



IIEI's GlobalWatch®

THE INTERNATIONAL IMPORT-EXPORT INSTITUTE ~ P.O. BOX 11378 ~ GLENDALE, AZ USA 85318-1378

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The International Import-Export Institute

THE INTERNATIONAL E-COMMERCE EVOLUTION

If there's one thing that's constant, it's change. Like the rest of the world, financial services providers must adapt to these changes accordingly. That is exactly what's happening as banks and other financial institutions forge ahead into the "e" world with an offering of initiatives that continue to grow in importance.

A key ingredient to most of these new initiatives is partnering. Partnering allows banks to control costs and the scope of a project, and at the same time deploy products to the market within a time frame that allows them to meet the desired pay-back timelines – usually two years or less.

Continued consolidation provides a vital competitive edge which improves costs allowing banks to pass on some of the savings to companies and consumers, but the real key to any new "e" solution will continue to be the security infrastructure underlying the application or process. In addition to security, competitive pricing, global reach and "real time" settlement will also determine some of the features of the new product evolution.

Customer service will reach new levels with products that allow clients browser-based access to the institution's payment system's data

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Global Trade Requires a Global Bank

Editor's Note: Over the next few years, trade finance as we know it will undergo tremendous changes. This will be a period of innovation and reinvention. Many of the old practices will be swept away in a continuing search for efficiency and value creation.

As the pace of technological change accelerates and long-accepted practices are being abandoned for new and innovative methods, international trade finds itself with a very different set of ground rules for buyers, sellers, and service providers. Nowhere is this more obvious than in the case of commercial banks, which have been the traditional conduits for the flow of world-trade activity.

Commercial banks of any appreciable size have come to view trade services as a core product offering. The primary challenge facing these financial institutions is understanding where they add value to the trade equation and what steps are necessary to continue as a relevant partner in the trade cycle. As key facilitators for the international movement of goods and services, banks provide four crucial capabilities: 1) risk mitigation, 2) financing, 3) settlement, and 4) information.

With the emergence of global technologies and the entry of new service providers, many importers and exporters find themselves in the position of being able to actively shape the trade

solutions that best fit their particular activities. As a result, banks must reassess how these four primary capabilities will be delivered to their clients within this new business model.

The primary question facing commercial banks is the effective delivery of trade services in countries where the customer has vital business concerns. An on-the-ground physical presence is critical to ensure direct accountability. The bank should be able to settle transactions, obtain information, and provide risk mitigation in the country of the trade business. Knowledge about the local regulatory requirements and documentary practices is necessary, as well as having a substantial network of corresponding banks.

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Notes from the Executive Director

Money makes the world go around or at least it seems to. Every act of commerce, whether it is selling something over the Internet, opening a new plant in a foreign country, or simply selling goods and services requested by a customer in a foreign country, involves the global banking community. With the incredible fluctuations between various nations' currencies, it is no wonder that European countries are seeking the stability of a common currency with the Euro. The rest of the world is far from a common currency. What is interesting to think about is how knowledge workers will have to continue to learn how to leverage their comparative advantages in this risky environment of high finance.

Keeping up with these changes requires constant learning. In response to requests from global banks, IIEI has made some changes too. IIEI has launched two new advanced certifications in international finance and banking: *Certified International Trade Finance Specialist in Risk Management®* and *Certified International Trade Finance Specialist in Foreign Exchange Management®*.

The global bank of the future is still evolving with more changes arriving sooner than expected. There is at least one more specialty in global finance we would all like to see. It doesn't have a name yet, but it guarantees improved, simplified, risk-free global trade and payment. Is it a wish or a possibility? You only have to dream it, study it and move toward it to make it real! Maybe you are the one who will seize the opportunity to define this new financial device that will define the global bank of the future.

