



Global Watch[®]

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Global Logistics

According to a recent report in World Trade magazine, 80% of the world's GDP will be sold across international borders by 2027, compared to about 20% today. Cross-border trade will grow from approximately \$5 trillion today to \$70 trillion by 2027. As the growth in trade climbs to new levels, the process is getting more and more complicated. The typical manufacturer's cost of logistics stays at nearly 10% of cost of goods. Costs, coupled with the high risk and complexities involved in international shipments, are forcing companies to take a new look at the mechanics of their

Supply Chain Complexities Challenge Global Companies

by Alexander Klein, CITLS[®]
APL Logistics

Are there any cost savings in today's supply chains and can a supply chain manager effectively capture, validate and implement them? By re-engineering its supply chain, can a company 1) reduce costs, 2) improve the velocity of the product and 3) increase the reliability of the delivery? Pure optimization of all three goals is nearly impossible to achieve. Usually only at the expense of one function, can a company achieve optimization of either or both of the remaining two.

The first line of defense for most companies is to reduce costs by essentially doing more with less. This defense, while possibly increasing the margin, may become less and less effective as these companies operate in a more global environment. Overseas sourcing, where labor rates and material costs are lower, increases the time to market while increasing the chance of lost sales to competitors, who can place their product more quickly using

local suppliers.

This example shows the complexity in the decision making process given today's complex supply chains involving multiple currencies in disparate economies with differing cultural idiosyncrasies. Complex supply chains require much more sophisticated solutions requiring access to many different layers of data, time to implement, and speed and accuracy in the decision making process.

Companies that are going to succeed at multiple-objective optimization are going to need to make the necessary investments in people, process and technology. It is a difficult concept to grasp, especially if companies continue to focus on lowering costs while ignoring the needs of the customer.

Alexander Klein is a Manager of Services Engineering for APL Logistics. Mr. Klein creates models and decision tools to support customer manufacturing and supply chain re-engineering.

Future Forecast: Careers in Logistics

With the slowdown of the US economy and its subsequent ripple effect globally, what has been the impact on careers in logistics and recruitment? According to a recent article in "Traffic World" Magazine (May, 01), logistics jobs are being impacted not just by the macroeconomic environment, but by the massive consolidation in the transportation and logistics industries.

Ms. Barbara Jones of the executive search firm APB Global Logistics Inc. felt the most precarious positions in logistics right now are in warehousing and distribution center management, as many companies are outsourcing those functions.

In general, she said to protect your job in the logistics industry, you must be able to communicate the value of what you do and, by knowing how to market yourself within your company, take control of your own career. Possessing those skills can mitigate the fear that goes hand in hand with uncertain economic times.

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Caulyne Burton

Notes from the Executive Director**More Free Trade Agreements**

Every country feels the need to enter into more trade agreements with other countries. Many, like the U.S., lag far behind in building these strategic partnerships which open the door for the movement of goods around the world. As governments enact these agreements, the need for supply chain solutions increase almost to the breaking point as current knowledge and infrastructure is unable to keep up with the huge demand. This means opportunity to some and dread to others. Dread because of the fear of falling behind of what competitors know; dread of lacking the latest knowledge to win customers and, at a personal level, individuals dread and fear failing to possess the necessary skills being sought by companies and therefore becoming obsolete.

The opening of borders being ushered in as a result of the trade agreements means that more customers can buy goods and services. To make this happen, the logistics provider of the future is going to look and act very differently than in the past. One main change is going to be how supply chain members work together to bring about this efficient movement of goods and services. They are going to, in many cases, overlap in the way they seamlessly allow items to flow through the value chain on their way to end-users. This is going to cause companies to constantly be learning and relearning new concepts as this process evolves to meet these increasing global needs. Solution: learn and keep learning. Not long ago I read somewhere that, just to keep up, the number of weekly shipping routes will more than quadruple in the next fifteen years. Imagine the opportunities that means in logistics careers. I guess that explains why so many people from all over the world inquire about the *Certified International Trade Logistics Specialists* ® each month. People understand that these trade agreements mean business for everyone.

