

Trade News

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TRADE NEWS is the monthly newsletter of the U.S. Commercial Service, U.S. Dept. of Commerce in South Carolina. It is distributed by email. To correct, add or delete an address, send complete contact information to the Columbia USEAC at the email address or fax # above.

Senior International Trade Specialist of U.S. Commercial Service's Columbia Office Retiring

- Jayne Woodward, Sr. International Trade Specialist in the Columbia U.S. Export Assistance Center, is retiring from the U.S. Commercial Service of the U.S. Department of Commerce, effective February 1, 2008. Jayne has worked in the Columbia office since 1975. In her position, she has provided one-on-one counseling to S.C. firms interested in developing export markets and has organized numerous international trade seminars, conferences and trade missions with state and local export promotion partners. She has also served as the Editor of the monthly newsletter, TRADE NEWS. Companies who have been working with Jayne should contact trade specialists in the Charleston or Greenville offices after February 1. See the office directory on this page for names, telephone numbers and email addresses.

South Carolina's Trade Mission to Tokyo, Japan - February 25 - 29, 2008

South Carolina-based companies are invited to join the U.S. Commercial Service and the South Carolina Department of Commerce as we lead a trade mission to Japan this winter. S.C. government officials and representatives from local research institutions will also participate to help promote South Carolina's efforts in Japan. This mission offers Gold Key Service one-on-one meetings arranged by the U.S. Commercial Service in Tokyo for firms looking to find distribution and representation partners in Japan, an official reception and a city tour. The registration fee is \$1,500 for 2 days of Gold Key Service meetings; spouses and/or additional company representatives can join for only \$350/person. Other costs including airfare, lodging and meals are estimated at \$3500/person (coach airfare, advance ticketing). For further information, please contact Gregory Guest, SC Department of Commerce, at (803) 737-0651, gguest@sccommerce.com, or Phil Minard, U.S. Commercial Service, at (843) 746-3404, phil.minard@mail.doc.gov.

India: New Validated End-User (VEU) Program - The U. S. Department of Commerce has announced the establishment of the Validated End-User (VEU) program for India, which will lift individual license requirements on the export of U.S.-controlled items to certain customers in India. A "Validated End-User" is a pre-screened company in India that meets the security requirements of a U.S. Government interagency review process to import certain U.S.-controlled items without individual licenses. For more information, go to <http://www.bis.doc.gov/usindiaexportrule.html>

Singapore: Fraudulent Credit Card Orders - Although Singapore is the 9th largest market for U.S. exports it is also increasingly being used by fraudulent operators for credit card scams. The orders normally range from U.S. \$5,000 to US \$30,000 and the "buyer" places the order via telephone or Internet email correspondence. Our office in Singapore has fielded a number of complaints. For more information, go to: http://www.buyusa.gov/singapore/en/warning_credit_card_fraud.html.

How the 2007 Harmonized System Revision Affects FTA Rules of Origin Issues - If you are confused over free trade agreement (FTA) rules of origin issues due to the 2007 Harmonized System (HS2007), you're not alone. To complicate matters, most, but not all, of the FTA rules of origin that allow preferential treatment are based on older versions of the HS and are still in the process of negotiations between the parties to the FTA to convert them to an HS2007 compatible version. The FTA and HS updates will likely cause confusion and may lead to errors in the issuance or use of required certificates of origin or certifications of origin. Go to: <http://www.buyusa.gov/southcarolina/currenttradeissues1.html> to read IOMA's article on this subject from the Sept 2007 edition of *Managing Imports and Exports*.

*The Staff of the U.S. Commercial Service Offices in South Carolina Wish
Our Clients and Partners a Happy, Prosperous New Year!*



NEW SERIES OF EXPORT FUNDAMENTALS WEBINARS - JANUARY, FEBRUARY, MARCH 2008

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Topics and Dates:

January 15, 2008: Classifying your Product for Import /Export (HS#) - Over 5,000 changes to the Harmonized Classification System became effective in February 2007. Are you classifying your product correctly? This web-based seminar offers a checklist for ensuring proper classification.

January 29, 2008: Free Trade Agreements and Rules of Origin - Free Trade Agreements (FTAs) can help your company enter and compete more easily in the global marketplace. Do you understand FTA Rules of Origin for your products? Do your products qualify? This web-based seminar will review how the Rules of Origin work, where to find them, how to interpret them and claim preferential treatment for NAFTA, CAFTA and other FTAs.

February 5, 2008: Incoterms 2000 -Transportation Obligations, Costs and Risks - Incoterms 2000 define seller-buyer responsibilities, costs and risks used in international sales of goods. Do you properly use Incoterms? This web-based seminar will profile all 13 Incoterms with an emphasis on minimizing your costs and risks as an exporter.

February 19, 2008: Export Documentation Fundamentals - Are you familiar with international trade terminology and the documents required to ship products overseas? During this web-based seminar, you will learn the roles that each party has in the export transaction, learn what documents are required to minimize the risk of delays, and identify the warning signs of high-risk exports.

