



Global Watch[®]

THE NEWSLETTER OF THE INTERNATIONAL IMPORT-EXPORT INSTITUTE, EST. 1995
11225 N. 28TH DRIVE, SUITE B 201, PHOENIX, ARIZONA USA 85029

SEPTEMBER/OCTOBER 2007, VOLUME 9, ISSUE 3

China's Influence Spreads Around World

By WILLIAM FOREMAN, The Associated Press

For nearly three decades, Chinese peasants have left their villages for crowded dormitories and sweaty assembly lines, churning out goods for world markets. Now, China is turning the tables.

Here in the Australian Outback, Shane Padley toils in the scorching heat, 2,000 miles from his home, to build an extension to a liquefied natural gas plant that feeds China's ravenous hunger for energy.

At night, the 34-year-old carpenter sleeps in a tin dwelling known as a "donga," the size of a shipping container and divided into four rooms, each barely big enough for a bed. There are few other places for Padley to live in this boomtown.

Duct-taped to the wall is a snapshot of the blonde girlfriend he left behind and worries he may lose. But, he says, "I can make nearly double what I'd be making back home in the Sydney area."

The reason: China.

For years, China's booming economy touched daily life in the West most visibly through the "made-in-China" label on everything from clothes to computers. But now, economic growth is giving rise to something more that can't be measured just by widgets and gadgets - a shift in China's balance of power with the rest of the world.

China's reach now extends from the Australian desert through the Sahara to the Amazonian jungle - and it's those regions supplying goods for China, not

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British Actions Tighten Export Enforcement

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BIS Continues Enforcement Efforts - More New Cases

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WTO Global Trade Talks Resume as Regional Deals Loom

By Jennifer M. Freedman

September. 3 (Bloomberg) — World Trade Organization (WTO) negotiators resumed talks after a month's break, intensifying efforts to clinch a global trade compromise worth billions of dollars and avoid a surge in bilateral accords if efforts fail.

"This thing has dragged on" for six years, said Jean-Pierre Lehmann, a professor of international political economy at IMD, a business school in Lausanne, Switzerland. "If we really compromise to the extent of scaling back and scaling back, it doesn't portend well for the future."

Negotiators in Geneva aim to agree in coming months on the outlines of a deal to expand world trade, using proposals made in July as the starting point for their discussions, WTO ambassadors said. Their efforts, coming six weeks after previous talks collapsed, will be spurred by leaders from the Asia

Pacific Economic Cooperation Forum who meet in Sydney this week.

Trade talks have snagged on clashes over how to cut U.S. farm aid, lower European agricultural import tariffs and get developing nations such as Brazil and India to allow more foreign goods into their markets. While the WTO's 151 members insist that they're still committed to a multilateral agreement on trade, many governments and regions are racing to negotiate individual free-trade accords as hopes for a global deal fade.

Peter Holmes, an economist at the University of Sussex in England, said the problem is that free-trade agreements, or FTAs, "can lead to distortions from a pure economic point of view and present systemic problems, as well."

Drawbacks

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GlobalWatch® is a publication of
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 Phoenix, Arizona, USA

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Notes from the Executive Director

Who is Going to Prosper Most?

by *Dr. Donald N. Burton*



Hopefully the answer to my question is YOU!

The GlobalWatch® article titled China's Influence Spreads Around the World (See page 1) shouldn't surprise anyone. It points to how countries in the global marketplace are totally connected to each other and their dependence on one another for survival. Think about how China's self interests may be of service to everyone. Make note that China's exports are growing as they are—spreading to countries on all continents. As the article also points out, the standard of living of China's huge population is increasing, which in turn makes them consumers of other countries' goods and services. As a higher percentage of the Chinese population's income now can go towards consumption of discretionary goods, rather than basic needs of food and shelter, companies from around the world are offering their wares. China's imports, experts agree, will continue to see huge increases as China's per capita income grows.

Every country hopes to sell products and services into China. But there is more to the picture than just China's growth. As the countries in Africa and South America sell to China, as the article mentions, those countries' standard of living increases. Over time they will use their new increase in per capita income to purchase goods and services from other countries. A rising tide raises all ships, as the saying goes. By China expanding its

economic might, it is in fact fueling the growth of the global marketplace. Whether the viewer from outside China is pleased with their strategy or their practices, it is important to note that in The Wealth of Nations by Adam Smith, he stated that an "invisible hand" (if people were set free to better themselves—like China is presently doing) would actually benefit the whole of society—the world. The truth is that all nations, large and small, can participate in building the wealth of their nation in this interconnected global marketplace of the 21st century. And what is interesting is they can do it on the shoulders of the Chinese and other large countries' efforts as they pursue their destiny. It is a great time to prosper. The emerging needs of the rising ships of all nations have set sail with the world's 6.4 billion people aboard. It is time to ride the wave. Welcome aboard!

