.1% since 2019.

FUELS

Fuels had been the largest category in terms of value in Greek exports in the past, but due to fuel price volatility and changes in labor costs and structural boundaries, it has retreated to second place. Minerals, fuels, and lubricants have recorded a large decrease of 35.9% over the last year, which is $4,289.8 million in monetary value.

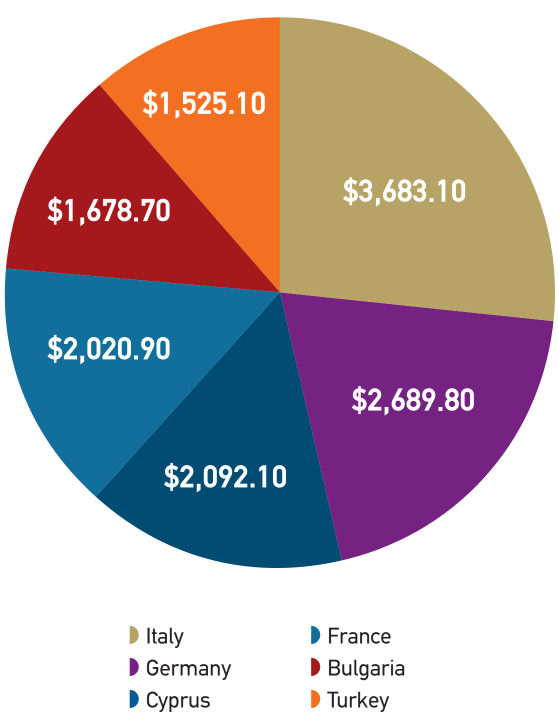
INDUSTRIAL PRODUCTS

Industrial products includes four product subcategories: chemicals, amounting to $5,689.1 million (increased by 25.3%); industrial supplies, amounting to $5,475.6 million (decreased by 1.3%); machinery and transportation products, amounting to $3,634.1 million (increased marginally by 4.6%); and various industrial products, amounting to $2,677.6 million (decreased by 13.8%). In general, industrial product exports recorded a narrow increase of 4.8 % over 2019.

OTHER PRODUCTS

Other products includes products not classified in other sectors or categories and amounts to $521.7 million, decreased by 12.3% (or $73.4 million) compared to 2019.

Figure: Major Greek Import Partners in million USD



Source: ELSTAT, processed by Directory Team 2022

MAJOR EXPORT PARTNERS

The majority of Greek exports are directed towards the 27 countries of the European Union—56.9% of total exports. In addition, the total value of products exported to the EU (27) increased by 1.5% over the last year. Exports to North America (Canada, the U.S., and Mexico) decreased by 10.1% while in South America the decrease was 50.3% (the volume towards South America is relatively low in comparison to North America). Exports to the Middle East and North Africa decreased (by 29.3%) while increases were recorded in exports to Asian countries (10.9%) and Oceania (7.2%). In terms of monetary value, Greece's major export partners are:

- Italy ($3,683.1 million; down 9.9% since 2019; deficit of $909.3 million)
- Germany ($2,680.8 million; up 6.3% since 2019; deficit of $3,911.1 million)
- Cyprus ($1,707.1 million; down 2% since 2019; surplus of $1,710.5 million)
- France ($2,020.9 million; increased considerably by 52.6% since 2019; deficit of $331.4 million)
- Bulgaria ($1,678.7 million; down 4.1% since 2019; deficit of $108.5 million)
- Turkey ($1,525.1 million; down 31% since 2019; deficit of $242.7 million)

INTERESTING STORIES

Relative to imports, the exports account recorded significant changes in comparison with previous years on a country level. Important positive changes were recorded in exports to Taiwan (up by 190.8%), South Korea (up by 115%), Croatia (up by 91.4%), Japan (up by 90.1%), Chile (up by 85%), Pakistan (up by 62.5%), and Libya (up by 59%). On the other hand, major decreases were recorded in bilateral trade with Tajikistan (down by 87.3%), Turkmenistan (down by 81.7%), Brazil (down by 73.7%), Venezuela (down by 71.4%), Bahamas (down by 60.2%), Saudi Arabia (down by 59.6%), and Syria (down by 57.7%). The U.S. ranks first in the world in imports and received a variety of Greek goods. It is indicative that the Greek- U.S. trade runs on a surplus for Greece and impressively increased in volume by 55.5% during 2015; then followed a decrease of 17.5% in 2016 and of an additional 6.3% in 2017. Exports performance took an upward trend during 2018, when exports stood at $1,032.4 million, increased by 25.8%. During 2019, exports to the USA recorded a minor decrease of 2.5% or $29.2 million, and in 2020, exports to the USA stood at $1,295.5 million, decreased by 11.3%. In 2015, the USA was the sixth major export partner for Greece, a position which it retained in 2016 but lost to Lebanon in 2017, remained unchanged in 2018, and rebounded in 2019. The trade balance between Greece and the United States for 2018 stood at $211.4 million, a surplus for Greece, but contracted to $57.9 million in 2019. Data for 2020 reveal a continuation in the surplus trend for Greece, which stood at $183.9 million.

Greece: Surpluses and deficits by category, in million USD

	EXPORTS	IMPORTS	SURPLUS/(DEFICIT)
Agricultural Products	**$7,486.9**	**$7,024.7**	**$462.2**
Foods and Livestock	$5,952.4	$6,181.4	($229.0)
Beverages and Tobacco	$895.6	$592.8	$302.8
Oils and Fats (vegetable and animal)	$638.8	$250.5	$388.3
Raw materials	**$1,423.3**	**$1,406.5**	**$16.8**
Raw materials non-edible and non-petroleum	$1,423.3	$1,406.5	$16.8
Fuels	**$7,652.9**	**$11,029.8**	**($3,377.0)**
Fuels	$7,652.9	$11,029.8	($3,377.0)
Industrial products	**$17,476.4**	**$34,290.8**	**($16,814.4)**
Chemicals	$5,689.1	$11,094.1	($5,405.0)
Industrial Supplies	$5,475.6	$6,424.1	($948.5)
Machinery and Transportation products	$3,634.1	$10,760.3	($7,126.2)
Various industrial products	$2,677.6	$6,012.3	($3,334.7)
Other products	**$521.7**	**$112.5**	**$409.2**
Other products not classified	$521.7	$112.5	$409.2
Total	**$34,561.2**	**$53,864.4**	**($19,303.2)**

Source: ELSTAT, processed by Directory Team 2022

EXPORTS TO THE U.S.

