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Why Limit Yourself to the "E" in EMCP?

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EMCP stands for "Export Management and Compliance Program." Your EMCP elevator pitch is that it is a focused export compliance program that outlines concepts and responsibility, trains personnel, and delivers corporate standards. It is endorsed by your most senior management as the spine supporting your cross-border transactions and your company's clear demonstration of reasonable care. It is critical to your company.

If I was in the elevator with you my first question would be, why limit yourself to the "E"? Why focus only on exports? I'd remind you of the Cookie Monster song from your childhood, "C is for cookie, that's good enough for me" and ask if your trade compliance program was humming along to the tune of, "E is for export, that's good enough for me..."

Sure your company's bread and butter is through exports, but why blind yourself to customs requirements? How well does your team handle returns? What if you provide an assist? Do you know anything about the destination country's marking requirements? How would you prepare for a license, certification, or declaration that may be determined only by the HS number of the importing country? You may not be the importer of record *today* and none of these situations may even apply to you *today,* but what about *tomorrow?* At some point your company's business strategy will change to include sales into new markets or manufacturing outside of the U.S. A well-rounded global trade compliance program must be able to support both the importing and exporting side of your corporate objectives.

If your company has global export compliance policies and procedures with the right teams engaged, a great system of checks and balances, and corporate-wide awareness of export compliance then you have already done most of the hard work! Transforming your export-focused compliance program into a comprehensive global trade compliance program is achievable by adding the three main pillars to customs compliance: classification, country of origin, and valuation as well as some complementary immediate actions. These customs-specific tweaks must identify customs controls, specify how to manage them, assign accountability, and implement audit requirements.

Customs Control	Description	Action
Classification	The Harmonized System (HS) is a commodity classification system set out by the WCO used by most customs territories in the world. Each signatory country or customs territory leverages the same first six digits of the tariff and customizes the remaining digits (usually two to four digits). The customs agency of the importing country uses this code to assess duties, taxes, and fees; collect trade statistics; and identify and apply other government agency controls.	Classify your product under the Harmonized System nomenclature and familiarize yourself with the corresponding HS numbers for the countries to which your products are most often shipped. Examine the potential duty and tax liability as well as other controls that may be imposed on products with the same HS classification.

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Country of Origin	The term "Country of Origin" refers to the country of manufacture, production, or growth of any article of foreign origin entering a customs territory. In the cases where manufacturing is performed in two or more countries, the generally accepted rule is that the manufacturing processes must be sufficiently complex to effect a substantial transformation and confer a new origin on the product. The country of origin is used for many purposes, including the following: • Determining rates of duty applied to imported merchandise; • Identifying merchandise subject to trade restrictions or remedies such as quota, embargoes, antidumping or countervailing duties; • Conferring eligibility for preferential trade programs; • Gathering trade statistics.	Ensure your product is marked with its country of origin. Review manufacturing and implement a process where the compliance team is alerted to manufacturing changes so that the origin determination can be reviewed.
Valuation	An appropriate customs value must be assigned to all international shipments. The value is required to compute duty and tax liability in the importing country as well as to collect trade statistics. The WTO valuation agreement has been adopted in most of the world as the basis for appraisement of merchandise for customs purposes. The Valuation Agreement sets forth hierarchical rules under which compliant values must be assigned. Under the Valuation Agreement, "transaction value" is the primary method of appraisement of merchandise. This value reflects the "price paid or payable" for the merchandise when sold for export to the country of importation. When there is not a sale for export, one most progress through the hierarchy, landing on the best method of appraisement for the transaction.	Review valuation of both commercial and non-commercial goods with an eye for zero-valued goods or values which may not be able to be substantiated by internal financial records.
Audit	Perform internal reviews and audits to ensure compliance with internal policies and trade compliance regulations at all company customs and export-related locations.	Look at your ACE data! It's free! Ensure that any imports made under your company name go through the same meticulous process of verification and review as do your exports.

The final step to free yourself from the "E" is to rebrand your program. As you now see, the "E" only gets you halfway there. Very few companies can rely on just an EMCP. What you have just developed and launched is an Internal Controls Program. An ICP. Your Internal Controls Program supports your corporate objectives as well as compliance with export and customs regulations. Now THAT'S good enough for me.