

The Import-Export Guide for Austin Businesses

Provided by the Greater Austin International
Business Coalition



Austin Future photo courtesy of Austin Fit Magazine

This guide is excerpted from “How to Establish an International Business in Austin,” which can be found at WorldWideAustin.org.

The Austin International Business Coalition is composed of representatives from various internationally-focused organizations, local businesses, governmental and educational entities. We are dedicated to the promotion of an international community in Austin, TX. Special thanks to Ben Ramirez with the City of Austin, International Program, Karen Parker with the Austin U.S. Export Assistance Center and Adriana Cruz with the Greater Austin Chamber of Commerce.

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Importing

An importing company should contact the United States Customs Office (http://www.cbp.gov/xp/cgov/trade/basic_trade/), to determine whether a particular product may be imported under U.S. law. Customs will also provide the process to follow when importing the desired goods. Before contacting Customs, be prepared to answer several questions including:

- What is the product or commodity that you want to import?
- What is the quantity of the specific product or commodity to be imported?
- What is the imported product/commodity content?
- From which country do you intend to the product/commodity?
- Is the product/commodity a sales sample?

Questions you should ask U.S. Customs when calling:

- Ask for the Import Specialist for the particular product/commodity you want to import into the U.S.
- Ask if there are any import duties on this product, or if this specific product/commodity is duty free.
- Ask if there are any quotas for the product/commodity you are importing into the U.S.
- Ask the U.S. Customs Office to mail you any information related to importing into the U.S.

Importing into the United States, a suggested reference guide, outlines rules and regulations for clearing incoming goods through U.S. Customs. This importing guide lists labeling requirements and other essential information, including a list of prohibited goods. A free copy of the guide is available on the internet at:

<http://www.cbp.gov/linkhandler/cgov/newsroom/publications/trade/iius.ctt/ius.pdf>

[To obtain a printed version, contact:](#)

U.S. Government Printing Office
Washington, D.C.
202/512-0132

Import Assistance is provided by the International Trade Center UTSA, at 210/458-2470. Check with City of Austin, International Program for information on when the next Introduction to Import class will be held, 512/236-2425.

Import License

No firm or individual is required to obtain from the state or federal government a license or permit to import. U.S. Customs clearance requires either a corporate tax id or a social security number. However some items do require a validated Import Certificate or permission from specific government agencies prior to importing. The U.S. Customs Service will help you identify if you meet this requirement. To locate the nearest customs office, check the blue pages of the telephone directory under "Department of Homeland Security" or "Customs and Border Protection," or visit:

<http://www.customs.gov/xp/cgov/toolbox/contacts/cmcs/>

For further assistance, you may contact:

U.S. Customs
Austin, TX
512/530-3053

Import Tariffs

The United States International Trade Commission, Interactive Tariff and Trade Data Website (<http://www.dataweb.usitc.gov/>) offers direct access to trade data and customized reports. Description codes for accessing data include:

- HTS (Harmonized Tariff System)
- SIC (Standard Industry Code)* Available only through 1997.
- SITC (Standard Industry Tariff Code)
- NAICS (North American Industry Code System)

For answers to specific questions related to import duties, and requirements for final import clearance, contact:

U.S. Customs Service
Dallas, TX
972/574-2170

Duty rates are published in the "*Harmonized Tariff Schedule of the United States Annotated (HTSA)*," which is available from:

U.S. Government Printing Office
Washington, D.C.
202/512-0132

A user-friendly HTS is available on the Internet at:

<http://www.usitc.gov/tata/index.htm>

Import Logistics

A Customs House Broker (CHB) acts as your agent and provides professional advice on technical requirements of importing, preparing and filing all entry documents, obtaining necessary bonds, depositing import duties, securing release of products and arranging delivery to your address. It may be advantageous to obtain a licensed customs house broker when the imported value is 400 USD or more. Formal import entry is required for shipments with an import value above 2,000 USD.

