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Uzbekistan Merchants Negotiate Price and Taxes

By Robert Ruby

SAMARKAND, Uzbekistan — She is the proud mother of an 18-year old groom-to-be, and was prudently looking ahead to the wedding feast when she came into Shifkal Nizamov's shop in this ancient city's largest, oldest bazaar.

She wanted teapots, many teapots, for serving the expected wedding guests.

"The final price?" she began, fingering a blue-and-white ceramic pot.

Standing next to her a man buying a role of tape asked, "The final price?"

Standing next to him the purchaser of two light bulbs, manufactured here in Uzbekistan: "The final price?"

Customers posed the question in Uzbek, Russian or Tajik; the first price, as everyone accepted, would be high though not offensively so, the second price more affordable, then by convention would come the hoped-for, real, final price.

The Siyob bazaar is the crowded marketplace for fresh fruit and vegetables, spices, tea, clothing, hardware and compact discs, and it is a remnant of the trading culture nurtured by the Silk Road, the trading route extending from China and India through Central Asia into Europe. Those centuries-old trading links are reduced here to merchants with little capital and little credit struggling to sell enough inexpensive goods to pay rent and satisfy the tax collector.

Nizamov works with his wife and his married sister 8 a.m. to 6 p.m. seven days a week in a shop slightly larger than a one-car garage; if all the merchandise were removed, a pickup could just squeeze in. Their only advertising is a small blue-and-white poster in the dusty front window above the open door saying, "Domestic Products Shop."

Every product in stock is a mundane necessity. A spray bottle on a

shelf toward the back was what a launderer successfully sought, for his ironing. A door lock displayed on the counter was for the carpenter who specialized in hanging doors. Because the electricity sometimes flickers, Nizamov's sister sold two oil lamps one morning.

All the cash handed over goes into a plastic bowl behind the counter. The cash register remains untouched; the day's receipts will not be a figure calculated and printed out by a machine but a number Nizamov chooses himself, taking into account his needs and the government's voracious appetite for cash.

To help keep the government afloat, retail businesses are required to deposit their cash income in government-owned banks. Officials assign even businesses the size of a garage a "cash plan," an expected harvest of cash, akin to the mandatory yields Uzbekistan's Soviet-era government assigned collective farms.

How much of its own money that the business can later withdraw is limited to about a third of the amount deposited in the bank;

Cash registers are...untouched. Day's receipts go into a plastic bowl.

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Notes from the Executive Director

Trade Is Expanding and Causing Change

by Dr. Donald N. Burton



One only has to read recent GlobalWatch® newsletters to get a feel for how rapidly international trade is expanding. I was asked at a recent conference how IIEI manages to stay abreast of the changes that come with this growth. I smile when asked this question. Why? One reason is I am asked it a lot and another is because it is only with your input and support that it happens. You see you are the front lines, where international trade takes place. All of the nearly 100,000 readers of GlobalWatch® spread out around the world serve as our eyes and ears, alerting us of the changes and happenings within our dynamic world of global trade.

We listen to you. An example is the five new U.S. export compliance related courses slated for debut in 2005. (See article page 5) They are a direct result of your suggestions and assistance. If you have an idea for more topic specific courses, let us know. Our goal is to help our industry stay current as trade expands.

This has been an incredible year of change here at IIEI as our accredited Bachelor Degree program successfully celebrated its one-year anniversary, and with the government recognition and industry acceptance of the Certified US Export Compliance Officer® pro-

gram as being the official proficiency standard for export compliance personnel. The growth in enrollment for courses prepaing people for this certification has been meteoric. Some of the largest U.S. aerospace and defense companies have made the decision to outsource their compliance training to IIEI, using our online courses for training and career development.

As you read this issue, take note of the changes we've highlighted: Trade in Uzbekistan; growth in imports in Turkey; huge market opportunities in the Middle East, increased export enforcement and more. One can only imagine what next year will bring and the role you will personally play in facilitating international trade.

I recently presented for the first time the topic "Mega Trends in Export Compliance" at a conference in Florida. The comments I received about it confirmed my belief: All of us can see little pieces of the big event called international trade. But without exception, everyone validated what was happening on a global scale in their own little corner of the world. Most importantly, everyone was very excited to be a part of global trade and surprised that more people hadn't recognized the opportunity that global trade represents.

