



Global Watch[®]

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China wants to be Outsourcing Hub

SHANGHAI: Already known as the world's factory floor, China now wants to turn into an international outsourcing powerhouse, a report said yesterday, a move which could challenge India's prominence in the industry.

Outsourcing will become a new area of foreign investment for the country and China will encourage multinationals to outsource from here, the official Xinhua news agency quoted Vice Premier Wu Yi saying at a forum in the southeastern city of Xiamen.

China, already a favorite with multinationals for manufacturing and research and development would make a snug fit for outsourcing services, Wu said.

With four million graduates entering the workforce every year China offers a huge pool of talent for high-end industry outsourcing, she said.

China wants to restructure its low-end manufacturing economy by investing in services, outsourcing, high-end

manufacturing and Research and Development services, Wu said.

India, the global leader in outsourcing services such as software and call centres, employs about 350,000 people in an industry that earned \$6.7 billion in the year ended March 2005. However, rising costs could threaten India's headline position as major IT groups such as Apple Computer and software maker Pervasive, have joined Anglo-German Powergen in closing operations in technology hub Bangalore.

Courtesy Gulf Daily News
www.gulf-daily-news.com

Proposed Modifications to the Harmonized Tariff Schedule

Washington, DC April 2006 The U.S. International Trade Commission instituted investigation No. 1205-6, Proposed Modifications to the Harmonized Tariff Schedule (HTS) of the United States, pursuant to section 1205 of the Omnibus Trade and Competitiveness Act of 1988.

The HTS Section 1205 requires the Commission to keep the Harmonized Tariff Schedule of the United States (HTS) under continuous review and to recommend to the President modifications to the HTS in order to reflect amendments to the Harmonized Commodity Description and Coding System (the Harmonized System or HS) that are periodically recommended by the World Customs Organization (WCO), for adoption, and as other circumstances warrant. In addition to changes in the

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EU-Jordan Partnership Sign Agreement with IIEI

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Read about the New Stance the Department of Defense is taking on Exports

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The Pros and Cons of Pursuing Free-Trade Agreements

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IIEI's President Appointed to DETC Committee

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BIS' EAR Final Rule

The Bureau of Industry and Security (BIS) published the Final Rule in the Federal Register on September 7, 2006, revising the Export Administration Regulations (EAR) to implement changes made to the Wassenaar Arrangement's List of Dual-Use Goods and Technologies and Statements of Understanding. BIS maintains the Commerce Control List (CCL), which identifies items subject to Department of Commerce export controls.

The Wassenaar Arrangement advocates implementation of effective export controls on strategic items with the objective of improving regional and international security and stability. This final rule revises the EAR by amending certain entries that are controlled for national security reasons in CCL Categories 1, 2, 3, 5 Part I (Telecommunications), 5 Part II (Information Security), 6, 8, and 9, and by amending the EAR Definitions.

Source: www.bis.doc.gov/

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Notes from the Executive Director

Courses and Registration

by Dr. Donald N. Burton



We hear you. Thank you for your tremendous support. If you've been watching our web site for a while, you've undoubtedly noticed the new courses that seem to show up on our course listing section continuously. These courses are a direct response to your requests. At this time, our course development staff is working on over a dozen courses you have requested. The topics run from general education for degree seeking students to specialized compliance for China, the United Kingdom, Jordan, Canada and courses for other countries are on the waiting list, including India. Incredible! So keep watching our web site for their debut over the next year or so. In the mean time, if your organization has special course topic interests, let our development staff know and we'll be glad to design a course to meet your exact online education and training needs. In addition to new courses, there are many other changes.

The increasing demand for our online courses has made it necessary for a huge change in registering for a class. In the past, if there was an overflow of students, we would simply start another section of a course on a particular date. We still do that, but in the past we may have started two or three or more sections, we now limit it to splitting once for any class start date. This is because of the huge increase in the number classes starting at any one time and our need to manage the flow. This means two important things to students. First, regis-

ter early for classes. Your Enrollment Advisor can assist you in getting the start dates you want. Enrolling only one or two weeks early pretty much ensures the class will already be full, especially in the CUSECO® program. Second, please allow extra time if you're using a company payment voucher or company check. Failure to meet the full registration requirements may mean that even though you think you're in a certain class start date, if you don't have your paperwork fully processed here at the IIEI, you may find yourself dropped from the course start date you want and moved to a later date. It is your responsibility, not your Enrollment Advisor, to ensure you are fully registered for a course. Right now there is a student waiting list for some courses that don't start for nearly two months. A word to the wise is register early and completely to get the dates you want.

You may have noticed that you have a new Advisor. With growth comes change. We have several new Enrollment Advisors and will be adding more over the next few months. It is our pledge to offer you the highest level of customer service in all of our activities. Our growth may mean that your new Advisor may not have the in depth experience of your needs you're used to relying on. But I can assure you that our full team is here to assist and support you and to make your experience with the IIEI world class. Again thank you for your continued interest and strong support.

