



# Global Watch®

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## IIEI Survey Shows Pay for U.S. Trade Compliance Professionals on the Rise

According to an informal nationwide survey conducted by the IIEI of U.S. trade compliance managers and recruiters, the value of experienced trade compliance professionals, particularly export compliance, has sky rocketed over the past three years. With the shortage of people with this important experience, and the increased demand and need for their specialized knowledge caused by industry growth, headhunters have easily convinced their clients to offer higher wages to lure people away from their current jobs. The problem, said one headhunter located on the West Coast, is "there just aren't enough people to meet the need."

Up to 40%  
salary  
increase...

As a result, export compliance experience and knowledge (ITAR and EAR) bring a premium in the marketplace. Whereas five years ago, a seasoned export compliance administrative position with five to eight years experience received an annual pay in the mid to high \$40k range, slightly more in some markets. That same position now ranges up to \$75,000 plus, said an HR recruiter for an Ohio manufacturer. It is common, say recruiters, for a person accepting a new position to see up to a forty percent salary increase, plus a relocation package.

More experienced professionals with eight to twelve years on the job, serving as an Empowered Official, in charge of compliance within a location, now are being offered six figure salaries to make the move to another company. "We have been told that at this level the range is from almost \$90,000 to up to \$120,000", said Dr. Donald Burton, IIEI's President, who was involved with the survey effort.

Senior management levels within compliance have seen the largest increase, according to IIEI's survey of recruiters and headhunters. Annual salary offers vary greatly within the range of \$120,000 to over \$200,000 with perks, depending on the size of the organization making the offer and geographical location. The reason given for the increase is that these positions for the most part are newly

## World Bank Supports Expansion of Tajikistan's Farmers

**WASHINGTON, April 22, 2005** - The World Bank's Board of Executive Directors approved an IDA Grant in the amount of US\$10 million for the **Tajikistan Land Registration and Cadastre System for Sustainable Agriculture Project**. The project's objective is to expand farm privatization to enable more rural people to become independent farmers and take management decisions in response to market forces, by providing them with secure land use rights certificates distributed in a transparent and fair manner.

During the course of the five-year project, some 300 farms will be privatized in a transparent and fair manner, for which at least 75,000 secure land use certificates will be provided. Farm information services will be expanded to effectively cover some 36 Raions, at least 10,000 ha of agricultural lands will be restored through farm irrigation and water management rehabilitation, and 3,600 farmers within project areas will be better informed about integrated pest management.

Farm privatization is a central issue in the development of Tajikistan's agriculture, which employs more than 70 percent of the

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## Notes from the Executive Director

# Compliance is the Mainstream

*by Dr. Donald N. Burton*

This issue of GlobalWatch® has much to offer. The survey of pay for export compliance professionals should get the attention of some sleeping senior compliance managers who are experiencing loss of key members of their staffs to richer environs. Note other topics such as the new requirements for those wanting to attain their CUSECO® certification; the spot light is being turned on to freight forwarders and their export compliance liability; the numerous questions listed in the "In Compliance" section; and on the import side, the detailed explanation of how to make a company's transition to C-TPAT compliant easier.

This issue varies also in that there is more about export compliance than usual. This is a reflection of how the U.S. Government is picking up the pace in its enforcement effort and putting pressure on governments around the world to do the same. Making the world safer through tighter controls

of imports and exports is finally being felt. The remaining challenge facing industry, said one U.S. official, is that until most large companies are indicted they don't make the radical changes that the events of 9/11 signal as mandatory. When I asked why that was the case, the official said off the record that most companies have a long history of meeting the old standard and have not yet adjusted to the demands faced today. I wonder if with the movement of people from one company to another for higher positions within organizations and bigger paychecks if it will be enough to allow new ideas and ways of doing compliance to emerge to meet this need. Just a thought.

In our next issue, we unveil details of a combined effort of the International Import-Export Institute and OCR Services to support your needs in the 21<sup>st</sup> century to modernize export compliance processes.

Enjoy this issue!



