

COLOMBIA – PERU TRADE MISSION (SPRING 2009)

Colombia and Peru's economies have each experienced positive growth over the past five years. The Colombian economy continues to improve in part because of austere government budgets, focused efforts to reduce public debt levels, an export-oriented growth strategy, improved domestic security and high commodity prices.

Colombia ranks solidly with the group of progressive, industrializing countries worldwide, that have well-diversified agriculture, resources and productive capacities. Since the election of President Alvaro Uribe in May 2002, and re-election in 2006, Colombia has become one of the most stable economies in the region. Colombia's bilateral trade agreement with the U.S. is pending in the U.S. Congress. Peru represents a rapidly expanding market for American goods and services.

Peru's economy is well managed, and better tax collection and growth are increasing revenues, with expenditures keeping pace. Recent economic expansion has been driven by construction, mining, export growth, investment and domestic demand. This trend should be reinforced as a result of U.S. Congressional approval in December 2007 of the U.S. Peru Trade Promotion Agreement. The agreement is expected to level the playing field for U.S. companies by providing greater access to the Peruvian market and improving the

Continued on page 2

TRADE MISSION TO SAUDI ARABIA AND QATAR

The original dates for this mission (February 6-13) have been changed to March 2009. Official dates to be determined. For more information, contact Micah Kiel at micah.kiel@iowalifechanging.com or 515.242.4801.

TRADE MISSION TO MALAYSIA & INDONESIA

Business meetings to be scheduled March 2 - 6, 2009 in Kuala Lumpur and Jakarta.

The International Office of the Iowa Department of Economic Development (IDED) will lead a trade mission to Malaysia and Indonesia.

Participating Iowa companies will have on-site meetings with potential end-users, distributors, government regulators and/or collaborative partners.

The National Association of Manufacturers reports that Malaysia is the 10th largest export market for U.S. manufactured goods. Additionally, Malaysia purchases more U.S. exports per capita than European powerhouses Germany and France, as well as Asian giant Japan. Though Malaysia's per capita GDP is only \$6,146, its purchasing power is among the highest in Asia, as evidenced by the strong consumer market. In the first three quarters of calendar year (CY) '08, Iowa's exports to Malaysia increased 61 percent over the same period in CY'07.

Indonesia has a market-based economy in which the government plays a significant role. Reforms have focused on recapitalizing the banking sector and improving oversight of capital markets. GDP growth has steadily risen this decade, achieving an estimated 6.2 percent in 2007. In the first three quarters of CY'08, Iowa's exports to Indonesia increased 123 percent over the same period in CY'07

Be part of this growing region, all industry sectors are invited to participate in this mission. Application deadline is January 15, 2009.

Contact Kathy Hill at 515.242.4741 or visit the web link at http://www.iowalifechanging.com/intlevents/malaysia_indonesia.html

NEW FAX NUMBER:

The International Office has a new fax number – 515.242.4809. Please update your records.

ADDRESS/CONTACT UPDATE:

For corrections or updates for receiving this newsletter, please contact Lisa Mason at 515.242.4883 or lisa.mason@iowalifechanging.com



COLOMBIA – PERU TRADE MISSION

Continued from page 1

overall commercial climate. Iowa's exports to Colombia and Peru increased 32 percent and 59 percent respectively in 2007.

One-on-one pre-qualified appointments will be arranged in each location for participating companies whether they are seeking to develop or expand direct export sales, locate distributors or agents, conduct market research or have other goals. This trade mission is open to all industries. Contact Peggy Kerr at 515.242.4745 or peggy.kerr@iowalifechanging.com for further information.

AES SEMINAR

We are planning to schedule an AES Compliance Seminar and workshop in Iowa – Spring of 2009! Watch for upcoming information when dates are confirmed or contact Lisa Mason at lisa.mason@iowalifechanging.com or 515.242.4883.

OTHER INFORMATION

FINANCIAL ASSISTANCE TO QUALIFYING IOWA FOOD COMPANIES

The State of Iowa is a member of the Food Export Association of the Midwest. This membership allows qualifying Iowa companies access to financial assistance for international marketing initiatives. One program many Iowa companies are taking advantage of is the "Branded Program." This reimbursement program can be used for advertisements, marketing and promotions, trade show participation, package and label modification, and public relation expenses associated with exporting. Visit www.foodexport.org for more information about programs through the Food Export Association of the Midwest and to complete a pre-qualification worksheet!