Middle East Focus

By [Asad Latif](#)
Baltimore Sun

Middle East Market is Too Big
and Significant to Ignore

Courtesy: Strait Times

DR YAACOB Ibrahim, a Singapore government minister, has a new set of business cards these days. They are in English and Arabic, in addition to his usual set in English and Chinese.

The cards came in useful recently when the Minister for the Environment and Water Resources led a delegation of Singapore businessmen on a mission to Abu Dhabi, Dubai and Sharjah in the United Arab Emirates (UAE), and Doha, the capital of Qatar.

The Arabs he met on the five-day mission 'loosened up' when they saw his card, which he had made specially for trips to the Middle East, such as his annual visits to Saudi Arabia to discuss the quota for Singapore's haj pilgrims.

'They are happy when they see that you are willing to make an effort to reach out to them,' says Dr Yaacob, who is also Minister-in-charge of Muslim Affairs.

Singapore is reaching out to the region today, seeking the kind of partnerships it has established with North America, China, Europe, Latin America and India over the past four decades of export-led growth.

In February, then-prime minister Goh Chok Tong proposed that Asia and the Middle East launch a dialogue to forge closer political, security, economic and socio-cultural relations between their peoples. Its inaugural meeting will be held next year.

'MISSING PIECE'

SHOULD Mr Goh's call for stronger ties succeed, it will comple-

ment two other initiatives he has launched and complete what he described as the 'missing piece' in Singapore's overall plan to win friends worldwide.

In 1995, he proposed a dialogue between Asia and Europe, which has grown today and is known as the Asia-Europe Meeting (Asem). In 1998, he suggested that Asia also build links with Latin America. The idea led to the Forum for East Asia-Latin America Cooperation.

As for the Middle East, its Muslim countries are linked to their religious partners in Africa and Asia through the Organisation of Islamic Conference. A Middle East-Asia dialogue would broaden those links by including non-Muslim countries.

Mr Goh underlined the Middle East's importance when, before handing over the reins to Prime Minister Lee Hsien Loong last August, he disclosed that he would like to spend some time developing ties with the region.

What are the prospects and benefits of closer links?

Quite good, suggests Institute of Southeast Asian Studies senior research fellow Daljit Singh.

Although Singapore is not a Muslim country, it has developed a 'feel' for religious sensitivities through interaction with its Muslim neighbours and, of course, its own Muslim population. These qualities should help it to deal credibly with the Middle East, he argues.

By engaging the Middle East, Singapore also balances out its traditionally strong ties with the West. At

once, it also sends a signal to its Muslim neighbours that it wants to work with moderate Muslims even as it takes a strong stance against terrorism.

Singapore's participation in the United States-led coalition for the disarmament of Iraq should not hinder it from dealing with Muslim governments in the Middle East, adds Mr Singh, because many Arab states, and the Gulf countries in particular, were involved in helping the US.

'Few governments in the Middle East want to see a radical Islamic Iraq or an Iraq in chaos,' he adds, noting that this is Singapore's view as well.

What matters as Singapore moves closer to the Middle East, he says, is the economic dimension.

IMAGES AND REALITIES

BUT that dimension is a thin one at the moment.

Two decades ago, the Middle East had higher real per capita gross domestic product (GDP) than Asia; today, Asia's is twice as high. The Middle East attracted US\$2 billion (S\$3.4 billion) in foreign direct investment last year, compared with the US\$57 billion that Asia grabbed.

The Middle East's low economic profile is reflected in the fact that a mere 5 per cent of Singapore's total trade last year was with the region - and four-fifths of that involved petroleum-related trade.

Significant - Continued on page 9



U.S. Bureau of Industry and Security
News and Announcements

**Felony Conviction &
\$6.3 Million Fine for Export
Violations**

The U.S. Department of Commerce announced that Ebara International Corporation (EIC) of Sparks, Nevada, has agreed to a \$121,000 civil penalty and to the imposition of a three-year suspended denial of export privileges to settle charges arising from the transfer of certain pumps to Iran and actions taken to conceal the illegal transfer. The exports were made in violation of the Export Administration Regulations (EAR). EIC is a wholly-owned subsidiary of Ebara Corporation, which is headquartered in Tokyo, Japan.

In a related criminal case, EIC pled guilty to seven felonies, including conspiracy, unauthorized exports in violation of the International Emergency Economic Powers Act, and money laundering. EIC agreed to pay a \$6.3 million criminal fine and to three years of corporate probation for its role in the illegal sales and exports to Iran.

