

## How To Apply

Applications can be downloaded from the trade mission Web site or can be obtained by contacting Arica Young, Carlos Suarez or Enrique Tellez at the U.S. Department of Commerce (see contact details below.) Completed applications should be submitted to Arica Young, Carlos Suarez or Enrique Tellez.

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## DEPARTMENT OF COMMERCE

### International Trade Administration

#### U.S. Trade Mission to Asia in Conjunction With Trade Winds—Asia, The Philippines, Hong Kong, Korea, Japan and Taiwan, May 9–17, 2013

**AGENCY:** International Trade Administration, Department of Commerce.

**ACTION:** Notice.

### Mission Description

The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service (CS) is organizing a trade mission to Asia, that will include the Trade Winds—Asia business forum in Seoul, Korea, May 2013. U.S. trade mission members will participate in the Trade Winds—Asia business forum in Seoul, Korea (which is also open to U.S. companies not participating in the trade mission). Trade mission participants may participate in their choice of mission stops. On the first leg of the trade mission, prior to the Korean trade mission stop, participants may choose to participate in a trade mission stop in either: The Philippines and/or Hong Kong. Trade mission participants may then choose to participate in a trade mission stop in Korea, during which trade mission participants may participate in the Trade Winds—Asia business forum. Following the trade mission stop in Seoul, Korea, trade

mission participants may choose to participate in a trade mission stop in either: Japan and/or Taiwan.

Each trade mission stop will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint-venture partners, and networking events. Trade mission participants electing to participate in the Trade Winds—Asia business forum may attend regional and industry-specific sessions and consultations with CS Senior Commercial Officers based in Asia.

This mission is open to U.S. companies and trade associations from a cross section of industries with growth potential in The Philippines, Hong Kong, Korea, Japan and Taiwan, including but not limited to: Aerospace and aviation, automotive electronics, computer services & software, consumer goods, defense industry equipment, food processing systems, education, electrical power systems, electronic components, energy (both new and renewable, entertainment and media, environmental technologies and services, financial services, franchising, healthcare & medical, hotel/restaurant equipment, housing products, industrial chemical, info. & comm. technology, information security services, logistics development, machine tools and equipment, medical equipment and pharmaceuticals, outbound travel and tourism, pet products, pleasure boats and accessories, pollution control equipment, port construction, retail, safety and security equipment, semiconductors, specialty chemicals, telecommunications equipment, transportation infrastructure, travel and tourism services.

### Commercial Setting

#### Korea (Seoul)

On March 15, 2012, the Korea-U.S. Free Trade Agreement (KORUS) went into force, becoming our nation's largest Free Trade Agreement (spell out) since NAFTA. The agreement has the potential to increase U.S. exports to Korea by approximately \$10–12 billion, and it will be especially beneficial for U.S. small and medium enterprises (spell out).

The amount of trade between, the U.S. and Korea exceeded \$100 billion for the first time ever. U.S. exports reached an all-time high of \$43.5 billion and also increased 12% over 2010 levels.

Korea is the United States' seventh-largest trading partner. The U.S. is the third-largest exporter to Korea, with a 9% market share. Key competitors include: China, with 16.8%; Japan, with 15.3%; and the EU (27 nations), with

10%. Since the EU had already implemented its FTA with Korea, U.S. firms will now be in a stronger competitive situation following KORUS implementation.

Korea's projected 2012 GDP growth is forecasted at around 3.6%, but could come in slightly lower given global economic sluggishness. Its commercial banks maintain strong reserves, in case of a possible worldwide slowdown or difficulties within the Euro zone. Korea will continue to focus its development on key growth sectors. Patents and trademarks issued by the Korean Patent Office exceeded 362,000 filings in 2010. The increasing trend in local patent and trademark filings reflects the move toward more technology-intensive and capital-intensive industries and services.

Best market prospects for Korea include: The aerospace Industry, specialty chemicals; cosmetics; defense industry equipment; education services; new and renewable energy, entertainment and media, franchising; medical equipment and devices, pollution control equipment; semiconductors, and travel & tourism.

#### Taiwan (Taipei)

With a population of 23 million, Taiwan is a thriving democracy, vibrant market economy, and a highly attractive export market, especially for U.S. firms. In 2011, Taiwan was ranked as the tenth-largest trading partner in goods with the U.S., putting it ahead of markets such as India and Italy. It is also the sixth-largest agricultural market for the U.S., and the fifth-largest source of foreign students in U.S. higher education. Taiwan is the world's fourth-largest holder of foreign exchange reserves, with over \$385 billion in 2011. The Taiwan economy softened slightly after 2010, but still enjoyed 4% GDP growth in 2011. Unemployment has remained relatively low, and an appreciating currency makes U.S. goods and services attractive to Taiwan buyers.

Taiwan's real GDP increased by 4% in 2011, and this growth was mainly driven by strong export growth and private-investment expansion. In addition, the tariff reductions and exemptions from the Economic Cooperation Framework Agreement (ECFA), which became effective on January 1, 2011, helped spur Taiwan's exports to China.