A CHB knows entry requirements and is able to calculate the estimated landed costs based on incoming proforma invoices or other import forms or quotations. CHB's are listed in the local telephone directory under "Customs House Broker" and may also be found on the Internet. The CHB selected should have experience importing the products you intend to import. For assistance in locating a CHB, you may consider visiting the National Customs Brokers and Forwarders Association of America website at: <http://ncbfaa.org/>

Exporting

The U.S. Department of Commerce provides Texas companies with access to all International Trade Administration programs and services through their seven Export Assistance Centers in Texas. <http://export.gov/eac/index.asp>

The United States Commercial Service will provide customized end-to-end business solutions and in-depth consulting and advocacy to help you. Trade specialists work directly with a team of experts overseas in providing your business with important information and advice. This information includes how to develop an effective export strategy, locate export financing, determine the best markets for your product or service, evaluate international competitors, finding foreign partners and more. For more information, visit the website at:

<http://trade.gov/cs/>

For Central Texas companies, your point of contact is:

Austin U.S. Export Assistance Center
Phone: 512/916-5939 or 936-0039
Email: austin.office.box@mail.doc.gov
<http://export.gov/texas/austin/>

Helpful websites for exporting information include: <http://www.export.gov/>

The “*Basic Guide to Exporting*” may be found at:

<http://www.unzco.com/basicguide/index.html>

The City of Austin’s International Program and the Austin Export Assistance Center provides Exporting courses for local businesses. For more information about this International Trade Education Series call 512/236-2425.

The International Trade Center UTSA provides free export consulting, market research and training to qualified small and medium-size companies through its Austin representative. For more information, call 210/458-2041.

International Marketing

Export Market Potential and Marketing Research

By Karen C. Parker

Austin Export Assistance Center/U.S. Department of Commerce

Sure, your firm may begin to export without conducting any market research if it receives unsolicited orders and emails from abroad. Although this type of selling is valuable, your company may discover even more promising markets by conducting a systemic search. When your company makes the commitment to do business internationally, market research incorporated within a clear international plan targets your best overseas markets. Market research will assist your firm identify sales potential and may decrease the possibility of serious and expensive problems in the long run.

Market research encompasses all methods that a company uses to determine which foreign markets have the best potential for its products. Results of this research inform the firm of the largest markets for its product, the fastest growing markets, market trends and outlook, market conditions and practices and competitive firms and products. Secondary market research is less expensive than primary, helps a company focus its marketing efforts and there is tons of reliable information on the web. This systemic step-by-step approach is available in the Basic Guide to Exporting <http://www.unzco.com/basicguide/index.html>:

Step One: Screen potential markets

A: Obtain product export statistics.

- Identify your product's Schedule B or Harmonized Code at <http://www.census.gov/foreign-trade/schedules/b/index.html>
- Foreign trade statistics by Harmonized System Classification numbers available from the Census Bureau at www.usatradeonline.gov -- information available by country of ultimate destination or dollar value, names of exporters not included.
- Obtain other market information from www.tradeport.org
- Other resources include foreign government statistical sites or industry associations.

B: Identify fastest growing markets

- Compare 3-5 year rate-of-growth for product.
- Check country stability, see Country Commercial Guides.
- Find smaller markets, may have fewer competitors, see Best Market reports.
- Identify this secondary research information at this database: <http://www.export.gov/mrktresearch/index.asp>

C: Target countries for expansion efforts

- Examine your research results.
- Target the most logical 3-5 markets to initially tackle.
- Identify second tier of 3-5 countries for later evaluation.

Step Two: Assess target markets

A: Examine trends that influence demand.

- Country information and factors affecting channels of distribution, business travel and practices, available from the Country Commercial Guides.
- Competitive sources available from Industry Sector Analysis and International Market Insights reports.
http://www.buyusainfo.net/adsearch.cfm?search_type=int&loadnav=no
- Supplement with association and industry reports, and reliable research from websites.

