

September Newsletter Articles

Lead Articles

State of Wisconsin Trade Mission in Asia
Next Mission Headed to Israel
Sam Noda, 1948-2009

Market Info

Brazil's Economy Growing
Concrete Evidence of Opportunities in the Middle East
Representation for U.S.-India CEO Forum Sought

Rules and Regulations

Tire Tariff Dispute with China
Annual BIS Report Issued
Updated Canadian Policies
Could Your Company be the 2010 Exporter of the Year?

Upcoming Events

Chinese Buyers at World Dairy Expo
Seminar - Getting Paid for your Exports
Business without Borders
Training - Working Effectively Across Global Cultures
Export Compliance

State of Wisconsin Trade Mission in Asia

Governor Jim Doyle led a State of Wisconsin Trade Mission to Japan and China that departed on September 10. After participating in the 41st Annual Joint Meeting of the Midwest U.S.-Japan and Japan-Midwest U.S. Associations in Tokyo, the Governor and the delegation traveled to Harbin (the capital of Wisconsin's Chinese sister-state of Heilongjiang Province), Beijing, and Shanghai. The Governor returned to Wisconsin on September 23. The trade mission is designed to provide participants with opportunities to meet with distributors, potential customers, and key business and government officials. The Governor also promoted investment in Wisconsin by meeting with Japanese and Chinese business executives.

"This trade mission will help raise Wisconsin's visibility in these important markets and provide an opportunity for our state's businesses to learn about opportunities and forge relationships that could lead to future sales," Governor Doyle said. "Japan and China are among Wisconsin's most important export markets. On the mission, businesses will gain firsthand knowledge of these markets and develop sound export strategies."

One of the highlights of the stop in Japan was the dedication of a TomoTherapy Hi-Art system at Edogawa Hospital in Tokyo. Madison-based TomoTherapy's Hi-Art system is one of the world's most advanced and versatile radiation therapy systems helping university research centers, hospitals and cancer treatment centers treat a wide variety of cancer types. Edogawa Hospital is just the second hospital in Japan to install two of these medical devices.

While in China, Governor Doyle signed a renewal of the Sister-State Agreement between Wisconsin and Heilongjiang that was first signed in 1982 with his Chinese counterpart, Governor Li Zhanshu of Heilongjiang. The intent of the agreement is to promote cooperation and exchanges in cultural, economic, educational, scientific, sports, technical, tourist, trade and other fields with a view to promoting the prosperity and well-being of both the Province of Heilongjiang and the State of Wisconsin.

In Beijing, Governor Doyle presided over the signing of a contract between U-Fuel, Eau Claire, and Petro China that will represent a \$7.8-million project for the Wisconsin firm. U-Fuel designs and tests fuel systems and has over 20 United States and international patents, including one for testing nuclear resistant fuel tanks. U-Fuel products are primarily used for equipping automobile fuel stations, airport fuel facilities, and marine fuel ports; fueling commercial fleets; and transporting hazardous liquids.

U-Fuel has been doing business in China for 10 years. Recently, the firm won a bid to supply 100 fuel tanks to Petro China, the largest oil company in China. However, U-Fuel almost lost the contract because of what it believed were unfair practices by the Beijing Bureau of Administration. Governor Doyle wrote to the Ministry of Commerce's vice minister to advocate on behalf of U-Fuel. As a result, U-Fuel was awarded a portion of the contract while the remainder was assigned to a Chinese competitor.

In 2008, Japan ranked as Wisconsin's fifth-largest customer, with exports totaling \$724.4 million, a 10.6% increase over 2007.

China has weathered the international recession quite well and is predicting economic growth of 8% in 2009, thanks in part to the Chinese government's internal stimulus plan, which targets infrastructure projects coupled with a push for banks to increase lending and dramatic tax breaks for businesses. China is Wisconsin's third-largest customer with exports totaling \$1.2 billion in 2008, a 4.4% increase over 2007.

Wisconsin firms interested in sales opportunities in Japan or China can contact the Wisconsin Department of Commerce's Asia Specialist, Ms. Beng Yeap, beng.yeap@wisconsin.gov, (608) 266-1480.

Next Mission Headed to Israel

The next State of Wisconsin Trade Mission is already in the planning stages. The Governor will lead a delegation to Israel, November 14-21, 2009. The trade mission to Israel will provide participants with opportunities to meet with distributors, potential customers, and key business and government officials. The Governor will also promote investment by Israeli companies in Wisconsin.