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## Ethics in Trade Compliance

BY: Phil Rhoads, *Vice-Chairman,  
Ethics & Professional Standards Committee*

The Certification Board of Governors (CBG) has approved inclusion of the Ethics in Trade Compliance (ETC) Course into the required curriculum for the Certified US Export Compliance Officer® (CUSECO®) Program. This action was based on a unanimous recommendation by the Ethics and Professional Standards Committee (EPSC).

According to the EPSC, the current CUSECO® curriculum does not fully address ethics in trade compliance—a core consideration and crucial factor to be fully considered by anyone working in the international trade compliance regulation-driven environment. Ethical issues, values and related decision-making are an essential element that are better addressed and learned in a benign non-threatening environment before being encountered in real world situations that may dramatically impact individuals and employers with far greater costs and consequences.

Laying an ethical foundation through the use of the ETC course will help facilitate better and more consistent ethical decisions on the job. It should also equip the Compliance Officer (CO) or Empowered Official (EO) with concrete information on comparative ethical practices in the workplace to be more persuasive in guiding fellow employees and senior management toward making ethical business decisions.

The Enron scandal and criminal prosecutions involving senior

WorldCom and Health South executives have had a chastening impact on U.S. companies across all industry sectors and the US Government as well. With the Sarbanes-Oxley requirement that management test their internal controls and be accountable for effective implementation (to prevent and uncover corporate fraud), there is much more awareness now of the need for a minimum standard of ethical, corporate compliance behavior.

In the trade controls context, the standard goes well beyond accountability to shareholders and employees, to include all countrymen. At its core, ethical conduct at an Export Administration Regulations or International Traffic in Arms Regulations controlled entity requires strict adherence to trade control laws. The CO or EO is a principal educator at the organization in insuring employees understand products and technologies in unfriendly hands can cause significant harm to national security.

But ethical conduct in the trade controls work culture is a collective awareness in the workplace that violations have the potential of undermining even personal security. Examples are numerous: whether it is an unauthorized release of a formula for a propellant that can further anthrax dispersal, or of a technology that provides insight into the use of a lasers to disrupt communications of a commercial airliner.

Additionally, in some very sensitive technologies like nuclear, bio-

## Change in Requirements for Certified U.S. Export Compliance Officer®

Effective July 1<sup>st</sup>, 2005, the Ethics and Trade Compliance (ETC) course (IIEI-320) will part of the CUSECO® Program, which will then include: Understanding the EAR, Understanding the ITAR, Documentation for Export Compliance and Ethics in Trade Compliance.

Individuals who currently hold the CUSECO® certification, and those who will be certified under the existing curriculum without the ETC course prior to July 1<sup>st</sup>, will be required to complete the ETC course as part of their annual recurring Continuing Education Unit requirements no later than January 31<sup>st</sup>, 2007.

The CBG recommends all current CUSECOs® complete the ETC course as soon as possible. Beginning January 1<sup>st</sup>, 2006, the CUSECO® Certification Exam will have ETC course content fully integrated with a focus on case-based situations and related short-answer questions.



**Have a relevant article or topic you would like to see published in a future issue of GlobalWatch®? Email your idea or paper to [director@expandglobal.com](mailto:director@expandglobal.com) for serious consideration.**



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

**Freight Forwarders Beware:  
Supply Chain Member Violations of  
Compliance Not Tolerated**

Confirming to all freight forwarders that the security of the entire supply is now being watched carefully for violations, the Commerce Department's Bureau of Industry and Security (BIS) announced that Air Tiger Express, a freight forwarder located in El Segundo, California, agreed to pay a \$49,500 civil penalty to settle charges that it violated the Export Administration Regulations (EAR).

The BIS charged that, on nine occasions in 1998 and 1999, Air Tiger Express aided and abetted the unlicensed export of items subject to the EAR to organizations in India that were on the Department's Entity List.

**PENNSYLVANIA COMPANY  
SENTENCED FOR ILLEGAL  
EXPORTS TO IRAN**

BIS and the Department of Homeland Security's U.S. Immigration and Customs Enforcement (ICE) announced that BEF Corporation (BEF) of Allentown, Pennsylvania, was sentenced to five years probation and ordered to pay civil and criminal penalties of \$350,000 + over \$200,000 in fines for illegally exporting goods to Iran and making false statements to the government.