The question is what are you as an individual going to do about all this? You can chose to get involved in one way or another--become an importer or exporter, become an international trader You may chose to help your company find new international markets or help customers of the world meet their needs with your company's products and services, or you can be passive and just buy foreign goods, which in its self supports the expansion of the global marketplace. You decide.

British Export Enforcement Measures

(London England) **A multi-national chemical company fined for precursor export pays HMRC £10,000 for exporting controlled technology to the US electronically without a licence**

Avocado Research Chemicals Ltd (ARC Ltd) was fined £600 and ordered to pay £100 costs on 27 July 2007 after pleading guilty at City of London Magistrates' Court to the unlawful exportation of a controlled chemical substance.

In July 2005, ARC Ltd exported 100g of 2-diisopropylaminoethyl chloride hydrochloride (also known as DCH) and 10g of hafnium, with a total value of around £60. DCH can be used as a pre-cursor to VX nerve gas. Hafnium can be used in the production of nuclear control rods. Both chemicals were exported without a necessary license to a broker in Egypt, a non-signatory to the Chemical Weapons Convention (CWC)

In July 2006 ARC Ltd submitted its annual return of exports of chemicals covered by the CWC to the U.K. Department of Trade and Industry (DTI--now BERR), who noticed that ARC did not have the relevant export license. ARC Ltd subsequently made voluntary declarations to DTI in relation to both chemicals. The case was referred to the Revenue and Customs Prosecutions Office (RCPO), the authority responsible for prosecuting non-licensed exports.

A subsequent internal investigation at ARC Ltd concluded that the failure to apply for an export license or stop the export was a result of human error.

British Export - Continued on page 12

China Influence - Continued from page 1

just the other way around. China has stepped up its political and diplomatic presence, most notably in Africa, where it is funneling billions of dollars in aid. And it is increasingly shaping the lifestyle of people around the world, as the United States did before it, right down to the Mandarin-language courses being taught in schools from Argentina to Virginia.

China, like the United States, is also learning that global power cuts both ways. The backlash over tainted toothpaste and toxic pet food has been severe, as has the criticism over China's support for regimes such as Sudan's.

To understand why China's influence is increasingly pushing past its borders, just do the math.

When 1.3 billion people want something, the world feels it. And when those people in ever increasing numbers are joining a swelling middle class eager for a richer lifestyle, the world feels it even more.

If China's growth continues, its consumer market will be the world's second largest by 2015. The Chinese already eat 32 percent of the world's rice, build with 47 percent of its cement and smoke one out of every three cigarettes.

China's desire for expensive hardwood to turn into top-quality floorboards for its luxury skyscrapers has penetrated deep into the Amazon jungle. For example, in the isolated community of Novo Progresso, or New Progress in Portuguese, one of the biggest sawmills was started by the mayor with financing from Chinese investors.

China accounts for 30 percent of the wood exported from logging operations in remote towns across Brazil's rain forest, where trucks carry the finished product hundreds

of miles along muddy roads to river ports, said Luiz Carlos Tremonte, who heads an influential wood industry association. Many Chinese purchasers now travel to Brazil to clinch deals, and are almost always accompanied at business meetings by friends or relatives of Chinese descent who live there.

"Ten years ago no one knew about China in Brazil; then the demand just exploded and they're buying a lot," Tremonte said. "This wood is great for floors, and they love it there."

The Bovespa stock index in Brazil has climbed more than 300 percent since 2002, riding the China wave.

China is buying coal mining equipment from Poland and drilling for oil and gas in Ethiopia and Nigeria. It has poured hundreds of millions of dollars into Zambia's copper industry. It is the world's biggest market for mobile phones, headed for 520 million handsets this year. The list goes on.

Along with looking to other countries for goods for its people, China is also going far and wide in search of markets for its products.

In war-torn Liberia, where electricity is hard to come by, Chinese-made Tiger generators keep the local economy humming. Costlier Western brands, favored by aid agencies and diplomats, are beyond the reach of small business owners such as Mohammed Kiawu, 30, who runs a phone stall in the capital, Monrovia.

A used Tiger generator costs around \$50, he said over the steady beat of his generator. "But even \$250 is not enough to buy a used American or European generator. They are not meant for people like myself."

The Chinese generators are more prone to break down, Kiawu said. When the starter cable snapped on one, he replaced it with twine. But

China Influence - Continued on page 10

When 1.3 billion people want something, the world feels it.



BIS Update

Bureau of Industry and Security

BIS Prevents Illegal Exports to Dubai

Bureau of Industry and Security (BIS) announced Ace Systems Inc. (Ace) agreed to pay a \$50,000 civil penalty to settle allegations that the company violated General Order No. 3 of the Export Administration Regulations (EAR) by attempting to export items to Mayrow General Trading in Dubai, UAE. BIS alleged that Ace, located in Gainesville, Ga., on June 5, 2006 attempted to violate the General Order by acting to export dialogic voice cards to Mayrow in Dubai, UAE without the required license. Ace tendered ten cards to its freight forwarder with instructions to export them to Mayrow. The BIS special agents intervened and the cards never reached their destination.