What is the International Demand for your Product?

The answers to the question **What is the demand for your product** tell you how much the market will bear for your product or service. It gives you an idea of how much your buyer is willing, or able, to pay. You will also find out if other products like yours are already being sold in your chosen foreign market and how to better compete in the marketplace.

Once you decide your target location, you will want to find out what affects its market demand as that relates to your product.

Some Things to Find Out

1. The Market's Ability to Pay. What is the economic status of the country? Are you selling to an industrialized nation or emerging market? What is the country's per capita income? Per capita income is a good way to gauge a market's ability to pay. For most industrialized nations, per capita income is comparable to the U.S. If you are selling to a market with a lower per capital market, you may need to modify

your product to reach a competitive selling price.

2. Consumer Needs and Desires. Does your product provide consumers with something new in the marketplace? Is your product something they want? In some cases, a product may be in high demand because it is unique, popular, trendy, or a name brand. With these types of products, a low per capita income may not matter in setting prices.

3. Competition. How much do your competitors charge for a similar product? How many competitors do you have? What other foreign countries are you competing against? Is a similar product already produced in the country you are entering? If your product has many competitors, you may have to match, or lower, the going price to establish a market share.

How to Investigate Market Demand

- Contact overseas distributors and agents who deal with products similar to yours.

- If you can, visit the area and gather market information first-hand.

- If you're in the U.S., use the U.S. Commerce Department's (DOC) "*Customized Sales Survey*" as a price source. It includes information the DOC gathered from local importers, distributors, retailers, wholesalers, end-users and producers who serve in areas where you may be looking to market. You can also pay the DOC for a customized report which supplies prices on comparable products sold in the country of your choice.

- Register your Quality Assurance program with the standards of the ISO 9000 (International Organization of Standardization). Membered by 90 countries, this organization sets guidelines on how to manage the quality assurance programs of internationally sold goods. You can use it as a competitive marketing tool that helps your company with your buyer's ISO 9000 requirements. Find out more about ISO 9000 at ISOEasy.

American Conference Institute

Upcoming 2006 International Trade & Defense Related Event

National Forum on the Foreign Corrupt Practices Act

November 8 - 9 2006

Renaissance Hotel, Washington, DC



Now in its 16th successful year, ACI's National Forum on Foreign Corrupt Practices Act is the event that corporate counsel and compliance officers rely on for comprehensive, insightful, and practical guidance on critical FCPA compliance issues.

For complete details and registration go to www.americanconference.com



**U.S. Bureau of Industry and Security
Update**

**BIS: Know Your
Customer Guidance**

**Bureau of Industry and Security
presents Update 2006
October 15-17, 2006**

The 19th annual Update 2006 Conference on Export Controls and Policy will be held October 15-17 at the Grand Hyatt Washington in Washington DC.

Update gives the exporting community the opportunity to learn firsthand from senior U.S. Government officials about current issues and trends in export control policies, regulations and practices. It also provides the unique opportunity to network with colleagues in the export control industry, interact with U.S. Government officials, and learn about programs and services offered by U.S. Government and industry exhibitors.

The registration fee for Update is \$695 and includes a Preregistration Reception on October 15, Gala Reception on October 16, breakfasts and lunches on October 15-16, and program materials.

Registration is re-scheduled to open on Wednesday, September 13, 2006 via the posting of an on-line link on the BIS webpage but has been delayed due to technical problems.

The Update conference is expected to sell out quickly. Don't miss it! Sign up as soon as possible.

**BIS Increases
Enforcement Action**

BIS has increased its focus on preventing the spread of items that are useful to terrorists, in weapons of mass destruction, or in other weapons or devices that threaten U.S. national security. So far this year, these efforts have led to 33 criminal convictions and criminal fines of \$2.85 million, as well as 22 denial orders and 66 administrative penalties totaling \$6.22 million.

**Port St. Lucie, Florida
Businessman Fined \$30,000**

The U.S. Department of Commerce today announced that Lawrence Scibetta of Port St. Lucie, Florida, has agreed to pay a \$30,000 civil penalty and be subject to a 20-year denial of export privileges to settle charges that he violated the Export Administration Regulations (EAR) in connection with the unlicensed export of two thermal imaging cameras to the United Arab Emirates on about June 10, 2004. Scibetta was also charged with acting with knowledge and making false statements to the U.S. Government. At the time of the attempted export, Scibetta was living in New Jersey.

Certain provisions in the Export Administration Regulations (EAR) require an exporter to submit an individual validated license application if the exporter "knows" that an export that is otherwise exempt from the validated licensing requirements is for end-uses involving nuclear, chemical, and biological weapons, or related missile delivery systems, in named destinations listed in the regulations. Take into account any abnormal circumstances in a transaction that indicate that the export may be destined for an inappropriate end-use, end-user, or destination. Such circumstances are referred to as "red flags."

