

Florida Foreign Trade Review



A monthly publication of the Florida Foreign Trade Association

Rafael Puga, President

Jorge A. Ramirez, Editor & Communications Director

For information, log on to www.ffa.com or call 305.471.0737 or 800.823.5714



JANUARY

In support of Florida as home for the Free Trade Area Secretariat

By Jorge A. Ramirez, Editor

No doubt, the debate on where the permanent Free Trade Area of the Americas Secretariat should be located will increase as we approach 2005 — the time when the 34 nations in the Western Hemisphere will decide on its home.

For years Miami has been labeled the Gateway to the Americas. Its geographical location, cultural diversity, highly developed service industry, strong financial sector, outstanding seaport and airport facilities offering routing options that are difficult to match are some

of the many features that make South Florida the ideal place for the Secretariat.

And November 2003 will give us Floridians a second opportunity to show all those nations that we

are prepared and that our state offers all such conditions. But most importantly, we will be able to show our most valuable asset — our people. Florida is already home to a host of foreign nationals who have transformed our state during these last decades. Together, we will be able to demonstrate that our cultural diversity is the real key to supporting the needs of our hemispheric neighbors, who are represented in the Secretariat. As a community we need to get involved. We need to understand what is at stake and must take responsibility for our future.

As 2005 approaches, an increasing number of cities will enter the contest; we Floridians need to get involved now. While our state government officials secure a cohesive plan, we need to understand how we can support this important initiative; we also need to understand that what may give South Florida the necessary votes to secure the Secretariat will be tied to the benefits we can offer the member nations — our key is our people and our service culture. Let's continue to enhance that culture.

As 2005 approaches, an increasing number of cities will enter the contest; we Floridians need to get involved now.

Free Trade Area of the Americas interest mounts

Statewide interest in the Free Trade Area of the Americas (FTAA) and its Secretariat is mounting. Such enthusiasm was illustrated on December 16th when the Greater Tampa Chamber of Commerce Committee of One Hundred, the Florida Chamber's International Committee, Enterprise Florida, and Florida FTAA Inc. sponsored the International State of the State 2002 conference promoting business involvement and awareness in the FTAA process, its impact on Florida's economy and Miami's bid to host the Permanent FTAA Secretariat.

Over 240 international trade organizations from the business, development and governmental sectors participated in the all day event. Especially significant was the affirmation of support by Florida citrus interests to work toward an FTAA. The next major conference to discuss the FTAA will



Hugh Simon
Under Secretary of State, Int'l Affairs

Indeed, in advancing Florida's free trade efforts, Governor Bush appointed Orlando Mayor Glenda Hood as Secretary of State. Hood will have a leading role in Florida's international presence.

take place at the Orlando Regional Chamber of Commerce on January 9.

Gov. Jeb Bush, a staunch supporter of the FTAA and Florida's campaign to host the Secretariat, sent Pamela Dana, state Office of Tourism director, to the meeting. She declared that a Miami FTAA Secretariat would be, "a boom for all of Florida."

U.S., Chile conclude historic free trade pact

The United States and Chile have reached an historic and comprehensive Free Trade Agreement (FTA) designed to strip away barriers and facilitate trade and investment between both countries. U.S. Trade Representative Robert B. Zoellick and Chilean Foreign Minister Soledad Alvear said they expect to sign the Agreement and submit it to their Congresses for approval next year.

The U.S.- Chile FTA will be the first comprehensive trade agreement between the United States and a South American country. Both ministers expect this Agreement will encourage progress on negotiations of the Free Trade Area of the Americas (FTAA), to meet its goal of completion by 2005, as well as the ongoing global trade negotiations.

The United States and Chile began bilateral negotiations on an FTA in December 2000, holding a series of 14 negotiating rounds with teams of specialists, alternating between Santiago, Chile and cities in the United States, including Miami, Atlanta and Washington, DC. The United States views the U.S.-Chile FTA as a key way to increase U.S. market access for goods and services and provide strong protections for U.S. investors in Chile.

