



7. Exportmarktplatz

Die Wichtigkeit von Exportkontrolle und Trade Compliance für Schweizer Unternehmen

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Agenda

- Short Introduction – Amber Road Group
- Trade Compliance Risk
 - UN / EU / CH – that's it?
 - The importance of the United States
- Creating Awareness within your Company
 - Exposure
 - Senior Management
 - Plan and Actions
- Compliance – Some example
 - From Strategy to Solution – Sanction- and Embargo screening
 - Preferential programs and Free Trade Agreements
 - Best Practise automation
- Conclusion



Amber Road Overview

Leading Provider of Cloud-Based Global Trade Management (GTM) Solutions

600M+
Transactions
&
Supply Chain
Messages

600+
Customers

80+
Countries

\$68.0M
Revenue

21%
YOY Growth

We automate import and export processes so goods flow across international borders in the most efficient, compliant and profitable way

European & Swiss customers



Trade Compliance Risk

- Multi layer:
 - National regulation (SECO)
 - EU regulation
 - UN regulation
 - Other organisations and subscribed Policies (ex: CITES)
 - Trade programs such as FTA's

- Compliance risk can be found in such areas as:
 - Sanctions / Embargoes
 - Classification
 - Import Controls
 - Export controls
 - Denied Party screening
 -



Europe – central decision, national enforcement ?

- In 2007, the UK Parliament commissioned a memorandum to be presented to the British Government.
- Entitled: **"COMPARING SANCTIONS AND PROSECUTIONS RELATED TO EXPORT CONTROL VIOLATIONS IN THE EU"**
- "If a country has no or few prosecutions, this can either be attributed to a perfect prevention and compliance record or, more likely, indicate failures to detect or prosecute such violations. **Export control prosecutions face particularly strong challenges**, such as: (a) unfamiliarity of prosecutors and judges with export control laws/regulations and non-proliferation/security issues, in particular as regards dual-use items, (b) the challenge of dealing with sensitive or classified materials in court; and (c) **legal systems requiring proof of intent in all cases, whereas other systems may require "only" proof of knowledge or "reason to believe"**. **Focus on prevention also requires the ability to address attempts to breach export control violations through applying criminal provisions related to conspiracy to commit a crime, which can for example be found in penal codes. "**
- Compiled by Dr Sibylle Bauer and Anna Wetter



US Regulations

OFAC (Office of Foreign Asset Control)



“Who must comply with OFAC regulations?”

All U.S. persons must comply with OFAC regulations, including all **U.S. citizens and permanent resident aliens regardless of where they are located**, all persons and entities within the United States, **all U.S. incorporated entities and their foreign branches**. In the cases of certain programs, such as those regarding Cuba and North Korea, all foreign subsidiaries owned or controlled by U.S. companies also must comply. **Certain programs also require foreign persons in possession of U.S. origin goods to comply.**
[09-10-02]”

(source: US OFAC website November 2009 -
<http://www.treas.gov/offices/enforcement/ofac/faq/answer.shtml#10>)

US Re-export

- http://www.bis.doc.gov/index.php/forms-documents/doc_view/4-guidelines-to-reexport-publications

OVERVIEW

The United States Department of Commerce regulates exports and reexports of “dual-use” items, i.e., goods, software and technologies with commercial and proliferation/military applications, through its Export Administration Regulations (EAR). If you are outside the United States and wish to export or reexport an item that is of U.S. origin or that has a U.S. connection, your product may require a license from the U.S. Department of Commerce’s Bureau of Industry and Security (BIS).

This overview is designed to give an understanding of our regulations and how to use them. However, nothing provided here can substitute for consulting the EAR. The EAR include answers to frequently asked questions, detailed step-by-step instructions for determining if a transaction is subject to the regulations and how to apply for a license. In using the EAR, you may want to first look at Part 732 for the steps you follow to determine your obligations.

If you would like to review a specific part of the EAR referenced in this document, go to the on-line EAR database on the Government Printing Office Web site at www.gpo.gov/bis.

