



Global Watch®

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ASEAN, a Key Partner for the European Union

The Association of South East Asian Nations (ASEAN) encompasses ten South East Asian countries. Its key position in the Asia-Pacific region, its dedication to peace and stability in the region and its important economic weight have made ASEAN an essential partner for the European Union (EU) in Asia. ASEAN was established on August 8, 1967 in Bangkok, Thailand with the signature of the Bangkok declaration by the five original member nations ([Indonesia](#), [Malaysia](#), [Philippines](#), [Singapore](#), and [Thailand](#)). In 1984, [Brunei Darussalam](#) was admitted as the sixth member. In 1995, [Vietnam](#) also joined ASEAN. [Lao People's Democratic Republic](#) and

[Burma/Myanmar](#) became members in 1997. [Cambodia](#) joined in 1999. The Member countries that make up ASEAN have a combined GDP of 656 billion € (2002), but there are large economic disparities between the ASEAN members. With a population of some 503 million people, they make up one of the largest regional markets in the world.

The EU is a longstanding dialogue Partner of ASEAN. Co-operation between the EU and ASEAN is based on a Cooperation Agreement (1980) between the EC and member countries of ASEAN: Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Protocols for the accession of Laos and Cambodia to the Agreement were signed in July 2000 but the EU has indicated that it cannot agree to negotiate an extension of this agreement to Burma/Myanmar as long as the situation as regards democracy and human rights in that country does not improve significantly. Burma/Myanmar, therefore cannot participate in EC-ASEAN co-operation actions.

In September 2001, the European Commission's presented its Communication "Europe and Asia: A Strategic Framework for Enhanced Partnerships", which identified ASEAN as a key economic and political partner of the EC and emphasised its importance as a locomotive for overall relations

Asean - Continued on page 9

Philippines Has Much to Offers Partners

The Filipino workforce is one of the most compelling advantages the Philippines has over any other Asian country. With higher education a priority, the literacy rate in the country is 94.6% - among the highest. English is taught in all schools, making the Philippines the world's third largest English-speaking country. Every year, there are some 350,000 graduates enriching the professional pool.

The Philippines is located right in the heart of Asia - today the fastest growing region. It is located within four hours flying time from major capitals of the region. Sited at the crossroads of the eastern and western business, it is a critical entry point to over 500 million people in the ASEAN market and a gateway of international shipping and air lanes suited for European and American businesses.

An open economy allows 100% foreign ownership in almost all sectors and supports a Build-Operate-Transfer (BOT) investment scheme that other Asian countries emulate. Government corporations are being privatized and the banking, insurance, shipping telecommunications and power industries have been deregulated. Incentive packages include the corporate income tax, reduced to a current 32%, with companies in the Special Economic Zones are subject to only 5% overall tax rates. Multinationals looking for regional headquarters are entitled to incentives such as tax exemptions and tax and duty-free importation of specific equipment and materials.

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Notes from the Executive Director

Knowledge and Training keep us Safe

by Dr. Donald N. Burton



What is happening? Compliance conferences keep selling out in record times. Companies are sending droves of employees through the compliance courses, seminars, and training sessions. Nearly every major company that exports controlled goods is trying desperately to hire and train huge numbers of compliance specialists. Employers are hiring trained people from their competitors and paying them beyond premium pay to switch, which often includes large sign-on bonuses. Why is this happening?

One reason is that governments are getting serious about enforcement.

Governments worldwide are trying to protect their citizens. And they are doing this by first trying to protect their borders. Export & import compliance and accurate documentation of shipments between all countries is imperative if countries are going to feel safe. Knowledge and training are central to achieve results.

Listening to you, and hearing your concerns, our staff is readying new courses, including, UK Export Control Regulations (See page 10.), which will be online in early 2006 and several short courses for beginners that are starting soon. (See page 7.)

Those of you who read this publication regularly will notice that it is larger. We've added more space to cover the topics you've requested and our industry needs.

As usual, there is an outstanding article "In Compliance" (See page 6) by guest author Doug Jacobson. Randi Keenan-Blount's article on the TSA's Audit Process will be interesting reading as well.

Finally, I am pleased to have you meet the volunteers that comprise the Certification Board of Governors' (CBG) Advisory Council (AC) that help set the standards for the certifications administered by the IIEI. Over the next two issues you will read about the numerous other volunteers, serving on the Ethics & Professional Standards Committee (Chaired by John Priecko) and the Enforcement & Compliance Committee (Chaired by Doug Jacobson), that along with the AC help make the CBG's standards program accepted worldwide.

Hope you enjoy this issue.

Visit the
**Certification
 Board of Governors'**
 website

www.industrycertification.org

Meet the Certification Board of Governors' Advisory Council

The Certification Board of Governors (CBG) is pleased to introduce you to its volunteer members who serve on the various committees that help fulfill the CBG's mission. In this first installment, we will highlight the **Advisory Council (AC)**.

The AC is comprised of individuals that each serve two-year terms. The AC advises the CBG's other committees on matters pertaining to the industry certification process. The other volunteer groups are the Ethics & Professional Standards Committee and Enforcement & Compliance Committee, which will be detailed in further issues of GlobalWatch®.