Source: bis.doc.gov/news/2007/AceSystems08232007.htm

SNAP-R Receives Enhancements in Version 1.2

The newest version of [SNAP-R](#) was implemented and went active August 27, 2007.

Some of the noticeable improvements include: Measurement updates - Composite Theoretical Performance to Adjusted Peak Performance and Millions of Theoretical Operations Per-second to Weighted TeraFLOPS; Product/Model Number field on the electronic BIS-748P form will be increased from 15 to 30 characters; the help desk phone number will be displayed when a user experiences account lockout; and a rider will be added to all licenses approved for Hong Kong.

For any questions, email BIS at SNAPR@BIS.DOC.GOV or call on 202-482-2227.

Source: www.bis.doc.gov

Florida Company Settles Export Control Violation Charges

Armor Holdings, Inc. (Armor) has agreed to pay a civil penalty of \$1,102,200 to settle charges that it committed 167 violations of the EAR. The charges were related to unlicensed exports of crime control equipment to foreign consignees in 41 countries including Egypt, Mexico and France. BIS charged that Armor, located in Jacksonville, FL, exported 96 shipments of crime control items without first obtaining the required BIS licenses, and exported three shipments of items in excess of the licensed value. The shipments included handcuffs, riot helmets, fingerprinting equipment, and face shields as stated. BIS also charged Armor with failing to file Shipper's Export Declarations, misrepresenting license authority and failing to comply with record keeping requirements.

Source: www.bis.doc.gov/news/2007/florida.html

California Technology Company Agrees To Denial Of Export Privileges To China

EHI Group USA, Incorporated has agreed to a civil penalty in the amount of \$17,000 and a five year denial of export privileges to settle charges that EHI made unlicensed exports of export controlled technology (microwave amplifiers) to the People's Republic of China.

Source: www.bis.doc.gov/news/2007/california.html

BIS Issues Antiboycott Penalty Guidelines

The BIS announced new anti-boycott penalty guidelines and subsequently published a final rule in a Federal Register notice which set forth BIS policy concerning voluntary self-disclosures of violations of Part 760 (Restrictive Trade Practices or Boycotts) of the EAR and violations of part 762 (Recordkeeping) of the EAR that relate to part 760. This rule sets forth the factors that the BIS considers when deciding whether to pursue administrative charges or settle allegations of such violations as well as the factors that BIS considers when deciding what level of penalty to seek in administrative anti-boycott cases.

Source: www.bis.doc.gov/News/2007/finalRule07172007.htm

BIS Advisory Opinion

On August 2, 2007 BIS announced an advisory opinion on the application of the foreign direct product rule to exports of encryption technology. For more information, go to:

www.bis.doc.gov/PoliciesAndRegulations/AdvisoryOpinions.htm.

14 New Export Violation Cases settled by BIS since May 2007.

Are you next?

Visit:
[/www.bis.doc.gov/news](http://www.bis.doc.gov/news)
to see full list.

DDTC Update

Directorate of Defense Trade Controls

D-Trade Application Attachments

DDTC announced clarification on D-Trade submission of D-Trade Application Attachments. While D-Trade accepts a variety of file formats, searchable PDF is preferred. There are some formats that are not acceptable: executable (.exe) files, hyperlinks and video media. Attachments that are greater than 10 MB in size may present a problem to the applicant. While DDTC can process applications that have acceptable attachments larger than 10MB, applicants may not be able to reopen an application that has such a file attached.

D-Trade - Continued on page 12

DDTC License Processing Times

On August 4, 2007, DDTC reported the July 2007 processing times statistics as:

Non-staffed Cases	3,439
Median Time Non-Staffed	20
Total Staffed Cases	1,792
Median Time Staffed	36

Source: www.pmdtcc.state.gov/processtime.htm

Are you adequately educated and trained on an ongoing basis?

UK Amends Export Control Lists

AMENDMENT TO THE EXPORT OF GOODS, TRANSFER OF TECHNOLOGY AND PROVISION OF TECHNICAL ASSISTANCE (CONTROL) ORDER 2003 (“THE 2003 ORDER”)

1. The United Kingdom’s Department for Business, Enterprise and Regulatory Reform has made amendments to the 2003 Order. The relevant amendments appear in:

- The Export and Trade Control Order 2007 (S.I.2007 No.1863) (“the amending Order”)

The amending Order will come into force on 19th July 2007.

2. The amending Order makes a number of changes to Schedule 1 and Schedule 2 to the main Order. These are a consequence of the latest review of the Wassenaar Arrangement (WA), as well as some national policy changes. The principal changes are:

In Schedule 1:

- New definition of “explosive signatures”;
- Changes in the following categories,
 - ML2.a;
 - ML3;
 - ML8.a.4 ;
 - ML11.a ;
 - ML13.c ;
 - ML19.e ;
 - ML21.b.1.c and ML21.b.3 ;
 - PL8001.a.1; PL8001.a.3; and PL8001.a.4 .

