

International Trade UPDATE

Gary Locke Sworn in as Secretary of Commerce

The new secretary of commerce pledges to support economic recovery and put every part of the Department of Commerce to work on saving U.S. jobs and creating the jobs of the future.

On March 24, 2009, the U.S. Senate confirmed Gary Locke as the 36th secretary of commerce. Locke was sworn in as secretary on March 26 in Seattle, Washington.

"I'm honored to take on this challenge and will work every day to make the Commerce Department an engine for improving our competitiveness, encouraging innovation, and creating jobs," said Locke upon his confirmation.

Experience in Promoting Trade

The new secretary has wide-ranging experience in international trade. Locke was elected Washington's 21st governor in 1996,

and was subsequently reelected to a second term in 2000. He was the first Chinese American governor in U.S. history and the first Asian American governor in the contiguous 48 states.

During his tenure as governor, Locke helped open doors for Washington businesses by leading 10 trade missions to Asia, Mexico, and Europe, significantly expanding the sales of Washington products and services. He successfully fostered economic relations between China and Washington state. His visits are credited with introducing Washington companies to the Chinese market, thereby helping to more than double the state's exports to China, to more than \$5 billion per year. He also opened a Washington state trade office in Germany to advance economic relations with European countries.

Trade: the "Lifeblood of the Economy"

In his confirmation hearing before the Senate Committee on Commerce, Science, and Transportation on March 18, Locke noted the importance of trade in general, and his experience with it as governor of Washington. "I hail from the 'other Washington' where trade

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Secretary of Commerce Gary Locke (U.S. Department of Commerce photo)

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INTERNATIONAL
TRADE
ADMINISTRATION

Locke

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is the lifeblood of our economy. We are the most trade-dependent state in the nation, with more than one in four jobs in our state either directly or indirectly tied to trade. There has never been a more important time for this country to have strong trade partnerships around the world—partnerships that protect our national interests while opening the doors of prosperity to American business.”

Trade Enforcement

The importance of enforcement of existing trade agreements as an element of U.S. trade policy was emphasized by Locke in his remarks before the Senate. “More than free trade, . . . I believe in fair trade. That means we must enforce our trade agreements and place a high value on environmental, labor, and safety standards. As a former prosecutor, I believe in enforcing the law. It is pointless to negotiate complex trade agreements if we don’t intend to enforce them.”

Facing Economic Challenges

While the United States currently faces serious economic challenges, Locke asserted that the

country must be prepared for what lays ahead. “We must look over the horizon and prepare for the new economy that will emerge when this recession passes. Simply put, we must rebuild, retool, and reinvent our national strategies for sustained economic success.”

In his remarks to the Senate, Locke outlined five key tools for job growth and economic renewal that the Department of Commerce holds. Several have direct bearing on international trade, including:

- boosting exports by promoting U.S. products and working with U.S. businesses
- creating new, energy-efficient businesses and green jobs
- strengthening the nation’s ability to compete in a global economy

“My goal is simple,” said Locke, “to carry out the president’s plan for economic recovery by putting every part of the Department of Commerce single-mindedly to work on saving American jobs and creating the jobs of the future.”

President’s Trade Agenda: Making Trade Work for American Families

On February 29, 2009, the office of the U.S. Trade Representative (USTR) released The President’s Trade Policy Agenda. The document outlines six policy priorities that President Obama intends to pursue in the area of international trade:

- Support a rules-based trading system
- Advance the social accountability and political transparency of trade policy
- Make trade an important policy tool for achieving progress on national energy and environmental goals
- Make sure that trade agreements are addressing the major unresolved issues that are responsible for trade frictions
- Build on existing free trade agreements and bilateral investment treaties in a responsible and transparent manner

- Uphold our commitment to be a strong partner to developing countries, especially the poorest developing countries

The report notes that “our agenda is to combine the best elements of previous trade policies, especially a rules-based system of global trade, with a determination to make trade policy a powerful contributor to the president’s national economic agenda for revival of the global economy and renewal of growth that benefits all people. If we work together, free and fair trade with a proper regard for social and environmental goals and appropriate political accountability will be a powerful contributor to the national and global well being.”

