Volume XXIV, Number 7 April 2007

Mark Your Calendar! 24th Annual Oklahoma World Trade Conference to Be Held in Oklahoma City on April 25th at Oklahoma City University in the Meinders School of Business

Mark your calendar to attend the 24th annual Oklahoma World Trade Conference, April 25, 2007, at Oklahoma City University in the Meinders School of Business, 2501 North Blackwelder Avenue in Oklahoma City. The conference is sponsored by the Oklahoma District Export Council in coordination with the U. S. and Oklahoma Departments of Commerce. A conference of this nature—celebrating the Centennial of Oklahoma (1907-2007) and World Trade Month Conference (1984 - 2007) is important in our continuing efforts to support and expand international business activity in Oklahoma.

The topic of the morning session will be **Business Opportunities in Europe** - *This region is of enormous strategic and economic importance to Oklahoma and the United States*. The presentation by Dr. Carol A. Howard, Associate Professor of International Business, Oklahoma City University, will be followed by a discussion of three Oklahoma company panelists. The panel discussion will include Larry Born, President, SCIFIT, Tulsa; Jerry Fulcher, National Sales Director, Advanced Chemical Technologies, Inc., Oklahoma City; and William (Bill) Bartlett, President, Callidus Technologies, Inc., Tulsa. A question-and-answer session will follow.

Historically, U.S. exporters and investors have faced relatively low barriers to doing business in the European Union (EU). The United States and the EU, with its 27 member states, enjoy a mature economic relationship that is characterized by massive two-way trade and an extensive investment relationship. In 2006, U.S. exports of goods and services to the EU-25 (prior to Romania and Bulgaria joining in 2007) were valued at $214 billion, while U.S. imports from the EU-25 were valued at $331 billion. European company affiliates employ more than 3.9 million Americans in the U.S., while 3.5 million EU citizens work for affiliates of U.S. companies in Europe. U.S. goods are well-regarded and **demand is driven more by quality and performance than by price.** However, the market of the European Union is a differentiated one, with each member state having supply, distribution, demand, cultural and legal characteristics that merit individual attention. Thus, while a pan-European business strategy, is a must, specific tactics for market entry or expansion should be considered for each country.

At the luncheon, the **2007 Governor's Award for Excellence in Exporting** will be presented and **U. S. Department of Commerce Export Achievement Certificates** will be presented to several Oklahoma companies.

Mr. Yao Wenliang, Economic and Commercial Counselor, Chinese Consulate in Houston, Texas, will deliver the keynote address: **A China Focus in the Global Marketplace** – *Working Together for Success.*

China's exceptional economic growth continues as the country further integrates with the global economy. U.S. companies are benefiting, as evidenced by rapid and sustained increases in U.S. exports to China. Over the past several years, increases of U.S. exports to China averaged well over 20 percent. In 2006, the increase of U.S. exports to China topped 30 percent, helping to make China the fastest growing foreign market for U.S. goods. China-U.S. total trade in 2006 exceeded USD 342 billion, placing China as our second biggest trading partner behind Canada. Although U.S. imports of Chinese goods greatly exceed U.S. exports to China, China is our fourth largest export market. U.S. exports to China totaled USD 55 billion in 2006. China's robust economy, once again, hit a ten percent growth rate in 2006, according to China's National Bureau of Statistics. Inflation, although still relatively modest, is a chief concern among policy makers given the strain of such strong growth. Foreign investment is strong with China remaining as one of the largest recipients of foreign capital. American companies continue to have mixed experiences in China. Many have been extremely profitable, while others have struggled or failed. **To be a success in China, American companies must thoroughly investigate the market, take heed of product standards, pre-qualify potential business partners, protect intellectual-property rights and craft contracts that assure payment and minimize misunderstandings between the parties.**

The afternoon session will be a discussion of **How Oklahoma Companies Succeed in International Business - Making Trade Work**. There will be presentations by six dynamic and innovative Oklahoma companies detailing their international business success. The companies and presenters are as follows: **Keith Kisling, President, Kisling Farms; Dr. S.D. Joshi, Johsi Technology International, Inc.; Doug Carson, President, Doug Carson & Associates, Inc; Mike Bergey, President, Bergey Windpower; Mike Heffron, International Sales, Ramsey Winch Company; and Rick Bott, Vice President of Exploration, Devon's International Division, Devon Energy.**

Every company has a story of how it began exporting. The stories tell of successes and of opportunities to succeed. Companies are not always first-time successes in the products they choose to sell or markets they choose to enter. They go through a process of developing an approach to exporting, growing and refining their export presence, and improving their future ability to compete domestically and internationally. This process allows for continued evaluation for future success. The company and management challenges in the immediate future involves developing the strategic abilities to detect, anticipate, grow, and survive in an ever-changing world market.

