



# Global Watch®

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## China Retail Sales to Exceed US\$605b This Year

Courtesy: China Press

China's annual retail sales are expected to exceed 5,000 billion yuan (US\$605 billion) this year, up over 10.5 percent year-on-year, according to a report issued by the Ministry of Commerce on Wednesday.

The Chinese commodity market ran soundly in the first half of 2004, recording its highest growth since 1997, the report said, adding that in the latter half, the growth will slow down slightly.

In the first six months of the year, the retail sales reached 2,525 billion yuan, a increase of 12.8 percent year on year, and the trend for the rise in the price of grain and oil price dropped from late May, it said.

The catering industry sale witnessed a 24.5 percent growth in the

first six months, hitting 337.3 billion yuan.

Meanwhile, the demand for the means of production fell with a slowing price growth and chain stores took a greater proportion in the retail sales sector.

Nevertheless, some problems were still hindering the growth of the commodity market, the report said, naming the low final consumption rate and the weak consumer confidence, sluggish growth in the rural market, increasing stock and occupied funds, feeble circulation system and unresolved regional blockade.

According to the report, Chinese farmers' cash income climbed this year thanks to the supportive measures from the central government. But the increasingly costly rural commodities for production, healthcare and education fees limited their consumption to some extent

The report predicted that the sales of the means of production in China will be exceed the 10,000 billion yuan (US\$1,200 billion) mark this year, up over 15 percent year-on-year and the price will increase by about eight percent.

China's demand for crude oil will be 285 million tons and for coal, approximately 1.78 billion tons this year, a rise of 12.9 percent year on year, the report predicted

The annual demand for rolled steel will be about 290 million tons, which will be satisfied by the 260 mil-

lion tons of domestic production and more than 30 million tons of imports, noted the report.

Automobile production is expected to hit 5 million vehicles, of which, passenger cars will be 2.4 million vehicles, up around 16 percent year-on-year, it said.

### China Labor Shortage

By Yao Yuan

HONG KONG - It's hard to imagine a labor shortage in China, but there is. With 120 million "farmer workers" having migrated to the cities, and at least 300 million more expected to follow them by 2020, many rural areas are desperately short of labor. Ironically, the unskilled migrants find themselves unemployed in the cities, where there is an unsatisfied demand for skilled workers.

China used to bask in its abundant and cheap labor, a key factor making it the "world's factory" with 1.3 billion people. No longer. For the first time in 20 years, China is experiencing an acute shortage of floating former farm workers, who become urban migrants, many unemployed. Life in the cities isn't much better than life in the countryside for most.

The reasons: rising and unrealistic expectations of a better life, lack of opportunities in the countryside, lack of factory skills and resentment of exploitation, especially in the cities. And that leaves some rural areas without adequate labor, as workers migrate to over-

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## Notes from the Executive Director

# It's Official... or is it?

by Dr. Donald N. Burton

Even before the US Department of Commerce formally recognized the Certified US Export Compliance Officer® Program, many of the largest companies in aerospace and defense, and throughout other industries as well, had already accepted the benchmark standard established by the Certification Board of Governors (CBG) as the official standard for export compliance. They had for some time been sending larger and larger numbers of their employees through IIEI's online training courses and then having them sit for the Certified US Export Compliance Officer® (CUSECO®) examination.

According to the Chairman of the Ethics and Professional Standards Committee of the CBG, John Priecko, the standards established by his committee are a consensus of committee member's opinions about the standards and knowledge requirements for industry certification in this rapidly changing environment. He said, "We are moving well beyond best practices. We have raised the bar to the next level where it should be. Individuals that demonstrate meeting the standard have met the official standard."

So what does this mean to everyone else involved in the in-

dustry? It's simple. "Meet the standard," says Priecko, whose standards committee is made up of high-level experts from across government and industry that volunteer their time and effort to insure that the standards fairly reflect best practices and the needs mandated by government regulations.

The CUSECO® program, and the training and knowledge it contains, provide management a way to validate the current skills and knowledge of their compliance staff that was not available a few short years ago. By insisting that compliance personnel be CUSECO® industry certified, employers know what they can expect. Here at IIEI we are getting more and more requests daily from employers seeking people with this certification. Just like all eight other international trade certifications administered by IIEI around the world, CUSECO® certification is now the official standard. Industry usage, support and acceptance has made it so.