GLOBAL BANK Continued from page 1

International commercial banks must become flexible in the structure and delivery of their products. The bank needs the knowledge and creativity to accommodate change. For example, can the bank move from a Letter of Credit to the establishment of an open account while addressing the risk of settlement concerns, or structure a bank line of credit to finance inventory using 'bankers acceptance' to provide below prime rate cost of funds?

All the while commercial banks must struggle with providing consistently high quality service. The major criterion underlying a successful corporate trade strategy is quality execution. That often puts the client at the mercy of the operational and customer service capabilities of their bank "partner". The bank should strive to keep abreast of global trade technical information, alert the client of potential problems to documentation, and have available the in-house professional talent to get answers fast. All the while working towards a continuous quality-improvement program focused on reducing error rates, improving turnaround times, and providing enhanced transactional information.

The new global bank must also be committed to adapting advance technology. Banks will migrate solutions to the Internet, create greater back office efficiency, and support the euro currency, which affects such matters as wire transfers, foreign collections and LC turnaround times. Today dial-up is the norm, but once security encryption is perfected web-based applications will prevail and deliver a real competitive advantage - the hallmark of a truly global bank.

The Euro Means Business

The Euro is not just another currency. It is a replacement of multiple existing currencies that do not use the same market conventions such as market holidays, day count basis, coupon frequency and reset dates. With its introduction on January 1, 1999, the European Economic and Monetary Union (EMU) removed the existence of national currencies, monetary policies and to some degree, fiscal policies from Europe's financial markets.

With its launch, the European Union created the world's second largest economy after the United States. Unnecessary exchange costs will disappear allowing more stability and better control over administrative expenses. Companies will be able to devote more labor and capital resources toward serving real market demands. Greater stability will encourage companies to invest for the longer term with greater confidence. The euro obviously presents business challenges, but also presents new business benefits and future opportunities.



The graphic symbol for the euro looks like an E with two clearly marked, horizontal parallel lines across it. It was inspired by the Greek letter epsilon, in reference to the cradle of European civilization and to the first letter of the word 'Europe'. The parallel lines represent the stability of the euro. The official abbreviation for the euro is 'EUR'. It has been registered with the International Standards Organization (ISO), and will be used for all business, financial and commercial purposes.

The Euro Timeline:

- January 1, 1999 *The euro became the currency for 11 member states of the European Union (Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland)*
- January 1, 2001 *Greece adopts the single currency*
- January 1, 2002 *Euro banknotes in circulation
Euro coins in circulation
Complete changeover to the euro in public administration
National banknotes and coins start being withdrawn*
- February 28, 2002 *National banknotes & coins finally withdrawn from use*

E-COMMERCE Continued from page 1

base, thus providing a view of all transactions processed through that institution on a real-time basis. The substantial added value this provides enables the customer to manage and control their transaction flow and liquidity on a real-time basis. Again key to success will be security protocols and protective firewalls.

Electronic commerce, information security and information "liquidity" will also provide substantial revenue opportunities for the financial services industry. The focus is to foster secure electronic transactions with equal importance placed on the

ability to retain these transactions in a way that will allow them to serve as legally compliant documents that hold up in a court of law. Trusted image and archive products are expected to play even more of a critical role in the future.

Primary challenges will be global legal acceptance across multiple jurisdictions, the ability to electronically integrate multiple parties that are tied to the overall process, and ability on a major scale to convince corporate that it is in their best interest to adopt and support these initiatives.

Euro Conversion Rates

1 EURO

- = 40.3300 Belgium francs
- = 1.95583 Deutsch marks
- = 340.750 Greek drachma
- = 166.386 Spanish pesetas
- = 6.55957 French francs
- = .787564 Irish punt
- = 1936.27 Italian lira
- = 40.3399 Luxembourg francs
- = 2.20371 Dutch guilders
- = 13.7603 Austrian schillings
- = 200.482 Portuguese escudos
- = 5.94573 Finnish markka

The International Import-Export Institute offers the following courses of study leading to professional certifications in finance & banking:

Certified International Trade Finance Specialist®

Certified International Trade Finance Specialist in Risk Management®

Certified International Trade Finance Specialist in Foreign Exchange Management®

For more information go On-line at www.expandglobal.com, or contact an IIEI Counselor at (800) 474-8013.