These presentations will be followed by a discussion and a question-and-answer session.

******BREAKOUT SESSION*** Attention: Chamber Executives, Economic Development Specialists and City Government Officials.***

A concurrent afternoon breakout session for Chambers of Commerce and other economic-development agencies will focus on **Reaching for the World Market - "Get in the Game of Global Trade!"**

This special session has been developed to provide chambers, economic development specialists, mayors and city managers with tangible tools that will allow them to assist their local businesses and communities to break into the international marketplace.

The panel of experts moderated by Shawnee Mayor **Chuck Mills**, President, Mills Machine Company, Inc.; will include: **Danny George,** Executive Director, Oklahoma Municipal League; **Marc Nuttle**, Attorney and economic development consultant; **Dick Rush**, President/ CEO, The State Chamber.

Topics covered will be: **Sister City Relationships-** *How They Aid in Community Economic Development*; **How to Thrive Locally & Succeed Globally; *Make Friends Globally-*** *Develop a Chamber to Chamber Relationship Internationally;* and hear how one globally minded community is **Scoring in the International Game**.

Don't miss this important event to get your chamber, city and business community in the game!

Mark your calendar today! Mayors: Bring your Chamber and E.D. leaders. Chamber Execs and

E.D. Leaders: Bring your Mayor!!!

Registration Fees:

Registration - $85.00

Student - ID required - $25

Luncheon program only - $35

Corporate Table (8 Attendees) - $595

Corporate Contributory Sponsorship (4 Attendees) - $500

Display Table (Includes Registration for 2 Attendees) - $270

Registration fees include information packets, continental breakfast, and luncheon. **For secure on-line registration and credit card payment go to: *www.acteva.com/go/okdecowtc2007*.** We accept Visa, MasterCard, Discover, and American Express. For off-line registration make your check payable to the Oklahoma District Export Council and mail your check and registration to 301 N.W. 63rd Street, Suite 330, Oklahoma City, Oklahoma 73116. You may also register and pay at the door. **For your convenience, a registration form is included on page 3 of this newsletter.**

Cancellation policy is a full refund until April 17th. From April 18-24, refunds will be subject to a $35.00 cancellation fee per registrant. No refunds will be given the day of or after the event. For further information or registration, call 405/608-5302 in Oklahoma City, 918/581-7650 in Tulsa or 800/879-6552, extension 223. E-mail: oklahomacity.office.box@mail.doc.gov.

U.S. Customs and Border Protection (CBP) Grants 'Grace Period' for Harmonized Tariff Schedule (HTS) 2007 Compliance

Although the Harmonized Tariff Schedule of the United States (HTSUS) is updated every five years to reflect evolving trade realities—including technological changes and shifts in global trade patterns—this year's changes are the most sweeping ever, affecting 83 of the 97 chapters of the HTSUS and covering 240 headings.

This makes implementing and complying with HTS 2007 one of the big challenges facing import-export pros today.

To add to the challenge, Customs & Border Protection (CBP) has issued little in the way of instructions or guidance regarding the transition period—or announced a public outreach program of informed compliance to aid importers and exporters in meeting their "reasonable care" obligations.

*****For secure on-line registration and credit card payment go to: *www.acteva.com/go/okdecowtc2007******

Registration:

Oklahoma World Trade Conference

April 25, 2007

Oklahoma City, OK

❖ Make Checks Payable to Oklahoma District Export Council

Mail to: 301 N. W. 63rd St., Suite 330; Oklahoma City, OK; 73116 **Fax to:** (405)608-4211 or (918)581-6263 **E-mail to:** oklahomacity.office.box@mail.doc.gov

Name: ____________ Firm: ____________

Address: ____________ City: ____________

State: ______ Zip: ______ Telephone: ____________

Fax: ____________ E-mail: ____________

Website: ____________ Number of Attendees: ______

Corporate Table: ______ Contributory Sponsorship: ______ Display Table: ______

Economic Development Session: _____ Pay at door: _____ Amount Enclosed: $ ______

February 3 Version

A Dec. 29, 2006 proclamation signed by President Bush finally answered trade pros' urgent questions regarding the deadline for completing their reclassifications. The proclamation—published in the January 4, 2007, edition of the *Federal Register*—also updates certain designations for specific countries under trade-preference programs and implements scheduled tariff changes required under various free trade agreements (see www.usitc.gov/tata/hts for the most recent version of the HTS).

