



ICCPA

International Compliance Professionals Association

TRADE WINDS - DECEMBER 2012

Hierarchy of Trade Compliance By Matt Beck

Does anybody besides me remember Abraham Maslow's Hierarchy of Needs from high school or college psychology classes? Maslow essentially ranked the needs of humanity in order of importance, ranging from biological (food, shelter) to self-actualization, in the form of a pyramid.



www.simplypsychology.org/Hierarchyofneeds.jpg

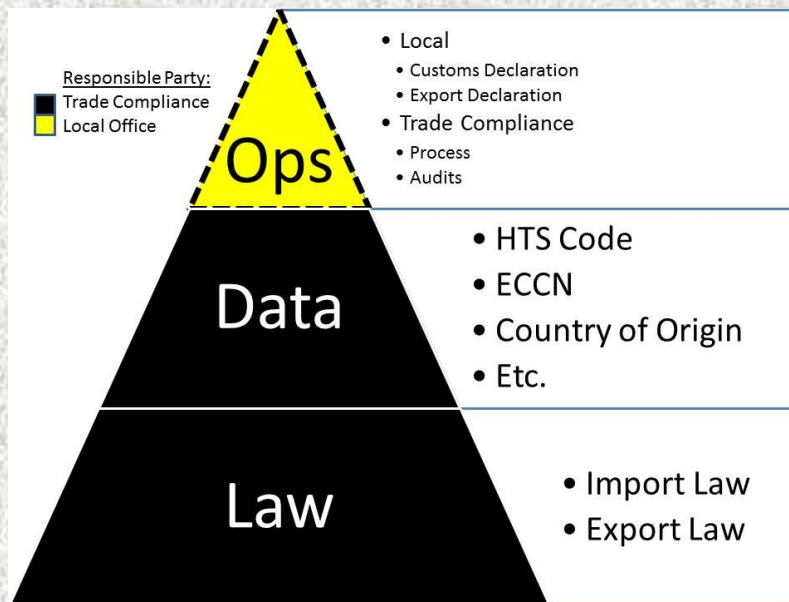
<http://>

As the person responsible for trade compliance at my company and having a department of only myself and one other person, also U.S.-based, it is imperative that I get the understanding and support of non-trade compliance personnel in order for my department to be successful. However, as most of you reading this are aware, explaining trade compliance concepts to people who do not deal with compliance-related issues daily is not easy. Therefore I'm always trying to think of new tools, preferably ones that someone can reference at any time such as a webpage or a printout, to preach the gospel, so to speak. (continued on pg 2)

Hierarchy of Trade Compliance (continued)

One of my biggest issues is actually managing trade compliance outside of the United States. For imports and exports into and out of Europe and East Asia, I am very dependent upon internal logistics personnel, our fourth party logistics firm (4PL) and external customs brokers. Not only that but I also have to make sure that the management organizations for each of the importing and exporting countries understands what the risks are and how the Trade Compliance Department trying to achieve full compliance with all trade-related laws and regulations.

For the longest time I struggled with how to properly define trade compliance tasks and easily draw the line between what the Trade Compliance Department's responsibilities were and what was necessary at the local level. One day, while on a trip to Asia to help set up new processes and improve old ones, I produced something I thought would explain the situation to everyone. Let's call it Beck's Hierarchy of Trade Compliance. Since I love Maslow's Pyramid so much, I used the same shape and idea of starting on the bottom.



Let's start with the bottom. Everything Trade Compliance Departments do, from product classification to valuation to deemed exports to free trade agreements is based upon sets of laws, regulations and other rules, from the U.S. Export Administration Regulations to Chapter 19 of the Code of Federal Regulations to Council Regulation (EC) No. 428/2009 in the European Union to Japan's Foreign Trade Control Law. Can this information be known to my Trade Compliance Department in the United States? In this day of the Internet and global consultants, I'd say the answer is yes.

