Oklahoma International Trade Bulletin

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Exporting 101: Export Shipping and Documentation Workshop to be held in Oklahoma City on December 1st

The Oklahoma District Export Council, in conjunction with the Oklahoma U. S. Export Assistance Center and the Oklahoma Department of Commerce, will sponsor a full-day workshop in Oklahoma City on December 1, 2005, on ***Exporting 101—Export Shipping and Documentation Workshop.***

Registration will begin at 8:30 a.m. The workshop will be held from 9:00 a.m. to 4:00 p.m. The workshop will be located in Gallery I-I at the Oklahoma Department of Commerce, 900 North Stiles Avenue, Oklahoma City.

For a fee of only $35.00 you will receive nearly seven hours of export advice from freight forwarders and Commerce international trade specialists. The following subjects will be covered: export licensing; utilizing a freight forwarder; export quotations; shipping methods; export packing; export documentation; and insurance. This will be an excellent opportunity to have your questions answered by the experts.

Your registration fee will also include a networking luncheon.

Checks should be made payable to the Oklahoma District Export Council and mailed to 301 N. W. 63rd Street, Suite 330; Oklahoma City, Oklahoma 73116.

For your convenience, a registration form is included on page 3 of this newsletter.

The cancellation policy for all workshops is a full refund up to 24 hours prior to the event. For a cancellation within 24 hours of the event, your registration fee will be applied to a future workshop of your choice or the amount that you paid will be applied to the cost of the Oklahoma World Trade Conference.

For further information or registration, call 405/608-5302 or 918/581-7650.

NAFTA Certificate of Origin FAQ's

Q. When should a North American Free Trade Agreement (NAFTA) Certificate of Origin be completed?

A. A NAFTA Certificate of Origin should only be completed for products exported to Canada or Mexico that meet the NAFTA rules of origin of production in the NAFTA countries. Inclusion of products that do not qualify is **illegal** and subject to fines and penalties.

Elimination of Canadian and Mexican duties assessed on U. S. products is one of the major ways that NAFTA assists U. S. companies. To ensure that the benefits of tariff removal accrue to NAFTA products, and not to Non-NAFTA products, NAFTA includes tough rules of origin.

Only products that meet the NAFTA rules of origin are eligible for the preferential duty rates.

Under NAFTA, products that qualify under the rules of origin will have zero duties when traded between the U. S. and Canada, and will have low or zero tariffs when traded between the U. S. and Mexico. An importer must submit to customs a NAFTA Certificate of Origin completed by the exporter in order to be eligible for preferential tariff rates.

By filling out a NAFTA Certificate of Origin, a shipper is certifying that the covered goods meet the rules of origin, and therefore, qualify for preferential rates.

If the product does not qualify for NAFTA tariff preferences, the Certificate must **not** be completed, as the product is then usually subject to the Most Favored Nation (MFN) tariff rate, rather than the NAFTA rate.

Q. Is a NAFTA Certificate of Origin required for shipments to Canada and Mexico?

A. A NAFTA Certificate of Origin is **not required** for shipments to Mexico or Canada. The exporter should only prepare a NAFTA Certificate if the product qualifies for preferential tariff treatment under the NAFTA rules of origin.

A NAFTA Certificate of Origin is **not required** for the commercial importation of a good valued at less than US$1,000. However, for goods to qualify for NAFTA preferential duties, the invoice accompanying the commercial importation must include a statement certifying that they qualify as originating goods under the NAFTA rules of origin. The statement should be handwritten, stamped, typed on or attached to the commercial invoice. This exception is valid as long as the shipment does not form part of a series of importations that may reasonably be considered to have been undertaken or arranged for the purpose of avoiding the Certification requirement.

Q. When and how do I submit a NAFTA Certificate of Origin?

A. Once an exporter determines that the exported good will meet the NAFTA rules of origin, a NAFTA Certificate of Origin must be completed accurately and legibly. The exporter must then send the Certificate to the importer. While the Certificate does not have to accompany the shipment, the importer must have a copy of the Certificate in hand before claiming the NAFTA tariff preference at customs. Certificates of Origin may, at the discretion of the exporter, cover a single importation of goods or multiple importations of identical goods.