IIEI Introduces New Course

Getting Started: A New International Business

Opportunities in international trade have grown in exponential terms thanks to electronic communications, e-commerce, and the global marketing power of the Internet. IIEI receives numerous inquiries each week from individuals who think that importing or exporting a product or service may be a valuable opportunity too good to pass by.

Responding to this onslaught of exuberant interest, IIEI has created an introductory, practical

course for people worldwide who are interested in learning about trade opportunities in the global marketplace.

IIEI's course "**Getting Started: A New International Business**" offers the participant the opportunity to research one's readiness to do business internationally. The 6-week On-line course moves from market exploration, product and risk evaluation to documentation, customer sales and costs

identification. The course also explores the human side of going global with an overview of cultural considerations and travel requirements.

"**Getting Started: A New International Business**" runs August 9 through September 26 with a second start date now available for September 9. Registration is available On-line through IIEI's website www.expandglobal.com or by calling a Counselor at (800) 474-8013 or e-mail: courses@expandglobal.com

10 Profitable Tips for Exporters and Importers

Joseph Zodl, author of *Export-Import: Everything You and Your Company Need to Know to Compete in World Markets*, offers these invaluable tips for international trade success:

1. Trade in products you know and understand. Whether it is sporting goods or locomotives, domestic or international sales, you have to know the product to be able to succeed.
2. Learn the basics first. You can't learn everything. Be an expert in your product. Learn the basics of international marketing, payment, and customs.
3. Ask for assistance from the experts. Before you begin, talk with a bank's international department and with a Freight Forwarder (exports) or Customs Broker (imports).
4. Keep in touch with all of your sales leads. Put together a mailing list and make sure they hear from you 3 or 4 times a year.
5. For success in exporting 1) get the order 2) make sure you are going to get paid for the order and 3) ship the order.
6. For success in importing 1) figure all costs including transportation, insurance, customs duties, then double and triple check them 2) pre-sell (advance orders) as much of the imported product as possible before you place YOUR order.
7. Add an extra margin into your wholesale price. This will cover unforeseen expenses, or be a margin you can "give away" in negotiations.
8. Look both ways. If you're selling overseas, ask your buyer what products he has that you can look at for your home market. If you're buying, ask your supplier what products you can supply for market in his country.
9. Don't spend money until you make money. Don't pay for fancy letterhead until you can afford to. Be professional, but be a frugal professional.
10. Sell Quality Products. Be honest. Keep your word.

Joseph Zodl is a licensed U.S. Customs Broker and a featured speaker on international trade matters. IIEI is proud to claim Mr. Zodl as one of its excellent professional instructors for IIEI On-line courses on international trade.

IIEI JOINS FORCES WITH WORLD TRADE CENTER UNIVERSITY

The International Import-Export Institute has joined forces with World Trade Center University (WTCU) in its effort to establish a global, online university in conjunction with the more than 300 World Trade Centers Association (WTCA) offices around the world.

In this new partnership, the International Import-Export Institute (IIEI) will be the sole provider of online courses that deal with the practical aspects of international trade. The courses will be available to business people and students associated with the 750,000 WTCA member businesses worldwide.

Dr. Al Palmiotto, Dean of Academic Affairs for WTCU, expressed his enthusiasm in partnering with the Export Institute by stating that, "IIEI not

only meets all our criteria, but their extensive course offerings and professional certification programs in the international trade industry brings additional strength to the WTCU joint curricula."

At the recent WTCA General Assembly meeting in Seoul, Korea, Dr. Y.T Lee, Chairman of TriGem, one of the ROK's leading computer manufacturers speaking on the incredible changes underway due to developments in information technology, endorsed the 'cyber university' saying that it will play a major role in providing international business education.

