



# Global Watch<sup>®</sup>

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## China-ASEAN Free Trade Agreement Reduces Duties

Bernama News Agency reported on 9 December, 2006 that the Association of Southeast Asian Nations (ASEAN) and China concluded two agreements in a meeting in Cebu City, Philippines. The purpose of the agreements is to improve the tariff liberalization mechanism of the ASEAN-China Free Trade Area (ACFTA).

The first agreement includes the Second Protocol to amend the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and China, while the second focuses on a protocol to amend the Trade in Goods Agreement.

In an effort to further simplify the rules and procedures of trade under the ACFTA, ASEAN and China adopted the

*China-ASEAN - Continued on page 7*

## U.S. Harmonized Tariff Schedule Changed

The U.S./Bush Administration published several Presidential proclamations to enact changes to the Harmonized Tariff Schedule of the United States (HTS) that are intended to bring the HTS in line with the World Customs Organization's (WCO) Harmonized Commodity Description and Coding System's standardized nomenclature for international trade.

The proclamations allow the tariff changes to take effect on or about February 3, 2007.

The changes to the HTS nomenclature are substantial. Alterations have been made to 83 of the HTS chapters and two-hundred forty headings have been reconstructed. Subheadings covering information technology, textiles, motor vehicle parts and industrial products are significantly affected, with chapters 84, 85 and 90 the most heavily impacted. Certain section and chapter notes have been changed, many subheadings have been deleted or divided and several new subheadings have been inserted.

Customs requires classification to the 10-digit level to determine admissibility and duty status on entries of imports into the commerce of the United States, and under the Customs Modernization or "Mod" Act, the importer of record is responsible for using reasonable care to classify and determine the value of imported merchandise.

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## ADB fights poverty in Asia and Pacific Region

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## Need to Know RED FLAGS for Empowered Officials

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## Culture an Issue?

Read this article before you identify a foreign trade partner

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## Important pointers on trade compliance education and training

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## SIA Back to Basics Hospitality Suite

If you're going to the Winter Society for International Affairs (SIA) Conference in Charleston, South Carolina February 12<sup>th</sup> & 13<sup>th</sup> be sure to wear your Certified US Export Compliance Officer<sup>®</sup> (CUSECO<sup>®</sup>) lapel pin. You'll need either your CUSECO<sup>®</sup> pin or a printed invitation to gain entrance in the International Import-Export Institute's Hospitality Suite Tuesday evening, February 13. The doors open at 6:00 pm. Tasty hors d'oeuvres and wine & beer will be served until 8:00 p.m. So if you are staying over for the SIA hands-on Workshop on Wednesday, come visit us Tuesday evening.

Ask your Advisor for an invitation and if you don't have an Advisor, call and ask to speak with one. There is no obligation whatsoever. Please let us know if you're planning to attend so we won't run short of food and drink. Call (800) 474-8013.

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## Notes from the Executive Director

### Global Trade Helps Rebuild Southeast Asia

by *Dr. Donald N. Burton*

As you read this issue of GlobalWatch®, note the number of Internet users in the Republic of Indonesia, the country profiled in this issue. Sixteen million households or businesses were connected to the web as of 2005. That's in a country of 245 million individuals. With a growth rate of Gross Domestic Product of 5.6% and an inflation rate of slightly over 10%, you might say that Indonesia represents opportunity to foreign investors. Its economy is growing and if certain internal reforms continue, Indonesia is expected to attract considerably more foreign investment in the near future. One reason is the rebuilding after the 2004 Tsunami that devastated the country. Foreign companies are flocking to the country to provide the materials to rebuild Indonesia's cities and critical infrastructure. What does this mean to you and your exporting efforts?

First it means that the market is very competitive. Some companies are attempting to sell their out of date/inferior goods there. Oth-

ers are bribing officials to gain bids, which is against the US Foreign Corrupt Practices Act for US businesses to be involved. But it also means much more. It means there is a market for quality goods and services from ethical vendors all over the world. As they seek to rebuild, customers in Indonesia will want to upgrade and improve what existed earlier. Entrenched suppliers may no longer have favored status with customers, leaving the door open for you and your wares. All the practical issues of importing and exporting we've taught here at the IIEI for nearly a decade and a half should be applied. With sixteen million Internet users, Indonesia is open to the world for trade. Why not talk with them about their needs and how your products or services can help them rebuild into the country they envision?

As you ponder Indonesia's plight, ask yourself which courses available here at the IIEI apply. I think you'll be surprised at what you discover. Enjoy this issue.



## ICPA The International Compliance Professionals Association

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# Asian Development Bank

Fighting Poverty in Asia and the Pacific

The **Asian Development Bank (ADB)** is a regional development bank established in 1966 to promote economic and social development in Asian and Pacific countries through loans and technical assistance. It is a multilateral development financial institution owned by 66 members, 47 from the region and 19 from other parts of the globe. ADB's vision is a region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their citizens.

The work of the ADB is aimed at improving the welfare of the people in Asia and the Pacific, particularly the 1.9 billion who live on less than \$2 a day. Despite many success stories, Asia and the Pacific remains home to two thirds of the world's poor.