In some cases, an exporter may not have the NAFTA Certificate of Origin ready at the time of export; however, the importer still has up to one year after the goods go through customs to make a claim for the NAFTA tariff preference and to apply for a refund of duties paid at the time of entry.

Q. Who is responsible for determining if the product qualifies under NAFTA and for completing the certificate?

A. The Certificate of Origin must be completed and signed by the exporter of the goods. Where the exporter is not the producer, the exporter may complete the Certificate on the basis of: knowledge that the good originates; reasonable reliance on the producer's written representation that the good originates; or, a completed and signed Certificate of Origin for the good voluntarily provided to the exporter by the producer.

Exporters who are not producers often request that their producers or distributors provide them with a NAFTA Certificate of Origin as proof that the final good, or an input used in the manufacture of the final good, sold to Mexico or Canada meets the rules of origin. NAFTA does not obligate a producer who is not an exporter to provide the ultimate exporter with a NAFTA Certificate of Origin. However, if the non-exporting producer does complete the NAFTA Certificate of Origin, they are subject to the same obligations regarding record keeping, etc., as is the exporter. Even so, it is the exporter's Certificate, and not the non-exporting producer's Certificate, that must be provided to the importer. The producer's statement should be kept in the files of the exporter as backup for their own Certificate.

A distributor does not complete a Certificate of Origin for qualifying goods unless the distributor is the exporter.

Q. What is the process of determining if a product qualifies for the NAFTA preferential tariff and for completing the certificate?

A. Completion of a NAFTA Certificate of Origin is an affirmation that the party signing the document has researched the terms of the NAFTA Agreement and has determined that the goods covered by the Certificate of Origin are "originating goods" as defined by the Agreement. Preparation of a NAFTA Certificate of Origin imposes certain legal rights, obligations and liabilities on the party signing the document and should be based on a careful inquiry into the terms of the text of the NAFTA Agreement and other relevant United States regulations.

A product does not automatically qualify for NAFTA tariff treatment just because the product was manufactured in the United States or purchased from a U. S. company. The product must meet the specific NAFTA rule of origin and the exporter must complete the NAFTA Certificate of Origin before the importer can claim the NAFTA tariff rate.

Follow these steps to determine if a product qualifies:

Step 1. Determine the Harmonized System Number for the product being exported and its foreign part, components, and raw materials.

The NAFTA rules of origin are organized under the Harmonized

System (HS). HS numbers are standardized classification numbers assigned to identify a specific type of product in international trade. Customs authorities use HS numbers to apply duties and taxes. These numbers are typically six to ten digits long. The first six digits are standardized worldwide, while some governments, to further distinguish products in a certain category, use additional numbers. In the United States, ten digit classification numbers are also called Schedule B numbers. To obtain tariff information, the HS number up to the 6-digit level is required.

The U. S. Census Bureau's Foreign Trade Division website can be used to obtain HS numbers. The address is http://www.census.gov/foreign-trade/schedules/b. If you have trouble classifying your product and need assistance, call the Census Bureau at 301-763-3047. In addition, the Schedule B: Statistical Classification of Domestic and Foreign Commodities Exported from the United States can be ordered from the Government Printing Office by calling 202-512-1800. The stock number is 903-009-00000-4, and the cost of the book is $121. The CD-ROM version can also be purchased from the Census Bureau for $20 by calling 301-457-1086.

Step 2. Determine the Canadian/Mexican MFN tariff for the product. If the MFN rate is zero, no NAFTA Certificate is needed.

Tariff information is available from a number of sources, including your customs broker, freight forwarder, the customs authorities of Canada and Mexico. You can also call the TIC at 1-800-USA-TRAD(E) for tariff rates.

Step 3. If the MFN rate is not zero, use the HS number to find the applicable rule of origin in Annex 401: General Note 12(t), and then determine if the product qualifies for a NAFTA tariff rate.

When products meet the rules of origin, and therefore, qualify for NAFTA tariff benefits, they are said to "originate". Article 401 of the NAFTA Agreement determines which goods originate and **precludes goods from other countries from obtaining those benefits by merely passing through Canada, Mexico or the United States.**

Chapter 4 of the NAFTA Agreement sets out most of the principles governing origin determination. The NAFTA Rules of Origin (Annex 401:General Note 12(t)) are located on the Customs website at http://www.customs.gov/nafta/docs/us/gn12t1-29.html.