Visit  
[www.usexportcompliance.com](http://www.usexportcompliance.com)



## Asia Focus

## Growth in Asia Reduces Poverty

Courtesy: BBC World Press

**Asia's surging economic growth has helped to reduce levels of poverty in Asia.**

The Asian Development Bank (ADB) estimated that the number of people living on less than \$1 a day fell to 22% of the region's population in 2002.

That compares with 34% in 1990 and shows "considerable progress in the fight against poverty", the bank said.

The poor may be getting richer, but the gap between the haves and have nots continues to widen, the ADB said.

**Quicker reform**

Some areas have lagged and the ADB identified South Asia as a region where more needs to be done.

"In South Asia, neglect of public investments in physical and social infrastructure, combined with policy and institutional rigidities in agriculture, has limited growth of the rural economy," the ADB said.

"Such neglect has perpetuated age-old inequalities in the distribution of access to land, credit and social services."

"The end result has been that even where aggregate economic growth has been reasonable, few opportunities are created for the rural poor."

The ADB found that 93% of the extremely poor, those living on or below the \$1-a-day threshold,

were to be found in India, China and South Asian countries.

In India, 357 million people were living in extreme poverty, with 203 million in China and 77 million in South Asia.

**22% of  
Asians  
live on  
less than  
US\$1.00  
per day**

**Left behind**

The ADB's concern is that the speed of growth seems to be

widening the gap between the poor and rich, rather than narrowing it.

"One worrisome element that we are witnessing in developing Asia is that this inequality is increasing over time," Ifzal Ali, the ADB's chief economist, was reported as saying by Agence France Presse.

"Despite the fact that in developing Asia the initial levels of inequality were lower than in other parts of the world," Mr Ali told reporters in Tokyo.

The poor are still being left behind because of limited access to education, land, credit and infrastructure such as irrigation, roads and electricity, the bank said.

Steps need to be taken soon because "if the degree of inequality increases over time, the poor will benefit still less from growth," the ADB said.

**Outlook**

Going forward, the ADB provided a number of scenarios for future poverty reduction.

In the best-case scenario, economic growth in Asia continues at the rates seen between 1999 and 2003.

Extreme poverty would drop as a result, with the total number of people affected cut to 150 million by 2015, from 690 million in 2002.

South Asia, however, would still be the most poverty stricken, accounting for 140 million of the total.

The worst-case scenario provides a more sobering picture.

Growth in Asia would only have to dip by one percentage point below the 1999-2003 levels for the number of people living in extreme poverty to be 429 million by 2015.

The ADB report concludes that "policy makers must focus on generating high rates of sustainable

growth while ensuring that at a minimum the distribution of income does not worsen to any significant degree".

"The fight against poverty in Asia will be protracted.



Courtesy: BBC World News  
<http://news.bbc.co.uk/2/hi/business/3600762.stm>



## *The Certification Board of Governors*

### **Certification with Honors Award Program Expanded**

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

As a result of constructive and enthusiastic feedback from IIEI students along with further discussion and a strong recommendation by the Ethics and Professional Standards Committee (EPSC), the Certification Board of Governors (CBG) was convinced it would be appropriate and beneficial to open eligibility for IIEI's Certification with Honors Award to all students enrolled in any of IIEI's nine certification programs when the Award was first announced.

Therefore, effective midnight the morning of July 1st, 2004, any current IIEI student who had not taken their respective certification exam, is eligible for the Certifica-

tion with Honors Award as outlined on page four in the July/August 2004 issue of GlobalWatch®. The Award criteria is the same as published in that same GlobalWatch® article.

No action by course participants is required to be considered by IIEI for the Award. There will be no other retroactive Awards before July 1st, 2004. For clarification, anyone who took their certification exam before July 1st, 2004, is not eligible.

Next on the EPSC's agenda are consideration for adding scenario based questions to course and certification exams and creating a new certification program that folds

in customs, imports, ethics and trade compliance program development. As part of that effort, the EPSC will also consider folding in the "Ethics in Trade Compliance" course into the current Certified US Export Compliance Officer® curriculum.

If you have any questions, comments or other suggestions, please don't hesitate to contact me directly at [jpriecko@industrycertification.org](mailto:jpriecko@industrycertification.org).