However, Taiwan's export growth may be significantly impacted by the New Taiwan dollar's appreciation against the U.S. dollar. Local private consumption is expected to expand continuously as a result of the recent

economic recovery and low unemployment. Improving ties with China is expected to ease the current cross-strait and investment restrictions and encourage more foreign investments in Taiwan. With these changing factors, local officials forecast that economic growth for 2012 will be moderate, at an annual rate of about 3.91%.

Taiwan's best prospect sectors for U.S. exports include information communications and technologies, safety and security equipment, renewable energy technologies, publishing services, education and training services, travel and tourism, electronic components, pet products, and medical devices and equipment.

#### *Japan (Tokyo)*

Japan is the world's third largest economy, after the United States and China, with a GDP of roughly \$5.9 trillion. Japan is our fourth largest export market, receiving \$66.2 billion in goods and \$47.6 billion in services from the United States in 2011. Japan is also the second largest foreign investor in the United States, with more than \$257 billion invested.

Japan's economy is highly efficient and competitive and its reservoir of industrial leadership and technicians, well-educated and industrious work force, high savings and investment rates, and intensive promotion of industrial development and trade has produced a mature industrial economy. Japan has few natural resources, and trade helps the nation earn the foreign exchange needed to purchase raw materials for its economy. Tokyo alone forms the core of an urban area that boasts a total population of over 35 million, roughly equivalent to the New York and Los Angeles metropolitan areas combined, and accounts for about one-third of Japan's total GDP. Consumers are highly sophisticated and discerning and are on the vanguard of the latest technological developments, trends and fashions, while the rapidly aging population is creating demand for new and innovative solutions across all areas of the economy. All of this creates demand for high-quality, innovative Made-in-USA goods and services. And with the continued strength of the Japanese yen against the U.S. dollar, American goods and services have never been more affordable for Japanese buyers. Best prospect sectors include: Aerospace, computer software, cosmetics/toiletries, education and corporate training, electronic components, medical equipment, pharmaceuticals, renewable energy, safety and security, soil remediation and engineering services, telecommunications equipment, and

travel/tourism, along with hot new emerging sectors such as biotechnology, healthcare IT and nanotechnology.

Most globally competitive American and international firms compete heavily in the Japanese market, and partner with Japanese firms worldwide. Savvy observers agree that an active engagement with the Japanese market remains critical to the success of American firms both large and small, whether in Japan, in other world markets, or even back home in the United States.

#### *Hong Kong*

Hong Kong, a Special Administrative Region of the People's Republic of China (PRC) since its reversion in 1997, has proven resilient in past economic crises. Dominant and sustained drivers of economic growth include private consumption (retail), transportation and logistics, and business services, real estate development (bolstered by ongoing public infrastructure works), and tourism. Hong Kong has benefited from continued economic integration with mainland China's strong economy. In particular, Beijing's policy of opening its service sector and gradually expanding the scope of the offshore Renminbi (RMB—the PRC's currency) market in Hong Kong and the sustained high numbers of mainland Chinese visitors (28 million in 2011) have strengthened Hong Kong's economy.

Hong Kong is an ideal platform for doing business in Asia, especially for mainland China. Hong Kong is a free port that does not levy any customs tariffs and has limited excise duties. Its strong rule of law and respect for property rights make it a strategic platform for U.S. companies, especially small- and medium-sized firms, seeking to do business in Asia. Hong Kong's statutory trade promotion body, the Trade Development Council, seized upon this unique positioning to create the Pacific Bridge Initiative in late 2010, the first such agreement with a foreign government affiliate explicitly supporting the United States.

Hong Kong's businesses enjoy close links to mainland China and the rest of Asia. According to Hong Kong Government statistics, there are 1,328 subsidiaries of U.S. parent companies in Hong Kong, making the United States the largest source of subsidiaries in Hong Kong. Among those U.S. subsidiaries, 840 are regional headquarters or regional offices. Hong Kong's key characteristics are its openness, and promotion of tourism, trade and investment.

In 2011, U.S. exports to Hong Kong were \$27.3 billion, which constituted

5.6% of Hong Kong's imports (2011) and ranked the territory as the U.S.'s 10th largest export market. Its major trading partners: Mainland China, United States, EU, Japan, and Taiwan. Hong Kong has world-class infrastructure; a free flow of information; no restrictions on inward or outward investment; no foreign-exchange controls; no nationality restrictions on corporate or sectoral ownership; a simple, low-tax regime; and is a global financial hub. In addition, Hong Kong citizens speak excellent English and the Hong Kong Dollar is pegged to the U.S. Dollar.

#### *The Philippines (Manila)*

United States goods exports to the Philippines in 2011 were USD7.7 billion, up 4.5% (USD330 million) from 2010, but down 12.3% from 2000. The top export categories (2-digit HS) in 2011 were: Electrical machinery, machinery, cereals (wheat), optic and medical instruments, and food waste and animal feed (soybean residues). U.S. service exports to the Philippines totaled USD2.2 billion in 2011.