Exporters must carefully research the terms of the Agreement to determine whether their goods are entitled to NAFTA benefits. They should not assume that the goods are entitled to NAFTA benefits merely because they were made in a NAFTA country. For assistance call the TIC at 1-800-USA-TRAD(E) for non-agricultural products.

Step 4. If the product does not meet the specific Rule of Origin it does not qualify for preferential tariff treatment and the Certificate of Origin should **not** be completed. If it meets the Rule of Origin, complete a NAFTA Certificate of Origin.

Q. How long should copies of the Certificate of Origin be retained?

A. In the United States, the exporter is required to retain either the original or a copy of the Certificate for five years from the date of signature. The importer is required to retain the Certificate and all other relevant documentation for five years after the importation of the goods. The facts asserted in the Certificate must be supported by adequate records relating to the goods, and their materials and production. Mexican exporters must maintain a copy of the Certificate for 10 years. Canadian importers and exporters are required to keep the Certificate for six years from the time of the transaction for the importer and six years from the date of signing for

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Registration:

Exporting 101:

Export Shipping and Documentation Workshop

December 1, 2005

Oklahoma Department of Commerce
900 North Stiles Avenue
Gallery I-I
Oklahoma City, Oklahoma

- Make Checks Payable to Oklahoma District Export Council
- Mail to: 301 N. W. 63rd Street, Suite 330
  Oklahoma City, Oklahoma 73116-7906

Name: _____ Firm: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Fax: _____

E-mail: _____ Website: _____

Number of Attendees: _____@ $35.00 Amount Enclosed: $ _____

the Canadian exporter.

Q. What language should be used to complete the NAFTA Certificate of Origin?

A. A uniform Certificate of Origin is used in all three countries and is printed in English, French or Spanish. The Certificate shall be completed in the language of the country of export or the language of the importing country, at the exporter's discretion. Importers must submit a translation of the Certificate to their own customs administration when requested.

For further information about the NAFTA Certificate of Origin, please contact either one of the Oklahoma offices.

Shipping and Documentation Common Export Documents

The following documents are commonly used in exporting; but which of them are necessary in a particular transaction depends on the requirements of the U. S. government and the government of the importing country.

Shipper's Export Declaration (SED or form 7525-V) - the SED is available through the Government Printing Office and a number of other commercial outlets. It can be electronically filed using **AESDirect**.

NAFTA Certificate of Origin - this is needed for shipments to Mexico and Canada. This tool can help you through the process of filing this certification.

CE Mark requirements - must be met to market goods in the European Union. Once a manufacturer has earned a CE Mark for its product, it may affix the CE Mark to its product, and then the product may be marketed throughout the EU without having to undergo further modifications in each EU member country.

Dual Use Export Controls and Licenses - most export transactions do not require specific approval from the U. S. Government. Licensing is required for "dual use" exports (commercial items which could have military applications), or exports to embargoed countries. Before shipping your product, make sure you understand the concept of dual use and the basic export control regulations.

Defense Trade Export Controls and Licenses - in the case of defense export transactions (defense articles such as munitions), any person or company who intends to export such an article must first obtain approval from the U. S. Department of State Directorate of Defense Trade Controls (DDTC) prior to the export. The appropriate license form must be submitted to the DDTC for the purpose of seeking approval. In most cases, in order for a license to be considered, you first must be registered with the DDTC.

Commercial invoice - a bill for the goods from the seller to the buyer. These invoices are often used by governments to determine the true value of goods when assessing customs duties. Governments that use the commercial invoice to control imports will often specify its form, content, number of copies, language to be used, and other characteristics.

Certificate of origin - the Certificate of Origin is only required by some countries. In many cases, a statement of origin printed on company letterhead will suffice. Special certificates are needed for countries with which the United States has special trade agreements, such as Mexico, Canada and Israel. More information about filling out these special certificates is available from the TIC.

Bill of lading - this is a contract between the owner of the goods and the carrier (as with domestic shipments). For vessels, there are two types: a straight bill of lading which is non-negotiable and a negotiable or shipper's order bill of lading. The latter can be bought, sold, or traded while the goods are in transit. The customer usually needs an original as proof of ownership to take possession of the goods.