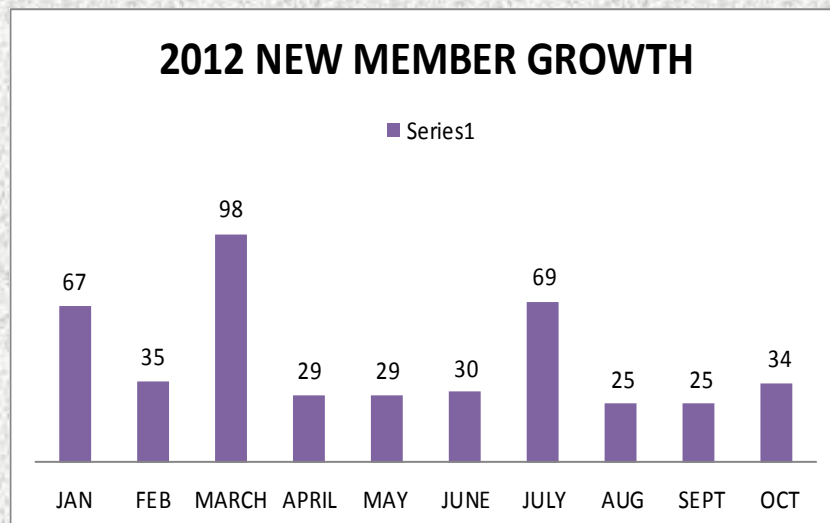
Once you know the laws, you can then gather and determine the data required to comply with those laws. When you're aware of the Harmonized Tariff Schedule and its intricacies and have access to the rules in English through a provider like CUSTOMSInfo, you can properly classify the items that are being shipped. As most of you know, this is always subject to local customs interpretation. When you're aware of the United States-Korea Free Trade Agreement rules, you can determine which products are eligible. And so on and so forth. Can this data be managed by the Trade Compliance Department in the U.S.? As long as we get the necessary information such as product specifications and manufacturing processes, I'd say the answer is a definitive yes.

So you have your laws and your data but what about where the rubber hits the road: the documentation and information provided to the local government? This may be the U.S. Census Bureau with the Electronic Export Information, the German Customs Administration (Zoll) with your Abschliessender Steuerbescheid or a MOFCOM from the Ministry of Commerce in China. Many or most of these documents are provided, at least for my company, by the customs brokers or the 4PL. The Trade Compliance Department cannot file most of these documents with the appropriate governmental authority nor should we. By creating processes and auditing, we can ensure that we are maintaining an acceptable level of compliance. Thus we can ensure that we know what is supposed to be happening and are following up to make sure it happens. (continued on pg 3)

Hierarchy of Trade Compliance (continued)

Is my pyramid perfect? No. Does it encompass all of trade compliance? No. What it does achieve, though, is the simplification of trade compliance outside of our local office for the rest of the company and our service providers to see and understand. It also sets up a framework for trade compliance to follow, ensuring that we note, for each country, what the laws and regulations, data, required documentation, associated processes and auditing steps are and who is responsible. That's the easy part. After that the hard work of making it happen begins.

Matt Beck is the Director of Global Trade Compliance at ATMI, Inc. in Round Rock, Texas. He may be contacted with any suggestions for improvement or other feedback at mbeck@atmi.com.



DECEMBER MEMBER TO REMEMBER!

For the month of December, any NEW, regular member can join ICPA for \$50. All you do is click on join from the main page and choose the new member level. This is a great way to end the new year and get in those last few people to count towards winning the Founders Award.

Spread the word!!

Service Provider Spotlight

Let's meet Kerry Rasmussen from Cole International.

1) Tell us a little bit about Kerry Rasmussen and what you specifically do at Cole International.

- I am the manager of NRI Business Development for Cole International Inc. a Canadian Customs Broker, Freight Forwarder and Trade Consultant. My primary role is to assist companies residing outside Canada establish themselves as importers so they can sell their product into Canada "all in".

2) My favorite question - how did you get into the business?

I was managing a clothing store and wanted an office job. I started as a file clerk/relief receptionist and after a few weeks I asked if there was anything else I could do. 20 years later, I'm still in the business...

3) What do you see as the one or two biggest challenges facing international trade professionals today?

Understanding the ever-changing regulations in multiple countries and having to do more with less staff/resources. Compliance professionals have to be very resourceful and have a great network to do their job effectively.

4) What was the last book you read and how did it shape or change what you do every day?

Since I have a 3 year old, my life is mostly about books that are easy to read. However, most of them come with a great message. The Very Cranky Bear is one of my favorites – it's about a group of ragtag animals that happen upon a bear who just wants to sleep. All of the animals try to give the bear ideas on how to sleep, but it is the timid shy sheep who gives the bear a blanket made out of her wool who ends up giving the cranky bear his much needed slumber. There is an excellent message in that little tiny book - you don't need to have a lot of money to give a great gift.

5) Share your thoughts on the role ICPA plays in helping international trade professionals.

Not only is ICPA a wealth of information for the international trade professional, but it is also a place that I have made some very dear friends. We share a common bond but it goes further than that. When I travel I can always contact someone from ICPA and we hang out and I don't feel so lonely. I'm truly glad to be a part of the ICPA family.

I Fought With My Mom Over Her Fur Coat. Now It's Mine. **By Lynn Pearson, Wife of ICPA Canadian Counsel Darrel Pearson**

Jillian looked at me in shock as I walked into the house holding my mother's mink coat. My daughter, the vegetarian, did not understand how I could have accepted it. She equated it to wearing death.

