

Establishing an International Business in Austin

A Resource Guide Provided by the
Greater Austin International Business Coalition



Austin Future photo courtesy of Austin Fit Magazine

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.

Table of Contents

1.) The Austin Business Advantage	1
1.1) Austin Profile	1
1.2) Community Partners	2
1.2.A) Greater Austin Chamber of Commerce	2
1.2.B) Local Government	2
1.3) Austin in the Global Economy	3
1.4) International Companies in Austin	3
1.5) Top 50 Metro Exports by Country	4
1.6) Metro Exports by Top 5 Global NAICS	5
2.) Setting up a Business in Austin	6
2.1) Legal Requirements	6
2.1.A) Business Structure and Name	6
2.1.A.i) Legal Structure	6
2.1.A.ii) Business Name	8
2.1.B) Permits and License Requirements	11
2.1.C) Business Organization Frequently Asked Questions (FAQs)	11
2.2) Tax Structure	12
2.2.A) Margins Tax	12
2.2.B) Property Tax	12
2.2.C) Sales and Use Tax	13
2.2.D) Payroll Tax	13
2.3) Labor Issues	14
2.3.A) Business Employer Requirements	14
2.3.A.i) New Hire Requirements	14
2.3.A.ii) Apprenticeship Training Requirements	14
2.3.A.iii) American with Disabilities Act Requirements	14
2.3.A.iv) Equal Employment Requirements	16
2.3.A.v) Wage and Labor Requirements	16
2.3.A.vi) Workers' Compensation Insurance Requirements	17
2.3.A.vii) Safety Requirements	18
2.3.A.viii) Labor Poster Requirements	18
2.3.B) Additional Labor Law Resources	19
2.3.C) Foreign Workers	19
2.3.D) Resources for Foreign Employers.....	22
3.) How to Import and Export	22
3.1) Importing	22
3.1.A) Import License	23
3.1.B) Import Tariffs	23
3.1.C) Import Logistics	24

3.2) Exporting	24
3.2.A) International Marketing	25
3.2.A.i) Market Potential and Marketing Research	25
3.2.B) Export Licensing	27
3.3) International Finance	28
3.3.A) Public	28
3.3.B) Private	29
3.4) Logistics, Documentation and Distribution	29
3.4.A) Tariffs and Duties	31
3.4.B) Foreign Trade Zones	31
3.4.B.i) Benefits	32
4.) Business Incentives	33
4.1) Emerging Technology Fund Program	33
4.2) Texas Enterprise Zone Program	34
4.2.A) State Sales and Use Tax Refunds	34
4.3) Rural Economic Development Incentives	34
4.3.A) Rural Municipal Finance Program	34
4.3.B) Texas Capital Fund: Infrastructure Program	35
4.3.C) Texas Capital Fund: Real Estate Development Program	35
5.) Business Training	36
5.1) Economic Development & Diversification In-State Tuition Incentives	36
5.2) Texas Workforce Commission Funds	36
5.2.A) Skills Development Fund	36
5.2.B) Self Sufficiency Fund	36
5.2.C) On-the-Job and Customized Training	37
6.) Acknowledgements	38

1: The Austin Business Advantage

Austin is repeatedly ranked at or near the top of American cities to live in and operate a business. These rankings may be found in major trade publications as well as the minds of local and international business decision makers.

The region is defined by lower business and living costs than most major U.S. metropolitan areas, and a young, well-educated population of 1.5 million.

1.1: Austin Profile

Austin thrives on a healthy balance of technology, business services, education and government, and those sectors thrive in Austin. In the state capital of Texas, live music echoes from the nearly 200 venues located within the city limits. Austin also has four lakes and several parks available for natural recreation activities.

To view the Greater Austin Chamber of Commerce's profile of Austin in English, visit this link:

<http://www.austin-chamber.org/DoBusiness/GreaterAustinProfile/index.html>

For the Greater Austin Profile in Chinese:

<http://www.austin-chamber.org/DoBusiness/GreaterAustinProfile/Chinese/indexc.html>

For the Greater Austin Profile in French:

<http://www.austin-chamber.org/DoBusiness/GreaterAustinProfile/French/indexf.html>

For the Greater Austin Profile in German:

<http://www.austin-chamber.org/DoBusiness/GreaterAustinProfile/German/indexg.html>

For the Greater Austin Profile in Japanese:

<http://www.austin-chamber.org/DoBusiness/GreaterAustinProfile/Japanese/indexj.html>

For the Greater Austin Profile in Korean:

<http://www.austin-chamber.org/DoBusiness/GreaterAustinProfile/Korean/indexk.html>

For the Greater Austin Profile in Spanish:

<http://www.austin-chamber.org/DoBusiness/GreaterAustinProfile/Spanish/indexs.html>

1.2: Community Partners

1.2.A: Greater Austin Chamber of Commerce

Based upon recommendations made by the Greater Austin Chamber of Commerce, (www.austin-chamber.org), the City of Austin focuses upon and nurtures the following specific high tech and industry clusters: Biotechnology, Clean Energy, Data Centers, Digital Media, Semiconductors, and Wireless Technology.

Focusing on these clusters is an important goal for each of Austin's various economic development partners. For example, Austin is the largest green energy buyer in the U.S.A and operates America's most successful retail clean energy program, the municipally owned and operated Austin Energy.

To learn more about Austin's established and emerging market clusters, visit:

<http://www.austinhumancapital.com/techsectors.htm>

If you are considering expanding or relocating your international business to Greater Austin, please contact:

Adriana Cruz
Vice President of Global Corporate Recruitment
Greater Austin Chamber of Commerce
Lakeshore Tower Building
210 Barton Springs Road, Suite 400
Austin, TX 78704
512/322-5626
acruz@austinchamber.com

1.2.B: Local Government

The City of Austin plays a crucial role in the economic vitality of the community. The Economic Growth and Redevelopment Services Office (<http://www.ci.austin.tx.us/redevelopment/>) offers several programs which provide various services designed to assist companies.

