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Doing Business with Italy

October 16, 2009

CAMILLE E. SAILER, ESQ.
DIRECTOR

INTERNATIONAL TRADE DIVISION

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International Trade is Critical to New Jersey's Economic Well-being

- Job creation
- Higher-paying jobs:
 - Exports support 15,000 jobs per \$1 billion. Given this equation, New Jersey exports support 532,185 jobs.
 - U.S. subsidiaries of companies headquartered abroad support an annual payroll of \$364.2 billion, with average compensation per worker of \$68,317, which is 32 percent higher than compensation at all U.S. companies.
- New Jersey is the 10th largest exporter in the U.S. and the 24th largest economy in the world.
- New Jersey is the 6th largest home to global investment.
- The State ranks 7th in the number of employees at foreign firms.

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New Jersey's Export Activity

Top 10 Export Markets (in \$ millions)

1. Canada	\$6,646
2. United Kingdom	\$2,863
3. Germany	\$1,901
4. Japan	\$1,868
5. Mexico	\$1,461
6. Italy	\$1,372
7. Switzerland	\$1,086
8. Netherlands	\$1,064
9. France	\$997
10. China (Mainland)	\$981

Total Exports: **\$35,479**

Source: Export data from US Census Bureau, Foreign Trade Division, 2008

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FDI in New Jersey

Top 10 Countries Investing in New Jersey (in \$ millions)

1. Germany	\$8,904
2. Switzerland	\$5,236
3. Japan	\$5,158
4. France	\$4,271
5. United Kingdom	\$3,881
6. Netherlands	\$1,669
7. Australia	\$1,031
8. Canada	\$698
9. Italy	\$524
10. Sweden	\$227

Total Investments: \$44,524

Source: Investment data from Bureau of Economic Analysis, 2006

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International Trade Team Country Assignments

- **Jean Chang:** China, Taiwan, Hong Kong, Australia, New Zealand, The Subcontinent / India and Pakistan, Mongolia
- **Irene Crespo:** European Union (EU27): General Areas: Scandinavia including Non-EU Scandinavia (Iceland), Southern Europe, Parts of Western Continental Europe: Belgium, Cyprus, Denmark, Greece, Finland, France, Italy, Spain, Luxembourg, Malta, Portugal, Sweden, The Netherlands, Middle East (including Israel), Turkey, Brazil
- **William Spear:** Cambodia, Commonwealth of Independent States (CIS): Armenia; Azerbaijan; Belarus; Georgia; Kazakhstan; Kyrgyzstan; Moldova; Russia; Tajikistan; Turkmenistan; Ukraine; and Uzbekistan, Indonesia, Japan, Laos, Malaysia, Philippines, Russia, Singapore, South Korea, Thailand, Ukraine, Vietnam
- **Anthony Szymelewicz:** Canada, Central America, European Union (EU27): Eastern Europe, UK & Ireland, Eastern Parts of Western Europe: Austria, Czech Republic, Estonia, Germany, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia; Non-EU Eastern Europe: Balkans; Israel, South America, Africa, Mexico, Mercosur
- **I-Li Hsieh:** Office Manager, support for all world markets

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The Three Planks of International Trade Activities

Exports

- **Coriell Institute for Medical Research:** Camden → Italy; Partnership/License of Technology with BioRep; \$1 mil. in revenue
- **EPS:** Tinton Falls → China; \$3.1 million (47 jobs supported*)
- **Titanium Industries:** Morris County → Brazil; \$400,000 (6 jobs supported*)
- **Medico Labs:** Hamilton → Netherlands; \$500,000 (8 jobs supported*)

FDI

- **Schär USA Inc. ,** Italy – Food Incubator - Rutgers Food Innovation Center
- **Critical Links:** Portugal → Fairfield; \$5 million & 5 jobs
- **Sun Pharma:** India → Cranbury; initial \$4 million + \$20 million & 318 jobs
- **Stentys:** France → Princeton; 5 jobs
- **House Foods:** Japan → Franklin Township; \$25 million & 100 jobs

Advocacy

- **Saga Imports:** Italy- Resolution to a contract impasse with a distributor; \$40, 000
- **Fuel Bio Holdings:** Product misclassified by the UK; \$2 to \$3 million/month
- **PEG (Precision Electronic Glass):** Export License to facilitate global sales \$5 mil/per yr.