The bank was founded as a regionally focused clone of the IBRD (World Bank), with the primary impetus coming from the US, Japan and Western European (especially Nordic and Germanic) governments. The ADB has traditionally funded its lending activities by issuing supranational-rated bonds in the euromarkets. For many years the ADB was the only Asia-ex Japan issuer of eurobonds. Although recent economic growth in many member countries has led to a change in emphasis to some degree. Throughout most of its history, it has operated on a project basis, specifically in the areas of infrastructure investment, agricultural development and loans to basic industries in member countries. Although by definition it is a lender to governments and government entities, it has also

participated as a liquidity enhancer and best practice enabler in the private sectors of regional member countries. The primary human capital asset of the bank is its staff of professionals, encompassing academic and/or practical experts in the areas of agriculture, civil engineering, economics, public policy and finance. These professionals are drawn from all across the globe and given various incentives to relocate to Manila, including diplomatic status and tax-free incomes. It is conceivable that once all of Asia-Pacific reaches a certain level of living standard the bank will be wound down or reconfigured to operate as a commercial enterprise. The largest share holders of the ADB are Japan and the USA, each holding 12.8% of the shares. To learn more visit: [www.adb.org](http://www.adb.org).

## Asian Development Bank Member Countries: Asia and Pacific

The date following the country name signifies the date of membership. See other non-region members on page 10.

 [Afghanistan](#) (1966)  
 [Armenia](#) (2005)  
 [Australia](#) (1966)  
 [Azerbaijan](#) (1999)  
 [Bangladesh](#) (1973)  
 [Bhutan](#) (1982)  
 [Brunei Darussalam](#) (2006)  
 [Cambodia](#) (1966)  
 [China, People's Republic of](#) (1986)  
 [Cook Islands](#) (1976)  
 [Fiji](#) (1970)  
 [Hong Kong, China](#)<sup>[2]</sup> (1969)  
 [India](#) (1966)  
 [Indonesia](#) (1966)  
 [Japan](#) (1966)

 [Kazakhstan](#) (1994)  
 [Kiribati](#) (1974)  
 [Korea, Republic of](#) (1966)  
 [Kyrgyz Republic](#) (1994)  
 [Lao People's Democratic Republic](#) (1966)  
 [Malaysia](#) (1966)  
 [Maldives](#) (1978)  
 [Marshall Islands](#) (1990)  
 [Micronesia, Federated States of](#) (1990)  
 [Mongolia](#) (1991)  
 [Myanmar](#) (1973)  
 [Nauru](#) (1991)  
 [Nepal](#) (1966)  
 [New Zealand](#) (1966)  
 [Pakistan](#) (1966)

 [Palau](#) (2003)  
 [Papua New Guinea](#) (1971)  
 [Philippines](#) (1966)  
 [Samoa](#) (1966)  
 [Singapore](#) (1966)  
 [Solomon Islands](#) (1973)  
 [Sri Lanka](#) (1966)  
 [Taipei, China](#)<sup>[3]</sup> (1966)  
 [Tajikistan](#) (1998)  
 [Thailand](#) (1966)  
 [Timor-Leste](#) (2002)  
 [Tonga](#) (1972)  
 [Turkmenistan](#) (2000)  
 [Tuvalu](#) (1993)  
 [Uzbekistan](#) (1995)  
 [Vanuatu](#) (1981)  
 [Viet Nam, Socialist Republic of](#) (1966)



## BIS Update

U.S. DOC Bureau of Industry and Security

### Reminder - SNAP Redesign is Operational!

Since October 15, 2006, the redesigned SNAP system has been operational. Many companies have capitalized on the new functionalities, such as: online submission of supporting documents, online messaging, user-account access administration controls for work items, and enhanced security.

**With the positive transition of many companies from SNAP to SNAP-R, SNAP is on schedule to be decommissioned in early 2007.**

Please take the time to utilize SNAP-R as much as possible during the remaining transition period by going to the SNAP-R login page: <https://SNAPR.BIS.DOC.GOV>.

If you have any questions, you may email: [SNAPR@BIS.DOC.GOV](mailto:SNAPR@BIS.DOC.GOV) or call on 202-482-2227.

### BIS Final Rule Australia Group

BIS publishes Final Rule implementing the understandings reached at the June 2006 plenary meeting of the Australia Group (AG). 11/24/06

BIS publishes Final Rule in the Federal Register Imposing Foreign Policy Controls on Surreptitious Communications Intercepting Devices. 11/20/06

Please visit the BIS homepage for more information at <http://www.bis.doc.gov/>

### BIS Conference

Online registration is open for the Second Annual Export Control Forum, also known as "Update West", a one-day event on March 19th in Newport Beach, CA. Visit [www.bis.doc.gov](http://www.bis.doc.gov) for details and to register.

### NEW IIEI Web Site to Open

Watch for the unveiling of the International Import-Export Institute's UPDATED AND REDESIGNED WEB SITE SOON. The finishing touches are being completed now. The new site will be easier to navigate and will contain all the information you need and requested. Our web address stays the same.