The City of Austin Small Business Development Program is committed to providing opportunities and resources which help small businesses grow and prosper in a competitive business environment. For a listing of specific services, visit:

<http://www.ci.austin.tx.us/sbdp/services.htm>

Also in Spanish at:

<http://www.cityofaustin.org/sbdp/espanol.htm>

Locally-established or expanding companies of every size competing in the established and emerging market clusters will benefit from services offered by the Emerging Technology Program. <http://www.cityofaustin.org/redevelopment/emergingtech.htm>

If your international business has any questions regarding City of Austin programs, please contact:

Ben Ramirez III
City of Austin International Program Manager
International Center of Austin
201 E Second Street
Austin, TX 78701
512/236-2425
ben.ramirez@ci.austin.tx.us
www.WorldWideAustin.org

For the contact information of the other communities which comprise the Greater Austin area, visit: <http://www.austin-chamber.org/DoBusiness/GreaterAustinCommunities/cities.html>

1.3: Austin in the Global Economy

When it comes to business, it seems the whole world has a place in the heart of Central Texas. Austin is a truly international city. There are currently 88 distinct foreign languages and dialects spoken by Austin residents. We are proud of the business talent emerging from our top ranking colleges and universities, our recognition in the high-tech industry as an innovative hotbed, and of our ongoing efforts to boost Austin into the top tier of international cultural centers.

Austin residents regularly travel the globe in search of business and cultural exchange opportunities. Our business, professional and student partners come to Austin from locations throughout the world and they often decide to invest more of their time and resources here.

1.4: International Companies in Austin

Numerous foreign companies have taken advantage of the favorable business climate in and around Austin. To view the current list of these international companies, visit the following link:

<http://www.austinchamber.com/DoBusiness/TheAustinAdvantage/International.html>

Greater Austin is ranked among the top 25 exporting regions in the U.S.A. Products and services created here are used by companies and individuals throughout the world.

1.5: Top 50 Metro Exports by Country in 2007

Austin-Round Rock, TX

Country	Export Value 2005	Export Value 2006
Korea, South	\$1,515,844,263	\$1,634,970,136
Taiwan	(D)	\$1,308,445,629
Mexico	(NA)	\$899,626,798
China	\$743,530,342	\$815,385,835
Canada	\$739,498,667	\$656,601,556
Malaysia	\$776,834,708	(NA)
Residual	(D)	\$2,889,591,319
<p>(D) = Data withheld to avoid disclosing figures for individual companies. Since \$ values of (D) are unknown, tables containing (D) are not ranked by value. (NA) = Data not available. Source: Bureau of the Census, U.S. Department of Commerce. Prepared by the Office of Trade and Industry Information, International Trade Administration, U.S. Department of Commerce.</p>		

1.6: Metro Exports by

Top 5 Global NAICS (North American Industry Code System) in 2007

Austin-Round Rock, TX

NAICS - Description	Export Value 2005	Export Value 2006
334 - Computer And Electronic Products	\$6,014,890,016	\$5,953,022,931
333 - Machinery, Except Electrical	\$1,087,241,786	\$1,603,322,774
335 - Electrical Equipment, Appliances, And Component	\$114,023,340	\$118,229,705
339 - Miscellaneous Manufactured Commodities	\$94,481,897	\$85,539,815
325 - Chemicals	(NA)	\$72,265,451
111 - Crop Production	(D)	(NA)
RES - All Others (Residual)	(D)	\$372,240,597
TOTAL	\$7,686,971,490	\$8,204,621,273

(D) = Data withheld to avoid disclosing figures for individual companies. Since \$ values of (D) are unknown, tables containing (D) are not ranked by value.

(NA) = NAICS code is not in the top 5 categories for that year.

Source: Bureau of the Census, U.S. Department of Commerce.

Prepared by the Office of Trade and Industry Information, International Trade Administration, U.S. Department of Commerce.

2. Setting Up a Business in Austin

2.1: Legal Requirements

2.1.A: Business Structure and Name

The first step in starting a business is to determine the basic legal structure of the business, and to establish your business' name. This first step is important because of the financial implications of your decision. The legal structure you choose for your business will affect your corporation's responsibility for annual franchise tax fees, or your own personal liability arising from business decisions and actions.

Your business name will identify, differentiate and market your business. It should be given much thought and consideration.

A professional tax consultant, accountant, and/or attorney should be consulted when determining your company's legal structure and business name.

A comprehensive examination of the process for establishing a company in Austin can be found online at:

<http://www.texasonline.com/guide/index.jsp>

Also in Spanish at:

<http://www.texasonline.com/guide/index.jsp?lang=es>

2.1.A.i: Legal Structure

There are several legal structures available for businesses operating in Texas. Each structure is listed below with a brief description.

Sole Proprietorship:

A sole proprietorship exists when a single individual operates a business and owns all assets. A sole proprietor is personally liable for all debts, and business ownership is nontransferable. Under a sole proprietorship, the life of the business is limited to the life of the individual proprietor. The sole proprietorship makes no legal distinction between personal and business debts, and it does not require a separate income tax return. A sole proprietorship is often operated under the name of the owner. Whenever operating a business under a name other than the sole proprietor, an Assumed Name Certificate or Doing Business As Certificate (DBA) must be filed with the county clerk. Assumed Name Certificates (DBA) are discussed later in this section.

