La gestione della conformità alle regole del commercio globale: rischi e opportunità nella *Supply Chain*

Nick Boland
Director of Business Solutions, EMEA,
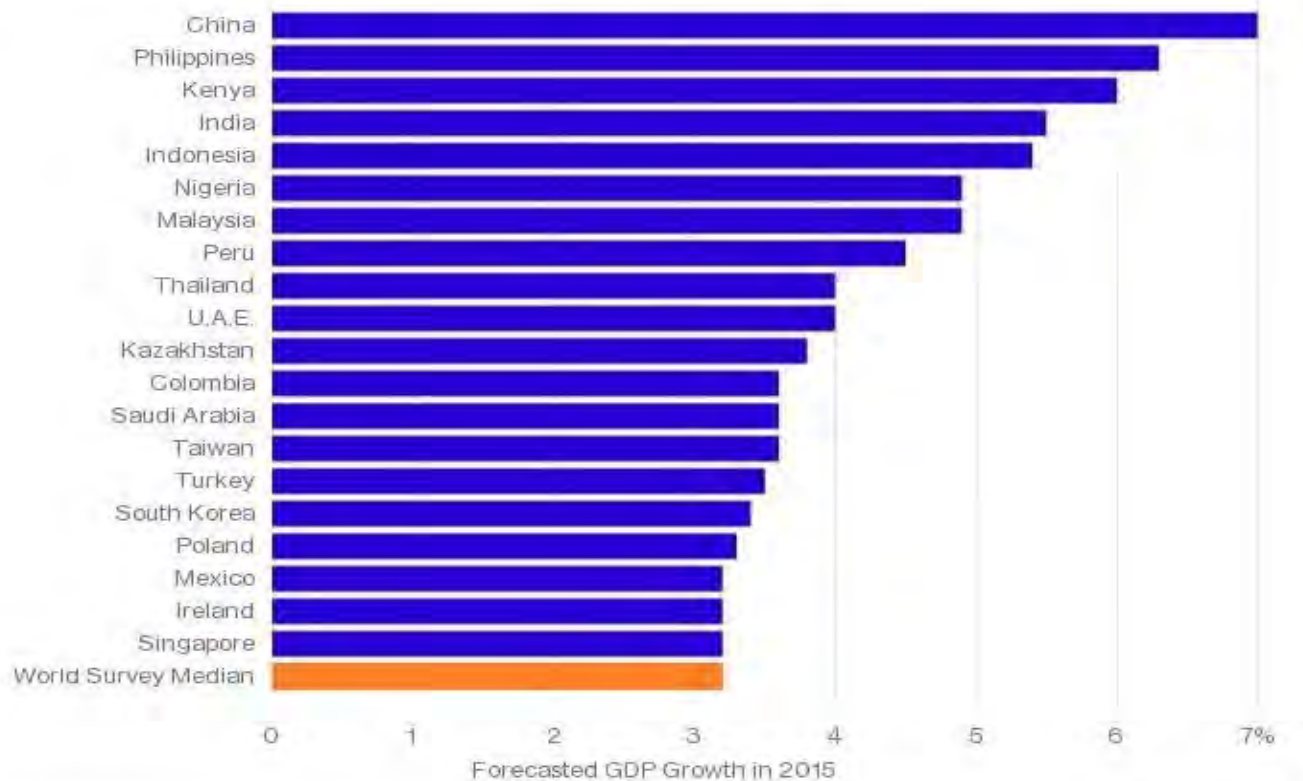Amber Road (UK)

Milan
November 30th 2016

The world is changing …

This Year's All-Stars of the Global Economy

Emerging Asia and Africa seen dominating global growth in 2015, economists say

Forecasted GDP Growth in 2015

Bloomberg News Consensus Surveys

Bloomberg

Re-imagining Global Trade Management

"Many companies are now re-looking at end-to-end processes. The synergies between traditional GTM and these newer areas are clear, as leaders work to fully integrate these new platforms, many of which rely heavily on Cloud-based deployments.

In many ways, global sourcing and trade management processes and especially technology support are behind those developed for domestic sourcing and logistics activities, though this is an area of increased focus, as companies more fully understand the impact to the bottom line from improving their games in these areas."

"...the reality is that traditional GTM processes almost always intersect with sourcing and logistics workflows... visibility is needed across the entire PO lifecycle, from material and product design through final delivery."

