



Global Watch[®]

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Little Progress on EU-South America Trade

Courtesy: Associated Press

Top trade negotiators met recently in a push to break down global trade barriers but made little progress in an effort to create a free trade zone covering the European Union (EU) and four South American countries.

The meetings were taking place on the sidelines of a 180-nation United Nations forum on trade and development bringing together representatives of the world's richest and poorest countries in Sao Paulo, Brazil's financial and industrial capital.

Developing nations renewed calls for better access to the markets of the wealthier economies at the 11th session of the United Na-

tions Conference on Trade and Development, or UNCTAD. But they also faced pressure to reduce their own trade barriers.

In a move to break an impasse over agricultural subsidies in developed countries, U.S. Trade Representative Robert Zoellick met with Brazilian Foreign Minister Celso Amorim, Australian Trade Minister Mark Vaile, EU Trade Commissioner Pascal Lamy and Indian Commerce and Industry Minister Kamal Nath.

They said they made progress but still need to resolve many technical details ahead of a July deadline in the stalled Doha round of World Trade Organization (WTO) talks aimed at slashing subsidies, tariffs and other barriers to global commerce.

"The U.S. is having a good recovery, and other countries are as well," Zoellick said. "If we can combine an upswing in the world economy with an expansion in trade, that's the best thing we can do."

Added Lamy: "The political direction is there. We all agree that export subsidies have to be phased out, domestic support has to be reduced and market access has to be approved."

The European Union agreed in principle last month to scrap export subsidies on farm produce - blamed for hurting producers in poor countries - and dropped controversial demands for new global rules on investment, competition and government procurement.

The United States already has signaled readiness to scrap its own much smaller export subsidies and trade-distorting export credits. But both Washington and Brussels have stressed that the concessions are conditional on poorer countries agreeing to open their own markets. Amorim also met separately with Lamy on the formation of a new trade bloc linking the EU and South America's Mercosur group - Argentina, Brazil, Paraguay and Uruguay.

The two sides hope to seal a free trade deal by October, but Amorim and Lamy told reporters the two sides remain far apart on the key issues of agricultural subsidies, services and government procurement. They ordered their teams of negotiators to continue working through Monday in Sao Paulo and stressed they are still committed to the October deadline. Lamy said the two sides agreed that "we want an ambitious

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Notes from the Executive Director

Free Trade Agreements:

A Short-term Solution

by Dr. Donald N. Burton



Free trade agreements aren't easy to achieve. Every country wants to have free access to other markets and yet restrict access to their market to protect their interests. It is understandable, defensible AND needed. Countries want to protect their internally produced products from international competition. Trying to balance these needs presents a real challenge.

As we move into the global marketplace of the future is this protectionist strategy the best practice? In the short-run, the obvious answer is "yes". Without protection, the economic ability of a nation that is unable to quickly adapt to the open marketplace is compromised. But what about in the long-term?

If economists are right, and comparative advantage is a real global driving force that determines who (which countries) provides what from where, then maybe a different strategy is needed over the long term. The absolute challenge is for any nation to figure out what it can provide to the world economy in which it has a comparative advantage to do so. To a highly developed nation, such as the U.S., this is an easy decision—the U.S. has many advantages over other nations, such as technology, raw materials, educated work-force, etc. The task facing emerging countries is much more difficult.

The value offered to the global marketplace by emerging countries

might be at present minimal in a global sense. The traditional value contribution of countries like Guatemala, providing a world source for commodities such as bananas, may not be enough to raise a country economically with or without free trade agreements. Opening markets with trade agreements means that free market actions need assistance for a country to compete—maybe even survive. Even if Guatemala sold every banana it could produce, and this wealth trickled down to the populace, the value created would not be sufficient to make Guatemalans large consumers of products from other countries. What countries like Guatemala must do is formulate a long term strategy that recognizes its potential strategic opportunities as a player in the global marketplace and then develop comparative advantages to support its role. While countries like these are in flux—not yet having comparative advantages in the marketplace—free trade agreements are critical to their survival in the near future.