General Partnership:

A general partnership exists when two or more individuals or businesses join to operate a business. Under a general partnership, a separate business entity exists, but creditors may use the partners' personal assets for satisfaction of debts. General partners share equally in assets and liabilities. A general partnership requires an annual partnership income tax return (separate from the partners' personal returns). A general partnership may be operated under the names of the owners, or an agreed upon business name. In either case, an Assumed Name Certificate must be filed with the county clerk.

Limited Partnership:

A limited partnership is a partnership formed by two or more persons or entities, under the laws of Texas, and having one or more general partners and one or more limited partners. General partners share equally in debts and assets, while limited partners have limited debt obligations. A limited partnership must be registered with the Secretary of State. (Please refer to the Business Name section of this Guide for more details.)

Registered Limited Liability Partnership:

A registered limited liability partnership is a general partnership that has been registered with the Secretary of State. A partner's liability in a registered limited liability partnership differs from that of an ordinary partnership. In a registered limited liability partnership, a partner is not individually liable, under some circumstances, for debts and obligations of the partnership arising from errors, omissions, negligence, incompetence or malfeasance committed in the course of business by others in the partnership.

Corporation:

Corporations (Subchapter C or S) are created when two or more individuals, partnerships, or other entities join together to form a separate entity for the purpose of operating a business in the state. A corporation has its own legal identity, separate from its owners. The corporation offers protection to the business owners' personal assets from debts and liabilities relating to the operation of the corporation. Taxation of the corporation varies depending on the type of corporation formed. A corporation must be registered with the Secretary of State.

A Subchapter C Corporation is taxed at a higher rate than an individual. The owners are not taxed personally for profits; however, the owners do pay personal taxes on any salaries and/or dividends, and the corporation is also taxed on the profits.

Owners of Subchapter S Corporations may deduct business losses on personal income tax returns, similar to a partnership. The Subchapter S Corporation also offers alternative methods for distributing the business income to the owners.

Limited Liability Company:

A limited liability company is an unincorporated business entity which shares some of the aspects of Subchapter S Corporations and limited partnerships, and yet has more flexibility than more traditional business entities. The limited liability company is designed to provide its owners with limited liability and pass-through tax advantages without the restrictions imposed on Subchapter S Corporations and limited partnerships. A limited liability company must be registered with the Secretary of State.

2.1.A.ii: Business Name

After the business' legal structure has been decided upon, the business name must be registered with the county clerk's office and/or the Texas Secretary of State. Your company's business name should be thoroughly researched. If a corporation and an unincorporated company have very similar names, neither automatically has the right to the name. If both parties have properly filed the Assumed Name or Doing Business As (DBA) Certificate, the true owner of the name will likely be decided in a court of law. Conducting your business name research before you begin your Texas business efforts will allow you to avoid legal costs later.

State Registration

All businesses operating in Texas must register with the Secretary of State. The Secretary of State only provides forms for registering a limited liability partnership. The Secretary of State publishes the Filing Guide, which offers guidelines for registering business entities. This Filing Guide also includes administrative rules and sample forms.

Corporations, limited partnerships, and limited liability companies organized in other states or countries may transact business in Texas. To do so, the non-Texas business must obtain a Secretary of State certificate of authority. An out-of-state business may also consider the option of creating a Texas corporation, limited partnership, or limited liability company for business transactions in Texas.

A name may not be used by more than one corporation in Texas. The Secretary of State will perform a name search to verify that no other corporation, limited partnership, or limited liability company in Texas is using the exact name selected. To find out if a business name is available, visit the website or call the Secretary of State for an immediate computer search. This search is only for business names registered with the Secretary of State. This search will not include business names registered only by a county clerk's office.

If a corporation will transact business under a name(s) not stated in the articles of incorporation, the corporation must file an Assumed Name Certificate with the Secretary of State, and with the county clerk in which the principal office and

registered office of the corporation are located. (See next section for details on Assumed Name/DBA Certificates.)

For more information, contact:

Secretary of State,
Corporations Section,
P.O. Box 13697,
Austin, Texas 78711-3697
512/463-5555
<http://www.sos.state.tx.us/corp/index.shtml>

Local Registration (for Assumed Name/DBA Certificates)

If the business will operate as a sole proprietorship or a general partnership, file an Assumed Name or DBA Certificate for each name (or variation of that name) the business will use. The DBA must be on file with the county clerk in each county where a physical business presence will be maintained. If there is no physical business presence, a DBA should be filed in each county where business will be conducted.

If the business will operate as a corporation, limited partnership, or limited liability company, and the business will be identified by a name other than the name on file with the Secretary of State, an Assumed Name Certificate must be filed with the Secretary of State and each county in which the business will have a registered or principal office.

Neither the filing of an Assumed Name Certificate nor the reservation or registration of a company name imparts any real protection to the party filing the certificate. It is merely a formal process that informs the general public of the registered agent for a business and where official contact with the business may be made.

Bastrop County Clerk's Office information is available at:

<http://www.co.bastrop.tx.us/ips/cms/countyoffices/countyClerk.html>

Caldwell County Clerk's Office information is available at:

<http://www.co.caldwell.tx.us/ips/cms/countyoffices/countyClerk.html>

Hays County Clerk's Office information is available at:

<http://www.coclerk.co.hays.tx.us/RecordsDivision/AssumedNameRegistration/tabid/60/Default.aspx>

Travis County Clerk's Office information is available at:

http://www.co.travis.tx.us/county_clerk/dba.asp

Williamson County Clerk's Office information is available at:

<http://wilco-dev.com/CountyDepartments/CountyClerk/CountyClerkRecords/tabid/639/Default.aspx>

Filing the Assumed Name Certificate

Each county clerk office may use a different form; however, the information requested should be the same. Be prepared to provide the business name, mailing address, city, state, zip, expected period of operation, business type, and owner information.