In Schedule 2:

- New definition for “lighter than air vehicles”;
- Changes in the following categories,

UK Control List - Continued on page 9

Seattle District Export Council Presents

Complying with the International Traffic in Arms Regulations (ITAR) in the Invigorated Post-9/11 Enforcement Environment



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Diane Mooney, Seattle U.S. Export Assistance Center at
206-553-5615, Extension 236

This event is jointly sponsored by the Seattle U.S. Export Assistance Center, JPMorgan and the law firm of Miller & Chevalier



This event also qualifies for Continuing Education Unit credit for IIEI Certified trade compliance professionals

In Compliance....

Basic Steps for Export Compliance

By Mike Turner, Former Director of the Office of Export Enforcement
at the U.S. Department of Commerce

From my experience in investigating criminal and civil ITAR, EAR and OFAC offenses, I offer the following list of essential steps to establish and maintain an effective internal compliance program – steps that even experienced exporters occasionally fail to consistently follow, leading to investigations and penalties as a consequence:

Establish a corporate commitment to compliance – This is one area in which DDTC, BIS and OFAC explicitly agree: there must be a corporate commitment to compliance. This includes a senior level corporate executive responsible for compliance and a proactive program to ensure compliance in export activities.

Know the rules that apply to your company, products and activities – Obtain a commodity jurisdiction decision from DDTC if your products may potentially be subject to the ITAR; and obtain the correct classification of your product/service on the Munitions List or Commerce Control List from DDTC and BIS. Be sure to include non-tangible technology and activities that may constitute defense services, brokering, or deemed exports.

Know your customer, know your transaction, and watch for red flags – Screen parties to your transactions against the various lists for restricted and prohibited parties. Know the countries your products will pass through and ultimately reside in, and determine the controls in place for those destinations.

Monitor your transactions for unusual requests or activity, and exercise appropriate due diligence to either confirm the validity of your transaction or refrain from it.

Give your employees the education and training they need to comply – Make sure all employees can recognize the compliance implications of their activities. Give them education and training in identifying transactions subject to export controls, and, for your compliance staff, in applying the controls imposed by DDTC, BIS and OFAC. Put internal procedures in place to ensure your employees get your internal compliance staff involved in transactions when appropriate. Pay particular attention to sales and technical personnel who are in direct contact with foreign customers and may be the first to see “red flags” of potential problems.

Keep your program up-to-date – Keep up with changes to export control requirements. Update your commodity jurisdiction and classification guidance, particularly as you introduce updated or new products/services. Revise your internal procedures to keep pace with these changes. Conduct periodic program reviews to make sure your policies, processes and procedures are being followed and are attaining the intended ends, and to identify program deficiencies that need to be corrected.

In-Compliance - Continued on page 7

Year of Enforcement

2007 is shaping up as the year of export enforcement. The Department of Justice has said that export cases are a top national security priority and named a senior attorney to coordinate prosecutions. ITT was fined \$100 million for criminal ITAR violations. Chiquita International was fined \$25 million for providing monetary support to a designated terrorist group in Colombia.

This increased focus on export prosecutions, and the significant fines that can result, highlight the importance of avoiding violations by having an effective internal compliance program in place. But what is an “effective” program, particularly as viewed by the export regulators – State’s Directorate of Defense Trade Controls, Commerce’s Bureau of Industry and Security, and Treasury’s Office of Foreign Asset Controls? What can compliance professionals look to in evaluating the effectiveness of their internal programs?

A visit to the DDTC, BIS and OFAC websites yields quite a bit of detailed information, from recordkeeping requirements to penalties. The Federal Sentencing Guidelines also discuss internal compliance programs and remedial actions a violator may take to address infractions. However, none of these authorities provide a simple discussion of what constitutes the basics of an effective compliance program.

Mike Turner

In-Compliance - Continued from page 6

Take prompt corrective action when needed – If you find deficiencies in your internal program, through periodic reviews or other means, revise your policies, processes and procedures to correct them to ensure future compliance. If you find you have committed a violation, make a timely voluntary disclosure to the appropriate export control agency, which can help to limit your potential liability to penalties. Provide remedial training, and where appropriate counseling or discipline, to employees responsible for violations.

Document your compliance activities – Document all aspects of your compliance program with organizational charts, written policies and directives, training materials, and results of periodic and due diligence reviews and corrective actions. Use this documentation to demonstrate the thoroughness and effectiveness of your program if needed to respond to government inquiries and penalty actions.

These steps are admittedly basic. But basics are important; and where they are overlooked, violations leading to substantial fines and even criminal prosecution can result. Managing your export compliance program around these basic steps will help you comply with the rules and requirements of the various agencies, avoid violations and penalties and demonstrate your commitment to compliance.