Copies of the report are available on the USTR’s Web site at www.ustr.gov.

Business School Students Team with Commerce Department Financial Services Specialists

An innovative program brings together “virtual” interns from Florida International University’s Chapman School of Business with the Department of Commerce to benefit U.S. businesses and a new generation of business students.

BY SCOTT SCHMITH

This past fall, a unique partnership between the International Trade Administration (ITA) and Florida International University’s Chapman School of Business allowed three graduate business students to gain valuable exposure to public service while they researched issues in financial services and trade that are critical to the success of U.S. businesses in the world market.

Founded in August 2008, the internship program complements the international orientation of the Chapman School, as well as Florida International University’s distinction as a diverse and research-oriented college. The program also leverages the expertise of industry specialists in ITA’s Office of Financial Services Industries. So far, five students have participated in the program.

Virtual Internship

The internship program is “virtual.” Students do not need to live in Washington, D.C., during their internship. Instead, they work on their projects in Florida and electronically communicate with their sponsors at the Department of Commerce. During the course of the internship, students are required to describe, analyze, and discuss topics that are selected by ITA staff members. At the end of the semester, students submit their research to the Office of Financial Services Industries.

Three Strategic Issues

During the fall 2008 semester, research projects focused on three areas: climate change and financial services,



Florida International University, Miami, Florida. (photo courtesy Florida International University)

Islamic finance, and microfinance. The projects assisted ITA in addressing key strategic issues that face the financial services sector.

The climate change project examined a topic that is important to the insurance industry. Climate change directly influences the insurance sector and is a major driver in the development of carbon markets. The Islamic finance project complemented ITA’s ongoing work in that area, which included a Department of Treasury conference on Islamic finance in November 2008. The microfinance project introduced and discussed an important issue for developing countries and some U.S. financial services institutions.

Projects for the spring 2009 semester include an analysis of the financial services industry in key Latin

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Foreign-Trade Zones: 75 Years of Enhancing Domestic Competitiveness

The most recent annual report of the Foreign-Trade Zone Board shows that the value of merchandise moving into active zones has increased significantly in recent years. In 2007, the combined value of shipments into general-purpose zones and sub-zones totaled nearly \$502 billion, compared with \$491 billion in 2006 and \$143.5 billion in 1995.

Foreign-trade zones (FTZs) are secure facilities where foreign merchandise can be warehoused or manufactured before the payment of customs duties. Duties are deferred on goods that ultimately enter the U.S. market, and goods that are later re-exported are exempt. The Foreign Trade Zones Act of 1934 established FTZs. The act created the U.S. Foreign-Trade Zone program as a way to expedite and encourage international trade during the Great Depression. Seventy-five years later, the program continues to grow and evolve as a recognized way of encouraging and retaining U.S.-based trade and activity in a manner that is consistent with all U.S. trade obligations.

Companies of all sizes turn to the FTZ program to maximize the international competitiveness of their U.S. operations. Some U.S. manufacturers, for example, may be placed at a competitive disadvantage when higher duty rates are assessed on components than on the finished product. In such cases, the board will allow a company to pay the lower duty rate for a finished product for U.S. sales and to avoid such duties entirely for export sales.

The FTZ program, which is housed within the Department of Commerce Department's Import Administration, includes provisions to guard against circumvention of unfair trade remedies or other U.S. trade policies. The FTZ program not only benefits

U.S. operations, but provides an additional layer of import security through in-depth partnership and oversight by U.S. Customs and Border Protection.

The board's latest report is available on the Web at www.trade.gov/ftz.

Record Number of International Visitors in 2008

A record 58 million international visitors traveled to the United States in 2008, according to data recently released by the International Trade Administration's Office of Travel and Tourism Industries. This number represents an increase of 4 percent over 2007.

Thirteen of the top 25 arrival markets broke records set in previous years. But, reflective of the economic downturn in late 2008, more than 12 of the markets that had posted double-digit growth during the first nine months slowed to only single-digit growth in the fourth quarter. The top four markets—Canada, Japan, Mexico, and the United Kingdom—all posted declines in the fourth quarter.