We seem to be entering what we could call the globalization 3.0 era

SupplyChainDigest ™

2016 Global Sourcing & Trade Management Report

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Priorities

Top five strategic priorities over the next 3 years

Fostering innovation	21%
Stronger client focus	19%
Implementing disruptive technology	18%
Talent development/ management	18%
Stronger marketing, branding and communications	17%

Source: 2016 Global CEO Outlook, KPMG International

Top five areas of investment over the next 3 years

Increasing data analysis capabilities	25%
New product development	24%
Cyber security solutions	22%
Measurement and analysis of customer experience/needs	21%
Geographic expansion within home country	20%

Source: 2016 Global CEO Outlook, KPMG International

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Trade Compliance Risk

- Multi layer:
  - National regulation
  - 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
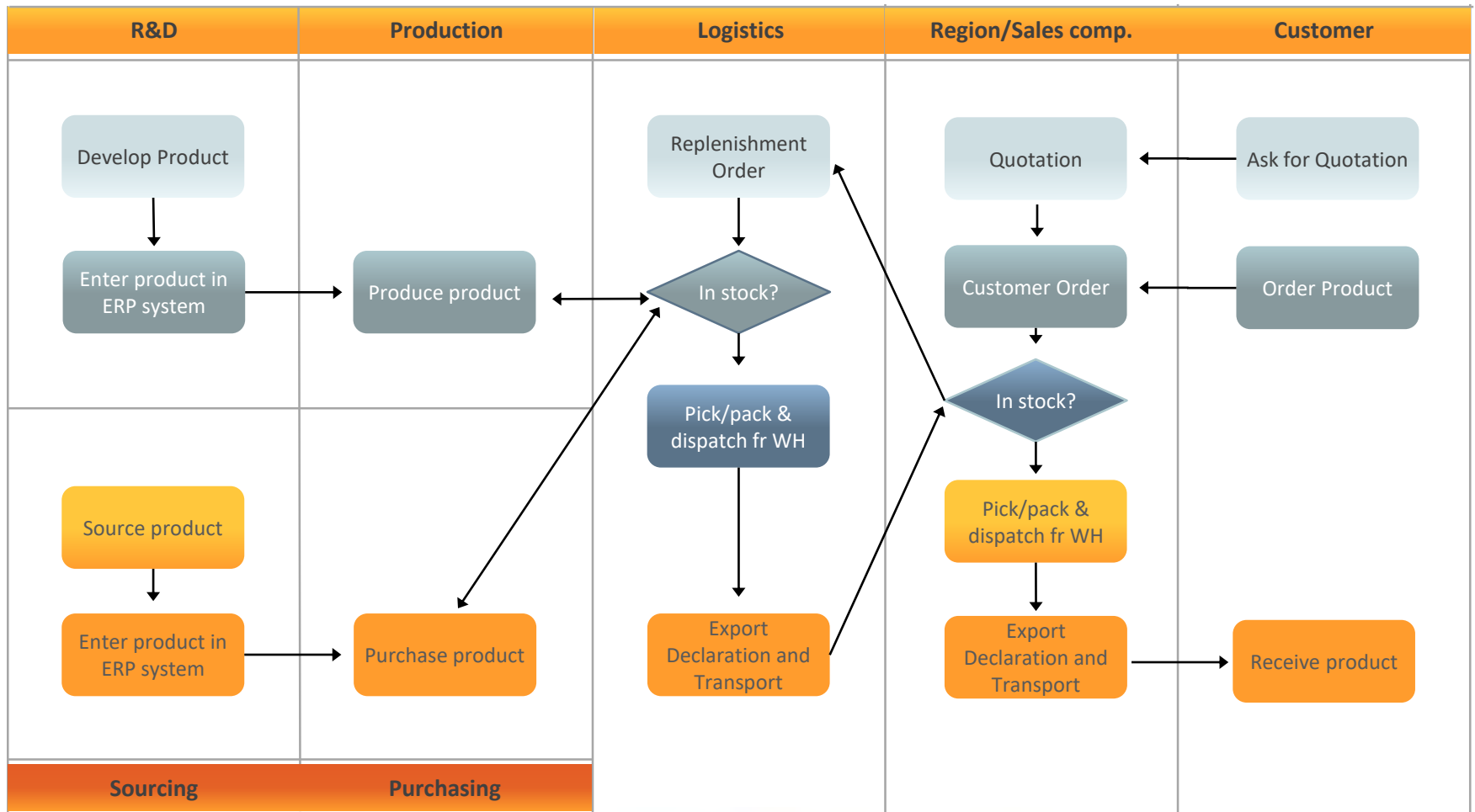   - Denied Party screening
    - ….