For more information on the EPSC go to

[www.industrycertification.org/standards.com.htm](http://www.industrycertification.org/standards.com.htm).

That site contains a list of EPSC members along with background and contact information.



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

#### **Online Registration for BIS' Update 2004 Is Now Available**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has made available online registration for its Update 2004 conference, October 3 through 5, at its website:

<http://www.bis.doc.gov/SeminarsAndTraining/updatehow2signup.htm#top>

#### **BIS Announces Seminar Schedule for Fiscal Year 2005**

The U.S. Department of Commerce's Bureau of Industry and Security has announced its seminar schedule for fiscal year 2005 at:

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

#### **New Brunswick Scientific Settles Charges of Unlicensed Exports to China**

The U.S. Department of Commerce today announced that New Brunswick Scientific Co., Inc., (New Brunswick Scientific) of Edison, New Jersey, agreed to pay a \$51,000 civil penalty to settle charges that it exported various types of laboratory equipment and other items to India, Taiwan, and Israel in violation of the Export Administration Regulations (EAR) without the required export licenses.

More: <http://www.bis.doc.gov/news/2004/Brunswick.htm>



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**MODERN MANAGEMENT  
STRATEGIES FOR PORT  
COMPETITIVENESS:**

**HOW PORT AUTHORITIES  
SHOULD FOCUS  
ON AGILITY**

*By Cyrus R. Katrak*

When I took the Port Authority Class at IIEI, I came in with an understanding that I would learn a little more about Ports than what I already knew. For me, a Port was a city-regulated authority that handled cargo and passengers. As I studied further, I realized that Ports, and Authorities who oversee the functions of a port, were so much more than what I had conceptualized all these years. The more I became interested, I was surprised to learn that a port can actually be a city-within-a-city, sometimes being even bigger in acreage than the city they serve. The port of Rotterdam, The Netherlands is an example. (<http://www.portofrotterdam.com>)

It was interesting to realize that ports are bodies who are in business today, not just to serve their countries and local communities through trade, but to actually make a profit as a business. Moreover, ports compete vigorously with each other for business. Sometimes situated across the bay from each other (e.g., Port of San Francisco, CA and Port of Oakland, CA), or a few miles of distant from each other in the same state (e.g., Port of Long Beach and Port of Los Angeles, CA). They advertise around the globe to lure mega shipping lines to their shores and they constantly strive to employ state of the art technology for each port function. So, with hundreds of ports around the world, I could not help but wonder: 'How do they survive and what should they do to survive in today's

extremely competitive global arena?'

We all know that the globalization process has brought with it a number of driving forces that have caused, and are constantly causing, many transformations in the world economy. The consequences of these forces are extending to all sectors of commercial and industrial activities and ports are no exception. However, one of these consequences, 'uncertainty' is clearly the one that is causing the most concern within the port industry, mandating ports to be more competitive. To become proactive rather than reactive, port authorities must adopt new management strategies. But where can these management strategies from?

- From logistics approaches employed in other industries that have worked profitably. Ports are businesses — classified in the shipping/maritime industry and therefore, a strategy that has worked with one industry can by all means be adopted by another.

Having said this, I looked into what kinds of approaches were available today. Were there several or was there one in particular that stood out? Although there are a few, one logistics approach for ports to adopt that clearly stood out for me was 'Agility.' Hence the question arose; 'How do ports become more agile today?' Or, as the Port Authority class at IIEI asks students in their final paper, 'What does it take to make a port into a Super Port?'

Through my research, I found that this very concept of 'Agility,' if

utilized effectively by Ports, can bring phenomenal results for port sustainability and I would like to discuss them in some detail, in future Port Authority classes offered at IIEI.

However, in this article, let me start at the root of the problem. Why do ports around the world need to be more agile?

Here's why: As time progresses, ports face increasing pressures, which are represented in the different levels of competition that they face. These pressures can be divided into two broad categories. The first comprises the series of socioeconomic, financial and political changes that occurred in the last quarter of the twentieth century. These changes resulted from a great number of driving forces including:

- changes in long-term industry growth rates
- changes in who buys the product and how it is used
- entry and exit of major firms
- technological change and diffusion of technological knowledge
- faster product innovation due to increased speed-to-market demand and last but not the least,
- increased globalization of the industry

Having examined the above points, what then are the future drivers for change? (Note: The operative word here is 'Future.')