Everett Hylton, EIC's founder and former Chief Executive Officer, agreed to a \$99,000 civil penalty and the imposition of a three-year suspended denial of export privileges to settle administrative charges brought against him by BIS in connection with EIC's exports to Iran. In a related criminal case, Hylton pled guilty to conspiracy to make false statements and agreed to a \$10,000 criminal fine, and three years of probation.

GE Ultrasound Fined

The U.S. Department of Commerce has announced that GE Ultrasound and Primary Care Diagnostics, LLC (GE Ultrasound), of Waukeasha, WI, agreed to pay a \$32,000 civil fine to settle charges that Lunar Europe N.V. (Lunar Europe), a company acquired by GE Ultrasound after the violation, exported bone densitometer equipment to Iran in violation of the Export Administration Regulations (EAR).

BIS' Seeks Comments

BIS Seeks Comments on the Effects of Foreign Policy-Based Export Controls. Written Comments Are Requested by November 19, 2004.

<http://www.bis.doc.gov/>



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Uzbek - Continued from page 1

there also are controls on how often withdrawals can be made — all this part of the government's long-standing program to limit inflation by physically limiting the amount of cash in circulation.

A restaurant owner in Tashkent, the capital, described one of the well-trodden paths around the rules. When the restaurant owner sells a bottle of whiskey from the shelf behind the bar, the cash goes into his pocket rather than the register; then he goes to one of Tashkent's bazaars and buys another bottle of the same brand. There was a bottle on the shelf before; there is a bottle on the shelf now. But his records show no sale; without a sale no taxes are due.

Ahmadjon Hakimov is in business on a far larger scale, thanks in part to the textile factories inherited from his father. They make T-shirts exported to Russia, Ukraine and Western Europe, and there also are ice-cream plants built in partnership with investors from Singapore. His companies, the Kamteks Group, employ 2,000 people in Uzbekistan.

"If I were in another country, I could run this company two times faster and would be more successful," Hakimov, 29, said over an extravagant lunch offered as a display of both hospitality and success. "After a country's independence, it takes time to develop, to grow up."

Traffic police nod when he drives by; he extends his hand through an open car window to greet well-wishers at stoplights.

Uzbek - Continued on page 7

USTR Zoellick Supports Push for Mideast Free Trade Area

US business leaders Thursday gathered in support of a proposed US-Middle East Free Trade Area at a lunch forum sponsored by the newly formed US-Middle East Free Trade Coalition. In an address to the group, US Trade Representative Robert Zoellick outlined the progress that has already been made through bilateral trade agreements in the region, and how a US-Middle East Free Trade Area (MEFTA) will benefit the US economy, enhance Mideast economies and strengthen American relations in the Middle East.

Two Washington-based trade organizations, the National Foreign Trade Council (NFTC) and the Business Council for International Understanding (BCIU), have formed the Coalition to aggressively support Zoellick's effort.

"This is a bold initiative that will significantly boost the economic interest of the United States," said Bill Reinsch, president of the NFTC. "The American business

community has a vital stake in strengthening economic ties with countries in the Middle East."

Jeffrey Donald, vice president of BCIU, seconds this view. "Establishing a free trade framework between the US and Middle East will encourage economic development, and transparent and accountable governance, while greatly enhancing long-term prospects for the people of the Middle East."

Donald said the newly-created US-Middle East Free Trade Coalition has four key objectives: Supporting commercially meaningful free trade agreements between the United States and the governments of the Middle East; providing US business commitment to the MEFTA vision; establishing an umbrella business group to advance MEEFTA through education, advocacy and outreach; and leading bilateral FTA business coalition efforts with Middle Eastern countries.

IIEI forms Strategic Partnership Creating Arab American eUniversity System

The International Import-Export Institute (IIEI) and IAATRADE of Amman Jordan and Houston Texas have formed a strategic alliance to bring U.S. quality education to the Middle East. The alliance is called the Arab American eUniversity System (AAeU).

AAeU has already begun work with universities around the Arab world to utilize AAeU online programs and services, helping universities produce and deliver online courses through the AAeU system. The member universities, currently five in Jordan and one in Egypt, will be connected together through the AAeU system and are able to share programs.