North American arrivals represented 56 percent of international visits to the United States. Canadian visits (18.9 million) were up 7 percent from 2007. Those visits helped to offset a 4 percent decline in Mexican visits to the United States (13.8 million).

Overseas arrivals from all other regions totaled 25.3 million, up 6 percent for the year. Notable increases were seen in two emerging markets: China and India, which both set visitation records in 2008. China had 493,000 visitors (an increase of 24 percent), and India had 599,000 visitors (an increase of 6 percent).

The Office of Travel and Tourism Industries collects, analyzes, and disseminates U.S. international travel and tourism statistics. To view the

complete 2008 international data or to learn more about the U.S. travel and tourism industry, visit the office's Web site at <http://tinet.ita.doc.gov>.

May Conference to Look at the Supply Chain Infrastructure

The critical role played by the many facets of the supply chain—from the domestic transportation infrastructure, to security systems, to information technology—and the role government should play will be the focus of a one-day conference to be held in Washington, D.C., on May 11, 2009.

There is a clear link between the nation's economic competitiveness and its transportation infrastructure, and the U.S. economy has enjoyed the benefits of a world-class transportation network for decades. That transportation system is now under considerable duress. It will require extensive investment—across a broad range of interconnected transportation modes—for its capacity to keep pace with long-term economic growth and recovery.

The Department of Commerce will work with the Department of Transportation, the Council on Competitiveness, and the Ronald Reagan Center's International Gateway to host the May conference, which is entitled "Game Changers in the Supply Chain Infrastructure: Are We Ready to Play?" Keynote speakers and panelists will include the secretaries of commerce and transportation, senior executives, and logistics and supply chain specialists from the public and private sectors. The event's organizers hope to reach a broad audience of policy-makers and industry strategists.

Plenary sessions will present stakeholder perspectives and individual advice on the key issues in supply chain competitiveness and infrastructure development that the Obama administration can con-

sider in its recovery program. Breakout sessions and panels will focus on, among other topics, individual strategies for meeting the capacity and constraints facing tomorrow's supply chain, environmental issues, the role of information technology, security issues, and financing options to build a globally competitive U.S. supply chain infrastructure.

To obtain more information about the conference, or to register, visit the conference's Web site at www.trade.gov/supplychainconference or contact Richard Boll at the International Trade Administration, tel.: (202) 482-1135; e-mail richard.boll@mail.doc.gov.

Contributors to this section include Andrew McGilvray and Elizabeth Whiteman of the Foreign-Trade Zones Board staff, Richard Champley of the International Trade Administration's Office of Travel and Tourism Industries, and David Long of the International Trade Administration's Office of Service Industries.

April 1

Doing Business in Southeast Asia

New York, New York

www.buyusa.gov/nyc/asia.html

The USFCS and the United Parcel Service will present experts on Singapore, Malaysia, Vietnam, and Indonesia, as well as trade finance and logistics specialists, in a program designed to help businesses penetrate those important markets. For more information, contact Carmela Mammias of the USFCS, tel.: (212) 809-2676; e-mail: carmela.mammias@mail.doc.gov.

April 1

Climate Change and Sustainability

Washington, D.C.

www.buyusa.gov/spain/en/climateand-sustainability.html

This one-day seminar will focus on climate data, services, and programs that are available from the Department of Commerce for U.S. businesses that need to factor climate change into their business plans. The National Oceanic and Atmospheric Administration and the International Trade Administration are cosponsoring this event. For more information, contact Staci Lewis of the International Trade Administration, tel.: (202) 482-9153; e-mail: april1.climateconference@mail.doc.gov.

April 9

Breaking into the Trade Game (Session 3: Transporting Goods Internationally)

Exton, Pennsylvania

www.buyusa.gov/philadelphia/bittg.html

Exporting U.S. products and services overseas is profitable and rewarding. This training program on transporting goods internationally will give participants the skills, strategies, insights, and network of contacts that are necessary to expand sales globally. For more information, contact Antonio Ceballos of the USFCS; tel.: (215) 597-6105; e-mail: antonio.cebillos@mail.doc.gov.