Included among examples of red flags are orders for items which are inconsistent with the needs of the purchaser, a customer's declining installation and testing when included in the sales price or when normally requested, or requests for equipment configurations which are incompatible with the stated destination (e.g.—120 volts in a country with a standard of 220 volts). Commerce has developed lists of such "red flags" which are not all-inclusive but are intended to illustrate the types of circumstances that should cause reasonable suspicion that a transaction will violate the EAR.

Source: www.bis.doc.gov/



DDTC Update

Directorate of Defense Trade Controls

Registration: The First Step in Defense Trade

Even though your company may not export anything, if your company makes products that are designed as part of a defense article for another company that exports them, your company must register with the U.S. State Department's Directorate of Defense Trade Controls.

All manufacturers, exporters, and brokers of defense articles, defense services, or related technical data, as defined on the

All Suppliers of Defense Articles Must Register with the DDTC

United States Munitions List, are required to register with the DDTC. Registration is primarily a means to provide the U.S. Government with necessary information on who is involved in certain manufacturing, exporting or brokering activities. Registration does not confer any export rights or privileges, but is a precondition for the issuance of any license or other approval from the DDTC.

Please call the DDTC Registration Team at (202) 663-2815, (202) 663-2813, or (202) 663-2986

U.S., Vietnam Sign Bilateral Trade Agreement

Agreement Moves Vietnam A Step Closer to Full Integration into the World Economy

U.S. Commerce Secretary Carlos M. Gutierrez today welcomed the announcement by the Office of the United States Trade Representative that the United States and Vietnam signed a bilateral agreement on the terms of Vietnam's accession to the World Trade Organization (WTO).

"The agreement is an important step forward in Vietnam's WTO accession process and moves Vietnam a step closer to full integration into the world economy," said Gutierrez. "U.S. exporters will see new market access opportunities in Vietnam's fast-growing market. I congratulate Rob Portman and his team for their work in concluding the agreement."

The bilateral agreement, which will be implemented upon Vietnam's accession, will reduce tariffs to 15

percent or less on nearly 94 percent of industrial and consumer goods. In addition, tariffs will be reduced to 5 percent or less in several key sectors, including construction equipment and pharmaceuticals. The tariff on aircraft will be at zero upon implementation.

U.S. service suppliers will enjoy improved prospects for their services, including the critical telecommunications, financial services, distribution, and energy services sectors. Other provisions related to WTO accession will enhance export opportunities through government transparency and protection of intellectual property.

Vietnam has agreed to eliminate all of its WTO prohibited textile/apparel related subsidy programs by the date of accession. The agreement contains a unique enforcement

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EU-Jordan Partnership Sign Agreement with IIEI

Amman, Jordan - Jordan Upgrading and Modernization Program (JUMP) and Euro Jordanian Advanced Business Institute (EJABI) and The International Import-Export Institute (IIEI) announced the signing of two strategic agreements in Jordan. JUMP is a program that was developed through a partnership between the European Union and Jordan Government to provide technical and financial assistance to industries in Jordan, helping them to market their products worldwide. EJABI was developed through a partnership between the European Union and Amman Chamber of Industries to create innovative programs and services for Jordan's industries capacity building. The IIEI specializes in providing education, training and certification solutions on global trade worldwide.

His Excellency, Dr. Hatem Halawani, Chairman of the Amman Chamber of Industry / Euro-Jordanian Advance Business Institute, said that "Jordan has free trade agreements with USA and several other countries. Jordan's international favored nation status made it even more imperative that the Jordanian economy become globally competitive. The new agreement brings IIEI Certification Programs and services right into the heart of Jordan's industries delivering solutions to enhance their global competitiveness."

CEO Eng. Yarb Quadah indicated that "through these agreements, the IIEI has now completed and put in a place a 9 point program

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In Compliance....

The New Export Player:

the U.S. Department of Defense

By Giovanna M. Cinelli

On August 14, 2006, the Department of Defense (“DOD”) published its second proposed rule regarding the inclusion of export clauses in certain U.S. Government contracts. These rules substantially limit the obligations contractors and subcontractors (collectively “contractors”) must meet in comparison to the requirements published on July 12, 2005. Originally, the rule identified specific compliance program obligations contractors needed to satisfy DOD, in addition to placing the burden on the contracting officers to classify technology, services and technical data within affected acquisitions. The August 14th rule substantially alters the original requirements and:

places the burden on the “requiring activity” and the contracting officer to identify export-controlled information and technology and reference the appropriate International Traffic in Arms (“ITAR”) or Export Administration Regulations (“EAR”) cites; and

provides little guidance to contractors on the substantive compliance obligations created by the inclusion of the export clauses in affected Government contracts.