“Period of operation” is the period of time the business will use the name. Ten years is the maximum length of time an assumed name filing is valid. However, if the name will be used for a period of less than ten years, indicate this on the form. Name filings must be renewed every ten years.

“Business type” refers to the legal structure of the business. Indicate whether the business will be operating as a corporation, partnership, sole proprietorship, etc.

“Owner information” is the name(s) of the owner(s), personal address(es), and signature(s). All owners' signatures must be notarized. This service is sometimes offered at the county clerk's office. The DBA form cannot be filed until all owners have signed it and all signatures have been notarized.

The following research tips will be helpful in filing the Assumed Name Certificate in the county the business will operate:

First, write down the possible name(s) you will be considering for your business. Pay close attention to capitalization, spacing, punctuation, etc. Remember this name will identify your business to the public.

Next, the county records (assumed name books or county computer) will have to be searched for the name(s) you are considering. Many county clerk offices will provide a name search service for a nominal fee. The whole search process may even be conducted via mail correspondence. Contact the local county clerk for verification of their process.

If you have to search the county records yourself, then remember an assumed name filing is valid for ten years. Begin by searching records for the last ten years to verify that the business name is available. Each record book will not necessarily encompass one year of filings. The front of each book should provide the applicable dates of records found inside.

Your county may have computerized records. However, be sure to confirm the computerized records contain ten years of filing history. You may use the computer for the period it covers, and then use the record books for any of the remaining years in your search period.

If the business name has been used, look in the margins of the record books to see if it has been abandoned. If the name has been abandoned, it may legally be used again.

Finally, if the company name is available, fill out the assumed name form and have it notarized. The notarized form may now be filed with the county clerk's office. The county clerk will keep the original Assumed Name Certificate. When you file the form, you will want to request several certified copies (at least one for the bank and one for your business records).

The county clerk's office will provide you with information about filing fees and the accepted form of payment. If processing via mail, send the completed forms by certified mail with a return receipt requested.

2.1.B: Business Permit and License Requirements

A listing of permits and licenses required for conducting business are available on the internet. This includes an alphabetical listing of licenses, permits and registrations by name or type. To view this listing, visit:

<http://www.governor.state.tx.us/divisions/ecodev/sba/>

2.1.C: Business Organization Frequently Asked Questions (FAQs):

The Texas Secretary of State's website contains several frequently asked questions related to establishing a business at:

<http://www.sos.state.tx.us/corp/businessfaqs.shtml>

To set up your business with telecommunication and utility services, this website provides a listing of service providers:

<http://www.austin-chamber.org/DoBusiness/GreaterAustinProfile/telecommunications.html>

2.2: Tax Structure

The Federal Government requires your business to pay federal taxes. To establish your business' tax responsibilities, your company must obtain an Employer's Identification Number (EIN) from the U.S. Department of the Treasury, Internal Revenue Service (IRS).

You may apply online for your business' EIN by visiting the following link:

<http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>

Texas has a low tax burden on businesses. There is no corporate and no individual income tax in Texas. For more information on Texas tax requirements visit:

<http://www.business.texasonline.com/guide/texastaxes.jsp?lang=en>

2.2.A: Margins Tax

Texas has replaced its franchise tax with a Margins Tax. The Margins Tax is a tax of 1% on gross receipts less compensation or cost of goods sold. (Retailers and wholesalers have a rate of 0.5%) Sole proprietorships and general partnerships are exempt from the margins tax. Businesses with revenue under \$300,000 are also exempt. For more information regarding the new Margins Tax, and how it specifically affects your business, please visit:

<http://www.cpa.state.tx.us/taxinfo/franchise/index.html>

2.2.B: Property Tax

Texas has no property tax at the state level. Local governments and special taxing districts levy taxes on real and tangible personal property. All property is appraised at full market value and assessed on 100% of appraised value. The total tax rate is the sum of all taxing units including cities, counties, schools and special districts.

Local governments have the option to exempt goods in transit, or "freeport goods", from ad valorem taxation. Freeport goods are inventories acquired or brought into the state by businesses and held for no more than 175 days before being shipped out of the state.

Austin and other local governments may offer qualifying businesses an abatement of the local ad valorem taxes on real and personal property for up to ten years.

In Austin, the Greater Austin Chamber of Commerce and the City of Austin's Economic Growth and Redevelopment Services Office work together to determine if a particular business may be a candidate for an abatement approval.

General property tax questions may be emailed to the Texas Comptroller at: ptd.cpa@cpa.state.tx.us

2.2.C: Sales and Use Tax

The state levies a sales and use tax of 6.25 percent on sales of tangible personal property and certain services. Additionally, cities, counties and transit authorities may add to the rate for a combined state and local rate of 8.25 percent.

Sales and use tax exemptions are offered on machinery and equipment used in the manufacturing process and on natural gas and electricity when sold to commercial businesses that are “predominately” manufacturing companies.

<http://www.cpa.state.tx.us/taxinfo/sales/index.html>

For more information, see the Sales & Use Tax Refunds under the Business Incentives section of this guide.

2.2.D: Payroll Tax

Unemployment Insurance

Businesses that employ one or more individuals may be subject to unemployment tax. New employers will pay 2.7 percent on the first \$9,000 of wages per employee. A minimum of six quarters is required to obtain an experience rating. For more information, visit:

<http://www.twc.state.tx.us/ui/bnfts/employerinfo.html>

For more information regarding taxes:

Texas Comptroller of Public Accounts
Post Office Box 13528, Capitol Station
Austin, Texas 78711-3528
877/662-8375

<http://www.cpa.state.tx.us/taxes/>

For more information on what you can expect when the taxman comes a-knocking on your door, contact your County Tax Assessor-Collector at:

<http://www.austin-chamber.org/LiveWork/MoveToAustin/Taxes.html>

2.3: Labor Issues

2.3.A: Business Employer Requirements

The final step in starting a business is determining the federal and state employer requirements. As an employer, you have labor, safety, and tax obligations.