J. Robert "Bob" Martin Chairman

Dr. Martin is Director, International Business and Compliance for General Dynamics C4 Systems. Operating from C4 Systems' Washington Office, he is responsible for liaison with the U.S. Government (USG) concerning export administration, defense trade, encryption and space

policy. In addition to his C4 Systems responsibilities, Dr. Martin represents all General Dynamics business units on Commerce Department-controlled commercial export compliance activities, and represents General Dynamics Information Systems and Technology Division on State Department-controlled defense export compliance activities.

Ann Lister

Ann Lister is Global Compliance Manager, Educational Products Division, Texas Instruments and President, International Compliance Professionals Association (ICPA). She is a licensed Customs broker with over 15 years experience in the international arena. She has been with Texas Instruments since 2000. The ICPA is a dynamic, young association focused on global trade compliance.

Raj K Boveja

Mr. Boveja, President, Chief Executive Officer and Co-Founder of OCR Services, Inc., founded the commercial division at OCR Services, Inc. more than a decade ago, focusing on software development and application tools for international trade. His strategic direction and regulatory know-how created the Industry standard software, Internet application tools and, information databases that are used in Fortune 2000 companies globally. The Export Automation Software Essentials (EASE) is the suite of products that originated from this effort. During this time, Mr. Boveja also worked with several government agencies and, oversaw their efforts to integrate software

solutions for the international trade community.

Fae Daniels

Fae Daniels is President and Founder of FD Associates, Inc., a Washington DC area consulting firm. She specializes in assisting domestic and foreign companies exporting USG controlled equipment and technology as regulated by the International Traffic in Arms regulations and the Export Administration Regulations.

Patrick Donovan

Patrick J. Donovan was appointed Vice President, Trade Controls & Counsel by the Executive Committee of Airbus S.A.S. in the beginning of April 2004. Airbus S.A.S. is the world's premier manufacturer of civil and commercial aircraft seating over an hundred passengers. Prior to his appointment at Airbus, Mr. Donovan was the Director, Import/Export Controls at Intelsat Global Service Corporation, Washington, D.C.

Mark Menefee

Of Counsel with Baker & McKenzie LLP, Washington, D.C., Mark specializes in international trade law, where he helps clients worldwide in this very specialized and demanding environment. Formerly Mark was Director, Office of Export Enforcement, Bureau of Industry and Security, U.S. Department of Commerce.

Seif Al-Wady Ramahi

Dr. Ramahi is the former UAE Ambassador to Japan and founder of the Applied Science University of

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U.S. Bureau of Industry and Security Update

EAR "E-Commerce"

You will not find the term "E-Commerce" within the Export Administration Regulations (EAR); however, commerce transacted electronically may be subject to the EAR, the same as transactions that are not electronically facilitated. The EAR apply to the conduct of business communication and transactions over networks and through computers and with the non-electronic buying and selling of goods and services and the transfer of funds. Your export (or deemed export)/reexport (or deemed reexport)/transfer transactions and other services may be subject to the EAR. Some transactions and activities specific to the E-Commerce environment where you should determine if you are subject to the EAR include:

- Orders processed using the internet with tangible delivery of goods;
- Intangible downloads and releases of technology and software.

- The various services performed during transactions; and
- Transfer of funds to certain entities and prohibited activities.

BIS Update Conference

The October 2005 BIS Update Conference sold out in less than four days. This shows the increased awareness industry is placing on understanding the government's requirements. Or perhaps it shows the fear they feel about what can happen if they have a violation.

BIS Export Control Forum

Next year, the BIS is bringing back a smaller version of what used to be Update West. A one day "Export Control Forum" will be held March 14th, 2006, in Newport Beach, CA. Keep an eye on the BIS website for further details at www.bis.doc.gov.

"Orientation for Empowered Officials"

on Track, Soon to be Online

The International Import-Export Institute (IIEI) is pleased to announce the availability of the new course, Orientation for Empowered Officials (OEO). This three-week online class begins October 20th.

If you're already an EO or intend to be one, the OEO course (IIEI-256) is exactly what you need as a first step to get up-to-speed in the demanding and dynamic regulation-driven trade compliance marketplace. This situation-based course takes a broad perspective on educat-

ing EOs on the basic elements of what they need to know to best protect national security, better protect America's most sensitive technologies and fully comply with regulatory requirements.

Further details about the OEO course are available online at: www.expandglobal.com/Courses/course_descriptions/course_descriptions.htm or call: (800) 474-8013 and ask to speak with an Enrollment Advisor. Space is limited. Enroll Today.

Customs' Radiation Portal Monitors at Los Angeles/Long Beach at 100% by Year-end 2005

The Bureau of Customs and Border Protection (CBP) issued a press release announcing that Commissioner Robert C. Bonner displayed the first Radiation Portal Monitors that are now operational at the Ports of Los Angeles and Long Beach, telling an audience attending a seaport security summit held at the port that all containers importing through the port will soon be screened by these devices.

