

February 2, 2011

The Honorable Dave Camp  
Chairman, House Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

**Re: Support for U.S. Trade Agreements with Colombia, South Korea, and Panama**

Dear Mr. Chairman:

In response to the Committee's January 18<sup>th</sup> hearing advisory on the pending free trade agreements with Colombia, Panama, and South Korea and the creation of U.S. jobs, this submission provides a summary of the benefits these FTAs will bring to Herbalife Ltd. The FTAs with Colombia, South Korea, and Panama present an extraordinary opportunity to eliminate long-standing tariff and regulatory barriers that have impeded Herbalife's business in several of its most important international markets. Removing these barriers would result in significant duty and other cost savings, creating and sustaining U.S. jobs around the country where Herbalife's products are manufactured.

**About Herbalife**

Herbalife, headquartered in Los Angeles, California, is a global network marketing company that sells weight-management, nutritional supplement and personal care products that support a healthy lifestyle. Our products are available through a network of over 2 million independent distributors in 74 countries. Herbalife's mission is to change people's lives by providing the best business opportunity in direct selling and the best nutrition and weight-management products in the world.

**Current Tariff Levels Harm U.S. Exports**

Colombia, South Korea, and Panama all impose hefty tariffs on U.S. exports, making it expensive for American businesses to sell products in these countries. Colombia maintains a 20% tariff level on Herbalife's products such as aloe vera concentrate, protein drink mixes, powdered teas, and moisturizers. Panama imposes tariffs of 5 to 10% on Herbalife's nutritional supplements and personal care products. South Korea's 40% tariff on imported herbal tea products is among the highest in the world, resulting in a significant barrier to U.S. exports. The implementation of the FTAs with these countries would serve to eliminate these tariffs, removing barriers to U.S. exports.

**Non-Tariff Barriers**

Herbalife has also experienced regulatory-related obstacles in exporting products to the Colombian, South Korean and Panamanian markets. In Colombia, the process for obtaining food export certificates from Colombia's National Institute of Food and Drug Monitoring (INVIMA) has led to time-consuming delays. Similarly, product registration

requirements in Panama have caused significant delays in bringing products to the Panamanian market. In South Korea, restrictions under the country's Food Safety Law and other packaging requirements have created obstacles to U.S. goods. By creating formal commitments and mechanisms on transparency and bilateral cooperation on standards and technical regulations, the FTAs with Colombia, Panama, and South Korea will provide additional disciplines to help U.S. exporters overcome such technical barriers to trade.

### **Ensuring U.S. Competitiveness**

Notwithstanding the restrictive trade barriers facing U.S. exports, these countries – Colombia and South Korea in particular – are among Herbalife's largest export markets due, in part, to the affinity for health, nutrition and personal care products in these growing economies. Implementing the U.S. FTAs with Colombia, South Korea, and Panama will significantly enhance U.S. export competitiveness and contribute to considerable growth in these markets for U.S.-origin products. Increased U.S. exports by Herbalife will sustain and create new U.S. jobs in California, New Jersey, and New York – the three states where most of the company's exported products are made.

South Korea is Herbalife's seventh largest market. It is estimated that removal of South Korea's tariffs on U.S. exports will generate cost savings and increased sales worth millions of dollars annually, creating and sustaining U.S. jobs. Based on 2009 trade levels, Herbalife will save more than \$2.5 million per year due to eliminated duties in South Korea. The elimination of Colombian duties on U.S. exports is also expected to reduce costs for U.S. nutritional and personal care products in Colombia by millions of dollars, significantly enhancing U.S. competitiveness and contributing to growth in the Colombian market for these U.S.-origin products.

The implementation of these pending FTAs is also necessary to ensure the United States retains a level playing field with other exporting economies. U.S. exporters are competing with suppliers of similar goods from China, the EU and Japan. As these countries increase their bilateral and regional trade agreements with countries like South Korea and Colombia, U.S. exporters will be disadvantaged if tariff preferences are not available. Congressional approval of all three FTAs will contribute to the momentum that is needed for trade liberalization more broadly, strengthening the U.S. economy and supporting job growth.

Thank you for your consideration of these views.

Sincerely,

S. Diane Turpin J.D.  
Vice President, Worldwide Regulatory,  
Government and Industry Affairs  
Herbalife