About the Author

Mike Turner, former Director of the Office of Export Enforcement at the Department of Commerce, is a Senior Advisor at MK Technology LLC, a export compliance and trade consulting firm in Washington, DC. 202-463-0904, ext 124. or mturner@mktechnology.com

Trade Compliance Environment Course Series Now Available

Are you new to a compliance related position or know someone who is? Perhaps you oversee a trade compliance department with regulatory issues, without having to use the regulations on a daily basis. Maybe you're asking: How can I learn more about compliance without total submersion in the regulations? Or maybe your company is tired of looking to bring in a fully trained compliance person and instead wants to train someone in-house. The answer to all of these questions and concerns may be simpler than you think. The experts here at the IIEI developed a series of courses to address these issues and more.

The **Trade Compliance Environment** series is comprised of three short three-week online courses that introduce the major concepts and terminology of trade compliance. They provide a basic understanding of the duties and responsibilities of those working in regulated trade compliance "import/export" supply chain within an organization, the function of government in mandating trade compliance, the most common trade compliance problems and the career possibilities in choosing this profession. They are not intended for a person already knowledgeable about the regulations and consequently do not meet the CEU (Continuing Education Units) requirements of the CUSECO® certification.

If you're bringing in a new person and want to quickly get him or her up to speed with compliance issue and concerns, you may find these courses are just what you're looking for.

Here is the upcoming schedule of class start dates:

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 Trade Compliance Environment II (IIEI 215) November 1
 Trade Compliance Environment III (IIEI 216) November 29

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November 1st, 2007



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Country Profile

Republic of Uganda

The Republic of Uganda is a landlocked country in East Africa, bordered on the east by Kenya, the north by Sudan, on the west by the Democratic Republic of Congo, on the southwest by Rwanda, and on the south by Tanzania. The terrain is mostly plateau with a rim of mountains. Its climate is tropical; generally rainy with two dry seasons (December to February, June to August); semiarid in the northeast.

Uganda has substantial natural resources, including fertile soils, regular rainfall, and sizable mineral deposits of copper and cobalt. The country has largely untapped reserves of both crude oil and natural gas. Agriculture is the most important sector of the economy, employing over 80% of the work force, with coffee accounting for the bulk of export revenues.

The rule of Yoweri MUSEVENI since 1986 has brought relative stability and economic growth to Uganda. During the 1990s, the gov-

ernment promulgated non-party presidential and legislative elections. The President appoints a Prime Minister who aids him in his tasks. The current Prime Minister is Apolo Nsibambi. The Parliament is formed by the National Assembly, which has 303 members. Eighty-six of these members are nominated by interest groups, including women and the army. The remaining members are elected for five-year terms during general elections. Museveni's tenure in office has been marred by allegations of massive corruption, embezzlement of public funds by a small section of the population and continued uncontrollable demonstrations of recent PRA suspects in court and Mabira Forest give-aways.

Since 1986, the Government - with the support of foreign countries and international agencies - has acted to rehabilitate and stabilize the economy by undertaking currency reform, raising producer prices on export crops, increasing prices of petroleum products, and improving civil service wages. During 1990-2001, the economy turned in a solid performance based on continued investment in the rehabilitation of infrastructure, improved incentives for production and exports, reduced inflation, gradually improved domestic security, and the return of exiled Indian-Ugandan entrepreneurs.

In 2000, Uganda qualified for enhanced Highly Indebted Poor

Uganda at a Glance

- GDP:** \$52.93 billion (2006 est.)
- GDP - real growth:** 5.3% (2006 est.)
- GDP - per capita (PPP):** \$1,900 (2006 est.)
- Inflation Rate:** 6% (2006 est.)
- Labor Force:** 13.76 million (2006 est.)
- Unemployment Rate:** Not Available
- Population:** 30,262,610
- Exports:** \$961.7 million f.o.b. (2006 est.)
- Exports - Commodities:** coffee, fish and fish products, tea, cotton, flowers, horticultural products: gold
- Exports - Markets:** Belgium 9.8%, Netherlands 9.2%, France 7.8%, Germany 7.5%, Rwanda 5.5%, Sudan 4.7% (2006)
- Imports:** \$1.945 billion f.o.b. (2006 est.)
- Import - Commodities:** capital equipment, vehicles, petroleum, medical supplies; cereals
- Import - Markets:** Kenya 34.6%, UAE 8.7%, China 7.2%, India 5.6%, South Africa 5.5%, Japan 4.3% (2006)
- Exchange Rate:** Ugandan Shillings per US dollar - 1,834.9 (2006)
- Internet Users:** 750,000 (2006)
- Internet Hosts:** 1,365 (2006)

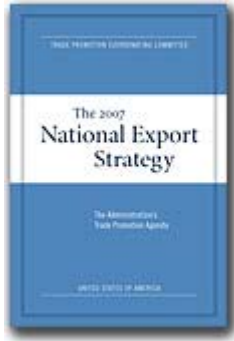


Countries (HIPC) debt relief worth \$1.3 billion and Paris Club debt relief worth \$145 million. These amounts combined with the original HIPC debt relief added up to about \$2 billion. Growth for 2001-02 was solid, despite continued decline in the price of coffee, Uganda's principal export. Growth in 2003-06 reflected an upturn in Uganda's export markets.