"The recent recommendations that Department of Homeland Security (DHS) Secretary Michael Chertoff announced on July 13, called for 'better systems to move people and goods more securely,'" Bonner said, according to the release. Streamlining and flattening the DHS organizational structure will enable CBP to be even more effective in protecting our homeland."

CBP uses a layered approach to security that begins before a container is even laded onto a U.S. bound vessel at a foreign port. And, our CBP officers are highly-trained and equipped to examine every container that arrives," Bonner stated.

Customs noted that 45 percent of all oceangoing cargo enters the U.S. through the Ports of Los Angeles and Long Beach.

"Part of the layered approach Commissioner Bonner outlined is the Radiation Portal Monitor (RPM) system, designed to detect any radiological emission coming from a vehicle or container. More than ninety will be installed in the ports of LA and Long Beach and will screen every container leaving the ports toward the major population centers," Customs stated in the release.

The release quoted Commissioner Bonner as saying that, by the end of the year, every container

DDTC Update

Directorate of Defense Trade Controls

Update 9/2/2005 - The D-Trade system is fully functional and accepting license submissions. If you experience difficulties please contact the D-Trade Help Desk staff.

Promotion of D-Trade DSP-5 v2.01 has been postponed until completion of acceptance testing of the new product. Acceptance Testing has demonstrated some issues that need to be addressed prior to the launch of the new form. Updates will be provided for the proposed promotion date.

The full working version of the DSP-5 v2.01 form will be available for downloading prior to promotion, so you can start filling it in ahead of time if you need to do so. Please remember that it will not be accepted prior to the promotion date.

For those users with DSP-5 v2.0 templates, the D-Trade Form Upgrader Tool will be available for you to transfer your data from the DSP-5 v2.0 to the DSP-5 v2.01 form, once the new DSP-5 v2.01 goes live.

If you are not already using the PureEdge Form Viewer v6.2, we strongly suggest you take the time now to download this form viewer and the test version of the DSP-5 v2.01 form.

If you are a past user of the PureEdge Form Viewer v5.1, it is recommended that you keep this viewer on your hard drive. If you do not, you will not be able to view the earlier DSP-5 v1.08 and lower version forms you have saved on your PC.

Source: www.pmdtc.org/sl_dtrade.htm

**DEFENSE TRADE CONTROLS -
DDTC and Commercial Affiliations**

Disclaimer

To enhance operational efficiency in fulfillment of its mission, the Directorate establishes and maintains commercial arrangements with a variety of vendors, contractors and other for-profit private sector entities. Undertakings of this nature are conducted in full compliance with applicable Federal laws and regulations and Departmental policy. Although a number of companies cite or imply an association with the Directorate of Defense Trade Controls (DDTC) as a part of their efforts to market their goods and services, no commercial firm can legitimately claim to enjoy a "special" relationship with DDTC. While we may have a contractual relationship, this is accomplished in accordance with the contracting and procurement rules and each party's rights and obligations are under the particular contract or official procurement arrangement. DDTC use of any particular commercial product or service does not constitute a Directorate or USG endorsement.

— The DDTC Managing Director

What does this section of the ITAR deal with?

Section 123.1(c)(4) of the International Traffic in Arms Regulations (ITAR)

For answer see **ITAR** page 9



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Conference**

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Canadian Exemption Ammended

Amendment to the ITAR, Part 126 was published in the Federal Register on July 12, 2005. The Canadian Exemption at Section 126.5(b)(12) was amended to reflect textual revisions to Category XIV of the U.S. Munitions List regarding chemical and biological agents.

Section 126.15 was added for the expedited processing of license applications for the export of defense articles to Australia or the United Kingdom.

39919 Federal Register
/ Vol. 70, No. 132 /
Tuesday, July 12, 2005 /
Rules and Regulations

In Compliance....

Dealing With Antiboycott Requests in the Real World

By Douglas N. Jacobson*

You arrive at your office and check your email. In your inbox is an urgent message from the export compliance manager of your company's German subsidiary:

From: Export Compliance Manager, XYZ GmbH

To: Export Compliance Manager, XYZ America Corp.

Re: Boycott language in letter of credit for sale to Kuwait

Message: Today we received from our customer the letter of credit for our pending export to Kuwait that contains the following condition: "A certificate of origin stating that the goods did not originate in Israel must be provided." Please let me know how I should proceed as this product is ready to be shipped. Regards.

What Should I do Now?

You recall hearing about the renewed calls by certain foreign governments to boycott Israeli businesses and U.S. companies that do business with Israel. While you are pleased that your subsidiary brought this issue to your attention, you are aware that you need further information to determine whether the receipt of this boycott language is reportable to the Bureau of Industry and Security's (BIS) Office of Antiboycott Compliance (OAC) or to the Internal Revenue Service (IRS).

Obtain Further Information and Documentation

You should first ask the export compliance manager in your German subsidiary to send you copies of all documents associated with the ex-

port, including the letter of credit containing the boycott language, the customer's purchase order, pro forma invoice, sales contract and any other correspondence with the customer that may contain boycott language. You should also ask for a complete description of the goods subject to the transaction, including the country of origin of each product.

