

International Trade *Update*

Strategic Alliances Help U.S. Firms Export

Partnerships between the Department of Commerce and the private sector are helping small and medium-sized companies to export. Here is a look at how one of these partnerships, with Federal Express, is working.

MAY 2006

The federal government provides a wide range of services to help both existing exporters and companies wishing to export. These services include information, matchmaking, financing, problem-solving, and an international network of trade specialists. But getting the word out about these resources can be a daunting challenge. It was in an effort to respond to this challenge that two years ago the Commerce Department began developing a series of partnerships with private-sector enterprises. The partnerships were seen as an additional way of reaching out to a wider universe of potential and existing exporters. These efforts are now beginning to bear fruit, as new clients are made aware of the U.S. government resources that are available to them.

Who are these private-sector partners? They include a diverse group of companies with which the Commerce Department has not traditionally engaged, such as delivery companies, banks, Web-based marketplaces, publishers, and trade associations. So far, agreements with the Commerce Department have been signed with Federal Express, the National Association of Manufacturers, PNC Bank, and eBay.

Each of these partnerships is based upon a number of core principles that are consistent with the department's mission: the recognition of the importance of exporting in today's global economy, a desire to harness the export potential of U.S. small and medium-sized businesses, and a commitment to market the export resources of the Commerce Department to the private-sector partners' clients.

The Federal Express Experience

One of the private-sector partners, Federal Express, was chosen in May 2004, after submitting a bid under a zero-dollar open procurement that was advertised through Federal Business Opportunities (FedBizOpps), the federal government's online procurement service. The company was chosen because of its existing client base, its international focus, and its ability to reach out to small and medium-sized businesses.



Commerce Department partner Federal Express prominently features the services of the U.S. and Foreign Commercial Service on its export Web page.

Under the agreement, Federal Express is obligated to market the programs and services of the Commerce Department's export promotion unit, the U.S. and Foreign Commercial Service, at no cost to the agency. The Commerce Department is not authorized to market Federal Express or its products.

Already, a number of marketing initiatives have been put in place by Federal Express. These include:

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INTERNATIONAL
TRADE
ADMINISTRATION

The Numbers of Exporting

97% the percentage of U.S. exporters that are small and medium-sized firms

95% the percentage of the world's consumers who are outside of the United States.

66% the percentage of U.S. exporters selling to only one market

For More Information

For more information about the partnership between the Commerce Department and Federal Express, visit www.export.gov and www.fedex.com.

- **Outreach events.** In 2005, some 75 Commercial Service client outreach events were supported by Federal Express. Select Federal Express clients that are currently exporters or wish to begin exporting are referred to the Commercial Service's USA Trade Promotion Client Development Unit for follow-up. Since the start of the partnership, over 120 marketing events have been staged, with more than 9,000 participants.