U.S. exports of agricultural products to the Philippines totaled USD2.1 billion in 2011, the 11th-largest U.S. Ag export market. Leading categories include: Wheat, soybean meal, dairy products, and red meats fresh/chilled/frozen.

U.S. exports of private commercial services (i.e., excluding military and government) to the Philippines were USD2.2 billion in 2011 (latest data available), 17% more than the 2009 level. The private-services category (business, professional, and technical services) and travel category accounted for most of U.S. service exports in 2010.

Philippine GDP growth slowed to 3.7% in 2011 following one-off factors in 2010 (election spending and heavy post-typhoon reconstruction); lower-than-targeted government expenditures; and adverse developments globally. The Government reverted to a deficit reduction path in 2011 after opting for higher deficits in 2008 to 2010 to help support economic growth and generate employment. However, the Government spent significantly below target, contributing to the economy's weaker-than-expected expansion.

#### **Mission Goals**

The goal of the Asia trade mission is to help participating firms gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports to Korea, Taiwan, Japan, Hong Kong and The Philippines. The delegation will have access to CS Senior Commercial Officers

and Commercial Specialists during the mission, learn about the many business opportunities in Asia, and gain first-hand market exposure. U.S. trade mission participants already doing business in Korea, Taiwan, Japan, Hong Kong and the Philippines will have opportunities to further advance business relationships and projects in those markets.

#### Scenario & Timetable

May 9–10 ...	Trade Mission stops in Hong Kong and/or the Philippines (Choice of one stop).
May 11 .....	Travel Day to Korea.
May 13 .....	Korea: Asia Business Forum.
May 14–15	Korea: Asia Business Forum, consultations with CS Senior Commercial Officers and Trade Mission one-on-one meetings (Schedule will vary among participating firms, depending on their needs and interests).
May 16–17	Trade Mission stops in Japan and/or Taiwan (Choice of one stop).

#### Participation Requirements

All parties interested in participating in the U.S. and Foreign Commercial Service Trade Mission to Asia must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below.

A minimum of 65 companies and/or trade associations will be selected to participate in the mission from the applicant pool on a rolling basis. Additional delegates will be accepted based on available space. Each of the trade mission stops (Japan, Taiwan, Hong Kong, the Philippines) is designed for participation of a maximum of 30 participants. U.S. companies and/or trade associations already doing business in, or seeking to enter Japan, Taiwan, Korea, Hong Kong and the Philippines for the first time may apply.

#### Fees and Expenses

After a company has been selected to participate in the mission, a payment to the Department of Commerce in the form of a participation fee is required.

For one mission stop, the participation fee will be \$2,450 for a small or medium-sized enterprise (SME)<sup>1</sup> and \$3,400 for large firms.

Each additional mission stop will result in an additional participation fee of \$1,000 for both small or medium sized enterprises and large firms alike.

An additional representative will require an additional fee of \$325 per mission stop for both small or medium sized enterprises and large firms alike.

Expenses for travel, lodging, meals, and incidentals (e.g., local transportation) will be the responsibility of each mission participant.

#### Conditions for Participation

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. Applicant should specify in their application and supplemental materials which trade mission stops they are interested in participating in. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the U.S., or, if not, marketed under the name of a U.S. firm and have at least 51% U.S. content of the value of the finished product or service. In the case of a trade association or trade organization, the applicant must certify that, for each company to be represented by the trade association or trade organization, the products and services the represented company seeks to export are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least fifty-one % U.S. content.

#### Selection Criteria for Participation

Selection will be based on the following criteria:

- Suitability of the company's (or, in the case of a trade association or trade organization, represented companies') products or services to each of the markets the company has expressed an interest in visiting as part of this trade mission.
- Company's (or, in the case of a trade association or trade organization, represented companies') potential for business in each of the markets the

company has expressed an interest in visiting as part of this trade mission.

- Consistency of the applicant's goals and objectives with the stated scope of the mission.

Diversity of company size, sector or subsector, and location may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

#### Timeframe for Recruitment and Applications

Mission recruitment will be conducted in an open and public manner, including publication in the **Federal Register**, posting on the Commerce Department trade mission calendar, and other Internet Web sites, press releases to the general and trade media, direct mail and broadcast fax, notices by industry trade associations and other multiplier groups and announcements at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin immediately and conclude no later than March 30, 2013. The U.S. Department of Commerce will review applications and make selection decisions on a rolling basis beginning December 17, 2012, until the minimum of 65 participants is selected. After March 30, 2013, companies will be considered only if space and scheduling constraints permit.

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<sup>1</sup> An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see [http://www.sba.gov/services/contracting\\_opportunities/sizestandardstopics/index.html](http://www.sba.gov/services/contracting_opportunities/sizestandardstopics/index.html)). Parent companies,

affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).