These documents are critical to ensure that you have a complete understanding of the transaction at issue and to confirm that no other boycott related requests have been received. Another reason for requesting these documents is to make sure that you have a complete set of documents in your file, since the documents containing the boycott language will have to be submitted to OAC in the event that you must file a boycott report.

Is the Entity That Received the Boycott Request Covered by U.S. Antiboycott Laws?

Next, you should consult Section 760 of the U.S. Export Administration Regulations (the "Antiboycott Regulations") to determine if the company that received the boycott request is covered by the U.S. Antiboycott Regulations. The Antiboycott Regulations apply to all "U.S. persons", including individuals and companies located in the U.S. and their "controlled in fact" foreign subsidiaries and affiliates. In this case, you are aware that your company's subsidiary, while incorporated in Germany is 80% owned by the U.S. parent. You also know that two-thirds of the directors of your German subsidiary are on the board of the U.S. parent. Therefore, you determine that your company's foreign subsidiary is

covered by the Antiboycott Regulations.

Is the Sale Associated With an Activity in the Interstate or Foreign Commerce of the United States?

Because the Antiboycott Regulations apply only to "activities in the interstate or foreign commerce" of the U.S. you have asked for information about the origin of the goods that will be exported to Kuwait. You know that your German subsidiary serves as your company's European distributor of good manufactured in the U.S. and elsewhere. The documents you receive confirm that the products that will be sold to Kuwait include items that were manufactured by your company in the U.S. Because this sale to Kuwait will involve U.S.-origin goods, you conclude that this transaction is in U.S. commerce.

Is the Language Contained in the Shipping Instructions Received From the Customer Prohibited?

Since your subsidiary is covered by the Antiboycott Regulations and the transaction is in U.S. commerce, you must now determine if the language contained in the letter of credit is prohibited. The Antiboycott Regulations permit U.S. companies and their foreign subsidiaries to agree to comply with certain import and shipping document requirements relating to the country of origin of the goods. However, information relating to the country of origin of goods must be stated in positive, non-blacklisting terms. Therefore, while a certificate of origin stating that these products are "Made in U.S.A." is permissible, a certificate of origin stating that the

Compliance - Continued on page 10

Entry-level Trade Compliance Training

Is your organization finding it difficult to locate people with trade compliance experience to fill your expanding needs? You are not alone. Nationally there is huge shortage of qualified trade compliance professionals. The question is how do you fill these important positions?

Maybe the IIEI can help—at least with the education and training of your people. For years the IIEI has offered the premier in-depth advanced training for your senior personnel. However, during the past year, companies have said they need more. Countless organizations have requested that the IIEI develop export compliance training courses to assist them in orienting new hires into the trade compliance profession. We listened and then set our experts to work to give you what you wanted. We are proud of what resulted from their effort.

This Fall a series of three new online courses make their debut to meet your needs. The courses titled Trade Compliance Environment I, II, and III (IIEI-214, IIEI-215 and IIEI-216 respectively) are each three weeks in length. Just the right amount of time to insure the topics are adequately covered and to validate learning outcomes. The courses were designed to introduce and familiarize people new to trade compliance with the various topics and concerns typically handled within the trade compliance workplace. The first course in the series is a prerequisite to the other two; however, the sequence of the last two courses is open. These courses were designed to be the first step in training people for the serious role as a trade compliance profession, and to prepare them for the IIEI's more advanced courses covering specific topics within trade compliance.

Again, these new courses are for the novice or beginner and serve as orientation to the subject of trade compliance. Individuals wanting in-depth training

should consider more advanced courses on individual subjects of interest.

Trade Compliance Environment I (IIEI-214)

This three-week course is for new, entry-level personnel who need or want to familiarize themselves with the US trade compliance environment. Upon completion, a student will possess a basic understanding of the duties and responsibilities of those working in regulated trade compliance—import/export—within an organization, the function of government in mandating trade compliance, the most common trade compliance problems, and the career possibilities in choosing this profession.

Prerequisite: None
Course Credit: 1.5 Credits

Trade Compliance Environment II (IIEI-215)

This overview three-week course is a continuation of the examination of the trade compliance environment begun in IIEI-214. It is intended for new, entry-level personnel who need or want to gain a basic level of understanding of specific ITAR topics in the U.S. trade compliance environment, including Tech-

nical Assistance Agreements (TAAs), Manufacturing License Agreements (MLAs), Distribution Agreements (DAs), General Correspondence (GC)/Advisory Opinions (AOs) under the ITAR, and Commodity Jurisdictions (CJs).

Prerequisite: IIEI-214
Course Credit: 1.5 Credits

Trade Compliance Environment III (IIEI-216)

This three-week overview course is a continuation of the examination of the trade compliance environment begun in IIEI-214. It is intended for new, entry-level personnel who need to gain a basic level of understanding of specific ITAR topics in the US trade compliance environment, including Denied Entities Screening, Foreign National issues and the need for auditing export compliance process and procedures.

