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BPE Global Hot Topic – February 2021

The Challenge Is Real

Last November in this space I confirmed for those of you that were already feeling it - the trade-related regulations were indeed picking up with speed like a locomotive. It seemed daily that the then President was implementing new Executive Orders and making to change policies, and we wondered if under the new administration things would finally slow down and we could all take a collective deep breath.

Well, so far this year, I probably do not need to tell you this has not been the case. Additions to restricted party lists, changes to end-user/end-use controls and more seems like a weekly, if not daily scramble. The challenge of staying on top of all the regulatory compliance changes is real!

No matter how many alerts you receive from the various agencies and news feeds, it is not humanly possible to keep up. The one thing that could help you a great deal would be to implement a Global Trade Management System, or “GTM” as we call it in the trade. A GTM system is capable of many things, so today I am going to focus on export compliance because China, Burma, and military end-use are on my mind.

Companies use GTM systems on the export compliance side for:

- Product classification
- Restricted party screening
- License determination and management
- End-use management
- Documentation

and overall as a key part of their export compliance program.

Awhile back some companies were able to rely on periodic batch restricted party screening, because their customers were fairly static, or they had lower risk classifications, end-users, or countries in which they operated. I would say those days are pretty much over with the sometimes-daily changes to the various restricted parties lists. Well, the good news is taking that first baby step and integrating a GTM system for restricted party screening is no longer the huge investment, nor resource intensive activity, it used to be IF you pick the right GTM system based on the scope of your project. The industry has continued to consolidate via mergers and acquisitions and there are true leaders with this kind of automation so it is also easier to go through the RFP process, do your demos, and be up and running with integrated



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restricted party screening in the time frame of a few weeks to a couple of months depending on the scope of your project.

Some of the benefits of having a GTM system doing restricted party screening are:

- Reduces time spent pursuing leads only to find out later the company cannot do business with a party or entity.
- Speeds up the order to ship cycle and customer satisfaction by checking for sanctioned and restricted parties automatically, in real time, whenever a new customer, or other party is added, or when an existing party is modified.
- Eliminates time spent manually searching restricted party lists, freeing up resources.
- Helps ensure the company is in compliance with mandatory export regulations.
- Reduces risk of being subject to fines, denial of export privileges, or even criminal charges.

And most importantly it takes (most of) the complexity out of the process. To date I have never had a company want to go back to manual restricted party or batch screening, although it may be an initial challenge to obtain budget. Normally, what happens instead is our clients look at what else they can automate using a GTM system as they immediately see the benefits. Executive staff is all ears when they hear orders will cycle more quickly and risk will be reduced!

My most recent favorite story is a client who started their GTM investment with restricted party screening integration, and then I was able to encourage them to also invest in an add-on to the existing GTM, Sanctions Ownership screening (aka OFAC 50%+ screening), which they were able to do rapidly. That system paid for itself in the first few weeks with matches that would have otherwise taken hours of manual research and may have not resulted in the same conclusion which was the revocation of the orders. If you do not have feet on the street in Russia and China (and even if you do), you should also be investing in Sanctions Ownership screening.

It is time to look out how a GTM system can reduce risk, and cycle faster order time for your company now.

Let BPE Global know if we can help you with any of your trade compliance needs. BPE Global is a global trade consulting and training firm. Renee Roe is a Director of BPE Global. You can reach Renee by email at renee@bpeglobal.com.