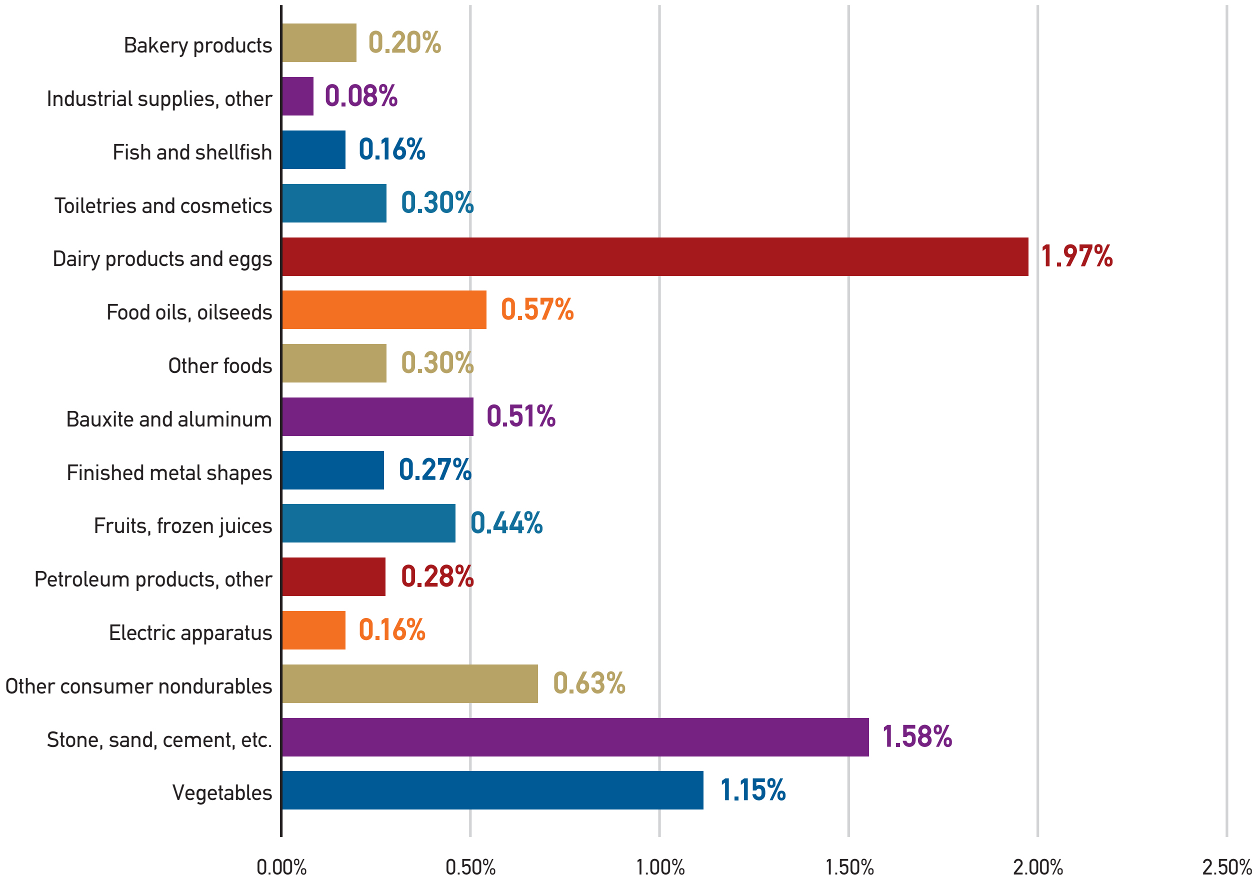
DEVELOPMENTS OVER THE PAST 15 YEARS

Exports to the United States had reached over $1 billion in 2007, the year that the global economic crisis began to reveal itself. Starting in 2008, Greek exports of goods experienced a gradual decrease of 33.16% until 2010. In 2011, exports of goods to the U.S. amounted to $865.4 million, followed by a slight increase of $121.5 million in 2012. The following year, exports to the U.S. recorded a minor decrease of 3.4%, or $32 million, in comparison with the same period in 2012. A decrease was also recorded in 2014 (full year) where exports amounted to $1,089.5 million, translating into a loss of $150.9 million. In 2015, despite capital controls and facilitation obstacles related to political instability, exports to the USA recorded an increase of 29.2% (January to December), or $312.9 million. Data up to September 2016, revealed a break in the upward course of Greek exports to the USA, having recorded a decrease of 17.4%, for $160.7 million, but Greece gained its lost ground in 2017 with a 6.90% increase. In 2018, U.S. exports to Greece rounded up to $1,084.1 million while imports from Greece amounted to $1,605.8 million. In 2019, exports to Greece stood at $1,442.3 million while imports stood at $1,512.9. According to Census.gov, data until October 2020 reveal that exports stood at $1,172.7 million while imports from Greece stood at $1,080.1 million. The bilateral trade balance with the U.S. recorded surpluses of $425.76 million in 2014, $723.4 million in 2015, $324.2 million until August 2016, and yet another of $481.2 in 2017. For the year 2018 (seasonally adjusted), the trade surplus for Greece climbed to $521.6 million (Source: U.S. Census Bureau), and for 2019, the surplus for Greece stands at $70.6 million (exp: $1,442.3, imp: $1,512.9). In 2020, partially due to the pandemic crisis and the decline of economic activity, the U.S. recorded a surplus of $92.6 million. These surpluses for Greece were the first over the last decade, leading to the conclusion that the bilateral trade balance with the U.S. goes from strength to strength.

TOP 15 PRODUCTS EXPORTED

Greece currently ranks 68th among U.S. import partners, which is a major advancement in comparison with 2012 when it ranked 81st among 236 countries listed, per CIF. In total, Greek exports constituted 0.044% of total U.S. imports in 2014, 0.061% in 2015, 0.047% in 2016, and 0.056% until September 2017, but given the size and the scale of imports taking place in the U.S., this should be regarded as an opportunity rather than a limitation. Full year data for 2018, Greece ranked 80th as USA export partner with a share of about 0.07% on U.S. exports (down three positions) while as an import partner, Greece ranked 68th with a share of 0.06% on U.S. imports (up two positions). Greece's placement on the ranking did not change significantly, and according to the latest data (December), the country ranked 73rd in terms of exports (0.1% of total U.S. exports) and 68th in terms of imports (0.2% of total U.S. imports). According to

Figure: Percent of Total U.S. imports by Item Category



Source: Census Bureau, processed by Directory Team 2022

the U.S. Census Bureau, there are 126 products or categories imported from Greece (five-digit end-use codes) from all six sectors examined in U.S. imports archives.