Prerequisite: IIEI-214 Course
Course Credit: 1.5 Credits

More Detailed Courses Available

Students seeking an in-depth understanding of these topics should enroll in advanced (300-level) courses that deal with these topics.

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U.S. aerospace and
defense companies have
enrolled their employees
into courses leading to
industry certification.



Country Profile

Republic of Philippines

Located in Southeastern Asia, encompassing the archipelago between the Philippine Sea and the South China Sea, east of Vietnam, the Philippine Islands became a Spanish colony during the 16th century; they were ceded to the US in 1898 following the Spanish-American War. In 1935 the Philippines became a self-governing commonwealth. The Philippine Government faces threats from armed communist insurgencies and from Muslim separatists in the south.

Its 87 million people inhabit a country that is mostly mountains with narrow to extensive coastal lowlands. It has a coastline of 36,289 km and is slightly larger than the state of Arizona.



The Philippines was less severely affected by the Asian financial crisis of 1998 than its neighbors, aided in part by annual remittances of \$7-8 billion from overseas workers and no sustained run up in asset prices or foreign borrowing prior to the crisis. From a 0.6% decline in 1998, GDP expanded by 2.4% in 1999, and 4.4% in 2000, but slowed to 3.2% in 2001 in the context of a global economic slowdown, an export slump, and political and security concerns. GDP growth accelerated to 4.3% in 2002, 4.7% in 2003, and about 6% in 2004, reflecting the continued resilience of the service sector, and improved exports and agricultural output. Nonetheless, it will take a higher, sustained growth path to make appreciable progress in poverty alleviation given the Philippines' high annual population growth rate and unequal distribution of income.

The Philippines also faces higher oil prices, higher interest rates on its dollar borrowings, and higher inflation. Fiscal constraints limit Manila's ability to finance infrastructure and social spending. The Philippines' consistently large budget deficit has produced a high debt level and has forced Manila to spend a large portion of the national government budget on debt service. Large, unprofitable public enterprises, especially in the energy sector, contribute to the government's debt because of slow progress on privatization. Credit rating agencies

Philippines at a Glance

GDP: ppp - \$430.6 billion (2004 est.)

GDP - real growth: 5.9% (2004)

GDP - per capita: \$5,000 (2004 est.)

Inflation Rate: 5.5% (2004 est.)

Labor Force: 35.86 million (2004 est.)

Unemployment Rate: 11% (2004)

Population: 87.8 million (2004 est.)

Exports: \$38.63 billion (2004 est.)

Exports - Commodities: electronic equipment, machinery and transport equipment, garments, optical instruments, coconut products, fruits and nuts, copper products, chemicals

Exports - Markets: US 17.5%, Japan 15.8%, China 11.4%, Hong Kong 8.3%, Singapore 7.7%, Taiwan 6.4%, Netherlands 6%, Malaysia 5.5%, Germany 4.2% (2004)

Imports: \$37.5 billion (2004 est.)

Import Commodities: raw materials, machinery and equipment, fuels, vehicles and vehicle parts, plastic, chemicals, grains

Import Partners: Japan 20.6%, US 16%, Singapore 8.4%, China 7.4%, Hong Kong 5.3%, South Korea 5.2%, Taiwan 4.5%, Malaysia 4.4% (2004)

Exchange Rate: Philippine pesos per US dollar - 56.04 (2004)

Internet Users: 3.5 million (2002)

Internet Hosts: 38,440 (2002)

The Philippine archipelago is made up of 7,107 islands

are increasingly concerned about the Philippines' ability to sustain the debt; legislative progress on new revenue measures will weigh heavily on credit rating decisions.

Source: CIA World Fact Book

Asean - Continued from page 1

between Europe and Asia. The Commission Communication 'A New Partnership with South East Asia', presented in July 2003, reaffirms the importance of the EC-ASEAN partnership.

Trade Relations

In 2003, the EU was ASEAN's second largest export market and the third largest trading partner after the United States and Japan. EU exports to ASEAN were estimated at 39 billion €, while EU imports from ASEAN were valued at 66 billion €. The main exports from ASEAN to the EU are machinery, agricultural products, and textiles. In general, both EU imports and exports of goods to ASEAN between 2000 and 2003 have decreased, largely reflecting global trends, although at a slightly higher rate. In contrast, trade in services during the same period has increased for both EU imports and exports of services with ASEAN. EU foreign direct investment (FDI) flows to ASEAN are recovering after the fall due to the financial crisis of 97-98. Singapore attracts more FDI than all the other ASEAN countries taken together and was the 4th largest destination for EU direct investment in 2003, after Russia and ahead of China.

The EC-ASEAN Joint Co-operation Committee (JCC) promotes and keeps under review the various co-operation activities envisaged in the Co-operation Agreement. An official-level Committee usually meets every 18 months. Sub-committees have been established for Trade and Investment, Economic and Industrial Co-operation, Science and Technology, Forestry, Environment, and Narcotics.