The initial education programs will be based on IIEI's accredited Bachelor of Science in International Trade Management degree. For more information, go to AAeU's website at:

www.iiei.edu/aaeu

FIVE NEW COMPLIANCE COURSES UNVEILED

In response to industry requests, IIEI's development team is in the final stage of completing five compliance related courses to be available in early 2005. As the pressure for companies to comply with US Government (USG) regulations intensifies, the need for more thorough training courses has become apparent. As a result, IIEI's experts have these new online courses nearly completed to meet this need.

These courses target a range of needs from entry-level compliance personnel new to the USG regulatory environment to seasoned professionals who are seeking very detailed knowledge regarding the subject matter. All of these course offerings will be available in the online classroom environment, either in open enrollment or private class formats. For course outlines, specific availability and offering dates, watch for the information being posted soon on the IIEI's website (http://www.iiei.edu/Book_Store/store_courses.htm).

Commerce License Exceptions (IIEI-309)

This six-week course provides an in-depth exploration and detailed understanding of the use of the US Department of Commerce's Commerce Control List (CCL), Country Chart and Country Groups as needed by the practicing export control professional in determining license requirements and exceptions. With the knowledge

In Compliance....

Expert Advice on:

Why Export Compliance?

by Joseph Zodl

Why export compliance? It's the law. It's national policy. It's good business as well. Regrettably, some companies do not take it seriously enough:

1) Some do not make it as firm a part of company policy as it should be, and consider it "flexible" to push an order through.

2) Some few consider it risk management: "what are the possible rewards (profits) versus the possible chances of getting caught (penalties)?"

Export compliance in the United States is primarily within the jurisdiction of the Export Administration Regulations of the Bureau of Industry and Security (www.bis.doc.gov). Some other regulations are present as well, primarily the International Traffic in Arms Control Regulations, administered by the Directorate of Defense Trade Controls (DDTC) (www.pmdtc.org). The IIEI offers online training in both the EAR and ITAR.

The regulations are setup to reflect national policy, and national policy does change from time to time in the shifts of global power and interests. An overriding concern of national policy is antiterrorism. Among other goals, our export compliance regulations are designed to avert terrorists from obtaining weapons, technology, or other means of acting against the United States and other populations. So a prime reason for export compliance is: you don't want to be the one who directly or indirectly supplied Osama bin-Laden with advanced weapons, *or* technology *or*

the means to protect against them, such as, for example, a jamming device.

The penalties for violating the regulations range from fines to prison to debarment to denial orders. Here are some examples:

The EAR provides for civil penalties of up to \$10,000 per violation except that fines can reach \$100,000 per violation under some national security controls. The criminal penalties are a maximum of \$50,000, or five years in federal prison, or both per violation.

Under the ITAR, fines can reach \$1,000,000 per violation.

Incarceration can be ten years per violation.

And, here too, there is the possibility of both. The fine may be levied upon the company, but since a company can't be placed in prison, that penalty is on individual(s).

Note that the fines and prison sentences are per violation. If a company has a weekly shipment that is a violation of export compliance, well...

What about debarment? This is an ITAR provision that can result in a company being prohibited from exporting its products for up to three years. For many companies, this would be like having the doors welded shut. DDTC can also assess lesser debarment periods.

Denial orders are issued under the EAR and prevent a company from exporting for a length of time. This may be certain products un-

der some circumstances, or could be any and all products to any export destination.

For how long can denial orders be implemented? A company in Santa Clara, California, was issued a denial order effective May 28, 2004. The denial order is in effect until May 28, 2024.

The denial order prohibits the company from exporting during these 20 years, *and* any other company from assisting them with an export.

To all of this we have to add the matter of the publicity involved: if a company is in the media about an export compliance violation, the fallout from the bad press can have many direct ramifications. The company can lose domestic customers, find its stock fall as investors drop the company, and have difficulty hiring or retaining good people who simply "don't want to be associated" with a violator.

Clearly, export compliance is serious business and an important priority for all U.S. companies.

Joseph Zodl, CUSECO®, is an IIEI faculty member with over 30 years experience in international trade, serving in a variety of roles. Currently, he is with an international business-consulting firm. Joseph is a Certified International Trade Educator and Licensed Customs Broker. He earned an MBA from Western International University and has a bachelors degree (B.A.) from Fordham University. He is the author of *Export-Import: Everything You and Your Company Need to Know to Compete in World Markets* (2002, Betterway Books) now in its third edition.