Several Korean students were so excited about this online approach that they filled out applications at the meeting in order to jump-start their degree process.

IIEI Global Membership:

Most people see the great benefits, Trade Professionals see all the tools they need to enhance their business at a great price!

World Class Benefits:

- * IIEI Members are part of a globally integrated network, sharing knowledge, resources and information on international trade.
- * IIEI Members can form or join one of IIEI's many local chapters around the world for local networking on a global scale.
- * IIEI Members enjoy a FREE subscription to WorldTrade® Magazine.
- * IIEI Members enjoy a 10% discount on all of IIEI's courses, seminars, and conferences.
- * IIEI Members enjoy a 10% discount on any IIEI Bookstore purchase.
- * IIEI Members enjoy a 10% discount on all Certification Examinations.
- * IIEI Members enjoy a 10% discount on IIEI's premier Journal of Practical Global Business (published twice yearly).
- * IIEI Members receive FREE IIEI's bi-monthly newsletter GlobalWatch®.
- * IIEI Members have free access to IIEI's JobNet®, to post resumes and job openings to a worldwide audience.
- * IIEI Members enjoy special discounts on a variety of International Trade Industry Magazines!

Sign up today. It's easy.

Simply visit our website at <http://www.expandglobal.com> for On-line registration or call (800) 474-8013.

Special Offer... Limited Time

Now through July 15, new and renewing IIEI members will receive 18 months of membership for the low annual price. That's an additional 6 months of World Class Benefits! Don't delay offer expires July 15, 2001.

The Culture Corner

Cultural Variables for Effective Negotiations

Much of international business involves negotiations, a critical component to the overall success of any agreement. Negotiations can be stressful, filled with contingencies and trade-offs, but add cultural differences into the mix, and it can be downright disappointing.

It is no longer a secret that negotiators from different countries often have different approaches to negotiations. Does that make effective negotiations impossible? Of course not, but knowing our own styles and those of our counterparts is vital in avoiding unnecessary impasses.

Although our cultural nuances are many and varied, there are just a few key areas that will enlighten us all and ensure productive and fruitful negotiations. Let's explore them.

The basic negotiating process: Americans often view negotiations as a competitive process of offers and counter-offers. For other nationalities it is more a wide-ranging discussion with

changes taking place very subtly. Russians tend to talk about "ideals" while Brazilians prefer to socialize first.

The negotiator selection process: Qualities such as experience and personal qualities are often universal in the selection process, but in Saudi Arabia the honor and position of the family are important considerations. The Japanese select teams consisting of very distinct positions.

Role of protocol: Adherence to protocol also varies across cultural borders. Americans are viewed as informal, almost to a fault, whereas for the French demeanor is critical.

High or low context communications: Languages such as English, German, and Scandinavian value the frankness of what is stated, but in Japanese, Chinese, and Arabic ambiguity is contained not only in the words but in reading between the lines.

Use of argument: The attempt to influence is key to negotiation, but the way we support our arguments also varies across cultures. Mexicans rely on emotional bases, Japanese trust "kimochi" or the feeling, while Americans rely on empirical reasoning.

Role of the individual: Individualism and grand performance are valued by Americans, French and Swedes, but not so prized by Asians.

High or low risk-takers: Risk is inherent in negotiations, but the propensity to take risks is also culturally influenced. The willingness to divulge information or the need for assurance varies. Americans tend to take risks more readily than do the Chinese.

Use of time: To Americans time is money, to be spent, saved and used. It is looked upon in a linear fashion, a past, present and future. Others see time as a plentiful commodity where detailed plans cannot affect the course of inevitable events.

Chapter News Phoenix Chapter Launches "Trade Talks" Series

IIIEI Phoenix Chapter President Lisa Xinos, CITP, welcomed a roomful of eager attendees on June 14th at the Honeywell Electronics Systems facility in Phoenix for the launch of "Trade Talks", a series of presentations on relevant trade issues.