The greatest challenge of all to any country is how to transition from the protectionist Free Trade Agreement era to the emerging free global marketplace, driven by the principles described by the economist Adam Smith over two hundred years ago in his book, "Wealth of Nations."

South America Focus

Many Ports to Miss Security Deadline

Courtesy: Associated Press

Thousands of trucks rumble into South America's largest port each day, hauling everything from auto parts to coffee bound for Europe, Asia and the United States. At least that's what the paperwork says, although it turned out to be wrong in one telling security breach involving about 40 containers of Brazilian coffee beans last year.

Without opening the containers, it would take an X-ray or radiation detectors to reveal what's truly inside. Those are two of several screening measures scheduled to start July 1 to prevent terrorists from shipping explosives, guns and other deadly material, although only one in 10 ports around the world has met the requirements so far.

Santos port officials say their security plan will be approved before July 1. But it will take months to implement, including constructing miles of higher fences, installing an electronic identification system for 20,000 people who pass through the port's 60 entrances daily and putting up a closed circuit monitoring system with nearly 500 cameras.

Now, small ferries motor near enormous freighters taking on stacks of containers as security guards give paperwork cursory checks. Getting inside the port and close to docked ships isn't hard, a factor that experts say could make it an inviting place for terrorists planning to hijack ships or use containers to smuggle weapons of mass destruction to overseas targets.

Failure to comply with the July 1 date imposed by the International

Maritime Organization, a U.N. agency, could cause trade problems if countries like the United States turn away or perform lengthy inspections on ships calling at ports that don't meet the new security standards.

Ships heading to the United States from ports that don't comply with the code, for example, could be searched by the U.S. Coast Guard and, in the most extreme cases, be ordered back to sea.

**Only 654 of
6,114 ports...
in compliance**

By mid-June, only 654 of the 6,114 ports subject to the international security code - established after pressure by the United States in the wake of the Sept. 11 attacks - were in compliance.

Chris Austen, chief executive of the British firm Maritime & Underwater Security Consultants, is working with 300 ports and many are still ordering equipment such as closed-circuit TVs and training.

"Many ports only started working on it in May," he said.

Complicating efforts to boost security, ports tend to be dangerous places full of questionable characters and criminal elements.

"You go there at night, and you will be beaten up by gangs," Austen said. "Ports are full of scoundrels."

More than 40 containers, each filled with 21 metric tons of Brazilian coffee, were cleared by customs officials at an inland facility in late 2002 and early 2003 and taken by trucks to Santos for shipment to New Orleans, Rotterdam and other ports. When they

were opened, there was only dirt, cement or sand inside matching the weight of the purported coffee.

Police suspect truckers were involved in a scheme to steal the cargo and identified ringleaders, but failed to get convictions.

Inspectors have since stepped up spot checks of cargo leaving Santos, but are opening only about 3 percent of the containers, said Jose Carlos Ramalho, chief of the anti-contraband unit of the Santos customs office.

Security experts say it's impossible for authorities in any country to check all of the millions of containers that travel around the globe - even with expensive scanners that can see inside containers and radiation detectors to guard against concealment of a radioactive "dirty bomb."

Elsewhere around the world, security upgrades are hit and miss: In Port Haina, the Dominican Republic's largest port, cranes and construction workers are building security buildings while technicians

measure for the installation of container-sized X-ray machines.

Software experts troubleshoot a computer program that tracks goods coming in and out while security guards remind

workers to show their electronic badges.

Nigeria's main port in Lagos, the largest in West Africa, recently acquired mobile container scanners. A high wall surrounds the port - but a reporter wasn't asked for identification before entering.





The Certification Board of Governors

Raising the Standard, "Certification with Honors" Award Program

By: John Priecko; Chairman, Ethics and Professional Standards Committee

The Ethics and Professional Standards Committee (EPSC) has unanimously recommended a "Certification with Honors" Award Program to the Certification Board of Governors (CBG) to single out the top 10% of IIEI's certification program graduates. That Award Program as outlined below has now been approved by the CBG.

