

ARKANSAS EXPORTER

A newsletter of the U.S. Export Assistance Center of Arkansas



NEWS

Governor Presents Four Arkansas Companies Excellence in Global Trade Award

Award recognizes Arkansas's leaders in international trade.

Four Arkansas companies were honored on May 23, 2012 for leading the way in exporting goods and services throughout the world.

Governor Mike Beebe presented the companies with the Governor's Award for Excellence in Global Trade during an awards luncheon at the Governor's Mansion.

- Large Agribusiness – Riceland Foods, Inc. (Stuttgart)
- Small/Medium Manufacturer Exporter – Coleman Dairy (Little Rock)
- Small/Medium Services Exporter – Trump Tours, Inc. (Bentonville)
- Small/Medium Agribusiness & Governor's E Star Award – Keith Smith Company (Hot Springs)

This is the third year for the program which is co-sponsored by the Arkansas District Export Council, the Arkansas Economic Development Commission, the U.S. Commercial Service Export Assistance Center Arkansas, and the Arkansas World Trade

Judging criteria was based on factors such as most recent percentage of export sales to total sales, growth of export sales over the past three years, the company's goals & commitments internationally & the number of jobs saved or created due to the company's export performance if applicable.

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North American Free Trade Agreement

- As of January 1, 2008, all tariffs & quotas were eliminated on U.S. exports to Mexico & Canada under the North American Free Trade Agreement (NAFTA).
- NAFTA created the world's largest free trade area, linking 454 million people producing over \$17.2 trillion worth of goods and services in 2010. The dismantling of trade barriers & the opening of markets has led to economic growth & rising prosperity in all three countries.
- Total merchandise trade among the U.S., Canada, & Mexico reached \$944.6 billion in 2010, an increase of 218% since 1992. Canada & Mexico are our first & third largest merchandise trading partners for 32.3% of U.S. exports to the world in 2010.
- NAFTA provides coverage to services with the exception of aviation transport, maritime, & basic telecommunications. The agreement also provides intellectual property rights protection in a variety of areas including patent, trademark, & copyrighted material. The government procurement provisions of the NAFTA apply not only to goods but to contracts for services & construction at the federal level. Additionally, U.S. investors are guaranteed equal treatment to domestic investors in Mexico & Canada.
- Overall investment from the U.S. to Canada & Mexico reached \$628 billion in 2009, growing 75% since 2003. U.S. exports to its NAFTA partners totaled \$411.5 billion in 2010, an increase of 23% over 2009. Principal U.S. exports to Mexico & Canada in 2010 included electrical machinery, machinery, vehicles, mineral fuel/oil, & plastics.





ARKANSAS EXPORTER is a monthly publication of the Arkansas Export Assistance Center.

THE U.S. EXPORT

ASSISTANCE CENTERS are part of the Department of Commerce' U.S. & Foreign Commercial Service (CS). We promote and protect U.S. commercial interests abroad and deliver customized solutions to ensure that U.S. businesses compete and win in the global market- place.

See www.export.gov/cs.

OUR WEBSITE:

www.export.gov/arkansas/index.asp

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NAFTA Webinar Series

WEBINAR: Roles and Responsibilities of the Importer, Customs Broker, and Freight Forwarder

June 13, 2:00pm Eastern

Understand how an importer, customs broker, & freight forwarder will export your product & how you can benefit from their expertise and services. Learn what information, documentation, & requirements are needed when working with these individuals. Cost: \$25

Click [here](#) to register for this webinar

WEBINAR: The Importance of the HS Number, Preference Criteria, NAFTA Certificate of Origin & Essential Documentation for Exporting to Mexico

July 11, 2:00pm Eastern

You will understand how to select a Harmonized System Number / Schedule B Number, Preference Criteria as well as how to fill out a NAFTA Certificate of Origin & other documentation. You will also learn how to comply with the rules of NAFTA. You will be able to ask questions & get answers from the speakers. Cost: \$25