<http://www.texasonline.com/portal/tol/en/bus/4>

The following sections detail the labor, safety, access, and new hire reporting regulations administered by federal and state agencies.

2.3.A.i: New Hire Requirements

In accordance with the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, all Texas employers are required to report certain information on newly hired and rehired employees to the State Directory of New Hires. To receive an employee packet from the Texas Workforce Commission, contact:

Texas Employer New Hire Reporting Operations Center
P.O. Box 149224
Austin, Texas 78714-9224
888/TEX-HIRE (888/839-4473)

2.3.A.ii: Apprenticeship Training Requirements

Standards for apprenticeship training programs in Texas follow guidelines set forth by the U.S. Department of Labor, Bureau of Apprenticeship and Training. Specific details on these programs may be obtained by contacting:

Bureau of Apprenticeship and Training
U.S. Department of Labor
525 Griffin Street, Suite 628
Dallas, Texas 75202
214/767-9263

2.3.A.iii: Americans with Disabilities Act Requirements

The Americans with Disabilities Act (ADA) provides protection for people with disabilities in the areas of employment, public services, transportation, accommodation and telecommunications. For general assistance regarding how the federal ADA standards apply to your business, contact:

Office on the Americans with Disabilities Act: Civil Rights Division
U.S. Department of Justice
P.O. Box 66738

Washington, DC 20035
800/514-0301 or 800/514-0383 (TDD)

For specific information on the Americans with Disabilities Act's employment requirements, contact:

U.S. Equal Employment Opportunity Commission
1801 L Street N W
Washington, D.C. 20507
800/669-4000 or 800/669-6820 (TDD)

For specific information on ADA telecommunications requirements, contact:

Federal Communications Commission
1919 M Street N W
Washington, D.C. 20554
202/418-0600 or 202/418-7233 (TDD)

For information regarding ADA requirements for accessible design in new construction and alterations, contact:

U.S. Architectural and Transportation Barriers Compliance Board
1331 F Street N W, Suite 1000
Washington, DC 20004
800/872-2253 or 800/993-2822 (TDD)

For information regarding ADA requirements for transportation services, contact:

U.S. Department of Transportation
400 Seventh Street SW Washington, DC 20590
888/446-4511 or 800/877-8339 (TDD)
<http://www.dot.gov/>

The State of Texas also has requirements related to the federal Americans with Disabilities Act. For information and technical assistance on the state disability policy information, disability statistics and local disability resources, contact:

Texas Governor's Committee on People with Disabilities
P.O. Box 12428
Austin, Texas 78711
512/463-5739 or 512/463-5746 (TDD)

The Texas Department of Licensing and Regulation reviews construction documents for the construction or substantial renovation, modification, or alteration of buildings or facilities defined as public or commercial accommodations for architectural barriers. This review is

mandated through the Americans with Disabilities Act. For additional information on architectural barriers, contact:

Texas Department of Licensing and Regulation
E.O. Thompson State Office Building
P.O. Box 12157
Austin, Texas 78711
512/463-3211 or 800/803-9202

2.3.A.iv: Equal Employment Requirements

Federal and state laws prohibit employment discrimination. The United States Equal Employment Opportunity Commission (EEOC) and the Texas Workforce Commission (TWC), Human Rights Division enforce fair employment laws which prohibit discrimination on the basis of race, color, sex, religion, disability, age, or national origin.

All employers with 15 or more employees engaged in an industry affecting commerce are prohibited from denying equal employment opportunities. The EEOC promotes voluntary programs that allow employers to implement equal employment opportunity programs within their businesses.

For more information regarding federal equal employment requirements, contact:

U.S. Equal Employment Opportunity Commission
San Antonio District Office
5410 Fredericksburg Road, Suite 200
Mockingbird Plaza, Plaza II
San Antonio, Texas 78229
210/281-7600 or 210/229-4858

The TWC, Human Rights Division investigates employment complaints in Texas. For information regarding state equal employment requirements, contact:

Texas Workforce Commission, Human Rights Division
101 East 15th Street
Austin, Texas 78778
512/463-3222

2.3.A.v: Wage and Labor Requirements

For information on federal minimum wage laws, overtime and other questions regarding wages and hours, contact:

U.S. Department of Labor
Regional Wage and Hour Office

San Antonio: 210/229-4515
<http://www.dol.gov/esa/whd/>

The Texas Workforce Commission investigates and notifies county and/or district attorneys regarding all labor law violations within Texas. The Labor Law Department enforces state and federal labor laws. State statute examples include the Pay Day and Child Labor laws.

The Texas Workforce Commission publishes a general information packet for employers. For a copy, contact:

Employer's Representative
Texas Workforce Commission
101 East 15th Street
Austin, Texas 78778
512/463-2826 or 800/832-9394

To view a copy of the Texas Workforce Commission's publication, *ESPECIALLY FOR TEXAS EMPLOYERS* visit:

<http://www.twc.state.tx.us/news/efte/tocmain.html>

For answers to questions which your employees may have, please contact:

Labor's Representative
Texas Workforce Commission
101 East 15th Street
Austin, Texas 78778
512/463-2829 or 800/832-2829

2.3.A.vi: Workers' Compensation Insurance Requirements

The Texas Department of Insurance, Division of Workers' Compensation regulates the delivery of workers' compensation benefits to injured workers and to eligible family members of employees who die while performing their duties. Benefits are paid by workers' compensation insurance companies, by employers certified to self-insure, or by self-insured governmental entities.

The Texas Department of Insurance publishes a rate guide to assist employers in comparison shopping for worker' compensation and employers' liability insurance in Texas.