The top 15 products in terms of value constitute 77.2% of total Greek exports to the U.S. for 2021:

- Vegetables, with a total of $195.3 million, increased by $17.2 million in 2021 (+9.7%)
- Stone, sand, cement, etc., with a total of $127.5 million, increased by $34.5 million in 2021 (+37%)
- Other consumer nondurables, with a total of $114.4 million, increased by $9.4 million in 2021 (+9%)
- Electric apparatus, with a total of $114.2 million, increased by $58.8 million in 2021 (+106.3%)
- Petroleum products, other, with a total of $$113.7 million, increased by $20.4 million in 2021 (+21.9%)
- Fruits and frozen juices, with a total of $103.5 million, increased by $21.9 million in 2021 (+26.9%)
- Finished metal shapes, with a total of $95.3 million, increased by $37 million in 2021 (+63.6%)
- Bauxite and aluminum, with a total of $90.3 million, increased by $36.1 million in 2021 (+66.5%)
- Other foods, with a total of $69.7 million, increased by $2.3 million in 2021 (+3.4%)
- Food oils and oilseeds, with a total of $51.2 million, increased by $8.6 million in 2021 (+20.3%)
- Dairy products and eggs, with a total of $49.7 million, increased by $12.7 million in 2021(+34.3%)
- Toiletries and cosmetics, with a total of $43.9 million, increased by $20.7 million in 2021 (+89%)
- Fish and shellfish, with a total of $43.5 million, increased by $17.7 million in 2021 (68.5%)
- Industrial supplies, other, with a total of $35.7 million, increased by $2.2 million in 2021 (+6.4%)

TEN YEAR ANALYSIS

Based on data collected for the last ten years Vegetables appear to have been the most important product category of Greek products exported to the USA, standing at 18.3%. Other products with significant values include other consumer nondurables (13.7%), stone, sand, cement, etc. (12%), electric apparatus (11.80%), and bauxite and aluminum (9.2%).

	COMMODITY	2021 VALUES IN MILLION USD	10-YEAR SUM	%
1	Vegetables	$195.3	$1345.9	18.3%
2	Stone, sand, cement, etc.	$127.5	$882.5	12.0%
3	Other consumer nondurables	$114.4	$1009.6	13.7%
4	Electric apparatus	$114.2	$506.4	6.9%
5	Petroleum products, other	$113.7	$406.3	5.5%
6	Fruits, frozen juices	$103.5	$501.1	6.8%
7	Finished metal shapes	$95.3	$451.5	6.1%
8	Bauxite and aluminum	$90.3	$680.0	9.2%
9	Other foods	$69.7	$223.7	3.0%
10	Food oils, oilseeds	$51.2	$334.6	4.5%
11	Dairy products and eggs	$49.7	$261.6	3.6%
12	Toiletries and cosmetics	$43.9	$99.9	1.4%
13	Fish and shellfish	$43.5	$334.9	4.5%
14	Industrial supplies, other	$35.7	$221.4	3.0%
15	Bakery products	$30.1	$103.8	1.4%

Source: Census Bureau, processed by Directory Team 2022

GREEK PRODUCT READINESS

While the performance of most product/goods categories can change within a calendar year in response to changing demand in the U.S. market, metrics pertaining to the ability of Greek products to respond to increases in each imports category are worth examining. By comparing the increases and decreases in each of the 16 categories, it was found that increases in imports in particular categories had a positive impact on Greek exports, suggesting that Greek products were competitive enough and ready enough to satisfy the increasing demand and, in some cases, the increasing consumption in the United States. Following a cumulative decrease of 8% in 2019 and 2020 due to pandemic, total U.S. imports in 2021 grew by 21.3%, while the general bilateral trade between the two countries decreased by 22.48%; specific products, however, managed to improve their position and gain a larger share of U.S. imports. Indicatively:

U.S. imports in dairy products and eggs grew by $325.2 million, with imports from Greece increasing by $12.5 million, suggesting that 3.9% of the increased demand was covered by Greek products.

U.S. imports in stone, sand, cement, etc. grew by $1,878.9 million, with imports from Greece increasing by $34.5 million, suggesting an increase in the share of Greek products by 1.83%.

U.S. imports in vegetables grew by $1,204.2 million, with imports from Greece increasing by $17.2 million, suggesting that 1.43% of the increased demand was covered by Greek products.

U.S. imports in toiletries and cosmetics grew by $2,234.5 million, with imports from Greece increasing by $20.7 million, suggesting that 0.93% of the increased demand was covered by Greek products.

U.S. imports in fruits, frozen juices grew by $2,234.5 million, with imports from Greece increasing by $21.9 million, suggesting that 0.69% of the increased demand was covered by Greek products.

U.S. imports in finished textile supplies grew by $930.2 million, with imports from Greece increasing by $6.3 million, suggesting that 0.68% of the increased demand was covered by Greek products.

U.S. imports in bauxite and aluminum grew by $6,690.6 million, with imports from Greece increasing by $36.1 million, suggesting that 0.54% of the increased demand was covered by Greek products.

GREEK EXPORTS AND U.S. HOUSEHOLD CONSUMPTION

U.S. household consumption can be regarded as an indicator of the potential or the margin that Greek products can extend to. According to the Bureau of Labor Statistics (September 2021), the average U.S. household income was $84,352, with average annual expenditures, at $61,334. On average, $4,942 was spent on food at home and $2,375 on dining out. Of that $4,942, $1,075 was spent on meat, poultry, fish and eggs; $474 was spent on dairy products; $977 on fruits and vegetables; and $1,776 on other food at home. Expenses for fuels, gas and utilities were $4,158, while expenses for household furnishing and equipment were $2,346. The impact of U.S. household expenditures on Greek exports becomes clearer once one considers that an average American family spends over $7,288 per year on products that are included among the top 16 Greek products exported to the U.S. Thus, the potential of having at least one Greek product in every American home can become an incentive rather than just statistical data.

GREEK PRODUCTS THAT CAN BE FURTHER DEVELOPED IN THE U.S.

Although Greek exports to the U.S. show signs of improvement, there are products that record low volumes for a variety of reasons. According to the U.S. Census Bureau, products (five-digit end-use codes) such as copper (increased by 399.4%); engines-civilian aircraft (increased by 367.3%); cotton, natural fibers (increased by 353.6%); commercial vessels, other (increased by 251.7%); nontextile floor tiles (increased by 240.7%); chemicals-inorganic (increased by 185.1%); iron and steel products, n.e.c. (increased by 167.8%); iron and steel, advanced (167.8%); and semiconductors (increased by 172.3%) can be regarded as opportunities for development and further marketing and promotion. The increases in these products are indicative of increases in U.S. demand and/or business development, among other factors. On the other hand, significant decreases include fuel oil (-100%); railway transportation equipment (-96.4%); chemicals-fertilizers (-95.6%%); wool, silk, etc. (-95.6%); and computers (-86.3%). Arguably, the use of technology and access to information about the demand for several products, as well as the assistance of agencies and authorities such as agora.mfa.gr, the American-Hellenic Chamber of Commerce, and the Panhellenic Exporters Association could become the foundations for building solid promotional strategies in the future.