Click [here](#) to register for this webinar

WEBINAR: Solutions Scenarios: Inbound Warehouses, Sending Samples to Mexico, Trading Companies

September 12, 2:00pm Eastern

You will understand the benefits of inbound warehouses and trading companies under NAFTA; how to send samples to Mexico without any problems & how to arrive at solutions when exporting to Mexico. You will be able to ask questions & get answers from the speakers. Cost: \$25

Click [here](#) to register for this webinar

WEBINAR: Compliance, Standards and Regulations to Exporting Goods to Mexico

October 10, 2:00pm Eastern

You will understand how to comply with NAFTA's standards & regulations when exporting goods to Mexico as well as the proper documentation & authorization needed at Mexican Customs. You will also be able to ask question and get answers from the speakers. Cost: \$25

Click [here](#) to register for this webinar

ALL BUYUSA.GOV SITES ARE NOW AT EXPORT.GOV
Exporter information that was on BuyUSA.gov has now moved to Export.gov.

CONDUCTING BUSINESS IN CANADA:
WHAT IS NEEDED?

There are several forms that must be completed under the NAFTA in order to be permitted to conduct business in Canada:

- 1) **Canada Customs Invoice**
 - Form can be found [here](#)
- 2) **Canada Customs Coding Form 3B**
 - Form can be found [here](#)
- 3) **NAFTA Certificate of Origin**
 - Form can be found [here](#)

--WEBINAR--***Selling Nutritional Supplements in China*****Date:** June 12, 2012**Time:** 7:00 – 8:15 pm EST**Cost:** \$55

Chinese are hungry for health products! The market for supplements is more than \$10 billion and growing at 5% per year, with no slowdown in sight. Concern about health, rising disposable income, preference for US manufactured products position American companies well. But regulations are challenging. Learn more about current market conditions, how to register, realistic views on entering the market, costs to do so, and the competition. Speakers include: Beijing based US-China Health Products Association, Euromonitor, Head of Global Consumer Health Research and US Embassy, Beijing.

Learn more & register [here](#)For more information, please contact Kellie Holloway at kellie.holloway@trade.gov**Intellectual Property-Intensive Industries Contribute to U.S. Economy**

- ❖ An April report by the U.S. Commerce Department shows that the 75 IP-intensive industries support at least 40 million jobs & contribute more than \$5.06 trillion to the U.S. GDP (34.8%).
- ❖ These industries directly employ 27 million & indirectly employ 13 million, totaling more than a quarter of all U.S. jobs
- ❖ Businesses and entrepreneurs throughout the private sector benefit from increased intellectual property efforts
- ❖ Wages are 42% higher on average than wages in other industries
- ❖ The U.S. Patent and Trademark office (USPTO) has implemented 7 provisions of the *America Invents Act* to forward the goal of better protecting U.S. intellectual property.
- ❖ These provisions are meant to enhance the speed & quality of patent processing, connect businesses with the tools they need to develop their technologies, & speed up patent applications,
- ❖ Backlog has been reduced by nearly 15% since President Obama took office
- ❖ Re-engineering the IP system is critical in helping American businesses maintain a strong presence in the global economy

NAFTA Webinar Series**WEBINAR: Complying with Value Declaration Requirements****November 14, 2:00pm Eastern**

You will learn about the value declaration requirements for Mexican Customs & understand the impact on U.S. exporters from experts at the Servicio de Administracion Tributaria (SAT) & Aduanas, CAAAREM (Mexican Customs Association). You will be able to ask questions & get answers from the speakers. Cost: \$25
Click [here](#) to register for this webinar

WEBINAR: How to Set Up Agents or Distributors in Mexico, Rules in Having a Direct Employee Present & Tax Implications**December 12, 2:00pm Eastern**