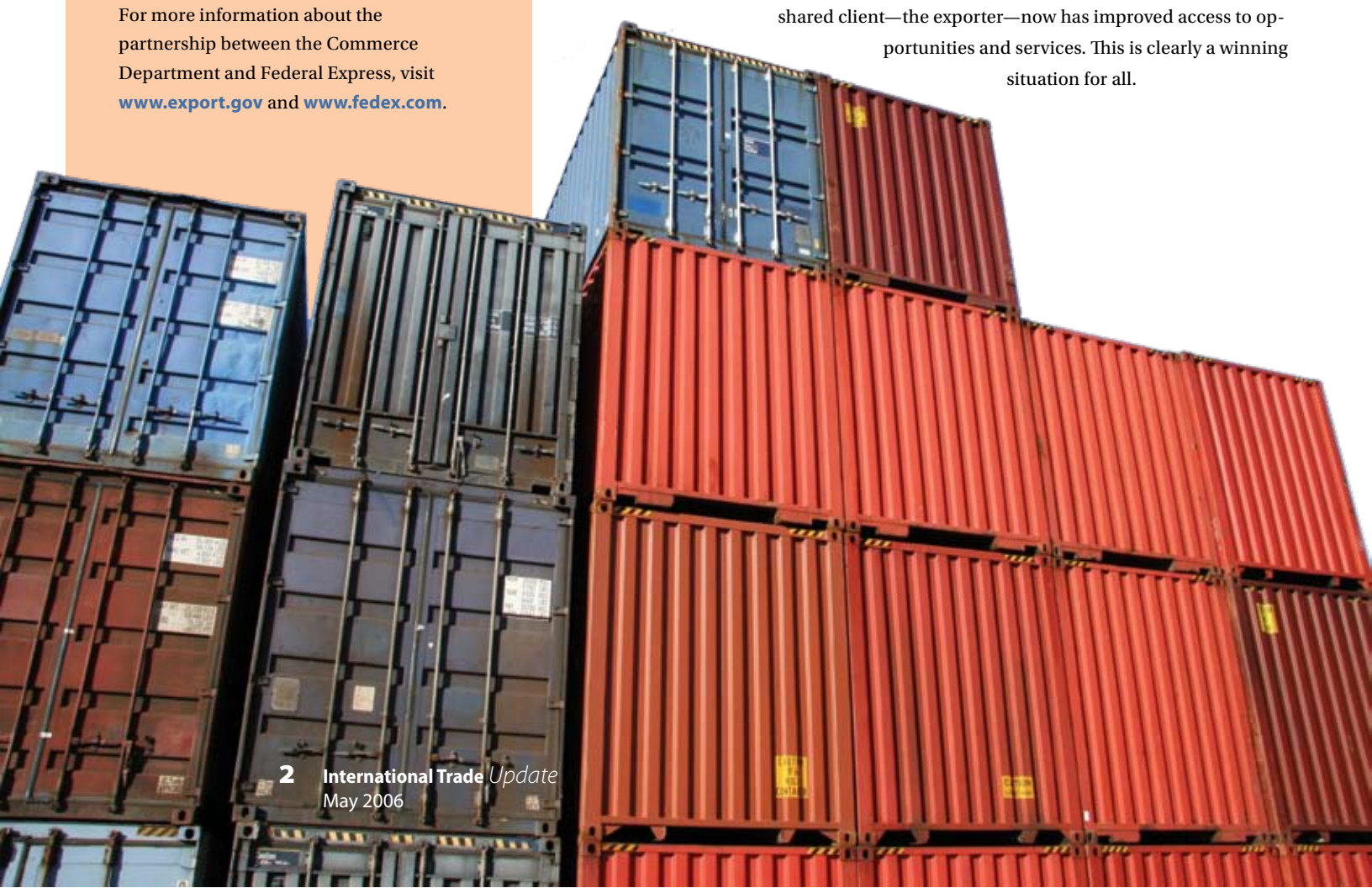
- **Communication and marketing.** In 2005, Federal Express' International eNewsletter, sent to almost 120,000 international shippers, promoted Commercial Service programs in several countries, including Australia, Canada, China, France, Germany, and the United States. Each issue of the newsletter now prominently features links to the Commercial Service's Web sites and services.

- **Training and education.** More than 4,300 Federal Express employees have been educated on the values of the partnership and how the Commercial Service can assist companies in developing their export business.

The Bottom Line: Better Outreach

By leveraging the unique strengths of both parties, these partnerships have enhanced the Commerce Department's export assistance efforts in a number of critical ways. First, the partners are bringing exporters, who may have been otherwise unaware of such services, to the U.S. government. Second, they raise the visibility of exporting as a business development strategy, thereby encouraging companies that could export but have not yet started to do so. Third, by using the sophisticated marketing and advertising capabilities of the private-sector partners, they amplify the outreach efforts of the Commerce Department.

The most important outcome of these partnerships, though, is that the shared client—the exporter—now has improved access to opportunities and services. This is clearly a winning situation for all.



Softwood Lumber Agreement Signed with Canada

A contentious dispute with Canada came closer to ending on April 27 with the signing of a framework agreement in Washington, D.C.

The beginning of a resolution to a dispute between the United States and Canada over trade in softwood lumber was set in motion on April 27, 2006, when U.S. Trade Representative Rob Portman, Canadian International Trade Minister David L. Emerson, and Canadian Industry Minister Maxime Bernier announced that the two countries had agreed on the core terms of an accord. The Import Administration and the Manufacturing and Services unit within the U.S. International Trade Administration (ITA) played a significant role in negotiating this agreement.

The agreement provides a framework within which a final agreement can be reached. When a final agreement is reached, the United States and Canada intend to end all litigation over the issue. The United States agreed to revoke antidumping and countervailing duty orders while the Canadian government agreed to put into place certain export measures that will be applied when the softwood lumber market slumps below US\$355 per thousand board feet. (Under current prevailing market conditions, there would be no restriction on Canadian softwood lumber exports.) Special measures will also be put in place to deal with surges in exports from individual Canadian provinces and third countries.