IIEI UNVEILS NEW CORPORATE LOGO***Institute Funds Competition for Emerging Designers***

With the official launch of the new IIEI corporate logo on September 1, the International Import-Export Institute retires its former global identifier with a design that, according to the artist, “reflects the Institute’s international presence, the dynamic movement of international trade, and the solid and stable foundation of this educational institution.”

Brenda Selim, a native of Anchorage, Alaska, had no idea that her creative design for IIEI would have such a worldly audience. Ms. Selim, a student at the Collins College School of Design and Technology in Tempe, Arizona, received a partial scholarship for



her original design, beating out more than fifty entries.

“We were delighted to sponsor the competition and very impressed with the caliber of entries,” stated Dr. Donald Burton, IIEI’s Executive Director. IIEI sponsored the logo competition in conjunction with the Collins College School of Design and Technology. According to Kip Suduth, Collins’ Dean of Students, “the college sponsors logo competitions on a regular basis to expose its students to real business world assignments and has provided logo designs for several corporations including Bank of America, Alaska Airlines, and the American Heart Association.”

Tips for Dealing with U.S. Customs

U.S. Importers, familiar with the U.S. Customs Services, offer the following useful tips for navigating the bureaucratic labyrinth.

- #1 Develop a strong working relationship with the government import specialist assigned to monitor your particular commodity category. These specialists flag new products for intensive examination before releasing them.
- #2 Ask the Customs Service about requirements to make import transactions go smoothly. Due diligence will strengthen your compliance program and reduce documentation rejects, and a responsible attitude conveys a proactive stance.
- #3 Educate your staff, particularly the purchasing department, about the customs clearance process and potential risks of for non-compliance.
- #4 Communicate to your foreign vendors the necessity of providing all the key information, and have a 'vendor form' on file in advance of a shipment's arrival.
- #5 Maintain an organized system of record keeping, especially those required by regulation listed in the United States Code 1509 (a)(1)(A). Many companies conduct internal self audits to maintain a complete and current record system.
- #6 Seek out the assistance of the regional Strategic Trade Center (STC) specializing in your primary focus industry. The USCS in Washington, D.C. can provide the Harmonized Tariff Schedule of the United States (HTSUS) and tell you which brokers are clearing your freight as specified by port.
- #7 To resolve an customs issue, it may be in your best interest to seek a binding ruling from USCS in New York City. This can be helpful when USCS has a different opinion on the product classification and duty rate found in HTSUS.
- #8 If you are working with a licensed brokerage firm, make sure they understand your product line and business.
- #9. Make sure the shipment is properly marked. The Code of Federal Regulations, chapter 19, part 134, requires country-of-origin marking.
- #10 Do your homework, know the HTSUS chapters and corresponding explanatory notes that apply to your company's product. Classification codes and duty rates may change more than once a year, stay alert for accurate filing practices.

USXPORTS Office Hopes to Ease License Process

An automated export license case processing and analytical system within the U.S. Department of Defense, and with improved interfaces with the Department of Commerce and State, is being developed by the US Export System Interagency Program Office (USXPORTS). The office opened officially in January 2001 with its mission to design, develop and deploy an automated system to support the export license review.

The objective is to provide electronic access to pertinent export license and related information for case processing and analytical support, while protecting national security issues and industry proprietary data. The overall goal is to have within three years a 'system of systems' resulting in a faster decision-making process and cost savings.

Contact information for the Interagency Program Management Office, located at 1111 Jefferson Davis Hwy, Suite 400 Arlington VA 22202, is phone 703- 601-0054, ext. 125.

Japan's Break with Tradition: Free Trade Agreements Key to Growth

Special for GlobalWatch®
by Yukiko Tokai, CITDS®



For many years, Japan has been a strong trading partner with various countries all over the world. But of the world's 30 largest economies, only Japan, Taiwan, the Republic of Korea, and the People's Republic of China have not concluded some type of regional trade agreement.