Lets look at a few below:

1. Changes in cost and efficiency.
2. The need to manage supply chains more efficiently.
3. A market shift from standardization to differentiated products.
4. New regulatory policies and/or government regulations especially after 9/11.

# In Compliance....

**Expert Advice on:**

**“Is Your Trade Compliance Program Super or Superficial?”**

*By: Mark D. Menefee*

No one said it is easy. But you can have an effective and comprehensive international Trade Compliance Program. No one said it was a simple matter, either. But there are many excellent resources you can access to put together a strong system to insure 100% trade compliance, or as close to that as possible, across your corporation. The key is to take your company’s program, compare it against some well-regarded benchmarks, make the appropriate adjustments, and then make your program actually work – that is, make it touch the front-line employees and the daily decision makers. It is more important to make your Trade Compliance Program work for real people than it is to have a hot rod document with souped up graphics idling out there in cyberspace.

Examples of practical and proven

benchmarks include: “The Nunn-Wolfowitz Task Force Report: Industry Best Practices Regarding Export Compliance Programs;” the Department of Homeland Security’s Bureau of Customs and Border Protection “Best Practices of Compliant Companies;” the State Department’s “Guidelines for Directorate of Defense Trade Controls Registered Exporters/Manufacturers Compliance Program;” and the Commerce Department’s Bureau of Industry and Security “Export Management System Guidelines.” These terrific resources are available to you for free.

Sometimes, despite your best efforts, things can go wrong in your company or in its affiliates or subsidiaries. It is much better to be prepared before trouble arrives, by comparing your Trade Compliance

Program with the general ethics and compliance standards embodied in the U.S. Sentencing Commission’s Proposed Amendments to the Sentencing Guidelines, which the courts use to determine appropriate criminal penalties. To see the usefulness of these proposed amendments, put yourself for a moment in the alligator shoes of your company’s criminal defense attorney: if the company’s compliance program does not measure up to the standards in the Sentencing Guidelines, the hard truth is that all your lawyer can do for you is beg for mercy. But why should a court temper justice with mercy for a company that was not only indifferent to its compliance responsibilities but, as a direct result of that indifference, committed a crime? Considering this, you would do well to examine the proposed amendments to the Sentencing Guidelines long before your

*Expert Advice -Continued on next page*

## TRADE COMPLIANCE PROGRAM SELF-ASSESSMENT

**You’re Probably in Good Shape if:**

- Strong, centralized, top, all-the-way down support with needed resources for mandatory trade compliance are always present in word and deed
- Positive and negative lessons learned from many sources are quickly shared on an ongoing basis between all business units across your corporation
- Comprehensive, complete and clearly written policies and procedures are in place, up-to-date and are consistently followed by all personnel
- The appropriate level/degree of initial and recurring computer-based and face-to-face compliance training are always provided to all who need them
- Trade compliance audits are conducted regularly and include timely cross-talk and follow-up to insure corporate-wide corrective action is complete
- Denied entities screening of visitors, employees, and anyone your corporation does business with, is automatic, periodic and with an electronic record

**You’ve Got Work to Do if:**

- Your corporation’s companies are decentralized, compliance efforts vary, are not mandated and have minimal or non-existent centralized oversight
- An interagency enforcement team shows up at your facility with a search warrant and subpoena and you have no idea what evidence they are looking for
- Your company does not have a written trade compliance policy endorsed by senior leadership and transmitted by many means to all employees
- Year after year, your corporation receives many investigative requests for documents, but management does not initiate compliance training
- No audits or compliance reviews are done, or only “self-assessments” are conducted – and no one knows if these are independently reviewed.
- Your corporation has no policy, or has inconsistent practices, governing how to interact with outside people or other companies.

company might otherwise need to do so, and compare those amendments to your Trade Compliance Program along with other benchmarks. The International Import-Export Institute has consolidated all the above resources on the web at <http://www.usexportcompliance.com>. When you get there, just click on "Regulations" at the top left center of the page.