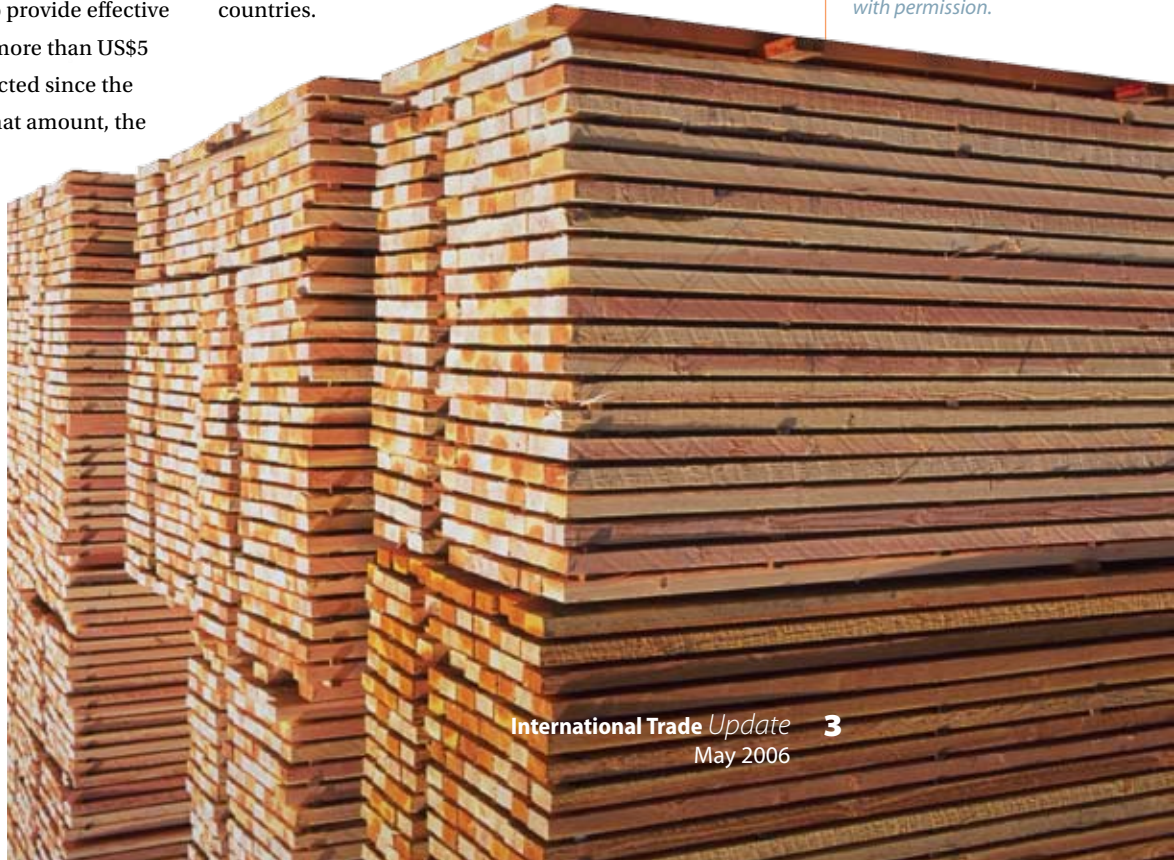
The agreement includes provisions to provide effective dispute settlement. It also details how more than US\$5 billion in duties, which have been collected since the dispute began, will be distributed. Of that amount, the United States will receive US\$1 billion, with 50 percent distributed to U.S. member companies of the Coalition for Fair Lumber Imports and the remainder to “meritorious initiatives in the United States as identified by the U.S. government in consultation with Canada” and a joint initiative benefiting the North American lumber market. The rest of the duties will be returned to the importers of record that initially deposited the duties.

“This agreement is in the best interest of communities and workers in both Canada and the United States,” said U.S. Secretary of Commerce Carlos M. Gutierrez, noting that “by allowing workers and industry on each side of the border to compete in a fair environment, the agreement will benefit consumers.”