Free Trade Agreements (FTA) have become effective and inevitable in current economic development. Free Trade Agreements eliminate the duties of goods moving between countries and reduces the restrictions of investment, services and labor. NAFTA has become an important ingredient to the USA, Canada, and Mexico in improving their respective and regional economies.

A recent report issued by KEIDAIEN, the Japanese economics institution, concluded that a FTA with Singapore, scheduled to conclude in 2001, will develop into an important hub for Japanese trade with the ASEAN region. Japan is also aggressively pursuing FTAs with Mexico, Chile and Korea.

Japan views Mexico as a very important business partner. With current Mexican restrictions on foreign investment, Japanese companies are unable to freely establish factories there. Japanese

manufacturers hope that a FTA with Mexico will allow greater expansion into the Americas and allow them to better compete in these markets for automobile and home appliances sales.

One obstacle to a Japanese-Mexican FTA will occur back at home in Japan. Japan imports Mexican pork and agricultural products. With a FTA, import taxes on these products would be eliminated, creating a competitive challenge to the domestic Japanese producers.

This will be a reoccurring problem for Japan as it enters into FTA talks with Chile and Korea. Japan's high cost of production has made the importation of lower products a necessity, but Japan's government has put many 'safe guards' in place to reduce the quantity of imported low-priced vegetables and protect Japanese producers. The advantages of Free Trade Agreements have become increasingly obvious for economic development, but will not be reached without some discomfort.

(Yukiko Tokai is a Certified International Trade Documentation Specialist® and resides near Tokyo, Japan. She is a current Intern with the International Import Export Institute)

Resources for Investment or Export to Japan

Development Bank of Japan
Head Office
1-9-1 Otemachi, Chiyoda-ku
Tokyo, Japan 100-0004
Ph: 81-3-3244-1900
International dept: 81-3-3244-1770

Representative Office
1101 17th Street, NW Suite 1001
Washington, D.C. 20036
Ph: 202-331-8696
<http://www.dbj.go.jp/english/index.html>

Provides:

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- Capital investment consulting services
- Identification of Japanese partners

Japan External Trade Organization (JETRO)
2-2-5 Toranomon, Minato-ku, Tokyo, Japan 105-8466
ph: 81-3-3582-5511
<http://www.jetro.go.jp>

JETRO, New York
McGraw-Hill Building
1221 Avenue of the Americas,
42nd Floor
New York, NY, USA 10020-1079

Provides:

- Information and advice on trading with and investing in Japan
- Seminars, symposia and Investor Invitations
- Private office space available, free of charge, in Tokyo, Yokohama, Nagoya, Osaka, Kobe, and Fukuoka through the Business Support Centers (BSCs)

The Culture Corner

Effective Meetings

When East Meets West

Americans and Europeans tend to believe that everyone should have their own opinion and be able to communicate it clearly and persuasively. In contrast, Japanese tend to be more reticent about expressing their personal opinions, preferring to wait to see what the rest of the group thinks. The open display of contrasting opinions, central to the western concepts of discussion and debate, tends to be uncomfortable for Japanese because it can lead to loss of face or damage to interpersonal relations.

Further, non-Japanese are often unaware of when Japanese colleagues have lost the thread of the conversation. This can easily happen when difficult vocabulary is used or when there is a digression. For a Japanese person it is embarrassing to admit that they do not understand by asking for clarification.

Furthermore, Japanese often fear that stopping the group discussion for an explanation will slow things down, and they are reluctant to inconvenience others in that way.

Another factor behind the Japanese tendency to remain quiet in meetings is the difference in conversation pace and use of silence. Many westerners tend to talk quickly, interrupt each other, and leave little silent "dead space" in meetings. The more passionate we are about the topic being debated, the faster the pace and the more overlapping of words that occurs. In contrast, Japanese speak at a much slower pace and avoid interrupting others. In a typical discussion, Japanese will wait until one person has finished talking and there is a silent space before starting to speak. When Japanese meet with non-Japanese,

their attempts to participate are stymied because those silent spaces never occur. As a result, often Japanese leave meetings feeling that they were not able to give their input.