B: Identify foreign barriers

- Local current tariffs at http://www.export.gov/logistics/exp_001015.asp.
- Check Non Tariff Barriers in the Country Commercial Guides.
- Check export controls, Denied Parties and Entities Lists from the Bureau of Industry and Security
<http://www.bis.doc.gov/complianceand enforcement/liststocheck.htm>
- Make sure you're not looking at any embargoed countries, as identified by the Office of Foreign Asset Control at
<http://www.treas.gov/offices/enforcement/ofac/>

C: Identify incentives

- Check with local commercial banks
- ExIm Bank working capital and loan guarantees at www.exim.gov
- Small Business Administration working capital or Export Express at www.sba.gov
- The Overseas Private Investment Corp (OPIC) investment incentives at www.opic.gov
- Foreign Agricultural Service (FAS) Commodity Credit Corporation at www.fas.usda.gov
- International Finance Corporation at www.ifc.org
- Trade Development Agency at www.tda.gov

Step Three: Conclusion

A: Apply knowledge

- Apply internal resources with management commitment to determine level of effort.
- Know your direction and establish an international plan with a budget to penetrate new international markets.

- Narrow the potential markets to a focused customer or partner search; customize product and literature to culture.
- Participate in advertising your product internationally, such as involvement in trade shows, multi state catalog events, promotional magazines and web exposure.
- Understand that international expansion takes time and patience.

Now that you have had an opportunity to examine some of the factors involved in an exporting and marketing plan, you may choose to seek advice or assistance. Advice and assistance are available to your company at little or no cost from the Austin U.S. Export Assistance Center, 512/916-5939.

Export Licensing

While most export transactions do not require specific approval in the form of licenses from the U.S. Government, here are some regulations regarding the product, destination, end-use and end-user which may require an export license before the shipment can be made. Regulations regarding all exports must be followed.

For further guidance visit:

<http://www.export.gov/regulation/index.asp>

Federal agencies involved in export licensing include:

Bureau of Industry and Security (BIS):

BIS regulates "dual-use" - items that have both commercial and military or proliferation applications – and some regular commercial items. <http://www.bis.doc.gov/licensing/exportingbasics.htm>

Department of State, Directorate of Defense Trade Controls (DTC):

Licenses defense services and defense (munitions) articles.
<http://www.pmddtc.state.gov/>

Department of the Treasury, Office of Foreign Assets Control (OFAC):

OFAC administers and enforces economic and trade sanctions against targeted foreign countries.
<http://www.treas.gov/offices/enforcement/ofac/>

For a list of all these United States government departments and other agencies with export control responsibilities visit:

<http://www.bis.doc.gov/about/reslinks.htm>

Certain individuals and organizations are prohibited from receiving U.S. exports and others may only receive goods if they have been licensed. This includes

items that do not normally require a license based on the Export Control Classification Number (ECCN) and Commerce Country Chart, or based on a U.S. Commerce Department EAR99 designation. All exporters MUST review the "Lists to Check" before making their export shipments:

<http://www.bis.doc.gov/complianceand enforcement/liststocheck.htm>

The Austin U.S. Export Assistance Center is available to assist you with guidance on export licensing concerns, 512/916-5939.

International Finance

Financial standing is one component of a successful international business in the United States. Financial lenders in the United States gauge an entity's standing by examining its credit history and credit rating.

Accountants or business consultants will advise an international business on mitigating credit risk, increasing cash flow, profitability and establishing a strong credit rating.

PUBLIC ENTITIES

The Export-Import Bank of the United States (ExIm) aids small and medium sized businesses with export financing of U.S. goods and services through various loan, guarantee, and insurance programs. Among these is the Working Capital Guarantee, which assists small businesses in obtaining capital to fund their export-related activities. The ExIm also offers Export Credit Insurance, and insurance coverage programs. To learn more about ExIm's financing programs call toll-free 800/565-EXIM, or contact:

ExIM Regional Office
Houston, TX
281/721-0465
<http://www.ExIm.gov>

Small Business Administration (SBA) Export Working Capital Program provides short-term working capital to exporters. The SBA has specific standards that must be met for a company to qualify for a loan. For more information visit: <http://www.sba.gov/content/export-loan-programs>

Overseas Private Investment Corporation (OPIC) provides finance and insurance to support private American investment in other nations. OPIC helps U.S. businesses of all sizes invest and compete in more than 140 emerging markets and developing nations worldwide. Call 202/336-8799, or fax 202/408-9858. <http://www.opic.gov>

U.S. Trade and Development Agency (TDA) helps US companies pursue business opportunities overseas. Call 703/875-4357, or fax 703/875-4009. <http://www.tda.gov/>