Visit [www.iiei.edu](http://www.iiei.edu)

### US CENSUS BUREAU

AES Mandatory Filing  
Frequently Asked  
Question

**Question:** What are the 8 new US Munitions List data elements needed when filing using the Automated Export System (AES)?

**See Answer** on page 7

### What's the feedback of those who Beta Tested Orientation for Empowered Officials (OEO), IIEI-257, an interactive, challenging, 6-week, case study-based, online course?

*"Exciting, comprehensive and exactly what's needed to be an Empowered Official—an exceptional course!"*  
Tracey Abram, CUSECO®, Vice-President-Global Export & Trade Compliance / EO, Eagle Global Logistics

*"I strongly recommend the Empowered Officials class to all compliance professionals."*  
Jennifer Browning, Compliance Officer / EO, Turbomeca USA

*"OEO is imperative for responsible officials to stay current on the latest regulatory requirements."*  
Katie Hawkins, CUSECO®, Import/Export Manager, Comtech Systems Inc.

*"This course is definitely long overdue and an informative, thought-provoking experience."*  
J. Hawley, CUSECO®, Trade Control Specialist, The Boeing Company

*"This was a great course covering numerous real-life situations that EOs will likely face."*  
P. Ramsey, CUSECO®, Manager-Government Compliance, Jeppesen Sanderson Inc.

**Sign up now for the next offering of OEO at [www.iiei.edu/Courses/Classes\\_start.htm](http://www.iiei.edu/Courses/Classes_start.htm).**

Join a growing list of other professional trade practitioners from around the world in dealing with this demanding and essential international trade compliance position that's instrumental in ensuring compliance in our rapidly expanding, regulation-driven and global marketplace.



# DDTC Update

Directorate of Defense Trade Controls

## D-Trade Form Changes

### D-Trade / Licensing

On or about **January 31, 2007**, the Office of Defense Trade Controls Licensing will no longer accept the DSP “carbon paper” applications or the recently implemented “downloadable” application forms. Any “carbon paper” or “downloadable” form received after January 31 will not be processed. Exception will be made for export applications for which an exception to the registration requirement is being requested. For those requests, the downloadable form found on our Web site ([www.pmdtcc.state.gov/new\\_microsoft\\_wordversion\\_forms.htm](http://www.pmdtcc.state.gov/new_microsoft_wordversion_forms.htm)) must be completed and mailed, with required supporting documentation, to this office.

As of January 31, the following application forms, which include the new D-Trade Amendment forms, will only be accepted via D-Trade:

- DSP-5** Application for the Permanent Export of Unclassified Defense Articles and Related Unclassified Technical Data
- DSP-6** DSP-5 Amendment
- DSP-61** Application for the Temporary Import of Unclassified Defense Articles
- DSP-62** DSP-61 Amendment
- DSP-73** Application for the Temporary Export of Unclassified Defense Articles
- DSP-74** DSP-73 Amendment

The ELLIE system, which allowed the submission of the DSP-119 Amendment form, will also be discontinued. Any DSP-119 Amendment application received after January 31 will not be processed. Applicants will be required to use the new D-Trade DSP-6, DSP-62 or DSP-74 form.

Submissions **NOT** affected by this coming change include: **DSP-85** (Application/License for Permanent/Temporary Export or Temporary Import of Classified Defense Articles and Classified Technical Data), **General Correspondences** (GCs), **Agreements/Amendments** (AGs, TAAs, MAs, DAs), and **Brokering Requests** (BAs). [Note: apparently commodity jurisdiction (CJ) requests are also not affected by the change,]

For questions concerning D-Trade, please contact the D-Trade Help Desk at (202) 663-2838, or via e-mail at [dtradehelpdesk@state.gov](mailto:dtradehelpdesk@state.gov).

The DDTC will upgrade to D-Trade v4.8 on Monday, January 8. As of that date, the following forms will be available for use in D-Trade: DSP-5 v2.3, DSP-61 v1.1, DSP-73 v1.1, DSP-6 v1.0, DSP-62 v1.0, and DSP-74 v1.0. (Although the new versions of the DSP-5, -61, and -73 will have the same version numbers, they will in fact be different versions. They will be differentiated from the current versions by a new “update” date.)

As of January 8, the current version of forms will no longer be accepted. At that time, the new form versions will be available. Until that time, please continue to use the current form versions. In the meantime, for the purposes of familiarization, the new form versions are available at the [D-Trade Info Center](#) under the header “D-Trade v4.8 – Preview of New Form Versions.” Please do not attempt to submit these form versions before January 8.

From January 8 and onward, in order to complete and submit the new forms, you will be required to download the new PureEdge Viewer v6.5, which is available in the D-Trade Info Center. The new PureEdge Viewer will open all versions of the DSP-5, DSP-61, and DSP-73 forms, even though you should only submit the new versions after January 8.

