Trade World UTAH

April 2006

Upcoming Local Events

Exporting to China- What Your Company Should Know EventManaging Risk & Preparing Realistic China Strategies in 2006 and Beyond

What: A daylong conference featuring national and international experts on doing business in China
When: Thursday, April 27, 2006, 8:00 am- 4:00 pm
Topics will include:
China's Commercial Landscape: Opportunities & Challenges
Paths to Market Entry
Collecting Business Intelligence & Due Diligence
Negotiating and Structuring Contracts
Pre- and Post-Sale Considerations
Getting Your Products to Market
Understanding Chinese Standards
Import Restrictions
Protecting Your Intellectual Property
Local Federal and State Exporting Resources
Cost: $75 (includes continental breakfast, lunch, and bound room documents)
RSVP: To the Salt Lake City Export Assistance Center: by telephone: 801-255-1871, by e-mail: Christopher.Quinlivan@N0SPAM.mail.doc.gov1 , or on-line at: http://www.buyusa.gov/utah/chinabusiness.html2

Taiwan- Your Partner for Globalization and Localization Event

Is your company currently doing business in Taiwan, or thinking about doing so? The Governor's Office of Economic Development, the Taiwan Trade Center and the Taipei Economic and Culture Office present a seminar on Taiwan's economy and industries, foreign trade and investment opportunities, and ways to locate distributors and partners.

Date: Tuesday, April 11, 2006
Time: 9:00 a.m. - 12:00 a.m.
Location: Governor's Office of Economic Development, International Trade and Diplomacy, 324 S. State Street, Suite 500 Salt Lake City, UT 84111
Cost: Free (Seating is Limited)
RSVP to Adam Walden, by telephone: 801-538-8737, by e-mail: awalden@N0SPAM.utah.gov3

Taiwan was Utah's 15th largest export market in 2005, bringing in over $96 million to Utah's economy. On a national level, the United States exported over $22 billion of products to Taiwan last year and was the U.S.'s 12th largest export market.

Shipping Agricultural Products to Mexico, Webinar on Export Documentation and Procedures Event

The US Commercial Service Mexico invites you to join the 8th. WebEx Session: "Export Documentation and Procedures for Shipping Agricultural Products to Mexico" on Thursday, April 20, 2006 at 12:00 PM Eastern (9 AM Pacific, 11:00 AM CST).

During the session Daniel Martinez, Director of the U.S. Agricultural Trade Office in Monterrey, accompanied by Trade Policy Specialist Eduardo Lozano, Jesús Velásquez, General Manager for Palos Garza Forwarding and Evier G. Peña, General Manager for PG Servicios de Logistica, and Mexican Government Agricultural Inspection authorities will give an overview of the export procedures for shipping agricultural products to Mexico including documentation requirements for various product categories and a review some of the most common procedural errors.

To register, go to:
https://www.buyusa.gov/mexico/en/sharing_more_than_a_border.html4

Developing an India Strategy

The World Trade Association of Utah and JP Morgan Chase invite you to a Discussion on the current status of economics, politics and society in India.

There will be discussion of upcoming industries, regulations and changes taking place in India, and most importantly the attractiveness of India for American companies either importing or exporting or considering other investments in India.

Vishal Bharat, Senior Director - International Strategy, JP Morgan Chase NA, has been with JP Morgan Chase's international banking group for more than six years and has over eleven years of International Banking experience. He works with the bank's corporate clients on their international banking needs in the Southwest. Prior to moving to the United States, Vishal launched the Global Cash Management Services for Standard Chartered Bank in the South Asian region. Vishal worked as an FX Trader at Citibank, where his career started in 1994 as the operations manager in the Global Transaction Services Group. Vishal holds a Master of International Management Degree from Thunderbird, The Garvin School of International Management, Glendale AZ; Master of Business administration from University of Delhi, India and Bachelor of Technology (Mechanical Engineering) from Banaras Hindu University, India.

When: Friday, April 21, 2006
Where: Little America Hotel & Towers 500 South Main Street, Salt Lake City, UT 84101
Time: 12:00 – 1:30 pm (lunch)
Cost: Non-Member rate: $30.00 (to include both the presentation and lunch).