COMMODITY DESCRIPTION	2020	2021	YEARLY CHANGE	CHANGE IN VALUE	GAIN/LOSS
Dairy products and eggs	$37.0 M	$49.7 M	34.3%	$12.7 M	3.90%
Stone, sand, cement, etc.	$93.1 M	$127.5 M	37.0%	$34.5 M	1.83%
Vegetables	$178.1 M	$195.3 M	9.7%	$17.2 M	1.43%
Toiletries and cosmetics	$23.2 M	$43.9 M	89.0%	$20.7 M	0.93%
Fruits, frozen juices	$81.6 M	$103.5 M	26.9%	$21.9 M	0.69%
Finished textile supplies	$06.9 M	$13.2 M	92.5%	$6.3 M	0.68%
Military aircraft and parts	$13.9 M	$14.1 M	1.3%	$0.2 M	0.60%
Synthetic rubber--primary	$03.0 M	$07.3 M	142.7%	$4.3 M	0.59%
Bauxite and aluminum	$54.2 M	$90.3 M	66.5%	$36.1 M	0.54%
Leather and furs	$0.4 M	$1.1 M	157.9%	$0.7 M	0.51%
Bakery products	$20.0 M	$30.1 M	50.5%	$10.1 M	0.46%
Chemicals-inorganic	$4.5 M	$12.9 M	185.1%	$8.4 M	0.40%
Electric apparatus	$55.4 M	$114.2 M	106.3%	$58.8 M	0.36%
Other consumer nondurables	$105.0 M	$114.4 M	9.0%	$9.4 M	0.33%
Food oils, oilseeds	$42.6 M	$51.2 M	20.3%	$8.6 M	0.33%
Wine, beer, and related products	$10.7 M	$17.7 M	65.3%	$7.0 M	0.32%
Fish and shellfish	$25.8 M	$43.5 M	68.5%	$17.7 M	0.27%
Artwork, antiques, stamps, etc.	$11.0 M	$20.9 M	90.8%	$10.0 M	0.24%
Tobacco, waxes, etc.	$18.8 M	$23.8 M	26.5%	$5.0 M	0.23%
Numismatic coins	$03.6 M	$07.0 M	97.3%	$3.5 M	0.17%

Source: Census Bureau, processed by Directory Team 2022

U.S.: Import & Export Review

RECENT DEVELOPMENTS

Trade has always been grounds for collaboration and disputes. Practices and approaches between countries involve complex processes that do not necessarily comply with those of each trade partner country, leading to actions and policies that limit partnerships or the volume of trade between them. The impact of the Covid-19 pandemic and the various government responses to it since its outbreak in early 2020 has caused advanced economies to shrink by over 7%, with the Covid-19 recession triggering the fastest, steepest downgrades in growth projections among all global recessions since 1990. In such conditions, consumption-driven economies such as that of the United States were impacted and experienced sharp declines, including in international trade. However, as the pandemic impact began to ease, trade started to pick up and return to its previous levels and figures and rapidly bounced back in 2021.

TOP IMPORT PRODUCTS AND PARTNERS

The U.S. is the leading importer globally. Total imports of goods were $2,832,946 million, which is an impressive increase of 21.27% or $496 billion compared to 2020. Imports to the U.S. can be divided into six general categories, according to the U.S. Census Bureau (full year 2021).

Particularly:

- Foods, feeds, and beverages, with a total value of $182,111 million
- Industrial supplies and materials, with a total value of $649,214 million
- Capital goods, except automotive, with a total value of $762,812 million
- Automotive vehicles, parts and engines, with a total value of $347,413 million
- Consumer goods, with a total value of $766,739 million
- Other goods, with a total value of $124,657 million

FOODS, FEEDS AND BEVERAGES

Foods, feeds and beverages is the second lowest, in terms of total value, sector of U.S. imports, after the Other goods sector. Nevertheless, it includes 17 product categories. Products with the highest import value are fish and shellfish at $28 billion; fruits and frozen juices at $23.5 billion; other foods at $23.4 billion; vegetables at $16.9 billion; and bakery products at $10.6 billion. Overall, full year data show an increase in imports in the category by 18%, or $27.7 billion in monetary terms.

INDUSTRIAL SUPPLIES AND MATERIALS

Industrial supplies and materials was arguably the largest sector of U.S. imports until 2014, but recorded decreases over the past years. As of 2021, imports of industrial supplies and materials amount to $649,214 billion, having recorded an increase of 35.39%, or $169.7 billion. The category includes products related to energy, which has a major impact on the U.S. economy, and supplies important for U.S. industrial production, thus, any fluctuations may partly reflect increases or decreases in U.S. production. Important components of the industrial supplies sector are crude oil at $132.8 billion (7+3.8%); industrial supplies and others at $43.1 billion (+20%); petroleum products and others at $40.3 billion (+82.1%); finished metal shapes at $34.7 billion (-23.9%); chemicals-organic at $33.8 billion (+28.73%); other precious metals at $28.9 billion (+43.5%); fuel oil at $27.5 billion (+71%); and iron and steel mill products at $26.2 billion (+116.7%).

CAPITAL GOODS (EXCEPT AUTOMOTIVE)

Capital goods is currently the second largest imports sector given that the U.S. economy is largely consumption driven. It includes 32 product categories and has recorded an increase of $117.5 billion (or 18.22%). Products with high monetary value are computers at $100 billion (+12.23%); semiconductors at $69.6 billion (+19%); computer accessories at $69.6 billion (+22.8%); electric apparatus at $69.3 billion (30.3%); telecommunications equipment at $66.1 billion (12.94%); and industrial machines and others at $66.1 billion (18.3%).

AUTOMOTIVE VEHICLES, PARTS AND ENGINES

Automotive vehicles, parts and engines is another important sector of U.S. imports. In addition, European automotive products are considered luxurious in the U.S., and the national market is regarded as one of the best. The automotive vehicles sector recorded an increase of $36.8 billion (+11.85%) over the last year due to the large increase in Other parts and accessories of vehicles by $20 billion.

CONSUMER GOODS

Consumer goods is the largest import sector in terms of total value (27% of total imports). It includes 30 product categories and has recorded an increase of 19.82%, indicative of the bounce back in commercial activity following the pandemic. Among its highest components are pharmaceutical preparations at $171.2 billion (+4.94%); cell phones and other household goods at $121 billion (23.23%); apparel, textiles, non-wool or cotton at $55.5 billion (-10.4%); toys, games, and sporting goods at $57.2 billion (+41.1%); furniture, household goods, etc. at $47.6 billion (25.6%); apparel, household goods-cotton at $46.2 billion (+32.5%); and household appliances at $40.8 (+23.4%).