Advisory Council - Continued from page 3

Jordan. Dr. Ramahi has served in numerous government posts and educational positions during a career spanning more than forty years. He has served as a full professor at Sophia University in Tokyo Japan and taught at universities throughout the middle east and U.S.

Edwin V. Rosas-Bayonet

Edwin serves as an Administrative Judge, Puerto Rico Port Authority and Chairman of the Gerald Toomey Foundation, Inc (GTF), a nonprofit organization dedicated to support the international trade industry in Puerto Rico and Florida. Established in 1989, the GTF has awarded hundreds of scholarships to university students in related fields to international trade. In 1991 the Foundation was recognized with the "Thousand Points of Light Award" by President George H. Bush as 'one of the ten outstanding educational organizations in the United States.

Radiation - Continued from page 4

arriving at California sea ports and every private vehicle, truck or rail car coming into California through the land border crossings from Mexico will be monitored by RPM.

Customs provides additional information on Radiation Portal Monitors on the agency's web site at: http://www.cbp.gov/xp/cgov/border_security/port_activities/rad_portal1.xml.

Courtesy: Expeditors Newsflash

Having your CUSECO®
certification sets you apart.
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ITAR Question - Continued from page 7

Section 123.1(c)(4) of the International Traffic in Arms Regulations (ITAR) establishes that the Directorate of Defense Trade Controls (DDTC) may require all pertinent documentary information in order to consider the issuance of a license or other approval. Consistent with DDTC's longstanding practice, in addition to requiring a purchase order, letter of intent, or other documentation, DDTC's Office of Defense Trade Controls Licensing (DTCL) may require a signed contract to be submitted with any application for the permanent export of defense articles.

The purpose of this requirement is to confirm the legitimacy of the transaction, including the roles and responsibilities of all the parties. DTCL has received with increasing frequency supporting documentation that calls into question whether the applicants are in a position to fulfill their responsibilities as registered exporters and, in fact, whether anyone at the companies could meet the obligations as Empowered Officials under Section 120.25. In these instances, the applications have been Returned Without Action advising the applicants of the ITAR requirements.

Source: .pmdtc.org/
license_support.htm

DDTC Mission Statement

Advance national strategic objectives and U.S. foreign policy goals through timely enforcement of defense trade controls and the formulation of defense trade policy.



Certified U.S. Export Compliance Officer Continuing Education Requirement

In January 2003, the Certification Board of Governors set the requirement that after one year of certification that all **Certified U.S. Export Compliance Officers**[®] must complete 10 Continuing Education Units (CEUs) each year thereafter to maintain certification

In addition to earning CEUs by successfully completing the IIEI's compliance related online courses, CEU's can be earned by attending industry seminars provided by numerous training organizations, including:

- [American Conference Institute](#) (ACI) - Two-Day Trade Compliance Related Conference - 3 CEUs
- [Bureau of Industry & Security](#) (BIS) - Two-Day Annual Update Conference - 3 CEUs
- BIS - One-Day Topic Specific Seminar, Session or Workshop - 1.5 CEUs
- [Export Compliance Solutions](#) - One-Day Seminar - 1.5 CEUs
- [FD Associates, Inc.](#) - One-Day Topic Specific Workshop - 1.5 CEUs
- [International Compliance Professionals Association](#) (ICPA) - Two-Day Annual Conference - 3 CEUs
- ICPA - One-Day Topic Specific Seminar, Session or Workshop - 1.5 CEUs
- [Society for International Affairs](#) (SIA) - Two-Day Conference (Basic or Advanced) - 3 CEUs
- [Space Coast World Trade Council](#) (SCWTC) - Two-Day Annual Conference - 3 CEUs
- SIA - One-Day Topic Specific Training Session, Seminar or Workshop - 1.5 CEUs
- [Unz & Company](#) - One-Day Export Compliance Seminar - 1.5 CEUs
- Third-Party: Consultive, Corporate (in-house), or Other International Trade Related Training/Courses/Seminars/Workshops - Upon Review - CEUs To Be Determined

If the continuing education requirement is not met, individuals are then required to pass the current CUSECO[®] certification examination process in order to reacquire and maintain certification.



United Kingdom Compliance Course Unveiled

A new online course, UKExport Control Regulations (IIEI-325), will be offered in early 2006, says IIEI's Curriculum Development Department. This six-week online course will examine the United Kingdom's (UK) Export Control Act of 2002 and subsequent Amendments. It will

provide a full review of this important legislation and subsequent Amendments. A general understanding of the requirements of the UK government (and inherent European Union requirements) that impact the export of controlled goods and services is presented. Keep watching online for dates and availability.

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goods are "Did Not Originate in Israel" is not.

Is the Receipt of This Boycott Language Reportable to the Office of Antiboycott Compliance?

The Antiboycott Regulations require U.S. persons or their controlled-in-fact foreign subsidiaries that receive requests to further or support an unsanctioned boycott to report such requests to BIS's Office of Antiboycott Compliance. Since you determined your foreign subsidiary is controlled-in-fact and that the transaction at issue is in U.S. commerce, you conclude that you must file a boycott report with BIS.

How and When do I File a Report?

