

Customs & Global Trade

Addressing the complexities around global export controls



When managing global supply chains, US companies exporting products from the United States, or other countries, are often surprised at the multiple jurisdictions where they are subject to export controls. For example, when a US based company exports from a UK subsidiary they may have to comply with EU, UK, US export rules and regulations; and in certain circumstances, exporters may be required to obtain an additional license from the country to which they export.

The determination of when, and which, export regulations apply requires an understanding of the laws and practices of the country-specific authorities that administer export controls. This can prove to be difficult for exporters.

Despite the shift in focus on supply chain management, global export control issues are still often missed during strategic planning. Many companies are unaware of their exact export responsibilities and/or mistakenly believe that their compliance obligations are being met by deploying US export compliance programs across their global organization. Even the most effective distribution, logistics and planning strategies can fail if global export control issues are not appropriately considered.

Non-compliance with other country regimes can result in significant supply chain delays, forfeiture, penalties and even imprisonment. Yet global export control issues remain overlooked by many businesses.

For example, in 2013, a Dubai computer company paid a civil penalty and agreed to submit to independent third-party audits for alleged illegal exports to Syria. In fact, Commerce Department investigations in FY 2013 resulted in the criminal conviction of 52 individuals and businesses for export violations (as compared to 27 convictions in FY 2012). The penalties for these convictions came to \$2,694,500 in criminal fines, more than \$18 million in forfeitures, and more than 881 months of imprisonment, compared to \$4,786,500 in criminal fines, more than \$5 million in forfeitures, and more than 187 months of imprisonment in FY 2012.

Exporters worldwide face a maze of complex regulations administered and enforced by multiple country specific government agencies.

Moreover, the negative publicity that typically accompanies penalties or custodial sentences can result in significant damage to a company's reputation in the marketplace. Yet, companies which are unaware of their global export responsibilities or do not have adequate processes in place never fully comprehend the actual extent of the risk to which they are exposed until that risk becomes real.

Successfully navigating this environment requires in-depth knowledge and functional experience in regulatory, operations, and systems management. Developing and tailoring internal processes and procedures to address your global business needs and circumstances can be an enormous challenge.

A global framework of internal processes and procedures allows businesses operating at a multinational level to comply with various trade restrictions in many different jurisdictions. Thus, considering the extra-territorial nature of US export controls and other country-specific rules and regulations, US corporations should be expanding export compliance to include jurisdictions where their foreign subsidiaries and affiliates are located. This approach can reduce burdensome operational costs, enhance supply chain management and support lead times and order fulfillment.

Why Deloitte?

The Deloitte Customs & Global Trade teams around the world are market leaders in trade compliance with specialists based globally covering country-specific export control regulations. Export centers of excellence are based in the US and UK. Our global network teams consist of ex-government officials, industry specialists, lawyers, and consultants, providing years of export control experience. The teams possess:

- an unrivalled experience in analyzing, developing and assisting with the implementation of broad-based, customized, user-friendly and effective export control compliance programs; and
- extensive knowledge and experience in developing leading-practice tools, processes and implementing automated solutions for many industries.

Deloitte's Customs & Global Trade teams have a worldwide network of over 500 international trade professionals in over 100 countries. The teams work together seamlessly to provide strategic and cost-effective export, supply chain and trade compliance solutions across the globe. We apply consistent methodologies, founded on a deep understanding of laws and regulations, leading-industry practices, and state-of-the-art technology. In an increasingly global business environment, with increasingly complex businesses and operating models, and held to new standards about the way they do their job, tax executives really need to transform their tax organizations and capabilities. Deloitte help clients add greater impact to their organization by combining technology and tax technical resources to uncover insights and smarter solutions for navigating an increasingly complex global environment.

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Our service offerings

We work together with our clients to develop a strategic approach to efficient and effective day-to-day management of export control obligations.

Our service offerings include:

- Developing or enhancing compliance programs and processes
- License/supplier management and technology programs
- Supply chain efficiency and security reviews
- Risk assessments, including gap analyses
- Automation solution strategy, vendor selection and implementation services
- License management programs
- Development and delivery of training and internal audit programs
- Subject matter specialist advice on export transactions, including co-sourcing of export control functions and helpdesk support
- Advice on sanctions/embargo compliance

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