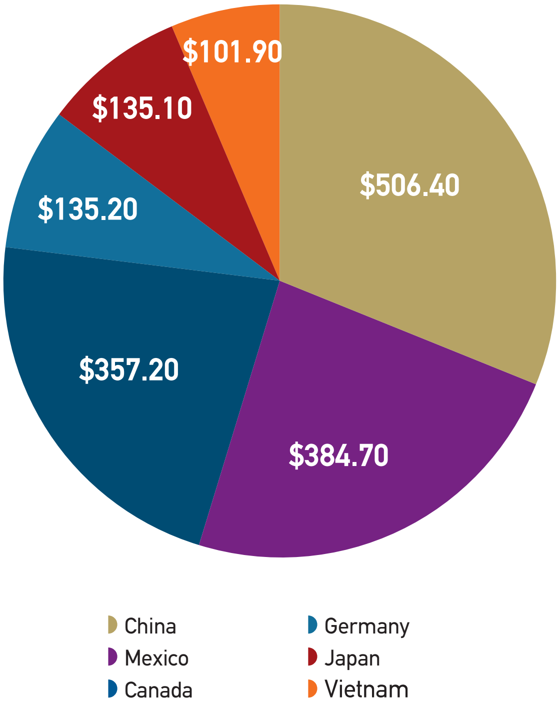
OTHER GOODS

Other goods are products and goods not classified in the above categories. They amount to significantly less than the other product categories and stood at $124.6 billion in 2021, having recorded an increase of 17.2% in comparison to 2020.

MAJOR U.S. IMPORT PARTNERS

As a leading importer, the U.S. has developed stable trade relations with a large number of countries. Imports arrive from nearly every corner of the world to supply the U.S. market with goods. The leading import partner of the U.S. is China, currently the largest exporter in the world, covering 17.9% of total trade or nearly $506.4 billion, increased by 16.47% or $71.6 billion in 2021 (Full Year data, U.S. Census Bureau). Mexico follows China with total imports amounting to $384.7 billion (13.6% of total), Canada with $357.2 billion (12.6% of total), Germany with $135.2 billion (4.8% of total), Japan with $135.1 billion (4.8%), and Vietnam with $101.9 billion (3.6% of total).

Figure: U.S. Major Import Partners (in billion USD)



Source: Census Bureau, processed by Directory Team 2022

TOP EXPORT PRODUCTS AND PARTNERS

Along with consumer spending and business investment, exports are considered factors that boost the economy of a country. U.S. exports of goods (by end-use category and commodity) had generally been on the rise during the last three years, according to the U.S. Census Bureau. Full year data for 2021 record an increase of 23.13%, or $329.6 billion, compared to 2020. Prior to 2010, exports were sometimes rising faster than imports. For example, in 2007, exports grew by 12.4% while imports grew only by 7.3%. The most recent slowdown of U.S. exports until 2015, by 17.9%, was in 2009, at the time when the financial crisis was in full force, but it proved to be temporary since exports recouped by 21% the following year. Just like imports, exports can be divided into six sectors:

- Foods, feeds, and beverages, with a total value of $165,244 million
- Industrial supplies and materials, with a total value of $635,558 million
- Capital goods, except automotive, with a total value of $519,606 million
- Automotive vehicles, parts and engines, with a total value of $143,603 million
- Consumer goods, with a total value of $222,082 million
- Other goods, with a total value of $68,485 million

FOODS, FEEDS AND BEVERAGES

This sector includes 18 general product categories and recorded an increase of $1.9 billion compared to 2020. The most important components of this sector are soybeans at $28.5 billion (+7.3%); meat, poultry at $25.1 billion (+1.05%); corn at $19.8 billion (+95.6%); other foods at $17.5 billion (12.2%); animal feeds, n.e.c. at $11 billion (+18%); nuts at $9.6 billion (3.9%); Fruits and frozen juices at $8.7 billion (+7%), and wheat at $7.4 billion (+15%). Data for full year 2020 by census indicate an increase in exports of the foods, feeds and beverages sector by 18.59% or $25.9 billion.

INDUSTRIAL SUPPLIES AND MATERIALS

Industrial supplies and materials is arguably the largest sector of U.S. exports in terms of monetary value and number of products. In 2021, the sector recorded an increase of 36.41%, or $169.6 billion. The category includes commodities related to energy, which has a major impact on the U.S. economy, and supplies important for U.S. industrial production; thus, any fluctuations may partly reflect increases or decreases in U.S. production. Important components of the industrial supplies sector are crude oil at $69.3 billion (+40.14%); petroleum products, other at $63.8 billion (+65.13%); plastic materials at $43.7 (+27.54%); gas-natural at $39.7 (+114.7%); chemicals-other at $39.1 billion (+18.55%); chemicals-organic at $33.9 (+28.7%).

CAPITAL GOODS (EXCEPT AUTOMOTIVE)

Capital goods contributes the second largest value in U.S. exports and prior to the pandemic the commodity category followed an upward trend. Following the Covid-19 disruption, it bounced back, amounting to $519.6 billion, which suggests an increase of $59.3 billion (or 12.87%). Products with high monetary value are industrial machines and others at $68.4 billion (+19.35%); semiconductors at $66 billion (+19.87%); electric apparatus at $42.8 billion (+12.32%); medical equipment at $39.8 billion (+8.59%), engines-civilian aircraft at $37.4 billion (-0.07%); and telecommunications equipment at $32.6 billion (+4.89%).

AUTOMOTIVE VEHICLES, PARTS AND ENGINES

Based on U.S. Census Bureau data, after growing in 2018 (standing at $121.3 billion, 2.93% increase on 2017) and 2019 (standing at $135.9 billion, 1.6% increase on 2018), the sector experienced a sharp drop of 24.3% (down $33 billion) in 2020 before rebounding again in 2021, standing at $143.6 billion, an increase of $15.6 billion (12.26%) over the previous year, mainly due to the increase in imports of passenger cars, new and used by $8.4 billion.

CONSUMER GOODS

Consumer goods is another sizeable sector of U.S. exports in terms of both contribution and product categories. It includes 25 general product categories and has recorded a significant increase of 27% or $47 billion in 2021 standing at $222 billion. Among its highest components are pharmaceutical preparations, at $83.4 billion (+40.75%); cell phones and other household goods, at $30.1 billion (+24.5%); gem diamonds, at $16.6 billion (+43.1%); toiletries and cosmetics, at $13.2 billion (+6.1%); toys, games, and sporting goods, at $10.8 billion (+33.4%); jewelry, etc. at $9.2 billion (+33.85%); and artwork, antiques, stamps, etc. at $8.7 billion (5.5%).

