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Focus On: Africa

Corporate Governance A Bridge to Prosperity

"Wealth is the means, and people are the ends. All our material riches will avail us little if we do not use them to expand the opportunities of the people." John F. Kennedy (1962)

It is common knowledge in today's society that the African continent has been plagued with grief, poverty and despair throughout the last century. Famine has dramatically crippled Ethiopia, violent tribal wars have devastated Sierra Leone, massive flooding has decimated Mozambique and multitudes of Africans of different nationalities have succumbed to the desolating outcome of the AIDS virus. In addition, political chaos, corruption and uncertainty along with the severe lack of adequate infrastructure, legitimate employment opportunities and a true sense of shared wealth among Africans have driven the region to a state of desperation.

Nevertheless, behind this curtain of emptiness, stands a bridge to hope in the form of economic stability. The region abounds with resources such as oil (Angola), diamonds (Sierra Leone), copper (Zambia), iron ore (Mauritania),

timber (Gabon), peanuts (Gambia), cocoa (Togo) and coffee (Uganda). In terms of human resources, the continent constitutes the second largest trading block in the world with an estimated population of more than 700 million.

Experts point out that the key will be to gain stability for the region through economic prosperity in order to create a foundation from which to build, making use of these resources to generate a balanced distribution of wealth. Governments must accept their share of the responsibility and actively promote effective partnerships between the public and private sectors while simultaneously addressing an improved working environment which will allow Africa to compete more effectively in today's globalized world.

The development of African corporations based on a profound commitment to the adherence of corporate governance is vital. The emergence of business opportunities will only prosper into credible and sustainable enterprises for the community as a whole if they contribute to the well being of society in general. Thus, business leadership with sound principles must replace the

corruption and inequality which has drained the spirit of the populace.

As emphasized under NEPAD, the New Partnership for Africa's Development, the application of an internationally recognized set of standardized principles by corporate directors characterized for their respect and understanding of responsibility, accountability and transparency, is needed to effectively aid in the development of Africa. Directors must also abide by a code of ethics based on honesty, trust and correct moral behavior. These goals will only be achieved satisfactorily through proper training, an increase of awareness, research and education.

The challenges to succeed are abundant. Educational systems need revamping, legal and fiscal policies require changes, competitive financial markets must be established and community involvement should be stressed. Opportunities in Africa undoubtedly exist and initial groundwork has been set. Hope appears to be peeping from behind the curtain and African business leaders will need to take advantage of the resources to yield the desired results.

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African Exporters Need Capacity Building

by Obiora Madu

Since the Uruguay Round of agreements, a lot has happened in global trade to the benefit of the developed world and to the detriment of the developing world with Africa taking the heaviest beating. I am not trying to blame the developed world for our woes but to make a clarion call for capacity building for those involved in global trade.

The international market is described as ruthless, selective and fiercely competitive. Obviously this underscores the need for well trained and "combat ready" personnel armed with relevant, accurate, and up-to-date information and skills essential for successful exporting. Several United Nation organs have highlighted the importance of capacity building for successful exporting and those of us who

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Notes from the Executive Director

Bottom Up Success

by Dr. Donald Burton

For emerging countries and their fledgling economies, one of the best and quickest ways to infuse a sense of opportunity and hope about their economic situation is to have individuals begin to see personal financial success. This is something that typically does not happen when governments work at the "macro level." Economists call this the failure of the "trickle down" effect. Huge, sweeping government programs sound good, but typically don't reach the common people; the masses never see the trickle. Needed is what the United Nations calls their "Trickle Up Program." This is where funding and support focuses directly where it can do the most good -at the individual or specific problems in a specific area. The U.N. has seen some success from this program, particularly in helping regions become successful in agricultural related programs. Unfortunately, this is not enough.

What is needed is a program that helps the common man or woman to 'plug in' to the global economy to sell their goods and services. At the grass roots level, this can work if the knowledge, skills and access to global markets can be made available to the masses. With some effort it can be available everywhere, faster in some areas than others, via the Internet. If one person in a small village or remote area begins to be successful in participating in the global marketplace, his or her friends will quickly learn that they too can be enjoying a higher standard of living. This success happens one person at a time, making one sale at a time. Over time this trickle will become a stream and then many things are possible.