U.S. Regulatory
Compliance

How Do I Avoid Dealing with Unauthorized Persons?

There are several steps you should take.

- The first is to read and understand the "[Know Your Customer Guidance](http://www.bis.doc.gov/Enforcement/knowcust.htm)" (<http://www.bis.doc.gov/Enforcement/knowcust.htm>) provided in the Export Administration Regulations. It will help you recognize and avoid prohibited transactions.
- The second is to be familiar with the "[Red Flag Indicators](http://www.bis.doc.gov/Enforcement/redflags.htm)" (<http://www.bis.doc.gov/Enforcement/redflags.htm>) that can help you recognize illegal, or potentially illegal, transactions.
- The third is to check the parties to your transaction (including freight forwarders, intermediate consignees, and the ultimate consignee) against the most recent "[Denied Persons List](http://www.bis.doc.gov/DPL/default.shtm)." (<http://www.bis.doc.gov/DPL/default.shtm>) Although you are only required to make this check for export or reexport transactions, it may also be useful to do so for domestic transactions as well.
- If you are being asked to participate in an export transaction that you believe may be illegal, or if you have information that such an illegal transaction may be about to occur, you are encouraged to contact BIS's [Office of Export Enforcement](http://www.bis.doc.gov/Enforcement/report.htm) (<http://www.bis.doc.gov/Enforcement/report.htm>) immediately. You may also confidentially report these situations via the [Leads and Tips form](https://www.bis.doc.gov/forms/eleadsntips.html) (<https://www.bis.doc.gov/forms/eleadsntips.html>).
- You may also wish to check the parties to your transaction against the BIS "[Unverified List](http://www.bis.doc.gov/enforcement/unverifiedlist/unverified_parties.ht)" (http://www.bis.doc.gov/enforcement/unverifiedlist/unverified_parties.ht) and the "[Lists of Specially Designated Nationals, Blocked Persons and Sanctioned Countries](http://www.treas.gov/offices/enforcement/ofac/)" (<http://www.treas.gov/offices/enforcement/ofac/>) (pdf document) maintained by the Department of the Treasury's Office of Foreign Assets Control.
- Finally, you may want to review BIS's Web page on "[Recognizing and reporting possible violations](http://www.bis.doc.gov/Enforcement/report.htm)." (<http://www.bis.doc.gov/Enforcement/report.htm>)

Reprinted from www.bis.doc.gov

Editor's Note: Don't forget to check all USG denied entities lists, including those maintained by the US State Department: (www.pmdtc.org) and the General Services Administration (www.epls.gov)

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defense companies have
enrolled their employees
into courses leading to
industry certification.

Uzbek - Continued from page 7

Merely mention a food at lunch, or inquire about a particular item, and he orders platters of it for his guests.

"I don't feel bad about this society at all," he said. "I'm proud of our history. I am proud to be Uzbek. However hard it is, I'm trying to do it here. I could make money in Russia. I could make money elsewhere."

The government doesn't make success easy except for the people it favors, and almost every business person has a story about corruption.

A restaurant owner in Tashkent needed a business license, a second license to sell alcohol, a third to sell tobacco, and each license cost \$100, a large sum in a society where factory workers earn about \$50 a month.

"And when I go to pick up my licenses I meet a bureaucrat at the bureau of licenses, and he stares at me and says, 'Do you think that's it?' I have to pay 50,000 soum (\$50) under the table. And I see hundreds and hundreds of business people doing the same thing."

While the government seems to be doing little to stop the bribes, it is working diligently to stop the tax cheats.

Beginning in January every business, even in the bazaars, is supposed to encourage customers to use debit cards instead of cash.

And, of course, record each transaction properly and issue a receipt. And pay the required taxes.

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Country Profile
Republic of Turkey

Turkey's foreign trade gained momentum in the 1990s. This period was affected by changes and developments in the world economy and political structure. Exports which were \$ 13 billion in 1990, rose to \$ 21.6 billion in 1995 and \$ 27.8 billion in 2000. During 1990-1995, the average annual growth rate of exports was 10.8 percent, while it was 5.1 percent between 1995 and 2000. The primary reason of high growth rate of exports during the period of 1990-1995 was a considerable increase in the import demand of European Union. Also, in 1994 economic stabilization measures had an important impact on this development. Moreover, the devaluation of Turkish Lira (TL) in 1994 in the framework of April 5 decisions gave a substantial competitiveness to Turkish exporters. However, as a result of economic crises in Newly Industrialized Asian Countries and in Russian Federation, increase in the world trade and world demand shrank. This had a significant impact on Turkey's export performance in 1999, which was only 2.7 percent. On the other hand, after 2000, Turkey's exports growth rate is accelerating at an important pace. Turkey showed a great performance in exports in 2001, 2002 and 2003. Turkey's exports grew by 12.8, 15.1 and 30.5 percent respectively.