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November 16th: EU Control List

- The EU Commission had already adopted this on 12 September 2016, however the 2-month period of veto powers of the EU Parliament and EU Council meant publication in the Official Journal of the EU could not occur before mid-November. This 2016 update of the EU Control List of Dual-Use Items concern, in particular, the current list of dual-use items, specifically those in Annexes I, IIa and IIg of EC No 428/2009, as amended. The regulation entered into force on the following day, on 16 November 2016. The EU Commission has **published a "Comprehensive Change Note Summary 2016".**

Some significant changes

- The 2016 EU dual-use control list includes changes concerning the control parameters, the technical definitions and descriptions and the removal or addition of dual-use items. These changes come as a result of the review of the Wassenaar Arrangement (WA) Dual Use Lists, Missile Technology Control Regime (MTCR) Technical Annexes and Australia Group Common Control Lists during the course of 2015.

- The majority of the changes derive from the WA, such as the updates of the control of laser measuring systems and a new control for electronic equipment that can perform high-speed analogue-to-digital conversions. It has also introduced structural **changes in Category 5 Part 2 "Information Security" as well as the removal of several** controls, for instance those on some hydraulic fluids (category 1) and underwater cameras (category 8).

- Regarding MTCR decisions, several Chemical Abstracts Service (CAS) numbers have been added to the chemicals listed in Category 1 and a new control for software for the operation and maintenance of guidance sets has been added to Category 7.

- Following the discussions of the Australia Group, we should note that the chemical Diethylamine and two new viruses, the SARS related coronavirus and Reconstructed 1918 influenza virus- have been added to Category 1. Furthermore, several viruses have been renamed and the controls on biological equipment reviewed.

Breaking down a business

R&D	Production	Logistics	Region/Sales comp.	Customer
Develop Product		Replenishment Order	Quotation ←	Ask for Quotation
Enter product in ERP system →	Produce product ← →	In stock?	Customer Order ←	Order Product
		Pick/pack & dispatch fr WH	In stock?	
Source product			Pick/pack & dispatch fr WH	
Enter product in ERP system →	Purchase product	Export Declaration and Transport	Export Declaration and Transport →	Receive product
Sourcing	**Purchasing**			

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Who and where ?
Sanctions, Embargoes and Screening

Decision Support

Entity ID: ENTITY72538041
RPL Type: EU-CFSP-E
RPL List Name: EU Financial Sanctions - Entities
Creation Date: 28-Nov-2013
Listing Country Code:

Notes: Date of listing: 2013-11-27. IRISL has been involved in the shipment of military-related cargo, including proscribed cargo from Iran. Three such incidents involved clear violations that were reported to the UN Security Council Iran Sanctions Committee. IRISL's connection to proliferation was such that the UNSC called on states to conduct inspections of IRISL vessels, provided there are reasonable grounds to believe that the vessel is transporting proscribed goods, in UNSCRs 1803 and 1929.

Names | Addresses | Citations | Additional Information

Name ID	Name
1	Islamic Republic of Iran Shipping Lines
2	IRISL
3	Islamic Republic of Iran Shipping Lines (IRISL)

Name Info 2

Name ID: 2
Name: IRISL
Title:
Function:
Gender:
Language:
Notes:
Ex Notes 1:

Overview of the match list with summarized information (aliases, addresses, history of citations, ID details, etc.)

Navigate to the actual citation details

27.7.2010   EN   Official Journal of the European Union   L 195/25

COUNCIL IMPLEMENTING REGULATION (EU) No 668/2010

of 26 July 2010

implementing Article 7(2) of Regulation (EC) No 423/2007 concerning restrictive measures against Iran

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 291(2) thereof,

Having regard to Council Regulation (EC) No 423/2007 of 19 April 2007 (¹), and in particular Article 15(2) thereof,

Whereas:

(1) On 19 April 2007, the Council adopted Regulation (EC) No 423/2007. Article 15(2) of that Regulation provides that the Council shall establish, review and amend the list of persons, entities and bodies referred to in Article 7(2) of that Regulation.

(2) The Council has determined that certain additional persons, entities and bodies fulfil the conditions laid down in Article 7(2) of Regulation (EC) No 423/2007 and that they should therefore be listed in Annex V of that Regulation for the individual and specific reasons given.

(3) The obligation to freeze economic resources of designated entities of the Islamic Republic of Iran Shipping Lines (IRISL) does not require the impounding or detention of vessels owned by such entities or the cargoes carried by them insofar as such cargoes belong to third parties, nor does it require the detention of the crew contracted by them,

HAS ADOPTED THIS REGULATION:

Article 1

The persons, entities and bodies mentioned in the Annex to this Regulation shall be added to the list set out in Annex V of Regulation (EC) No 423/2007.