**Voluntary Disclosures  
are NOT a "Get Out  
of Jail Free Card"**

**BIS General "Rule of Thumb"  
for Voluntary Disclosures**

Although there are many qualifiers, say BIS officials, the general rule of thumb for fines and penalties for Voluntary Disclosures is a 50% reduction in regulatory fines and no civil penalties or criminal charges.

**Unlicensed Optical Sights  
Shipments to Canada Violation**

The U.S. Department of Commerce announced that Carl Zeiss Optical, Inc. (Zeiss), of Chester, Virginia, cooperated with the investigation and has agreed to pay a \$10,000 civil penalty to settle charges that it illegally exported optical sighting devices from the United States to Canada in violation of the EAR.



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Ethics -Continued from page 3

logical, chemical and night vision, the wrong technologies in the wrong hands as the result of one unethical decision can cause the loss of lives of American Service men and women. The ETC course helps lay essential groundwork so people will make the right decisions to help preclude that possibility.

The ETC course brings this point home through a variety of case studies. The course maps out specific scenarios likely to arise in the interplay of business decisions with the legal requirements of trade controls. Morality is a personal trait rooted in one's upbringing and overall ethical values. Ethics in trade controls clearly starts with such personal values, but the ETC course broadens this into an appreciation of the impact on U.S. national security interests one person's untrained decisions can make to an otherwise compliant organization.

If you have suggestions or ideas to help raise the standards in the international trade compliance community, don't hesitate to contact any member of the EPSC at [www.industrycertification.org/standards.com.htm](http://www.industrycertification.org/standards.com.htm). If you want to know more about the CBG go to [www.industrycertification.org](http://www.industrycertification.org).

**Did you know?**

**U.S. Exporters are  
required to enter an  
ECCN on the SED or  
AES, if the product  
requires a validated  
license.**

# DDTC News & Information

Directorate of Defense Trade Controls

## Are You a Broker? ITAR 129.2

There are three main elements in determining if someone meets the definition of a BROKER in the ITAR. In 129.2(a), “broker means any person who acts as an agent for others in negotiating or arranging contracts, purchases, sales or transfer of defense articles or defense services in return for a fee, commission or other consideration.”

In 129.2(b), brokering activities are defined as “...financing, transportation, freight forwarding, or taking any action that facilitates the

manufacturer, export, or import... by U.S. persons...subject to U.S. jurisdiction.”

In 129.2(c), the definition is expanded to include “any non-U.S. defense articles or defense services described in the US Munitions List regardless of whether such article or service is of U.S. origin...”

The Arms Export Control Act (22 U.S.C. 2778) provides that persons engaged in the business of brokering activities shall register ... and that no person may engage in the business of brokering... without a license...”

## SED Cannot Be Provided to Foreign Governments

According to the [U.S. Census Bureau's website](#), there have been many requests by foreign governments for copies of the Shipper's Export Declaration (SED) or new Automated Export System (AES) for exports from the United States. However, the information contained on the SED is confidential.

The [Foreign Trade Statistics Regulations](#), Title 15, Code of Federal Regulations, Part 30.91 states that the information on the SED may not be disclosed to anyone except the U.S. Principal Party in Interest or their agent and only when such a copy is needed to comply with U. S official legal and regulatory export control requirements. The Census Bureau is requesting that the information of

the SED or AES record not be provided to foreign governments.

The Foreign Trade Division is committed to maintaining the confidentiality of information filed with the U.S. Census Bureau. Providing this information to foreign governments would be contrary to the national interest as it would seriously impact further attempts to complete the mission of the Census Bureau.

If you have questions about this policy, contact Jerome Greenwell, Chief, Regulations, Outreach, and Education Branch, at (301) 763-2238.