**Source:** [www.pmdtcc.state.gov/dtrade\\_upgrade.htm](http://www.pmdtcc.state.gov/dtrade_upgrade.htm)

# In Compliance....



## RED FLAGS for Empowered Officials

by John P. Priecko

In trade compliance Red Flags are always important. However, the ones we'll consider here are not the ones found on the US Department of Commerce (DOC) Bureau of Industry & Security (BIS) website. From the perspective of an Empowered Official (EO), responsible authority or trade compliance professional, the ones noted here are just as impor-

tant. Watch out for them! Don't ignore them! They indicate problems or serious flaws in individuals, your organizational compliance culture or a weakness in your international trade compliance program. They are a clear sign something is wrong and needs work. Much like the DOC BIS Red Flags, these are symptoms that require timely action to resolve. Below in

the chart are ten sanitized real world examples.

Certainly you can think of or may have experienced many other Red Flags that indicate individual or organizational cultures of non-compliance. The important question here is what's done when such things occur? You have an obligation to comply with the letter and spirit of the law and your

*In Compliance - Continued on page 7*

### WATCH OUT FOR THESE - DO NOT IGNORE THEM!

- Your Chief Executive Officer, when advised of a violation of export control regulations, is only interested in knowing exactly what the odds are of getting caught.
- Your organization has an Ethics and Trade Compliance Program, Code of Conduct and Business Practices in writing and widely distributed, but they aren't followed.
- During acquisition due diligence, your Chief Financial Officer decides not to pursue submission of a voluntary disclosure as it may adversely impact the sale.
- Your company's General Manager says trade compliance is very important, but never attends any of the education or training provided and required of everybody else.
- The General Counsel (GC) tells you to stop putting your concerns in writing about a situation that is a clear violation of the law where appropriate action isn't being taken.
- Your GC doesn't want trade compliance policies and procedures in writing. He's satisfied with allowing Business Units (BUs) to do things any way they want to and by word of mouth.
- Trade Compliance, responsible for export and import controls and the organization's compliance program, is not part of the discovery team for mergers & acquisitions.
- Following a difficult trade compliance audit at one of your BUs, a senior manager pressures the auditor to change the results on the Final Report to paint the BU in a better light.
- During a BU audit, the Vice President of Contracting, in answering a question about knowledge of violations, wants to know what the statute of limitations is.
- Your job in trade compliance is suddenly eliminated in the midst of a vigorous debate over reporting national security related violations where you wouldn't waiver.

**In Compliance** - Continued from page 6

organization's Code of Ethics and Business Conduct (Code). Not doing so is likely a violation of your organization's Code and the law and if not dealt with appropriately and quickly could be very risky and costly to you and your organization. Worse yet, it could be detrimental to America's national security and economic well being.

**Remember:** Willful self-blinding, intentionally overlooking, ignoring or covering up problems, are not appropriate paths to take. With knowledge of an actual or potential violation comes the responsibility to expeditiously do the right thing. The consequences of not doing so are negative, numerous and can be devastating. So, the best advice when you come across a Red Flag is to always heed the danger sign and take timely corrective action.

**NOTE:** These Red Flags and others are just one of numerous important subjects in the International Import-Export Institute (IIEI) 6-week interactive online course "Orientation for Empowered Officials" (IIEI-257). This course was built by EOs for EOs. It came about as a result of repeated industry requests for specific in-depth education and training on this crucial trade compliance position. There's nothing else like it! So, if you're an EO or aspire to be, this course is for you! For upcoming offerings, go to: <http://www.iiei.edu>.

About the Author:

Mr. Priecko is Vice President, Global Trade Compliance, JPMorgan Chase Vastera Inc. He's also a Certified US Export Compliance Officer® and Certified International Trade Educator®. He has almost 15 years experience in trade compliance with US industry, the US Government and consulting. He also volunteers as President of the Certification Board of Governors, which sets the global expertise and proficiency standards for trade compliance professionals worldwide.

**China-ASEAN** - Continued from page 1

second package of Product Specific Rules (PSR) for 90 products. With the implementation of the second package of PSR on 1st January 2007, ASEAN exporters would have the flexibility in choosing the most convenient rules in meeting the origin criteria of the products.

Since the tariff reduction, ASEAN and China have succeeded in reducing duties ranging from 0 to 5 percent on 40 percent of products. The reduction of duties on another 20 percent of the products take effect from January 1, 2007. Trade between ASEAN and China recorded a total of US\$14.3 billion in 2005. This figure represents an increase of 28.1 percent from 2004 trade statistics.

**Courtesy:** *Expeditors Newflash - Asia Edition*, [www.expeditors.com](http://www.expeditors.com)

## Census AES Answer

Answer to question on page 4:

DDTC Export License Number  
 DDTC Exemption Number  
 DDTC Registration Number  
 DDTC Significant Military Equipment Indicator  
 DDTC Eligible Party Certification Indicator  
 DDTC United States Muntions List (USML) Category Code  
 DDTC Unit of Measure Code  
 DDTC Quantity

**Source:** <http://www.census.gov/foreign-trade/aes/documentlibrary/usmldataelements.html>

**HTS Changes** - Continued from page 1

The ITC published an updated "draft" version of the HTS providing visibility to the new 10-digit tariff classifications that will come into effect as a result of the President's proclamations. ITC stated that the draft HTS chapters, general notes and notice to exporters have been updated from the HS 2007 (Preliminary) version, which was posted on the ITC web site in December 2006 and took effect January 1, 2007.

