



Global Watch[®]

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A Flurry of Activity for U.S. FTAs



The United States is making up for lost time in the arena of Free Trade Agreements. The past several months have witnessed a flurry of activity in several world regions. President Bush met with Prime Minister Goh Chok Tong on May 6 to sign the US-Singapore Free Trade Agreement. The FTA will accord substantial market access to U.S. firms across the entire spectrum of services including banking and financial services, computer and telecommunications, construction and engineering, tourism, distribution

The U.S.-Singapore FTA agreement contains one small victory for the makers of one of America's best known exports: chewing gum. However, only sugar-free varieties will be allowed, and then only with a doctor's prescription.

services, adult education, energy and professional services. Singapore is America's 12th largest trading partner with two-way trade of goods and services reaching \$40 billion in 2002. The agreement marks the first U.S. trade agreement with an Asian nation.

The U.S.-Chile Free Trade Agreement was signed on June 6 and is the first trade pact between the U.S.

and a South American country. More than three-quarters of U.S. farm products will enter Chile duty-free within four years, and all duties will be phased out over twelve years. There will also be significant benefits for construction equipment, medical equipment, autos and auto parts, paper products, computers and other information technology products. The U.S. is Chile's biggest export market for copper, salmon, wine and grapes. Chile has one of the fastest growing economies in the world.

Talks held in Brasilia, Brazil in May addressed means to advance the Free Trade Area of the Americas (FTAA). The proposed FTAA would create the largest trading bloc in the world, stretching from Alaska through South America and encompassing 34 nations with more than 800 million citizens and a collective GDP that exceeds \$13 trillion. The U.S. proposal calls for an immediate elimination of tariffs on 65% of Latin America's consumer and industrial goods to the U.S. and 56% of the region's farm exports. A November meeting in Miami will mark the eighth round of negotiations.

(continued on page 3...)

Despite Cancún Breakdown: EU Optimistic on WTO

The break down of the 5th Ministerial Conference of the World Trade Organization in Cancun, Mexico, was certainly regretful. The talks, aimed at galvanizing momentum toward a new multilateral trade accord, ended in failure due to the differences of opinions between developed and developing countries.

EU Trade Commissioner Pascal Lamy stated, "I do not want to beat about the bush: Cancun has failed. This is not only a severe blow for the World Trade Organization but also a lost opportunity for all of us, developed and developing countries alike. We would all have gained. We all lose. We will not play the blame game and we will remain open to reviving this process."

Citing targeted measures to giving developing countries a better deal, Franz Fischler, EU Farm Commissioner, added, "We have accepted the approach that rich countries have to shoulder the major part of the burden of liberalization." The EU stated that it remains committed to a strong rules-based multilateral trading system.

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Notes from the Executive Director

A Perspective on Compliance and Global Security

by *Dr. Donald Burton*



“We don’t export. If we exported we would have to worry about export compliance because our products fall under the EAR regulations. However, the products we make are part of other companies’ products. Yes, our customers export a high percentage of what they make, which includes our products. They handle all of the export compliance. It is their problem,” said a senior manager of a mid-size company.

Does this sound familiar? Based on comments I hear, a large number of companies take the same stance. These companies either don’t know that they are legally involved in the export compliance effort or they simply don’t want to be held accountable for the compliance of their products. They want someone else to worry about it—and pay for it—and take the heat if something becomes a violation. They want it the way it was prior to September 11, 2001. Two years after that tragic date one thing is very clear: the old “ways” are gone forever.

The U.S. Department of Homeland Security is tightening the security on imports and exports. The list of foreign companies barred from doing business with U.S. companies because of violations of export compliance regulations is on the rise. Recently large fines have been levied against several U.S. companies for export violations.

Most worrisome is that many items that fall under the ITAR and EAR regulations are now assembled from components produced outside of the U.S. For example, the computer software programs used in missile guidance systems may be shuffled daily between nations as they are produced and tested. Export compliance rules apply each time the computer code leaves the country. This simple example shows how foreign supplier involvement in export compliance is critical in maintaining U.S. and other countries’ homeland security. All supplier companies must comply with export regulations if they know that their products are to be exported. In other words, it is not up to just the principle exporter to comply, but the entire supply chain, which is now very often global.

The only solution to the problem is voluntary compliance by all companies in all nations. Each company must take the position that it alone must safeguard homeland security. If the world is going to be a safe environment for our children, and their children, it is up to every individual in every company in every country to act and be responsible. It is in everyone’s best interests to do so. Assuming that others will protect us is not going to keep our borders safe. Many regions of the world have known this for decades as their borders have been invaded and their safety challenged. Now individuals in all nations need to realize they must work together to insure that the world is a safer place.

