



International Trade Administration

[Application No. 12-00004]

EXPORT TRADE CERTIFICATE OF REVIEW

ACTION: Notice of issuance of an Export Trade Certificate of Review to Colombia Poultry

Export Quota, Inc. (“COLOM-PEQ”) (Application #12-00004).

SUMMARY: On August 14, 2012, the U.S. Department of Commerce issued an Export Trade Certificate of Review to Colombia Poultry Export Quota, Inc. (“COLOM-PEQ”). This notice summarizes the conduct for which certification has been granted.

FOR FURTHER INFORMATION CONTACT: Joseph E. Flynn, Director, Office of Competition and Economic Analysis, International Trade Administration, by telephone at (202) 482-5131 (this is not a toll-free number) or email at etca@trade.gov.

SUPPLEMENTARY INFORMATION: Title III of the Export Trading Company Act of 1982 (15 U.S.C. Sections 4001-21) authorizes the Secretary of Commerce to issue Export Trade Certificates of Review. The regulations implementing Title III are found at 15 CFR Part 325 (2010). The U.S. Department of Commerce, International Trade Administration, Office of Competition and Economic Analysis (“OCEA”) is issuing this notice pursuant to 15 CFR § 325.6(b), which requires the Secretary of Commerce to publish a summary of the issuance in the

Federal Register. Under Section 305(a) of the Export Trading Company Act (15 U.S.C. 4012(b)(1)) and 15 CFR § 325.11(a), any person aggrieved by the Secretary's determination may, within 30 days of the date of this notice, bring an action in any appropriate district court of the United States to set aside the determination on the ground that the determination is erroneous.

Members (within the meaning of 15 C.F.R. 325.2(1))

COLOM-PEQ's members under this certificate are the USA Poultry and Egg Export Council (USAPEEC) and Federacion Nacional de Avicultores, the Sector Representative Association ("sector gremial representativo") for poultry in the Republic of Colombia.

Description of Certified Conduct

COLOM-PEQ is certified to engage in the Export Trade Activities and Methods of Operation described below in the following Export Trade and Export Markets.

Export Trade

COLOM-PEQ plans to export poultry products as described in the Agricultural Tariff Schedule of the Republic of Colombia, as appended to the TPA, and including the following Colombian HTS Codes: 0207.1300.A – leg quarters [fresh or chilled] curators traseros [frescos o refrigerados]); 0207.1400A – leg quarters [frozen] (curators traseros [congelados]); 1602.3200.A – leg quarters, seasoned and frozen (curators traseros, sazonados y congelados).

Export Markets

Poultry products for which awards will be made will be exported to the Republic of Colombia.

Export Trade Activities and Methods of Operation

With respect to the conduct of Export Trade in the Export Markets, COLOM-PEQ may, subject to the terms and conditions set forth below, engage in the following Export Trade Activities and Methods of Operation:

1. *Purpose:* COLOM-PEQ will manage on an open tender basis the tariff-rate quotas (TRQs) for poultry products granted by the Republic of Colombia to the United States under the terms of the TPA or any amended or successor agreement providing for Colombian TRQs for poultry from the United States of America.

Specifically, the TRQs for poultry products are set forth at Paragraph 6 of Appendix I of the General Notes of Colombia, Annex 2.3 to the TPA. COLOM- PEQ also will provide for distributions of the proceeds received from the tender process based on exports of poultry products ("the TRQ System") to support the operation and administration of COLOM-PEQ and for the benefit of the poultry industry of the United States and the Republic of Colombia.

2. *Administrator.* COLOM-PEQ shall contract with a neutral third party Administrator who shall bear responsibility for administering the TRQ System, subject to general supervision and oversight by the Board of Directors of COLOM-PEQ.