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THE PORT AUTHORITY OF NY & NJ

2008 Total Volume (imports/exports) Top 5 Trading Partners

Rank	Country	% of NY/NJ
1	China	24.90%
2	India	6.65%
3	Italy	5.42%
4	Germany	4.66%
5	Brazil	3.79%

*Italy is the third largest trading partner for total volume of both imports and exports, representing 5.42% of the port's volume

2008 Import Volume – Top 5 Trading Partners

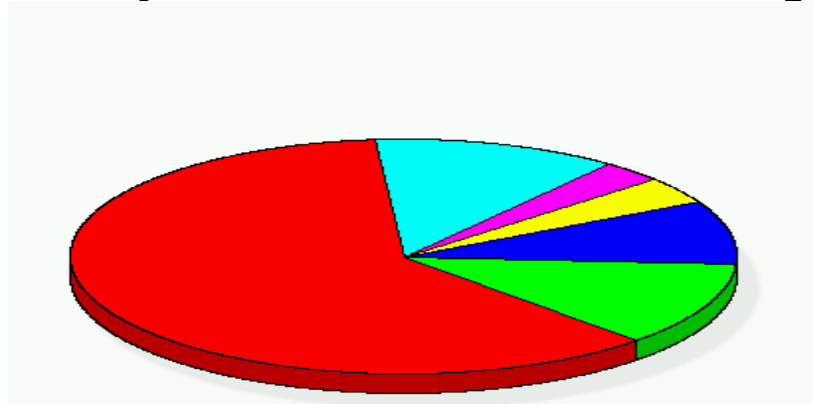
1	China	25.17%
2	Italy	7.20%
3	India	6.19%
4	Germany	5.21%
5	Brazil	4.17%

* Italy ranks second in importance as a source of import volume for the PANY&NJ, representing 7.2% of cargo imported

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2008 Exports from New Jersey to Italy



Product	Value (\$)	Percent
331 Primary Metal Manufactures – Manufacturing, Processing and Selling of Steel Products	835,940,383	60.9 %
910 Waste & Scrap – Precious Metals, Alloy Steel, Platinum, Stainless	160,588,589	11.7 %
325 Chemical Manufactures – Basic, Pharmaceutical, Pesticides, Paint, Coatings	118,746,273	8.7 %
324 Petroleum & Coal Products – Petroleum Refineries, Asphalt, Lubricating Oils	51,613,241	3.8 %
334 Computers & Electronic Products – Communications, Audio, Semiconductor, Navigational, Measuring	41,739,259	3 %
All Others	163,650,956	11.9 %
Grand Total	1,372,278,701	100 %

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ITALY'S WORLDWIDE TOP 5 IMPORTED PRODUCTS

Rank	Description	ANNUAL 2008
	TOTAL ALL COMMODITIES	\$556,303,777.97
1	Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes	\$112,754,527.94
2	Vehicles Other Than Railway Or Tramway Rolling-Stock, And Parts And Accessories Thereof	\$53,888,728.47
3	Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof	\$52,139,369.21
4	Electrical Machinery And Equipment And Parts Thereof; Sound Recorders And Reproducers, Television Image And Sound Recorders And Reproducers, And Parts And Accessories Of Such Articles	38,759,183.27
5	Iron And Steel	33,123,576.64

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EDA - Who We Are

State financing and economic development agency
dedicated to offering:

- Financing Assistance
- Access to Small Business Services
- Real Estate Development Assistance
- International Trade Services

Mission: To strengthen New Jersey's economy by retaining and growing businesses through financial assistance, by renewing communities, and by promoting the State's strategic advantages to attract domestic and international businesses.

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EDA Resources

Traditional Lending

Loan Participations/Guarantee
Bond Financing
Statewide Loan Pool
Preferred Lender Program
New Jersey Business Growth Fund
Fast Start for small business

Technology & Life Sciences

Edison Innovation Fund:
Edison Innovation R&D Fund Wraparound
Edison Innovation Commercialization Fund
Edison Innovation Growth Fund
Technology Business Tax Certificate Transfer Program
Venture Fund Investments

Urban & Site Solutions

Urban Plus
Sales Tax Exemption (UEZ)
Local Development Financing Fund (LDFF)
Urban Transit Hub Tax Credit Program
Fund for Community Economic Development
Brownfields Reimbursement

Clean Energy Solutions

Edison Innovation Clean Energy Manufacturing Fund
Clean Energy Solutions Capital Investment (CESCI) Loan/Grant
Clean Energy Solutions CHP (combined heat and power) Program
ARRA-Funded Competitive Grant/Investment Program

Real Estate Assistance

Site Location Services
Technical Assistance

Expansion/Relocation

BEIP
BRRAG

International Trade Services

Small Business Services



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

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The New Jersey Advantage

- **Talented People**
- **Strategic Location**
- **Quality of Life**
- **Innovative Businesses**

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The New Jersey Advantage

- Situated at the epicenter of the nation's largest business corridor, New Jersey is home to over 20 percent of the world's FORTUNE 500 companies, with more than 1,400 multinational firms from over 40 nations.
- Economically, New Jersey is a global force. If it were a country, New Jersey would rank as the 18th largest economy in the world, with a GDP of over \$465 billion.
- New Jersey's talented workforce makes it a leader in innovation, research and development. In 2008, the Kaufman Foundation ranked New Jersey #5 on the list of states leading the country's economic transformation.