Insurance certificate - this is used to assure the consignee that insurance will cover the loss of or damage to the cargo during transit. These can be obtained from your freight forwarder.

Export packing list - this is considerably more detailed and informative than a standard domestic packing list, it itemizes the material in each individual package and indicates the type of package, such as a box, crate, drum, or carton. Both commercial stationers and freight forwarders carry packing list forms.

Import Licenses - import licenses are the responsibility of the importer. Including a copy with the rest of your documentation, however, can sometimes help avoid problems with customs in the destination country.

Consular invoices - consular invoices are required in some countries, it describes the shipment of goods and shows information such as the consignor, consignee, and value of the shipment. If required, copies are available from the destination country's Embassy or Consulate in the U. S.

Air way bills - air freight shipments are handled by air waybills, which can never be made in negotiable form.

Inspection certification - this is required by some purchasers and countries in order to attest to the specifications of the goods shipped. This is usually performed by a third party and often obtained from independent testing organizations.

Dock receipt and a warehouse receipt - these are used to transfer accountability when the export item is moved by the domestic carrier to the port of embarkation and left with the ship line for export.

Destination control statement - this appears on the commercial invoice, and ocean or air waybill of lading to notify the carrier and all foreign parties that the item can be exported only to certain destinations.

Agricultural Export Programs

The **Oklahoma Department of Agriculture, Food, and Forestry** through its Market Development Services Division has international marketing coordinators who specialize in the export of Oklahoma food and agricultural products. The department's international staff has the responsibility and capability of providing export assistance to Oklahoman's interested in exporting food and agricultural products internationally. The Division, through its strong links to the Foreign Ag Services / USDA, Agricultural Trade Officers overseas, and local and national organizations and associations specializing in international trade and trade assisted programs, can provide technical assistance, trade leads and trade contacts, market research, and conduct promotional activities nationally and internationally to individuals interested in exporting Oklahoma food and agricultural products. The International Division is a one-stop-shop for all your needs in international endeavors. **For additional information please contact:**

Haidar Haidary
Tel. (405) 522-6193
Fax (405) 522 4855
E-mail: Haidar.Haidary@oda.state.ok.us

Barbara Charlet
Tel. (405) 522 6192
Fax (405) 522 4855
E-mail: Barbara.Charlet@oda.state.ok.us

Outreach and Exporter Assistance/ Foreign Agricultural Service (FAS)/U. S. Department of Agriculture (USDA)

The first point of contact for information on exporting agricultural products is the Office of Outreach and Exporter Assitance, which provides basic export counseling and directs inquiries to the appropriate USDA office for additional assistance. Extensive information on export assistance programs and foreign market data is also available through the FAS home page.

Contact: Office of Outreach and Exporter Assistance, (202)720-7420 or (202) 720-9509; fax (202) 205-9728 or (202) 690-2489; e-mail: tapo@fas.usda.gov or outreach@fas.usda.gov; home page: www.fas.usda.gov.

AgExporter/Foreign Agricultural Service (FAS)/U. S. Department of Agriculture (USDA)

AgExporter is a monthly magazine for U. S. agricultural producers and food processors, exporters, trade organizations, state departments of agriculture, and businesses selling farm and consumer-ready food products overseas. It provides tips on exporting, descriptions of markets with the greatest sales potential, and information on export assistance available from the USDA. A one-year subscription costs $44 ($55 for subscribers overseas).

Contact: To obtain a sample copy of AgExporter, contact the FAS Information Division at (202) 720-7115; e-mail: info@fas.usda.gov or visit http://fas.usda.gov/info/agexporter/agexport.html.

AgExport Services Division (AGX)/ Foreign Agricultural Service (FAS)/U. S. Department of Agriculture (USDA)

AgConnections team of AGX manages five basic services that are available to exporters of U. S. food, farm, forest, fish, and seafood products:

Trade Leads are foreign trade inquiries that the FAS offices transmit electronically to the USDA. They are made available to U. S. exporters via e-mail free of charge. Trade leads are also available through trade publications and state departments of agriculture and trade development centers.