The goals of this initiative include challenging students, providing incentive and instilling a spirit of high academic achievement and accomplishment. It's also intended to recognize outstanding performance and provide distinctive value-added to the individuals, their employers, the CBG and IIEI to those select few who meet the following approved requirements.

Award Program criteria mandates a minimum of 95% on all exams and course grades required for each of IIEI's 9 certification programs including midterms, finals, overall course grades and the Certification Exam. A recommendation is also required from each course instructor to help single out those professionals who clearly demonstrate excellence beyond course requirements--specifically students who expend extra effort, show initiative, suggest improvements, make other noteworthy contributions and generally enrich the overall learning environment.

All "Certification with Honors" Award Program recipients will receive: a distinctive IIEI certificate, and a special personal letter to them and a supervisor of their choice

along with recognition here in GlobalWatch®.

The Award Program, will be implemented September 1st, 2004, in conjunction with IIEI's Fall semester. To be eligible, potential "Certification with Honors" Award Program recipients must begin their applicable certification program on or after that date.

There will be no retroactive awards. Additionally, the Award Program results and the above criteria will be monitored and reevaluated by the EPSC and CBG to insure goals are met. Details of the "Certification with Honors" Award Program will also be posted and maintained on IIEI's Internet site.

The EPSC has other initiatives on our agenda as well. These include adding: the Ethics in Trade Compliance course to the current US Export Compliance Officer® (CUSECO®) curriculum or other certification programs; a situation-based approach for exams that would add scenarios followed by related essay and short answer questions to the existing multiple choice question format; a new certification that would add another level and broaden the present Certified CUSECO® Program and include requirements for customs, imports and compliance program development.

You will read and/or experience the results of our ongoing efforts in the coming months. If anyone has constructive suggestions or ideas for other EPSC initiatives, please don't

hesitate to forward them to me at jpriecko@industrycertification.org. If you want to know more about the CBG or the EPSC go to <http://wwwindustrycertification.org>.

CBG Director Appointed

Caulyne Barron has been appointed Director of the Certification Board of Governors. In this capacity she not only manages the daily activities of the Certification Board of Governors (CBG), but is responsible for achieving the strategic measures of the CBG.

Caulyne brings with her a wealth of experience gained as the Managing Editor of School Age Notes, a national educational publication, and as Operations and Accreditation Manager for the Middle Tennessee Kaplan Testing Center.

One of her important duties will be the outreach program aimed at increasing the visibility of the organization through the CBG's direct participation in industry trade conferences and speaking engagements.

Over 300 new
Export Enforcement
Officers are in the
approved
Homeland Security
Budget for '05

South America Focus



Poorest of Poor Countries Ask for Help

By Mario Osava

SAO PAULO, Jun 16 (IPS)

The most vulnerable countries need to be given specific attention in all global forums because they are not receiving the official development assistance (ODA) that wealthy countries promised and are finding it difficult to take advantage of the expansion of international trade.

Such was the appeal made by Anwarul Chowdhury, U.N. undersecretary general and high representative for what are known as the least developed countries (LDCs), landlocked developing countries and small island states, in his address to the eleventh sessions of the United Nations Conference on Trade and Development (UNCTAD XI).

The ODA goal for the 50 poorest countries is 0.2 percent of gross domestic product of the rich countries, but today reaches just 0.11 percent GDP.

Cotton is among the main exports of at least 20 of the LDCs, most of which are in Africa. As a result of the subsidies the United States grants its cotton growers, international prices for this commodity stand at 25 percent below what experts estimate they should be.

A consequence of this imbalance is that Africa lost an estimated 300 million dollars in revenues, Chowdhury told IPS.

That is a crucial sum of money for countries where the vast majority live on less than a dollar a

day, and life expectancy is no more than 50 years.

In Benin, Burkina Faso and Mali, some 11 million people depend on income from cotton, and suffer the direct effects of U.S. cotton subsidies, which were recently condemned by the World Trade Organisation in a complaint filed by Brazil.

The LDCs are home to 736 million people — more than 11 percent of the global population — but their participation in global trade is just 0.4 percent, said the U.N. undersecretary general. Most are among the 39 countries that rely on one single commodity, like cotton, and left without alternatives when international prices plummet.