This dispute over softwood lumber began in 2002 after the expiration of the 1996 Softwood Lumber Agreement between the United States and Canada. U.S. companies claimed that stumpage fees charged for lumber harvested on public lands in Canada were set at an artificially low level, which effectively (along with other Canadian governmental programs) created a subsidy. In response, the U.S. Department of Commerce imposed countervailing duties on lumber imported from Canada. The Commerce Department also imposed antidumping duties on Canadian lumber imports. The dispute was subsequently brought before North American Free Trade Agreement panels, the World Trade Organization, and the U.S. Court of International Trade.

Softwood lumber includes wood produced from trees such as spruce, fir, and pine. In 2005, imports of softwood lumber from Canada totaled US\$7.01 billion and accounted for some 3 percent of trade between the two countries.

Softwood lumber awaiting shipment. Photo © Softwood Export Council. Used with permission.



Opening Up the Chinese Government Procurement Market

The World Trade Organization's Government Procurement Agreement has opened opportunities for U.S. businesses in the 37 countries that have signed it. In April, China committed to begin the process of becoming the 38th country.

BY JOHN LIUZZI

For U.S. exporters, navigating foreign government procurement can be a challenge. In a given economy, purchases by the government can represent up to 15 percent of the country's total gross national product (GNP). This number equates to billions of dollars per year in potential opportunities for U.S. suppliers of goods and services. However, those markets can be as tough to crack as they are lucrative. Intense domestic pressure on governments to reserve procurements for their own suppliers combined with a lack of multilateral instruments to guarantee liberalization often results in suboptimal access for U.S. businesses. Although this scenario unfortunately typifies the environment with many of our trading partners, there is no country where the situation is as critical, while at the same time as hopeful, as China.

At the April 11, 2006, meeting of the U.S.-China Joint Commission on Commerce and Trade (JCCT) in Washington, D.C. (see the April issue of *International Trade Update*), China committed to commence formal consultations by December 2007 to join the Government Procurement Agreement (GPA) of the World Trade Organization (WTO). This movement represents a significant breakthrough. The U.S. government has been engaging China on this important, but seemingly elusive, goal for some time.

The Nature of the Government Procurement Agreement

The GPA is a so-called plurilateral WTO agreement, which means that acceptance of its terms is not compulsory upon accession to the WTO. Rather, a country must apply for membership and be accepted by the agreement's members to receive benefits. The 37 current GPA parties are mostly industrialized, developed nations.

Originally negotiated in the 1970s as part of the Tokyo Round, the current GPA is a product of the

Uruguay Round of WTO negotiations. It came into effect on January 1, 1996. Today, 37 countries have signed the agreement. The WTO has estimated that the non-defense procurement market covered by the agreement is in the range of hundreds of billions of dollars per year.

The GPA's purpose is to open up to competition as much of its membership's government procurement as possible to other members' suppliers. It is designed to make certain that the members' laws, regulations, procedures, and practices regarding government procurement are transparent and predictable, as well as to ensure that members do not protect domestic products or suppliers or discriminate against those of other GPA members. For GPA-covered procurements, national treatment and non-discrimination are the rule.

Initial Steps in a Long Process

Although China has committed to joining the GPA, the commitment is limited to formally beginning the GPA application process by tabling an initial market access offer covering only central government entities. Although this is a welcome start, it is only the beginning of a thorough consultation process that must be completed before China enters the agreement's membership.

Once an initial offer is tabled, GPA parties will bilaterally engage China on the scope of its proposed commitments. In addition to central-level government entities, China will need to offer coverage of subcentral entities and state-owned enterprises and services coverage at a level that is commensurate with current party coverage. Parties will also review China's implementing laws and regulations to ensure the Chinese government procurement system conforms to the GPA's substantive and procedural requirements for covered procurements.

There is no timetable for an accession. Only when a mutually agreed balance of concessions in coverage

is reached and when all GPA parties are satisfied that China can implement the agreement's requirements will the GPA Committee decide on China's membership. Upon accession, China will be required to guarantee national treatment for other parties' suppliers in all procurements covered by the GPA. In return, Chinese suppliers will receive the same treatment in other parties' covered procurements.

ITA's Role

The International Trade Administration (ITA) will play a critical role in work on China's GPA accession. Before the United States will consent to China's accession, it will seek a full-market access offer covering substantially all goods and services procured by central entities, subcentral entities, and—importantly—state-owned enterprises. The United States will also seek assurance that China's government procurement system fully meets the GPA's procedural requirements. Experts from several ITA units—Market Access and Compliance, Manufacturing and Services, and the U.S. and Foreign Commercial Service—will work to fulfill ITA's mission of creating economic opportunity for American workers and businesses by analyzing the Chinese government's procurement system, evaluating Chinese market access offers, and engaging Chinese government officials.

