
CLADEC: Thank You Rafael

Rafael Couttolenc helped to build CLADEC to its present high standing with Latin American and Caribbean trade and customs officials. His firm commitment to trade facilitation and customs reform has been a powerful driver within CLADEC. Rafael was an active CLADEC negotiator during the landmark approval of the Cancun Accords that adopted the Toronto FTA Trade Facilitation Measures in 1995. Ten years later, in October 2005 Rafael as President of CLADEC delivered a clear message to the Customs Directors of Latin America, Spain and Portugal in Pucón, Chile spelling out the differences between Latin American customs as compared to Asia and underscored the importance and power of trade facilitation and customs reform for economic development. CLADEC owes a great debt of gratitude to Rafael for his commitment and leadership.

Trade Agreements Gain New Life

There is a new flurry of free trade agreement (FTA) activity in Latin America following the cycle of negotiations for Andean-US FTA, DR-CAFTA, and the Panama-US FTA. The second generation of FTA expansion within the Americas is being propelled by Colombia as it pursues treaties with Chile and with the Triángulo del Norte, which includes Guatemala, El Salvador and Honduras. Ecuador and Perú have officially expressed their interest in joining the Colombia-Triángulo del Norte FTA negotiations. (Con't Page 2)

CLADEC Annual Meeting: This event will take place at the Sofitel in Miami on Nov. 30 and Dec. 1, 2006. Attendees will once again have the opportunity to hear from and speak with CLADEC Directors including CLADEC President Roger Crook (DHL), Past President Juan Cento (FedEx), and CLADEC President Stephen Flowers (UPS) to whom the Presidency passes on Jan. 1, 2007.

GEA General Assembly: Brussels based Global Express Association (GEA) will hold its General Assembly at the Sofitel in Miami on Nov. 27-29, 2006. From 2:00-5:30 p.m. on Nov. 29, the Customs, Competition, Trade and Security Committees of GEA, CLADEC and XLA will meet with their counterpart committees.

Announcing New Chairman of CLADEC

We are pleased to congratulate Roger Crook, CEO of DHL Express International Americas, who has taken over the two-year appointment of Chairman of the Board of Directors for CLADEC from Rafael Couttolenc. Rafael, also of DHL, passed the torch to Roger so that he can tackle essential business priorities in Brazil.



Roger Crook, CEO DHL Express International Americas

Mr. Crook is a proven veteran of the logistics industry. As CEO of DHL Express International Americas, he currently oversees the management of all DHL Express business activities in close to 50 countries and territories in the Americas region, including Canada. His almost 20-year career within DHL has involved several different roles including Country Manager, Commercial

Director for Global, Europe, the Middle East and Africa, as well as COO for the company's Global Customer Logistics Express group, and COO for the company's Global Customer Solutions division. He also holds a Bachelor of Science degree in Engineering as well as a Masters of Science in Business Administration.

"Mr. Crook brings a unique and cutting-edge perspective to CLADEC's governing body, given his broad experience in the global arena. This is in addition to the exposure he has had to a wide range of systems, technologies, processes and tactics utilized by custom authorities in other parts of the world", shared Couttolenc.

Since its inception in 1991, CLADEC rotates its post of Chairman of the Board of Directors among its various carrier members. Beginning in 2005, it has been DHL's turn to be at the helm of this organization. CLADEC focuses on addressing and improving issues of importance that affect all those engaged in the transportation of commercial documents and parcels.

Trade Agreements: (cont)

Peru-USA FTA down: Strong advocacy for the Peru-USA FTA by AmCham, FedEx and others had placed the treaty on track to be passed during the so-called "lame duck session" of the US Congress after the November elections. This effort was aborted on Aug. 21, 2006 when Peru's President Alan Garcia said that Peru wants to renegotiate the US FTA. This very much dims the chance for its approval before Trade Promotion Authority expires in June '07.

Colombia-USA FTA up: The day after President Garcia's announcement the White House notified the US Congress of its intentions of passing the Colombia-USA FTA for voting. This reversed Peru's front runner position and put it well behind the Colombia-USA FTA in terms of legislative calendar. Possibly the Colombia FTA will be up for a vote during the November "lame duck" session.

Ecuador-USA FTA dead: The negotiation of this FTA was put in pause after an Ecuadorian ruling against US interests in the Oxy case. Of the three Andean countries, Ecuador is the worst case time-wise, since the preferential tariffs it now enjoys will expire next December and the Trade Promotion Authority expires in June '07.

Mexico-MERCOSUR:

Mexico and Venezuela's formal requests to obtain membership in the MERCOSUR were formally admitted on July 8, 2006, during the Summit of Heads of State of the MERCOSUR. While Venezuela has been negotiating the terms of the pertinent commercial agreement since almost a year ago, Mexico will only now start this negotiation process. Admittance to the trading block was unanimous, by both the Member (Argentina, Brazil, Paraguay and Uruguay) and Associate (Bolivia, Chile and Perú) states.

Customs

Dominican Republic: There have been positive developments in regards to the customs fee issues in the Dominican Republic; however, there are still concerns with the fact that the most recently imposed fees of DR\$14.30 per kilo (about US\$0.51) and 0.4% CIF do not meet the requirements set forth in Article 3.10(1) of DR-CAFTA and Article VIII:1 of the GATT, that state that "all fees and charges of whatever character... imposed on or in connection with importation or exportation are limited in amount to the approximate cost of services rendered and do not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes."

In addition the \$14.30 DR peso per kilo fee for shipments valued at \$200.00US or less is not stipulated in any law or

decree. The "14.30" fee was arbitrarily established by Customs Director Cocco in a letter to ASODEC. The members of CLADEC would much prefer to work with fees clearly established by law or regulation thus less likely to be subject to arbitrary changes.

The new fee of 0.4% of CIF applies equally to all imported merchandise valued at more than \$200.00 and does not discriminate against the express industry. There is concern among members of both CLADEC and ASODEC that the fee has no upper limit or ceiling, as does the U.S. MPF, but the dollar amounts generated by the fee are not unreasonable.

Customs Training: The Customs Committee has identified the training of customs officials, especially at the working level, as a major priority for CLADEC and has received Board financing to evaluate customs training programs of the WCO, IDB and other international bodies. The findings will be presented to the CLADEC Annual Meeting.

Postal

Colombian News: In a very surprising development, the Government of Colombia has decided to liquidate its postal services provider ADPOSTAL. The reasons put forth by the government were that ADPOSTAL cannot compete, that it is under funded and financially overextended. The reorganization of postal services will permit the differentiation between postal services and "envíos urgentes". This is significant because ADPOSTAL had been leading the way in Latin America for increased taxes and fees from the express services to subsidize universal postal service and to contribute to its pension funding.

Postal Reform: There has been a rising tide of efforts to place taxes and fees on express delivery services. The CLADEC Competition Committee started a research project to identify Postal reform practices that will not penalize the express services and where those who regulate the express services are independent of the postal service. GEA is helping CLADEC to learn more about the intentions and capabilities of the Brussels based Universal Postal Union in some reform efforts. In addition the Competition committee will meet with the Union Postal de LatinAmerica, Espana y Portugal (UPAEP) in Montevideo to discuss postal reform, independent regulation and the distinction between postal services and express delivery services.

Thanks: to Adrian Correa (FedEx) who wrote most of the trade agreement text and to Rossana Corniel (DHL) who provided Mr. Crook's story and picture.