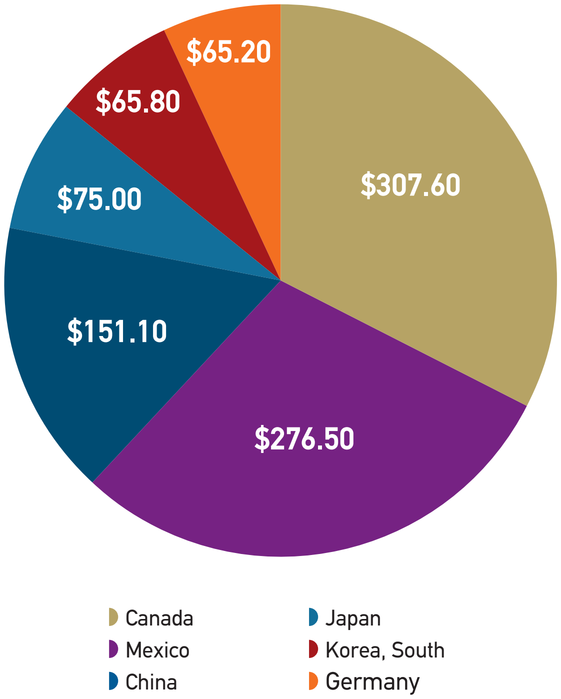
OTHER GOODS

Other goods are products and goods not classified in the above categories. They amount to significantly less than the other product categories, and stood at just $68.4 billion in 2021, having recorded a decrease of 20.78%, or $11 billion, in comparison to 2020.

MAJOR U.S. EXPORT PARTNERS

The U.S. export network consists of numerous bilateral and multilateral trade agreements. According to the U.S. Census Bureau 2021 annual report on the country's international trade in goods, the U.S.'s major export partners are Canada, with $307.6 billion (17.5% of total), followed by Mexico, with total exports of $276.5 billion (15.8% of total), China, with a total of $151.1 billion (8.6% of total), Japan, with $75 billion (4.3% of total), South Korea, with $65.8 billion (3.7% of total), and Germany, with $65.2 billion (3.7%). A year-on-year analysis suggests that the U.S. retains strong trade relations, and despite variations in volume, it appears that top exporters and importers held their position as top partners.

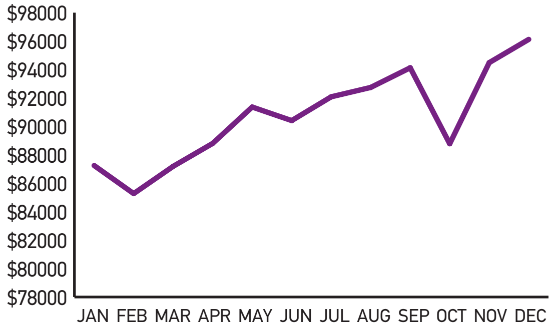
Figure: U.S. Major Export Partners (in billion USD)



Source: Census Bureau, processed by Directory Team 2022

BALANCES AND DEFICITS

For a consumption driven economy such as the United States, it is expected that imports grow faster than exports at an annual level, leading to deficits in the balance of trade. Based on U.S. Census Bureau data, the country's trade balance recorded consecutive deficits over the last three years. Specifically the deficit stood at $995.2 billion in 2019, increasing by 4.85% (or $48 billion) in 2020 and by a further 18.30% (or $191 billion) in 2021, standing at $1,234.5 billion. On average, the deficit tends to grow faster between November and December while data (2019, 2020, 2021) suggest that the pace slows down in October.



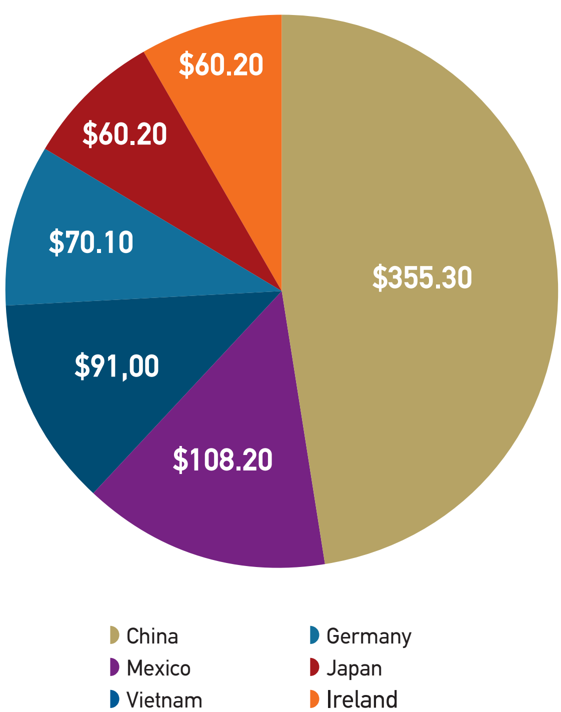
Source: Census Bureau, processed by Directory Team 2022

In terms of surpluses and deficits by country, U.S. Census Bureau data from December 2021 shows year-to-date surpluses and deficits (in billion USD) as follows:

RANK	COUNTRY	DEFICIT
1	China	$355.30
2	Mexico	$108.20
3	Vietnam	$91.00
4	Germany	$70.10
5	Japan	$60.20
6	Ireland	$60.20

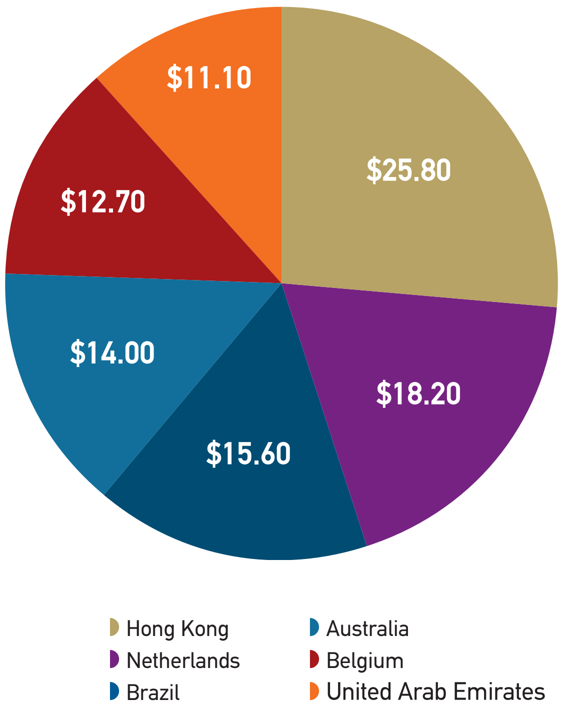
RANK	COUNTRY	SURPLUS
1	Hong Kong	$25.80
2	Netherlands	$18.20
3	Brazil	$15.60
4	Australia	$14.00
5	Belgium	$12.70
6	United Arab Emirates	$11.10

Top Trade Deficit by Country (in billion USD)



Source: Census Bureau, processed by Directory Team 2022

Top Trade Surplus by Country (in $billions)



Source: Census Bureau, processed by Directory Team 2022

U.S. TRADE IN ADVANCED TECHNOLOGY PRODUCTS

The production of advanced technology products requires research, development, state of the art facilities and infrastructure, a highly skilled workforce, and a stable economic climate. Furthermore, advanced technology products usually cross national borders and can shape the dynamics of both the local economy and its exports performance. The unprecedented scale and speed of technological advancements over the past decade is even greater than the rate of advancement during the Industrial Revolution, and key areas such as Silicon Valley attract international interest and record high investments. Indeed, Silicon Valley, whose name originally referred to the large number of silicon chip innovators and manufacturers in the area, is now home to many of the world's largest tech corporations, including the headquarters of 39 Fortune 100 businesses and thousands of startups. Indicatively, Apple Inc., Sun Microsystems, Oracle Corporation, Intel Corporation, Google, Cisco, Microsoft, and Hewlett-Packard are all based in Silicon Valley. Advanced technology products (ATP) constitute a large competitive advantage for the country's trade balance, and U.S. trade in this sector by technology group is an area of particular interest.