To address this issue, one should consciously slow down the pace of the discussion to make it easier to follow. Frequently summarize key points, using a whiteboard wherever possible, so that Japanese can keep track with the conversation. Allow silent spaces to last a moment longer than usual – you may find that this makes your Japanese colleagues more comfortable getting into the conversation. If participation from the Japanese is still insufficient, ask individual Japanese participants directly for their comments.

(Source: "The Rice-Paper Ceiling: Breaking Through Japanese Corporate Culture"; Stone Bridge Press)

China's Big Push toward Intermodal Development

A mass privatization effort, key to China's push toward developing its fast-growing intermodal infrastructure, presents great opportunities for foreign companies. The Chinese Ministry of Railroads, a huge and powerful agency overseeing the nation's 14 provincial rail systems, is moving quickly toward privatizing the state-owned rail network. The Ministry of Communications is doing the same thing for airports, highways and ports.

The modernization of China's transportation system will be funded

in large part by the selling of state-owned properties to private joint ventures. The government is considering dropping the current 50 percent limit on foreign ownership of joint ventures, and if and when that happens, numerous opportunities will open up for all sorts of companies in the transportation and logistics industries.

The major logistics challenge in China is container movement. The rail and highway systems simply were not designed to move containers. China has planned to build a nationwide transportation system from an

intermodal standpoint.

The scope of China's plans is staggering. China plans to build 30,000 kilometers of four-lane highways and 7,000 kilometers of high-speed rail corridors within the next five years. China will also build or refurbish 41 airports. In the city of Pudong, near Shanghai, new airports and container ports will be connected with new rail lines in China's first stab at a modern intermodal infrastructure.

(Source: Traffic World, June 2001)

International Marketing Specialist Certification Requirements Raised

In support of an expressed industry need for additional skills and specific knowledge in the international marketing arena, the IIEI Certification Board of Governors has set further requirements for those seeking the highly prestigious *Certified International Trade Marketing Specialists*® industry certification designation. In the August 2001 board meeting the following course of study requirements were approved for individuals who take the certification examination after December 31, 2001:

Individuals must successfully complete the following course of study:

Exporting/Importing Environment (IIEI-201)
International Business Ethics (IIEI-303)
Global Culture (IIEI-401)
Global Marketing (IIEI-403)

Industry leaders expressed concern to the board that marketing specialists need to have an understanding of the cultural and ethical dimensions of the marketing equation. The impact of e-commerce on the global marketplace, say industry leaders, is already being felt and is expected to become center stage to a company's marketing effort and therefore is an important addition to the knowledge base.

IIEI Honors New Trade Specialists

IIEI congratulates the following individuals for reaching the highest standards of achievement required for international trade certification.

Jenifer Cox, *Certified International Trade Logistics Specialist*®
International Logistics Manager for Papa John's [Pizza] International, Inc.
Louisville, Kentucky, USA

Alexander Klein, *Certified International Trade Logistics Specialist*®
Manager of Services Engineering
APL Logistics
Philadelphia, Pennsylvania, USA

Stacey Reid, *Certified International Trade Documentation Specialist*®
International Export Assistant, Papa John's [Pizza] International, Inc.
Louisville, Kentucky, USA

Yukiko Tokai, *Certified International Trade Documentation Specialist*®
AIMCO
Tsu-city, Mie, JAPAN

IIEI Names Middle East Representative: Rasim Abderrahim Selected

The International Import-Export Institute has named Rasim S. Abderrahim as IIEI's Representative to the Middle East. Mr. Abderrahim, who resides in Amman, Jordan, will promote IIEI's online certification programs in international trade management to regional businesses, government agencies, and individuals.

Mr. Abderrahim is certified as an International Trade Specialist by the US Department of Commerce and served for ten years as U.S. Senior Economic/Commercial Specialist at the US Embassy in Amman, Jordan. He is the president of the Arab Export House and CEO of the Export Expert Program, an e-business solution for Arab businesses. Mr. Abderrahim will also serve as president for the IIEI Jordan Chapter.