Legislative drivers in 2016



TRANSATLANTIC TRADE
AND
INVESTMENT PARTNERSHIP

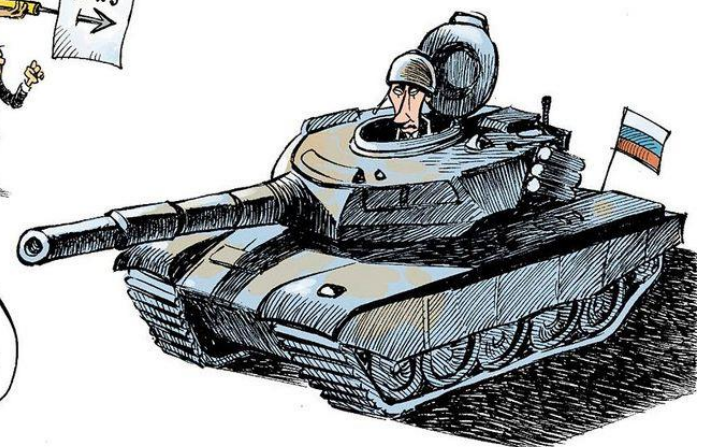


BREXIT



Aim
AT THE
WALLET!

Chappart International New York Times



Iran Sanctions

- Various sanctions and restrictions continue to be in place.
- Snap-back mechanism



- *A **prohibition** to sell, supply, transfer, export or procure, directly or indirectly, shall continue to apply to the goods and technology contained in the Missile Technology Control Regime list under Annex III of Council Regulation 267/2012 (as amended by Council Regulation No 2015/1861)*
- ***A prior authorization** is required for the sale, supply, transfer or export of*
 - 1. goods contained in the Nuclear Suppliers Group list under Annex I and*
 - 2. goods listed in Annex II which contain other dual-use goods and technology that could contribute to reprocessing, enrichment-related, heavy water-related or other activities inconsistent with the JCPOA and*
 - 3. metals and software as described in Annex VIIA and B of Council Regulation 267/2012 (as amended).*

Russia Sanctions

- Sanctions against Russian and Ukrainian individuals, companies and officials
- Restrictions for Crimea and Sevastopol
- Measures targeting sectoral cooperation and exchanges with Russia ("Economic" sanctions)

Export Controls Summary	
Control Type	Result
Embargo/Sanction	● Controls May Apply
Prohibition	● Controls May Apply
Licenses, Permits, etc.	● Controls May Apply
Absolute Quota	● No Controls
Other Controls	● No Controls

ARMS EMBARGO

Embargo on the import and export of arms and related material from/to Russia, covering all items on the EU common military list, with some exceptions.

PROHIBITION

on exports of dual use goods and technology for military use in Russia or to Russian military end-users, including all items in the EU list of dual use goods.pdf. Export of dual use goods to nine mixed end-users is also banned.

LICENCES, PERMIT

Exports of certain energy-related equipment and technology to Russia are subject to **prior authorisation** by competent authorities of Member States.

Terrorism: Updated Restricted Party Screening

EUROPE'S MOST WANTED FUGITIVES



- Amber Road provides up-to-date RPS information in its software by tracking relevant websites and sources.
- NEW for 2016: The EU's law enforcement authorities have created www.eumostwanted.eu where public and police can cooperate to arrest Europe's most wanted fugitives by sharing information on high-profile internationally-wanted criminals.



Consequences of not being compliant

- Hold of your export or import shipments
- Documentation – customs hold due to wrong papers
- Fines or exclusion of export or import benefits
- Implication to US Market
- Image- und Reputational damage
- Financial Penalties



Who in a any Company is affected by Trade Compliance ?

Department	Affected by Controls?
Finance	Y
Supply Chain	Y
Research and Development	Y
Procurement / Sourcing	Y
Legal	Y
Sales	Y
Marketing	Y
Production	Y
Development	Y
Vendor Management	Y
Logistics	Y
Management & Owners	Y

Creating Awareness at Senior Level I

- Trade Compliance & Customs is law
- Upcoming SECO regulations will shift responsibility to Senior Management Level
 - Germany – Aussenwirtschaftsverantwortung
- Trade Compliance organizations and solutions are insurances for not violating national and international rules and regulations
- Trade Compliance and Customs – from threat to opportunity
 - Sell into new markets through understanding and practising trade compliance
 - Increase your Image- und Reputation
- Ignorance is not an excuse