As such, in addition to a price recovery, these countries need the international community to establish a “consistent policy for stabilising those prices,” said Idris Waziri, trade minister for Nigeria, which is also a “victim” of the U.S. cotton subsidies, although it is not on the list of LDCs.

Unless they receive twice the current amount of development aid, their foreign debts are cancelled and conditions established to diversify their economies — such as more favourable terms of trade — the LDCs will not achieve the Millennium Development Goals (MDGs), agreed in 2000 to cut poverty and hunger in half by 2015, said Chowdhury.

Trade liberalisation amongst other developing countries is essential for the LDCs, because more than half of their international exchange occurs within the developing world, while 42 percent is with industrialised countries, he said.

Poorest -Continued on page 9



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in answer to your requests

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In Compliance....

Expert Advice on:

Commodity Jurisdiction Determinations - Final Exam

In the last two issues of GlobalWatch® there were 3 different articles on Commodity Jurisdiction (CJ) determinations. A variety of important and valid points were made by authors with unique backgrounds and perspectives.

To bring closure to the subject, and in the spirit of academic achievement and advancement, here is a CJ Final Exam to accentuate some of the high points. Hopefully you read all the material and referenced resources. Having completed the review, you should be able to easily answer each of the 5 questions. To pass you must get 100% to prove your mastery of the subject.

INSTRUCTIONS: Select one answer for each of the following.

1. If you're not sure of the jurisdiction of your article, you should submit a:

- a. Commodity Classification Request through the US Department of Commerce.
- b. Commodity Jurisdiction Determination to the US Department of Homeland Security.
- c. Classification Determination to the US Bureau of Customs & Border Protection.
- d. Commodity Jurisdiction Request to the US Department of State.

2. The correct regulatory references for determining jurisdiction for defense articles are the:

- a. International Traffic in Arms Regulations (ITAR), Parts 121 & 122.
- b. ITAR, Parts 120.3 & 120.4.
- c. Export Administration Regulations, Parts 730 & 774.
- d. Code of Federal Regulations, Chapter 10, Sections 7710 & 7711.

3. Along with reading the applicable regulations, anyone submitting a CJ Request, should also refer and adhere to the US Department of:

- a. State's "Guidelines for Preparing CJ Requests."
- b. Commerce's "Red Flag Indicators."
- c. Defense's "Guidelines for Preparing ITAR Exemptions."
- d. Treasury's Lists of Denied, Debarred and Defunct Parties.

4. To submit a quality, accurate, clear, concise and complete CJ Request, you must be:

- a. an Attorney at Law.
- b. an Empowered Official.
- c. a licensed Psychiatrist.
- d. none of the above.

5. Without doubt, the most important factors in preparing any CJ Request are:

- a. thickness of the submission and number of tabs.
- b. color and weight of the paper.
- c. content and substance.
- d. the title of the preparer and cost of preparation.

Answers

Answers on page 10.

2004 Customs Valuation Encyclopedia Online

The Bureau of Customs and Border Protection has posted a June 2004 version of the agency's Valuation Encyclopedia to its web site. It is a reference guide for importers to determine whether certain charges incurred in international transactions are subject to duty and fees. Customs instructed that the material in this publication is provided for general information purposes only, and should be used as a guide.

The complete 528-page booklet can be viewed on-line at:

http://www.customs.ustreas.gov/xp/cgov/toolbox/legal/informed_compliance_pubs/



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

Stepped up Enforcement

Demonstrating its promised stepped up enforcement efforts, the Bureau of Industry and Security (BIS) has posted twenty-five enforcement cases on its web site.

www.bxa.doc.gov/news/index.htm

EAR Amended for NATO

The U.S. Department of Commerce's BIS announced that on March 29, 2004 Parts 738, 742, 772, and 774 of the Export Administration Regulations have been amended, removing the license requirements for certain regional stability items and for certain crime control items destined to Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia to reflect the accession of those countries to the North Atlantic Treaty Organization (NATO). ([69 Fed. Reg. 36009](http://www.fedreg.gov/69/36009))

**Don't be the
next one!**

**In 2004, BIS sanctions
are predicted to set an
all time record.**

BIS 17th Annual Update Conference Scheduled

The Bureau of Industry and Security's (BIS) 17th Annual Update Conference on Export Controls and Policy will be held on October 4-5 at the Renaissance Hotel in Washington, D.C.