Imports, which were \$ 22.3 billion in 1990, grew by 9.9 per-

cent annually, between 1990 and 1995, and reached \$ 35.7 billion in 1995. The average annual growth rate between 1995 and 2000 was 8.8 percent. Turkey's membership to the World Trade Organization in 1995 and the entrance to the final stage of Customs Union with the European Union in 1996 and the growing economy were reasons of rapid growth rate of Turkey's imports during the last 8 years.

In 2000, a 6.1 percent GNP growth, a sharp fall in interest rates, appreciation of TL in real terms, depreciation of EURO against US Dollar, and a sharp increase in crude oil prices brought about a 34 percent rise in imports. After such a steep increase, imports decreased by 24 percent in the following year when economy shrank, too. 2002 and 2003 was the years of recovery after the crisis in 2001, where imports and economy grew together. The increase in imports was 24.5 percent in 2002 and 33.5 percent in 2003.

Source [Turkish Ministry of Trade](http://www.thoodora.com/trcpc)

Turkey at a Glance

- GDP:** ppp - US\$458.2 billion (2003 est.)
- GDP - real growth:** 5.8% (2003 est.)
- GDP - per capita:** \$6,700 (2003 est.)
- Inflation rate:** 25.3% (2003 est.)
- Labor force:** 23.79 million (2003)
- Unemployment rate:** 10.5% (2003)
- Population** 68,893,918 (July 2004 est.)
- Exports:** \$48,608 billion (2003)
- Exports - commodities:** Agriculture, Mining and Manufactured goods
- Exports - Markets:** EU 51.8%, EFTA 1.1%, USA 7.9%, Africa 4.5%, Middle East 10.5%, CIS 6.3%, Russia 2.9% Others 17.8 (2003)
- Imports:** \$68,808 billion (2003.)
- Import Commodities:** machinery, chemicals, semi-finished goods, fuels, transport equipment

Exchange Rate: Turkish liras per US dollar - 1,507,230 (2002)

Note: The information shown above was compiled from several sources, including the US CIA World Fact Book and various reports from the Republic of Turkey. The report at left is from official Turkish government sources.

**Imports in
 2003
 increased by
 33.5%**



Significant -Continued from page 3

The public mind associates the region more with suicide-bombers and conservative if not radical Muslims than with trade and industry.

However, images and statistics can be deceptive if they obscure the potential of a region of 400 million people with a combined GDP of more than US\$1 trillion. By way of comparison, Asean, with a population of approximately 500 million, has a GDP of US\$737 billion.

The Gulf Cooperation Council countries - Saudi Arabia, the UAE, Bahrain, Oman, Qatar and Kuwait - have wealthy economies. Iran is another resource-rich economy which has embarked on liberalization. Iraq holds promise if and when the security situation stabilizes, argues Mr Terence Seow, senior manager for South Asia, Middle East and Africa at International Enterprise (IE) Singapore, formerly the Trade Development Board.

Indicating the mood of the times, Singapore has signed a free-trade agreement (FTA) with Jordan, and has agreed to negotiate pacts with Bahrain, Qatar, Egypt, Iran and Kuwait.

As Singapore tries to diversify its global trade and investment links so that it is not overly dependent on a single region or country, economic opportunities are opening up in the Arab and Persian world.

This is because governments in the region are moving away from economic models dominated by the public sector and financed by petrodollars, towards a market-based approach to growth. This has been Singapore's economic

strategy as well, and there are rewards to be reaped by Singapore companies looking westwards.

Dr Yaacob notes that the region is embarking on large infrastructure projects which companies can compete for. For example, the UAE is expected to award a whopping US\$46 billion worth of environmental projects over the next decade.

**US\$1
Trillion
GDP**

BIG OPPORTUNITIES

THESE projects present major opportunities for water treatment and related companies, along with those involved in municipal waste disposal, in Singapore, where waste disposal has been privatised.