Paid-Members: Depends on your membership status. For membership information, please email us at info@N0SPAM.WTAofUtah.com5
RSVP: To RSVP, please call Jennifer at the Global Management Center at 801-422-6495 and be ready with your
1) Name, 2) company, 3) email address and 4) phone number. Or email the preceding information to info@N0SPAM.WTAofUtah.com5
All RSVPs are due by 5:00 pm on Wednesday, April 19, 2006. Any cancellations after Wednesday or failing to attend the meeting will result in an invoice for the cost
Plan to join us on June 23, 2006, for the Eighteenth Annual World Trade Association of Utah Scholarship Shoot Golf Tournament at Gladstan Golf Course

European Union to Levy Punitive Measures on Select US Goods

by U.S. Commerical Service Office at U.S. Mission to the European Union

Overview

Punitive customs duties on selected US goods as established by European Council Regulation 171/2005 may begin on May 16, 2006. These customs duties will be at a flat rate of 14%. There will not be a gradual increase of these additional duties but rather, an immediate implementation of the full rate. US products in transit or in customs warehouses at the date of enforcement are potentially exempt from the duties. Generally, affected products include agricultural items, textiles, industrial products, electronic products, paper products, and steel (see 7Annex of Regulation 171/20056).

Background

In 2003, the World Trade Organization (WTO) authorized the European Union (EU) to impose trade sanctions when it found that US Foreign Sales Corporation (FSC) tax subsidies were in violation of WTO rules. (The Extraterritorial Income Exclusion (ETI) Act of 2000, which was meant to replace the FSC, was also ruled by the WTO to be in non-compliance.)

The EU started retaliating against the US in March 2004 with punitive import duties on a range of products as laid out in Council Regulation 2193/2003. These duties started at a level of 5% with monthly increases of 1% to reach a ceiling of 17% in March 2005. Through Regulation 171/2005, the European Commission suspended these sanctions effective January 1, 2005, after President Bush signed a bill repealing the FSC/ETI export subsidies. However, this Council Regulation preserves the right to re-enforce duties in case amended U.S. law on FSC subsidies was not in WTO compliance.

The new U.S. law then went into force on January 1, 2005, and provided for a 2-year transitional period to phase out financial assistance. The EU expressed its concerns with the so-called grandfathering clause under which US exporters who entered binding contracts before September 17, 2003, could still benefit from tax breaks beyond the December 2006 deadline.

On February 13, 2006, the World Trade Organization (WTO) again backed EU complaints of U.S. federal tax subsidies for exporters in the FSC dispute. Therefore, the WTO Dispute Settlement Board adopted the Appellate Body’s report on March 14, 2006, and will reinstate sanctions approximately 60 days thereafter.

What Does This Mean?
Additional duties will begin on May 16, 2006 at a flat rate of 14% on selected goods. The additional duty is to be added on top of other applicable rates (whether duty-free as a result of an exemption or not).

There will NOT be a gradual increase of the additional duties but rather, an immediate implementation of the full rate. In effect, the EU duties are being reimposed at the level that was in force when the retaliation was suspended in early 2005. However, there will be no further upward adjustment of the retaliation rate.

Affected Products
This list of affected products was assembled with input from European industry and Member States (MS) with a focus on both US products that comprise no more than 20% of total EU imports and products that the EU exports. Generally, affected products include agricultural items, textiles, industrial products, electronic products, paper products, and steel.

The exact list of EU classification codes that will be affected by the 14% duty can be found in the 7Annex of Regulation 171/20056. Please note that the list of affected goods has changed since Regulation 2193/2003. Regulation 171/2005 should be used as the sole reference for affected products. Approximately 270 products have been removed from the 2003 regulation and are no longer subject to the increased duties.

It is important to note that US and EU tariff nomenclatures are harmonized for the first six digits. If the first six digits of a product's Schedule B or Harmonized Tariff Schedule (HTS) code appear on the list, the product may be subject to the additional 14% duty. The 7 EU's online customs tariff database (TARIC)8 helps identify a product's 8-digit Combined Nomenclature (CN) code.

Items being re-exported are not subject to the additional 14% customs duty.

Goods In-Transit or at Customs Warehouses
The determining factor for the imposition of additional duties is the registration of the good with the national Customs Authorities through which the goods will be imported into the EU. If the registration is done prior to May 16th, whether on-site or from the US before departure of shipment, then additional duties are not imposed. If the registration is effective after May 16th at 12:01 am, then additional duties of 14% will apply.

Owners of US products can hold imported goods in customs warehouses within the Community and choose when they pay the duties or re-export the goods. (Any processing of the goods held in these warehouses is of course limited to preservation for future distribution.) Rules relating to these warehouses are administered by the national customs authorities in each individual MS.