Bear in mind that if your company becomes the subject of an export enforcement investigation, or if your company discovers a violation and makes a voluntary self-disclosure to the Government, you will begin your discussions with law enforcement officials from a deficit position. Hindsight enables an outside viewer to perceive the weaknesses of a Trade Compliance Program as if they were broadcast on a big screen high-definition television. Regardless of how rigorous and elaborate your compliance program appears on paper, or how many training sessions you held last year, the fact of the matter is, your system failed, plain and simple. Violations of laws that protect the national security occurred. Your company did it. Now the company is stumbling along trying to mitigate with a bad situation.

Immediately upon learning of the violations, the Government will want to understand how the violations occurred, how many violations were committed, and how damaging they might be to the national security. The Government will take a "bottom line" approach in determining penalties— it will be much less interested in whether you plan to add another layer of management review to export transactions or another signature to a form than it is in assessing the probability that your company will commit violations in the future. Probably the Government will leave it to you to decide what modifications to make to accomplish the objective of no future violations. Back into the uncharted seas you will sail again.

However, knowing what needs to be done and translating all the pieces into a comprehensive Trade Compliance

Program that works are different matters. One essential element that can be very challenging is the need to get everyone in your corporation, as well as the providers of ancillary trade services, such as your customs broker or forwarder, on board with an attitude and in an environment where always abiding by the letter and spirit of the law isn't just a catchy phrase; it is an essential component of sound business activities. Please take a moment and do a quick self-assessment. (See table on page six.) Which of the following most apply to your organization? Quickly check each box that applies to your company.

Did you check boxes on the left, right or both? Any check on the right indicates work to be done. Likewise, not checking a box on the left means there is room for improvement. You can use the Self-Assessment as a "How-to" or "How Not-to" tool to help present your ideas to senior managers. You can also use it to help focus the refinements to be made in your Trade Compliance Program. Create your own lists to fit your organization's circumstances. The goal should be to establish and sustain a World Class effort based on accepted "Best Practices" and focused on detecting and preventing violations, while encouraging all personnel to have the right attitude concerning ethics and full compliance within the letter and spirit of the law. However, talking about compliance and actually succeeding at it are two different things. Both are essential for a compliance program where the words and pictures match. It's the difference between "super" and "superficial."

During my export enforcement career, I saw a lot of corporate trade compliance train wrecks. There were the front line employees who told me at breaks during Commerce's training seminars about how disconnected they felt from their headquarters, whose senior management would occasionally

issue polished directives that middle managers wouldn't read. There was the settlement negotiation where a company brought in the front line person who had signed the false shipping documents, and who was now obviously feeling mortified and fearful, hoping to pin the blame on a subordinate employee rather than the corporation; yet that employee admitted, under questioning, that he or she received no compliance training from management. Of course, there were many informants who told the Office of Export Enforcement's Special Agents that company supervisors directed them to ship without required export licenses because it was the end of the quarter.

The most vivid instances, however, occurred when informants provided information to us knowing full well they probably would lose their jobs if Commerce imposed export denial orders against their employers, who were engaged in criminal conduct. And in some instances, Commerce did issue export denial orders, companies did go out of business, and the informants did lose their jobs. Why did they come forward to talk to law enforcement? These people had the courage and patriotism to do the right thing in order to protect U.S. national security. Some of them told us they had sons or daughters in the military, and they did not want to see the enemy aiming at their children weapons that had been improved through the connivance of their employers.

You can view some of these train wrecks from a safe distance. Go to the website for the Bureau of Industry and Security ([www.bis.doc.gov](http://www.bis.doc.gov)). From there, look at the left side of the page and click on "Compliance and Enforcement", and then click on the highlighted "BIS's Export Enforcement (EE)" program, and finally click on "Don't Let This



## Country Profile

## Myanmar

Formally known as the Union of Myanmar, the historical conventional name of the country is Burma, which has a population of over 42 million. It is located in Southeastern Asia, bordering the Andaman Sea and the Bay of Bengal, between Bangladesh and Thailand. It has a temperate climate throughout the central lowlands, which is ringed by steep, rugged highlands.

It has numerous national resources, including petroleum, timber, tin, antimony, zinc, copper, tungsten,

lead, coal, some marble, limestone, precious stones, natural gas, and a moundent hydropower. Burma is a resource-rich country that suffers from government controls and abject rural poverty.

