



IDENTIFYING AND TAKING ADVANTAGE OF EXPORT OPPORTUNITIES IN COLOMBIA

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OBJECTIVES

- Use Colombia as an example of how SBDC-ITC counselors and SMEs may approach international trade issues
- Emphasize that there is no single “cookie cutter” model or approach to export market development
- Emphasize problem solving skills and techniques



US-COLOMBIA TRADE PROMOTION AGREEMENT

- Long and winding road to becoming reality
- About much more than trade in goods
- Signed 11/ 22/2006 by Deputy U.S. Trade Rep. John Veroneau and Colombian Minister of Trade, Industry, and Tourism Jorge Humberto Botero
- Passed by the U.S. House and Senate on 10/12/2011 after renegotiation
- May 15th 2012 implementation

<http://www.ustr.gov/trade-agreements/free-trade-agreements>



PRESIDENT OBAMA AT SUMMIT OF THE AMERICAS IN COLOMBIA 04/16/2012

“This agreement will provide American businesses, farmers and ranchers with significantly improved access to the third largest economy in South America. One month from today, the value of the U.S.-Colombia trade agreement will begin to be seen in lower tariffs on autos, consumer goods, agricultural commodities, machinery, and other exports from the United States, which will make our goods more competitive in the Colombian market. That means support for well-paying jobs at home,” said Ambassador Kirk.

“Taking this next step toward entry into force of this agreement is recognition that Colombia has met the milestones of, and continues to demonstrate its strong commitment to, the Action Plan Related to Labor Rights. We will continue working with the Santos Administration to help it continue to meet its long-term commitments to improve its labor practices and deter violence against labor leaders. We are making good on President Obama’s promise to use a new approach to trade and stand up for the protection of workers in the U.S. and around the world.”



WHY COLOMBIA?

- According to the USTR, Colombia's economy is diversifying and is the 4th largest in Latin America
- The “Made in USA” label has strong appeal in Colombia
- Strong people to people, cultural, business and political ties between the USA and Colombia
- Cobbling FTAA together one agreement at a time?
- According to USTR, about 80% of **qualifying** U.S. exports will immediately gain duty-free access to Colombia, including: agriculture and construction equipment, aircraft and parts, auto parts, fertilizers and agro-chemicals, information technology equipment, medical and scientific equipment, and wood.



INTERNATIONAL TRADE REQUIRES KNOWLEDGE

- Art as well as a science
- Cultural
- INCOTERMS
- Export and Import Compliance
- Rules of Origin and Free Trade Agreement qualification
- Shipping and logistics
- International payment options
- Piecing together a puzzle
- Relevance of CGBP training and credential



CULTURAL ISSUES FOR COLOMBIA

- Colombia as a distinct Latin American country
- Regionalism
- Spanish language
- Societal Issues
- Educational levels
- Personal and professional connections
- Emphasis on relation building
- Formalities
- Professional titles
- Communication
- Family centered



IDENTIFYING OPPORTUNITIES IN COLOMBIA

- SBDC International Trade Centers
- State International Trade Offices
- U.S. Department of Commerce- U.S. Commercial Service
- Trade Missions
- Trade Shows/Fairs
- Competitive Intelligence data ex. PIERS