According to the latest data, the trade balance for the U.S. currently runs on a deficit of $197.1 billion. For 2021, ATP imports stood at $553.7 billion, while exports stood at

$356.6 billion. Imports increased slightly by 12.57%, while exports grew faster by 18.56%, leading to a deficit of 21.6% in total trade in advanced technology, partially as a result of lower labor costs abroad, especially in Asian countries. ATP imports from China stood at $151 billion, which is 27.2% of total ATP imports, while exports to China stood at $37.7 billion or 10.5% of total exports, creating a deficit of $113.3 billion. Deficits were also recorded in ATP trade with Ireland, Malaysia, Mexico, Taiwan, Thailand, South Korea, and Japan. On the other hand, surpluses were recorded in ATP trade with Canada, at $17.3 billion, Hong Kong, the United Kingdom, Brazil, Australia, and France. Overall, advanced technology products accounted for 19.55% and 20.33% of total imports and exports of goods respectively. In terms of deficit participation, the trade deficit of ATPs stood at 18.2% of the total deficit of goods trade.

Technology Group	2021			2020			% Change		
	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports
Total in millions	**-197,162**	**356,621**	**553,783**	**-191,179**	**300,782**	**491,961**	**-3.13%**	**18.56%**	**12.57%**
Advanced Materials	-494	3,233	3,727	18	2,763	2,745	-2844.44%	17.01%	35.77%
Aerospace (1)	55,352	90,935	35,583	43,823	82,922	39,099	26.31%	9.66%	-8.99%
Biotechnology	-21,465	40,802	62,267	-32,938	23,425	56,363	34.83%	74.18%	10.47%
Electronics	8,835	60,665	51,830	10,492	50,688	40,196	-15.79%	19.68%	28.94%
Flexible Manufacturing	11,014	25,947	14,933	6,977	19,943	12,966	57.86%	30.11%	15.17%
Information and Communications (1)	-206,059	91,698	297,757	-174,825	81,786	256,611	-17.87%	12.12%	16.03%
Life Science	-21,235	34,472	55,707	-24,123	30,912	55,035	11.97%	11.52%	1.22%
Nuclear Technology	-1,519	1,023	2,542	-897	1,137	2,034	-69.34%	-10.03%	24.98%
Opto-Electronics (1)	-23,018	5,112	28,130	-21,475	4,392	25,867	-7.19%	16.39%	8.75%
Weapons	1,427	2,734	1,307	1,769	2,814	1,045	-19.33%	-2.84%	25.07%

Source: Census Bureau, processed by Directory Team 2022

U.S. FOOD AND DRUG ADMINISTRATION (FDA)

The U.S. Food and Drug Administration (FDA) belongs to the Department of Health and Human Services of the United States. It is responsible for protecting public health by assuring that foods (except for meat from livestock, poultry and some egg products which are regulated by the U.S. Department of Agriculture) are safe, wholesome, sanitary, and properly labeled; regulating food additives and dietary supplements ensuring that human and veterinary drugs, and vaccines and other biological products and medical devices intended for human use are safe and effective; protecting the public from electronic product radiation; assuring cosmetics and dietary supplements are safe and properly labeled; and regulating the manufacturing, marketing, and distribution tobacco products. It is also responsible for advancing public health by helping to speed innovations that make medical products more effective, safer, and more affordable and by helping the public get the accurate, science-based information they need to use medical products and foods to maintain and improve their health.

In 2019, FDA began operational implementation of an agency reorganization. Today the FDA consists of the following organizational structures: Office of the Commissioner, with the Office of the Chief Counsel, the Office of the Executive Secretariat, the Office of the Counselor to the Commissioner, and the Office of Digital Transformation; the Center for Biologics Evaluation and Research; the Center for Devices and Radiological Health; the Center for Drug Evaluation and Research; the Center for Food Safety and Applied Nutrition; the Center for Tobacco Products; the Center for Veterinary Medicine; the Oncology Center of Excellence; the Office of Regulatory Affairs; the Office of Clinical Policy and Programs; the Office of External Affairs; the Office of Food Policy and Response; the Office of Minority Health and Health Equity; the Office of Operations; the Office of Policy, Legislation, International Affairs; the Office of the Chief Scientist, with the National Center for Toxicological Research; and the Office of Women's Health. Furthermore, the FDA has 19 Technical and Advisory Committees, one of which, the Medical Devices Advisory Committee, has 18 panels. The committees are either mandated by statute or established at the discretion of the Department of Health and Human Services and serve to provide functions that support the FDA's mission of protecting and promoting public health, by providing independent expert advice on scientific, technical, and policy matters. The Commissioner is appointed by the President of the United States with the advice and consent of the Senate, thus ensuring political and administrational collaboration.

The FDA's jurisdiction extends to all 50 States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, and other U.S. territories and possessions, but the FDA also plays an important role in U.S. international trade, with representation in Europe, China, Africa, Latin America, the Middle East, North Africa, Sub-Saharan Africa, and Asia-Pacific. Through liaising with its peers in other countries, it is mandated to contribute to reducing the burden of regulation, harmonizing regulatory requirements, and achieving appropriate reciprocal arrangements. It is also responsible for utilizing a variety of international agreements such as confidentiality commitments and memoranda of understanding and other cooperative arrangements. The FDA also recommends legislation, regulations, and policies applicable to imports and exports, as well as domestic and overseas inspections for compliance, fraud, and deterrence.

Doing Business in the U.S.

SETTING UP A BUSINESS IN THE U.S.

Setting up a business, whether in the United States or elsewhere in the world, involves planning, organizing, financial decision making, and legal actions, as well as interaction with state and/or federal authorities. Key to the success of business plans is access to reliable information in order to comply with a wide range of local, state and federal rules. In addition, both state and local government authorities provide a range of loans, incentives and special tax credits often related to job creation, energy efficiency, urban development and technology, while the federal government also offers incentives for businesses that contract with the government and are based in underutilized areas through the Historically Underutilized Business Zones (HUBZone) program. Looking at the U.S. specifically, due to the size of the market and the wide range of business operations taking place in the country, it is practical to use a general example of a company and describe the actions to be taken in broad categories. Below, we use a company with up to 50 employees and startup capital of around $500,000 as a generic example, although in most states there is either no minimum capital requirement or the startup capital required is very low.