People from all over the world are moving forward with this strategy. People in over 90 nations have begun networking through the Institute. They have found that our four-tier pricing makes the training affordable. As people everywhere get involved, they begin forming local IIEI Chapters, spreading knowledge and optimism to others. In Nigeria many people are getting industry certified through the Institute to validate their value to companies needing these skills. Through strategic partnerships with organizations around the world, we are able to offer most of our training courses on-ground. In short, almost everything that people need to know to participate and prosper in the expanding global marketplace is now available through the Institute.

What does this mean to an emerging country's government? Perhaps initially not much. Most of the early international sales will be very small, measured only in hundreds of dollars, and there won't be many either. However, over time, this trickle will increase as thousands of individual entrepreneurs duplicate the effort. With the multitude of international transactions coming from thousands of sellers, the economic impact will raise the country to a level of economic activity we can only dream about today.

GlobalWatch® is published six times per year and distributed to IIEI's global readership. For advertising rates call 1-800-474-8013 or email: globalwatch@expandglobal.com



NEPAD:

A Vision and Strategic Framework for Africa's Renewal

NEPAD, the New Partnership for Africa's Development, was formally launched in 2001 as a significant and unique tool aimed at confronting the current challenges of peace, marginalisation, poverty, economic stability and democracy which Africa contends with today. Under the leadership of the African nations of Egypt, Algeria, Nigeria, Senegal and South Africa, the framework document was submitted at the 37th Summit of the Organization of the African Unity as a legitimate step by and for Africans to achieve a more prosperous, balanced and self-reliant African continent within the global society following in the footsteps of Latin America and Asia from the later part of the 20th century.

The NEPAD Program of Action is described as "a holistic, comprehensive and integrated sustainable development initiative for the revival of Africa" implemented by

the African community as a truly united region. From Algeria to Zimbabwe, the pluralistic nations of Africa have focused their sights on an ambitious set of objectives. Among the primary goals, African leaders have made a solid pledge to (1) eliminate poverty, (2) gain the full integration of Africa in the global economy, (3) position the African nations in a favourable and competitive path towards sustainable growth and development, (4) remove the label of a marginalized continent and (5) definitively grant women the equality and authority they rightfully deserve.

The early results have been promising. African delegates managed to attract the interest of G-8 leaders at the recent summit in Alberta, Canada and the Prime Minister of Canada, Jean Chretien, as well as the British Prime Minister, Tony Blair, have made financial commitments to aid the project. In addition, Senegal has demonstrated an ability to unite both public and private sector leaders to

discuss the tasks ahead at a conference held in Dakar, the Senegalese capital, earlier this year.

Africa, behind its democratic leadership, constitutes a land of appealing opportunities for international investors. Once fully executed, NEPAD will undoubtedly strengthen the global position of the entire African continent. The vision of a renewed Africa will soon become a reality.

Source: (www.nepad.org); BBC Focus On Africa Magazine, July-September 2002, Vol. 13, No. 3

US-Africa Small Business Network Launched

The US-Africa Small Business Network was developed to promote trade, investment and commercial ties between US and African small and medium-sized companies. Small US firms, particularly minority-owned businesses, receive targeted programs and services which facilitate sustainable business linkages with African firms.

"Multinational firms can pretty much find their own way to Africa, but small businesses typically do not have the resources or talent to do so", says Dr. Robert Sherman, principal of AMI Business Promotions, Inc., the non-profit organization coordinating the project.

For more information, or to become a member of the network, contact:

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The Culture Corner

Business Culture and Etiquette in Africa



The continent of Africa provides tremendous opportunities for businesses. To be successful in Africa, it is important to understand and respect the business culture. Some of the distinct characteristics of the African culture that may impact business are:

- Households live as interdependent communities. The culture encourages spiritual collectiveness rather than individualism.
- Unequivocal loyalty to the leadership.
- Humbleness and helpfulness to others is a characteristic of the nature of an African person.
- Their non-discriminatory culture does not promote prejudice. People readily reconcile.
- Co-existence with other people is greatly valued.

- High level of trust and belief in the fairness of others.

- High standards of basic morality and close kinship.