The Preregistration will take place the evening of October 3. This premier Department of Commerce

Pratt & Whitney Self-Discloses Illegal Transfers of Technology

The U.S. Department of Commerce's BIS today announced that Pratt & Whitney (Pratt) of East Hartford, Connecticut, voluntarily self-disclosed the violations and cooperated fully with the investigation. And agreed to pay a \$150,000 civil penalty to settle charges that it committed 42 violations of the Export Administration Regulations (EAR) when it exported controlled items without licenses.

The Commerce Department's BIS charged that between August 1998 and September 1999, Pratt failed to obtain the required Department of Commerce export licenses for controlled technical data relating to material coating and gas turbine engine components.

Some of the charges stemmed from violations of the "deemed export" provisions of the EAR for releasing controlled technology to foreign nationals from various countries, including Germany, the Netherlands, and Spain.

BIS also charged Pratt with failing to obtain the required licenses for exports to China, Japan, and Singapore.

event offers comprehensive information useful to exporters affected by U.S. export control policies and procedures.

For more information, please see the BIS website:

[http://www.bis.doc.gov/
17thAnnualUpdate.htm](http://www.bis.doc.gov/17thAnnualUpdate.htm)

USTR Announces Signing of Central American Free Trade Agreement

The Office of the United States Trade Representative announced today that the Central American Free Trade Agreement (CAFTA) was signed on May 28, 2004, at the organization of American States in Washington, D.C.

The Agreement will be signed by U.S. Trade Representative Robert B. Zoellick on behalf of the United States and trade ministers from Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua on behalf of their nations.

"CAFTA will promote U.S. exports to a large and important market, even as it supports continued openness and democracy in Central America," said Zoellick.

"The FTA will reinforce free-market reforms in the region and will also strengthen the rule of law and sustainable development. Signing CAFTA will fulfill a vision of expanded economic opportunity and trade put forward by President Bush, and will send an important message that the United States is strongly committed to free trade with our Central American neighbors."

According to the release, U.S. exports to Central America have grown 71% since 1996, totaling \$10.9 billion in 2003.

More than 70% of CAFTA imports already enter the U.S. duty-free under the Caribbean Basin Initiative and Generalized System of Preference programs.

CAFTA will create the second-largest U.S. export market in Latin America, following Mexico, the release stated.

Announcement

Certification Board of Governors

New Web Address

www.industrycertification.org



Chile- U.S. Free Trade Agreement

After thirteen years of bilateral conversations and two of negotiations, the U.S. – Chile Free Trade Agreement entered into force on January 1, 2004. On that date, tariffs on 90% of U.S. exports to Chile and 95% of Chilean exports to the United States were eliminated. Chile is currently ranked as the 36th largest export market for the United States.

In the three months following the entry into force of the U.S.-Chile Free Trade Agreement, total U.S. exports to Chile increased by 24 percent compared to the same period of 2003, growing from \$617.29 million to

\$766.79 million. This compares favorably to an increase of 13 percent in U.S. exports to the world in the first quarter of 2004.

According to the Central Bank of Chile, during the first quarter of this year Chilean exports to the U.S. grew 12.1%, to a total of US\$1.17 billion. During this period, 10.4% of Chilean exports were industrial products, 39.6% natural resources and 50% processed goods based on natural resources. Chilean exports of raw materials and other goods used by U.S. businesses to manufacture higher-value products have increased.

Chile at a Glance

GDP: ppp - US\$153.1 billion (2000 est.)

GDP - real growth: 5.5% (2000 est.)

GDP - per capita: \$10,100 (2000 est.)

Inflation rate: 4.5% (2000 est.)

Labor force: 5.8 million (1999 est.)