Courtesy Shipping Solutions Newsletter

**DDTC New Online  
D-Trade Newsletter can be  
found at:**

[http://pmdtc.org/dtrade\\_newsletter.htm](http://pmdtc.org/dtrade_newsletter.htm)

Pay -Continued from page 1

created senior management level VPs, said one headhunter, noting the importance of compliance in this post-9/11 world. “Companies are finding it difficult to fill these spots. There just aren't that many people with the right experience and training,” said Dr. Burton. “We get calls from companies regularly wanting to post their job offers on our web site. (See [www.iiei.edu/Jobnet/JobNet%20Main%208001.html](http://www.iiei.edu/Jobnet/JobNet%20Main%208001.html).) Most say that they want or prefer CUSECO® certified people to fill the positions,” continued Burton.

Experts agree on the future outlook. The trend will continue. Because of the continued increase and expansion of international trade and the ever-tightening regulations to counter global terrorism, the demand for qualified people is going to intensify. As more companies wake up to the fact that it is critical to their organization's survival to have expertise in this area, the need for more people to fill these important jobs is only going to increase. One State Department official said that there could be between 60,000 to 90,000 small U.S businesses that need to register and comply with these regulations for controlled goods and technical services that haven't done so. “If this is true,” said Dr. Burton, “then one can only imagine how many people might be needed to fill these positions.” What this means to experienced compliance professionals is that the competition for their skills and knowledge will continue to drive up their compensation.

Bottom line: Companies are going to have to be sensitive to the value of their employees in the market place and pay them accordingly or lose them. Compliance has become a highly valued profession.

# In Compliance....

*Opinion:*

## Food for Thought: 20 Questions

by IIEI Staff

Here are some questions for trade compliance professionals to ponder about the state of your organization's trade compliance efforts and attitude.

1. If your organization fired you tomorrow, what would be the cause?
2. If a US Government (USG) audit team arrived on your doorstep, what trade compliance violation(s) would they find?
3. How does your organization allocate training dollars? What percentage goes to trade compliance? What and who determines the amount?
4. Do people outside the trade compliance department know how to really support the trade compliance effort? Who cares?
5. What would a USG audit team say about your records?
6. Do you think the USG could find trade compliance grounds sufficient to stop you from exporting? Would there be grounds for even more serious consequences?
7. What would your organization's senior management say generally regarding your trade compliance? Do they have any knowledge about relevant compliance issues?
8. What do you think is the largest trade compliance risk facing your organization? Does your CEO know this? What is your organization doing to improve the situation?
9. What is more important to your company's management, achieving trade compliance or achieving sales results? Is that view shared throughout management? How does it impact compliance?
10. If your CEO asked if trade compliance details are really important, what would you say? Has your CEO (or a senior manager outside of compliance) ever visited you or asked you anything about trade compliance?
11. Would you encourage others to enter the trade compliance vocation? What are the incentives? What are the disincentives?
12. Who should trade compliance report to within any organization? Who should they definitely not report to? Why?
13. Why should sales/marketing support your compliance effort? What's in it for them?
14. Can an organization ever hope to achieve 100% trade compliance?
15. Does seeing other similar companies to yours get cited for violations have any impact on your organization's compliance effort? What impact should it have?
16. If you were asked by someone in your organization to overlook a trade compliance violation, what would you say and do? Would others agree?
17. Do you personally compare your organization's compliance effort to similar organizations to determine if you're doing ok? Is this the best way to benchmark your efforts? How else might you benchmark performance?
18. Would it take an indictment and significant fine to make your organization's management care more about compliance? Why?
19. How much change is required to make your compliance effort "world class"? What would you change?
20. Who other than the compliance staff are actively involved in maintaining trade compliance in your organization? Should other parts of your organization be involved?

This list is by no means complete. Its purpose is simple: to get you to think critically about trade compliance within your organization. Share these questions with others. Use the ones that fit for group discussions. Just maybe they will help you voice a concern you've had for some time. **Note:** All of the IIEI's online courses use questions like these in the discussion of course topics and issues.

## C-TPAT: Steps for Making the Transition Easier

On March 25, 2005, U.S. Customs and Border Protection (CBP) announced new, stricter participation requirements for its Customs-Trade Partnership Against Terrorism (C-TPAT) program.

