

Florida Foreign Trade Review



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SEPTEMBER

Multilateral Investment Guarantee Agency

Helping Investors Manage Political Risks

By Jorge A. Ramirez, Editor

The Multilateral Investment Guarantee Agency (MIGA), created in 1988 as a member of the World Bank Group, has as its mandate, the promotion of foreign direct investment into developing countries by offering political risk insurance (guarantees) to investors and lenders, and by helping developing countries attract and retain private investment. Since its inception, MIGA has provided some \$12 billion in guarantees for investment projects in 85 developing countries, facilitating nearly \$50 billion in additional foreign direct investment. MIGA complements the activities of other investment insurers and works with partners through its coinsurance and reinsurance programs. MIGA also helps developing member countries attract investment by strengthening the capacity of investment intermediaries, equipping them with the tools, techniques, and know-how to target and win foreign direct investment. The agency also disseminates free real-time investment information through its online services — www.fdxchange.com, www.ipanet.net, and www.privatizationlink.com.



Jorge A. Ramirez

Products and services: The agency's guarantees protect investments against the risks of transfer restriction, war and civil disturbance, expropriation, and breach of contract. Equity investments can be covered up to 90 percent, and debt up to 95 percent, with coverages typically available for up to 15 years. MIGA may insure up to \$200 million per project, and if necessary more can be arranged through syndication of insurance. Pricing is determined on the basis of both country and project risk. The investor has the option to cancel a policy after three years. MIGA may not cancel the coverage.

Eligible investments: MIGA can guarantee new, cross-border investments originating in any member country and destined for any developing member country. New investment contributions associated with the expansion, modernization, or financial restructuring of existing projects, and acquisitions involving privatization of state enterprises, are also eligible. Eligible forms of investment include equity, shareholder loans, and loan guarantees issued by equity holders, as well as technical assistance, management contracts, and franchising and licensing agreements. To qualify for coverage, projects must contribute to host country needs, such as job creation, technology transfer, and export generation, and be financially, economically, and environmentally sound.

For more information, please visit www.miga.org, or contact MIGA's Corporate Relations Officer, **Federica Dal Bono** at 202-473-9292 or fdalbono@worldbank.org.

Trade deficit up 0.7% in July

Record imports from China pushed America's trade deficit higher in July, but U.S. exports also went up in a bit of good news for manufacturers that analysts said may also signal gains in the slumping economies of U.S. trading partners.

The Commerce Department's latest snapshot Thursday of the country's trade activity shows that the trade gap grew 0.7 percent in July to \$40.3 billion.

Imports of goods and services came to \$126.5 billion in July, the second-highest level on record, and represented a 1.6 percent increase from June. As the United States' economy strengthens, so have imports of foreign-made goods.

"U.S. consumers have almost an insatiable appetite for imported goods," said Clifford Waldman, economist with Manufacturers Alliance/MAPI, a research group. Improvement in sales of U.S.-made goods to other countries during the month, meanwhile, was a hopeful sign for the worldwide economic slump and "shows that the global situation is getting a tad bit better," he said.

Exports totaled \$86.1 billion in July, the strongest showing since May 2001, and marked a 2 percent increase from the previous month. A



Don Evans
U.S. Secretary of Commerce

weaker U.S. dollar also is helping U.S. exports, making them less expensive to foreign buyers, economists said.

"Our exports improved solidly," said Joel Naroff, president of Naroff Economic Advisors. "Sales of food, industrial supplies, capital goods and vehicles were all up."

Separately, the Labor Department said new claims for unemployment insurance rose last week to a two-month high of 422,000.

On the trade front, the Bush administration says the way to deal with rising trade deficits is for other countries to remove trade barriers. That would allow U.S. companies to do business more freely in overseas markets, thus boosting America's global competitiveness, the administration says.

Critics say growing trade deficits are proof the administration's free-trade policies are not working. U.S. companies have moved operations overseas and imports are flooding into the United States, resulting in hefty losses of American manufacturing jobs.

That, along with a bout of economic hard times at home and abroad, also has hurt the U.S. manufacturing sector. Manufacturers have lost nearly 16 percent of their work force, or 2.7 million jobs, in a record 37 straight months.

America's politically sensitive trade deficit with China widened to a record \$11.3 billion in July. Imports from the country totaled \$13.4 billion, an all-time monthly high.

The World Trade Center Miami welcomes you to Air Cargo Americas News, offering you the latest news from the industry and information on the largest air cargo congress and exhibition in the Americas — Air Cargo Americas 2003

UPS to be major sponsor at Air Cargo Americas

As the 2003 Air Cargo Americas Conference approaches, UPS is proud to announce that is once again a major sponsor of the event.

The air cargo industry has faced some challenging times during the past year making this year's conference an extremely important one for the industry to come together and plan for the future. On Wednesday, October 29, 2003, during the noon luncheon, Chris Mahoney, Senior Vice President of Global Transportation Services for UPS, will be addressing the challenges ahead and will provide insight as to how companies can navigate through the turbulence to remain competitive.

With over 260 heavy-jets, UPS Airlines is a

business unit of UPS and the world's 11th largest airline working to ensure the safe, efficient, reliable movement of cargo. UPS is the world's largest package delivery company and a global leader in supply chain services, offering an extensive range of options for synchronizing the movement of goods, information and funds. Headquartered in Atlanta, Ga., UPS serves more than 200 countries and territories worldwide.

If you are interested in more information about the Air Cargo Americas Congress, or would like to showcase your company as an exhibitor or sponsor, please contact Charlotte Gallogly or Emy Rodriguez or call 305-871-7910. Contact us today and be a part of the largest air cargo trade show in the Western Hemisphere.