Agreement Highlights

New opportunities for U.S. workers and manufacturers: More than 85% of two-way trade in consumer and industrial products becomes tariff-free immediately, with most remaining tariffs eliminated within four years. Key U.S. export sectors benefit, such as agricultural and construction equipment, autos and auto parts, computers and other information technology products, medical equipment, and paper products. Luxury tax on U.S. automobiles phased out.

Expanded Markets for U.S. Farmers and Ranchers: More than three-quarters of U.S. farm



Robert Zoellick
U.S. Trade Representative

goods will enter Chile tariff-free within 4 years, with all tariffs phased out within 12 years. Key U.S. farm products will benefit from improved market access, including pork, beef, soybeans, durum wheat, feed grains, potatoes, and processed food products such as french fries, pasta, distilled spirits and breakfast cereals. Tariffs on U.S. and Chilean wine equalized at

low U.S. levels, then eliminated. The agreement also continues the bilateral process that has successfully addressed some non-tariff barriers, such as meat and dairy inspection issues, and meat grading.

Access to A Fast-Growing Chilean Services Market: New access for U.S. banks, insurance companies, telecommunications companies, securities firms, express delivery companies, and professionals. U.S. firms may offer financial services to participants in Chile's highly successful privatized pension system. Ground-breaking transparency rules to ensure that service regulators operate fairly.

A trade agreement for the digital age: State-of-the-art protections for digital products such as U.S. software, music, text, and videos. Protection for U.S. patents and trade secrets exceeds past trade agreements.

Strong protections for U.S. investors: The agreement will establish a secure, predictable legal framework for U.S. investors operating in Chile.

(See Chile on next page)



Chile ...

(Continued from previous page)

Open and fair government procurement: Ground-breaking anti-corruption rules in government contracting, setting a new standard for trade agreements. U.S. firms are guaranteed fully transparent procurement procedures to sell goods and services to a wide range of Chilean government entities, including airports and seaports.

Strong protections for labor and the environment: Both parties commit to effectively enforce their domestic labor and environmental laws. An innovative enforcement mechanism includes monetary penalties to enforce commercial, labor and environmental obligations of the trade agreement. Cooperative projects will include efforts to protect wildlife and improve resource management, reduce the use of dangerous chemicals such as methyl bromide, reduce environmental hazards from mining, and promote internationally recognized labor principles.

Agreement's Benefits

- Levels the Playing Field for U.S. Products

and Farm Goods

- U.S. companies currently operate at a significant competitive disadvantage in Chile, because competitors such as Canada, Mexico and the European Union all have free-trade agreements with Chile. For example, a U.S.-made Caterpillar 140 Horsepower Motor Grader sold in Chile pays \$13,090 in tariffs. But the same tractor made in Canada pays ZERO tariffs.

- The National Association of Manufacturers (NAM) estimates that the current lack of a U.S. FTA with Chile costs U.S. exporters \$800 million per year in sales, affecting 10,000 U.S. jobs.

- NAM estimates that the largest losses of U.S. market share in recent years were in wheat, corn, soybeans, paper, plastics, paints & dyes, fertilizers, heating equipment, and construction equipment.

- The U.S.-Chile FTA will remedy these competitive disadvantages.

Increased Opportunities, Especially for Poor

A study by the University of Michigan and Tufts University estimates that a U.S.-Chile FTA will expand U.S. GDP by \$4.2 billion, and Chilean

GDP by \$700 million.

Poverty in Chile was cut in half between 1987 and 2000 as a direct result of Chile's economic reforms and trade liberalization. Persons living in extreme poverty declined from 17.4% in 1987 to 5.7% in 2000. An FTA will contribute to continued economic growth and poverty reduction in Chile.

A State-of-the-Art Trade Agreement:

The U.S. FTA with Chile contains ground-breaking provisions new to any free trade agreement:

- New anti-corruption rules in government contracting, and commitments to make end-user piracy of copyrighted works a criminal offense.