Article 2

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 26 July 2010.

For the Council
The President
C. ASHTON

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Iran Sanctions

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

BREAKING NEWS
HISTORIC NUCLEAR DEAL REACHED WITH IRAN
LIVE
6:45 AM ET

- *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).*

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Example sanctions: Russia

- 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.
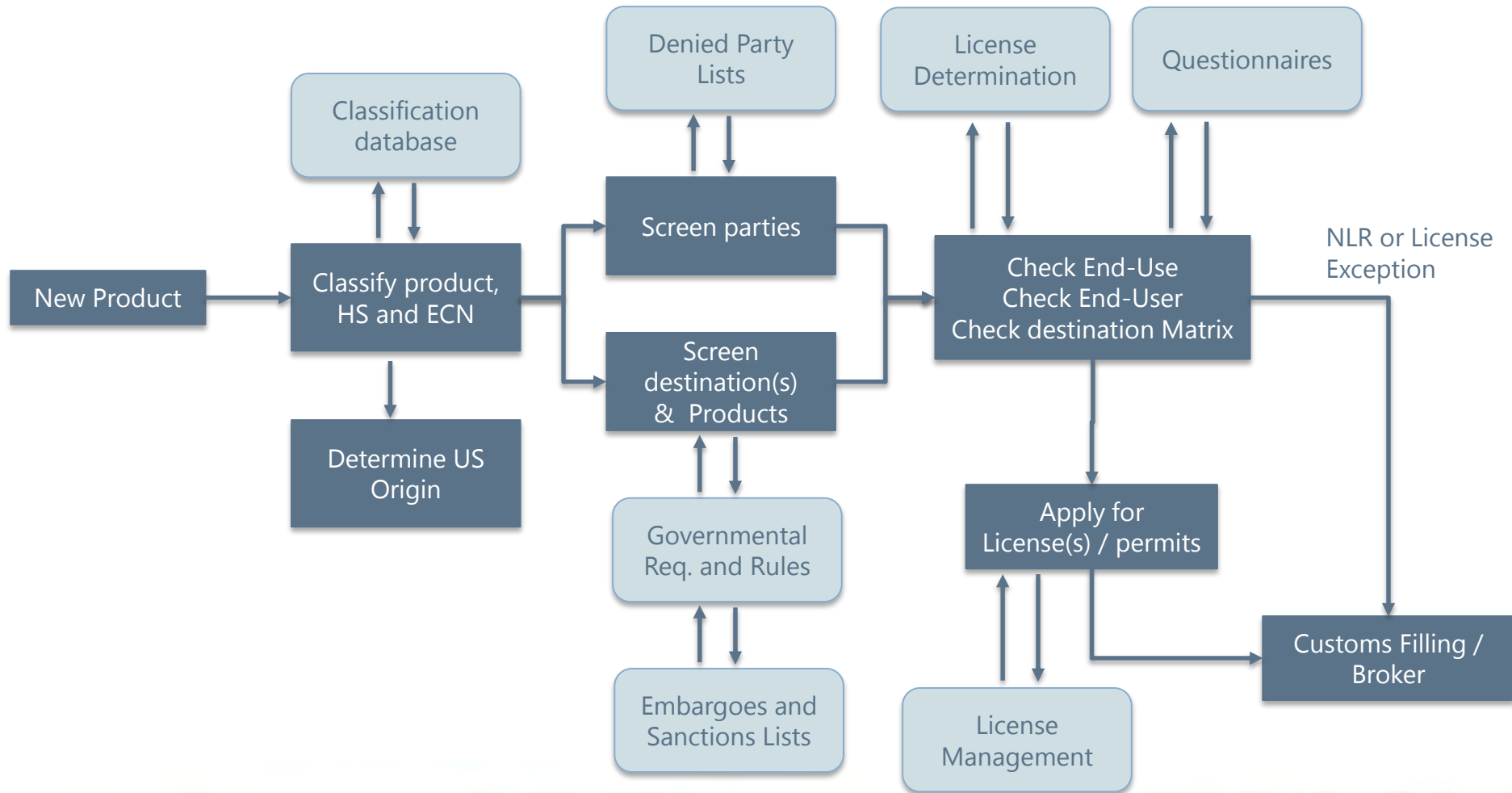
PROHIBITION