Unemployment rate: 9% (Dec. 2000)

Industries: copper, other minerals, foodstuffs, fish processing, iron and steel, wood and wood products, transport equipment, cement, textiles

Exports: \$18 billion (f.o.b., 2000)

Exports - commodities: copper, fish, fruits, paper and pulp, chemicals

Exports - partners: EU 27%, US 16%, Japan 14%, Brazil 6%, Argentina 5% (1998)

Imports: \$17 billion (f.o.b., 2000)



Brazil: World's 15th Largest Economy

In 2003, Brazil was the world's fifteenth largest economy. It is characterised by large agricultural, mining, manufacturing and services sectors. Industrial capacity is concentrated in the southeast. Elaborately transformed manufactures lead Brazil's export mix, but agriculture exports have been increasing as the agricultural sector focuses more intensely on soya, corn and wheat production. The country's principal exports creating a trade surplus of more than US\$20 billion in 2003 were transport equipment and parts, metallurgical products, soybeans, brans and oils, and chemical products.

**Trade surplus
US\$20 Billion
in 2003**

Recent economic setbacks have included the internal energy crisis in 2001, increased international investor risk aversion following the 2001 terrorist attacks and knock-on ef-

fects of the economic crises in some South American countries in the last few years. Ongoing IMF support since August 2002, and sound economic management by the Lula Government have helped to restore confidence in the Brazilian economy.

Brazil at a Glance

Annual data 2002(a)	Historical averages (%)	1998-2002	
Population (m)	176.0(b)	Population growth	1.0
GDP (US\$ bn)	460.8(c)	Real GDP growth	1.7
GDP (US\$ bn; PPP)	1,345(b)	Real domestic growth	0.4
GDP per head (US\$)	2,618	Inflation	6.1
GDP per head (US\$ ppp)	7,643	Curr-acct balance/GDP	-3.9
Exchange rate (av) R:US\$	2.9(c)	FDI inflows/GDP	4.6

(a) Economist Intelligence Unit estimates. (b) Economist Intelligence Unit estimate. (c) Actual.

Source: Economist.com

Poorest -Continued from page 5

The mechanisms for boosting South-South trade in discussion at UNCTAD XI, like the Global System of Trade Preferences (GSTP), a scheme exclusive to developing countries, are a priority for the group.

But they also need measures to help them gain greater and better access to the markets of the industrialized North, where the bulk of world trade is concentrated.

Another 31 countries — of which 16 are LDCs — are in a very vulnerable situation because they lack an outlet to the sea, such as Bolivia and Paraguay in South America. This poses a serious obstacle because it increases shipping costs for their foreign sales an average of 30 percent, said Chowdhury.

These countries need the solidarity and cooperation of their neighbours, like Argentina, Brazil and Chile in the South American case, he said.

Small island developing states face their own set of problems. The nations of the Caribbean are highly dependent on the tourism industry, and those of the Pacific struggle with the enormous distance that separates them from the major markets.

Furthermore, they are too small to attract significant investment. That is why an economic integration process is recommended, said the U.N. official.

These three groups of developing countries require differentiated treatment if they are to benefit from international trade liberalization, and that is what is hoped will materialize with support from UNCTAD and from other multilateral agreements.

Source: Inter Press Service News Agency <http://www.ipsnews.net>

Compliance Enforcement: A warning to U.S. Companies

One only has to glance at the results posted on the Bureau of Industry & Security (BIS) web site to understand the growing importance of export compliance. The U.S. Department of Commerce recently announced that BNC Corp., also known as Berkeley Nucleonics Corporation (BNC), of San Rafael, California, agreed to a \$55,000 civil penalty and a five-year denial of export privileges to settle charges that it made unlicensed exports in violation of the Export Administration Regulations (EAR). The Commerce Department's BIS agreed to suspend the denial of export privileges penalty for a period of one year and thereafter waive the denial penalty contingent on BNC not having committed further violations during the suspension period.