How ironic that after years of arguing with my mother over the coat, I had finally accepted it from her with a satisfied grin, only to face my daughter's horror. Once again, sandwiched between the generations.

Wearing fur was foreign to Jill. When I was a child, I thought nothing of seeing a woman in a fur coat. I have a picture of my grandmother walking down the street with a fox's head and torso around her neck. Those who could afford fur in those days could brave the Canadian elements in a garment that was light in weight and exceptionally warm. Before the advent of down-filled coats, fur was the best protection against frigid winters.

I remember sleepy trips home on snowy nights, lying without a seat belt across my mother's lap in the front seat of our sedan, rubbing my face in her seal coat. The silky texture swayed across my face like the soothing comfort of warm water.

Every so often, when home alone, I would steal into the closet and nuzzle my face in the coat. Once or twice I tried it on, and stood on my toes pretending I was a princess.

The fur business was part of my family. My uncle was a furrier and a labour organizer in the furriers' union. It was a proud and skilled profession. He gave me a white rabbit-fur muff to keep my hands warm when I was 5. When I was a teenager, he gave me a suede hat with fur trim. The wind blowing up my miniskirts and through my fishnet stockings counterbalanced the warmth around my head, though I had trouble hearing through the hat and seeing around the trim.

In 1969, for my 16th birthday, my parents gave me an outlandish, oversized, striped brown-and-white muskrat coat with big brass buttons and a brass link belt. My tactless and feeble grandmother whacked me with her cane and told me I looked like a bear.

Then came the years of protest against wearing fur. I came to understand the cruelty of killing animals, especially in an age when man-made materials kept you just as warm. Never prone to extremes, I was baffled by the protests that inflicted harm: Throwing red paint at people was going too far, I thought. Encouraging violence against people to discourage violence against animals seemed over the top. But I got it; it was an age of protest.

I try to see both sides of any argument. These are personal choices. Leather shoes are okay for some and not for others; eating meat is okay for some and not for others. Is it all right to raise beef for food and leather, yet wrong to raise a ranch mink for warmth? I stopped wearing fur. I didn't stop eating meat. I didn't abandon my love of leather goods.

My mother bought this coat in the 1980s, when she was trying to rebuild her life after a financial misfortune, while at the same time dealing with my father's illnesses. Diabetes, heart disease and ministrokes had left him worn down.

At 58, Mom opened a second-hand store in Markham, Ont. She and Dad gathered cast-off clothes from wealthy homes in Toronto's Forest Hill and Post Road areas on Sundays, then picked over, priced and sold them in the store. It was hard physical work. Mom was the "front" man. Dad helped as much as he could, retreating to a cot in the basement when he needed to rest.

Sensitive to cold, and wanting to maintain her dignity, Mom bought a fur coat at The Bay. Family connections to the fur industry were long gone, so she satisfied herself with the formerly unthinkable retail. The coat was not of the finest quality, but it gave her a sense of accomplishment. She wore it as a badge of survival. The store closed after my father died, when Mom was 70. (continued on pg 6)

I Fought With My Mom Over Her Fur Coat. Now It's Mine. By Lynn Pearson (continued)

Each year, she managed to migrate to Florida. The coat went in and out of storage. She needed warmth, it needed cold. Year after year, she asked me to take it, but I always refused, suggesting she give it to someone else. "You'll appreciate it when it's cold next winter," she would warn. "Wear it to walk the dog."

I had always been that overdressed kid with a scarf around my mouth arriving at school in a sweat. Perhaps not taking the coat was an act of rebellion as an adult for my inner child. But one year I changed my mind after coming to the poignant realization that it was her way of looking after me when she was gone.

After years of mother/daughter friction, I had to finally and unconditionally accept her love and allow her to mother me in her own way.

At first, I couldn't imagine putting it on and stepping out the front door even though the days of being splattered with red paint appear to be over. It just felt strange to me. The coat hung in the closet, and went in and out of storage, until my mother was gone.

One week after she died on Christmas Day, I put on the coat to go for a walk in the snow. It was warm and light. It felt right to wear it.

After a couple of years, I had it remodelled. My daughter slipped it on and broke into a smile. We share the coat now. Occasionally, we both rub our faces in the fur and think of my mother's love still keeping us warm.

