

Arizona District Export Council

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Arizona District Export Council









U.S. Government Assistance for Subsidiaries of Canadian Companies

Scary U.S. Legal Issues When Exporting

 U.S. Commercial Service and AZDEC Programs



Will your Arizona subsidiary export goods and services?

The Arizona District Export Council can help



Arizona District Export Council (AZDEC) assists Arizona subsidiaries with the export of products and services

Working for America's Exporters

Tap into the AZDEC members' direct experience with doing business abroad in a variety of business segments. The AZDEC communicates regularly with:

- Arizona businesses and associated supply-chains
- · Local, state and federal leaders
- The U.S. Commercial Service in Arizona (CS Arizona)

AZDEC members can provide one-on-one interaction with Arizona company leaders about various trade and international business matters, export-oriented training and resources, contacts to local, state, and federal leadership and support, and connections to CS Arizona.

CS Arizona provides connections to over 150 overseas Commercial Service offices for assistance in international business expansion through:

- Contacts to international buyers
- Country-specific market intelligence
- Trade counseling and support, including commercial diplomacy when needed

AZDEC members are appointed by the U.S. Secretary of Commerce and tasked with providing leadership in international trade through AZDEC's 30+ member council of Arizona international trade veterans and experts.

Find out more at www.exportaz.org



Scary Legal Issue #1: U.S. Export Regulations

- Exporting is a privilege, not a right regulations govern legal way to export, and require a "license" to export all goods (SNAP-R)
- No Export to Certain Countries
- Export Restrictions Related to Military Uses (ITAR) watch out for multi-use products

No Export to "Denied Parties" – watch out if . . .

- Customer or purchasing agent is reluctant to offer information about the end-use of the product
- Product's capabilities do not fit the customer line of business
- Product ordered is incompatible with the technical level of the country to which the product is being shipped
- Routine installation, training or maintenance are declined by the customer
- Customer is willing to pay cash when financing would be more appropriate
- Delivery dates are vague, or deliveries are planned for out-of-the-way destinations, or a freight forwarding firm is listed as the products final destination
- When questioned, the customer is evasive or unclear whether the purchased product is for domestic use, export or reexport



Scary Legal Issue #2: U.S. Anti-Boycott Regulations

- U.S. Regulations prohibit honoring any boycott formed by foreign countries against nations that are friendly to the United States
- Currently, the Arab Boycott of Israel
- **Boycott requests found in Contractual Documents,** Shipping Instructions and Letters of Credit
- Example: requests that products are not:
 - of Israeli origin
 - do not contain Israeli-origin parts
 - were not produced by Israeli firm or with Israeli labor
 Israeli certificate of origin will not be acceptable



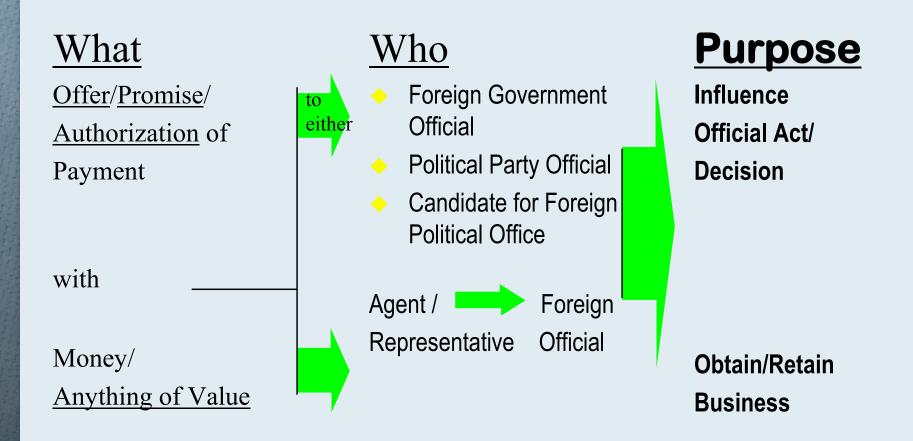


Scary Legal Issue #3: Foreign Corrupt Practices Act

- Foreign Corrupt Practices Act U.S. law designed to prevent bribery of foreign governmental officials by U.S. companies in order to *influence the official's acts or decisions* if this is done to *obtain, retain or direct business to anyone*
- Exceptions Routine Governmental Actions
- Cultural Issue Gift-giving!



Scary Legal Issue #3: Foreign Corrupt Practices Act





Scary Legal Issue #3: Foreign Corrupt Practices Act

• Watch out if . . .

- The contracting party refuses to accept an FCPA clause in the contract
- The contracting party has a reputation for offering bribes or violating other laws
- The contracting party, or one of its directors, shareholders or employees is a close relative or business associate of senior foreign government officials
- The contracting party is getting paid unusually high commissions in relation to its scope of work and contractual obligations
- The contracting party requests payments in an account outside the country of its residence
- The contracting party has undisclosed principals, associates, or subcontractors with whom it splits fees
- Look before you leap: know your business associates, partners, consultants and sales representatives
 - STEP 1 Conduct a Background Check Due Diligence Required
 - STEP 2 Contractual Representations
 - STEP 3 Opinion of Counsel if Necessary





Help for Exporters: U.S. Commercial Service

• Trade specialists in over 100 U.S. cities and 83 countries worldwide

- Locate international buyers, distributors & agents
- Provide expert help at every stage of the export process
- Help U.S. companies enter new markets faster and more profitably
- Arizona Results (U.S. Export Assistance Center USEAC)
 - 600+ companies counseled
 - Phoenix, Scottsdale & Tucson locations
 - 5 International Trade Specialists





Help for Exporters

Counseling & Strategy

- USEAC Trade Specialists Industry Expertise, State-wide availability
- AZTEC Members volunteer assistance
- Education Seminars
- Exporting, ITAR, IP Protection, Trade Finance, etc.

• Fee-based Services

- <u>GOLD KEY SERVICE</u> (\$700 SME / \$2300)
- INTERNATIONAL PARTNER SEARCH (\$550 SME / \$1400)
- INTERNATIONAL COMPANY PROFILE (\$600 SME / \$900)
- BORDER GATEWAY SERVICE in Sonora (Cost varies)

• Trade Missions

 Beyond the Border: Arizona Trade Mission to Mexico City & Guadalajara 12-16, 2014

May

• Arizona Step Grant via Arizona Commerce Authority





Questions