In addition, the revised rule suffers from a number of serious infirmities, a few of which are noted below. At a minimum, DOD and contractors need to be aware of the following:

1. The exclusion of hardware from export controls. The scope of the rule limits its applicability to information and technology. Rarely, however, does the Government seek contracts for information or technology that is devoid of application. Concept studies and related assessments, even in the abstract, are tied to some product or innovation that likely includes the creation or use of hardware or software. The exclusion of hardware – either as the product or as the equipment that could be used to produce the subject of the Government contract – leaves a gap in the regulations through which one could drive a truck.

2. The rule places the export determinations on DOD personnel, not the contractor. In the abstract, requiring DOD to advise a contractor whether export-controlled information will be used or produced through a Government contract appears to make sense. However, that obligation represents only half the equation. Even if DOD identifies export-controlled information or technology in a solicitation, the regulation permits that designation to be challenged or claimed as “fundamental research” but does not provide any liability protection from later assertions that the challenge was justified. Because the Arms Export Control Act (“AECA”) does not vest DOD with any licensing or

jurisdictional authority, a question exists as to whether a contractor could reasonably rely on the export determinations included in any Government contract.

3. The rule narrowly identifies those circumstances where export-controlled clauses must be flowed down. As noted by several commentators, universities present a unique challenge for contractors in that universities consistently refuse to comply with export laws and regulations. Under the ostensible umbrella of “fundamental research” or “burdens” associated with identifying foreign nationals on campus who could participate in Government contracts, contractors are faced with a Hobson’s choice of either not working with the institutions or seeking some middle ground that leaves both parties in noncompliance. This rule does not adequately address the risks taken by contractors in instances where universities refuse to incorporate mandatory flowdown clauses nor does it sufficiently identify the limits that exist within the definition of “fundamental research.” This infirmity leaves both the Government exposed from a national security perspective and the contractor exposed to severe fines and penalties in case of violations. To date, with the exception of the Office of Foreign Assets Control, nei-

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ther the Department of State nor the Department of Commerce has published an enforcement action against any university, even though the General Accountability Office has indicated in a number of reports that violations exist in that arena. The use of these clauses in Government contracts, therefore, begins with the rebuttable presumption that noncompliance is likely.

DOD and contractors should consider the utility of this type of regulation when the ultimate result is not likely to protect national security nor provide the certainty that is needed for DOD and contractors alike to handle export-controlled information and technology properly.

About the Author

Ms. Cinelli chairs the Firm's Export Compliance Practice Group and is resident in Patton Boggs' Northern Virginia office. She is currently the Vice Chair of the Department of State's Defense Trade Advisory Group.

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mechanism that will allow re-imposition of textile and apparel quotas in the event that Vietnam does not abide by its commitment to do away with subsidy programs in this sector. In addition there will be a more transparent system to be able to monitor Vietnam's fulfillment of its commitment to end such WTO noncompliant programs.

According to the agreement, Vietnam's status as a non-market economy for U.S. trade remedy purposes can be maintained for up to twelve years from their date of accession, unless Vietnam qualifies for market economy status before then.

For fact sheets regarding Vietnam's WTO accession, visit the USTR Web site at:

http://www.ustr.gov/Document_Library/Fact_Sheets/2006/Section_Index.html.

U.S. International Trade Commission publishes "The Year in Trade 2005"

The U.S. International Trade Commission (ITC) announced the agency's report, The Year in Trade 2005 is now available.

According to the ITC, the report provides "a practical review of U.S. international trade laws, a survey of actions under U.S. trade laws, a summary of the operation of the World Trade Organization (WTO), an overview of U.S. free trade agreements and negotiations, and a review of U.S. bilateral trade relations with major trading partners."

The report includes complete listings of antidumping, countervailing duty, safeguarding, intellectual property right infringement, and

section 301 (countries that deny adequate and effective protection of intellectual property rights or deny fair and equitable market access to U.S. persons who rely on intellectual property protection) cases undertaken by the U.S. Government in 2005.

The Year in Trade 2005 (USITC Publication 3875, July 2006) can currently be accessed on-line at:

http://www.usitc.gov/ext_relations/news_release/2006/er0905dd2.htm, and ITC stated that the report will be posted in the Publications section of the ITC's Internet site at <http://www.usitc.gov>.

Having Problems Recovering Debt in Emerging Markets?

In July of this year, the Federation of International Trade Associations (FITA) entered into a cooperation agreement with the Dutch company Omni Bridgeway. For almost twenty years Omni Bridgeway Emerging Markets' core business has been providing **solutions for defaulted bank and trade debt from political risk countries**. Its main areas of expertise are debt recovery in emerging markets and litigation and arbitration management.

FITA entered into this agreement to provide "Really Useful Sites for International Trade Professionals" subscribers with a need for these services to a world-leading expert service provider.

For a free assessment of your emerging market debt situation, go to

<http://fita.org> and click on the Omni Bridgeway logo or go to <http://www.omnibridgeway.com/emerging-market-debt/free-assessment-service/?referrer=fita>.