Source: CIA World Fact Book and Wikipedia

2007 U.S. National Export Strategy

The 2007 National Export Strategy is the Administration's Trade Promotion Agenda and is provided to Congress as mandated by the Export Enhancement Act of 1992. The 2007 National Export Strategy examines how the combination of declining trade barriers and advancing technologies has made exporting easier than ever. American businesses should look at the global economy as a major sales opportunity as well as a source of competition. The goals of this report are to raise awareness in the American business community about the advantages of exporting, to convince businesses that are not exporting to consider exporting, and to get those businesses that are exporting to enter more overseas markets.



Full Report available at:
<http://trade.gov/media/Publications/pdf/nes2007FINAL.pdf>.

Source: <http://trade.gov/>

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- PL9009.a.1;
- PL9009.a.2;
- PL9009.c; and
- The omission of PL9009.b.

3. In addition the amending Order clarifies that reference to Schedule 1 in the Trade in Goods (Control) Order 2003 and the Trade in Controlled Goods (Embargoed Destinations) Order 2004 are references to that Schedule as amended. The amending Order also updates the 2003 Order so it refers to the most recent amendments to Council Regulation No.1334/2000 and corrects an error in the Export Control (Lebanon, etc.) Order 2006.

4. For further details of strategic export controls please contact:

ECO Helpline
 Department for Business, Enterprise and Regulatory Reform
 Kingsgate House
 66-74 Victoria Street
 London
 SW1E 6SW

Fax: 020 7215 0558
 E-mail: eco.help@dti.gsi.gov.uk

5. This notice is for information purposes only and has no force in law. Please note that where legal advice is required exporters should make their own arrangements.

Source: Export Control Organisation (ECO) Department for Business, Enterprise and Regulatory Reform, July 2007

Closure of UK Government Gateway Method for Submitting Licence Applications Electronically

Applicants for U.K. Standard Individual Export Licences (SIELs) should be aware that, from the end of June 07, it is no longer possible to submit SIEL applications via the internet (i.e. through ELVISweb).

The Government Gateway is being upgraded at the end of June. ECO will not be upgrading its systems to be compatible with the Gateway upgrade as we believe that there would be cost and risk issues with this upgrade, especially as SPIRE will be introduced on 3rd September. Therefore, from the end of June, the option to submit SIEL applications through the internet will not be available.

Any exporters who normally submits SIEL applications over the internet should send their applications to us on disk during July and August.

Applications for all other forms of export and trade licence should be submitted in the normal way during this period.

From 3rd September all SPIRE applications can then be submitted through this online system. Further details on the SPIRE system can be found at: <http://www.dti.gov.uk/europeandtrade/strategic-export-control/spire/index.html>

If you have any difficulties with submitting disk-based applications or have any other queries relating to this change in process, please contact the DTI helpline at eco.help@dti.gsi.gov.uk

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China Influence - Continued from page 3

by making items for ordinary people, he predicted, China “will take control of the heart of the common people of Africa soon.”

China is having to make up for decades of economic stagnation after the communist takeover in 1949.

When Chinese leader Deng Xiaoping began dabbling in economic reforms in 1978, farmers were scraping by. By 2005, income had increased sixfold after adjusting for inflation to \$400 a year for those in the countryside and \$1,275 for urban Chinese, according to China’s National Bureau of Statistics.

“The Chinese don’t want war - the Chinese just want to trade their way to power,” said

David Zweig, a professor at the Hong Kong University of Science and Technology. “In the past, if a state wanted to expand, it had to take territory. You don’t need to grab colonies any more. You just need to have competitive goods to trade.”

If China stays on the same economic track, it would become the world’s largest economy in 2027, surpassing the United States, according to projections by Goldman, Sachs & Co., a Wall Street investment bank. And unlike Japan, which rose in the 1980s only to fade again, China still has a huge pool of workers to tap and an emerging middle class that is just starting to reach critical mass. Many development economists believe China still has 20 years of fairly high growth ahead.

But the transition to a larger presence on the global stage comes with growing pains, for China and the rest of the world.

As Beijing plays an ever bigger role in the developing world, some Western countries fear it could undermine efforts to promote democracy. In its attempt to secure markets and win allies, China is stepping

up development aid to Africa and Asia. Chinese President Hu Jintao pledged last year to double Chinese aid to Africa between 2006 and 2009, promising \$3 billion in loans, \$2 billion in export credits and a \$5 billion fund to encourage Chinese investment in Africa. China has also promised Cambodia a \$600 million aid package and agreed to loan \$500 million to the Philippines for a rail project.

But China also extends aid to states such as Myanmar, Zimbabwe and Sudan whose human rights records have lost them the support of the West. Actress Mia Farrow has labeled next year’s Beijing Olympics - a point of pride for China - the “genocide Olympics” because of China’s support for Sudan, at a time when the West seeks to punish it for its military actions in Darfur. China buys two-thirds of Sudan’s oil output.