"Israel offers great business opportunities for Wisconsin companies," Governor Doyle said. "By joining the mission, businesses can gain firsthand knowledge of this market."

In 2008, Israel was Wisconsin's 38th largest export customer with purchases worth \$68.2 million. The mission will focus on three industries that offer great promise for increasing exports to Israel - life sciences, water technology, and agriculture. All companies with an interest in Israeli markets are invited to join the mission. Department of Commerce staff will coordinate the mission and set up individual meetings for mission members.

During the mission, Governor Doyle will address the 5th annual International Water Technologies and Environmental Control Exhibition, to be held November 17 - 19 in Tel Aviv. This is a major international conference that will provide networking and sales opportunities for Wisconsin firms.

Businesses interested in learning more about the Governor's Mission to Israel can contact the Director of the Department of Commerce's Bureau of Export Development, Ms. Mary Regel, mary.regel@wisconsin.gov, (608) 266-1767.

Sam Noda, 1948-2009

Shinichiro "Sam" Noda, who served as the Japan External Trade Organization (JETRO) Senior Trade Advisor in Wisconsin from 2000 through 2005, passed away in Tokyo on September 24, 2009 from acute pneumonia following a battle with cancer. Sam will be greatly missed by his former colleagues here in Wisconsin and the numerous state exporters, entrepreneurs, and researchers whom he assisted in developing contact networks in the Japanese market. Mr. Noda's JETRO office was at the Madison Commerce building, but he also maintained a part-time office in the Global Education and Trade Center at Waukesha County Technical College in Pewaukee.

Mr. Noda graduated from the Musashi University School of Economics in Tokyo in 1973. Mr. Noda spent most of his business career in various management positions at ITOCHU Corp., a Tokyo-based steel manufacturer and trading company. In addition to working in Japan and the Philippines, he was the general manager of the firm's Atlanta office before joining JETRO. While in Wisconsin, Mr. Noda specialized in working with biotechnology, nanotechnology, and other high tech firms. He was known for being able to diagram molecular structures with scientists in one breath and then switch effortlessly to a discussion of marketing implications of cultural differences between Japan, the Midwest, and Southern States. Mr. Noda and his wife greatly enjoyed the natural beauty and high quality of life in Wisconsin.

After his return to Japan in 2006 he continued to work with Wisconsin firms including Tomotherapy, the Madison-based manufacturer of devices that integrate CT imaging and helical intensity-modulated radiation therapy for the treatment of a full range of cancer tumors.

Brazil's Economy Growing

Brazil's central bank president, Henrique Meirelles, was quoted in the Wall Street Journal on September 11, 2009 (<http://online.wsj.com/article/BT-CO-20090911-708911.html>) as saying that Brazil's economy would likely show positive growth in its gross domestic product in 2009. "The result of GDP growth in the second quarter is without doubt excellent news," Meirelles said. "It shows that Brazil has already come out of a recession." The second-quarter growth ended a technical recession brought by shrinking GDP over the previous two quarters.

Brazil's gross domestic product expanded 1.9% in the second quarter compared with the first quarter this year, according to a central bank report issued on September 11. That was higher than the 1.64% advance estimated by 18 economists in a Dow Jones Newswires survey. Earlier in the day, Brazilian Finance Minister Guido Mantega forecast that Brazil's economy would post growth of 1% in 2009 and 4.5% in 2010.

Concrete Evidence of Opportunities in the Middle East

The construction sector in the Persian Gulf country of Qatar has avoided the full impact of the global financial crisis and continues to grow. One of the key indicators that the Qatari construction sector is still vibrant is the high demand for cement. Consumption is running at the same level as last year. Even though the emirate's main cement producer, the Qatar National Cement Company, has ramped up production from 3 million metric tons a year in 2008 to the present level of 4.65 million metric tons, it still cannot meet domestic demand. According to Mohamed Ali Al Sulaiti, the general manager of the Qatar National Cement Company, Qatar's daily requirements for cement mean that around 3,000 metric tons of the material has to be imported daily, to complement the 15,500 metric tons of local production per day.

The Qatari building sector received a further boost in late July with the news that construction work on a US\$5.5 billion project to redevelop the centre of the capital, Doha, will begin in the fourth quarter of this year. Due to be completed in 2016, the five-stage, mixed-usage project foresees the construction of 226 separate buildings, along with supporting infrastructure, and should provide work to many companies.