Texas Department of Insurance
333 Guadalupe
Austin, Texas 78701
512/322-3493
<http://www.tdi.state.tx.us/wc/indexwc.html>

Workers' compensation is not mandatory in Texas. The Texas Workers' Compensation Commission publishes a guide to new laws, a quarterly newsletter, and an informational brochure for employers. These documents allow employers to become more familiar with basic Texas workers' compensation requirements. For more information on workers' compensation, contact:

Texas Department of Insurance Division of Workers' Compensation
7551 Metro Center Drive, Suite 100
Austin, Texas 78744-1609
512/804-4000
www.tdi.state.tx.us/wc

2.3.A.vii: Safety Requirements

The Occupational Safety and Health Consultations (OSHCON) program is administered by the Texas Department of Insurance, Department of Workers' Compensation. Free on-site safety and health inspections are available to alert employers of possible federal Occupational Safety and Health Administration (OSHA) violations.

Employers with fewer than 150 employees are able to submit to a free inspection. If the employer is found to have met the federal requirements during the free inspection, then the employer will be exempt from a scheduled inspection for 12 months.

For more information regarding state occupational safety and health requirements, contact:

OSHCON Texas Department of Insurance Division of Workers' Compensation
7551 Metro Center Drive, Ste. 100
Austin, Texas 78744
512/804-4636
<http://www.tdi.state.tx.us/wc/safety/oshcon.html>

For information regarding federal occupational safety requirements, contact:

Occupational Safety and Health Administration (OSHA)
U.S. Department of Labor, Regional Office
525 Griffin Street, Room 602
Dallas, Texas 75202
214/767-4731
<http://www.osha.gov/SLTC/index.html>

2.3.A.viii: Labor Poster Requirements

The following federal and state labor posters must be posted at a place of business. Please contact the agency indicated to request copies for posting.

"Federal Minimum Wage" and "Employee Polygraph Protection Act"
U.S. Department of Labor, Wage and Hour Division
512/888-3520

"Occupational Safety and Health Administration Notice"
U.S. Department of Labor, Occupational Safety and Health Administration
214/767-4731

"Equal Employment Opportunity is the Law"
U.S. Equal Employment Opportunity Commission
210/229-4810

"Texas Unemployment Compensation Act" and "Schedule of Paydays"
Texas Workforce Commission
512/463-2747

"The Law in Texas" (Optional Poster)
Texas Workforce Commission, Human Rights Division
512/437-3450

2.3.A.ix: Additional Labor Law Resources

U.S. Department of Labor's summary of major laws is available at:

<http://www.dol.gov/opa/aboutdol/lawsprog.htm>

U.S. Department of Labor eLaws:

<http://www.dol.gov/elaws/>

2.3.B: Foreign Workers

2.3.B.i: Overview of Common Business-Related Visas

The most commonly issued business-related visa is the **B-1/B-2 nonimmigrant visa**, which allows for short term, temporary entries into the U.S. for visitors who seek to enter for business or leisure purposes. B-1/B-2 nonimmigrant visitors may have dependants accompany them to the U.S. under B-2 classification. The B-1/B-2 nonimmigrant visa enables visitors to apply for admission to the U.S. under B-1 classification for the purpose of engaging in legitimate business activities, which may include: negotiating contracts, consulting with business associates, litigation, participating in scientific, educational, professional or business conventions, conferences, or seminars, or undertaking independent research. B-1 classification does not afford employment authorization; therefore, activities

must be limited to bona fide business visitor activities and cannot involve gainful employment.

Under certain circumstances, properly annotated B-1/B-2 business visitor visas may be issued for short term training or the short-term provision of professional services when the visitor will not be compensated in the U.S. In such cases, visitor visas may be issued when all circumstances of the visit are disclosed to, and approved by, the U.S. Consulate.

The **TN nonimmigrant category** is an appropriate alternative for Canadian and Mexican citizens seeking admission into the U.S. for employment in certain professional categories in accordance with the North American Free Trade Agreement (NAFTA). The NAFTA list of 63 professional classifications, for which TN status is available, includes, *but is not limited to*, the following professional occupations: Engineer, Accountant, Architect, Computer Systems Analyst, Graphic Designer, Management Consultant, Scientific Technician/Technologist (including Engineering Technicians), and various occupations in the medical and allied health professions.

The **H-1B nonimmigrant category** is limited to aliens who work in a “specialty occupation,” or to fashion models with “distinguished merit and ability.” The Immigration and Nationality Act (INA) limits the award of H-1B nonimmigrant visa numbers to a total of 65,000 each fiscal year. Beginning April 1st each year, USCIS will accept H-1B nonimmigrant visa petitions seeking allocation of an H-1B visa number under the next Fiscal Year H-1B Quota for an H-1B employment start date of October 1st of the same year.

H-1B nonimmigrants may be admitted for up to three years and may receive extensions of status, but generally not beyond six years, unless the H-1B nonimmigrant has reached an advanced stage in the U.S. Lawful Permanent Resident process.

The **H-2B nonimmigrant category** is generally available for nonimmigrants who are coming temporarily to the U.S. to perform temporary or seasonal, non-agricultural service or labor.

The prospective employer must recruit for U.S. workers, attest to payment of the prevailing wage and obtain DOL certification prior to filing an H-2B petition. Generally, the prospective employer’s need for the services or labor may be for a one-time occurrence, a seasonal need, a peakload need, or an intermittent need.

H-2B visas are limited to an annual quota of 66,000, which is further divided into fall and spring quotas of 33,000 per season. Admission is generally limited to the duration of the temporary need, which is ordinarily 10 months or less.

The **H-3 nonimmigrant category** may be used for the temporary training of qualified foreign nationals in the U.S. pursuant to a detailed, established training program. The training should further the trainee’s career abroad and should not be used to fill positions for which U.S. workers are normally recruited.