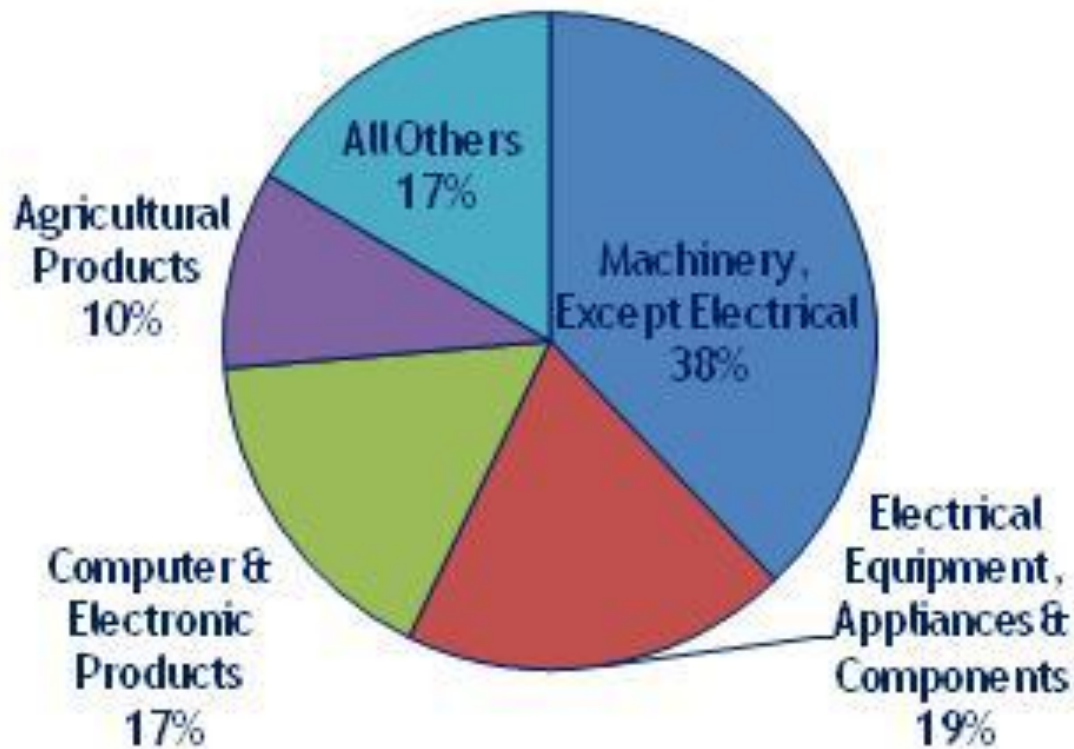
ASSESSING FOREIGN MARKET POTENTIAL

- UN Comtrade
- USA Trade Online (HS and NAICS codes)
- PIERS
- Internet Research
- International Trade Administration (ITA)



SOURCE: US DEPARTMENT OF COMMERCE INTERNATIONAL TRADE ADMINISTRATION

Oklahoma Exported an Average of \$62 Million in Goods to Colombia from 2008-2010



EXAMPLE

- A manufacturer of a uniquely scented body lotion wants to take advantage of opportunities created by the free trade agreement
- Need to devise comprehensive strategies such as sourcing of materials to increase competitiveness
- Identify foreign market opportunities for product

- Where to start?



GLOBAL SOURCING

- Increase competitiveness and quality of product
- Citric acid is an ingredient in our body lotion
- Search the Colombian market for sourcing opportunities (FTA cumulation concept)
- Sourcing from free trade partner allows for cumulation
- Admissibility of citric acid into USA- Customs and other agencies that regulate the product
- True landed cost
- Antidumping or Intellectual Property concerns?
- Determine HS number -Citric acid from Colombia classifiable under 2918.14
- Does FTA apply to reduce or eliminate duties?



EXPORTING BODY LOTION TO COLOMBIA

- US Export Compliance – BIS Lists to Check
- Regulations and requirements to import product into Colombia
- New National Single Window system
- IPR Considerations?
- Does product qualify for reduced or duty free treatment?
- Apply rules of origin to HS heading 3304.99
- Record keeping requirements
- Post entry audits and verifications



QUALIFYING FOR PREFERENTIAL TARIFFS

- Preference Criteria
- Rules of Origin
- Analysis
- Certification
- Direct Shipment requirement
- Supporting Documentation



SPECIFIC RULE OF ORIGIN

3304.99

3304.10 – 3307.90

“A change to subheading 3304.10 through 3307.90 from any other subheading.”



APPLYING RULES OF ORIGIN

3304.10 – 3307.90

“A change to subheading 3304.10 through 3307.90 from any other subheading.”

3304.99.0000

33= Chapter

3304= Heading

3304.99 = Subheading

3304.99.0000= Tariff Number



BILL OF MATERIALS FOR BODY LOTION ORIGINATING PRODUCT?