...continued from page 1

FTA Flurry

President Bush has also called for a Middle East Free Trade Area (MEFTA) within the decade. A bill from the U.S. Congress in May proposed preferential treatment for nearly 20 Arab nations. The proposal includes support for those countries that seek membership in the WTO and calls for the expansion of the Generalized System of Preferences (GSP) program. Bush's proposal also supports Bilateral Investment Treaties (BITs) with interested countries. A BIT signals that a country is a safe place to do business.

In June, Bush met with Pakistani President Musharraf to sign the Bilateral Trade and Investment Framework Agreement (TIFA). The agreement creates a formal structure to expand trade relations but does not authorize a formal launch of negotiations.

Within the same region, Bush announced intentions to begin negotiations for a U.S.-Bahrain Free Trade Agreement. Bahrain is moving to liberalize key sectors such as banking, insurance, and telecommunication.



Formal negotiations are slated for early 2004. American exports to Bahrain totaled \$419.2 million in 2002. Bahraini sales to the U.S. totaled \$395.1 million for the same period.

And on the African continent, a formal agreement between the U.S. and the Southern African Customs Union (SACU) on a bilateral free trade agreement will open negotiations targeting completion by next year. The member nations of SACU include South Africa, Botswana, Lesotho, Namibia and Swaziland.

Sources: U.S. Chamber of Commerce, U.S. Dept. of Commerce, www.export.gov, <http://www.ustr.gov/speech-test/assistant/2003-06-17-allgeier.pdf>

Standards Issues and Foreign Markets Concern Commerce Dept.

The U.S. Commerce Department is conducting a series of industry roundtables to seek comments on barriers in export markets caused by foreign governments' policies on standards and technical regulatory requirements. The roundtable discussions are a result of the recent eight-point Standards Initiative announced in March by Commerce Secretary Donald Evans. The initiative was issued in response to industry concerns that foreign standards and technical regulation issues are becoming among the greatest challenges to expanding U.S. exports.

"Many in industry view foreign standards and technical regulation as a principal non-tariff barrier in markets around the world. Divergent standards, redundant testing, compliance procedures, unilateral and non-transparent standard setting exercises are now recognized as major impediments to free trade – estimated to affect 80% of the world commodity trade," stated Evans.

A series of questions seeking industry input has been issued by the Department of Commerce with a November 1st deadline set for respondents. The questions, as well as other information can be accessed online at: <http://www.gpoaccess.gov/fr/index.html>.

U.S. Commerce Announces Fair Trade Initiatives

The U.S. Department of Commerce has released its plans on pursuing a level playing field for foreign trade. Commerce Secretary Don Evans announced that Commerce will be creating three new entities which include the Unfair Trade Practices Team, the Office of Industry Analysis and the Assistant Secretary for Trade Promotion.

The Unfair Trade Practices Team will track, detect, and confront unfair trade competition. The team will be created within the Import Administration under the International Trade Administration. The Office of Industry Analysis will assess the economic impact of new rules and regulations. This office will report to the new Assistant Secretary for Manufacturing.

The new Assistant Secretary for Trade Promotion will consolidate all Commerce Department export promotion functions, and will serve

concurrently as the Director General of the Foreign Commercial Service. The first task of this expanded office will be to accelerate President Bush's National Export Strategy to boost U.S. exports. The "Export Readiness" program of the Commerce Department will expedite implementation of standards initiative to ensure that American manufacturers are 'export ready' to sell into global supply chains.

Source: www.export.gov

Technology & Trade
in the
November / December
issue of
GlobalWatch®

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In Compliance....



In Denial... **Red Flagging U.S. Exports**

Various agencies of the United States government exercise control over U.S. exports in order to influence foreign policy, national security and nonproliferation. These agencies publish lists of persons and entities who are denied the right of receiving U.S. exported goods or services.

Each U.S. government agency issuing export controls stands ready to inform, educate and assist U.S. exporters in complying with official regulations. Each agency is also prepared to vigorously investigate and prosecute violators.

In order to avoid fines, penalties, jail time and revocation of export privileges, exporters need a fail-safe system to identify denied entities.