The new program requirements, as published, would give lower risk companies increased benefits. For example, According to Commissioner Bonner, in remarks about the pending changes, said that in exchange for adopting tighter security requirements the new "top tier" low-risk shippers would receive a "green lane" through Customs. This means, in most cases, that goods imported by C-TPAT companies would not be subject to inspection, but would receive immediate release. (Of course, Customs said this about the original C-TPAT program too.)

According to Customs, the new minimum-security criteria help solidify membership expectations and more clearly define and establish Customs' baseline expectation for security requirements for C-TPAT participants.

### IMPLEMENTATION DATES & PHASE IN PERIODS

**NEW IMPORTERS WISHING TO JOIN C-TPAT:** For importers wishing to join the C-TPAT program on or after March 25, 2005, will need to meet or exceed the security criteria before they will be 'certified' and eligible for benefits. Applications for new membership will only be accepted electronically, via the C-TPAT web-based online application for importers, with submission of a completed, comprehensive security profile.

**EXISTING C-TPAT MEMBER IMPORTERS :** For importers who are already a member of the C-TPAT program, having completed and received the memorandum of agreement signed by CBP, a gradual, phased implementation approach will be followed, which provides existing members more time to address the security measures outlined in the criteria. The components outlined in the security criteria document have been segmented into three distinct phases, each with their own timeline.

**PHASE 1 - HARDENING OF THE PHYSICAL SUPPLY CHAIN:** Under the first phase, existing member importers will have 60 days from the March 25 effective date to address the following three security criteria:

- 1. Container Security** (seals, inspections, storage).
- 2. Physical Security** (fencing, lighting, parking, building structure, locking devices and key controls, lighting, alarm systems, video surveillance cameras).

**3. Physical Access Controls** (employees, visitors, deliveries, challenging and removing unauthorized persons).

**PHASE 2 - INTERNAL SUPPLY CHAIN MANAGEMENT PRACTICES:** Within 120 days of the March 25 effective date, existing member importers will review and enhance the more internal or procedural security elements:

- 1. Personnel Security** (pre-employment verifications, background checks, personnel termination procedures).
- 2. Procedural Security** (documentation processing, manifest procedures, shipping and receiving, cargo discrepancies).
- 3. Information Technology Security** (password protection, accountability).
- 4. Security Training and Threat Awareness.**

**PHASE 3 - BUSINESS PARTNER REQUIREMENTS:** During the final phase, existing member importers will be afforded 180 days from the March 25 effective date to address the Business Partner Requirement elements. C-TPAT participants must have written and verifiable processes for the selection of business partners, including manufacturers, product suppliers, and vendors, and documentation substantiating that business partners throughout their supply chain are meeting C-TPAT security criteria, or equivalent supply chain security program criteria administered by a foreign Customs administration.

**CERTIFICATIONS:** Existing C-TPAT member importers will not be required to provide a written certification that the security criteria have been met, nor will previously submitted and accepted security profiles need to be resubmitted. It will be understood that existing C-TPAT importer participants must meet or exceed these baseline security criteria by the end of each implementation phase. CBP will continue to use validations to gauge whether or not

C-TPAT importer participants have adopted these security criteria. Those C-TPAT importer participants found to be deficient may have benefits suspended, or may be removed from the program entirely. To assist in the implementation of these security criteria, a Frequently Asked Questions (FAQs) document has been provided, and the trade is encouraged to submit questions to the C-TPAT Industry Partnership email address at [Industry.Partnership@dhs.gov](mailto:Industry.Partnership@dhs.gov). Periodic updates to the FAQs will be provided. CBP will continue to work with members who demonstrate a commitment towards strengthening their entire supply chain, and benefits will be provided accordingly.

### OVERVIEW OF MINIMUM SECURITY REQUIREMENTS

CBP will now require the following for program participation:

\* C-TPAT importer participants must conduct a comprehensive assessment of their international supply chains based upon the new C-TPAT security criteria, and appropriate security measures must be implemented and maintained throughout the importer's supply chains based on a security risk assessment.

\* Where an C-TPAT importer participant out-sources or contracts elements of its supply chain, such as a foreign facility, conveyance, domestic warehouse, or other elements, the C-TPAT importer participant must work with business partners to ensure that they have appropriate security measures in place and adhered to.