Propose a plan to be sure of your exposures

Assess your Company and Business

- Risk Assessment
 - Who
 - What
 - Where
- Rank your risk exposures
 - High
 - Medium
 - low)
- Define priorities based on evaluation (step by step approach)
 - Quick wins – easy to achieve
 - Coverage 80/20 rule – easy to achieve
 - Focus on critical exposures – immediate but tailor made action

Sanction Party Screening – an Example

- **Update Denied Party lists**
 - from all the Countries you operate in – besides EU and US lists there are also lists enforced today for such Countries as SG, IL, IN, RU, CN, CA, AU, HK, JP, South American Banks These lists change daily / weekly – make sure they are up to date
- **Automate, Automate**
 - Screen ERP or Order transactions (online) and/or Party master files (Batches) with advanced algorithms that can handle different languages, scale and match accurately in a short timeframe.
- **Manage and Control**
 - Have a workflow and Audit trail that allows cooperate visibility and resolution as well as full historical data proving due diligence.

RPS Coverage - 348+ Lists (and growing)

RPL List Configuration

Transnational Criminal Organizations

- SDN List - Burma Sanctions
- SDN List - Cote d'Ivoire (Ivory Coast) Sanctions
- SDN List - Cuba Sanctions
- SDN List - Darfur Sanctions
- SDN List - Democratic Republic of the Congo Sanctions
- SDN List - Foreign Terrorist Organizations
- SDN List - Former Liberian Regime of Charles Taylor Sanctions
- SDN List - Iran Human Rights Sanctions
- SDN List - Iran Sanctions
- SDN List - Iran Sanctions Act of 1996
- SDN List - Iranian Financial Sanctions Regulations
- SDN List - Iraq Sanctions II -SDN

European Lists

- EU Financial Sanctions
 - EU Financial Sanctions - Entities
 - EU Financial Sanctions - Persons
 - EU Official Journal Restrictive Measures (Interim)
 - The Council of the European Union - Restrictive Measures in respect of Burma/Myanmar
 - The Council of the European Union - Restrictive Measures in respect of Guinea
 - The Council of the European Union - Restrictive Measures in respect of Moldova
 - The Council of the European Union - Restrictive Measures in respect of Uzbekistan
- Other EU Lists
 - EU - List of Banned Airlines

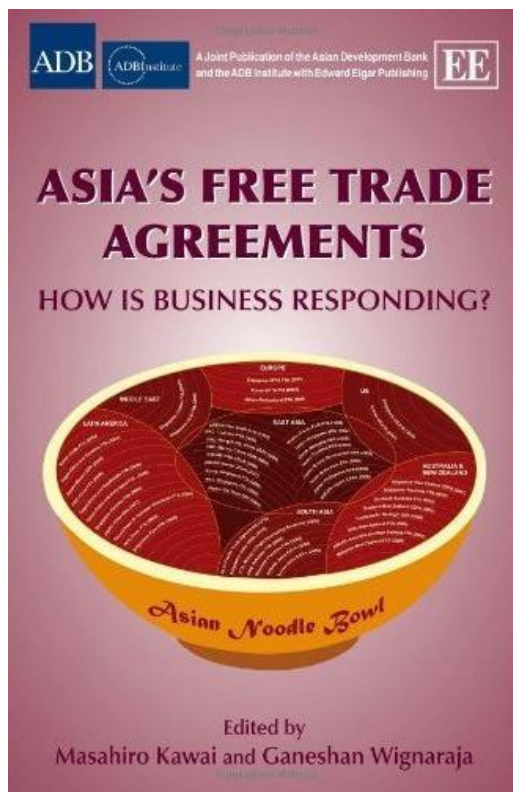
- | | |
|------------------|-----------------------|
| <i>Australia</i> | <i>Malaysia</i> |
| <i>Canada</i> | <i>New Zealand</i> |
| <i>China</i> | <i>Russia</i> |
| <i>EU</i> | <i>Saudi Arabia</i> |
| <i>UK</i> | <i>Singapore</i> |
| <i>France</i> | <i>Switzerland</i> |
| <i>Hong Kong</i> | <i>United Nations</i> |
| <i>India</i> | <i>United States</i> |
| <i>Israel</i> | |
| <i>Japan</i> | |