At the time of the export, DAE and NPC were both on BIS's Entity List and exports to DAE and NPC therefore required prior authorization. The Entity List is a compilation of end users that have been determined to present an unacceptable risk of diversion to developing weapons of mass destruction or missiles used to deliver these weapons. Exports to those appearing on the Entity List require licenses. The BIS maintains the Entity List to inform the public of the export license requirements related to these entities. You will find a link to the Entity List at: <http://www.bis.doc.gov/entities/default.htm>

In the related criminal cases, on June 9, 2004, BNC pled guilty in the Northern District of California to violating the EAR and was fined \$300,000. On December 17, 2003, two former employees of BNC, Richard Hamilton and Vincent Delfino, also pled guilty to related charges. Hamilton pled guilty to misrepresenting and concealing facts on an export document. Delfino pled guilty to making a false statement on an export control document. Both were sentenced to a criminal fine of \$1000, two years probation, and 100 hours of community service,

and were prohibited from engaging in or facilitating export transactions.

Although this is somewhat of a typical case in disposition, violations can range in financial terms—penalties and fines—into the millions of dollars for multiple on-going violations. For example, the Boeing Company. Even more serious to managers at a personal level is the fact that jail time is becoming a common sentence. The case shown above has a two-year sentence served as probation. Any additional violations could result in hard jail time for responsible managers.

Equally serious, are sanctions including loss of export privileges. In extreme cases, such as Suntek Microwave Inc, the loss of export privileges was twenty years. In many instances, such a denial of export privileges would lead to the financial failure and closing of a company.

The “deemed export” provision of the EAR states that an export license is required to release technology to a foreign national in the United States if a license would be required to export that technology to his/her home country. Recently, companies have seen an increase in individual foreign nationals visiting the U.S. attempt to purchase goods requiring an export license. As a result, the U.S. Department of Commerce has stepped up its enforcement effort in this area. Even though the sales are domestic in nature—selling to an individual within the U.S., companies are still responsible for obtaining export licenses if the person purchasing the goods is holding citizenship from a country requiring it.

The trend is obvious. Companies must recognize the importance of compliance to stay in business. Not only will ignorance of the regulations harm the company, but also it has the potential to do serious harm to the country's war on terrorism. But perhaps the single biggest motivation for managers to comply is because if they don't they will go to jail.

Little Progress -Continued from page 1

result. Today, after the meeting, we have a better sense of what the issues are and how we can resolve them.”

Members of the world’s least developed countries also gathered Sunday as the UNCTAD forum began, discussing ways to boost trade between developing countries to boost their share of the global economy. The week long forum is drawing leaders of Latin American countries, plus trade ministers and development officials from most other nations.

UNCTAD, which holds the event every four years, held its last forum in Thailand, in 2000 just months after the WTO’s attempt to launch a new round of trade negotiations in Seattle collapsed amid violent anti-globalization street protests.

The U.N. organization does not have the power of the WTO to negotiate and enforce treaties, but the two groups cover many of the same issues. Participants hope the meeting will help shift the global agenda from fighting terrorism to moving international trade talks forward and combatting Third World poverty. Though the forum began Sunday, the key opening ceremony will take place Monday when U.N. Secretary-General Kofi Annan is to address the delegates.

Courtesy: Associated Press

CJ Exam -Continued from page 6

ANSWER KEY for the CJ
Determinations - Final Exam

1. d, 2. b, 3. a, 4. d, and 5. c.

Deadline -Continued from page 3

Shipments of narcotics and guns in and out of the port are common, arranged by criminals who bribe port officials, said Emeka Okoroanyanwu, editor of the Lagos-based Maritime Quarterly trade publication.

And highly organized thieves known as “wharf rats” have such free access to the port that more than 80 percent of the used cars brought into Nigeria on open ships are vandalized so parts can be stolen, said Chika Ezenwe, a licensed cargo clearing agent. “The only ones that are safe are those that come inside containers,” he said.

The head of the Nigerian Ports Authority, Adebayo Sarumi, said in a speech in March that Nigeria and neighboring countries had not done enough to meet the security code.

In the Indonesian port of Batam, a 45-minute ferry ride from Singapore, almost anyone can walk in with a wave to unarmed guards. Motorcycle taxis roar throughout the port, and street vendors sell food from tiny stalls next to ships unloading cargo. The closest security guards are 400 yards away at the port’s main entrance.