"These updated drafts, which will go into effect on or about February 3, 2007, are clearly marked as being in "DRAFT" form and should not be used for import entry purposes before that time," ITC stated. "These drafts incorporate amendments arising from Pres. Proc. 8097, which was published in the Federal Register on 1/4/2007. They also include provisions of P.L. 109-432 and of Presidential Proclamations 8096 and 8098, the latter of which were published in the Federal Register on 1/4/2007."

"Further, the annex to Presidential Proclamation 8095 is provided for public information; the provisions of that annex will be incorporated in the HTS when the February 3, 2007, version goes into effect," ITC added. "The final version of the basic edition of the 2007 HTS will be posted on this website on or about February 3, 2007, and a hard copy version will be published by the Government Printing Office at that time."

The new draft HTS can be accessed on-line at: <http://www.usitc.gov/tata/hts/>.

**Courtesy:** *Expeditors Newflash*: [www.expeditors.com/newflash](http://www.expeditors.com/newflash).



**Country Profile**  
**Republic of Indonesia**

Located in Southeastern Asia, on the archipelago between the Indian Ocean and the Pacific Ocean, the Republic of Indonesia is slightly less than three times the size of Texas. Comprised mostly of coastal lowlands; its larger islands have interior mountains. The climate is tropical; hot, humid; more moderate in highlands.

The Dutch began to colonize Indonesia in the early 17th century. On the 17<sup>th</sup> of August 1945 at the end of World War II it proclaimed its independence from the Netherlands. Indonesia is the world's largest archipelagic state and home to the world's largest Muslim population. Current issues include: alleviating poverty, preventing terrorism, consolidating democracy after four decades of authoritarianism, implementing financial sector reforms, stemming corruption, and holding the military and police accountable for human rights violations.

Indonesia was the nation worst hit by the December 2004 tsunami, which particularly affected Aceh province causing over 100,000 deaths and more than \$4 billion in damage. An additional earthquake in March 2005 created heavy destruction on the island of Nias. Reconstruction in these areas may take a decade or more. In 2005, Indonesia reached a historic peace agreement with armed separatists in Aceh, but it continues to face a low intensity separatist guerilla movement in Papua.

Indonesia, a vast polyglot nation, has struggled to overcome the Asian financial crisis, and still grapples with high unemployment, a fragile banking sector, endemic corruption, inad-

quate infrastructure, a poor investment climate, and unequal resource distribution among regions. Indonesia became a net oil importer in 2004 because of declining production and lack of new exploration investment. In late December 2004, the Indian Ocean tsunami took 131,000 lives with another 37,000 missing, left some 570,000 displaced persons, and caused an estimated \$4.5 billion in damages and losses.

The cost of subsidizing domestic fuel placed increasing strain on the budget in 2005, and combined with indecisive monetary policy, contributed to a run on the currency in August 2005, prompting the government to enact a 126% average fuel price hike in October. The resulting inflation and interest rate hikes dampened growth prospects in 2006. However, in October 2006, Jakarta paid off its outstanding IMF debt, incurred during the 1997-98 Asian financial crisis four years ahead of schedule. Keys to future growth remain internal reform, building up the confidence of international and domestic investors, and strong global economic growth.

**Indonesia at a Glance**

- GDP: \$270 billion (2005 est.)
- GDP - real growth: 5.6% (2005 est.)
- GDP - per capita (PPP): \$3,600 (2005 est.)
- Inflation Rate: 10.5% (2005 est.)
- Labor Force: 94.2 million (2005 est.)
- Unemployment Rate: 11.8% (2005 est.)
- Population: 245,452,739 (July 2006 est.)
- Exports: \$83.64 billion f.o.b. (2005 est.)
- Exports - Commodities: oil and gas, electrical appliances, plywood, textiles, rubber
- Exports - Markets: Japan 21.1%, US 11.5%, Singapore 9.2%, South Korea 8.3%, China 7.8%, Malaysia 4% (2005)
- Imports: \$62.02 billion f.o.b. (2005 est.)
- Import Commodities: machinery and equipment, chemicals, fuels, foodstuffs
- Import Partners: Singapore 16.4%, Japan 12%, China 10.1%, US 6.7%, Thailand 6%, South Korea 5%, Saudi Arabia 4.7%, Australia 4.4% (2005)
- Exchange Rate: Indonesian rupiahs per US dollar - 9,704.7 (2005), 8,938.9 (2004), 8,577.1 (2003), 9,311.2 (2002), 10,260.9 (2001)
- Internet Users: 16 million (2005)
- Internet Hosts: 170,834 (2006)

Source: CIA World Fact Book and Wikipedia





## Before Identifying a Trade Partner - Export 101

By Alexandra Salas  
Courtesy american-taste.com

The reality of high-speed global access fuels the enthusiasm, allure and possibility of international trade. However, not everyone is export ready and equipped to successfully process that transaction.