Special Free Event:

Date: 28th September 2006
Time: 5:00 PM until 7.30 PM
Location: AIG - 70 Pine Street, 60th floor, New York, NY
(The seminar will be followed by cocktails & hors d'oeuvres.)

Omni Bridgeway will offer a seminar on the use of Bilateral Investment Treaties in relation to political risk insurance. AIG will host the seminar, which will take place in New York City. **There is no charge.**



Country Profile
**Socialist Republic
of Vietnam**

Vietnam, officially the Socialist Republic of Vietnam, has a bright future. Situated in Eastern Indochina—bordering China, Laos, Cambodia, as well as the South China Sea—it is the most populous country among the mainland South-east Asian countries.

The French maintained dominant control of their colony until World War II, when Japanese forces invaded and occupied Vietnam. After the war, France attempted to reestablish its colony, however a communist insurgency that had arisen during Japanese occupation forced the French into the First Indochina War. The world community divided the country at the 17th parallel into North Vietnam and South Vietnam during the Geneva Accords. This division was meant to be temporary, pending democratic elections and reunification. However, North and South Vietnam both formed geopolitical alliances, the North aligning itself with Communist China and the Soviet Union and the South with the United States. It wasn't until the Paris Peace Accords in 1973 that both sides were formally recognized as sovereign nations; however, the war between north and south continued until the North overpowered the South on April 30, 1975 and reunified the coun-

try under the communist rule as the Socialist Republic of Vietnam.

In 1986, the Communist Party of Vietnam implemented economic reforms known as "Renovation". During much of the 1990s, economic growth was rapid, and Vietnam reintegrated into the international community. It re-established diplomatic relations with the United States in 1995, one year after the United States' trade embargo on Vietnam was repealed. Urban unemployment has been rising steadily in recent years due to the high number of migrants from the countryside to the cities. Layoffs in the state sector and foreign-invested enterprises combined with the lasting effects of a previous military demobilization further exacerbated the unemployment situation. Vietnam's membership in the ASEAN Free Trade Area (AFTA) and entry into force of the US-Vietnam Bilateral Trade Agreement in December 2001 have led to even more rapid changes in Vietnam's trade and economic regime.

The country aims to become a member of the World Trade Organization (WTO), perhaps as soon as October 2006.

In May 2006, Vietnam negotiated a bilateral trade agreement with the US that marked the completion of the bilateral negotiations with WTO members the country needed to qualify for accession to the organization. Among other steps taken in the process of transitioning to a market economy, Vietnam in July 2006 updated its intellectual property legislation. Vietnam is working to promote job creation to keep up with the country's high population growth rate.

Vietnam holds great potential for foreign investment and foreign trade as it moves toward WTO status.

Source: CIA World Fact Book and Wikipedia



Vietnam
at a Glance

GDP: \$232.2 billion (2005 est.)

GDP - real growth: 8.4% (2005 est.)

GDP - per capita (PPP): \$2,800 (2005 est.)

Inflation Rate: 8.3% (2005 est.)

Labor Force: 44.39 million (2005 est.)

Unemployment Rate: 2.4% (2005 est.)

Population: 84,402,966 (July 2006 est.)

Exports: \$32.23 billion f.o.b. (2005 est.)

Exports - Commodities: crude oil, marine products, rice, coffee, rubber, tea, garments, shoes

Exports - Markets: US 21.3%, Japan 13.4%, Australia 8.1%, China 7.5%, Singapore 5.4%, Germany 5.1% (2005)

Imports: \$36.88 billion f.o.b. (2005 est.)

Import Commodities: machinery and equipment, petroleum products, fertilizer, steel products, raw cotton, grain, cement, motorcycles

Import Partners: China 15.5%, Singapore 12.2%, Taiwan 11.3%, South Korea 10.7%, Japan 9.9%, Thailand 6.5% (2005)

Exchange Rate: dong per US dollar - 15,746 (2005)

Internet Users: 5.87 million (2005)

Internet Hosts: 3,611 (2005)

Source: CIA World Fact Book

Economic Growth

Vietnam hit 8% GDP growth in 2005, up from 6% from 1993 to 1997

New Requirements for Certified International Trade Logistics Specialist®

Effective September 1, 2006 the knowledge requirements for the Certified International Trade Logistics Specialist® (CITLS®) have been expanded to include the principles and practices of modern warehousing, particularly on understanding how warehousing can be used as a competitive advantage in the global marketplace, how to analyze and assess warehousing needs and how to conceptually design warehousing solutions in the global economy. These new requirements will be reflected in the CITLS® examination administered after January 1, 2007. Individuals currently preparing for this certification have until December 31, 2006 to sit for

the examination without the expanded requirements.