“In some ways, it will be integrating us into a new international order in which democracy as we’ve known it or the right to open organized political activity is no longer considered the norm,” said James Mann, author of “The China Fantasy,” a book about China and the West.

China is also facing some of the unease that powers before it have encountered. In Africa and Asia, some complain that massive China-funded infrastructure projects involve mostly Chinese workers and companies, rather than create jobs and wealth for the local population. And Moeletsi Mbeki, a political commentator and brother of South African President Thabo Mbeki, likens the trade of African resources for Chinese manufactured goods to former colonial arrangements.

“This equation is not sustainable,” Mbeki said at a recent meeting of the African Development Bank in Shanghai. “Africa needs to preserve its natural resources to use in the future for its own industrialization.”

“The Chinese want to trade their way to power.”

The backlash is also coming on the consumer front, with Chinese goods earning a dubious reputation for quality. In the United States, there is a furor over the standard of Chinese imports. In Bolivia, vendors peel off or paint over any indication that their wares were “Hecho en China,” Spanish for “Made in China.”

A woman selling bicycles in El Alto, a poor city outside the capital, La Paz, insisted they were made in Japan, South Korea, Taiwan or even India. With some prodding, she acknowledged the truth. “They’re all Chinese,” she said, declining to give her name lest it hurt her business. “But if I say they’re Chinese, they don’t sell.”

Even those who benefit from China’s growth express some wariness. Aerospace giant Boeing expects China to be the largest market for commercial air travel outside the United States in the next 20 years, buying more than \$100 billion worth of commercial aircraft, U.S. trade envoy Karan Bhatia said in a recent speech.

“Right now, we’re hiring every week,” noted Connie Kelliher, a union leader. “Things couldn’t be better.”

“...Boeing workers remain wary of China’s ambitions...”

Yet Boeing workers remain wary of China’s ambitions to build its own planes. Next year China plans to test-fly a locally made midsize jet seating 78 to 85 passengers. It also has announced plans to roll out a 150-seat plane by 2020.

“It’s kind of a double-edged sword,” Kelliher said. “You want the business and we want to get the airplane sales to them, but there’s the real concern of giving away so much technology that they start building their own.”

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That's what happened to Western and Japanese automakers, which made inroads in the Chinese market only to see their designs copied and technologies stolen. Already, China's vehicle manufacturers are venturing overseas, exporting 325,000 units last year - mostly low-priced trucks and buses to Asia, Africa and Latin America.

"We're taking a bigger piece of the pie," said Yamilet Guevara, a Sales Manager for Cinascar Automotriz, which has opened 20 showrooms in Venezuela in the past 18 months, offering cars from six Chinese makers. "They ask by name now. It's no longer just the Chinese car. It's the Tiggo, the QQ."

China's biggest car company, Chery Automobile Co., just announced a deal with the Chrysler Group to jointly produce and export cars to Western Europe and the United States within 2 1/2 years.

Given the speed of China's ascent, it's perhaps not surprising that China itself is trying to calm some of the fears. Its slogan for the Beijing Olympics: "Peacefully Rising China."

AP correspondents Jonathan Paye-Layle in Monrovia, Liberia; Alan Clendenning in Sao Paulo, Brazil; Dan Keane in La Paz, Bolivia; and Ian James in Caracas, Venezuela, contributed to this report.

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WTO Global - Continued from page 1

Such deals mean a developing country may be locked into buying goods at higher prices if the industrialized country with which it agrees to an FTA is an inefficient producer, Holmes said in a phone interview. In addition, poor nations may wield less bargaining power in FTAs with wealthier partners, he said.

That hasn't stopped countries from Canada and Japan to Peru and Indonesia from pursuing such agreements. And Asia Pacific leaders, while favoring a global trade deal, have also said "the time is right" to pursue regional economic integration and a possible free-trade zone stretching from China to Chile.

Still, when Asian Pacific Economic Community (APEC) leaders including the presidents of the U.S., Russia and China meet in Sydney on Sept. 8-9, the 21-nation group will press for progress on a global accord.

"The WTO, for APEC economies, is still the best way to achieve trade liberalization goals," Colin Heseltine, executive director of the APEC secretariat, told a Singapore news conference on Aug. 20. "If APEC can come out with a statement that will spur on further progress in the Doha Round."

'Promising Start'

Today's meeting of WTO negotiators ended early and was described by Crawford Falconer, the WTO farm-talks facilitator, as a "promising start" to the talks that lie ahead. Still, the real measurement of progress will be how much they achieve between now and mid-October, he told journalists in Geneva.

The WTO's Doha Round, started in 2001, aims to make trade rules fairer by opening agricultural and manufacturing markets, expanding intellectual property regulation and improving market access for services such as telecommunications and insurance.