Representation for U.S.-India CEO Forum Sought

The U.S.-India CEO Forum, consisting of both private and public sector members, was created in 2005 with the intention of bringing together leaders of the respective business communities of the United States and India to discuss issues of mutual interest, particularly ways to strengthen the economic and commercial ties between the two countries, and to communicate their joint recommendations to the U.S. and Indian governments.

Candidates are currently being sought for membership on the U.S. Section of the Forum. Candidates must be a Chief Executive Officer or President (or have a comparable level of responsibility) of a U.S.-owned or controlled company that is incorporated in and has its main headquarters located in the United States and is currently doing business in both India and the United States. Each candidate also must be a U.S. citizen or otherwise legally authorized to work in the United States and be able to travel to India and locations in the United States to attend official meetings. In addition, the candidate may not be a registered foreign agent under the Foreign Agents Registration Act of 1938, as amended.

Applications for membership in the U.S. Section of the Forum will be based on:

- a demonstrated commitment by the applicant's company to the Indian market either through exports or investment;
- a demonstrated strong interest in India and its economic development;
- the ability to offer a broad perspective and business experience to the discussions;
- the ability to address cross-cutting issues that affect the entire business community; and
- the ability to initiate and be responsible for activities in which the Forum will be active.

The U.S. Section of the Forum should also include members who represent a diversity of business sectors and geographic locations. To the extent possible, Section members also should represent a cross-section of small, medium, and large firms.

U.S. members will receive no compensation for their participation in Forum-related activities. Individual members will be responsible for all travel and related expenses associated with their participation in the Forum, including attendance at Committee and Section meetings. It is anticipated that the first meeting will be held in late November in Washington, DC, in conjunction with senior level government exchanges. The U.S. and Indian Sections should be prepared to work together ahead of that time to prepare recommendations to the U.S. and Indian governments. Only appointed members may participate in official Forum meetings; substitutes and alternates will not be designated. U.S. members will normally serve for two-year terms but may be reappointed.

Applications as well as questions should be addressed to:

Linda Droker, Director

Office of South Asia and Oceania
U.S. Department of Commerce
1401 Constitution Avenue, NW. Room 2310
Washington, DC 20230

telephone: (202) 482-2955
linda.droker@mail.doc.gov

Applications should include:

- Name and title of the individual requesting consideration;
- name and address of company's headquarters;
- location of incorporation;
- size of the company; size of company's export trade, investment, and nature of operations or interest in India; and
- a brief statement of why the candidate should be considered, including information about the candidate's ability to initiate and be responsible for activities in which the Forum will be active.

Applications should be received no later than October 1, 2009. Applications will be considered as they are received. All candidates will be notified of whether they have been selected.

Tire Tariff Dispute with China

On Friday, September 11, 2009, President Obama authorized a three-year increase of the tariff on imports of passenger vehicle and light truck tires from China from the existing 4% duty to 35% for the first year, 30% during the second year, and 25% for the third year.

The decision came after the U.S. International Trade Commission (ITC) recommended duties of 55% to counter a tripling of tire imports from China from 2004 to 2008. The United Steelworkers Union, which represents 15,000 employees at 13 tire plants in the U.S., filed a petition with the ITC, saying that cheap imports were forcing factories to close and were responsible for 5,000 job losses.

The Office of the U.S. Trade Representative reported four tire plants closed in 2006 and 2007 and three more are closing this year. During that time, just one new plant opened. Between 2004 and 2008, China's market share in the U.S. went from 4.7% of tires purchased to 16.7%, the office said. China's tire exports to the United States fell by 16% in the first half of 2009 from a year earlier due in part to the declining auto market, after a gain of 2.2% in the whole of 2008.

As part of its accession to the World Trade Organization (WTO), China agreed to a special safeguard mechanism that would allow its trading partners to implement remedies in response to import surges and under other circumstances. The President decided that the increased tariffs were appropriate to the disruption to the U.S. tire industry. White House spokesman, Robert Gibb, said it was "simply about enforcing the rules of the road and creating a trade system that is based on those rules and is fair for everyone."

The Chinese government quickly responded, saying "It is an abuse of the trade remedy measures and made an extremely bad start against the backdrop of global financial crisis." China will reserve "all legitimate rights, including referring the case to the WTO." Chen Deming, China's Minister of Commerce, said the penalties would hurt relations with the United States.

In August, the United States won a major WTO case involving Chinese limits on imports of books, movies, and music downloads.