Accession by China to this agreement will not only open up a huge market to U.S. exports of goods and services, but also guarantee U.S. suppliers clear, enforceable rights when competing for Chinese government contracts covered under the agreement. The GPA accession process will also help to positively guide the direction of China's ongoing development of its government procurement laws and regulations, because the GPA generally requires covered government procurement to be conducted in a competitive, transparent, and predictable fashion. The procurement laws and regulations of GPA's parties embody those basic tenets.

John Liuzzi is an international trade specialist with ITA's Trade Compliance Center.

For More Information and Assistance

The Commerce Department's Trade Compliance Center (TCC) is the gateway to a range of U.S. government resources that monitor foreign compliance with trade agreements. U.S. businesses that encounter a foreign trade barrier or an unfair situation in a foreign market should visit the TCC's Web site at www.trade.gov/tcc for more information.

The TCC also provides links to Web sites that contain information on government procurement opportunities offered by foreign countries. For additional information about the Government Procurement Agreement, and to consult the accompanying exporter's guide, visit http://tcc.export.gov/Country_Market_Research/Global_Procurement/index.asp

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For more information and news, visit ITA's Web site at www.trade.gov or contact the Office of Public Affairs, International Trade Administration, 1401 Constitution Avenue NW, Washington, DC 20230; tel. (202) 482-3809.

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News from the International Trade Administration

Visit to India by Under Secretary Lavin Marks Continued Progress in Trade Relations

On May 2, 2006, Under Secretary of Commerce for International Trade Franklin L. Lavin met with Indian Commerce Secretary S. N. Menon in New Delhi to launch the renewed Commercial Dialogue between India and the United States. Originally established in 2000, the Commercial Dialogue serves as a mechanism for fostering discussion and addressing trade disputes between the two countries. The meeting took place because of a commitment made during President George W. Bush's February 2006 visit to India. (See the related article in the April 2006 *International Trade Update*.) The Commercial Dialogue will involve the private sector in addressing bilateral trade issues; foster progress in functional, cross-cutting areas, such as intellectual property rights and trade remedies; and refocus existing work on standards to address sectoral topics. "This elevated engagement marks recognition of the improving climate for business in India," remarked Lavin. "I would like to explore a roundtable on pharmaceuticals and a business mission under the aegis of the Commercial Dialogue."

While in New Delhi, Lavin also spoke to the American Chamber of Commerce in India. He later made a stop in Mumbai, where he announced the opening of a new commercial post in Calcutta and the appointment of commercial attachés for intellectual property and civil aviation. In June, an Indian trade delegation is scheduled to meet in Washington, D.C., to continue work on the Commercial Dialogue.



U.S. Under Secretary for International Trade Franklin L. Lavin (center) addressing American Chamber of Commerce (AMCHAM) members in New Delhi, May 1, 2006. Also seen in the picture are U.S. Chargé d'Affaires Robert O. Blake (left) and AMCHAM President Amrit K. Singh (right).

Regulatory Guide to Sales of Pre-owned Medical Devices Published

World markets are important for used equipment, such as clothing, automobiles, and medical equipment. But some of the most basic facts about those markets, such as their size, the best ones, and the national laws and regulations that affect such trade, are either nonexistent or difficult to find. In an effort to help U.S. exporters in the used medical devices market, the U.S. Department of Commerce compiles and periodically publishes a comprehensive listing of regulations governing this important and growing trade. On May 15, 2006, the sixth edition of *Global Import Regulations for Pre-owned (Used and Refurbished) Medical Devices* was published. The report is based on information from the International Trade Administration's worldwide network of in-country commercial analysts, and it offers detailed country-by-country entries for 105 markets. Each entry includes an in-depth discussion of the regulatory environment for imports of used medical equipment. Also noted are related topics—such as sanitary codes, customs valuations, and taxes—that may affect trade in used medical devices. Most market entries include lists of government and trade association contacts. Copies of the report are available for downloading as a PDF document from the International Trade Administration's Web site at www.trade.gov.

New Web Service Aids Tracking of Changing Foreign Technical Regulations

Want to know about pending changes in technical regulations in Brazil, South Korea, the United Kingdom, or any of the 148 nations that are members of the World Trade Organization (WTO)? Then sign up for "Notify U.S.," a service that was unveiled by the National Institute of Standards and Technology (NIST).