The **L-1 nonimmigrant category** is for “intracompany transferees” who have worked continuously with a company abroad for at least a year within the preceding three years and are being transferred to the U.S. to continue working with an affiliate, parent, subsidiary or branch office of the company in the U.S. Employment must have been and must continue to be in a managerial, executive, or specialized knowledge capacity.

The **E-1 and E-2 nonimmigrant Treaty Trader and Treaty Investor categories** may be used for employing qualified personnel or investors with companies in the U.S. where the company maintains the nationality of a country with which the U.S. has entered into an applicable trade or investment treaty. Generally, the prospective investor or employee must be coming to engage in employment with the company as an executive, supervisory or essential employee with the company in order to qualify and must be of the same treaty nationality as the ownership of the company.

The **E-3 nonimmigrant category** is available for Australian citizens who will be employed in the U.S. in a specialty occupation. The requirements for this category are similar to those for the H-1B category. Initial admission is limited to 2 years but may be extended. Only 10,500 E-3 visas may be issued each year.

The **O-1 Alien of Extraordinary Ability category** is designed for those individuals who have reached the pinnacle of their fields of endeavor and have sustained national or international acclaim for their extraordinary achievements. Initial admissions are limited to the length of the event or 3 years but may be extended. There is no numerical limit on this classification.

For service center processing information, links to forms for processing at service centers, frequently asked questions, and links to applicable laws and regulations, visit:

www.uscis.gov

For consular processing information, links to forms for processing abroad, frequently requested visa information and links to U.S. Embassies and Consulates, visit:

http://travel.state.gov/visa/visa_1750.html

Foreign Workers section information provided by:

Robert F. Loughran, Esquire
Managing Shareholder
Tindall & Foster, P.C.
100 Congress, Suite 1500
Austin, TX 78701
512/478-9475

<http://www.tindallfoster.com/immigrationexpertise/services.htm>

2.3.B.ii: Resources for Foreign Employers Hiring Austin Employees

The Greater Austin Chamber of Commerce has created the Austin Jobs Portal. High tech and emerging industry companies may post their employment opportunities at:

<http://www.austinhumancapital.com/jobsmain.htm>

See also, the Business Training section of this guide.

3: How to Import and Export

3.1: 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/iius.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.

3.1.A: 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/ports/>

For further assistance, you may contact:

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

3.1.B: 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>

3.1.C: 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/>

3.2: 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://www.buyusa.gov/southcentral>

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
www.buyusa.gov/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.

3.2.A: International Marketing

3.2.A.i: 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/complianceandenforcement/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.

3.2.B: 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.

3.3: 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.

3.3.A: 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/oit/finance/ewcp.html>

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/>

3.3.B: 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/>

3.4: 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://www.ita.doc.gov/tic>
For information on shipping documents that are commonly used in exporting, but vary by the country of destination, visit: http://www.export.gov/logistics/exp_docs_forms.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://www.export.gov/logistics/exp_shipper_il.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://www.export.gov/logistics/exp_docs_forms.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://www.export.gov/tic> or call the TIC toll-free at 800/872-8723.

3.4.A: 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://www.export.gov/logistics/exp_001015.asp

3.4.B: 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/DoBusiness/TaxesAndIncentives/InForeignTrade.html>

3.4.B.i: 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>

4: Business Incentives

The Texas Governor's Economic Development and Tourism Division administer two programs which spur economic growth in Texas – the Emerging Technology and the Enterprise Zone Programs. The Texas Department of Agriculture administers three programs – the Rural Municipal Finance Program and the Texas Capital Funds' Infrastructure and Real Estate Development Programs.

4.1: Emerging Technology Fund Program

Texas established a 165 million USD Texas Emerging Technology Fund to create jobs and grow the economy. The ETF encourages the development and commercialization of new technologies. This program involves partnerships between the state, the Greater Austin Chamber of Commerce, the City of Austin, institutions of higher education, and private industry to focus greater attention on the research, development and commercialization of emerging technology.

The Emerging Technology Fund Program is dedicated to three areas:

- 1) Regional Centers of Innovation and Commercialization (RCICs). These centers are concentrated with applied R&D activities, incubators (including specialized workforce training) for startup firms and encourage expansion of existing companies through the commercialization of their new technological developments.
- 2) Matching grant funds. Applied technology research and development projects that accelerate commercialization into production and have a demonstrated ability to receive or have received federal grants or non-state grants may apply for matching dollars from the Emerging Technology Fund. Examples of grants include: Small Business Innovation Research grants, or Small Business Technology Transfer grants.
- 3) Attracting research talent. Help Texas public universities attract highly renowned research teams from other universities and institutions.

For more information regarding the application process or funding, please contact:

Texas Emerging Technology Fund
P.O. Box 12428
Austin, TX 78711
512/463-2000
<http://www.governor.state.tx.us/divisions/ecodev/etf/>

4.2: Texas Enterprise Zone Program

A community with less than 250,000 in population may have up to four enterprise projects. Austin, and other communities with populations larger than 250,000, may have up to six enterprise projects. If a community designates a business as an enterprise project, and if that enterprise project designation is also approved by the state, the business may be eligible for the following incentive:

4.2.A: State Sales and Use Tax refunds

An enterprise project is eligible for a refund of state sales and use taxes paid for building materials, machinery and equipment, electricity and natural gas purchased and consumed in the normal course of business. Depending on the business' investment amount and number of jobs created/retained, the refund may be an amount ranging from a minimum of 2,500 USD per job to a maximum of 7,500 USD per job.

Receipts for purchases of building materials, machinery and equipment, and payroll information are required to be retained as part of the audit process. All contracts should keep detailed records which separate the costs for building materials and/or equipment from the costs of labor and services.