March 4, 2008: Ensuring Payment for International Sales - Do you know how to safely get paid for an international sale? This web-based seminar will outline the common international methods of payment used in global trade, risk mitigation tools, and effects of UCP 600.

March 18, 2008: Increasing Your Global Sales Using the Internet - The Internet can be a powerful global marketing tool to showcase your company to a world of new customers. Are you harnessing the Internet's full potential for increasing export sales and reducing costs? This web-based seminar will outline techniques designed to help integrate Internet marketing into your company's international business development strategy.

Webinar: China Domain Name Strategies for US Exporters - January 22, 2008 - Has your company thought about registering a web address in China? Have you been approached by an Asia-based consultant offering to register your domain name in the PRC? Join this webinar to understand the value of a China domain name presence, how to get one and how to avoid trouble. This webinar, organized by the U.S. Commercial Service with support from the U.S. Patent and Trademark Office, is focused on educating small and medium-sized U.S. exporters on China Domain Name issues and strategies. The program will be conducted on Tuesday, January 22, 2008, from 10:00 -- 11:15 am EST. The registration fee is \$35 and you can participate right at your desk! To register, go to: <http://www.buyusa.gov/midwest/204.html>. Questions? Contact: julie.carducci@mail.doc.gov.



Did you know...

- The number of small- and medium-sized enterprises (SMEs- enterprises with fewer than 500 employees) that exported to China in 2005 totaled over 21,000 - up from approximately 3,000 in 1992.
- The American tourism industry benefits greatly from travelers from Asia. Visitation from Asia increased six percent in June, July and August 2007 and was up four percent year-to-date. Growth was driven by arrivals from China that increased 30 percent over the summer of 2007.
- In 2006, China was the United States' second largest trading partner globally and our largest in Asia, with bilateral merchandise trade of \$343 billion.
- The United States is already a leading source of Korea's imports, with an 11 percent market share. Despite close proximity to other competitive Asian economies such as China, Japan and the rest of the Asia Pacific group, the high quality and wide selection of competitively priced U.S. products provide U.S. exporters with a distinctive edge, one which will be enhanced under the tariff elimination provisions of the U.S.-Korea Free Trade Agreement.
- The U.S.-Panama TPA will be of particular benefit to U.S. small- and medium-sized businesses (SMEs). In 2005, U.S. SMEs exported \$775 million in merchandise to Panama, representing 40 percent of total U.S. exports to Panama—above the 29 percent SME share of U.S. exports to the world.
- Eighty-five percent of U.S. businesses exporting to Colombia in 2005 were small- and medium-sized businesses and the pending trade agreement will expand their access.

For more information, go to www.tradeagreements.gov.

Tip of the Month: Border Wait Times - Knowing where the logjams are may allow you to choose an alternative entry port where wait times are shorter or schedule your land border crossings at times of least congestion. Custom and Border Patrol's homepage detailing wait times at every land border, updated hourly, shows the estimated wait times for reaching the primary inspection booth, the first point of contact with CBP when crossing the Canada- U.S. and Mexico- U.S. land borders. Go to: <http://apps.cbp.gov/BWT/> (*Reprinted with permission from the January 2008 edition of IOMA's "Managing Imports and Exports"*)

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Tariffs and Import Fees - **Tariff or duty**, the words are used interchangeably, is a tax levied by governments on the value of products imported from one country into another. Often times sales and/or state taxes, and in some instances customs fees, will be levied as well. The tariff is assessed at the time of importation along with any other applicable taxes/fees. Tariffs raise the prices of imported goods, thus making them less competitive within the market of the importing country. Before you export to any country, you need to determine what the tariff rate is on your product(s) as well as any import fees for that country.

For help in determining your product's **Harmonized System** or **Schedule B Number Classification Code**, information on **terms of sale** that also impact duties charged, and a list of **tariff databases by country**, go to http://www.export.gov/logistics/exp_001015.asp.



Preparing Your Product for Export

Selecting and preparing your product for export requires not only product knowledge but also knowledge of the unique characteristics of each market being targeted. Market research and foreign representatives contacts should give the U.S. company an idea of what products can be sold and where. However, before the sale can occur, the company may need to modify a particular product to satisfy buyer tastes or needs in foreign markets.

The extent to which the company will modify products sold in export markets is a key policy issue to be addressed by management. Some exporters believe the domestic product can be exported without significant changes. Others seek to consciously develop uniform products that are acceptable in all markets. If the company manufactures more than one product or offers many models of a single product, it should start with the one best suited to the targeted market. Ideally, the firm chooses one or two products that fit the market without major design or engineering modifications. Doing so works best when the U.S. company:

- Deals with international customers that have the same demographic characteristics or the same specifications for manufactured goods;
- Supplies parts for U.S. goods that are exported to foreign countries without modifications;
- Produces a unique product that is sold on the basis of its status or foreign appeal; or produces a product that has few or no distinguishing features and that is sold almost exclusively on a commodity or price basis.