Single boycott requests must be filed on Form BIS 621-P and multiple requests on Form BIS 6051-P. The PDF version of these documents can be found on BIS's website. The Antiboycott Regulations normally require boycott reports to be filed by the last day of the month following the calendar quarter in which the request was received. However, in cases where the person receiving the request is located outside the U.S., each report must be postmarked by the last day of the second month following the calendar quarter in which the request was received. Because substantial penalties can also be imposed for failing to file boycott requests, you send the documents to BIS by FedEx, certified mail return receipt requested or other verifiable means.

Is the Receipt of This Boycott Language Reportable to the IRS?

Finally, in addition to filing the boycott form with OAC, you are aware that the Internal Revenue Service (IRS) requires corporations to report all "operations" in, with or related to a boycotting country or its nationals and requests received to participate in or cooperate with an international boycott. According to the Internal Revenue Code, a "boycotting country" is any country included on a list maintained by the Secretary of Treasury Depart-

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The Certification Board of Governors' Role

What is the relationship between the Certification Board of Governors (CBG), a non-profit organization, and the IIEI, a for-profit nationally accredited university? It is important that industry and governments around the world understand the relationship between them and each organization's role.

The CBG is mainly comprised of volunteers formed into various committees from government and industry who offer their views on establishing, maintaining and enforcing the official CBG standards related to international trade. In support of this role, the CBG has three volunteer committees: the Ethics & Professional Standards Committee (EPSC)—which establish the proficiency requirements and the resulting industry standards; the Compliance & Enforcement Committee—which insures that individuals that achieve certification remain in compliance with the ethics and professional standards established by the EPSC. This committee can revoke certification if an individual fails to meet the standards. The Executive Committee is comprised of the Chairs of both committees and the Managing Director, who oversees the daily business functions of the CBG.

The CBG is organized similarly to the American Red Cross, which is mainly a volunteer organization with a small paid central administration staff.

The IIEI's primary role in support of this program is to take the standards once established by the CBG and develop the knowledge requirement content that meets the CBG's standards and develop testing instruments that validate the requisite

knowledge attainment. In further support of this, the IIEI develops training course content covering the major topics and learning outcomes that meet the intent of the CBG's standards. Once the content is developed, the CBG reviews the material to insure it meets the standard. As program administrator, the IIEI also assists Approved Providers worldwide in their efforts to participate in certifications. And lastly, the IIEI manages all aspects of the testing process.

Why doesn't the CBG handle everything related to certification?

First and foremost, the CBG's mission is to serve the international trade community by setting, maintaining and refining the professional and ethical standards of performance for industry certification. For the volunteer organization, it was determined that this scope served the industry best. Additionally, the CBG being a non-profit volunteer based organization did not possess the infrastructure to take on the huge undertaking of being the program administrator. It is for these reasons that the CBG chose the IIEI.

In summary, the CBG's globally dispersed volunteers set the standards for international trade certification and the IIEI insures through its educational programs that individuals meet and continue to meet the standards to achieve and maintain industry certification. This collaborative program has been very successful. There is now a global network of Approved Providers training trade professionals to meet the CBG's standards. People in over 90 countries have participated in the program and the number is growing daily.

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ment or any other unlisted countries if the taxpayer "knows or has reason to know" that country requires boycott participation as a condition of doing business. Tax and other penalties may be imposed on corporations that fail to report boycott request on an annual basis.

You are also aware that your company obtains certain tax benefits that are associated with its overseas operations. After reviewing the *Federal Register*, you learn that Kuwait has consistently been named as a "boycotting country" on the Treasury Department's "List of Countries Requiring Cooperation With an International Boycott." Thus, you submit this request to your company's Tax Department for them to determine whether it should be reported on the company's IRS Form 5713.

Final Steps

Because this boycott request was brought to your attention promptly, it appears that your company's export compliance system is working properly. Nevertheless, in order to ensure that your company continues to be vigilant you should send a message to the appropriate persons in your company's U.S. and overseas operations reminding them to check all documents associated with shipments to known boycotting countries and of their obligation to report any boycott-related language to you as soon as possible.

About the Author

*Douglas N. Jacobson is principal of the Law Offices of Douglas N. Jacobson LLC, in Washington, DC (www.djacobsonlaw.com) and is Of Counsel to Strasburger & Price LLP (www.strasburger.com). He regularly advises clients on compliance with the U.S. Export Administration Regulations and other U.S. laws governing international trade. He can be reached at: info@djacobsonlaw.com.

TSA Increased Focus on the Audit Process for Indirect Air Carriers (IAC's)

By Randi Keenan-Blount,
American River Logistics, Ltd.

The Transportation Security Administration (TSA) has increased their focus on auditing freight forwarders and other Indirect Air Carriers under the Indirect Air Carrier Standard Security Program (IACSSP). The IACSSP covers the scope of "air cargo" and does not pertain to other cargo modes. It is becoming extremely critical, not only to the safety of air travel, but also from a compliance standpoint that all IAC's adhere to the rules and regulations of the IACSSP.