Burma has been unable to achieve monetary or fiscal stability, resulting in an economy that suffers from serious macroeconomic imbalances - including a steep inflation rate and an official exchange rate that overvalues the Burmese kyat by more than 100 times the market rate.

## Myanmar at a Glance

**GDP:** ppp - US\$78.8 billion (2003 est.)

**GDP - real growth:** 5.2% (2003 est.)

**GDP - per capita:** \$1,900 (2003 est.)

**Inflation rate:** 52.8% (2003 est.)

**Labor force:** 23.7 million (1999 est.)

**Unemployment rate:** 5.1% (2001 est.)

**Exports:** \$2.434 billion f.o.b. (2003 est.)

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

**Exports - partners:** Thailand 31.6%, US 13.1%, India 7.4%, China 4.7% (2002)

**Imports:** \$2.07 billion f.o.b. (2003 est.)

**Exchange Rate:** kyats per US dollar - 6.08 (2003),

*Expert Advice -Continued from page 7*

Happen to You.” Use these scenarios as “lessons learned” and adjust your compliance program accordingly.

From watching all these wrecks, a few general points have become very clear to me. Corporate leadership MUST always set and maintain standards. Senior officials MUST set the example and demand individual responsibility and compliance from everyone who works for or represents your corporation in this challenging and dynamic global marketplace. And they MUST maintain a vigorous effort that enables and encourages all employees to perform their jobs – and their compliance responsibilities — correctly. This means senior management has to support its employees with the resources and in depth training necessary to develop monitoring and control mechanisms that are adequate to the task and readily respected as being objective.

For companies in need of a Trade Compliance Program, right now would be a good time to start. Perhaps your company’s senior management is in denial or do not fully understand the implications of the regulatory requirements. “Best Practices”

concepts make a great foundation for building a sound program and are an excellent vehicle to bring management up to speed. A highly recommended, proven place to start is with a comprehensive Trade Compliance Review that is performed by an independent professional with the requisite experience and expertise. The best possible choice is an entity with no ties to your corporation and, therefore, no vested interest in skewing the results of the review. Senior management has to ask the reviewer to “tell it like it is.” Senior managers have to understand that the company needs to begin with an objective understanding of the regulatory liabilities that it faces in today’s trade environment.

The bottom line is this. Preventive action and proactive compliance are proven to be better, less painful and less costly than fines, penalties, and Government-mandated corrective actions. You can either invest in a professional Trade Compliance Program now or pay much more later for having a weak one, or for not having one at all. The math is simple. The negative consequences of not having a compliance program — or having a superficial one — include

potentially devastating consequences: Federal prosecution, debarment from Government contracts, loss of export privileges, loss of award fees, damaged credibility, adverse publicity, significant legal fees and fines, negative impact on share value and shareholder confidence, imprisonment for individuals, and, probably the most difficult to discern but worst of all, loss of future contracts. The positive consequences of an effective Trade Compliance Program are – literally – the reverse of those negative ones. Catastrophic negative consequences and tangible benefits are foreseeable alternatives in the area of export controls. For organizations that heed the danger signs and develop “super” compliance programs, the investments will be small compared to the alternative costs. You still have time to play it smart.

Mr. Menefee served from 1993-2004 as Director of the Office of Export Enforcement, Bureau of Industry and Security, U.S. Department of Commerce. Trained as a Special Agent and an attorney, he now is of counsel with the Washington, D.C. office of the law firm of Baker & McKenzie LLP. He can be reached at [mark.d.menefee@bakernet.com](mailto:mark.d.menefee@bakernet.com); (202) 835-4254.



## UK Government publishes its seventh Strategic Export Controls Annual Report

Foreign and Commonwealth Office,  
8 June 2004

The UK Government's Strategic Export Controls Annual Report covering export licensing decisions and policy developments in 2003 is published on 7 June 2004.

Baroness Symons, British Foreign Office Minister responsible for International Security, said: 'This Government introduced the UK's first ever published arms export licensing criteria and we are leading the global effort to develop common international standards on arms exports. Our export controls system is both rigorous and among the most open in the world. That is why we have published this Annual Report every year since 1997, and this year we are identifying those license applications where the goods are to be incorporated in the end-user country.'

'The Government's license processing performance has improved since last year's report. 76 per cent of Standard Individual Export Licenses were processed in 2003 within 20 working days, compared to 59 per cent in 2002.'