The final version, posted on Feb. 3, 2007, superseded the preliminary version, in effect as of January 1, 2007. Both provided—for the first time—changes at the 10-digit level. However, only the February 3 final version contains tariff legislation passed by Congress and amendments to the Harmonized System recommended by the World Customs Organization.

CBP 'Grace Period'

At its Dec. 15, 2006 Trade Symposium, CBP announced that the U.S. International Trade Commission (USITC) and the U.S. Trade Representative (USTR) had determined that the statutory Congressional layover period for adoption of the 2007 HTS would be signed and published in the *Federal Register* shortly—and that the 2007 HTS will not be effective until *at least* 30 days after the proclamation is published (rather than the normal 15 days).

This more "relaxed" time frame—won by trade groups through hard lobbying—recognizes that importers and exporters need the extra time to convert their systems and databases over to the new HTS. On top of that, CBP has announced it will allow an additional 15-day grace period for compliance—in other words, a total of 45 days. This grace period will only prevent penalties or liquidated damages from being issued *if* timely filed entries are returned because they use the incorrect tariff classification due to the changeover.

What Has Changed?

This revision of the Harmonized System includes no less than 354 sets of amendments, responding mainly to:

• Technological progress (see especially chapters 84, 85, and 90)

• Altered global trade patterns

• Clarification of texts to ensure uniform application

• Adaptation of the HS nomenclature to reflect current trade practice

• Social and environmental standards (i.e., Rotterdam convention, Montreal protocol)

Import-export pros should note that in certain cases, six-digit code numbers have been renumbered even though the scope of the subheading remained the same. In other cases, certain subheadings may have been significantly modified in the scope but have retained the same code number.

This article was obtained from the March 2007 issue of Managing Imports & Exports, which is published by the Institute of Management & Administration.

Libya Market Overview

The Libyan Market – An Overview

Libya - one of the largest countries in North Africa – boasts large oil and natural gas reserves and a consumer market of almost 6 million people. Since the re-establishment of diplomatic relations with Libya in 2004, the United States has lifted economic sanctions against the country and has removed Libya from the U.S. list of states that sponsor terrorism. With these new developments, Libya is now more accessible to U.S. companies.

Libya is a challenging but potentially rewarding market. With proper planning and foresight, U.S. companies can take advantage of commercial opportunities in almost every sector, from oil and gas to agriculture, telecommunications and tourism. The Libyan economy depends primarily upon revenues from the oil sector, which contributes roughly 95% of export earnings, about one-quarter of GDP, and 60% of public sector wages. The recent highs in global crude prices have allowed Libya to accumulate foreign exchange reserves estimated at $50 billion. Oil production stands at 1.7 million barrels a day and the government plans to increase these figures to three million barrels a day by 2010. Libyan authorities estimate that it would take between $7-10 billion in new investments in the oil and gas sector to reach their stated production goals.

In part due to higher oil export revenues, Libya experienced strong economic growth during 2004 and 2005, with real gross domestic product (GDP) estimated to have grown by about 6.7% and 6.5%, respectively. For 2006, real GDP is expected to grow 6.7%, with consumer price inflation of 3.1%. Despite the country's recent economic growth, unemployment remains high. In addition, Libya's ambiguous legal structure, often-arbitrary government decision-making process, large public sector and various structural rigidities have posed impediments to foreign investment and economic growth.

Libyan officials in the past several years have made progress on economic reforms as part of a broader campaign to reintegrate the country into the international fold. Libya faces a long road ahead in liberalizing the socialist-oriented economy, but initial steps - including applying for WTO membership, reducing some subsidies, and announcing plans for privatization - are laying the groundwork for a transition to a more market-based economy.