The courses that help prepare individuals for the examination under the new requirements are:

- Exporting Importing Environment (IIEI-201)
- Warehousing: Principles and Practices in a Global Economy (IIEI-379)
- 21st Century Logistics (IIEI-202)

If you have any questions regarding this change, contact an Enrollment Advisor at (800) 474-8013

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that will enhance JUMP's and EJABI's services through which industries will become ready to face global challenges and competitions. The Certification Program and services will provide assistance and monitoring mechanism to ensure success and sustainability."

Dr. Abed Baidas, IIEI partner in the region and CEO of Arab American eUniversity, said that "these agreements launch IIEI's expanded presence in Jordan, and the region. We feel that by working

with the IIEI and its worldwide relationships, business leaders in our region will better understand local markets needs, and this will help initiate programs to help our markets become globally competitive. We believe that the IIEI's understanding of the world marketplace helps us position our programs to fit right!"

For further information contact Bob Geiges, IIEI Vice President, Global Marketing at: bgeiges@expandglobal.com. +602-648-5750 or 800-474-8013

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HS nomenclature, the Commission may take into account decisions issued by the WCO's Harmonized System Committee (HSC) affecting the classification of particular goods, where modifications to the HTS may be required in order to ensure that the subject imported goods continue to receive existing duty treatment.

The modifications proposed in this report would implement in U.S. law the amendments to the Harmonized System nomenclature that were recommended for adoption by the WCO in June 2004, to become effective as of January 1, 2007, and certain HSC decisions that are necessary and appropriate to ensure uniform application of the nomenclature.

Notice of this investigation was published in the *Federal Register* on September 14, 2004 (69 FR 55461); the notice made reference to a draft of proposed modifications, which was made available for the purpose of soliciting public comment by placing a copy on the Commission's Internet website.

PROPOSED MODIFICATIONS

A preliminary draft of the Commission's proposed modifications was made available to the public in a document placed on the Commission's Internet site as announced in the notice of institution of the investigation. The proposed modifications presented in this report incorporate revisions made as a result of written comments submitted to the Commission and of any corrections or technical changes deemed necessary (including corrigenda issued by the WCO).

The bulk of the recommendations are based upon decisions taken by the HSC during its 24th through 33rd sessions (October 1999 through May 2004), following various actions of the HSC, which submitted its proposals as they were finalized. Though the aim of the HSC in its last review

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ALL of the top **50**
U.S. aerospace and
defense companies have
enrolled their employees
into courses leading to
industry certification.

Certification Board of Governors

By Richard Oxford, Chairman
Certification Board of Governors

Search for More Top-Notch Approved Providers

In an effort to increase the number of Approved Education Providers (AEPs) and Approved Continuing Education Providers (ACEPs), the Certification Board of Governors (CBG) is actively soliciting new vendors to help raise global trade compliance education and training standards around the world.

Additionally, as a result of industry complaints about one ACEP, the CBG has thoroughly reviewed and revised its Approved Provider Program (APP) to better define the standards. The CBG is most concerned about the quality and accuracy of material presented by APPs and eliminating conflicts of interest that hinder unbiased presentation of subject matter to the growing professional global trade compliance practitioner constituency.

The new criteria was reviewed and unanimously approved by both CBG committees (i.e. Ethics & Professional Standards and Compliance & Enforcement) and the CBG Executive Committee. The new criterion is effective October 1st, 2006. Current AEPs and ACEPs are grandfathered in, but will have to sign a Certification

Letter to ensure they meet the better and more thoroughly defined standards. All of this is to help ensure the best possible education and training. The CBG remains dedicated to recommending proven providers who meet these high standards.

Details on the updated APP are at www.industrycertification.org/other.htm. The new page on the CBG website includes the APP-Standards of Practice (SOP), an APP Certification Template, the Global Network of AEPs and list of current ACEPs across the US. There's also a pre-addressed email to report concerns or complaints about current AEPs and ACEPs.

Any organization interested in applying is welcome and encouraged to do so in accordance with the APP-SOP. We are delighted to expand our growing list of quality education and training providers. The current list of AEPs is at www.industrycertification.org/providers.htm and ACEPs is at www.industrycertification.org/CEU_providers.htm.

Email inquiries to:
info@industrycertification.org

HTS - Continued from page 9

cycle was to concentrate its efforts on high-technology goods of chapters 84, 85 and 90, the WCO's Article 16 recommendation issued on June 26, 2004, contains several hundred amendments affecting 83 chapters and more than 240 headings throughout the nomenclature. These changes are intended to update the nomenclature or clarify the classification of particular goods.

The duty rates set forth are scheduled to be in effect as of January 1, 2007. Any staged duty-rate reductions that have already been established by Presidential Proclamation (e.g., as a result of the various bilateral trade negotiations) will continue to be applied beyond the January 1, 2007, implementation date, as appropriate. For the purposes of this report, the 2007 staged rates for all such free trade agreements are utilized in the proposed new tariff provisions.