Annual BIS Report Issued

On August 28, 2009, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) issued its annual report to Congress for Fiscal Year 2008. In FY 2008 (October 1, 2007, through September 30, 2008), BIS processed 21,293 export license applications worth approximately \$72.1 billion, a 9% increase from FY 2007 and the highest number of applications reviewed in 15 years. Over the past decade, the number of export license applications has steadily increased, nearly doubling since 2000.

Of the applications received, BIS approved 84%, denied fewer than 1%, and returned 15% without action. The average license application processing time was reduced from 28 to 27 days.

The purpose of BIS is to protect U.S. national security interests without overburdening U.S. exporters. Items subject to BIS's regulatory jurisdiction have chiefly commercial uses, but also can be used in conventional arms or weapons of mass destruction applications, terrorist activities, or human rights abuses. These items are generally referred to as dual-use items. BIS administers license requirements and licensing policy that form the Export Administration Regulations (EAR).

BIS enforcement activities remained focused on preventing and deterring violations of U.S. export control laws and regulations, disrupting illegal activities, and bringing violators to justice. BIS's investigations resulted in the criminal conviction of 40 individuals and businesses for export violations with penalties totaling more than \$2.7 million in criminal fines, over \$800,000 in forfeitures, and over 218 months of imprisonment.

Recently, BIS announced that Bruker Axs, Inc., of Madison agreed to pay a civil penalty of \$7,500 to settle charges that it committed one violation of EAR § 764.2(a) (unlicensed export to an Entity List Organization) and one violation of EAR § 764.2(g) (misrepresentation on a Shipper's Export Declaration concerning authority to export) in 2004 in connection with the export of analytical X-ray instrument to the Karachi CBW Research Institute, University of Karachi's Husein Ebrahim Jamal Research Institute of Chemistry ("HEJRIC") in Pakistan. Bruker AXS, through its freight forwarder, filed a Shipper's Export Declaration that stated the instrument qualified for export from the United States as NLR ("No License Required"). HEJRIC was an organization listed on the Export Administration Regulation's Entity List. HEJRIC was subsequently removed from the Entity List during an annual review. This underscores the need to frequently check the various restricted parties lists in order to verify any changes to the status of customers and their business partners.

Could Your Company be the 2010 Exporter of the Year?

The ThinkGlobal/*Commercial News USA* Exporter of the Year awards are given to one U.S. company in each of 16 industry categories. Nominations for the 2010 awards are currently being sought.

Winners are selected based on the total number of documented export deals, total increase in export sales as a percentage of all sales, the company's commitment to exporting, the company's commitment to customer service, and the company's innovation and originality in marketing products or services. Click here (www.ExporteroftheYear.com) for eligibility details. The deadline for nominations is October 2, 2009.

Commercial News USA, the official export promotion magazine of the U.S. Department of Commerce, is published by ThinkGlobal Incorporated.

Updated Canadian Policies

The Canadian Government has recently updated a number of policies and regulations affecting imports of a variety of products into the country.

NAFTA Rules of Origin

A series of amendments to the North American Free Trade Agreement Rules of Origin Regulations were published on July 7, 2009, implementing liberalized rules of origin for a range of products imported into Canada from its NAFTA partners. The amendments specifically liberalize rules of origin requirements for herbs and spices, petroleum, leather, certain textiles and apparel, aluminum, diesel engines, gas turbines and parts, valves, electric transformers, primary cells and batteries, telephonics, televisions, locomotives and parts, medical appliances and parts, and certain instruments. The amendments are estimated to reduce duties paid by Canadian importers by C\$1 million (US\$860,000) and involve additional savings to Canadian industry by increasing access to duty-free treatment under the NAFTA for their exports to the U.S. and Mexican markets.

Electrical Products

The implementation of a new set of rules to certify the safety of electrical products being sold in the Province of Ontario that were originally slated to go into effect on August 30, 2009, has been postponed indefinitely. The Electrical Safety Authority (ESA), which acts as a safety authority for electrical products on behalf of the Ontario Government recently proposed new rules for manufacturers of electrical products to demonstrate that their product meets a valid Canadian Standard. While these rules were only intended for the Province of Ontario, other provincial electrical authorities may adopt similar regulations at a later date. The focus of the registration is to enforce product safety and reduce the occurrence of counterfeit goods. Updates on the status of the regulations can be found at the ESA website (www.esasafe.com/product_safety/index.php). Further information can also be obtained by contacting the General Manager of Product Safety at the ESA, Mr. Norm Breton, product_safety@electricalsafety.on.ca, (905) 712-7813.