Whether a company is importing or exporting, awareness and competency in several areas — including compliance and culture — will facilitate the process.

Export readiness is much more than having a product packaged and ready to go. It involves an understanding of trade regulation, ethics, corporate, organizational, and national cultures as well as target market specifics.

Ken Weiss, president of Plans and Solutions Inc., feels that a major challenge to increasing trade is the lack of understanding of the U.S. by many foreign companies, and of foreign markets by many North American companies. People often don't realize how competitive a market is, what consumers are really looking for or which regulations they have to meet.

"The best way I can think of to meet this challenge is to spend time in the market country. Exporters who go on trade missions and exhibit in trade show, keep their eyes wide open and ask all the questions they can think of, can increase their

chance of success from low to very high."

Plan & Solutions specializes in helping companies in the developing world export food, and food ingredients and beverages to the USA.

There are many places where importers and exporters can begin their quest for knowledge and preparation.

First, here are several questions that the U.S. Chamber of Commerce & Unz & Co, international trade compliance experts, suggest exporters should consider:

- \* What does your company want to gain from exporting?

- \* What demands will exporting place on the company's key resources, management and personnel, production capacity, and finance and how will these demands be met?

- \* Are the expected benefits worth the cost?

After answering the aforementioned questions, then a company should address a number of other important points and draft a plan of action, which should be used as a management tool.

- \* Which products are selected for export?

- \* Which countries have been selected?

- \* What is the customer profile and marketing and distribution chan-

nels to reach customers in the chose target markets?

- \* What resources will be used?

- \* What is the time frame for implementing each element of the plan?

Market research — conducted individually or with the help of an intermediary or consultant — is fundamental to this type of undertaking. The purpose of this effort is to identify "marketing opportunities and constraints abroad, as well as to identify prospective buyers and customer." (A Basic Guide to Exporting)

Gathering statistics alone is not enough. Staying abreast of international events in business and politics, industry workshop and trade mission participation, as well as information exchanges with experts is equally important.

According to "A Basic Guide to Exporting" (Unz & Co) "Building an international business takes time. It usually takes months, sometimes even several years before an exporting company begins to see a return on its investment or time and money. By committing to the specifics of a written plan, top management can make sure that the firm will finish what it begins and that the hope that prompted its export efforts will be fulfilled."

Dr. Donald Burton, Executive Director of the International Import-Export Institute, (IIEI) Phoenix, Arizona, which has partners across Africa, the Middle East, Europe, the former Soviet Union, Japan, Canada, and across South America, offers certification standards programs and courses on international trade. The IIEI is the only organization authorized by the Certification Board of Governors to administer its certification standards pro-

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**ALL** of the top **50**  
U.S. aerospace and  
defense companies have  
enrolled their employees  
into courses leading to  
industry certification.

Export 101 - Continued from page 9

program to the international trade community worldwide. The IIEI offers a full line of accredited industry training courses and materials that assist individuals in preparing for the various industry certification examinations and for careers in international trade.

The IIEI course offerings cover export compliance, terminology and documentation used in the import/export of goods and services, the mechanics of market research, importing duties, regulations, as well as other important areas.

The application of knowledge then becomes the challenge. Says Burton, "One challenge can be finding out who you are talking to, to find out if you are going to get paid without delay. People have a tremendous need to know. It's not just putting a product in a box and shipping it.

Chances are if you are going to proceed without education, then you're sure to violate some regulation," explains Dr. Burton.

One way to find out if a company is authentic and credible is to "contact the embassy for that particular country or contact the commercial attaché in that country and find out if the company is real. District export councils are helpful as well."


Regarding ethics, Dr. Burton says, "In many places in the world cultural ethics is more important to them than doing the deal. They want to know you before they want to do business. It may take a year and a half before they sign a contract.

"Americans are used to being a transaction-based business. You need to be patient," says Dr. Burton, even after investing much time and money on pursuing a particular client or country market.

"Riding the waves of culture, we do sometimes find ourselves at opposites ends of the wave from our international customer. While they are trying to set up a long term relationship, we want an immediate sale. Have we learned? No. Do we need to learn the lesson? Yes," says Dr. Burton.

Source: Latin America Spring 2006  
american-taste.com

### Non-Asian Region Members of the Asian Development Bank

-  [Austria](#) (1966)
-  [Belgium](#) (1966)
-  [Canada](#) (1966)
-  [Denmark](#) (1966)
-  [Finland](#) (1966)
-  [France](#) (1970)
-  [Germany](#)<sup>[4]</sup> (1966)
-  [Ireland](#) (2006)
-  [Italy](#) (1966)
-  [Luxembourg](#) (2003)
-  [Netherlands](#) (1966)
-  [Norway](#) (1966)
-  [Portugal](#) (2002)
-  [Spain](#) (1986)
-  [Sweden](#) (1966)
-  [Switzerland](#) (1967)
-  [Turkey](#) (1991)
-  [United Kingdom](#) (1966)
-  [United States](#) (1966)

### IIEI Vice President of Online Programs Named

Caulyne Barron has been promoted from Program Director to Vice President of Online Programs. The change reflects the increased scope of activities for which she is responsible and the continued significant growth of the IIEI.

