



Roll Up Your Sleeves!

A Hands on Look at Corporate
Concerns and Compliance Best
Practices



Speakers

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Compliance Training Best Practices

- Ongoing compliance training should be mandatory for all employees. Why?
 - Ensure company wide compliance.
 - Avoid violations and costly penalties.
 - Create synergies among departments to create competitive advantages.
 - Increase the value of employees.
 - It's expected. BIS and the State Department site ongoing training and awareness as a core element of an effective export management and compliance program. CBP expects a training program to be in place for Importer Self Assessment status.

Compliance Training Best Practices

- **Make it mandatory.**
 - 1 hour annual Import / Export overview for all employees.
 - 1 hour annual specialized training for key departments (Sales, Finance, Shipping/Logistics, Engineering, Customer Support.)
- **Make it fun and personal.**
 - Include company product/service examples, common scenarios and processes. Get people involved.
- **Make it accessible.**
 - Web conferencing, online trainings, post trainings on Intranet.
- **Make it memorable.**
 - Provide key points to remember and company resources.

Compliance Training Best Practices

<p>Do you conduct customs compliance trainings?</p>	<p>50% Yes, inside & outside experts. 35% Yes, in house experts. 10% Yes, outside experts. 5% No, no training yet.</p>
<p>What is the most important factor preventing additional training?</p>	<p>33% Time to Attend 29% Money 28% Other 10% Time to Travel</p>
<p>What is the most important area where you would like to see additional training?</p>	<p>55% Compliance Programs & Self Assessments 15% C-TPAT 10% Classification 10% Valuation 10% Duty Preference Programs 0% NAFTA 0% Origin & Marking 0% Government Audits</p>

Automation Best Practices

- Aberdeen Group reported:
 - Companies that currently have import or export compliance automation are 1.4 times more likely to have reported increased customs clearance speed.
 - Study participants reported the following priorities in trade compliance improvements:
 - Improving total landed cost calculations: 57 %
 - Strengthening C-TPAT compliance: 53 %
 - Using preferential trade agreements more effectively: 48%
- New challenges for automated systems.
 - Ordering online from a website.
 - Online upgrades on support portals.
 - Protecting IP

Automation Best Practices

- Best in class automation has:
 - Transaction ‘holds’ based on customized compliance rules.
 - Effective firewalls to protect controlled data.
 - Intranet (e.g. deemed exports).
 - Segregation for highly controlled downloads and upgrades.
 - Email domain and country verification.
 - End user/end use statement triggers for online orders.
 - Global visibility.

Automation Best Practices

<p>If your ERP system contains export-controlled information, does the current version allow to tailor access based on compliance needs (e.g. firewalls)?</p>	<p>36% Don't know 28% Not presently 23% Yes 13% N/A</p>
<p>What would you say is the greatest compliance risk for technology transfer / deemed export?</p>	<p>52% IT systems 23% Employee verbal disclosures 20% Foreign National Hires 5% Other 0% Plant access by visitors</p>
<p>How has automation affected your company's US customs compliance?</p>	<p>41% Somewhat improved 23% Significantly improved 23% No automation. 9% Don't Know 5% No impact on compliance 0% Negative Impact</p>

Source: Benchmarking, American Association of Exporters & Importers (AAEI), June 2002

Screening Best Practices

- **Why Screen? General Prohibitions EAR Part 736:**
 - Prohibits engaging in actions prohibited by a denial order (Prohibition 4).
 - Prohibits export and re-export to certain end-users or end-uses without a license (Prohibition 5).
 - Prohibits export or re-export to embargoed destinations (Prohibition 6).
 - Prohibits the support of proliferation activities (Prohibition 7).
- **You must use OFAC, DDTTC, BIS lists at a minimum.**
- **Transactions & Parties:**
 - Include U.S. / Domestic orders.
 - All parties to the shipment, activity, financial transaction.

Screening Best Practices

- Methods: Manual vs. Automated?
 - Software is affordable!
- Think out of the box for who / when to screen:
 - Online portals for software downloads.
 - ERP systems that handle international transactions.
- Frequency:
 - At initial contact or order and at shipment.
- How to resolve:
 - Review the denial order and related information.
 - If resolution is not possible, contact the government agency.

Screening Best Practices

<p>Do you screen domestic parties?</p>	<p>48% Domestic and Export 29% Exports Only 11% Don't know 7% Don't perform screening 5% Only if part of an international company or foreign owned.</p>
<p>Do all of your locations around the world perform screening activities?</p>	<p>48% Yes, worldwide 27% No, only some locations 18% Don't know 5% Don't perform screening 2% No, only some activities</p>
<p>When conducting non-government audits or self assessments, have you identified non compliance for denied part screening?</p>	<p>48% Yes 31% No 17% Haven't conducted non-gov audit or self assessment 4% Don't know</p>