The International Import Export Institute has anticipated an increase in demand for qualified trade professionals in Jordan following last October's U.S.-Jordan Free Trade Agreement. Under the new trade agreement, virtually all tariffs on industrial goods and farm products will be eliminated over the next ten years. Jordan's banking, telecommunications and courier services will also be open to US companies. The free-trade pact is the first between the United States and an Arab state, and only the fourth agreement signed by the US with any other country.

IIEI WELCOMES NEW INTERNS

IIEI recently announced the acceptance of four new interns into its International Internship Program. Starting their one-year term of duties will be:

Siddeeq M. Abdur-Raqi of Washington, D.C., USA,
of the Irsa Management Group, Inc.,

Siddhartha Ghosh of Calcutta, India,
a MBA student at the Indian Institute of Social
Welfare & Business Management,

Jo Ann Joy of Phoenix, Arizona, USA,
a MBA student at the Keller Graduate School,

Jennifer Meksraitis of Atlanta, Georgia, USA,
an employee of Allstate Financial Corporation.

The IIEI Internship Program provides opportunities for individuals to become involved in international trade, often performing their duties within their own communities. In the words of IIEI Intern Jo Ann Joy, "I want first-hand experience in international trade and I cannot think of a better way to learn about this fascinating area."

Completion of the International Import-Export Institute's Internship Program results in the presentation of a certificate of completion, a special listing within IIEI denoting this status, as well as written and verbal confirmation to inquiring parties. These one year, renewable, non-paid positions are open to IIEI members in good standing. For more information go online to www.expandglobal.com, select Membership from the menu.

Up-coming IIEI Course Dates - Register NOW

To register for any IIEI course, go to www.expandglobal.com for easy online registration, or call an IIEI Course Counselor at 800-474-8013, or outside the USA at 602-648-5755. Class size is limited, register early to confirm your spot!

IIEI-101	Getting Started: A New International Business 10/11/01 through 11/21/01
IIEI-201	Exporting / Importing Environment 10/11/01 through 11/21/01
IIEI-202	21st Century International Logistics 09/27/01 through 11/07/01
IIEI-301	Documentation for the Global Village 10/11/01 through 11/21/01
IIEI-306	Understanding the EAR: U.S. Export Administration Regulations 11/08/01 through 12/10/01
IIEI-307	Understanding ITAR: International Traffic in Arms Regulations 10/04/01 through 11/14/01 10/25/01 through 12/05/01

Chapter News

The **San Diego, California IIEI Chapter** is back in business! Under the new leadership of **Weli Hassan**, the San Diego Chapter is planning a kick-off presentation called "International Trade Opportunities with the Middle East and Africa". Mr. Hassan, a native of Somalia, has over fifteen years of international trade experience and currently directs the America Global Export Company. Mr. Hassan invites anyone in the San Diego area interested in trade to attend the presentation and consider joining the chapter..

Rasim S. Abderrahim, President of the Arab Export House in Amman, Jordan, has established the first **IIEI Chapter in Jordan**. Mr. Abderrahim is certified as an International Trade Specialist by the U.S. Department of Commerce and served for over ten years as Senior Economic/Commercial Specialist at the US Embassy in Amman.

Ek Chor Soh, IIEI member formerly from Singapore, has recently established himself in **Xiamen, Fujian Province, Peoples Republic of China**. Ek Chor is looking for individuals interested in establishing a local IIEI Xiamen Chapter.

Lisa Xinos, President of the **Phoenix, Arizona IIEI Chapter**, was delighted with the recent presentation by **Joseph Zodl** on "Export Administration Regulations". The Phoenix Chapter is preparing for their next meeting on October 19 with a presentation on "International Trade Finance Options". Guests panelists from banking, insurance, and trade brokering will present practical strategies and options for financing trade and lowering the risk of international transactions.

For more information about IIEI chapter activity, or to start your own local chapter, contact Diana Larowe at Chapters@expandglobal.com.

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