April 15-16

Complying with U.S. Export Controls

Cleveland, Ohio

www.buyusa.gov/northeastohio/bisevent.html

This two-day program, led by the Department of Commerce's Bureau of Industry and Security, will provide an in-depth examination of the Export Administration Regulations. Presenters will conduct a number of hands-on exercises that will help participants apply the regulations to their own export activities. For more information, contact Susan Whitney of the USFCS; tel.: (216) 522-4755; e-mail: susan.whitney@mail.doc.gov.

April 20-23

National Association of Broadcasters Show 2009

Las Vegas, Nevada

www.nabshow.com

This event is one of the 10 largest trade shows in North America and is the world's single most comprehensive event for electronic media. A concurrent educational program will offer more than 550 sessions. The Department of Commerce will cosponsor a global matchmaking reception. For more information, contact Jennifer Harrington of the USFCS, tel.: (202) 482-0595, e-mail: jennifer.harrington@mail.doc.gov.

April 20-24

Hannover Messe 2009

Hanover, Germany

www.hannovermesse.de

This event is the world's most comprehensive show for industrial technology. It focuses on factory automation, process automation, power transmission technology, and fluid power technology. More than 300,000 visitors are expected. For more information, contact Helen Simpson-Davis of the USFCS; tel.: (202) 482-1882, e-mail: helen.simpson-davis@mail.doc.gov.

April 25-30

High Point Market Spring 2009

High Point, North Carolina

www.highpointmarket.org

This event is the world's largest home furnishings trade show. It will bring together more than 85,000 people from 110 countries. The show will encompass 180 showroom buildings and will feature more than 2,000 exhibitors selling new products in every niche of the market. For more information, contact Eugene Quinn of the USFCS; tel.: (202) 482-0578, e-mail: eugene.quinn@mail.doc.gov.

April 26

World Intellectual Property Day

www.wipo.int

The World Intellectual Property Organization established this day to help foster an understanding of the vital role that intellectual property—copyright, patents, industrial designs, and trademarks—plays in the world economy. For more information, visit www.stopfakes.gov.

April 29

International Representation for Small and Medium-Sized Enterprises

Tucson, Arizona

www.buyusa.gov/arizona/intrep.html

Small exporters must often rely on independent distributors or agents. This half-day workshop outlines the ins and outs of this system. Topics will include the difference between a distributor and a sales agent, as well as the general and regional provisions that need to be considered. For more information, contact Pompeya Lambrecht of the USFCS; tel.: (602) 277-5223, e-mail: pompeya.lambrecht@mail.doc.gov.

Here is a selected list of international trade events of interest, including ITA-sponsored events, as well as a selection of upcoming international trade fairs. The U.S. and Foreign Commercial Service (USFCS) maintains a comprehensive listing of industry shows at www.export.gov.

On The Horizon

May 4–8

European Port Infrastructure and Security Trade Mission

Hamburg, Germany; Brussels, Belgium; Genoa, Italy
www.buyusa.gov/europe/security_events.html

This three-country trade mission is intended to tap immediate opportunities in port infrastructure and to showcase U.S. technology, which is highly regarded and maintains a competitive edge in Europe. The mission will include tours of the ports in each city, briefings by port authorities, and one-on-one business meetings with end-users and partners. For more information, contact Greg Thompson of the USFCS; tel.: (214) 712-1932; e-mail: greg.thompson@mail.doc.gov.

May 18–21

Chinaplas 2009

Guangzhou, China
www.chinaplasonline.com

This event is the largest exhibition of plastics and rubber industry materials and equipment in Asia. The 2008 show attracted more than 60,000 visitors and 1,500 exhibitors from 30 countries and regions. U.S. plastic-related companies will find this show to be an important step toward increasing their exports to the Chinese market. For more information, contact William Corfitzen of the USFCS; tel.: (202) 482-0584, e-mail: william.corfitzen@mail.doc.gov.