- Organizational hierarchy is present but management practices participative or consultative management.

- Highly optimistic because of strongly held religious beliefs.

In addition to business culture, business etiquette should also be attended to. For example, to greet a person, shake hands the African way. It consists of shaking hands the conventional way, then slipping the hand up around the other person's thumb, and finally returning to the standard grip. However, non-Africans shake hands the conventional way: Titles should be used to address the other person.

Because of the hierarchical organizational structures, a high-ranking member should initiate business meetings with an African company. African businessmen are highly time-conscious. The business meetings are preceded by a short period of personal conversation. Business lunches and dinners are for socializing and not for conducting business activity.

For business meetings, businessmen wear formal suits and ties. The businesswomen wear suits or a conservative dress.

Sources:

<http://www.globalsources.com/tntlist/trade/bculture/safrica.htm>.

<http://www.csmonitor.com/2002/0523/p07s01-woaf.html>.

Capacity Building (cont. from page 1)

have been involved in it for about two decades can testify that the time is now or else Africa will be left behind for ever.

Exporting has become very knowledge intensive so much that what seems like a little wrong step can lead to a huge loss capable of destroying a business. A world trade organization reported that lack of knowledge of export technicalities contributes about 10% extra cost in developing countries.

Going into exporting without information is like a farmer going to his farm without a hoe. United Nations set up the International Trade Centre for the purpose of disseminating trade information to those involved in international trade and they have done well. The major problem has been their insistence on dealing with governments of developing countries. Experience has shown that a partnership with the private sector will yield better results.

EU on the other hand is convinced that everyone will benefit from a push to simplify trade procedures, cutting out unnecessary bureaucracy via modern methods. Furthermore,

traders both big and small would enjoy reduced costs and fewer delays, which means more competitive terms of trade. Government would enjoy better controls, higher revenue intakes and more efficient management as well as a more stable climate for inward investment.

Developing countries' needs in respect to trading experience are extremely diverse, so are their needs for trade capacity building. Strengthening the capacities of developing countries in the area of international trade is of mutual benefit to them, their trading partners, and the global village at large.

After several years of activities in Africa, the developed nations need to take a second look at the kind of assistance they offer to African nations and adopt a more positive and pragmatic approach that will make positive contributions. Areas that require particular attention include:

- analysis of key linkages between trade, environment and developments,

- the design and implementation of coherent policies at the national level aimed at

integrating trade and environmental policies in favour of sustainable development,

- assistance to the business community to achieve international competitive factors,

- identification of the trade interest of a country in light of its overall development strategy.

- translating these interests into policies and negotiating goals, and

- the distribution of roles and the allocating of resources to implement these policies and promote these interest, reactively or actively, at the various negotiations for multilateral, bilateral and regional levels.

Addressing all the issues raised above will go a long way towards alleviating poverty levels in Africa. Given the correlation between trade and development, trade related capacity building, both in trade technicalities and negotiation, would increase Africa's participation in the global market.

Obiora Madu is Chief Executive of the MultiMix Export House, an integrated export market development and capacity building company in Lagos, Nigeria. He can be reached at exportacademy@hotmail.com.

Honesty is Great for Business

86% say they would pay more for products and services from a company with a reputation for honesty.

According to a recent telephone poll conducted by The Cherenson Group, 86 percent of respondents said they would pay more for products and services from a company that has a reputation for honesty, and 60 percent blame the U.S. stock market woes on corporate lying, said Michael Cherenson, vice president of the public relations and advertising agency.

“Companies with a reputation for honesty will reap the rewards not only with its stock price, but they also can actually charge more for its products and services,” Cherenson said.

“These findings, coupled with our 2001 Reputation Survey in which 78 percent of adults said they would rather work for a company with an excellent reputation than for a company with a poor reputation is an invaluable company asset that needs to be developed and protected”.

Source: www.cherenson.com

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Ethics in International Trade **One World, One Standard?**

The world of international trade is not always pretty. There exists an underworld where bribes and other less than ethical practices exist. However in the current climate of global markets and the need of countries to ‘clean up their act’ to attract multinationals and investors to their shores, there’s been a proliferation of legislation, similar to the U.S. Foreign Corrupt Practices Act.