Batam did put in a higher fence to meet the security code, and guards are receiving extra training, but port director Sudirman Purwo said it’s unlikely the port will meet the July 1 deadline.

Though Brazil is scrambling to make sure its 183 ports have their security plans in place, the government didn’t release \$32 million in funding to boost security until May.

At Santos, new moves to monitor who gets inside the port will be a significant improvement, said Mariliza Fontes Pereira, who heads the port’s compliance task force. Hundreds of additional security guards will scrutinize trucks as they enter, and a radar system will eventually be installed to make sure small boats don’t get too close to big ships.

“You’ll never be 100 percent safe, but if there are any suspicions about a trucker or his cargo, he won’t be able to go to the docks,” she said. “The police will be called and his cargo will be checked.”

Even before the security rules were established, Santos had tighter security than many other ports in developing countries. Vendors hawking food and international phone cards set up shop just outside the port’s gates, but aren’t allowed inside. Security guards with digital cameras stop trucks with containers of imports before they leave the port so the truckers can be photographed in front of their rigs’ license plates.

Austen, the security expert, said the new security rules shift the emphasis from preventing theft to preventing terrorism.

“Now people are worried about the cargo leaving the port being a threat and the ships themselves being a threat,” he said. Efthimios Mitropoulos, the secretary-general of the International Maritime Organization, warned that shipping could be disrupted if ports don’t quickly come into compliance. But security experts doubt politicians will want to be blamed for harming the delicate world economy, especially President Bush, who is in the midst of an re-election campaign.

“No one in the shipping business believes that international trade will suddenly shut down,” said Jim Hunter, a partner with the Merlin Risks security firm advising two Brazilian ports. “People are hoping as long as you are making a good faith effort to comply, you won’t pay too high of a price for lack of performance.”

The Bush administration plans to move cautiously on enforcement. “If we don’t get it right, we end up slowing things down or shutting things down, and that’s not what we want,” said U.S. Coast Guard spokeswoman Jolie Shifflet.



Educational Goals in Sight and Attainable

By Melissa Jensen

Not sure if you qualify for admission into the Bachelor degree program? Would you like to complete your bachelor degree sooner than you thought possible considering your busy schedule and active lifestyle? You can start working toward your Bachelor of Science in International Trade Management degree without even applying for acceptance. Anyone with at least a high school diploma can take courses through the Institute. When you gain admission to the Bachelor degree program, any credits previously earned at the Institute will automatically be applied to the degree requirements. I am currently taking classes at IIEI but I am not accepted yet. I still need the lower-division credits, which I am working on at local com-

munity college. If you are like me, looking to shorten your days to graduation, this is a great tip to speed up the process. By the time I'm actually admitted into the program, I will already be halfway through it! This gives you the perfect opportunity to start working immediately toward that degree you keep promising yourself to earn someday. There's no pressure to be admitted for you to get started, and when you are ready and confident, submit the degree program application on your own terms. Take your dreams seriously and get started today, taking one class at a time as it fits your busy lifestyle. Who knows, you and I may graduate at the same time.

Technology Error in Your Favor

Everyone hates the technical problems that inevitably occur with computers, but for those of us attending school online, those inconveniences become much more serious than simple annoyances. I've talked with many students in a panic when their technology has failed them, and I came to realize that my classmates are not aware of the Institute's policy regarding this issue.

We know that no one here is in high school, under the age of 20, and is past the time of petty excuses for late homework and failure to attend class. If your computer crashed, your Internet service died or your company's network went down, don't panic. When this situation hap-

pens, just call the Institute immediately, and we will notify your instructor of what has happened. If you inform us of your problems when they occur, in most cases, we can help you make arrangements with your instructor so that you aren't seriously penalized for matters out of your control. And remember, you can always access the classroom at a local library computer if it comes to that. The important thing to remember is to communicate. Letting a week or more go by before telling us of a serious technical problem will make it difficult for us to assist you. By being proactive, you will find that most issues can be resolved in your favor.

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