May 24–29

National Association of Foreign Student Advisers Annual Conference and Expo

Los Angeles, California
www.nafsa.org/annual_conference

Discover new possibilities in international education and exchange. This conference is the largest annual event for the education services industry, and it attracts participants from all over the world. Participants will have the opportunity, based on schedule, to visit schools, to have one-on-one meetings to learn about foreign-student admission, to study the environment, and to learn about policies and scholarships. For more information, contact James Paul of the USFCS; tel.: (617) 565-4304; e-mail: james.paul@mail.doc.gov.



Market of the Month: Peru

Peru is one of the most rapidly expanding markets for U.S. goods and services. The United States is Peru's leading trade partner, accounting for approximately 20 percent of imports and exports. On February 1, 2009, U.S. firms gained greater access to Peru when the U.S.–Peru trade promotion agreement (TPA) entered into force.

Eighty percent of all U.S. consumer and industrial products are now eligible for duty-free access into Peru. The remaining tariffs will be phased out during the next 10 years. More than two-thirds of current U.S. agricultural exports to Peru also benefit from such treatment.

The TPA is designed to enhance the protection of intellectual property and to streamline customs clearance procedures. Provisions include the establishment of a 48-hour time frame for processing inbound shipments. The International Trade Commission estimates that the TPA will boost annual U.S. exports to Peru by \$1.1 billion.

Propelled by economic growth that exceeded 9 percent in both 2007 and 2008, U.S. exports to Peru have doubled in the past two years. In 2008 alone, U.S. exports to Peru increased by 50 percent, reaching a level of \$6.2 billion and making Peru the 35th-largest market for U.S. goods worldwide.

The best prospects for U.S. exports of non-agricultural products to Peru include the following sectors: mining equipment, oil and gas field machinery, industrial chemicals, and food processing and packaging equipment.

The Department of Commerce, to help U.S. firms take advantage of the increased market opportunities, is organizing a trade mission to Peru and Chile on June 1–5, 2009. To learn more about the mission, or to register to participate, visit www.export.gov/eac/show_detail_trade_events.asp?EventID=28112 or contact Jessica Arnold of the USFCS, tel.: (202) 482-2026, e-mail: jessica.arnold@mail.doc.gov; or John Simmons, senior commercial officer in Lima, Peru, tel.: +51 (1) 434-3040, e-mail: john.simmons@mail.doc.gov.

This text has been adapted from "Market of the Month," a regular feature of the U.S. government's export portal, Export.gov. To read a longer version, with detailed information on Peru and links to other sources of information, visit www.export.gov/articles/marketof-month/mom_march09.asp.



International Trade Update is published monthly by the Office of Public Affairs of the U.S. Department of Commerce's International Trade Administration (ITA). You can read or download the newsletter from ITA's Web site at www.trade.gov. To receive notification by e-mail when new issues are published, visit www.trade.gov, click on *International Trade Update*, and then click on the "Subscribe" link.

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*U.S. Government Printing Office,
Creative Services Division*

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Business School Students

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American markets and an examination of the role played by financial education in the United States.

Introduction to Public Service

The internship program contains a public service component. Students are provided a flexible, “virtual” mechanism to research mission-critical issues on behalf of a government agency.

The program also provides students an opportunity to network with Department of Commerce officials and other policy-makers. In December 2008, students met with officials from the Department of Commerce, the Export-Import Bank of the United States, the U.S. and Foreign Commercial Service (USFCS), and the World Bank. The meetings, which were held at a USFCS local office near Florida International University’s campus in Miami, provided the students an opportunity to discuss the results of their research within the context of U.S. trade policy.

Administrators at Florida International University have expressed great pleasure with the program’s results so far, especially noting the significant exposure to public service. The students have also found the partnership to be inspiring. “I feel like I have done something for my country,” said José Perla, one of the fall 2008 participating interns.

Scott Schmith is an international trade specialist in the Manufacturing and Services unit of the International Trade Administration.

For More Information

Information on the Office of Financial Services Industries is available at www.ita.doc.gov/td/finance/. Copies of research reports on several of the topics mentioned in this article can be downloaded from the site.

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available on the Web at www.trade.gov