3. *Open Tender Process.* COLOM-PEQ shall offer TRQ Certificates for duty-free shipments of chicken leg quarters to the Republic of Colombia solely and exclusively through an open tender process with certificates awarded to the highest bidders ("TRQ Certificates"). COLOM-PEQ shall hold tenders in accordance with tranches at least four times each year. The award of TRQ Certificates under the open tender process shall be determined solely and independently by the Administrator in accordance with Section I without any participation by the members of COLOM-PEQ or the COLOM-PEQ Board of Directors.
4. *Persons or Entities Eligible to Bid* Any person or entity incorporated or with a legal address in the United States of America shall be eligible to bid in the open tender process.
5. *Notice.* The Administrator shall publish notice ("Notice") of each open tender process to be held to award TRQ Certificates in the *Journal of Commerce* and, at the discretion of the Administrator, in other publications of general circulation within the U.S. poultry industry or in the Republic of Colombia. The Notice will invite independent bids and will specify (i) the total amount (in metric tons) that will be allocated pursuant to the applicable tender; (ii) the shipment period for which the TRQ Certificates will be valid; (iii) the date and time by which all bids must be received by the Administrator in order to be considered (the "Bid Date"); and (iv) a minimum bid amount per ton, as established by the Board of Directors, to ensure the costs of administering the auction are recovered. The Notice normally will be published not later than 30 days prior to the first day of the auction process and will

specify a Bid Date. The Notice will specify the format for bid submissions. Bids must be received by the Administrator not later than 5:00 p.m. EST on the Bid Date.

6. *Contents of Bid.* The bid shall be in a format established by the Administrator and shall state
 - (i) the name, address, telephone and facsimile numbers, and email address of the bidder;
 - (ii) the quantity of poultry products bid, in an amount stated in metric tons or fractions thereof;
 - (iii) the bid price in U.S. dollars per metric ton; and
 - (iv) the total value of the bid. The bid form shall contain a provision that must be signed by the bidder, agreeing that (i) any dispute that may arise relating to the bidding process or to the award of TRQ Certificates shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules; and (ii) judgment on any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.
7. *Performance Security.* The bidder shall submit with each bid a performance bond, irrevocable letter of credit drawn on a U.S. bank, cashier's check, wire transfer or equivalent security, in a form approved and for the benefit of an account designated by the Administrator, in the amount of \$50,000 or the total value of the bid, whichever is less. The bidder shall forfeit such performance security if the bidder fails to pay for any TRQ Certificates awarded within five (5) business days. The bidder may chose to apply the performance security to the price of any successful bid, or to retain the performance security for a subsequent open tender process. Promptly after the close of the open tender process, the Administrator shall return any unused or non-forfeited security to the bidder.

8. *Award of TRQ Certificates.* The Administrator shall award TRQ Certificates for the available tonnage to the bidders who have submitted the highest price conforming bids. If two or more bidders have submitted bids with identical prices, the Administrator shall divide the remaining available tonnage in proportion to the quantities of their bids, and offer each TRQ Certificates in the resulting tonnages. If any bidder declines all or part of the tonnage offered, the Administrator shall offer that tonnage first to the other tying bidders, and then to the next highest bidder.

9. *Payment for TRQ Certificates.* Promptly after being notified of a TRQ award and within the time specified in the Notice, the bidder shall pay the full amount of the bid, either by wire transfer or by certified check, to an account designated by the Administrator. If the bidder fails to make payment within five (5) days, the Administrator shall revoke the award and award the tonnage to the next highest bidder(s).

10. *Delivery of TRQ Certificates.* The Administrator shall establish an account for each successful bidder in the amount of tonnage available for TRQ Certificates. Upon request, the Administrator will issue TRQ Certificates in the tonnage designated by the bidder, consistent with the balance in that account. The TRQ Certificate shall state the delivery period for which it is valid.

11. *Transferability.* TRQ Certificates shall be freely transferable except that (i) any TRQ Certificate holder who intends to sell, transfer or assign any rights under that Certificate shall

publish such intention on a Web site maintained by the Administrator at least three (3) business days prior to any sale, transfer or assignment; and (ii) any TRQ holder who sells, transfers or assigns its rights under a TRQ Certificate shall provide the Administrator with notice and a copy of the sale, transfer or assignment within three (3) business days.