### Phase 1 Details Container Security and Inspection

Vendors must have procedures to ensure Container integrity is maintained to protect against the introduction of unauthorized material and/or personnel. C-TPAT Importers must require that, at point of container loading, procedures be in place to inspect, seal, and maintain the integrity

C-TPAT -Continued on page 9

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*Country Profile*  
**Republic of Tajikistan**

The central Asian, land-locked country of Tajikistan's local name is Jumhuri Tojikiston. Temperatures in the country range from hot summers, and mild winters (300m.), with semi-arid areas and polar cold extremes in the Pamir Mountains (7,495m.). The Pamir and Alay Mountains dominate the landscape in the west, with Fergana Valley in north, with the Kofarnihon and Vakhsh Valleys in southwest.



The Tajiks, whose language is nearly identical with Persian, were part of the ancient Persian empire that was ruled by Darius I and later conquered by Alexander the Great (333 B.C.). In the 7th and 8th centuries, Arabs conquered the region and brought Islam. The Tajiks were successively ruled by Uzbeks and then Afghans until claimed by Russia in the 1860s. In 1924, Tajikistan was consolidated into a newly formed Tajik Autonomous Soviet Socialist Republic, which was administratively part of the Uzbek SSR until the Tajik ASSR gained full-fledged republic status in 1929.

Tajikistan has the lowest per capita GDP among the 15 former Soviet republics. Only 5% to 6% of the land area is arable. Cotton is the most important crop. Mineral resources, varied but limited in amount, include silver, gold, uranium, and tungsten. Industry consists only of a large aluminum plant, hydropower facilities and small obsolete facto-

ries mostly in light industry and food processing. The civil war (1992-97) severely damaged the already weak economic infrastructure and caused a sharp decline in industrial and agricultural production. Even though 60% of its people continue to live in abject poverty, Tajikistan has experienced steady economic growth since 1997. Continued privatization of medium and large state-owned enterprises will further increase productivity. Tajikistan's economic situation, however, remains fragile due to uneven implementation of structural reforms, weak governance, widespread unemployment, and the external debt burden. A debt restructuring agreement was reached with Russia in December 2002, including an interest rate of 4%, a 3-year grace period, and a US \$49.8 million credit to the Central Bank of Tajikistan.

**Tajikistan  
 at a Glance**

- GDP:** ppp - \$68.12 billion (2003 est.)
- GDP - real growth:** 7% (2003)
- GDP - per capita:** \$1,000 (2003)
- Inflation rate:** 16.3% (2003 est.)
- Labor force:** 31.87 million (2003 est.)
- Unemployment rate:** 40% (2003)
- Population:** 7,011,556 (July 2004 est.)
- Exports:** \$750 billion (2003 est.)
- Exports - commodities:** aluminum, electricity, cotton, fruits, vegetable oil, textiles
- Exports - Markets:** Netherlands 25.4%, Turkey 24.4%, Latvia 9.9%, Switzerland 9.7%, Uzbekistan 8.5%, Russia 6.6%, Iran 6.4% (2003)
- Imports:** \$890 billion (2003 est.)
- Import Commodities:** electricity, petroleum products, aluminum oxide, machinery and equipment, foodstuffs
- Import Partners** Russia 20.2%, Uzbekistan 15.1%, Kazakhstan 10.9%, Azerbaijan 7%, Ukraine 7%, Romania 4.4% (2003)
- Exchange Rate:** Tajikistani somoni per US dollar - 3.0614 (2003)
- Internet Users:** 4,100 (2003)
- Internet Hosts:** 69 (2004)

Ninety-three percent of Tajikistan's territory is mountainous.





C-TPAT -Continued from page 7

of the shipping containers. A seven-point inspection process is recommended and use of a high security mechanical seal that meets or exceeds PAS ISO 17712 affixed to all loaded sea containers bound for the U.S.

### **Physical Security**

C-TPAT Importers should incorporate the following C-TPAT physical security criteria throughout their supply chains as applicable:

- Cargo handling and storage facilities in domestic and foreign locations must have physical barriers and deterrents that guard against unauthorized access.