Configuration: include/exclude lists against which to screen (per organization)
 List changes typically applied and available within 48 hours of list publication

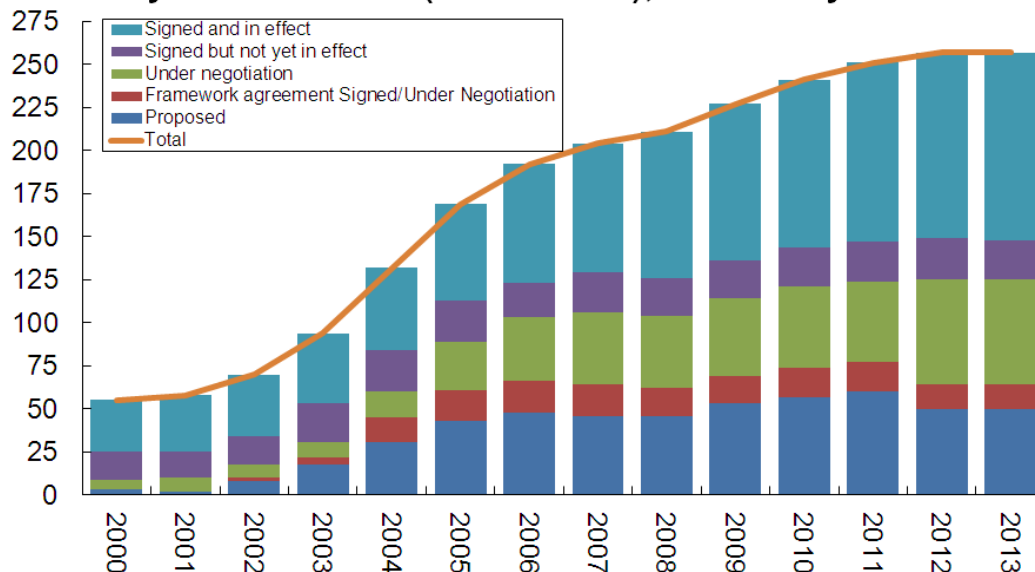
Requirements for selecting best practise solution to automate your compliance processes

- Standardsolution that compalies with national and international rules and regulations in regard to sanctions and denied parties
- High automation possibility including good usability
- Multi-lingual and multi character set screening capabilities
- Standard integration with ERP System (SAP, Oracle, JDE)
- Sanction- and denied party list coverage – automated updates and re-screening functionalities
- Global partner to support group compliance requirements
- “Straight Forward” Integration → Generation of Quick Win

Preferential Agreements



FTAs by Status—Asia (cumulative), selected years



FTA = free trade agreement.
 Notes: **Proposed** = the parties consider an FTA; governments or relevant ministries issue a joint statement on its desirability or establish a joint study group/joint task force to conduct feasibility studies. **Framework agreement signed/under negotiation** = the parties, through relevant ministries, negotiate the contents of a framework agreement (FA) that serves as a framework for future negotiations. **Under negotiation** = the parties, through relevant ministries, declare the official launch of negotiations, or start the first round of negotiations. **Signed but not yet in effect** = the parties sign the agreement after negotiations have been completed, but the agreement has yet to become effective. **Signed and in effect** = FTA provisions become effective, after legislative or executive ratification. Data as of January 2013.
 Source: ARIC FTA database, Asian Development Bank.

Preferential Agreements

The screenshot displays the Trade Wizards web application interface. The browser address bar shows the URL <http://wizards.managementdyna...>. The application header includes the Trade Wizards logo, a user welcome message for Thomas Kofler, and navigation links for Home, Sign Out, and Help. The main content area is titled "Landed Cost Calculation" and shows the following details:

- Country of Import:** Thailand
- Duty/Tax Preference:** Default and Preferential Duties & Taxes
- Shipment Date:** 23-Jun-2015
- Import HS Number:** 8450120000
- HS Description:** Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof Household or laundrytype washing machines, including machines which both wash and dry.
 - - Other machines, with builtin centrifugal drier
 - - Other machines, with built-in centrifugal drier
- Message:** -
- Import Quantity1-3:** -
- Result Currency:** Switzerland, Franc (CHF)

Below the details is a table with the following columns: Country of Export, Country of Manufacture, Mode of Transport, INCOTERM, INCOTERM Value, Default Landed Cost, and Minimum Landed Cost.