Indeed, a Singapore company has got a piece of the action already. Hyflux, the biggest listed company in the water-treatment business here, announced last week that it was forming a joint venture with Dubai-based Istithmar, an investment holding company linked to the Dubai government.

The joint-venture company will design, build, commission and operate water and wastewater treatment facilities with an estimated value of US\$400 million in Dubai over three years.

'The Middle East market is too big and significant to ignore,' says Dr Dee Dee Ng, Hyflux's deputy chief executive and executive vice-president for operations.

Over in Qatar, which has been privatising its power and water markets since the mid-1990s, the waste management market is next in line for privatisation.

Other sectors that offer opportunities include infrastructure ser-

vices, oil and gas, education, health care and logistics and environmental technology, according to IE Singapore.

Even as Dr Yaacob urges Singapore companies to give the Middle East a good look, that region itself is looking eastwards. Arab capital began to feel unwelcome in the US and Europe because of the backlash over the Sept 11, 2001 terrorist attacks in the US.

True, Arab capital flight from the US in the aftermath of 9/11 has tempered, and Gulf businessmen are investing much more at home because of opportunities created by deregulation and privatisation. However, they are also watching developments in East and South Asia.

The potential in Arab investment is huge. The Islamic financial industry alone is estimated at US\$300 billion, and has attracted the interest of the Government here, which wants to promote Islamic banking products.

Singapore bankers say that its moves to develop Islamic finance should not be affected by the fact that it is not a Muslim nation because Islamic finance is taking off in many non-Muslim countries.

THE WAY TO DO BUSINESS

MEANWHILE, the Government is encouraging companies to look to the Middle East. But for businessmen to venture there, what do they need to know?

The first lesson is the need for reliable and trusted local partners. It is mandatory in many Middle Eastern countries to have native sponsors or agents for foreign businesses, with exceptions made for certain industries and in free-trade zones.

**Middle East Market
is too big to ignore.**

Significant -Continued from page 9

Mr Cody Lee, an executive for market development with the Singapore Business Federation who was in the delegation to the Middle East last month, says that the local agents' connections make them indispensable when vying for large projects.

'When choosing a local partner, be very clear what is needed from it. Do you just want someone to lend a name and put in capital, or do you actually need a supporting infrastructure to help you get the business going?' adds Mr Ashok Melwani, CEO of A.B. Melwani, whose joint venture in Dubai runs six Dome cafes in the bustling city.

He needed the latter and worked hard to find them. Newcomers would find it useful to seek the advice of Singaporeans based in the region, he said.

As anywhere else, market knowledge is also vital. Mr Peter Hee, the Singaporean project manager of a Japanese consultancy in Jordan's tourism development sector, cites the experience of several Korean companies which went there with rock-bottom prices just to secure a project without understanding local pricing, work attitudes and tax regulations. They got hurt.

On the softer side, but no less important, is the need to deal with Arabs sensitively.

'Do throw away the ugly Singapore high and mighty attitude,' remarks the 49-year-old, speaking from Amman. He has been in Jordan for the past four years out of 18 years spent working overseas.

Mr Cody Lee, of the Singapore Business Federation, says that instead of expecting to conclude deals with the brisk efficiency possible back home, businessmen should be

Courses -Continued from page 5

gained in this course, students will be able to identify, critically evaluate and assess potential license exceptions based on the current CCL requirements and restrictions.

Mastering ITAR Exemptions

(IIEI-308)

This six-week course explores all of the existing ITAR exemptions in depth, providing an understanding of each of the exemptions, their usage and their applicability in meeting license requirements. This course applies each exemption in context of its usage requirements and associated concerns to real life situations. Upon completion of this course, students will know how to properly utilize license exemptions when submitting license applications.

prepared to invest time to cultivate relationships of trust.

'Arabs do not like to be hurried,' he says, pointing to long, business-free dinners over which people get to know one another.

Challenges notwithstanding, there is one advantage which Singaporean companies venturing into the region enjoy: the strong brand name of Singapore Inc. Businessmen should build on that reputation, Dr Yaacob says.

Those business cards printed in Arabic help too.

Source: <http://straitstimes.asia1.com.sg>

Editor's Note: The points discussed in this article apply equally to all nations seeking to do business in the region.

What are you doing to open new international markets in the Middle East?