Questions to Consider:

- ✓ What foreign needs does the product satisfy?
- ✓ What product should the firm offer abroad?
- ✓ Should the firm modify its domestic-market product for sale abroad? Should it develop a new product for the foreign market?
- ✓ What specific features, such as design, color, size, packaging, brand and warranty should the product have?
- ✓ What specific services are necessary abroad at the pre-sale and post-sale stages?
- ✓ Are the firm's service and repair facilities adequate?

To read more on this topic, go to: <http://www.unzco.com/basicguide/c7.html#questions>.

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Top Export Cost-Control Strategies in 2007, by Number of Employees			
	Overall	Under 500	500 and Over
Changed or worked more closely with freight forwarders	71.4%	67.9%	75.0%
Improved accuracy/timeliness of shipping documents	65.7	53.6	77.8
Worked more closely with international sales and/or credit staff	51.8	53.6	50.0
Renegotiated shipping/freight/insurance costs	47.8	42.9	52.8
Used the Internet to increase department productivity	44.0	46.4	41.7
Used new BIS/Customs (CBP)/Census automated systems (AES, SNAP-R, etc.)	39.7	32.1	47.2
Outsourced various international logistics operations/responsibilities to a 3PL or forwarder	27.0	17.9	36.1
Expanded or established new channels of international distribution	26.1	41.1	11.1
Improved international collection rate and speed	14.5	17.9	11.1
Streamlined international credit application process	8.5	14.3	2.8

(Source: MIE survey)

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South Carolina Trade Mission to China a Success!

Mission Included Stops in Two of China's 2nd Tier Cities:
Chongqing and Tianjin

The photo to the right was taken at the kick-off meeting conducted in Chongqing and attended by key Chinese government officials.



Nine business delegates, representing seven companies, and five government officials participated on the South Carolina Trade Mission to China, November 2-11, 2007. The mission, organized and recruited by the S.C. Department of Commerce in conjunction with the Columbia U.S. Export Assistance Center (USEAC), included Gold Key Service (GKS) mission stops in two of China's 2nd tier cities - Chongqing and Tianjin. Three of the companies also participated in GKS appointments in Beijing.

The mission's first stop was Shanghai where delegates attended the Marine Corps Ball. The delegates then traveled to Chongqing for the first pre-scheduled GKS appointments. A highlight of the mission stop in Chongqing was a kick-off meeting conducted on Monday, November 5, which included the following key city officials: Vice Mayor Mr. Wu Jianong, Vice Director of Chongqing CCPIT Mr. Shi Lei, Vice Director General of Chongqing Foreign Affairs Office, Vice Director of Chongqing Foreign Trade and Economic Committee Mr. Chen Yu, Vice Director of Chongqing State Taxation Bureau Mr. Lu Ziqiang and Vice Director of Chongqing Local Taxation Bureau Mr. Yin Congdong. U.S. Consul General Jim Boughner and Principal Commercial Officer Eric Wolff from CS Chengdu welcomed the Chinese officials and each business delegate gave a brief overview of their company's products. The event was covered on the Chongqing TV evening news. Immediately following the kick-off meeting, the government delegates met privately with the City of Chongqing government leaders and were then interviewed by 21 Century Business Herald. All delegates participated on a tour of ChangAn Ford Company the following day.

Delegates then traveled to Tianjin for the next round of GKS appointments. The last stop on the mission was Beijing where delegates attended a dinner briefing conducted by Deputy Senior Commercial Officer William Brekke.

The seven companies participating on the mission included Cox Industries of Orangeburg, SC; Gilkey Lumber Co. of Rutherfordton, NC; Grizzly Forest Products of Joanna, SC; Hydra Platforms Manufacturing of Rock Hill, SC; Next Safety of Jefferson, NC; Chen Enterprises of Columbia, SC; and Walex Products Company of Wilmington, NC. Sr. International Trade Specialist Jayne Woodward, Columbia, co-lead the mission with state partner Gregory Guest of the S.C. Department of Commerce.

The five government officials participating on the mission included The Honorable Elizabeth Gilland, County Council Chairman, Horry County, SC; The Honorable Larry Hargett, County Council Chairman, Dorchester County, SC; The Honorable Joseph McElveen, Jr., Mayor, City of Sumter, SC; Mr. Ray Stevens, Director, S.C. Department of Revenue; and Mr. Hunter Howard, Jr., President & CEO, S.C. Chamber of Commerce. John Ling, Director of the S.C. Department of Commerce's Shanghai office, was responsible for arranging appointments for the government delegates.

Two major export partners of the Columbia USEAC, The Export Consortium and the S.C. District Export Council, helped fund the cost of the mission to keep the participation fee affordable. The Export Consortium, through a grant from the S.C. Manufacturers Extension Partnership paid the Gold Key Service fees for the South Carolina companies on the mission, and the S.C. District Export Council contributed \$1000 to help cover mission costs.

From all accounts, the mission was a great success. Several of the business delegates anticipate sales in the near future as a result of contacts made and the government officials now have a much better understanding of the China market and its impact in the global marketplace.