The typical TSA audit will be "unannounced" and will usually include the following areas of compliance:

- The TSA may attempt to enter the IAC's facility through an open or unlocked warehouse/cargo door. If the agent gains access and is not immediately challenged, the IAC will be in violation and may receive a fine for not securing access to air cargo in their possession.
- Training records: It is critical that employees and staff members of the IAC are formally trained and a record of training is kept on file. This training is done on a "need to know" basis, as there are Sensitive Security Information (SSI) protections that must be adhered to. A good training program will cover SSI and the proper procedures for compliance.
- Written list of all IAC stations that receive or tender cargo for air-freight. This list must include the

physical address, point of contact and contact phone number.

- Copy of the IAC's current TSA approval certificate.
- It has become mandatory to list complete information on all agents that the IAC uses to perform functions related to air cargo. Therefore, the TSA agent may ask to see your written instructions to an agent acting on behalf of the IAC. Written instructions relating to the security functions of an IAC's agent must be in writing, and the agent must acknowledge their responsibility, in writing. A good training course will give examples of this notification and explain this requirement.
- As the IAC submits their "known shipper" verification information to the TSA, as mandated by the IACSSP, the TSA agent may ask to see the original signature documentation to verify that the IAC has properly performed the "known" status process of a particular shipper.

In addition to the above, it is very likely that the TSA auditor will come... with an air waybill in hand that was prepared by the IAC they are visiting. At that point, they will specifically ask to see:

- The training records for the employee of the IAC who prepared the air cargo shipment.
- The actual documentation to prove the shipper of that

specific consignment has been made by a "known shipper" by following all of the TSA Directives, current Emergency Amendments and other proper procedures.

- If the IAC used an agent to collect the cargo from the shipper or deliver the cargo to the airport, they will ask to see the written confirmation that the agent understands their responsibility when acting on behalf of the IAC.

Penalties for Violations by Indirect Air Carriers (Freight Forwarders) Minimum: \$1,000.00
Maximum: \$ 10,000.00

About the Author

Randi Keenan-Blount, is a representative of American River Logistics, Ltd. with offices and agents worldwide. Randi can be reached at email: randi@worlddest.com

- REMINDER -

Ethics in Trade Compliance (IIEI-320) is now a required course for the Certified US Export Compliance Officer® Program. For those already certified, you must complete it by January 31st, 2007, to remain certified. Don't wait! The next six-week online classes begin September 22nd & November 3rd, 2005.



Technology Has Its Limitations

By Caulyne Barron

In an era when we can pay our bills online, instant message, email, and video conference across the globe, we often take these tasks for granted until the moment when they do not work. Here at IIEI, we have been upgrading our classrooms in our virtual school, and as a result we have had some unforeseen outtages. Once we are alerted to the problems, we immediately have staff working to resolve it and get our classrooms back up and running.

There are times when technology simply doesn't meet our human expectations. This is the limitation of online classes. Having come from positions with the more traditional "brick and mortar"

schools, however, I see strong parallels to days we called students to announce a snow day, an instructor with the flu, or mechanical problems in the building that would make class impossible. Simply put, these things happen sometimes.

There are times when our servers will be down. There are times when our Internet provider will be down. And there are times when you may not have Internet access on your side, maybe even a virus or a worm. However, these are the exceptions more than the rule. If you experience problems entering the classroom during normal business hours, please call 800-474-8013. During non-business hours, please call 602-295-2462 and leave a message, or email classrooms@expandglobal.com. These will be checked at least once a day so that we can resolve any service interruptions. Our goal is to give you the best possible service so that you don't even notice the technology and instead enjoy your educational and user friendly classroom experience.

Faculty's Role

Q: What should the instructor be doing?

A: In classes at the IIEI, the instructor is a facilitator. They are guiding the discussion and providing constructive feedback to students. They do not lecture as the lectures are already built into the classroom. Instructors are required to be in the classroom AT LEAST 5 days per week—just like students. They MUST answer all student questions in their instructor mailbox and in the classroom in a timely manner. A student should not have to wait more than 36 hours to hear from the Instructor on any question. Many Instructors check their messages frequently and respond many times per day. Students should realize that this is NOT a requirement.

Melissa Retires

Melissa Jensen retired from the IIEI in August to be a stay at home wife. She had been wanting to make this move for several years, but her relationship with many of you kept her on the job. She thanks you for your friendship and says she will remember you always. She will be missed.

IIEI Certifications

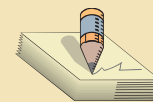
Congratulations to the following on successful completion and recent award of the respective certifications.

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 Parks, Bob- TX
 Saccini, Luciano- CA
 Scott, Dino- VA
 Seamans, Richard- IL
 Tidwell, Ashley- CA



IIEI Student Honor Roll

Outstanding performance for two or more semesters.

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Brown, Debra	Moss, Randall
Crawford, Hilary	Parks, Bob
Curran, Charles	Raible, Joanna
Davis, Marcia	Reiss, Mary
Du Bois, Tisha	Santiago, Adrian
Fields, Marjorie	Schaefer, Melissa
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