Country of Export	Country of Manufacture	Mode of Transport	INCOTERM	INCOTERM Value	Default Landed Cost	Minimum Landed Cost
Italy	Italy	Sea	CIF	EUR 10000.00	CHF 12406.05	CHF 12406.05
Japan	Japan	Sea	CIF	EUR 10000.00	CHF 12406.05	CHF 11653.80
South Korea	South Korea	Sea	CIF	EUR 10000.00	CHF 12406.05	CHF 12406.05
Switzerland	Switzerland	Sea	CIF	EUR 10000.00	CHF 12406.05	CHF 12406.05

Preferential Agreements

CHF 12,406.05 – EU & CH
CHF 11,653.80 - JP

TRADE WIZARDS
POWERED BY AMBER ROAD

Welcome Thomas Kofler | Help Home | Sign Out
(MANAGEMENT DYNAMICS Inc, TW_US R_CHNGE_PWD)

Amber Road
POWERING GLOBAL TRADE

Classification Landed Cost Controls Documentation Transaction Utilities

Quick Links

Landed Cost Calculation

Country of Export	Country of Manufacture	Mode of Transport	INCOTERM	INCOTERM Value	Default Landed Cost	Minimum Landed Cost
Italy	Italy	Sea	CIF	EUR 10000.00	CHF 12406.05	CHF 12406.05
Japan	Japan	Sea	CIF	EUR 10000.00	CHF 12406.05	CHF 11653.80

Thailand - Japan Economic Partnership Agreement Duties and Taxes

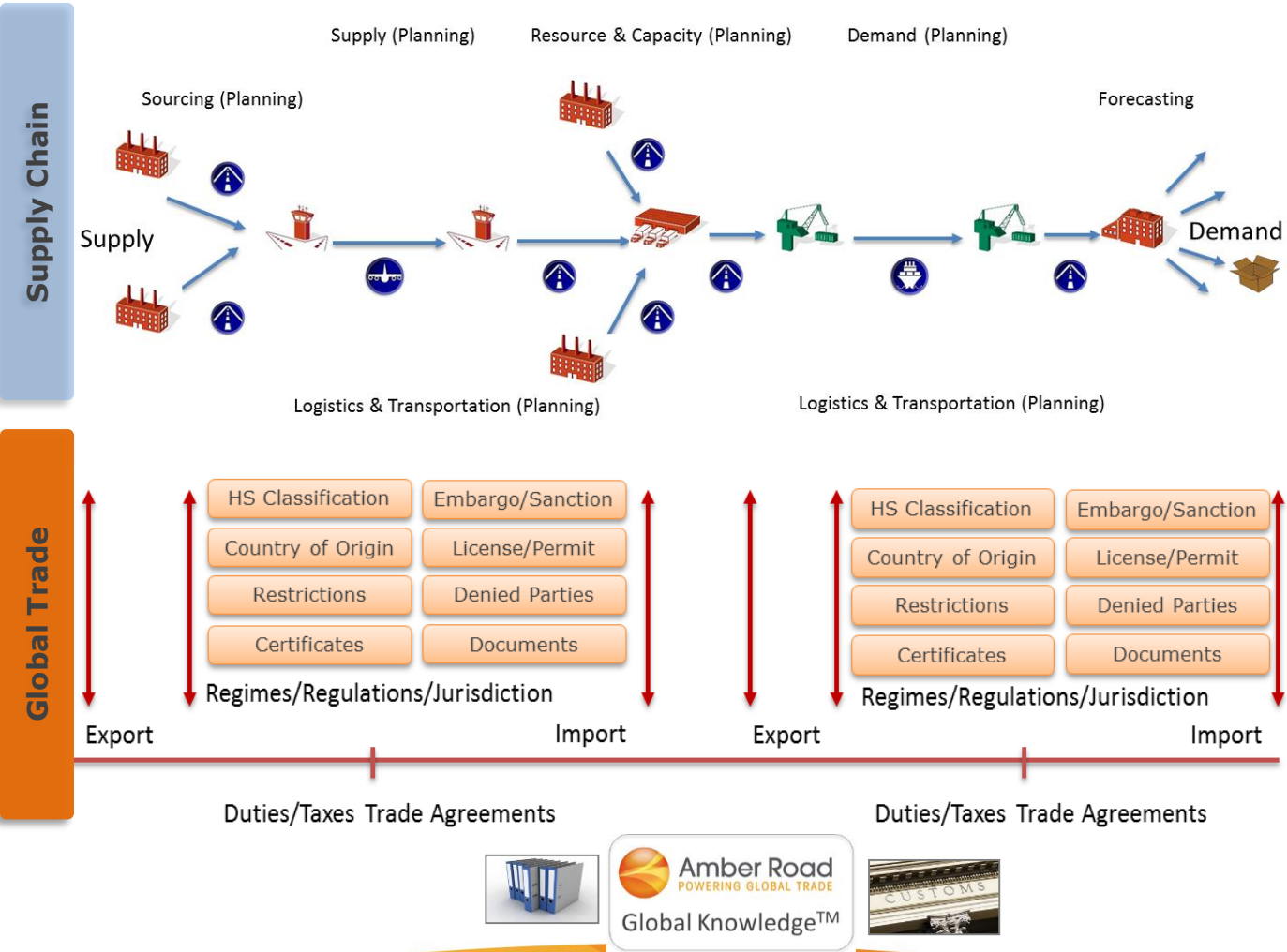
Description	Value	Result Currency	Explanation or Formula
Merchandise Value(CIF)	10540.40	CHF	USER ENTERED (EUR 10000.00; 1 EUR = 1.05 CHF, Customs exchange rate)
Origin Charges	0.00	CHF	
Origin Freight	0.00	CHF	USER ENTERED
International Freight	0.00	CHF	USER ENTERED
Insurance Charges	0.00	CHF	USER ENTERED
Destination Freight	0.00	CHF	USER ENTERED
Destination Charges	0.00	CHF	
Total Landed Cost	11653.80	CHF	(CIF + Freight (Dest.) + Taxes + Destination Charges)
Cost Per Unit	11653.80	CHF	1 Unit(s)