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The New Jersey Advantage Education

- 61 colleges and universities
- One of the highest investment-per-student ratios in the United States
- The nation's best high-school graduation rate
- Technology education is required to be part of every New Jersey public school's core curriculum

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The New Jersey Advantage Workforce

- 7th in the nation in the number of Ph.D. scientists and engineers per 1,000 workers
- Over \$130 million invested in worker training grants since 2002
- More than 1.7 million residents are college graduates
- Extraordinarily diverse labor force – almost one in five residents is foreign born

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The New Jersey Advantage

Quality of Life

- Outstanding public schools and institutions of higher education
- World-class healthcare systems
- Among the lowest crime rates in the region
- A wide variety of recreational activities
- Ranked #1 in United States for quality of life by CNBC in 2008.

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Biotech/Pharma

- 15 of the world's top 25 pharmaceutical companies have either world or North American HQ or significant operations in New Jersey
- New Jersey has the nation's highest concentration of scientific professionals with 184,000 working statewide
- New Jersey houses 240 biotechnology companies, making it the 4th largest biotechnology center in the nation
- #3 in bioscience venture capital investments and #4 in the number of bioscience patents in 2008.

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IT/Communications

- 2nd in the nation for Technology and Innovation in 2008
- New Jersey's high-tech industry ranked as the 4th fastest growing in the United States in 2008
- 9th largest cyberstate by total tech employment, with 205,700 and a total payroll of \$18.4 billion in 2008
- In 2008, The Kaufman Foundation ranked New Jersey:
 - #1 in broadband telecommunications
 - #3 in IT professionals
 - #3 according to employment growth in new, rapidly growing "gazelle" firms

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Financial Services

- 276,000 employed in financial services industry, totaling almost 9.7% of the state's private sector employment.
- Home to some of the world's largest and most respected financial service companies, including Lord Abbett & Co and Prudential Financial Inc.
- New Jersey has one of the most extensive fiber optic networks in the world.
- Ranked 1st in broadband telecommunications and 1st in broadband penetration in 2008.

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Logistics/Distribution and Manufacturing

- New Jersey gives you access to more than 100 million consumers located within a 24-hour drive.
- *Expansion Magazine* recently ranked New Jersey 1st in the United States in terms of transportation, warehousing and highway connectivity and 2nd for railroad service.
- More than 620 million tons of freight - valued at over \$850 billion - move through New Jersey's ports every year.
- New Jersey manufacturers employ 295,000 workers, and another 180,000 work for suppliers, together comprising about 12% of the state's workforce*.

*As of March 2009

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Foreign Trade Zones

New Jersey has five strategically located Foreign Trade Zones, which offer companies the ability to defer, reduce or even eliminate U.S. Customs duties on products admitted to the zone.

- If the product is exported from the United States, no U.S. customs duty or excise tax is levied.
- If the product is imported into the United States, fees are only due at the time of transfer on the final product or its parts, whichever is lower.
- Merchandise entering a foreign trade zone may be:

Assembled

Manufactured

Repaired

Cleaned

Mixed

Salvaged

Destroyed

Processed

Sampled

Displayed

Re-labeled

Stored

Manipulated

Repackaged

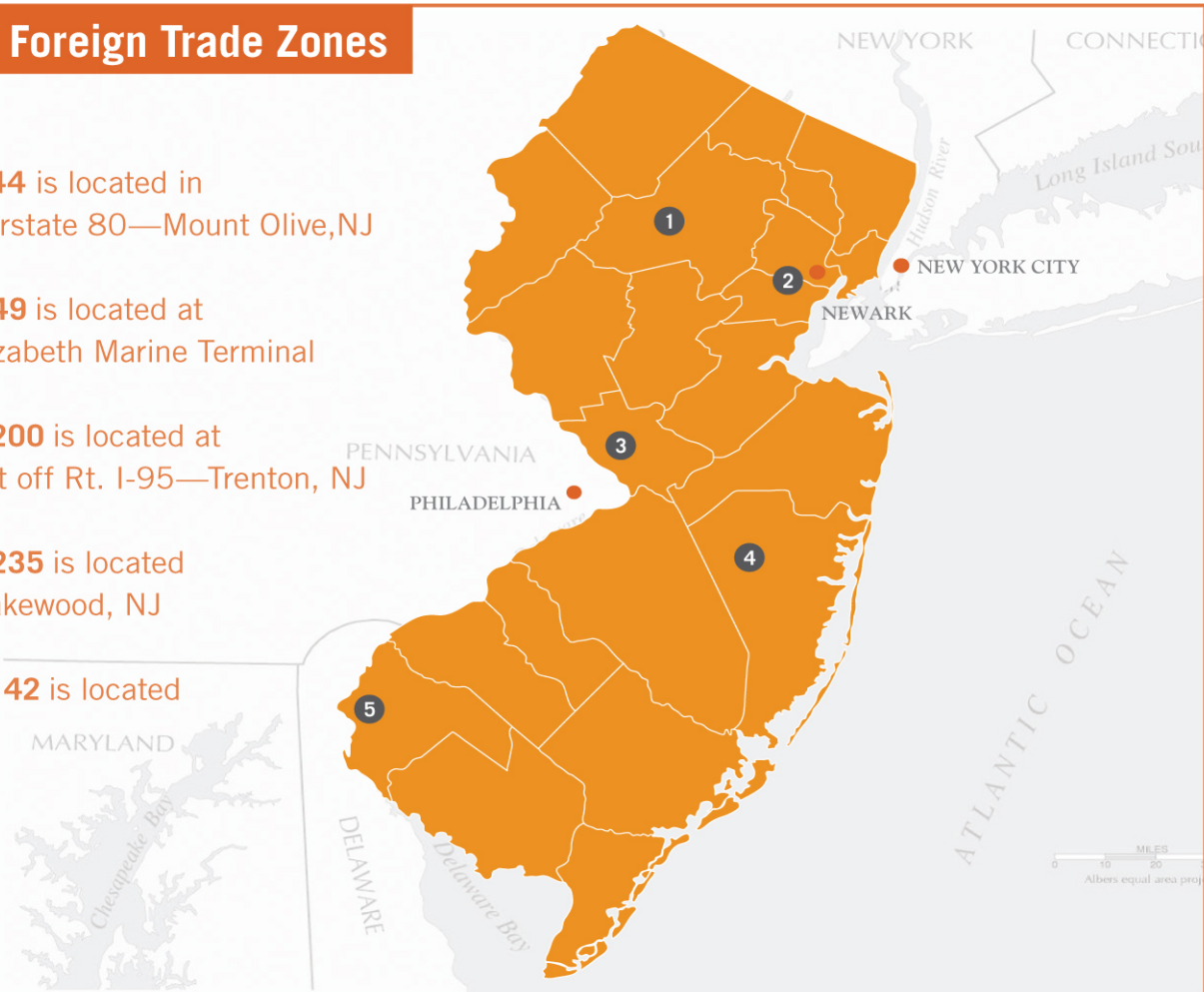
Tested

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New Jersey's Five Foreign Trade Zones

- 1. Foreign Trade Zone #44** is located in Morris County on Interstate 80—Mount Olive, NJ
- 2. Foreign Trade Zone #49** is located at Port Newark/Port Elizabeth Marine Terminal
- 3. Foreign Trade Zone #200** is located at Mercer County Airport off Rt. I-95—Trenton, NJ
- 4. Foreign Trade Zone #235** is located in Ocean County—Lakewood, NJ
- 5. Foreign Trade Zone #142** is located in Salem County, NJ



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Relocation and Retention

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Business Employment Incentive Program (BEIP)

- Grants to businesses that expand or relocate and create at least 25* jobs in New Jersey within two years.
- Grants may be awarded for up to 10 years and range from 10% to 80% of the total amount of income taxes withheld by the company for new full-time employees hired during the calendar year.
- Companies are only eligible if the grants are a material factor in the company's decision to remain in or relocate to New Jersey.

**10 jobs if in the technology or biotechnology industries*

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Business Retention and Relocation Assistance Grant (BRRAG)

- Grants to businesses relocating operations within New Jersey and retaining jobs. Company must relocate a minimum of 50 retained full-time jobs.
- Grants of up to \$1,500 per job retained, payable as a tax credit against a company's corporate tax liability.
- Companies are only eligible if the grants are a material factor in the company's decision not to relocate outside of New Jersey.

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Questions?

Contact the Global Specialists at EDA's International Trade Division!

Tel: 609-292-4240