The four fundamental actions to be taken are the following:

- Legal configuration of the business
- Registration of the business – "Doing business as…"
- Taxation and revenue registration (local and state)
- Licenses and permits

LEGAL CONFIGURATION OF A BUSINESS

The legal configuration of a business has to do with its legal entity status and influences everything from day-to-day operations, to taxes and how much of your personal assets are at risk. Choosing the right structure conveys a good balance of legal protections and benefits and depends mainly on the level of control you want to have over the business, personal liability and business vulnerability to lawsuits, and the financing needs. Given that legislation differs from state to state, decisions about the legal structure of the business as well as additional registration requirements depend partly on where the business is to be established and what type of business it will be. Furthermore, the initial choice of a business type is not permanent; for example, a sole proprietorship could change to an LLC if business and operations grow and expand. Generally, there are five broad types of businesses that have to register with the state government:

- Sole proprietorship
- Partnership
- Limited liability company (LLC)
- Corporation (C, S, B, Close, and Nonprofit)
- Cooperative

BUSINESS REGISTRATION – "DOING BUSINESS AS…" (DBA)

Once the type of legal entity is decided, it must be registered by its legal name with the state government. This name is then used on permits, government documents, applications for tax IDs, and licenses. In the case of sole proprietorships, the legal name is by default the full name of the proprietor. In the case of general partnerships, where the partnership has given a name to itself in a written partnership agreement, then that name is the legal name of the business; otherwise, a partnership's legal name consists of the last names of the owners outlined in the partnership agreement. In the case of limited partnerships, LLCs and corporations, the legal name of the business is the name registered with the state filing office.

In addition to the legal name, you may also wish to register a Doing Business As (DBA) name—also known as "fictitious business name" or "assumed business name" or "trade name." Your DBA may need to be registered with the state, county and/or city, and you may also need to publish it in a recognized publication, depending on where your business is located. You'll want to choose a business name that reflects your brand identity and doesn't clash with the types of goods and services you offer. Once you settle on a name you like, you need to protect it. There are four different ways to register your business name. Each way of registering your name serves a different purpose, and some may be legally required depending on your business structure and location:

- Entity name protects you at state level
- Trademark protects you at a federal level
- Domain name protects your business website address
- Doing Business As (DBA) doesn't give legal protection, but might be legally required

Each of these name registrations is legally independent. Most small businesses try to use the same name for each kind of registration, but you're not normally required to.

TAXATION AND REVENUE REGISTRATION

For a business to be operational — especially for employers with employees, businesses, corporations, and LLCs — it is mandatory to apply for and acquire federal tax ID and state tax ID numbers. The federal tax ID, also known as Employer Identification Number (EIN), is a unique nine-digit number assigned by the U.S. Internal Revenue Service that is needed in order for a business to pay federal taxes, hire employees, open a bank account, and apply for business licenses and permits. The state tax ID, assigned at state level, is needed for a business to pay state taxes and can also help protect sole proprietors against identity theft. There are three major types of taxes: income taxes, state taxes and employment taxes (state and federal). Employment taxes are required by state, while all states require state worker compensation insurance and unemployment insurance taxes. California, Hawaii, New Jersey, New York, Rhode Island, and Puerto Rico require businesses to pay for temporary disability insurance. In the case of 25% or more foreign ownership of U.S. corporations, the IRS requires a 5472 form to account for the nature of monetary transactions. In general terms, federal tax obligations are determined by the type of business entity and are subject to changes by the federal administration. Federal taxes include:

- Income tax
- Self-employment tax (social security and Medicare taxes)
- Estimated tax (a pay-as-you-go tax)
- Employer tax (such as withholding tax)
- Excise tax

TAX PERMIT

In most states, business owners need to register their business with a state tax agency and apply for the relevant tax permits. In states that collect sales tax, state sales tax permits allow businesses to collect and remit sales tax in the state.

LICENSES AND PERMITS

Most businesses need a combination of licenses and permits from both federal and state agencies, with requirements and fees varying based on business activities, location, size, and government rules. A business will need to get a federal license or permit if its activities are regulated by a federal agency. The licenses and permits needed from the state, county or city will depend on the business's activities and location, and industry requirements often vary by state. It is worth noting that states tend to regulate a broader range of activities than the federal government and that some licenses and permits expire after a set period of time and must be renewed regularly.

OPEN A BUSINESS BANK ACCOUNT & INSURANCES

Business bank accounts help businesses stay legally compliant and protected when conducting transactions related to revenue and payments, and provide benefits to both customers and employees. Common business accounts include checking accounts, savings accounts, credit card accounts, and merchant services accounts. Merchant services accounts allow the business to accept credit and debit card transactions from customers. Purchasing business insurance can help fill in the gaps to make sure both personal assets and business assets are fully protected from unexpected catastrophes. In some cases, businesses might be legally required to purchase certain types of business insurance. For example, the federal government requires every business with employees to have workers' compensation, unemployment, and disability insurance, while some states also require additional insurance. In addition to insurance required by law, several types of insurance cover other risks and unexpected costs of running a business; these include general liability insurance, product liability insurance, professional liability insurance, commercial property insurance, home-based business insurance, and business owner's policy.

OTHER AREAS OF IMPORTANCE

Businesses must comply with a range of different regulations and laws at the state and federal level depending on the sector in which they operate. In most cases, state regulations are in line with federal regulations, given that there are agencies responsible for every sector or group of sectors that operate nationwide. For example, regulations related to the food industry are imposed by the FDA and include specific requirements on ingredients, packaging, and labeling of the products. Most of the sectors in the U.S. are similarly regulated for products to become available on the market. In addition to safety regulations, there are advertising and marketing regulations that define the framework within which a product can be marketed, promoted and advertised. Those regulations are overseen by the Federal Trade Commission and include laws that govern labeling, promoting, and conducting product campaigns. Particular attention is given to health and environmental claims made by businesses, as well as to advertising to children.

THE U.S. SMALL BUSINESS ADMINISTRATION

The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, preserve free competitive enterprise, and maintain and strengthen the overall economy of the United States. It is the only cabinet-level federal agency dedicated to helping small businesses and provides counseling, capital, and contracting expertise. The SBA provides assistance to startups, microbusinesses, and underserved or disadvantaged groups, working with green businesses, home-based and/or online businesses; minority-owned businesses, veteran-owned businesses, women-owned businesses, and self-employed. It provides extensive information on planning, launching and growing businesses in the U.S.; helps businesses access capital with an array of financing options; supports entrepreneurial development through free counseling, low-cost training, and other initiatives; works with other federal departments and agencies to award 23% in prime contract dollars to small businesses; and leads advocacy on behalf of small businesses. For more information, visit www.sba.gov.