APEC economies represent half the world's commerce. The group

includes the U.S., Japan, China, Australia, Brunei, Canada, Chile, Hong Kong, Indonesia, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, South Korea, Taiwan, Thailand and Vietnam.

'Closing Window'

"It's a closing window and APEC is the last" opportunity to revive the Doha Round, said Simon Tay, chairman of the Singapore Institute of International Affairs. "It could be hard to do, but the Americans could do a deal" before President George W. Bush leaves office in January 2009. If that fails, the chance of an accord "is dead."

IMD's Lehmann said the trade round has already expired.

"My jaundiced opinion is that Doha is dead but nobody's dared say it yet," he said.

The European Union (EU), discouraged by the lack of progress at the WTO, has also stepped up its efforts to reach bilateral accords.

The bloc had a de facto moratorium on new FTA negotiations from 1999 until about a year ago, said Stephen Woolcock, head of the London School of Economics' International Trade Policy Unit. The policy was based on EU consensus to focus on the WTO talks.

Now, the 27-nation EU is trying to stitch together a deal with South Korea and is exploring FTAs with Central America, India and the Association of Southeast Asian Nations. Eventual agreements may add as much as 40 billion euros (\$55 billion) a year to EU exports, according to the commission.

"The FTAs are happening anyway," Woolcock said. A global agreement based on the "very modest aims" of the most recent proposals "will not remove the incentive for FTAs."

'Fundamentally Important'

Still, European Trade Commissioner Peter Mandelson said in a

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speech today in The Hague, the Dutch capital, that the WTO is “the single best shot at creating an equitable global trading system — for us and everyone else. The Doha Round is so fundamentally important.”

The World Bank has said a global trade deal would pump at least \$96 billion a year into the world’s economy, though it’s now recalculating its estimate based on the July proposals and will issue a new assessment later this month. When the trade round began, the World Bank valued an accord at \$850 billion.

The expiration in June of Bush’s Trade Promotion Authority, which allowed trade accords essentially to bypass congressional scrutiny, means “there is no clear deadline” for WTO negotiators to strike a deal, said Holmes.

No Real Deadline

Woolcock said the end of 2008 doesn’t seem to be a real deadline unless it is to conclude the round before a new U.S. President takes over. “A new administration will inevitably take some time to get things sorted out before it can negotiate effectively, so that would mean we would be talking about well into 2009 before the round could be concluded,” he said.

APEC leaders probably won’t set a target date for the talks to conclude, Australian Prime Minister John Howard said today.

“I doubt if we will lay down a strict timetable,” he told reporters in Sydney. “We are still wedded to the view that if we get a good Doha-Round outcome, that is still the best possible way for trade issues.”

To contact the reporter on this story: Jennifer M. Freedman in Geneva at jfreedman@bloomberg.net

Courtesy: Bloomberg

British Export - Continued from page 3

David Green QC, Director of RCPO said:

“Today’s successful result shows how important it is for firms to make sure that correct exporting procedures are in place. ARC Ltd did the right thing once they noticed their mistake and contacted the authorities. But other companies should note that, even in a case where small quantities and genuine human error are involved, some action must be taken. The unlicensed export of potentially lethal substances is too serious to be ignored at any level.”

Another case in May where a multinational company transferred controlled technology electronically to the US without a licence resulted in a £10,000 compound penalty being paid.

Compounding is the means by which HMRC can offer to settle out of court a case where they would normally prosecute to save both the tax payer and the company time and legal fees.

Source: www.berr.gov.uk/europeandtrade/strategic-export-control/licensing-rating/guidance/page40739.html

D-Trade - Continued from page 5

If the applicant must submit an attachment in excess of 10 MB, DDTC recommends the applicant submit the application with a scanned document as a PDF attachment stating that the >10 MB attachment will be submitted via additional documentation once the original application has been submitted and accepted. Applicants are reminded to not submit documentation in support of a D-Trade license via any other means than D-Trade.

Source: www.pmdtct.state.gov/dtrade_app_attachments.htm

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Shortly, Congress will address the Reauthorization of the Higher Education Act. The Senate has already passed their version of the bill. The House of Representatives will now debate and vote on their version. The outcome of this legislation is very important to all students that need to transfer college credits from one school to another, which comprises nearly one-half of all college and university students.

We ask that all IIEI students write their Congressman and tell him or her to ensure that there is no discrimination in transferring college credits based solely on the accreditation of the sending school. As you know, the IIEI is nationally accredited. The lobby interests for traditional schools that are regionally accredited are trying to have the law say that they don't

have to accept your college credits simply because we are nationally accredited. We strongly believe they should accept or reject transfer credits based on the merits of the course under review as to whether it is equivalent. Currently, we have found that the vast majority of schools accept our student's transfer credits. However, if this legislation passes the way it is proposed, it could mean that your credits won't transfer.

If you would like more information about this important legislation and what you can do to ensure that the maximum number of your credits transfer, contact your Advisor and he or she will assist you.

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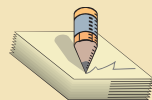
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