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 goodspdf. Export of dual use goods to nine mixed end-users is also banned.
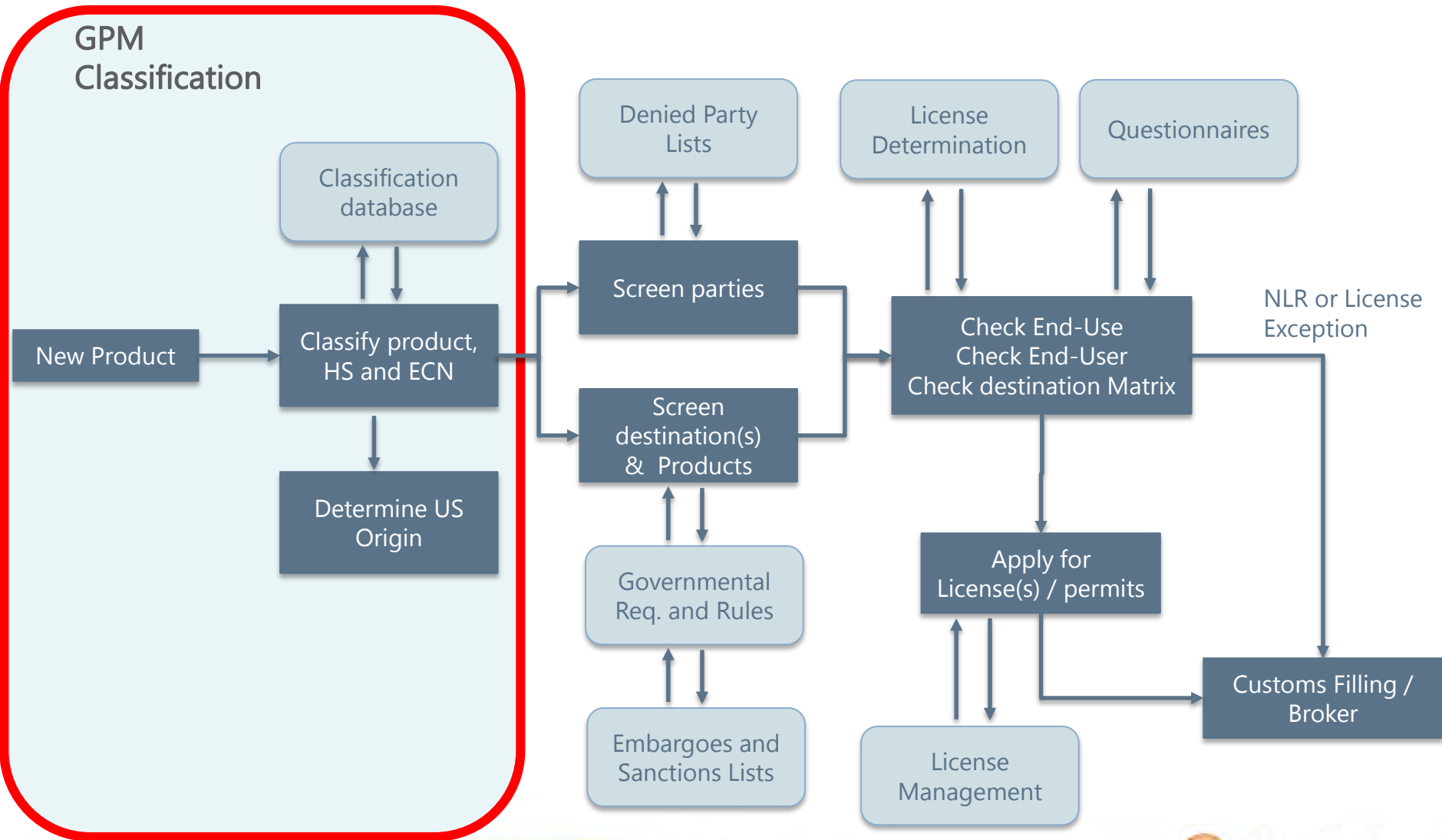
LICENCES, PERMIT