COUNTRY SPOTLIGHT

STATE OF IOWA – EUROPEAN OFFICE, FRANKFURT

Anke Goebel, Director – European Office

Economic Outlook: Owing to the current global economic crisis — or the worst economic cycle in 15 years, and the credit crunch that goes with it — demand in Europe for U.S. products in general is said to decline. This decline is also accredited to a substantial increase in the value of the U.S. dollar over the Euro, when compared to the exchange rate only a few months ago. Although the worst of the financial crisis might be over, the impact on the real economy is still to come. Real GSP (gross state product) in the Euro zone will actually decline in 2009. The most recent significant decline in oil prices after the tremendous hike earlier in the year, is expected to soften the consumption shock, causing consumption to improve again the second half of 2009. In Europe, the UK and the Eastern European countries are most affected. The Netherlands, apparently, seem to be the least affected. The European Central Bank has pumped a lot of liquidity into the systems and keeps cutting interest rates, and governments are implementing a fiscal stimulus. However, the size of the economic crisis is bigger than anyone had expected.

EU Standards: As tariffs continue to drop and become less of an issue, the work on standards, conformity assessment, regulatory and compliance issues becomes even more critical. Information on standards can be found at <http://www.nist.gov>, the National Institute of Standards and Technology (NIST).

Metric Directive: Beginning January 1, 2010, the European Union Council "Metric Directive" 80/181/EEC will prohibit the use of any other than metric units for most products sold in the European Union (EU). Going well beyond labeling, the Metric Directive will make the exclusive use of metric units obligatory in all aspects of life in the European Union, extending to areas such as product literature and advertising. American exporters and companies doing business in Europe should be aware that unless the Metric Directive is amended or the implementation date is extended, as of 2010 it will be illegal to leave U.S. customary units on a box or label in the EU. Visit www.buyusa.gov/germany/en/standards.html and U.S. Commercial Service at the US Mission to the EU website: <http://www.buyusa.gov/europeanunion> for more information.

Trade Shows: A good way of entering the European market is attending a trade show in Germany. Germany tends to have the largest and most international trade shows for various industries. So even if attending a trade show in Germany, one could make contact with businesses and customers from other countries as well.

OTHER INFORMATION

IDED'S INTERNATIONAL OFFICE UPDATE WEB LINK

In an effort to better service the Iowa international community, we have updated our web link and encourage you to look through it. The goal of the new site is to improve navigation and help users locate specific services easier. We invite you to take a tour at http://www.iowalifechanging.com/business/intltrade/export_assistance.html and get reacquainted with our products and services, and offer feedback on the new site by contacting Lisa Mason at lisa.mason@iowalifechanging.com or 515.242.4883.

SCAM ALERT!!!

We have been seeing fraudulent trade leads coming out of China, specifically from the Hebei region. The Chinese company utilizes various names and stating that they are a trading company, then request a quotation for specific product. If you respond you will ultimately receive an email from the Chinese company telling you that your quote has been selected by their Board of Directors and that you must come to China to sign a contract. We have had our Beijing office look into verifying these leads as we are contacted by Iowa exporters and have found that they are fraudulent.

In doing the due diligence, our China office has found that the company does not exist. Remember, if it looks too good to be true, it is. IDED's offices in China, Mexico, Japan and Germany are there to assist you in expanding your export markets. If you have any questions or suspicions about unsolicited trade leads:

- 1.) Do not respond with any specific product information.
- 2.) Do not send letterhead, drawings, money.
- 3.) Do not travel to a country to sign a contract without first doing due diligence for any international transaction.
- 4.) Contact the IDED International Trade Office at 515.242.4743 or the U.S. Department of Commerce to assist you in trying to verify your concerns.

If you have any questions, contact: Kathy Hill at kathy.hill@iowalifechanging.com or 515.242.4741.

10+2 RULE

On November 26, 2008, Customs and Border Protection published its much-anticipated Importer Security Filing rule in the Federal Register. The interim rule, known as 10+2, will take effect Jan. 25, 2009, with enforcement to begin one year later. The interim rule includes an additional public comment period for certain data elements and economic effects of the rule. More information is available at a variety of sites including:

<http://www.joc.com/articles/news.asp?section=trade&sid=47087>

http://www.customs.gov/xp/cgov/trade/cargo_security/carriers/security_filing/

HARMONIZED SYSTEM

The U.S. International Trade Commission (ITC) has released a new Harmonized Tariff Schedule (HTS) online reference tool (<http://hts.usitc.gov/>) that contains an online version of the U.S. HTS. The ITC's online HTS includes a number of very useful features to importers, such as links directly to U.S. Customs and Border Protection's customs classification rulings on the CROSS system at the 10-digit level, an online version of the relevant chapter notes and links to the chapter 99 item showing temporary and seasonal rates.

The new 2009 Schedule B & HTS Codes will become effective January 2009.