After a round of introductions, which included Mr. John Eyres, Director of the Hanoi, Vietnam office of International Logistics Management and Ms. Kate Hopeman, International Sales Manager for White Electronic Designs, the guest speaker, Joseph Zodl, stepped to the podium. Mr. Zodl presented a comprehensive overview of the U.S. government's Export Administration Regulations. A complicated subject at best, Mr. Zodl offered numerous examples spiced with a little levity in his one-hour presentation.

The Phoenix Chapter will meet again on September 13 and present a panel discussion on current changes in international trade finance. For more information contact Lisa Xinos at (602) 436-1579

ARE YOU READY FOR A NEW CHAPTER IN YOUR LIFE?

An Interview with IIEI Executive Director Dr. Donald Burton

On a recent warm afternoon in Phoenix, Arizona, GlobalWatch® sat down with Dr. Donald Burton, Executive Director of the International Import-Export Institute, to find out about one of the Institute's more popular activities: IIEI Chapters.

GW: Dr. Burton, we hear so much about 'IIEI Chapters', in fact the IIEI website encourages everyone to become involved in one, but I'm sure many of us do not fully understand just what a 'Chapter' is. Can you explain?

DB: IIEI Chapters are similar in concept to international trade clubs. A Chapter is basically a group of people interested in international trade who come together in one locale and create a center of international trade activity. They meet to discuss trade strategies, common problems, to share ideas and network with each other.

GW: Who should attend a Chapter meeting?

DB: We find that there are really two distinct groups of people who attend. The first is the experienced professional already working in international trade such as customs brokers, export managers, international bankers, freight forwarders and international consultants. Often times these people are looking to expand their client base and perhaps refresh their knowledge in a specific trade area. The second group seems to be individuals who are new to international trade and are looking for "how to" information and assistance.

GW: Can you describe what happens at a "typical" Chapter meeting?

DB: The meeting usually begins with some informal networking, then moves into the 'program' part of the event. The program will feature a guest speaker who imparts knowledge on some international trade issue and provides the attendees with something to take along, such as a rate schedule or shipping terminology sheet.

GW: How often do Chapters meet?

DB: Typically once a month. Most Chapters designate a specific day and a specific week such as the third Tuesday of the month.

GW: So what is the real value to members of an IIEI Chapter?

DB: The networking opportunity is probably the greatest value, but being able to have a determined center of international trade activity is also very valuable. In many places trade activity is somewhat disjointed, there is no real connectivity between those involved, so having a local IIEI Chapter provides one place where everyone can come together for mutual benefit and assistance from IIEI.

GW: Is it difficult to start a Chapter?

DB: Not at all. The Global Relations staff at IIEI is ready to assist anyone who is interested in getting a chapter started. Of course there are challenges in building attendance and making its presence known, but with a core group of dedicated individuals, a chapter can reach sustaining momentum within six months to a year. IIEI provides new chapters with a start-up kit that walks them through all the issues, from promotion to obtaining a speaker to finding local resources for support.

GW: Do you have to be an IIEI Member to attend?

DB: No, guests are always welcome. Sometimes there may be a different fee structure for guests to attend a particular meeting, but everyone is welcome to attend. It's a fantastic opportunity to explore, network and find services with no risk involved.

GW: Why does IIEI support chapters?

DB: Chapters make available IIEI course literature and program schedules, and serve as a conduit for current IIEI information. Chapters build the base for general IIEI membership and assist our members in their networking efforts. In fact, IIEI offers special rewards to local chapters for recruiting new members. We also promote chapters on the IIEI website by posting chapter home pages. This enables chapters to network globally.

GW: What about the time commitment?

DB: The monthly meetings are usually about two hours in duration. If you are an officer or organizing member it requires just a little bit more, but for the time invested a person can get current information and expand their contacts. It truly is networking on a global scale.

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