Exports of certain energy-related equipment and technology to Russia are subject to **prior authorisation** by competent authorities of Member States.
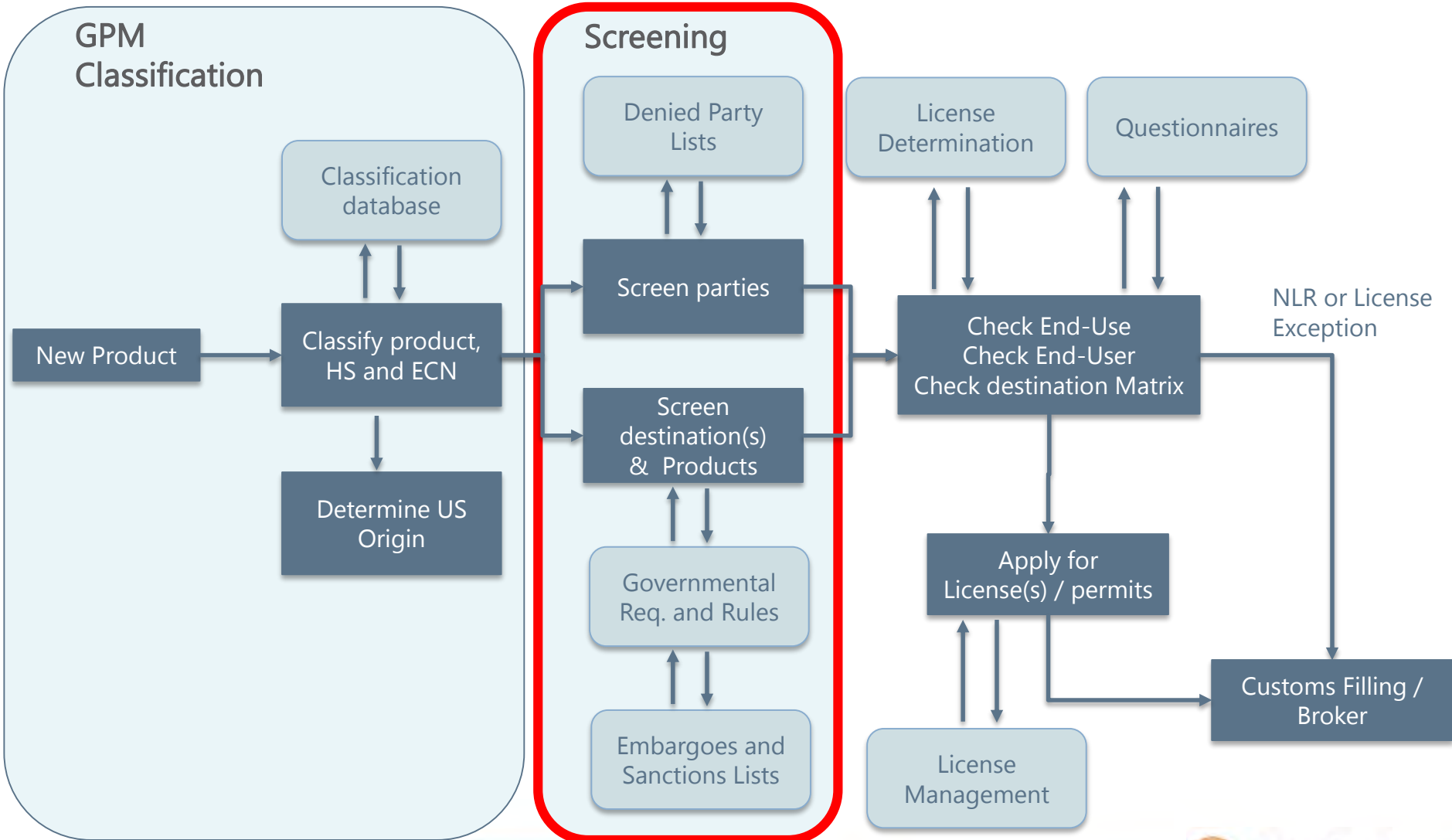
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Complete process: Every Pieces come together

New Product → Classify product, HS and ECN

Classification database

Determine US Origin

Screen parties

Denied Party Lists

Screen destination(s) & Products

Governmental Req. and Rules

Embargoes and Sanctions Lists

Check End-Use
Check End-User
Check destination Matrix

License Determination

Questionnaires

NLR or License Exception

Apply for License(s) / permits

License Management

Customs Filling / Broker

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Complete process: Every Pieces come together

GPM
Classification

New Product → Classify product, HS and ECN

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Complete process: Every Pieces come together

GPM Classification

New Product → Classify product, HS and ECN

Classify product, HS and ECN ↔ Classification database

Classify product, HS and ECN → Determine US Origin

Screening

- Denied Party Lists ↔ Screen parties
- Screen parties
- Screen destination(s) & Products
- Governmental Req. and Rules ↔ Screen destination(s) & Products
- Embargoes and Sanctions Lists ↔ Governmental Req. and Rules

Check End-Use
Check End-User
Check destination Matrix

License Determination

Questionnaires

NLR or License Exception

Apply for License(s) / permits

License Management

Customs Filling / Broker

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We need to screen - Products