You will learn how to set up agents, distributors & direct employees in Mexico & the tax implications that might occur in this process. You will be able to ask questions & get answers from the speakers. Cost: \$25
Click [here](#) to register for this webinar

WEBINAR: How to Handle Problems with Mexican Customs, Distributor & Agent Agreements**January 9, 2013 2:00pm Eastern**

You will learn how to handle potential problems with Mexican Customs and understand the possible technical violations & additional duties your shipment might incur at the border. You will also learn how Mexican Customs can hold up your shipment. You will be able to ask questions & get answers from the speakers. Cost: \$25
Click [here](#) to register for this webinar

WEBINAR: NAFTA Labeling Requirements for Exported Goods**February 6, 2013 2:00pm Eastern**

You will understand the NAFTA labeling requirements when exporting your goods & the importance of proper labeling when exporting to Mexico & Canada. You will be able to ask questions & get answers from the speakers. Cost: \$25
Click [here](#) to register for this webinar

For additional information on any of these NAFTA Webinars, please contact Linda Abbruzzese at Linda.Abbuzzese@trade.gov

Principles of an Effective Export Compliance Program

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(Second of a 3 Part Series)

Introduction: In the first installment of this series, we discussed that U.S. export controls, specifically those found in the Export Administration Regulations (EAR), apply not only to companies dealing internationally in military, high tech or otherwise sensitive goods and technology, but to activities that are wholly domestic and not readily recognized as international, as well. We outlined ways in which the EAR applies to their activities. We also discussed that the consequences for violating the EAR are stiff: criminal and administrative penalties of up to \$250,000 or twice the value of the transaction and a fine of up to one million dollars and/or up to 20 years in prison, respectively. For both civil and criminal violations, a denial of export privileges may result.

In this installment, we will discuss the elements of an effective EAR compliance program. The final installment will instruct exporters on how to deal with potential violations of the EAR.

Principles of an Effective Export Compliance Program

Not only can an effective compliance program help an exporter to avoid violating the EAR, such a compliance program is entitled to great weight in the mitigation of a violation of the EAR. The BIS employs 9 guiding principles to assess effectiveness of an export compliance program.

- 1) **The program is supervised by appropriate senior company officials.** Senior management official(s) must be designated with the overall responsibility for the export compliance program.

- 2) **Meaningful risk analysis is performed.** The risk analysis must be ongoing and include types of goods exported and the destination of those goods.
- 3) **There is a formal written compliance program.** There must be effective implementation & adherence to written policies operational procedures.
- 4) **Adequate training provided to employees.** This training must be ongoing & keep employees aware of their responsibilities under the program.
- 5) **There is adequate screening of customers and transactions.** This training should include screening of employees, contractors, customers, products, & transactions & implementation of compliance safeguards throughout the export life cycle.
- 6) **Recordkeeping requirements are adhered to.** Easy retrieval is critical for effective recordkeeping. Develop a formal records program. Designate program-level records officers.
- 7) **There must be an internal system for reporting export violations, including making Voluntary Self-Disclosures.** There should be clear guidance to employees on how to report violations, suspected violations, or to obtain advice on compliance requirements. There must be a policy of no reprisal action unless a report was made knowing it was false.
- 8) **Internal/external reviews or audits are carried out.** These should include periodic audits, focusing on highly sensitive areas & random audits.
- 9) **Remedial activity is taken in response to export violations.** These actions should be aimed at preventing repeated violations.

Conclusion: The far reaching nature of the export control laws in the U.S. generally, and the many ways in which an unwary exporter can violate the EAR, specifically, can be overwhelming. However, an effective compliance program can assist an exporter in complying with the EAR. Such a compliance program can be surprisingly modest in cost. In the final installment of this series, we will discuss what to do if you discover potential EAR violations.

Coming July 2012:

Third of a 3 Part Series – What to Do If You Discover You May Have Violated the EAR

NATIONAL EXPORT INITIATIVE

Learn more at www.export.gov.



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