The refund for sales and use tax must be for all eligible items used at the approved business site.

For more information, visit:

Texas Enterprise Fund
P.O. Box 12428
Austin, TX 78711
800/843-5789

http://www.governor.state.tx.us/divisions/ecodev/ed_bank/tefund

4.3: Rural Economic Development Incentives

The Texas Department of Agriculture has a Rural Economic Development Division which administers the following three programs:

4.3.A: Rural Municipal Finance Program

The Texas Department of Agriculture created the Texas Agricultural Finance Authority (TAFA) in 1987. TAFA established the Rural Municipal Finance Program to stimulate economic activity in rural Texas.

This loan program is designed for eligible applicants located within rural areas of the state that provide significant benefits for the rural area, and provide evidence of ability to repay the commitments. Applicants may include: city and county governments; economic development corporations; hospital districts; rail districts; utility districts; special districts; agricultural districts; and private water and wastewater corporations.

Rural Municipal Finance Program

P.O. Box 12847

Austin, TX 78711

877/428-7848

http://www.agr.state.tx.us/agr/program_render/0,1987,1848_6058_0_0,00.html?channelId=6058

4.3.B: Texas Capital Fund: Infrastructure Program

The Texas Capital Fund Infrastructure Program is an economic development tool designed to provide financial resources to non-entitlement communities. Funds from this program may be utilized for public infrastructure (water, sewer, roads, etc.) needed to assist a business, which commits to create and/or retain permanent jobs (primarily for low and moderate-income persons).

4.3.C: Texas Capital Fund: Real Estate Development Program

The Texas Capital Fund Real Estate Development Program is designed to encourage business development and expansions located in non-entitlement communities. Funds must be used for real estate development (acquisitions, construction and/or rehabilitation) to assist a business, which commits to create and/or retain permanent jobs (primarily for low and moderate-income persons).

Total combined Texas Capital Fund participation from both the Infrastructure Program and the Real Estate Development Program may not exceed 750,000 USD.

Texas Capital Fund Program

P.O. Box 12847

Austin, TX 78711

512/936-0281

http://www.agr.state.tx.us/agr/program_render/0,1987,1848_6050_0_0,00.html?channelId=6050

5: Business Training

5.1: Economic Development and Diversification

In-State Tuition Incentive for Employees

The Economic Development and Diversification In-state Tuition incentive may be available to qualified businesses that are considering relocating or expanding their operations into Texas. The incentive allows employees and family members of a qualifying business to pay in-state tuition fees. Without this incentive designation, a student must reside in Texas for a 12-month period before becoming eligible to pay the tuition fees at the Texas resident rate.

Example of Austin companies which have obtained this incentive for their employees include: AnthroCare, Hewlett-Packard and State Farm Insurance. For more information on the eligibility criteria and process, visit:

<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=50>

5.2: Texas Workforce Commission (TWC) Funds

5.2.A: Skills Development Fund

The Skills Development Fund program, administered by TWC, assists businesses and trade unions by financing the design and implementation of customized job training projects. This fund merges business needs and local customized training opportunities to increase the skills level and wages of the Greater Austin workforce.

5.2.A.i: Applying for Skills Development Funds

Businesses and trade unions must partner with an eligible applicant in order to be considered for Skills Development Fund grants. Eligible applicants are public community or technical colleges, the Texas Engineering Extension Service or a community-based organization working in partnership with one of these institutions.

For more detailed information, please review the Proposal Submission Guidelines:

<http://www.twc.state.tx.us/svcs/funds/sdfintro.html>

5.2.B: Self-Sufficiency Fund

The Self-Sufficiency Fund Program, administered by TWC, assists businesses by designing, financing and implementing customized job training programs (in partnership with public community and technical colleges, or a higher education extension service, or community-

based organizations) for the creation of new jobs and/or retraining an existing workforce. The Self-Sufficiency Fund's goal is to assist recipients of Temporary Assistance for Needy Families (TANF), Food Stamps, and Needy Parents to complete training, obtain employment and become independent of government financial assistance.

5.2.B.i: Applying for Self Sufficiency Funds

Businesses and trade unions must partner with an eligible applicant in order to be considered for Self-Sufficiency Fund grants. Eligible applicants are public community or technical colleges, the Texas Engineering Extension Service, or community-based organizations which the Internal Revenue Service has approved as a 501(c)(3) non-profit.

For more detailed information, please see the Proposal Submission Guidelines:

<http://www.twc.state.tx.us/svcs/funds/ssfintro.html>

5.2.C: On-the-Job and Customized Training

On-the-Job Training (OJT) and Customized Training, administered by TWC, provide unique opportunities for participants who already possess some job-related skills and the knowledge to "learn as they earn". By participating in training as an employee, the participant not only acquires new skills and knowledge, but also receives the same wages and benefits as current employees in the same or similar positions. The employer benefits by being reimbursed for part of the participant's wages during the training period, while having the services of a full-time employee.

Customized Training further benefits an employer by tailoring a training program to the employer's specific needs. This is especially useful when introducing new technologies or procedures. Training may even be offered to current employees in order to upgrade their skills and knowledge.

As determined by the local workforce development board, eligible participants are those who have not been earning a self-sufficient wage. Eligible employers must commit to hiring and retaining participants who successfully complete their training programs. Employers who have exhibited a pattern of not retaining participants are not allowed to continue participating in these types of training. The actual terms and duration of the training activities are formalized contractually through negotiations between the employer and the local program operator.

For more information on the services provided by Austin's local workforce development board, Workforce Solutions Capital Area please call 512/485-3790 or visit:

http://www.wfscapitalarea.com/index.php?option=com_content&task=category§ionid=6&id=97

See also, the Labor Issues section of this Guide.

6: Acknowledgements

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