<u>Desc.</u>	<u>HS Code</u>	<u>C/O</u>	<u>Cost</u>	<u>Orig</u>
Mint Oil	3301.25	IT	.75	N
Mint Leaves	1211.90	JP	.20	N
Citric Acid	2918.14	CO	.05	Y



SHIPPING, LOGISTICS AND INTERNATIONAL PAYMENTS

- Research carefully
- Use SBDC ITCs to help with research
- A good solution for another country may not be best one for Colombia
- Conduct due diligence on finance and payment issues
- Check OFAC and other restrictions on payments
- Contract should stipulate dispute resolution in USA



A LITTLE MORE TO USING FREE TRADE AGREEMENTS THAN JUST USING THEM

Article 4.15 of US-Colombia FTA: Claims for Preferential Treatment

1. Each Party shall provide that an importer may make a claim for preferential tariff treatment based on either:
 - (a) a written or electronic certification by the importer, exporter, or producer; or
 - (b) the importer's knowledge that the good is an originating good, including reasonable reliance on information in the importer's possession that the good is an originating good.



RECORDKEEPING AND VERIFICATIONS

- Importers and exporters must retain records and make available upon request documentation substantiating the claim for 5 years
- Colombian and US Customs can request information and conduct origin verification
- Potential liability for providing incorrect or unsubstantiated information to customer and government officials



UN COMTRADE

Period	Trade Flow	Reporter	Partner	Code	Trade Value	NetWeight (kg)	Quantity Unit	Trade Quantity	Flag
2007	Import	Colombia	World	<u>220210</u>	\$1,381,599	1,083,817	<i>Z</i>	<i>1,083,817</i>	2
2008	Import	Colombia	World	<u>220210</u>	\$2,431,526	1,413,510	<i>Z</i>	<i>1,413,510</i>	2
2009	Import	Colombia	World	<u>220210</u>	\$846,081	985,107	<i>Z</i>	<i>985,107</i>	2
2010	Import	Colombia	World	<u>220210</u>	\$4,898,048	14,813,371	<i>Z</i>	<i>14,813,371</i>	2
2011	Import	Colombia	World	<u>220210</u>	\$1,588,529	1,795,836	<i>Z</i>	<i>2,207,252</i>	0
									1

Estimated quantity/netweight shown in italics

Flag refers to quantity/netweight estimation:

0 = no estimation, 2 = quantity, 4 = netweight, 6 = both quantity and netweight

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TRADE INTELLIGENCE

SOURCE: PIERS

Shipper	Shipper Address	Commodity
SUCROMILES S.A NIT 891.300.959-8	KM 18 RECTA CALI PALMIRA VEREDA LA HERRADURA PHONE 572-4310627 FAX NO 572-4445554 PALMIRA VALLE COLOMBIA	760 SACOS X 25 KG CONTENIENDO:19000 KG EXTRAFINE CITRIC ACID -25 K HOUSE TO HOUSE FREIGHT PREPAID INVOICE NO 24097 EXP 20455 SAE NO 6027516619901 FDA 18909225086 PA 29.18.14.00.00 APZU3785513
SUCROMILES S.A. NIT. 891.300.959-8	KM 18 RECTA CALI ? PALMIRA VEREDA LA HERRADURA PHONE:(572)431062, FAX:(572)4445554	CITRIC ACID 800 BAGS X22.7 KGS CONTAINING: 18160.00 KG GRANULAR CITRIC ACID 50 LB HOUSE TO HOUSE FREIGHT PREPAID US\$1153 INVOICE 23840 EXP- 20201 SAE:6027514101931 ASUNTO:201001850100070100 FDA 18909225086 RIA:29.18.14 GLDU3884040 CITRIC ACID 800 BAGS X22.7 KGS CONTAINING: 18160.00 KG FINE CITRIC ACID 50 LB HOUSE TO HOUSE FREIGHT PREPAID US\$1153 INVOICE 23841 EXP- 20202 SAE:6027514103406 ASUNTO:201001850100070081 SAE:6027514062290 FDA 18909225086 RIA:29.18.14 HLXU2268709
WORLDBEST BIOCHEMICALS (THAILAND)	CO.,LTD 19, 20TH FLOOR, 135/57 BUILDING AMORNPAN PORTLAND, TOWER 4 USA, T:503-670-1737, SOI NATHONG	CITRIC ACID OOLU3696477
WORLDBEST BIOCHEMICALS (THAILAND)	CO.,LTD 19, 20TH FLOOR, 135/57 BUILDING AMORNPAN PORTLAND, TOWER 4 USA, T:503-670-1737, SOI NATHONG	CITRIC ACID OOLU1484421



One parting thought . . .

Have the

MOXIE

To consider exporting to Colombia



MUCHAS GRACIAS Y MUCHA SUERTE