Buyer Alert is a biweekly newsletter that can introduce your food, farm, forest, and seafood products to foreign buyers at only $15 per announcement. Buyer Alert announcements are transmitted electronically directly to more than 15,000 potential buyers in more than 100 countries.

Foreign Buyer Lists contain detailed contact information on more than 25,000 importers of food, farm, forest, and seafood products in 80 countries. Lists may be ordered by product or country at a cost of $15 each.

U. S. Supplier Lists may be used to U. S. food, farm, forest, fish, and seafood products for export. Nearly 3,800 firms are included in this database, which is also made available to foreign buyers through FAS offices overseas. U. S. companies can register free of charge.

Export Directory of U. S. Food Distribution Companies provides detailed information on U. S. suppliers of mixed containers of grocery and/or food service products to foreign buyers. Registration is free of charge.

Contact: AgExport Services Division, (202) 690-3576; fax (202) 690-4374; e-mail: agexport@fas.usda.gov; home page: www.fas.usda.gov/agexport/exporter.html.

National Agricultural Library (NAL)/ U. S. Department of Agriculture (USDA)

The NAL is a repository of information on agricultural marketing and trade. NAL staff responds to inquiries with customized assistance by combining in-depth knowledge of the library's resources, state-of-the-art technology, and networking. NAL staff also assists users in accessing the library's on-line systems and Web sites: ISIS (Integrated Systems for Information Services) and AGRICOLA (Agricultural On-line Access databse).

Contact: NAL Service Desk, (301) 504-5755; fax (301) 504-6110; e-mail: agref@nal.usda.gov; National Agricultural Library home page: www.nal.usda.gov. ISIS and AGRICOLA home page: www.nal.usda.gov/ag98.

Economic Research Service (ERS)/ U. S. Department of Agriculture (USDA)

The Economic Research Service provides in-depth economic analyses on agricultural economies, trade policies of foreign countries, world agricultural trade and development issues, and their linkages with the U. S. food and fiber economy. The ERS analyzes how factors influencing demand (population, income, and tastes), production variables (inputs and technology), foreign governments' commercial policies and programs (price controls, environmental and food safety laws, and tariffs), macroeconomic conditions (exchange rates and debt), and major events (for example, China's accession to the WTO) affect countries' agricultural production, consumption, and trade; international food and fiber prices; and U. S. food and fiber competitiveness. The ERS widely disseminates information and analyses on international agricultural trade, food aid, and development through regional and commodity reports, bulletins and updates, periodicals, and electronic databases.

Contact: John Dunmore, deputy director, Market and Trade Economics Division, (202) 694-5204; fax (202) 694-5792; e-mail: jdunmore@ers.usda.gov; home page: www.ers.usda.gov.

Trade Shows and Missions/Foreign Agricultural Service (FAS)/U. S. Department of Agriculture (USDA)

The USDA Trade Show Office offers U. S. food and beverage exporters a choice of programs to satisfy their marketing needs. Programs include fully sponsored trade shows, sales missions, and endorsed shows in both leading and emerging markets worldwide. Fully sponsored trade shows consist of a package of services, including a fully appointed booth, shipping of product samples, and educational programs. Sales missions include guaranteed appointments with potential buyers, orientation to the market, and translation services. In addition, the USDA Trade Show Office provides information on the promoters of other interantional food and beverage shows.

Contact: USDA Trade Show Office, (202) 690-1182; fax (202) 690-4374; home page: www.fas.usda.gov/agexport/tsinfo.html.

Rural Business-Cooperative Service/ U. S. Department of Agriculture (USDA)

This program researches cooperative involvement in international trade and provides trade-related technical assistance to U. S. farmer-owned cooperatives.

Contact: Tracey Kennedy, International Trade Program, (202) 690-1428; fax (202) 690-1428; fax (202) 690-2723; e-mail: tracey.kennedy@usda.gov.

December 2005 Calendar of Events

Date	*Event*	*Contact*
December 1, 2005	***Exporting 101: Export Shipping and Documentation Workshop*** Oklahoma Department of Commerce, Oklahoma City	405/608-5302 or 918/581-7650
December 6, 2005	***Minority and Women's Breakfast*** Metro Tech Conference and Banquet Center, Oklahoma City	Aquilla Pugh 405/427-4444