'Following the most comprehensive review of strategic export controls for over sixty years, the Export Control Act is now in force. The Act gives us the power to control UK persons overseas who traffic or broker in arms to embargoed destinations, or in torture equipment or certain long-range missiles to any destination. Electronic transfer

abroad of military technology and technical assistance related to weapons of mass destruction is also controlled under this Act.'

'The Government has taken action to ensure that the EU Code of Conduct on Arms Export is applied in a consistent manner across the EU, and to secure agreement to an EU Common Position on arms brokering which requires all EU states to have national laws on arms brokering.'

'The Government also launched the Transfer Controls Initiative to prevent irresponsible transfers of small arms which might contribute to instability, conflict or repression. We also took action to prevent Man-Portable Air Defense Systems (MANPADS), surface to air missiles, from falling into the hands of terrorists.'

Source: <http://www.britainusa.com/>

### China Export of High-tech Products in Zhejiang in The First Half Year Surged by 87.83%

According to Hangzhou Customs, total trade of high-tech products in Zhejiang from Jan to Jun amounted to US\$ 3.773 bln, up 28.6%, of which import was US\$ 2.187 bln, up 3.27% while export US\$ 1.586 bln, surged by 87.83%.

[http://english.mofcom.gov.cn/article/200407/20040700256620\\_1.xml](http://english.mofcom.gov.cn/article/200407/20040700256620_1.xml)

## Trade Increases Between China And Korea

The volume of import and export container cargoes between China and Korea rose rapidly during the first half of 2004, reported Korea Shipping Gazette.

With an increase of 17.86 % in comparison over the same period last year, container cargoes from Korea to China amounted to 427,093 TEU during the first half of the year. Among them, container cargoes originating from Korea increased by 12.79 % amounting to 280,171 TEU while containers that transshipped via Korea grew by 35.14 %, amounting to 82,201 TEU. In terms of the handling of export volumes from Chinese ports during the first half of the year, Ningbo port shipped 53,234 TEU to Korea - representing a sharp increase of 46.07%. Shanghai Port handled 102,192 TEU showing a growth of 24.30% while their feeder cargoes dropped by 1.14% as compared with the same period last year.

Shortage -Continued from page 1

crowded cities in search of opportunities. So there's a huge pool of floating labor, unemployed and disgruntled.

On the face of it, the booming national economy would seem to be demanding more labor than the country can provide. But the reason is that an increasing number of farmer workers, at the bottom rung of the employment ladder, have had enough exploitation by employers. Therefore, efforts should be redoubled to ensure the welfare of those workers so as to sustain the labor supply and the economic boom, human resources experts and economists point out.

Ports -Continued from page 5

5. Changes in the degree of uncertainty.

6. Changing societal concerns, attitudes and lifestyles; and

7. The adoption of agile manufacturing and industries' best practices.

We will certainly talk about agility techniques during the actual duration of the Port Authority course, but it is important before that, for everyone to see ports as logistic systems.

Traditionally ports are areas made up of infra and super-structures capable of receiving ships and other modes of transport, handling their cargo from ship to shore and vice-versa and capable of providing logistics services that create added value. Ports are, therefore, four-modal nodes where ocean ships, short-sea/river ships (feeder routes), rail and road modes converge and where complementarity between waterborne and land modes must exist. Don't be surprised if ports like San Diego, CA and others make their ports into five-modal nodes due to the close proximity of the port to the airport.

(Note: Port Authority of New York/New Jersey have jurisdiction not only over the seaports, but also the three major airports in the region, namely JFK, Newark International and LaGuardia.) However, from the logistics point of view, ports are logistics systems along the supply chain, which have to respond to pull logistics; their action will contribute towards the reduction of inventory levels along the logistics pipeline, a fall in associated costs and the fulfillment of tighter customer requirements through high levels of service within shorter lead-times. It is therefore important that ports' supply meet ports' demand levels.

Consequently, there is a need to transform ports in such a way that they are able to create value rather than cost!