12. *Deposit of Proceeds:* The Administrator shall cause all proceeds of the open tender process to be deposited in an interest-bearing account in a financial institution approved by the COLOM-PEQ Board of Directors.

13. *Disposition of Proceeds.* The proceeds of the open tender process shall be applied and distributed as follows:

A. The Administrator shall pay from tender proceeds, as they become available, all operating expenses of COLOM-PEQ, including legal, accounting and administrative costs of establishing and operating the TRQ System, as authorized by the Board of Directors.

B. Of the proceeds remaining at the end of each year of operations after all costs described in (A) above have been paid-

a) Fifty percent (50%) shall be distributed to fund market access, market promotion, educational, scientific and technical projects to benefit the

United States poultry industry. COLOM-PEQ shall accept proposals for the funding of projects approved by resolution of the Board of Directors of USAPEEC.

b) Fifty percent (50%) shall be distributed by the Administrator to FENAVI to fund market access, market promotion, educational, capacity-building, competitiveness, scientific and technical projects to benefit the poultry industry of the Republic of Colombia. COLOM-PEQ shall accept proposals for the funding of projects approved by resolution of the Board of Directors of FENAVI.

14. *Arbitration of Disputes.* Any dispute, controversy or claim arising out of or relating to the TRQ System or the breach thereof, including *inter alia*, a Member's qualification for distribution, interpretation of documents, or of the distribution itself, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

15. *Confidential Information.* The Administrator shall maintain as confidential all export documentation or other business sensitive information submitted in connection with application for COLOM-PEQ membership, bidding in the open tender process, or requests for distribution of proceeds, where such documents or information has been marked "Confidential" by the person making the submission. The Administrator shall disclose

such information only to another neutral third party or authorized government official of the United States or of the Republic of Colombia and only as necessary to ensure the effective operation of the TRQ System or where required by law (including appropriate disclosure in connection with the arbitration of a dispute)

16. *Annual Reports.* COLOM-PEQ shall publish an annual report including a statement of its operating expenses and data on the distribution of proceeds, as reflected in the audited financial statement of the COLOM-PEQ TRQ System.

Terms and Conditions

In engaging in Export Trade Activities and Methods of Operation,

1. Except as authorized in Paragraph 15 of the Export Trade Activities and Methods of Operation, neither COLOM-PEQ, the Administrator, any Member, nor any neutral third party shall intentionally disclose, directly or indirectly, to any Member (including parent companies, subsidiaries, or other entities related to any Member) any information regarding any other Member's or bidder's costs, production, capacity, inventories, domestic prices, domestic sales, or U.S. business plans, strategies, or methods, unless such information is already generally available to the trade or public.

2. COLOM-PEQ will comply with requests made by the Secretary of Commerce on behalf of the Secretary or the Attorney General for information or documents relevant to conduct under the Certificate. The Secretary of Commerce will request such information or documents when either the Attorney General or the Secretary of Commerce believes that the information or documents are

required to determine that the Export Trade, Export Trade Activities and Methods of Operation of a person protected by this Certificate of Review continue to comply with the standards of section 303(a) of the Act.

3. COLOM-PEQ will ensure that the Administrator holds the auctions in accordance with tranches established in the relevant regulations of the Republic of Colombia, or in the absence of such, at least once by February 15 of each year. Failure to so hold auctions may result in revocation of the Certificate.

Definitions

"Neutral third party", as used in this Certificate of Review, means a party not otherwise associated with COLOM-PEQ or any Member and who is not engaged in the production, sale, distribution or export of poultry or poultry products.

"TRQ System", as used in this Certificate of Review, refers to distributions of the proceeds received from the tender process.

Dated: August 28, 2012

Joseph E. Flynn, Director
Office of Competition and
Economic Analysis

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