Expert Advice on: **Screening for Denied Entities**

GlobalWatch® recently asked **John Priecko, Compliance Officer for the Office of the Deputy Assistant Secretary of the Army, Defense Exports and Cooperation**, to offer some pointers on how U.S. exporters can best assure their compliance to federal regulations on denied entities. Mr. Priecko offered these core questions in evaluating a company’s degree of compliance. “How well you answer,” says Priecko, “should provide some interesting food for thought on how you will do, or should be doing business”.

1. Do you screen for denied entities?

There are multiple lists to reference including the U.S. Commerce Department’s Bureau of Industry and Security Denied Persons list, the Unverified and Denied Entity list. The Treasury Department’s Office of Foreign Assets Control offers its lists of Specially Designated Nationals, Changes to the SDN, and sanction programs covering countries and terrorists. The Department of State’s Director of Defense Trade Controls regulates its own sanctioned entities listed in the Debarred Parties and Arms Embargoes in Effect and the Government Services Administration’s list of Debarred Bidders (Excluded Parties).

(con’t. page 5)

Internet Resources for Identifying Denied Entities:

DEPARTMENT /AGENCY	LIST	INTERNET ADDRESS	SEARCH CAPABLE
Commerce (Bureau of Industry & Security)	Denied Persons	http://www.bxa.doc.gov/dpl/Default.shtm	No
	Unverified Entity	http://www.bis.doc.gov/enforcement/UnverifiedList/Unverified_parties.html	No
	Entity	http://www.bxa.doc.gov/Entities/Default.htm	Yes
General Services Administration	Debarred Bidders Excluded Parties	http://epls.arnet.gov/	Yes
State (Director, Defense Trade Controls)	Debarred Parties	http://pmdtc.org/debar059.htm	No
	US Arms Embargoes in Effect	http://pmdtc.org/country.htm	No
Treasury (Office of Foreign Assets Control)	Specially Designated Nationals (SDNs) and Blocked Persons	http://www.treas.gov/offices/eotffc/ofac/sdn/t11sdn.pdf	Yes
	SDN Changes	http://www.treas.gov/offices/eotffc/ofac/sdn/t11sdnew.pdf	Yes
	Sanction Programs & Country Summaries	http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html	No

continued from page 4.

Denied Entities

2. How do you screen for denied entities?

Is the screening done manually or electronically? Do you actually enter the information or is the screening automatic as part of your order management/operations database? If you use software, is it vendor supplied? Is the screening centralized or decentralized and who is responsible for insuring that it is done?

3. Who do you screen?

Does your screening include customers, employees, new hires, and visitors? How about the people representing your company such as consultants, agents, brokers, and freight forwarders? You should also include attendees at events sponsored or hosted by your company like conferences, meetings, presentations, seminars, symposiums, and workshops.

4. When do you screen for denied entities?

Do you screen only once before doing business or multiple times,

such as before as well as periodically throughout the duration of the contract? What about each time before providing product or service?

5. Do you maintain records of screenings?

If yes, how do you maintain the records? Manually with paper copies of the screen results or electronic records? How long do you keep these records?

6. Do you have a published policy and procedure that covers the above?

If yes, is it current? Does it need to be updated? Is it followed? After considering these questions and your answers to them, a company should be able to come up with a good working "Best Practice" approach to screening denied persons.

Mr. Priecko is a Senior Technical Director with Anteon Corporation and the Senior Export Administration and Compliance Officer for the Office of the Deputy Assistant Secretary of the Army, Defense Exports & Cooperation (ODASA (DE&C)). He oversees the export administration for Headquarters U.S. Army, including the overall licensing process, and assists in developing and maintaining the related export policies along with other international technology transfer and cooperative efforts. He can be reached at john.priecko@hqda.army.mil

'CROSS' Referencing: U.S. Customs Rulings Now Online

The U.S. Bureau of Customs and Border Protection (CBP) has made available a searchable database of approximately 90,000 Customs rulings which can be retrieved based on simple or complex search characteristics.

The CBP Rulings Online Search System, or **CROSS**, offers the added functionality of cross-referencing rulings from an initial search result with a modified, revoked, or referenced counterpart. The database collection can be searched individually or collectively and is current from 1989.

Binding rulings often provide guidance to importers and other interested parties on specific Customs issues such as valuation, marking and tariff classification.

The rulings collections are organized into sections, with one section offering rulings issued by CBP headquarters in Washington, D.C. and another issued by the New York Office of Regulations and Rulings.

The website is available at:
<http://rulings.customs.gov/>.