PROBABLE ECONOMIC EFFECTS OF PROPOSED MODIFICATIONS

The Commission considers the proposed modifications to be appropriate to provide for the goods concerned under the proper HS headings or subheadings without altering existing Customs tariff treatment. Furthermore, the modifications would not significantly alter existing conditions of competition for the affected U.S. industries, labor or trade. Consequently, the information collected by the Commission indicates that these modifications, if proclaimed, would ensure substantial rate neutrality and would have little or no economic effect on U.S. industry or labor.

For the complete report go to:

<http://hotdocs.usitc.gov/docs/tata/hts/Pub3851.pdf>

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The Pros and Cons of Pursuing Free Trade Agreements

Since the end of World War II, U.S. policy has generally supported the liberalization of international trade—that is, the elimination of artificial barriers to trade and other distortions, such as tariffs, quotas, and subsidies, that countries use to protect their domestic industries from foreign competition. The United States has pursued the objective of trade liberalization primarily by seeking agreements among large numbers of countries in successive rounds of multilateral negotiations under the General Agreement on Tariffs and Trade (GATT) and later the World Trade Organization (WTO). In recent years, however, the United States and other countries have also begun to negotiate free-trade agreements (FTAs), which eliminate almost all trade restrictions and subsidies, with various individual countries and groups of countries. A number of such agreements are on the policy agendas of the Administration and the Congress.

Like the North American Free Trade Agreement—which was examined in a recent Congressional Budget Office (CBO) paper, *The Effects of NAFTA on U.S.-Mexican Trade and GDP*—the new FTAs should have a net beneficial effect on the U.S. economy. In most cases, all of their effects—good and bad—should be extremely small. However, the arguments for and against FTAs extend beyond their net economic effects on the United States to considerations of foreign policy and tactics for achieving multilateral free trade.

The net effects of the new FTAs on the other countries

involved should also be beneficial but much more significant than the effects on the United States because of the much smaller size of those countries' economies. FTAs thus provide a way for the United States to help various countries for foreign policy reasons, while having little effect on the United States. They also offer a way to continue making headway toward the goal of free trade in the face of difficulties that have slowed progress in the Doha Round of WTO negotiations. In fact, they may help stimulate progress in that round because countries not party to the FTAs may fear being left behind while countries that are party to such agreements expand trade with the United States.

Critics worry, however, that the pursuit of free-trade agreements could divert the world from multilateral negotiations and lead to the development of rival trading blocs centered on the United States, the European Union (EU), and Japan. Indeed, the EU has negotiated a number of FTAs in recent years. Critics also argue that because of differences in negotiating dynamics, FTAs between small developing countries and such large entities as the United States or the EU are likely to leave in place some trade barriers that multilateral negotiations, in the absence of FTAs, would eliminate. Foreign policy and tactical considerations must be weighed alongside the economic arguments in determining whether the pursuit of FTAs is an advisable path to the goal of multilateral free trade.

Source: <http://www.cbo.gov>

Revised Empowered Officials Course Up and Running

Based on feedback and unanimous consensus from Beta Testing, the Orientation for Empowered Officials (OEO) online Course (now IIEI-257) has now been completely reorganized and expanded from 3 to 6 weeks. Additionally, text has been updated along with material including case studies and information on the Securities and Exchange Commission, Sarbanes-Oxley Act, US Sentencing Commission Sentencing Guidelines and something new—Red Flags for Empowered Officials.

The focus is squarely on practical application and giving EOs the unique opportunity to deal with difficult real life situations in a benign academic environment. Further, in light of recent State Department Settlements, even greater emphasis is placed on jurisdictional determinations. More trade related Internet resources are added as well. Course material has also been better balanced to best accommodate individual workload and weekly course requirements. This course is facilitated by current or prior EOs.

The first offering of the new OEO course is October 19th, 2006. If you're already an EO, aspire to be, or just want to know what they're up against, enroll now online at www.iei.edu/Courses/Classes_start.htm. For more information, call an Enrollment Advisor at (800) 474-8013.

Applying to Sit for a Certification Exam

Once you have completed the requisite training courses and preparation to sit for any industry certification exam, there is a process to follow to sit for the exam.

1. Register to take the appropriate certification examination. In this step you select the exam you wish to take and pay the application and test fees.

2. Next, complete the online Test Site Application. This is where you identify the location where you are going to take the test, the desired test date and who will be procuring the actual test administration. This can be a college or university test center in your area or with certain restrictions, your company's Human Resources Department. Once the IIEI's Testing Department has your application, they will make the arrangements with the proctor for your test. Most people schedule their test date no more than 30 days after they complete their training course. In that time period they review all their courses in preparation for the test.

3. Depending on which certification exam you are taking, the length of the test can be two to eight hours. Read the specifics on the length of time for your test under its respective title in the testing section of the IIEI's web site.