Notify U.S. is the successor to “Export Alert!,” the e-mail regulations notification system previously offered by NIST and the International Trade Administration. The new Web-based service offers a fast, comprehensive, global perspective on proposed technical regulations and conformity assessment procedures that might influence U.S. access to export markets. Notify U.S. provides users with access to notifications and to full texts of regulations issued by WTO members. In addition, users can monitor proposed changes across chosen countries and 41 fields of industrial or technical activities. They can also select a subset of fields. Users will receive e-mail messages informing them when proposed regulations are issued by countries or by fields of technical activity.

This new, free service is operated by NIST’s National Center for Standards and Certification Information (NCSCI). NCSCI is the nation’s designated “inquiry point” under the WTO Agreement on Technical Barriers to Trade. At the request of Notify U.S. users, NCSCI will secure the full text of a proposed regulation referenced in a notification.

To learn more—and to sign up—go to the Notify U.S. Web site at www.nist.gov/notifyus.

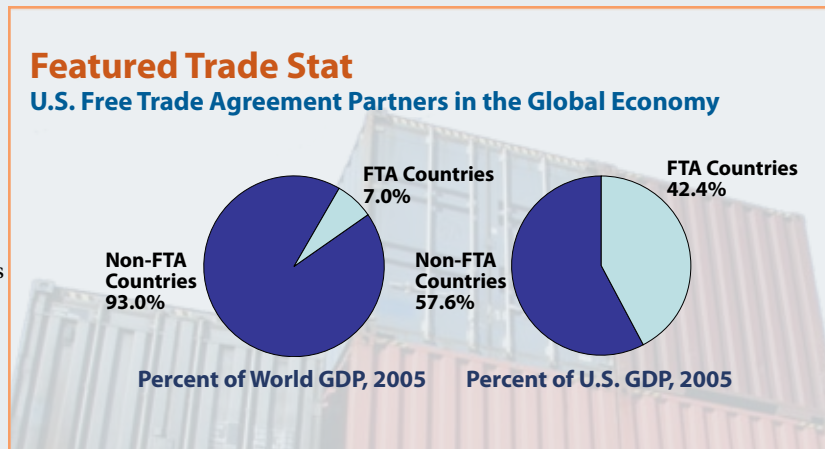
New Web Site Offers Guide to Electric Current Worldwide

Electric Current Abroad, a comprehensive guide to the many types of electrical current and hardware used around the world, has just been updated and re-released again as a Web site, *Electric Current Worldwide*. The print version of this popular reference resource has been published by the International Trade Administration since 1948 and was last updated in 1998.

For the 217 countries in the new publication, *Electric Current Worldwide* includes the following information:

- Listings of phases, voltage, wiring, frequencies, and much more, with regional variations noted

- Maps showing the distribution of current and wiring variations
- Photos and drawings of known plug and socket types
- A link to the Central Intelligence Agency’s *World Factbook* entry for each country



World GDP excludes the United States. GDP percentage shares are based on GDP figures on a Purchasing Power Parity (PPP) basis. Export figures are for U.S. total exports. FTA countries include all countries with free trade agreements, effective through 2005 (Australia, Canada, Chile, Israel, Jordan, Mexico, and Singapore).

For many years, the guide has proven to be a valuable resource for manufacturers and exporters of electrical devices and equipment, as well as for international travelers. The new edition is available online at <http://ita.doc.gov/td/industry/otea/ecw/>.

World Trade Week 2006

Calling free and fair trade, “a powerful engine for growth and job creation in the United States and in countries throughout the world,” President George W. Bush officially proclaimed World Trade Week 2006 in an announcement released by the White House on May 19.

World Trade Week is being observed this year from May 21 through 27. It was first observed in 1935, with a proclamation from President Franklin D. Roosevelt.

In his statement, President Bush noted the administration’s support of expanded free trade. “Since 2001,” he said, “my administration has concluded or implemented free trade agreements with 15 countries. We are working toward agreements with 14 additional countries, and we will continue to pursue further opportunities.”

Public events in observation of World Trade Week—including meetings, trade shows, and educational seminars—are scheduled throughout the country. For more information, go to www.worldtradeweek.com.

International Trade Calendar: June 2006

Here is a selected list of international trade events of interest, including ITA-sponsored events as well as a selection of upcoming international trade fairs. For a comprehensive listing of industry shows, visit www.export.gov.