Dual-Use Export Compliance

(IIEI-314)

This three-week course explores the topic of dual-use licensing of US exports and related concerns and issues. With the knowledge gained in this course, students will be able to identify, critically evaluate and assess potential dual-use items within the export compliance arena to determine the proper licensing procedures.

Trade Compliance Environment

(IIEI-114)

This three-week course is for new, entry-level personnel who need to familiarize themselves with the US trade compliance environment. Upon completion, a student will possess a basic understanding of the duties and responsibilities of those working in trade compliance—import/export—within a large organization, the role of the USG in mandating trade compliance, the most common problems in maintaining compliance, and the career possibilities in choosing this career path.

Orientation for Empowered Officials

(IIEI-256)

This three-week online course examines the role of the Empowered Official (EO) within an organization who is responsible for insuring compliance with all USG trade and related regulations (imports and exports). This entry-level course helps individuals develop an understanding of the diverse duties and responsibilities of the practicing EO.

Watch IIEI's website for exact introductory dates at www.iiei.edu. If you have other special topics you and your organization would like to see developed into courses, please contact IIEI at (800) 474-8013



First Time Students' Frustration Cure

By Melissa Jensen

Any of you who have been students at IIEI for a while remember your first course, and the frustration of setting up the classroom, trying to learn the software and trying to figure out how to operate in your classroom all in the same week. We have a new course, [IIEI-080 Introduction to Online Learning](#), to help first-time students avoid the frustrations. Soon it will be a mandatory prerequisite before a person takes their first IIEI course. The cost of this course will be included in an initial one-time registration fee of \$35.00. IIEI-080 will be available for registration by December 1, 2004 and will become a mandatory prerequisite by February 1, 2005.

So how does this affect you? What action should you take? If you've taken a course here already, it does not apply to you—Only first-time enrollees will be affected.

To begin with, if it's been a while since you've taken a course (two or more years), you might want to register for IIEI-080 as a refresher about the online classroom. If you haven't enrolled in your first IIEI course yet, and are waiting until January to do so, then be sure to register for IIEI-080 allowing time to complete this course before you start your regular classes. How much time does it take? Allow a day or two to complete the course. You can do it in less time if you are already familiar with computers and working online. Last, simply keep in mind that registering for a class for the first time at IIEI means you can not wait until the day of class to enroll.

For more information, contact the Registrar's Office at 800-474-8013 or info@expandglobal.com.

Students Face Withdrawal Symptoms

When IIEI was founded, the primary goal of administration was to provide a convenient, accessible and practical environment in which to learn about difficult topics such as the ITAR, export documentation, international trade terms and much more. Ten years later, IIEI is now a nationally accredited university and we have begun to see something emerge that was never anticipated. IIEI's classrooms are providing a "meeting ground" where like-minded individuals are able to connect with each other, share ideas, and discuss problems and issues. This feature has had a huge impact on many of the people attending classes.

Professionals in this industry are largely isolated in their department, and being able to simply communicate with others who understand their issues has added emotional and commiserate support that brings together those who

would otherwise never have had a chance to even meet. Our students tell us that they are finding support and encouragement to continue fighting what sometimes is an uphill battle in trade compliance, and are relating with others already in or wanting to emerge into the international arena.

This emerging trend has taken us somewhat by surprise, but has added a depth to the work we do here that makes us feel proud and fulfilled. Several people said they faced serious "withdrawal" symptoms when they finished their required coursework, and as a result found other courses to take just so they could stay around.

Thank you to all the students who have made this experience multi-dimensional and have found your refuge in the presence in this most unlikely of places.

IIEI Awards Certifications

Congratulations to the following on successful completion and recent award of the respective certifications.

Certified International Trade Logistics Specialist®

Julie Oloyede - Nigeria
Eunice Tetede - Nigeria

Certified U.S. Export Compliance Officer®

Art Causin (with HONORS) - NY
Vanessa Fitzmaurice - MD
Sabine Hoppe - FL
Debbie Luiz - TN



IIEI Student Honor Roll

Students with outstanding performance for two or more semesters.

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Patricia Baldrige
James Bell
Leon Blum
Debra Brown
Cami Carver
Kandis Chocek
Jason Cress
Kim Fordham
Kim Hoang
Judy Gersch
Henry Juan
Amy Kasuga
Martin Maier
Larry Medford
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Nina Owen
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Dawn Russell
Michael Trevino
Karen Walsemann
Ali Watson
Steven Wooldridge

Congratulations!



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