### **Fencing**

Perimeter fencing should enclose the areas around cargo handling and storage facilities. Interior fencing within a cargo handling structure should be used to segregate domestic, international, high value, and hazardous cargo. All fencing must be regularly inspected for integrity and damage.

### **Gates and Gate Houses**

Gates through which vehicles and/or personnel enter or exit must be manned and/or monitored. The number of gates should be kept to the minimum necessary for proper access and safety.

### **Parking**

Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.

### **Building Structure**

Buildings must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair.

### **Locking Devices and Key Controls**

All external and internal windows, gates and fences must be secured with locking devices. Management or security personnel must control the issuance of all locks and keys.

### **Lighting**

Adequate lighting must be provided inside and outside the facility, including the following areas: Entrances and exits, cargo handling and storage areas, fence lines and parking areas.

### **Alarms Systems and Video Surveillance Cameras**

Alarm systems and video surveillance cameras should be utilized to monitor

premises and prevent unauthorized access to cargo handling and storage areas.

## Phase 2 Details

### **Personnel Security**

Participants must have demonstrable processes in place to screen prospective employees and to periodically check current employees.

### **Pre-Employment Verification**

Application information, such as employment history and references, must be verified prior to employment.

### **Background Checks/Investigations**

Consistent with foreign, federal, state, and local regulations, background checks and investigations should be conducted for prospective employees. Once employed, periodic checks and reinvestigations should be performed based on cause and/or the sensitivity of the employee's position.

### **Personnel Termination Procedures**

Companies must have procedures in place to remove identification, facility, and system access for terminated employees.

### **Information Technology Security Password Protection**

Automated systems must use individually assigned accounts that require a periodic change of password. IT security policies, procedures and standards must be in place and provided to employees in the form of training.

### **Security Training and Threat Awareness**

A threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorists at each point in the supply chain. Employees must be made aware of the procedures the company has in place to address a situation and how to report it. Additional training should be provided to employees in the shipping and receiving areas, as well as those receiving and opening mail. Additionally, specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies, and protecting access controls. These programs should offer incentives for active employee participation.

### **Accountability**

A system must be in place to identify the abuse of IT, including improper access, tampering or the altering of business data.

All system violators must be subject to appropriate disciplinary actions for abuse.

### **Procedural Security**

Security measures must be in place to ensure the integrity and security of processes relevant to the transportation, handling, and storage of cargo in the supply chain.

### **Documentation Processing**

Procedures must be in place to ensure that all information used in the clearing of merchandise/cargo is legible, complete, accurate, and protected against the exchange, loss or introduction of erroneous information. Documentation control must include safeguarding computer access and information.

### **Manifesting Procedures**

To help ensure the integrity of cargo received from abroad, procedures must be in place to ensure that information received from business partners is reported accurately and timely.

### **Shipping & Receiving**

Arriving cargo should be reconciled against information on the cargo manifest. The cargo should be accurately described, and the weights, labels, marks and piece count indicated and verified. Departing cargo should be verified against purchase or delivery orders. Drivers delivering or receiving cargo must be positively identified before cargo is received or released.

### **Cargo Discrepancies**

All shortages, overages, and other significant discrepancies or anomalies must be resolved and/or investigated appropriately. Customs and/or other appropriate law enforcement agencies must be notified if illegal or suspicious activities are detected - as appropriate.

### **Security Training and Threat Awareness**

A threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorists at each point in the supply chain. Employees must be made aware of the procedures the company has in place to address a situation, and how to report it. Additional training should be provided to employees in the shipping and receiving areas, as well as those receiving and opening mail. Additionally, specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies, and protecting access controls. These programs

**C-TPAT** -Continued from page 9

should offer incentives for active employee participation.

### **Phase 3 Details**

#### **The Business Partner Requirement**

\* C-TPAT participants are to have written and verifiable processes for the selection of business partners, including manufacturers, product suppliers and vendors.

\* For business partners eligible for C-TPAT certification (carriers, ports, terminal operators, brokers, consolidators, etc.), the C-TPAT participant must have documentation substantiating whether these business partners are C-TPAT certified or not.