June 3–9

InfoComm International 2006

Orlando, Florida

www.infocommshow.org

Some 25,000 attendees, including 5,000 international visitors from 80 countries, are expected to attend this show devoted to the professional audiovisual communications systems industry. For more information, contact Wake Margo of the USFCS, tel. (202) 482-2026; e-mail: wake.margo@mail.doc.gov.

June 8

IPR—Joint Enforcement Actions

This program is part of a continuing series of “Webinars” on the protection of intellectual property rights (IPR) in China. It is sponsored by ITA’s China office, and it begins at 2:00 p.m. Eastern time. For more information or to register, send an e-mail to chinaipr@mail.doc.gov

June 20–22

Intersolar Freiburg im Breisgau, Germany

www.solarpromotion.info

Intersolar is Europe’s premier showcase for solar technology. Some 440 exhibitors and 21,000 attendees are expected. For more information, contact Andrea Diewald of the USFCS, tel. +49 (341) 213-8431; e-mail: andrea.diewald@mail.doc.gov

June 5

Private Sector AGOA Forum

Washington, D.C.

www.africacncl.org

The Corporate Council on Africa will be conducting this one-day forum on the African Growth and Opportunity Act (AGOA), which will coincide with the 2006 AGOA Ministerial Forum. For information and registration, contact Kathleen Wells, tel. (202) 835-1115, e-mail: kwells@africacncl.org.

June 11–12

Cosmetología Tijuana 2006

Tijuana, Mexico

www.opec.com.mx

At least 15 U.S. suppliers of cosmetics and toiletries are expected to exhibit in the U.S. pavilion at the 11th annual Congress of Cosmetology in Tijuana. Last year’s event brought almost 3,500 business visitors. For more information, contact Judith Valdes of the USFCS, tel. +52 (664) 622-7495; e-mail: judith.valdes@mail.doc.gov.

June 27–29

Interphex Asia 2006 Singapore

www.interphexasia.com

This three-day show of pharmaceutical manufacturers is expected to attract some 150 exhibitors from 23 countries. A related two-day conference will precede it. For more information, contact Graylin Presbury of the USFCS, tel. (202) 482-5158; e-mail: graylin.presbury@mail.doc.gov.

June 6–7

AGOA Civil Society Forum

Washington, D.C.

www.bread.org/agoa

This two-day forum on African development issues has been organized by the NGO Coalition for the AGOA Civil Society Forum. Several sessions will focus on trade and market access issues and their effect on poverty reduction. Register online or, for more information, call (800) 822-7323, ext. 195, or send an e-mail to agoa@bread.org.

June 16

Frozen Fish Filets from Vietnam

www.trade.gov/ia

The Import Administration will announce the final results of an anticircumvention inquiry about frozen fish filets from Vietnam. For more information, contact Tim Truman, tel. (202) 482-5435; e-mail: tim.truman@mail.doc.gov.

June 28–30

SITL 2006 Guangzhou, China

www.sitl-china.com

This show for the logistics and shipping industry attracted more than 200 exhibitors from 15 countries last year, with 5,552 professional visitors. For information, contact Mara Yachnin of the USFCS, tel. (202) 482-6238; e-mail: mara_yachnin@ita.doc.gov.

On The Horizon

July 12

Ways to Finance Your Technology Exports Austin, Texas

www.fyiaustin.com

This seminar is cosponsored by the U.S. Export Assistance Center in Austin, Texas, and the International Center of Austin. For information, contact Karen Parker, tel. (512) 916-5939; e-mail: karen.parker@mail.doc.gov.

July 12–14

Automechanika 2006 Mexico City, Mexico

www.usa.messefrankfurt.com

Last year, this show, which focuses on the automotive aftermarket, had 16,788 verified attendees from 43 countries. For more information, contact Ernesto de Keratry of the USFCS in Monterrey, Mexico, tel. +52 (81) 8343-4450; e-mail ernesto.dekeratry@mail.doc.gov.

July 17–23

Farnborough International Air Show 2006

Farnborough, United Kingdom

www.farnborough.com

The 45th Farnborough International Air Show will feature more than 1,300 exhibitors with an expected attendance of about 133,000 trade visitors. For information, contact Deborah Semb of the USFCS, tel. (202) 482-0677; e-mail: deborah.semb@mail.doc.gov.