PRIVATE ENTITIES

The World Bank Group is one of the world's largest sources of development assistance, the World Bank Group brings a mix of finance and ideas to improve

living conditions and eliminate poverty. The bank focuses on investing in people through health, education, poverty reduction, environmental protection, private business development, and reforms to create a stable macroeconomic environment. Call 202/477-1234, or fax 202/477-6391. <http://www.worldbank.org/>

The International Finance Corporation promotes sustainable private sector investment in developing countries as a way to reduce poverty and improve people's lives. <http://www.ifc.org/>

Other private entities include:

- Private Export Funding Corporation (PEFCO) <http://www.pefco.com/>,
- Multilateral Investment Guarantee Agency (MIGA) <http://www.miga.org/>,
- International Centre for Settlement of Investment Disputes (ICSID) <http://www.worldbank.org/icsid>,
- International Development Association (IDA) <http://www.worldbank.org/ida>,
- Inter-American Development Bank (IDB) <http://www.iadb.org/>

Logistics, Documentation and Distribution

Most companies work with an International Freight Forwarder (IFF) to assist them in the logistics of shipping their products internationally. IFF's are listed in the local telephone directory under "Freight Forwards," and may also be found on the Internet. Visit the National Customs Brokers and Forwarders Association of America at <http://ncbfaa.org/>

All export documentation must be precise and up to date. Slight discrepancies or omissions may prevent U.S. merchandise from being exported, result in U.S. firms not getting paid, or even result in the seizure of the exporter's goods by U.S. or foreign government Customs. Collection documents are subject to precise time limits and may not be honored by a bank if those documents are out of date. Much of the documentation is routine for freight forwarders or customs brokers acting on the firm's behalf, but the exporter is ultimately responsible for accuracy of the documentation. The documents to be used depend on both U.S. Government requirements and those imposed by the importing country.

To view a list by country, visit the trade information center website:

http://export.gov/exportbasics/eg_main_017483.asp

For information on shipping documents that are commonly used in exporting, but vary by the country of destination, visit:

http://export.gov/logistics/eg_main_018121.asp

Shipper Export Declaration (SED) or form 7525-V – All shipments from the U.S. (other than Canada and select U.S. Territories and Possessions) of 2,500 USD, or more in one or more specific Harmonized Schedule number require an SED. SED's are available through the Government Printing Office and several other commercial outlets, or at: http://export.gov/logistics/eg_main_018116.asp The SED may be filed electronically at: <http://www.aesdirect.gov/>.

Import License – Import licenses are the responsibility of the importer. Including a copy with your export documentation will sometimes help avoid problems with customs in the destination country.

Commercial Invoice - In a domestic transaction, the commercial invoice is a bill for the goods from the buyer to the seller. A commercial invoice should include basic information about the transaction, including a description of the goods, address of shipper and seller, delivery and payment terms, etc. The buyer needs the invoice to prove ownership and to arrange payment. Some governments use the commercial invoice to assess customs duties.

Bill of Lading - Bills of lading are contracts between the owner of the goods and the carrier. You should be aware there are two types commonly used. "Straight" bills of lading are non-negotiable. "Negotiable" or "shipper's order" bills of lading may be bought, sold, or traded while goods are in transit and are used for letter of credit transactions. The customer usually needs the original or a copy as proof of ownership to take possession of the goods. Freight forwarders, as well as commercial stationers, carry copies of the Bill of Lading.

Consular Invoice - Certain nations require a "consular invoice," which is used to control and identify goods. The invoice must be purchased from the consulate of the country to which the goods are being shipped and is typically required to be completed in the language of that country.

Certificate of Origin - Certain countries require a signed statement as to the origin of the export item. This is usually obtained through local office supply or printing stores. This certificate may be required even though the commercial invoice contains the same information. The North American Free Trade Agreement Certificate of Origin certifies goods originated in one of the three signatory countries (U.S., Mexico or Canada). These forms are available from U.S. Customs. Information on filling this document out is available from the Trade Information Center (TIC) at 800/872-8723. Online help is also available at:
<http://web.ita.doc.gov/ticwebsite/ticit.nsf/>

Inspection Certification - Some purchasers and countries may require a certificate, usually completed by a third party, attesting to the specifications of the goods shipped. This certification is often obtained from an independent testing organization.