What to Study

The Certification Exam you will be taking will cover the material you have studied in all of the courses included in your certification program. Your study material should be the text of your courses, any written assignments and of course your finals and midterms. The exam

will be similar to your course finals which are multiple-choice. The length of time for the exam depends on how many sections are in the one you are taking, and you will be allotted 1 hour for each section. If you finish early, you may proceed to the next section (if you are the only one taking the test at your location), so depending on how well you know the material, it can take less time than allotted.

The IIEI does not have a sample test that you can use as a study guide, but on our website we do list some general sample questions that might be helpful to you.

What to Bring

You will need to bring three or four sharpened #2 soft lead pencils, or a mechanical pencil if you prefer and a good eraser. No texts or reference materials are allowed in the test area except for the CUSECO® exam, for which you can bring the Export Administration Regulations and the International Traffic in Arms Regulations. What you WON'T be able to use in the exam is a CD reader, computer or any material other than the permitted materials mentioned above. Your cell phone must be turned off during the exam.

Assistance

If you have questions that are not answered here, or you need assistance in any way, please contact IIEI Testing at 800-474-8013 or vsanchez@expandglobal.com. Further guidelines and regulations will be provided in the informational packet that is mailed to you after you have purchased the exam (including exactly what text or material you are allowed to bring).

IIEI's President Appointed to DETC Committee

The International Import-Export Institute (IIEI) is pleased to announce Dr. Donald Burton, IIEI's President, has been selected to serve as a member of the Research and Educational Standards Subcommittee of the Distance Education and Training Council's Standards Committee.



Dr. Donald Burton

Dr. Burton's selection and participation in the committee is due to his vast experience and proven expertise in the field of business and support of distance education. He is honored to have been chosen for this important role and looks forward to aiding the DETC's Accrediting Commission.

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(WTO 2005 Report)



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Bachelor Degree Offerings Expand

Effective this Fall, students seeking admission to the IIEI's Bachelor Degree Program are no longer required to transfer previous coursework to complete their degree. Students can now obtain all 120 credits needed for their bachelor degree with courses currently offered or soon to be offered. In the past, the IIEI's bachelor degree was a degree completion program, where students transferred

in lower division general education credits and then completed their degree emphasis courses with the IIEI. Now students can start and finish their entire degree here. These changes are expected to result of an increased demand for the programs.

If you would like to know more about the updated requirements and admissions process, contact an Academic Advisor at the Institute today, and take advantage of the numerous opportunities a bachelor's degree offers at (800) 474-8013.

**Logging In to the Classroom:
Why Early is Often Better**

Each Tuesday before a Thursday class starts, the IIEI sends out "Welcome to Class" email to each registered student. Students who need a little extra help or have difficulties installing the software around a firewall, or have other small problems tend to call on Fridays. As busy professionals, our students often leave the simple act of logging into the classroom as something they will "get around to" on Thursday night. Which can lead to frantic phone calls with our tech support staff on Fridays.

To reduce your stress and allow you to feel more comfortable with the interactive online classroom environment and the course content, go ahead and log into the classroom before your class starts. By logging in early on Tuesday or Wednesday, not only can you review your course syllabus and post your bio, but you will learn your way around the classroom without the time crunch.

If you need a little extra help, please feel free to contact your Advisor or our IIEI tech support for a tour of the classroom environment. We want you to have the best possible experience in your classes— EVERY day of the week.

Congratulations IIEI Graduates

Hearty congratulations to Jennifer Sellers and Michael Trevino, the Institute's first graduates to receive our Bachelor of Science in International Trade Management degree. There are many students close behind them, but Jennifer and Michael are the very first to finish the program that started in June 2003. Well done!

IIEI Certifications

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

Certified Exporter®
Ivette De Luna - PR

Certified U.S. Export Compliance Officer®

Julianne Behnke - NH
Debra Brown - FL
Mary Caudell - KS
Sandy Dronen - WA
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Leslie Franken - PA
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IIEI Student Honor Roll

Outstanding "A" performance for two or more semesters.

| | | |
|------------------|-------------------|---------------------|
| Jose Abrantes | Kim Gurski | Raj Ohneswere |
| Ali Ashu | Steve Harding | Darrell Putnam |
| Linda Avila | Greg Herzog | Jason Redd |
| Jessica Bejorano | Tuan Hoang | Vincent Schwalbe |
| Sandy Dronen | Linda Jaramillo | Tina Seale |
| Diane Embry | Monique Laneville | Connie Seaver-Baker |
| Julie Fields | Tracy Lyons | Jennifer Sellers |
| Karen Flanigan | Bryan Mackey | Jennifer Spicer |
| Cathy Forgey | Alecia Marple | Shelley Staggs |
| Leslie Franken | Irina Masinovsky | Robert Valdivia |
| David Goding | Michael McCauley | Michelle Walker |
| Blanca Graves | Jay Mittleman | Al Wright |
| Claudia Green | Kristy Myers | Anne Young |
| Robin Green | Tom Nunez | |

Congratulations!



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Outside U.S. (602) 648-5750

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