Pet Food

The Canadian Food Inspection Agency (CFIA) will now require that commercially prepared pet food and pet treats containing non-bovine ingredients imported from the United States have an import permit issued by CFIA, only after the successful completion of a risk assessment questionnaire. In addition an importer statement of compliance and Canada customs invoice or a commercial invoice must be linked to the shipment and clearly describe the product(s) being imported, indicating the country of origin and end use.

Pet food and pet treats which contain bovine ingredients from the United States will also require the import permit and customs invoice information as above but also require a Zoosanitary Export Certificate and an original export health certificate, endorsed by a full-time, salaried veterinarian of the USDA Animal and Plant Health Inspection Service (APHIS). More information on regulations affecting food imports is available at the Canadian Food Inspection Agency website (<http://www.inspection.gc.ca/english/anima/heasan/pol/ie-2001-9e.shtml>).

Chinese Buyers at World Dairy Expo

Leading Chinese importers of livestock feed and feed supplements will be in Madison for the World Dairy Expo, September 29 to October 2, 2009. They are looking to purchase the following products:

- Livestock feeds (dairy, poultry, swine)
- Alfalfa
- Hay
- Supplements
- Milk Replacers
- Pro-biotics
- Dried Distillers Grains
- Yeast Products
- Other high energy, high protein foods & supplements

Businesses that met with a similar delegation last year reported over \$1.3 million in actual increased export sales.

Importers are from the following companies:

- Beijing Dairyfarm Ruminant Technology Research Centre
- Guangzhou Fengxing Dairy Co. Ltd.
- Trouw Nutrition China, Shanghai Dairy Group Co., Ltd., and
- Shanmdong Zhong Hui International Business & Trade Co. Ltd.

The Wisconsin International Trade Team at the Department of Agriculture, Trade and Consumer Protection is arranging meetings between the buyers and Wisconsin providers of livestock feeds, supplements and ingredients. If you are interested in meeting future buying delegations contact Ms. Lisa Stout, lisa.stout@wisconsin.gov, (608) 224-5126.

Business without Borders

The Global Education and Trade Center at Waukesha County Technical College (WCTC) will host two sessions in their Business without Borders series in October. The Friday, October 2, session will provide an overview of opportunities and challenges faced by exporters. Economic, political and trade-specific challenges will be discussed for key world markets. WCTC's global business instructor will be joined by a local manufacturer who will share his experiences. On October 30, the session will address how to research export opportunities in order to reach new markets. Speakers for this session include WCTC's global business instructor, Commerce's Export Development Manager, Susan Dragotta, and another local manufacturer. For more information, contact Marilyn Jenkins, mjenkins@wctc.edu, (262) 691-5551.

Training - Working Effectively Across Global Cultures

October 22, 2009

9:30 am to 1:30 pm

To be successful in the international arena it is crucial to have highly developed skills and a thorough understanding of the business practices, negotiating strategies, and value systems that exist in other countries. During this interactive program, you will gain invaluable insight and confidence to enable you to work effectively in the international marketplace.

Location: St. Paul MN

Contact: Mary Jo Stangl, Minnesota Trade Office, ph: (651) 259-7495

Website: <http://www.exportminnesota.com/PDFs/2009%20PDFs/GlobalCultureOct22.pdf>

Seminar - Getting Paid for your Exports

October 30, 2009

10:00 am to 2:30 pm

Financial matters are often at the forefront of all challenges faced by exporters. Commonly asked questions include: How will I get paid? What security is there for me? Will the bank loan money against a letter of credit? This seminar can help! Up-to-date information on various choices for methods of payments along with their costs and benefits will be provided. While much of the presentation will reference the viewpoint of the exporter, the importer's risks will also be reviewed in order to better understand the challenges and determine the most appropriate method of payment for a particular transaction.

Location: Eau Claire WI

Contact: UW-Eau Claire Continuing Education, ph: (715) 836-5811

Website: <http://www.uwec.edu/ce/reg.htm>

Event Cost: \$79, includes lunch and CEUs

Export Compliance

Thursday, November 5, 2009

8:00 - 11:00 am

Complying with U.S. and foreign trade requirements, including U.S. export controls, other U.S. trade law regulations, and foreign regulations affecting market access and distribution is important in doing international business. This program, a part of a eight-session series on exporting fundamentals, will introduce regulatory and licensing issues and aid your firm in establishing an internal compliance program. Cost: \$49.

For more information on this program or the full exporting series, contact Ms. Kristen Busch, busch@ntc.edu, (715) 803-1592.