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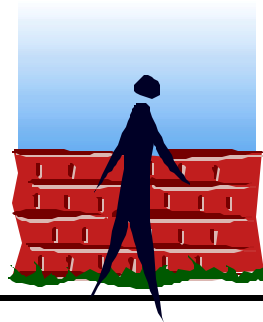
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Is it a Small World After All ?

Removing the Barriers to Higher Education



Enrollment in distance education courses has nearly doubled since 1995 with more than half of the United States' two- and four-year degree-granting institutions offering distance education courses according to a July, 2003, report by the U.S. Department of Education's National Center for Education Statistics (NCES)¹

According to John Bailey, director of NCES's Office of Educational Technology, "distance education is both a sign of the times and a harbinger on the future delivery of education services. It is now possible for students to learn anytime and anywhere".

For the International Import-Export Institute, this is more than a future predication

rather a daily reality reflecting the global demand for the Institute's online degree program in International Trade Management². Recognized as the global authority for its professional certification programs in international trade, the Institute's online Bachelor's degree has been met with a cross-cultural enthusiasm that continues to grow.

Current enrollees claim citizenship to the countries of Japan, Brazil, Bangladesh, Puerto Rico, India, Canada, Qatar, Cyprus, the United Kingdom, the United Arab Emirates, and St. Lucia. The list of inquiries, and those who have submitted transcripts for review, is three times the length of the above list, and are as diverse as Belgium,

Ghana, Vietnam, Papua New Guinea and the Cayman Islands.

According to a recent article in *World Trade Magazine*³, money spent on education during a climate of economic downturn is actually "the best assurance for remaining competitive in the workplace and improving your value to an employer."

The International Export Institute believes that providing knowledge and expertise does much more than simply enhance one person's worth and marketability. It opens the door to participation to this ever-increasing global marketplace - and that can mean a world of difference to everyone.

Sources: 1. <http://www.nces.ed.gov>
2. <http://www.expandglobal.com>
3. <http://worldtrademag.com>,

Sept 2003, pg 56.



Financial Assistance Now Available for IIEI Programs & Degree

IIEI now offers ways that you can get help with tuition! For student loans, the Institute is working with CitiFiancial. We are also approved for VA benefits, Military Tuition Assistance and DANTES. In addition, IIEI can work with corporate purchasing or accounting departments to create payment plans if a corporation is sending employees to school. Below is contact information if you want more details regarding any of these tuition assistance programs.

IIEI Veteran Representative

Valeri Burton
vburton@expandglobal.com
800-474-8013

CitiFinancial

Melissa Jensen
<https://secure.citifinancial.com/loanapp/gettingstarted.php>

IIEI Corporate Payment Plans

Melissa Jensen
mjensen@expandglobal.com
800-474-8013

DANTES

www.dantes.doded.mil

VA Benefits/Montgomery GI Bill

ww.gibill.va.gov



Names in the News

IEEI Head to Assist with Standards Development



Dr. Donald Burton, Executive Director of the International Import-Export Institute based in Phoenix Arizona, has been selected to serve on the Research and Educational Standards Committee for the Distance Education and Training Council (DETC) of Washington, D. C. for the 2003-2004 program year.

DETC, a nonprofit, voluntary association of accredited distance education institutions, was founded in 1926 to promote sound educational standards and ethical busi-

ness practices within the distance study field. The independent DETC Accrediting Commission is listed by the United States Department of Education as a nationally recognized accrediting agency.

Dr. Burton will join distinguished educators from University of South Africa, Columbia Southern University, William Howard Taft University, American Graduate University and others for their next meeting to be held in Tucson, Arizona in late October, 2003.



Sri Lankan Firm to Represent IIEI

The International Import-Export Institute is proud to announce its selection of Rens Global Learning Ltd. as an IIEI affiliated agency. Rens Global Learning is registered in Sri Lanka and provides educational services by conducting classes, recruiting students for foreign institutions and representing foreign educational institutions in Sri Lanka. The company provides services to both individuals and corporate clients.

According to Shenal Basnayake,

Manager of Operations for Rens, "there is a huge demand by Sri Lankans for courses of study overseas, but the concept of online/distance learning is new. In fact, there is no such concept promoted within Sri Lanka at this time. However, both the World Bank and the Asian Development Bank have just granted the government several million dollars worth of assistance in developing this concept of distance learning." In addition to Sri Lanka, Rens Global Learning serves the markets of Singapore, Maldives, and Dubai.

Go to: <http://www.rensj.com>

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Congratulations are due to the following individuals on their successful completion and recent award of the respective certifications.

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