New office helps small businesses go global

By Devan Stuart

Small and medium-sized businesses in North Florida now have a one-stop shop for help getting into the export business. The U.S. Export Assistance Center formally opened last week in the Jacksonville Regional Chamber of Commerce building.

Director Jorge Arce runs the one-man office, working with fellow trade professionals, including John Freeman, executive director of Jacksonville's World Trade Center, and Bill Cronin, a senior manager for Enterprise Florida.

The Export Assistance Center is part of the U.S. Commercial Service (a division of the U.S. Department of Commerce), which in 2001 helped businesses generate export sales worth more than \$34 billion. Arce calls it "the largest consulting organization on the planet," noting its 160 offices and nearly 1,500 consultants worldwide.

"We have the ability to get just about any information from just about any country you can speak of — and then some," he said.

It's that information-gathering step that sometimes discourages smaller companies from exporting. Time, costs and clashing business cultures can be overwhelming and lead many entrepreneurs to believe their companies are too small to successfully export.

"There is no business too small to export,"



So. Fl. Export Council Chairman G. Levia (left) and USEAC's Jorge Arce (right).

said Bruce Blakeman, deputy assistant secretary of domestic operations for the U.S. Commercial Service. He noted more than two-thirds of U.S. companies that export employ fewer than 100 people and many that the organization works with employ few than five. One California husband and wife team sells more than \$1 million a year in medical devices worldwide.

"There's a lot of help at the local, state and federal levels," Mr. Blakeman said. "And the nice thing about most of this stuff is it's free."

Service include specialized market research for companies looking to export in specific areas, assessment of competition and pricing, finding distributors, and educating clients on such issues as taxes, tariffs and label laws.

One program, called "gold key," draws on the

power of the U.S. Embassy to arrange meetings with heads of foreign countries that U.S. businessmen likely would be unable to land on their own.

Another service helps exporters with payment disputes.

"You don't have to become a bureaucratic expert," Mr. Blakeman said. "You just have to call Jorge."

And soon Mr. Arce' calendar is filling up fast. He's touring Northeast Florida, getting to know port and government officials, business leaders and local legislators. His district runs west to the Suwannee River, north to the Georgia state line and south to Alachua County.

The U.S. Commercial Service has been available to Northeast Florida businesses for years but lacked a physical presence here since 1989.

Mr. Arce comes to Jacksonville after nearly a decade in the United States. He became one of the state's top performers in Commercial Services' Miami office, said John McCartney, the division's director of Florida operations.

In his new digs, Mr. Arce's biggest challenge is developing an international awareness of Jacksonville as a port city.

"Excellent infrastructure usually translates to lower costs," he said. "Jacksonville needs to establish itself as a more level competitor. The infrastructure is here. We just have to let the world know it."

President Batlle of Uruguay joins Governor Bush to announce support for FTAA permanent secretariat in Miami

Uruguay President Jorge Batlle joined Governor Jeb Bush today to announce Uruguay's support of Miami's candidacy for the permanent Secretariat of the Free Trade Area of the Americas (FTAA).

"Uruguay is an important trading partner for Florida and I thank President Batlle and the people of Uruguay for their support of Florida. This commitment to Florida by President Batlle significantly impacts our efforts to bring the FTAA Secretariat to Miami," said Governor Bush. "As the recognized 'Gateway to the Americas', Florida provides access to future economic growth for the nations of our hemisphere. We will continue to work to secure future commitments from the elected leaders of the Americas in our effort to win the FTAA Secretariat. President Batlle's decision to back Florida will dramatically help as we convince other countries to join our effort."

Uruguay becomes the first country to officially back Miami's bid to host the FTAA headquarters. President Batlle's announcement came following a private meeting with the Governor at the Biltmore Hotel in Coral Gables.

"Miami's infrastructure, its excellent location and the availability of a solid network of multilingual services within the context of wide-

spread cultural diversity, gives Miami the necessary conditions for the management of a project of this magnitude," President Batlle said.

The Free Trade Area of the Americas Treaty, to be completed by 2005, will create the largest free trade area in the world, stretching from Tierra del Fuego to Alaska, with a total Gross Domestic Product of more than \$14 trillion and 800 million consumers. Locating the FTAA Secretariat in Florida will create nearly 90,000 new jobs in the state, boost Florida's payrolls by about \$3.2 billion each year, and add about \$13.6 billion annually to Florida's Gross State Product, according to a recent study conducted by Enterprise Florida, Inc.

President Batlle is in Miami leading a commercial mission from Uruguay described by him as "the most important commercial mission ever organized by the Uruguayan government." More than 70 business leaders, representing 11 industry and services sectors of the Uruguayan economy, will have a series of matchmaking



Gov. Jeb Bush
Governor of Florida

events with more than 110 Florida and U.S. business representatives this week at the Biltmore Hotel in Coral Gables.

The Uruguayan trade mission comes after Governor Bush led a Team Florida mission to Uruguay, Chile and Argentina in July 2001.

President Batlle, who also serves as President of MERCOSUR, a trade bloc treaty comprised of Argentina, Brazil, Paraguay and Uruguay, is known as one of the most ardent advocates of free trade in Latin America, and his country has been one of the most active promoters of free trade within the World Trade Organization (WTO) and the Free Trade Area of the Americas (FTAA) process. Importantly, President Batlle is committed to sharing with the rest of its members the reasons why Miami should be selected as the seat of the permanent Secretariat of the FTAA.

In November, Miami will host the eighth round of FTAA trade negotiations. The event will bring together ministers from 34 nations in the Western Hemisphere on November 20-21, with the VIII Americas Business Forum taking place the week of November 17 and overlapping the ministerial meetings. Those meetings could play a vital role in determining if Miami is selected as the permanent Secretariat of the FTAA