According to Edward Petry, executive director of the Ethics Officer Association in Belmont, MA, these legislation attempts have increased problems for global business as well as add expense in meeting the various regulatory demands. “There’s a proliferation of codes, ethics, standards, and principles and a question of whether they add value. Our members want more consistency worldwide in the area of ethical business practices.”

The Ethics Officer Association has put together its own plan for international ethics standards. This is a business conduct management system that will become a global standard under the auspices of the International Organization for Standardization. The point is that one standard for the world would be the most cost effective way for international business.

There are a number of benefits to countries, industries, and companies accruing from a new standard. Countries could use the standard to advertise that they promote ethical business practices within their borders. This assurance could help promote business activity

and serve as criteria for evaluating their investment status. Consumers would be able to evaluate individual companies and determine whether they are good bets as partners. Consumers would also be able to determine if they are dealing with a business that has made ethics a priority.

Yet another positive aspect for international business after acquiring a single global standard is the easing of the current “bureaucratic nightmare” that companies must meet proliferating demands to prove ethical conduct to local officials. Without standard criteria, international operating firms are swamped with paperwork and forms, which require enormous amounts of time, energy, and money to process.

The Ethics Officer Association is trying to develop a standard that is consistent with pre-existing quality and environmental management standards. The new global standard will include an outline of criteria to prove that a company is operating in an ethical fashion. There will be recommended procedures to follow to ensure compliance. These procedures will include a monitoring or auditing component. The American National Standards Institute has received a thumbs up on the development of the new standard from the high tech, aerospace, automotive and heavy equipment industries.

Source:

Managing Business Ethics in a World of Payola, www.worldtrademag.com, 12/0101

IIEI Winter Semester Registration Now Open

Registration is currently underway for IIEI's winter semester courses and trade certification programs. All courses are 6-weeks in length and taught by instructors who are working professionals in the subject matter. IIEI's online classrooms are open 24 hours a day, 7 days a week, across 24 time zones - providing the flexibility and live interaction demanded by working adults.

Winter semester courses and start dates include:

<i>21st Century Logistics,</i>	<i>Dec 19</i>
<i>Documentation for the Global Village,</i>	<i>Jan 30</i>
<i>Exporting Importing Environment,</i>	<i>Feb 06</i>
<i>Global Finance,</i>	<i>Mar 13</i>

Winter courses in U.S Export Compliance include:

<i>ITAR</i>	<i>Dec 05</i>
<i>Export Compliance Documentation</i>	<i>Jan 16</i>
<i>EAR</i>	<i>Jan 30</i>
<i>ITAR</i>	<i>Mar 13</i>

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No training contracts are required to participate, and no additional costs are incurred for the customized program when ten or more students are enrolled.

"Probably the best features of this program", according to Jim Paxton, IIEI's Assistant Director of Corporate Training, " is that it allows course schedules to coincide with company training initiatives as well as allowing the sharing of information across geographically dispersed locations."

The private courses are instructed by industry certified experts and are eligible for the Institute's professional industry certifications.

For more information contact Jim Paxton at jpaxton@expandglobal.com, or call 800-474-8013 - outside the US call 602-648-5750.

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IIEI Welcomes Newest Corporate Member

The Aerospace Corporation



The Aerospace Corporation is a private, nonprofit corporation created in 1960 under the laws of the state of California. The purposes of the corporation are exclusively scientific: to provide research, development, and advisory services. Aerospace operates a Federally Funded Research and Development Center (FFRDC) for the Department of Defense (DOD).

The corporation's primary customer is the Space and Missile Systems Center (SMC) of Air Force Space Command, although work is performed for other agencies, international organizations, and

governments in the national interest.

From its inception, Aerospace has focused on the government's need to develop the best space-related hardware at the lowest prudent cost. Its involvement reduces the risk of launch failure and increases on-orbit satellite endurance.

Most of the corporation's work is hands-on engineering associated with the design, test, evaluation, and initial operation of space systems. The long-term success of the Aerospace contribution illustrates the value of having the corporation as a partner on any space-related project.

The International Import-Export Institute is proud to welcome The Aerospace Corporate to its roster of corporate members!

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