Ms. Barron now oversees technical support for online students, all faculty services, including approval of new faculty and scheduling of faculty to teach classes. She also manages the online classroom environment. "For the most part," said Caulyne, "I've been doing these tasks already. So it really does not mean any changes to my daily routine." We are pleased to have her as part of the expanding IIEI team.

### IIEI Class of 2006

The International Import-Export Institute (IIEI) is proud to announce that **Ted Brockhuis** and **Steve Harding** both graduated and earned their Bachelor of Science in International Trade Management degrees in December 2006. Steve added to his accomplishment graduating with Honors earning his degree Summa Cum Laude, and Ted graduated Cum Laude.

They join our first graduates, Michael Trevino and Jennifer Sellers, who graduated in July. Well done and a hearty congratulations to the IIEI Class of 2006!

### What are the duties and legal responsibilities of an Empowered Official (EO)?

If you don't know the finite details of being an EO you should enroll in the Orientation for Empowered Officials Course (IIEI-257).

Call an Advisor for class  
start dates. (800) 474-8013

## Trade Compliance Education and Training: What Do You Need?

*By Dr. Donald Burton*

When attending or speaking at events, I often get asked what trade compliance education and/or training should someone take. Our office staff at the International Import-Export Institute (IIEI) frequently get the same question. Of the many methods offered: internal, external, computer based, face-to-face, one-day seminars/workshops, two-day conferences, shorter WebEx or Webinars, conference calls..., or fully accredited college courses on-ground or online, which is better?

The answer is simple. It depends. They all have pros and cons. The best advice is to take the ones that meet your and your organization's specialized needs! Each mode has different value. The two-day seminar is great because it gets you out of the office, mingling with other trade compliance types as you focus on timely relevant issues. If you make an extra effort the networking at these events is as valuable as the event itself. In all cases the information presented should be accurate, current, and complete. Don't be afraid to be selective about where you spend valuable and usually limited education and training dollars. If you are not careful, you can expend a lot of money and end up with poorly presented, incorrect or out-of-date information.

One-day seminars and workshops are also good because they allow you to focus on a limited number of issues and not get "overloaded." Web-based activities are convenient and are a wonderful way to "listen in and ask questions" as experts present their views on top-

ics. Full length college courses are outstanding because they cover the topics in greater detail. Again every delivery method or mode is valuable, but no one approach alone can do the job. Computer based or online activities by themselves are not sufficient. A combination of these modes with an appropriate level of initial and recurring face-to-face education and on-going training are essential to maximize communication and knowledge retention.

One downside to attending conferences is information saturation. This often happens to people new to trade compliance. By the afternoon of the first day, you can see the glazed look in their eyes. And by the end of the second day newcomers look like deer in the headlights. An enormous amount of material is presented in a constant stream. Newcomers tend to leave such events with their heads spinning.

One-day seminars and training sessions also bring incredible value. They tend to provide knowledge on the hot topics in industry, but in an amount that people can handle. The downside is the challenge of traveling great distances for a single day event. Many organizations don't see the value of having you away from the office for a total of three or four days for just one day of training.

US Department of Commerce (DOC) Bureau of Industry and Security (BIS) regional one and two-day training sessions covering the Export Administration Regulations (EAR) are superb. They generally are aimed at the person new to compliance, but also have more in-depth sessions as well. Travel is limited because these events are held

around the country to best serve their constituency. They are generally smaller in size and offer more one-on-one guidance. The downside is if you have a complex problem you wish to discuss, the expertise of the trainers may not be sufficient to fully assist you. They may have to refer you to someone else. Note the BIS is generally very responsive. They actually answer their phones and return phone calls. Additionally, the annual DOC BIS Update Conference on Export Controls and Policy in Washington DC is exceptional.

There are several questions you need to ask yourself. The first is what do you want out of the training? Do you simply want to brush up on the latest changes to the regulations? Or do you need general awareness or a detailed discussion on a specific issue? Or do you need to learn the regulations from the ground up? Each venue has a specific purpose. Remember too, due diligence in selecting which events you attend is essential to get the best bang for your buck. Always look for seasoned professionals who really do know what they're talking about. Check with your peers and counterparts and find out what events have proven themselves over time and are worthy of your time and effort to attend.

Another question is how much support does your organization give to education and training? If your organization has a history of sending people to a two-day conference once each year or only performing in-house training then you should be very selective in which sessions you attend. Some two-day events focus

primarily on the US Department of State (DOS) International Traffic in Arms Regulations (ITAR). Unlike like the DOC, the DOS Directorate of Defense Trade Controls (DDTC) does not provide their own conferences, seminars and workshops. The DDTC relies on other organizations to fill that gap.

However, if you need broader more comprehensive State, Commerce, Customs and Border Protection education and training, your best bet is a conference that provides a wide-variety of breakout sessions covering a full range of trade and related topics (i.e. imports, exports, customs, supply chain...). Again, choose the events that best fit your and your organization's expanding global trade compliance needs. You can see a complete listing of providers approved by the Certification Board of Governors on their web site. Select "Providers" at [www.industrycertification.org](http://www.industrycertification.org).