Libya is hoping to reduce its dependency on oil as the country's sole source of income, and to increase investment in agriculture, tourism, fisheries, mining, and natural gas. The non-oil manufacturing and construction sectors, which account for about 20% of GDP, have expanded from processing mostly agricultural products to include the production of petrochemicals, iron, steel, and aluminum. Libya's agricultural sector is a top governmental priority. Climatic conditions and poor soils severely limit agricultural output, and Libya imports about 75% of its food. Hopes are that the Great Man Made River, a $30 billion project, will reduce the country's water shortage and its dependence on food imports.

Best Prospects for U.S. Companies

Only one fourth of Libya has been explored for natural resources such as oil and gas. The return of American companies to the oil fields of potentially one of the biggest oil-producing nations in the world is well under way. In January 2005, Libya awarded its first contracts for drilling rights to U.S. companies in 18 years. Three American firms, Amerada Hess, ChevronTexaco, and Occidental won the lion's share of oil blocks in the first round of the exploration and production-sharing agreement auction. In October 2005, Libya held its second bidding round. The country plans more such rounds in 2007.

Libyan gas production and exports are also increasing, with the opening of the "Greenstream" pipeline to Europe in late 2004 and plans for additional pipelines and LNG expansion. Similarly, Libya's electricity demand is expected to increase rapidly in coming years, meaning that the country needs to invest billions of dollars in new generating capacity.

Although Libya is earning high oil export revenues, gasoline import costs are rising rapidly due to Libya's outdated refining sector, which requires substantial upgrading following years of sanctions.

Although the oil and gas sectors dominate Libya's economy, there are moves to diversify. Sectors of particular growth and interest to U.S. companies include, but are not limited to: telecommunications, information technology, banking services, electric power generation, construction and engineering, health and medical services, wastewater treatment, desalination, agriculture technologies, transportation, tourism, education and training, and manufacturing. Libyan government officials particularly highlight telecommunications as a sector in which Libya aims to modernize quickly.

Entering and Succeeding in the Libyan Market

Entering into any foreign market can be tricky and Libya is no exception. While there are a number of opportunities in this market, there are also major challenges that need to be managed. Libya's legal structure is multi-layered, and its banking infrastructure primitive. Libya's physical infrastructure requires upgrading, and telecommunications services are not adequate. Office space is limited, and the few Western-class hotels are often filled to capacity. U.S. companies wishing to send representatives to Libya are advised to expect considerable delays in obtaining Libyan visas.

In general, American products are well-known and appreciated, including designer apparel, high-technology gadgetry, movies, software and other consumer products. Currently, most of these products enter Libya through third countries. Earlier this year the U.S. Commercial Service and the U.S. Mission in Libya organized the hugely successful USA Pavilion at the Tripoli International Fair. The pavilion was visited by thousands of Libyans eager to learn about U.S. products and services, demonstrating the appetite for American products.

Libya is a diverse and challenging market requiring adaptability and persistance. Careful planning and patience are the prerequisites for success in this emerging market. U.S. firms that are willing to invest time to develop market presence should expect to reap rewards in the long-term.

Travel Advisory and Visas:

U.S. citizens traveling to Libya require visas, which are normally valid for three months and must be used within forty-five days of issuance. Visas are carefully controlled and usually confined to those working in Libya or those visiting as part of groups run by local tour operators. Applicants may apply at any of Libya's diplomatic missions abroad and are subject to an extensive wait.

Current U.S. and Libya visa policies are effected within a framework of 'general reciprocity' - as the U.S. issues Libyan nationals single-entry visas only, the Libyans do the same for U.S. citizens.

Travel advisories are maintained by the Department of State. For the most recent notices regarding Libya, see the Libyan Consular Information at http://travel.state.gov/travel/cis_pa_tw/cis/cis_951.html.

Some visa applicants choose to employ the services of a local (Libyan) visa expediter. Visa expediters can generally arrange tourist visas for pick-up or mail-back via certain Libyan embassies abroad. They will ask for payment (fees vary, but generally should not exceed USD 150) and a copy of your passport (fax or scan).

For More Information

U.S. companies interested in obtaining more information should visit www.buyusa.gov/libya or contact one of the Oklahoma offices.

May 2007 Calendar of Events

Date	*Event*	*Contact*
May 1, 2007	Minority and Women's Breakfast Metro Tech Conference and Banquet Center, Oklahoma City	Aquilla Pugh 405/427-4444

U. S. Department of Commerce
International Trade Administration
District Office
301 N. W. 63rd Street, Suite 330
Oklahoma City, Oklahoma 73116