Earlier I noted that proactive ports adopt logistic strategies from similar industries. On this note, I would like to mention that unlike manufacturing industries, ports are bi-directional logistics systems. Ports receive goods from ships to be distributed to different intermodal forms of transport and at the same time, deliver to ships cargo that arrive with the same mode of intermodal transport. As bi-directional logistics systems, ports' operations demand high coordination. What used to be simple loading and discharging operations have become very complex ones. Shippers' needs are growing in importance daily and more than ever shippers today demand real time information about location of their goods in transit.

As in any logistics system, ports are made up of two flows: the physical flow and the information flow.

How then should these two flows work seamlessly together for opti-

mum efficiency of port operations? One of the ways is by implementing an Agile Port.

Implementing an agile port is certainly not simple. Hence it is broken down into five phases, with the first phase being extremely critical — 'Identification of the Port's current processes.' What techniques should ports use for such identification? How to they integrate their findings into the remaining phases and how does an agile port come into operation? An agile port first has to be what is called a 'lean' port and then make the transformation to agility. What does it actually take? What do the phases have to do with JIT (Just in Time) preparation and operation? When looked at further, the facts are abundantly clear and techniques simply fascinating!

Cyrus Katrak manages an architectural firm based in Chicago, Illinois. Over half of its client's projects are in the international arena. He earned his Bachelors in Financial Accounting and Audit from the University of Bombay, India and a Masters in Business Administration from Cleveland State University, Cleveland, Ohio, USA.

## IIEI Directed Study

Almost any course offered by the Institute can be taken as Directed Study, which means you are paired one-on-one with an instructor. You complete all of the assignments as though you are in an online regular class. The main difference is that you have more flexibility on when assignments are due and when you participate. For example, if you cannot start a class on the regular start date for it, and if you opt to take the course Directed Study, you can start it when it works for you personally and submit as-

signments as they fit your schedule, as long as they are completed by the scheduled course end date.

There are still defined start and end dates for the course, but the rest is up to you. If you're traveling a lot or want to compress course assignments into a shorter time span, this may be exactly what you were looking for. The additional fee for Directed Study is \$185.00, which covers the added cost of bringing you your personalized course.



## An Important Final Step

By *Melissa Jensen*

Everyone has an opinion about what they like or would improve about things they do. Online classes are no exception. However, in a busy world, with multiple demands for our time and energy, we often just move on to the next event and quickly forget about those little details that could help improve a class for the next person to get involved. That is why we ask you to complete the End-of-Course survey after each class.

I know it is an easy step to miss, mostly because it is not mandatory, but filing out the survey is perhaps the most important contribution you can make to your education and the education of those who will follow you here at IIEI. The Institute relies heavily on the input of each student. Every survey received is part of the evaluation process, resulting in your valuable comments being sent directly to our Standards Committee for a vote

on implementing your suggestions. With IIEI being online, our key to the pulse of the school is through your direct input after each class. We need to know when we are meeting your needs, and more importantly, when we are not.

We are grateful for all surveys received, and yet, I would ask you to go one step further: be detailed. Use the comments box to express your pleasure or the frustrations you experienced, the things you did like and the things you didn't like. Be specific without reservation because all surveys are totally anonymous unless you choose to sign your name to them. We are constantly striving to improve all aspects of our online classrooms, and that can only be done if we work as a team, and if we hear from you. Make a point to complete the survey at the end of your next class.

## Gold Medal Aspirations

By *Melissa Jensen*

Many of you probably watched the Olympics held in Athens, Greece. In the men's marathon race, there was one runner from Brazil, Vanderlei de Lima, who took a decided lead from the beginning. As he ran, he was suddenly accosted by a fan and pulled from the track against his will. By the time he disentangled himself, his chance at gold had been cruelly snatched from his grasp. Yet, he jumped back into the fray to gallantly win the bronze medal in the end.

De Lima's heroic marathon race reminds me of all the talented, smart, capable people that are pursuing education here at the Institute. Being in the field of international trade hasn't historically come with the gold med-

als of acknowledgement that may be so widely deserved. By attending school here at IIEI, all of our students are making a concerted effort to raise the bar, protect national security and their companies, and to change the way the world sees international trade. You are the De Lima's of our industry; out there running the race with unprecedented results, gracefully learning without medals. Together, we *are* changing this industry, and one day the world will acknowledge the importance of what you are learning today. Keep up the good work and know that all of us here at IIEI are cheering you on as you near the finish line of your race, knowing you deserve the gold.

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