BOOK REVIEWS



**Customs Law
By Damon Pike
and Larry
Friedman**

The first-ever casebook published in the U.S. on “Customs Law” that I co-authored with Larry Friedman is getting “rave” reviews! Here is the blurb for the book on the publisher’s website, followed by a stellar review:

As the world’s largest economy, the United States imports and exports more merchandise than any other country. Customs Law covers the “nuts and bolts” of laws administered by U.S. Customs and Border Protection (“CBP”), the agency charged with regulating imports into the U.S. and collecting duties, import fees, and related taxes. Those laws and regulations center on the tariff classification of merchandise under the Harmonized System (as set forth in the Harmonized Tariff Schedule of the U.S.), the valuation of goods under the GATT (now WTO) Valuation Agreement, and the rules (both preferential and non-preferential) for determining “country of origin.” The book also covers the entry and recordkeeping process for imports, intellectual property protection, CBP’s penalty regime, the use of preferential trade programs (specifically examining the North American Free Trade Agreement and its attendant Rules of Origin and Regional Value Content calculations), marking requirements, and the relationship of income tax transfer pricing rules in determining how inter-company pricing impacts declared customs values and, thus, global corporate income taxes. The system of judicial review by the U.S. Court of International Trade and U.S. Court of Appeals for the Federal Circuit is also covered. Finally, the book summarizes the requirements of 47 other federal agencies that CBP is charged with administering and enforcing with respect to imported merchandise.

“...I received your 'Customs Law' on Friday from Amazon and spent three days reading it thereafter. I honestly can't put it down! It is a great piece of work in my opinion, long overdue, and I have recommended it already to others. The book is a priceless 'uber-review'.” —
Neil Mooney, Attorney-at-Law

Damon V. Pike
President
The Pike Law Firm, P.C. and
Braxton Craven Fellow - Duke University

BOOK REVIEWS



How Will You Measure Your Life
Clayton M Christensen

All graduating classes have their intellectual stars whose futures look bright with golden opportunities many only dream of having. Many do succeed; many plot their courses for success, but somehow along the way, they stumble and fall, often taking their company, their family, their friends and/or their livelihoods with them.

Usually the fall begins with a small compromise to his/her integrity, honor, responsibilities or ethics. After that first small compromise, it gets easier to take the second, third or fourth compromise that ultimately leads to a path of potential destruction - whether within a business, a family or a friendship.

Clayton Christensen's book *How Will You Measure Your Life?* outlines his life's lessons to this question that he has shared with his students at Harvard Business School and he has applied to many businesses he's either been affiliated with or has consulted with.

Another vital question Mr. Christensen asks the reader to contemplate is how can a person find happiness in his/her chosen career and/or family life. He explains that it begins with priorities and emphasizes the importance of prioritizing one's time. He encourages investing time in the things that matter most to a person.

He discusses the importance in developing a strategy for success. We determine our life's strategy by how we allocate our resources - time, talents and money. All strategies have unknown factors that impact the outcome. "Real strategy - in companies and in our lives - is created through hundreds of daily decisions about where we spent our resources."¹

How we allocate our resources can determine how our life turns out - allocated wisely, our life could turn out exactly as we hoped it would; allocated unwisely, our life could be far from what we envisioned.

How Will You Measure Your Life? is organized into 3 parts:

Part 1 -- Finding happiness in your career

Part 2 -- Finding happiness in your relationships and spending time with your priorities

Part 3 -- Staying out of Jail

Mr. Christensen is a deeply religious man whose beliefs have helped form the answers to how he measures his life and how he has found true happiness. His revelations are applicable to business strategies, to developing and maintaining relationships, to empowering family members with necessary developmental tools to achieve their potential and to having a more fulfilling life.

The most important source of happiness in life comes from the relationships you have with family and close friends. It is vital for each of us to commit to the investment of time to deepen and maintain these relationships if we are to enjoy these relationships long term.

Mr. Christensen promises his readers that if we take the time to figure out our purpose in life, it will be the most important thing we ever learn!

1 - quote from **How Will You Measure Your Life?**

Local Trade Groups

If you've been looking for a local trade group, we got 'em! Some of our members have organized local groups that get together usually once a quarter. We have ICPA DATA (Designated Area Trade Association) groups and other groups NOT tied to ICPA. Here are the areas and contact people for you to reach out to:

ICPA Houston Jamie Adams - jamie.adams@c-a-m.com

ICPA North Carolina – Blane Carroll - DBCARROLL@irco.com

ICPA Atlanta – Joe Burks - Joseph.Burks@CooperIndustries.com

Austin, TX. Matt Beck - mbeck@atmi.com

Portland / Seattle – Jeff Tooze JTooze@columbia.com

St. Louis Trade Practitioners Round Table - Ted Galantowicz www.stltcpr.org

Congratulations to Mitchell Torrence, son of Marc Torrence of V. Alexander & Company, for being selected to perform at the Presidential Inauguration in January, Mitchell is a Freshman at Lee University in Cleveland, TN and has been selected to the 200 member choir that will perform at the Presidential Inauguration.

Senator Lamar Alexander selected the choir from Lee to be one of the three that will perform that day.

Mitchell was selected from about 400 students to be one of the 200 members of the ensemble that will sing. Congratulations Mitchell!



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