Watch the ITC and Census web sites for updates:

www.usitc.gov/tata/hts/

www.census.gov/foreign-trade/schedules/b/

AES

The November 2008 issue of the AES Newsletter is available online at <http://www.census.gov/foreign-trade/aes/aesnewsletter112008.pdf> and contains information about the impact of the new Foreign Trade Regulations and policies and tips regarding the mandatory AES filing. You can register for these email updates at <http://lists.census.gov/mailman/listinfo/aes-broadcast-supplemental>.

EXPORT-IMPORT BANK UPDATES

The Export-Import Bank of the United States (Ex-Im Bank) (www.exim.gov) enhanced several of its trade finance products to help counter the tightening of credit and the lack of liquidity in the export marketplace and help U.S. exporters, in particular small-businesses, create and maintain export-related jobs. The Bank's Working Capital loan guarantee product, most frequently used by small-business exporters, has various requirements and/or restrictions that will be modified to provide increased liquidity to exporters. For example:

- Companies that produce goods or services that are sold to U.S. companies and are subsequently exported will now be eligible to apply for working capital loans guaranteed by Ex-Im Bank. Ex-Im Bank is raising from 10 percent to 100 percent the amount of a working capital loan guarantee available for these "indirect" exporters, the first time such companies have, on their own, been able to access the product.
- Ex-Im Bank will now consider covering warranty letters of credit up to 20 percent of the loan amount or \$1.5 million, whichever is lower, for a term of 12 months. This is a tripling of the previous ceiling of \$500,000 which the Bank believes will provide

Continued on page 4

EXPORT-IMPORT BANK UPDATES

Continued from page 3

additional liquidity to exporters and help them be more competitive. Exporters using Ex-Im Bank for such coverage will be required to provide only 25 percent cash collateral, versus the standard 100 percent cash collateral in the private sector.

- Staff will now consider, on a case-by-case basis, reducing collateral requirements for letters of credit to 10 percent of face value (down from 25 percent) versus 100 percent cash collateral for all letters of credit generally required by the private sector.

The Bank also created \$2.9 Billion facility to expedite U.S. exports to Korea to help meet increased demand to insure U.S. lenders' confirmation of Korean bank letters of credit. The board's action allows senior Ex-Im Bank officials to approve requests for up to \$2.9 billion in insurance cover involving letters of credit issued by 11 Korean financial institutions. Surveys of relevant confirming banks and brokers indicate that due to instability in the market there is a significant gap in commercial capacity available to support letters of credit issued by Korean financial institutions. The increased demand for confirmed letters of credit stems from the combination of the continuing high volume of U.S. exports to South Korea and weaker macroeconomic conditions.



Iowa Department of
Economic Development
200 East Grand
Des Moines, IA 50309

*Moving? Or, want to list a new or additional contact? Please contact
International@iowalifechanging.com or 515.242.4883 with your updates.*

PRSRT STD
U.S. POSTAGE
PAID
Des Moines, IA
Permit No. 1195

EXPORT TRADE ASSISTANCE PROGRAM (ETAP) COULD ADD UP TO \$12,000 TO YOUR INTERNA- TIONAL MARKETING BUDGET! FUNDS ARE LIMITED!

The State of Iowa offers financial assistance to qualifying Iowa companies who wish to take advantage of international trade shows and trade missions. Up to 75 percent of a company's eligible expenses, up to the maximum allowable per grant, may be reimbursed. If you employ less than 500 employees, of which at least 75 percent are employed within Iowa, are exhibiting in a trade show taking place outside the United States or are participating in a trade mission through the IDED, U.S. Department of Commerce or the U.S. Department of Agriculture, and will have at least one full-time employee or agent participating, you may qualify! The application process is simple, but must be done well in advance of the event. For more information visit www.iowalifechanging.com/business/intltrade/export_assistance.html or contact Lisa Mason at lisa.mason@iowalifechanging.com or 515.242.4883.

INDIVIDUALIZED ASSISTANCE AVAILABLE IN SELECT MARKETS:

IDED has the ability, through its representative office in Mexico and China along with offices in Japan and Germany, to provide Iowa exporters with customized assistance. These services, some involving a nominal fee, include:

- Assistance in researching or resolving a specific issue.
- Industry-Market Analysis (IMA): research and analyze the target market for a product or service to determine market potential, competitors, competitive products/services, marketing channels, market characteristics and distribution, advertising and promotions, requirements to conduct business.
- Sales Associate Search (SAS): identifying and pre-screening potential customers, agents, distributors or other sales associates based upon industry-market parameters and criteria provided.
- Customized Business Appointments (CBA): an itinerary of appointments, arrange for interpreters and drivers, customized orientation briefing, consult on relevant market or business issues, introductory meetings with local professional service providers for legal, financial, logistics or other business consulting services.
- Trade Show Support (TSS): pre-show promotions and/or post-show follow-up support.

Contact the International Office at international@iowalifechanging.com or 515.242.4743 to learn more.