Dashboards: In order to process the products
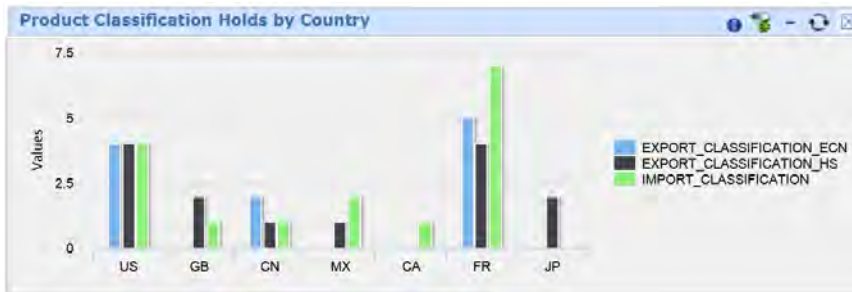
List of problematic products

Source of the "hold" status

Detailed explanation

We need to screen - Transactions

Workflow, email alerts, reports, etc...

Transaction Holds Pie Chart by Category

EXPORT_COMPLIANCE
EXPORT_LICENSE
RPS
GENERAL
IMPORT_ADMISSIBILITY
IMPORT_CLASSIFICATION

List of problematic Transactions

Source of the "hold" status
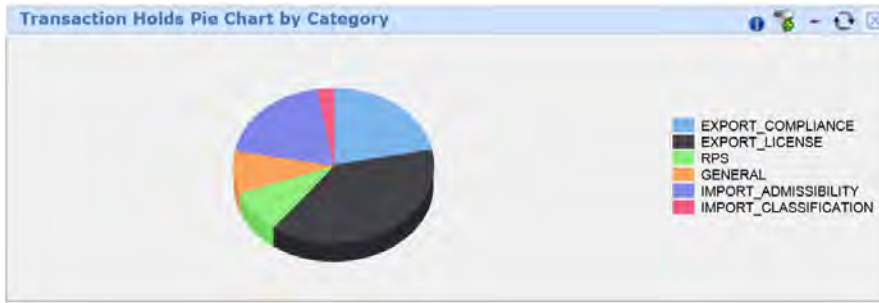
Transaction Holds Work Queue

Work Queue: Delivery Work Queue ▾ Next   . to **15** of 32

Export Transaction Holds |◄ ◄ **1 to 15 of 15** ► ►|

Transaction	Type	Est. Ship Date ▾	Actual Ship Date	Exporter	Exporter Country	Ship to	Ship to Country	Lines	Revenue	General	RPS	License	Export	Class	Doc
Baby_Food_DWB	Delivery			Nestle Dubai	United Arab Emirates	Doctors without borders Syria	Syrian Arab Republic	1	9990			✓			
FR-IR-CN	Delivery			Nicolas Ethevenin	France	Nicolas Ethevenin	United States of America	1	1000	✓		✓	✓		
FR-US-CN	Delivery			Nicolas Ethevenin	France	Chinese Customer	China	1	1000	✓		✓	✓		
MANUAL_33933859	Delivery			IBM NYC	United States of America	Good Russian Guy	Russian Federation	1	99		✓	✓			
MANUAL_33935563	Delivery			Caterpillar	United Kingdom	Ivory Coast Mining	Côte d'Ivoire	1	19998			✓	✓		
MANUAL_33936342	Delivery			BMW	Germany	BMW Teheran	Iran, Islamic Republic of	1				✓	✓		
MANUAL_34048788	Delivery			OIL_AND_GAS Cie	France	SOUDAN Petrole	Sudan	3	100			✓	✓		
MANUAL_34050507	Delivery			OIL_AND_GAS Cie	France	SOUDAN Petrole	Sudan	3	100			✓	✓		