ASEAN - Japan Comprehensive Economic Partnership Agreement Duties and Taxes

Description	Value	Result Currency	Explanation or Formula
Merchandise Value(CIF)	10540.40	CHF	USER ENTERED (EUR 10000.00; 1 EUR = 1.05 CHF, Customs exchange rate)
Origin Charges	0.00	CHF	
Origin Freight	0.00	CHF	USER ENTERED
International Freight	0.00	CHF	USER ENTERED

Best Practice – Effective Trade Compliance

Deliver *Operational* GTM Content: Global Trade Knowledge™



Supply Chain: ‘you’ make the rules

Global Trade: governments make the rules

Amber Road: automates the rules and data for you

We Automate Content:

- Capture
- Testing
- Updates
- Enablement in software / rules logic
- Distribution

Via Industry Leading:

- Quality: ISO 9001-Certified
- Timeliness
- Team: 1/3 of our staff
- Breadth and depth



Conclusion I

- Include Trade Compliance and Customs Compliance in your due diligence processes for sourcing, distribution and market entry evaluations
- Sanction Party Screening – things to think about it
 - Scope (legal / reputation / implications abroad)
 - Process (organisation / SOP / manual / automated)
 - Solution (global / usability / coverage / updates)
- Focus on international legislation but more so on national legislation
 - UN / US / EU / SECO Sanction Lists
- Focus on prohibitions and restrictions (export / import controls) for your products and parts

Conclusion II

- Establishing a compliance regime is critical – for all Actors on the Supply Chain – Ignorance is not a legal defence.
- Actors need ...
 - Skilled People
 - Cross domain expertise across Business, Logistics and Finance
 - Common acceptance and ongoing education throughout the business
 - Executive support
 - Process and Tools
 - Risk assessment – **initial** and **ongoing**
 - Compliance process support tools
 - Sourcing / Production / Sales / Legal / Finance / Audit etc
 - Systems and infrastructure
 - Key aspects
 - Trade Content / Audit history / Control and Security / Reporting

Q & A

Thank you!

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