Links:
European Council Regulation 171/2005 - including Annex of affected products
http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l_028/l_02820050201en00310040.pdf6
EU Online Customs Tariff Database (TARIC)
http://www.europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm8

EU Member States Customs Authorities
http://europa.eu.int/comm/taxation_customs/common/links/customs/index_en.htm9
European Council Regulation 2193/2003
http://europa.eu.int/eur-lex/pri/en/oj/dat/2003/l_328/l_32820031217en00030012.pdf10
World Trade Organization Dispute #DS108
http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds108_e.htm11
European Commission's Directorate General Trade Dispute Settlement of FSC Questions
http://europa.eu.int/comm/trade/issues/respectrules/dispute/pr270204_en.htm12

For More Information
The U.S. Commercial Service at the US Mission to the European Union can be contacted via e-mail at: Jennifer.Kane@ mail.doc.gov; Phone: 32-2-508-2840; Fax: 32-2-513-1228 or by visiting our website: http://www.buyusa.gov/eu14.

China Trade Resources

China Business Information Center:
http://www.export.gov/china15.
Protecting intellectual property rights (IPR) in China:
http://www.buyusa.gov/china/en/protectipr.html16.
China trade shows and seminars:
http://www.buyusa.gov/china/en/chinashows.html17.
Business service providers in China for U.S. companies:
http://www.buyusa.gov/china/en/bsp.html18.
China market research assistance:
http://www.buyusa.gov/china/en/marketresearch.html19.
Advice on doing business in China:
http://www.buyusa.gov/china/en/doingbizinchina.html20.
U.S. government trade promotion programs and services in China:
http://www.buyusa.gov/china/en/programs.html21.
Trade publications on China:
http://www.buyusa.gov/china/en/publications.html22.
U.S. Foreign Commercial Service 2006 China Country Commercial
Guide: http://www.buyusa.gov/china/en/ccg.html23.
American Chamber of Commerce in China:
http://www.amcham-china.org.cn24.
U.S. Foreign Commercial Service offices in Beijing, Shanghai,
Shenyang, Chengdu, guangzhou, Hong Kong:
http://www.buyusa.gov/china/en25.
U.S.-China International Partner network:http://www.buyusa.gov/china/en/ipn.html26.
China trade leads:http://www.export.gov/china/trade_leads/index.asp?dname=trade_leads27.
American Trading Centers, China:http://www.export.gov/china/atc.asp28.
U.S. embassy Beijing:
http://beijing.usembassy-china.org.cn29.
Chinese embassy, Washington, DC:
http://www.china-embassy.org/eng30.
Hong Kong Trade development Council:

http://www.tdctrade.com31.
China trade laws and regulations:
[http://www.export.gov/china/exporting_to_china/importregs.asp#ccc].
China country
information:http://www.export.gov/china/country_information/index.asp?dname=country_information32.

Some Suggestions on Reducing Risks Associated With Inconsistent Customs Classifications From Various Chinese Ports
by Jim Matthews, U.S. Department of Commerce, Trade Information Center

Customs classification in China is often inconsistent from one port to the next because the local customs offices have unofficial quotas to fill or revenue targets to reach. To help reduce the risk associated with these inconsistent classifications, Peter Dempsey Peter Dempsey from the US-China Business Council has provided the following:

1. Along the lines of an advance ruling, the importer can go to the local customs office (not to be confused with the port itself where customs may not even have an office) and ask for a letter classifying the imported items. The importer can then take this letter to the port and present it to customs at the time of entry. This approach may or may not work, as there is no recognized mechanism for getting such an advance ruling in China. Furthermore, customs may request to actually see the imported items before issuing such a letter.

2. VAT approach: maintain receipts/documentation for the VAT that the importer pays for each entry. The VAT % will sometimes vary from product to product (e.g., unfinished vs. finished wooden products). For example, let's assume that for a previous import you paid a lower unfinished wooden product VAT. If in the future when you try bringing in the same item customs tries to levy a higher VAT for finished wooden products, you can produce these receipts/documents from prior VAT payments to point out their error/inconsistency.

3. When the goods arrive, the importer can have the Chinese tariff schedule handy so he/she can point out the tariff number that they believe classifies the item(s). This can provide useful guidance because there are times when the Chinese customs official does not know the correct tariff number.

Chinese Translation 101
by Eric Cheng, CTC Chinese Translation

Overview
As China becomes a powerhouse in economic development around the globe in the 21st Century, many businesses increasingly need to deal with the Chinese language when doing trade with China. This article provides these companies with basic knowledge about Chinese language and translation, and the information necessary to flourish in this promising area.