Dock receipt, warehouse receipt - These receipts are used to transfer accountability when the export item is moved by the domestic carrier to the port of embarkation and submitted to the international carrier for export.

Insurance Certificate - If the seller provides insurance, the insurance certificate states the type and amount of coverage. This is a negotiable instrument, and may be obtained through your freight forwarder.

Export Packing List - Considerably more detailed and informative than a standard domestic packing list, an export packing list itemizes the material in each individual package and indicates the type of package, box, crate, drum, carton, etc. It lists the individual net, legal, tare, and gross weights and measurements for each package in both imperial and metric systems. Package markings should be shown along with the shipper's and buyer's references. The package list should be either included in or attached to

the outside of a package in a waterproof envelope marked "packing list enclosed." The list is used by the shipper or forwarding agent to ascertain the total shipment weight and volume and whether the correct cargo is being shipped. Customs officials (both U.S. and foreign) may use the list to check the cargo.

The amount and type of documents the exporter must deal with vary depending on the destination of the shipment. As each country has different import regulations, the exporter must be careful to provide proper documentation. If the exporter does not rely on the services of a freight forwarder, there are several methods of obtaining information on foreign import restrictions. For information on the most commonly used documents, visit: http://export.gov/logistics/eg_main_018121.asp

Other resources for identifying your required documents could include:

TRADE INFORMATION CENTER (TIC) is a resource guide for information on all U.S. Federal Government export assistance programs. The TIC provides new-to-export and new-to-market firms with a single point of contact in the U.S. Government for counseling and assistance on industry-specific, country-specific, or anything at all having to do with international trade. Visit their website http://export.gov/exportbasics/eg_main_017483.asp or call the TIC toll-free at 800/872-8723.

Tariffs and Duties

Many exporters are concerned with the tariffs and duties that will be imposed on their products once they are delivered. Information on how to determine these duties is provided at: http://export.gov/logistics/eg_main_018130.asp

Foreign Trade Zones

Foreign trade zones (FTZs) are sites in or near a U.S. Customs port of entry where foreign and domestic merchandise is considered to be in international trade. Goods may be brought into a FTZ without formal customs entry requirements or without incurring customs duties or excise taxes unless and until they are further imported into the United States.

FTZs are intended to promote U.S. participation in trade and commerce by eliminating or reducing the unintended costs or obstacles associated with U.S. trade laws. Business operations that might be shifted to a foreign country are thereby encouraged to remain in Texas.

FTZ projects may be at one or multiple sites, a single building, all or a portion of an industrial park, at a deep-water port, or within an international airport. The largest available foreign trade zone in Austin is FTZ #183.

For more information regarding Austin's foreign trade zones, visit:

<http://www.austinchamber.com/do-business/greater-austin/tax-incentives/foreign-trade.php>

Benefits

Benefits for businesses using FTZs include:

- **Duty Exemption.** No duties on or quota charges on re-exports.
- **Duty Deferral.** Customs duties and federal excise tax deferred on imports.
- **Inverted Tariff.** In situations where zone manufacturing results in a finished product that has a lower duty rate than the rates on foreign inputs (inverted tariff), the finished products may be entered at the duty rate that applies to its condition as it leaves the zone -- subject to public interest considerations.
- **Logistical.** Companies using FTZ procedures may have access to streamlined customs procedures (e.g. "weekly entry" or "direct delivery").
- **Other.** Foreign goods and domestic goods held for export are exempt from state/local inventory taxes. FTZ status may also make a site eligible for state/local benefits which are unrelated to the FTZ Act.

Benefits for the public from FTZs include:

- **Public Service.** Providing special customs procedures to help firms conduct international trade related operations in competition with foreign plants.
- **Business Retention.** Helping attract offshore activity and encourage retention of domestic activity.
- **Jobs.** Helping create employment opportunities.
- **Growth.** Assisting state and local economic development efforts.
- **Trade and Globalization.** Helping facilitate and expedite international trade.

The U.S. Department of Commerce Foreign Trade Zones Board website is available at:

<http://ia.ita.doc.gov/ftzpage>