- New customs procedures will increase transparency, efficiency and timeliness of customs clearance procedures, while maintaining strong border security.

- New regulatory transparency commitments will govern the interaction of service regulators with private parties, increasing public access to rulemaking procedures.

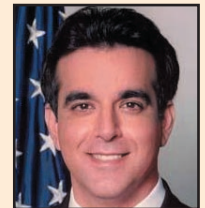
- Unprecedented transparency in the dispute settlement process, including public panel hearings, access to legal submissions, and the right of third parties to submit views.

U.S. Small Business Admin. signs letter of intent with Chile

The U.S. Small Business Administration, the Technical Cooperation Service of Chile and the Chilean Economic Development Agency have signed a cooperation agreement to promote programs that will help small and medium-sized businesses in both countries develop their commercial interests and participate in international trade opportunities.

The memorandum of understanding was signed by SBA Administrator Hector V. Barreto, Technical Cooperation Service Deputy General Manager Raquel Alfaro, Economic Development Agency CEO and Executive Vice President Bernardo Espinosa in Santiago, Chile, on Dec. 5, 2002, during the last scheduled round of negotiations for the U.S.-Chile Free Trade Agreement.

"This agreement further strengthens the traditionally strong commercial ties between our countries," said SBA Administrator Hector V. Barreto. "Chile is an important trade partner to the United States and we are pleased to participate in this joint venture that will be mutually beneficial for economic development and job creation in both countries."



Hector V. Barreto
SBA Administrator

A new successful initiative — SBA's ExportExpress

Combining SBA's lending assistance with customized technical assistance, the SBA's ExportExpress program is designed to meet the various financial needs of small business exporters. Use SBA ExportExpress for...

- Participation in a foreign trade show;
- Translation of product brochures or catalogues for use in overseas markets;
- General lines of credit for export purposes;
- Service contracts from buyers located outside the United States;
- Transaction-specific financing needs associated with completing actual export orders; and/or
- Purchase of real estate and equipment to be used in production of goods or services which will be exported.

How Does An ExportExpress Loan Work?

The SBA guaranty is 85% for loans up to \$150,000 and 75% for loans more than \$150,000 up to a maximum loan amount of \$250,000. Lenders use their own loan analyses, loan procedures and loan documentation and a streamlined loan review and approval procedures to process SBA guaranteed loans. Completed applications

are submitted for approval to SBA's processing center in Sacramento, California which provides lenders with a response, typically within 36 hours.

Interest Rates and Terms

SBA offers the competitive rates and terms small businesses need to compete globally. Such as ...

- Applicants negotiate terms with the lender.
- Rates may be either fixed or variable, and tied to the prime rate.
- Lenders may now charge 6.5% over the prime rate for a loan of \$50,000 or less.
- Lenders may now charge 4.5% over the prime rate for a loan over \$50,000.
- The guaranty and servicing fees are the same as SBA's regular 7(a) guaranty loans.

Maturity And Renewals Loan maturities are generally 5 to 10 years for working capital and 10 to 15 years for machinery and equipment (not to exceed the useful life of the equipment).

Do I Qualify?

If you are a small businesses who can

demonstrate that the loan proceeds will enable entry into a new export market or expand an existing export market and have been in business operation, though not necessary in exporting, for at least 12 months at the time of application, then this program can help you!

Other Financing Needs

The SBA offers a range of long- and short-term financing options for small business exporters. The Export Working Capital Program can help with all your pre- and post-export financing needs. If you're exporting or preparing to export, or if you've been adversely affected by import competition, consider an International Trade Loan.

For More Information

Go to the nearest U.S. Export Assistance Center or SBA District Office. Each center has a range of export programs and services. Experts from the SBA, the Department of Commerce, the Export-Import Bank of the United States, and other public and private partners are available to answer questions and help expand your export business.