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Compliance Solution Footprint
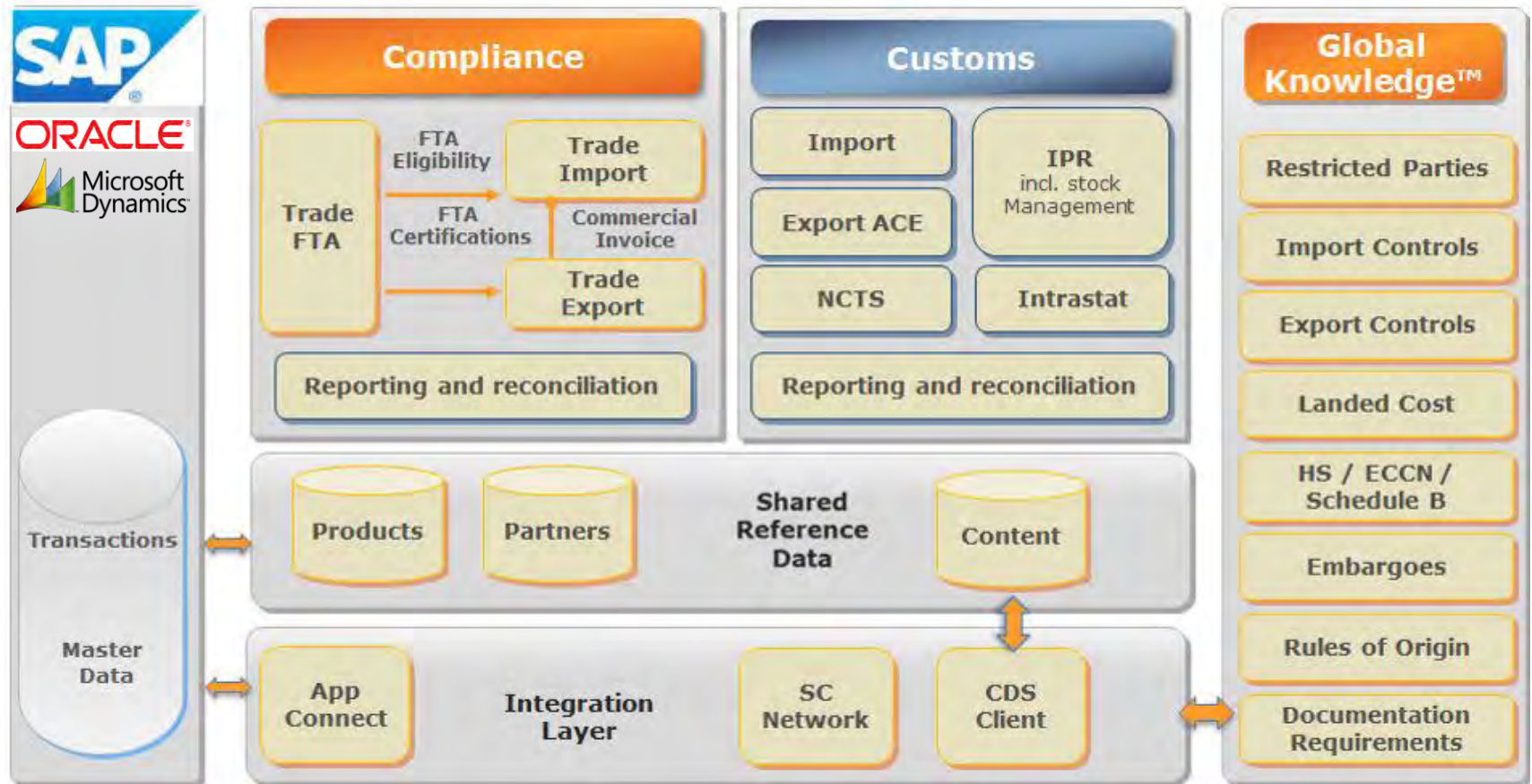
Global Knowledge

Extensive Data

- HS records
- Rules of Origin
- Preferential duty programs
- Trade documents
- Restricted Parties lists

Knowledgeable Team

- 100+ In-house trade professionals
- 30+ In-country trade consultants

Global Trade Management Software Suite

Our GTM suite automates import and export processes to enable goods to flow across international borders in the most efficient, compliant and profitable way.

SOURCE — DESTINATION

Sourcing Optimization
Supplier Management
Transportation Management
Export Management
Duty Management
Import Management
Supply Chain Visibility

Global Trade Content

- 345+ restricted party lists
- 1.95 million tariff records
- 1.21 million dutiable records
- 500+ preferential programs
- 30,505 import controls
- 26,671 export controls (including HS based)
- 2700+ trade documents
- 146 countries

Modernisation of the EU dual-use control system

More to come …

- The Nov 16th changes come in the context of the **EU's proposal to modernize the current dual**-use export control regime in order to make it more efficient, effective and consistent. The proposal brings three new elements to light:

  - the **control on "cyber**-**surveillance technologies"** preventing international humanitarian law and human rights violations,

  - the expansion on the process of requesting an **export licenses due to "human rights considerations"**

  - and finally (amongst other changes) to include new EU General Export Authorizations (EUGEAs).

- The proposal is now under the legislative process, on the condition that the Council and European Parliament agree before the regulation is adopted.

Summary

- Establishing an Export Control process is critical – for all Actors on the Supply Chain – Ignorance in not a legal defence.

- To meet business objectives, Export Controls must be considered

- Key assets needed:
  - 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