Written Chinese
Currently, there are two versions of Chinese characters: Traditional Chinese and Simplified Chinese. The one exception is some Cantonese characters that are used by some Cantonese people in Hong Kong, but the usage of such Cantonese characters is very limited, and is not known by most Chinese people. While there are no confirmed studies to show how many Chinese characters there are, it is believed that there are between 55,000 and 85,000 characters. Among these, about 4,000 characters are commonly used by the average literate person.

Traditional Chinese is presently used in Taiwan and Hong Kong; however, the usage of simplified Chinese has increased in Hong Kong since the Chinese government took over the territory in 1997. Simplified Chinese is used in China and Singapore. It was advocated and later implemented by the Chinese government after the People's Republic of China was established in 1949. Simplified characters make it easier for people to write and remember characters by reducing the number of strokes of traditional characters. Traditional Chinese was dominant earlier on for Chinese people living abroad (mainly from Taiwan), but its use has declined due to immigrants from mainland China settling in various parts of the world. The simplified version is now gaining popularity in Chinese communities all over.

Spoken Chinese
Mandarin Chinese is normally identified as the common Chinese language, but there are thousands of dialects in China, ranging from Cantonese to Taiwanese to Shanghainese and etc. The Chinese government selected the dialect of Beijing as its official language and now refers to it as "Pu Tong Hua", literally translated as " the common language". Many areas or provinces have their own dialects, which often sound like Mandarin with various local accents. Mandarin is also used in Taiwan as its official Language, while Taiwanese is the second major language. Though English is the official language in Singapore, Mandarin is the most common language in the Chinese community as well.

Cantonese is the other significant language of spoken Chinese. It is used mainly in Hong Kong and Canton, a province in Southern China. Many Cantonese immigrated to Hong Kong very early on, and have made the Cantonese language a major language in that area.

When your company has need of Chinese translation for product/documents or interpretation for business meetings and negotiations, it is very important to know with whom and what you are dealing, so that you can make the right decisions. Although Simplified Chinese characters can be converted to Traditional Chinese and vice versa, translation for either is not simply a character conversion. Use of the languages and terms somewhat differ from one another.
Canada- Tax and Regulations GuideThe Commercial Service office in Ottawa, Canada has compiled excellent information for U.S. businesses exporting goods to Canada. To read the document on taxes and labeling requirements, go to
http://www.buyusa.gov/utah/canadataxregs.pdf33.

Mexico- Import Requirements for Food and Herbal Supplements
by Jesus Gonzalez, Commercial Service Mexico City

While in Mexico only a very specific and limited number of products fall into the category commonly known as Food Supplements, this term is very broadly used in the U.S. to include a great deal of products that may go from energy drinks to vitamins and minerals and many other products. It is essential for U.S. exporters of such products to understand that Mexico has a very restrictive sanitary regulation that not only does it consider many of these products as pharmaceuticals, but also prohibits the use of certain ingredients in some formulations. To read more, please go to: http://www.buyusainfo.net/docs/x_2628103.pdf.

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Mexico- In-bond Warehousing and Service Maquiladora Operations
by Ernesto de Keratry, Commercial Service Monterrey

Public bonded warehouses or in-bond warehousing, offer the opportunity to U.S. exporters to send all types of materials, products or machinery to Mexico as an extension of their inventory warehouse, so that it can be sold and distributed in Mexico, while holding title to the goods. A service maquiladora provides the same in-bond warehousing service, plus additional services such as logistic control, sub-assembly, less-than-truckload distribution, labeling, and other re-packaging services. In both cases the products shipped and warehoused in these units have not passed the Mexican customs process thus they will not have paid import duties and fees and title to the goods still belongs to the shipper. For a copy of this 3-page article, go to http://www.buyusa.gov/utah/mexinbond.pdf35.

Open Account Terms Can Increase Your Sales in Global Markets
by Dennis R. Chrisbaum, Regional Manager of International Trade Programs for the U.S. Small Business Administration

The world has become an increasingly competitive marketplace. A flood of products from China, technical services from India, competitive financing packages from Asia, and government support for exporters from several countries. How can an American exporter win? An often over-looked option is for U.S. exporters to offer more competitive, open account payment terms, with the additional risk mitigated through credit risk insurance.

Traditionally, there are four main ways to get paid for export sales. From the most conservative to the most risky for the exporter, they are:

- Cash-in-advance
- Letter-of-credit
- Documentary collections
- Open account terms.

For more information on this subject, read Mr. Chrisbaum's two-page article at http://www.buyusa.gov/utah/openaccount.pdf36.