\* If not already C-TPAT certified, current and prospective business partners must demonstrate to the C-TPAT participant that they are meeting C-TPAT security criteria via written confirmation.

\* Business partners must be subject to verification of compliance with C-TPAT security criteria by the importer based upon a documented risk assessment process.

Through these verifications these verifications, C-TPAT participants can more easily identify if outsourcing occurs at any point in their supply chain and if C-TPAT security standards are being met or exceeded by their business partners. Risk assessment is to be based on factors such as: Volume, country of origin, routing, and potential terrorist threat via openly available information.

C-TPAT participants must ensure business partners develop security processes and procedures consistent with the C-TPAT security criteria to enhance the integrity of the shipment at point of manufacture. Periodic reviews of business partners' facilities should be conducted based on risk, and verify that the vendor is maintaining the security standards required by the importer. At a minimum, vendors must demonstrate that they have procedures to ensure that:

- Containers are properly examined prior to loading
- During the loading process and thereafter, container integrity is maintained to protect against the introduction of unauthorized material and/or personnel
- A high security mechanical seal is affixed to all loaded sea containers bound for the U.S.

#### **ACTION STEPS**

Current C-TPAT participants should immediately review existing security safeguards in light of the new requirements, beginning with a review of:

- **Container Security** (supplier inspection, loading, seals, and storage).
- **Physical Security** (fencing, lighting, parking, building structure, locking devices and key controls, lighting, alarm systems, video surveillance cameras).
- **Physical Access Controls** (employees, visitors, deliveries, challenging and removing unauthorized persons).

If your company does not have all of the security features listed, an implementation plan should be developed and a timetable established. If the company believes that certain elements are not necessary or required, the matter should be addressed in writing to Customs with an explanation why the requirement is not necessary. Next, the company should review its:

- **Personnel Security** (pre-employment verifications, background checks, personnel termination procedures).
- **Procedural Security** (documentation processing, manifest procedures, shipping and receiving, cargo discrepancies).
- **Information Technology Security** (password protection, accountability).
- **Security Training and Threat Awareness** Again, if your company does not have all of the security features identified above, an implementation plan should be developed and a timetable established. If the company believes that certain elements are not necessary or required, the matter should be addressed in writing to Customs with an explanation why the requirement is not necessary.

Finally, C-TPAT participants have 180 days to prepare and implement written and verifiable processes for the selection of business partners, including manufacturers, product suppliers, and vendors; and documentation substantiating that business partners throughout their supply chain are meeting C-TPAT security criteria.

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**Farmers** -Continued from page 1

population and generates close to a third of the country's GDP. The agriculture sector experienced a severe drop in productivity in the years following independence; it has been improving in recent years, but remains short of reaching its full potential. This project is part of the Government's strategy of improving farm productivity by privatizing Tajikistan's farmland over the course of the next four years.

The Republic of Tajikistan became a member of the World Bank on June 4, 1993. A liaison Bank Office was first established in October 1996 and then up-graded to

a full-fledged Country Office in December 1998. Since 1996, IDA has approved eighteen projects (plus three supplemental credits) for a total commitment of about US\$322.1 million. In addition, over US\$3.5 million has been made available to Tajikistan for institution building and post-conflict assistance on a grant basis. Furthermore, IFC has approved eight investments for a total commitment (loans and equity) of approximately US\$28 million.

**Source:** [www.worldbank.org/](http://www.worldbank.org/)

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## Worth the Expense

By Melissa Jensen

Great news! People are finding if they have experience and the CUSECO® certification they are in high demand within the aerospace and defense industries and this can bring higher pay. (See IIEI Survey of Pay for Compliance Professionals – front page of this issue) Until recently, if a company did not pay for the CUSECO® program and examination, individuals had to pay for it themselves out of pocket, which could prove difficult with all the other financial demands made upon them, they had no where to turn. That has changed. Now Sallie Mae Career Training Loans are available to those who qualify. This makes it easier for students to afford the expense and it allows them an extended period to pay back the loan from higher wages new employers are willing to pay for people with the right mix of experience, training and certification.

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cussion question per day.

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