If you want to thoroughly learn the regulations, the only way to really do that is by immersing yourself in the topic over time. That is the distinct value of the longer and more concentrated online and on-ground courses that range from six to fourteen weeks, depending on the source. At many colleges, if they offer courses preparing people to sit for the Licensed US Customs Broker examination, courses range from eleven to fourteen weeks. The IIEI has a full range of general and narrow topic online six-week courses to fit your unique training and educational needs.

Specifically, if you want to learn the regulations in depth, whether it is the EAR or ITAR, IIEI has a course to meet your need. The IIEI's online 24/7 format makes it easy for a busy professional to find the time to complete the training. The fact that there are others in the

online classes with you allows you to build a strong network of like minded professionals that lasts long after the courses end. If you're up to the challenge, the IIEI curriculum prepares individuals to sit for various industry certifications, which can be valuable career achievements and increase your knowledge and credibility in our demanding and regulatory driven global marketplace. One example is earning the coveted Certified U.S. Export Compliance Officer® designation helps differentiate you from other less prepared individuals.

What is the downside to taking Internet-based, in-depth courses? Most people think it's the "online" aspect that is going to be the problem. It does take a little time to get used to the electronic classroom environment, but in truth that isn't the sticking point. Like most things, to get real value from any of the IIEI's courses you MUST do the work.

The classes are set up so you get real life scenarios and problems that require time and effort on your part to study and learn so that you have complete mastery of the content. Some people aren't up to the task. They want it easy with little or no effort. Unfortunately, learning this kind of content is never passive. It requires time, active participation and hard work. Because of the cooperative mindset of classmates and the IIEI's focus on sharing lessons learned, even the most confusing and confounding parts of the regulations become clearer as practitioners help practitioners understand based on real-world hands-on experience.

Further, because the learning is spread over six weeks, the retention rate is very high—over 80% three months later as compared to less than 10% over the same period for material learned in a two-day semi-

nar. At one year, the retention remains high (60-70% for IIEI's courses as compared to less than 5% from two-day seminars). When you study a topic over time, you are able to internalize the material.

Because of the way IIEI's online courses are built, all three learning modalities are used. Some people learn by reading, others by hearing and still others by doing. The learning outcomes for all IIEI courses are reinforced this way. The tremendous success rate is easy to understand. However, if someone wants it easy and does not want to learn, IIEI courses won't help. To learn students must expend the required level of effort.

I recommend trade professionals do all of the above in the proper balance. Each modality has its advantages and disadvantages. No one type is the sole solution. The challenge is to find the right combination that best fits you and your organization. Taking the time and making a proper determination is well worth your effort and will pay big dividends over the long haul. Initial and ongoing education and training is essential in this arena.



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impact your career?**

You owe it to yourself  
to find out how and why!

**CALL 1-800-474-8013**



**IIA Introduction to Online Learning Course**

A new course, Introduction to Online Learning, is now available. New students will find it helpful to them in learning the features of the IIEI online classroom environment. Unlike all of our other courses, however, this course does not have an instructor. It is open enrollment—meaning the student can start and stop anytime and it is self-paced. This not-for-credit course can be completed in an hour or several days depending on your desire and current expertise. If you have any anxiety, fear or concern about the online classroom, this course will help you overcome it and navigate it like a pro.

As you go through the various exercises in the course, Class Administration is available to answer any questions or concerns about navigating and using the online classroom.

The main purpose of this course is to provide students with the un-rushed opportunity to learn to navigate the classroom before their real classes begin. It is not fancy or complicated just like our classes are not. This classroom is intended to resemble in format and style the courses for which you are about to enroll.

For students that are enrolling in the degree program, and have paid their Degree Application Fee, this course is included in that fee. For all others, the Registration fee is \$50.00. Your Enrollment Advisor can help you enroll. Call (800) 474-8013 for assistance.

**IIEI People on the Move**

Tanya Cook has moved from being Supervisor of Enrollment Advisors to a Military Enrollment Counselor, taking on the task of helping to develop this new department. Jeff Shaver has moved from being an Advisor to assume the role of Acting Supervisor in the Enrollment Advisor Department.

**IIEI Certifications**

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

**Certified Exporter®**

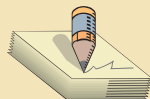
- |                       |                      |                       |
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| Sophia Yi - China     | Yun Wang - China     | Candi Yang - China    |
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| Jared Looper - TN          | Tina Seale - OK       |
| Deni Lorson - OK           | Kile Thompson - OK    |
| Alecia Marple - OK         | Larry Vigil - CT      |
| Michael Mccauley - Ireland | Michelle Walker - FL  |



**IIEI Student Honor Roll**

*Outstanding "A" performance for two or more semesters.*

- |                  |                    |                       |
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| Kimberly Harper  | Julie Macheledt    | Carla Sletton-Emerick |
| Katie Hawkins    | Patrick Maritato   | Cindy Staufer         |
| Glenn Heitman    | Frederick Martin   | Annette Takesuye      |
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***Congratulations!***



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