

June 2023

SAP&DC



What's New In Export



Summer is finally here.

Make sure you save the date for BTW2PA 2023. SAP&DC's event will be held on October 9, 2023 at the Blair County Convention Center, more information is below or you can contact me, **Joyce Hoffman**.

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Your International Trade Specialist
Joyce



EcoIslands, LLC First Export Sale, Panama

EcoIslands, LLC based out of Altoona, Pennsylvania. They began in 2009 as a sustainable landscaping service providing easy to maintain, naturally balanced ecosystems for ponds and farms but quickly evolved into patenting world class, high performance solutions for some of the nation's largest pollution problems. They perform and develop a variety of environmental construction, research, and design solutions to tackle water pollution problems of many types.

Foremost among their accomplishments is the Self Organizing Wetland BioReactor (SOWB) and its markets and applications for mining, Ag (standard, Cannabis, aquaponics, and the advanced PermaCycler system), refugee support and off grid infrastructure (The Agora), defense contracting (Stable Defense), and a host of other applications. If it involves water, it involves EcoIslands. Their team of researchers have put EcoIslands and their solutions in position to take significant steps in international economic and environmental stabilization within the next five years. Their clients include energy and engineering firms, water and municipal authorities, non-profit river organizations, a host of mining partners, top tier research institutions, EPA/DEP, DOD, USAID, and more.

Colin Lennox, Director, Biofilm Technologist, reached out to SAP&DC International program specialist in March of 2022 for assistance with a possible client in Panama. SAP&DC through Pennsylvania's Department of Community and Economic Development's (DCED) Office of International Business Development's (OIBD) and through the partnership with the Conference of Great Lakes & St Lawrence Governors & Premiers (GSGP) was able to perform a background check on the company, Ocean Builders Panama Inc., from Panama along with providing any regulations/requirements that would be required for EcoIslands to assemble their product in Panama. SAP&DC specialists also sent a copy of the U.S. and Panama trade agreement to Colin as a reference tool along with explanations of classifications, screenings, and shipping documents, etc. Colin Lennox, CEO of EcoIslands stated "I never could have anticipated the complexities laid out by international trade. Without the guidance of SAP&DC, EcoIslands would not have had the intel or confidence to venture into the worldwide markets."

After a year of communication with the company in Panama, EcoIslands has achieved their first international sale and they are hoping that this will be the beginning of more orders from this company as well as in other countries.

Exhibit

at the U.S. Pavilion at WETEX/DSS

The 25th [Water, Energy, Technology, and Environment Exhibition \(WETEX\)](#) and Dubai Solar Show ([DSS](#)) is taking place November 15-17, 2023 at the Dubai World Trade Center.

WETEX and DSS support opportunities to address climate action in the Middle East, accelerate the energy transition, and work towards a more sustainable future.

The exhibition contributes to showcasing the efforts of the UAE and Dubai in the field of renewable and clean energy in addition to supporting the Dubai Clean Energy Strategy 2050 and the Dubai Net Zero Carbon Emissions Strategy 2050 to provide 100% of Dubai's total power production capacity from clean energy sources by 2050.

Contact [Ryan Russell](#) for more information



Supply Chain Due Diligence & Compliance

Both enforcement agencies and consumers increasingly are focused on manufacturers' supply chains. Human rights enforcement frameworks increasingly have real teeth. Both the United States and the European Union either have, or are in the process of adopting, real enforcement mechanisms to protect against the importation of goods made using forced labor. As a sign of things to come, Germany's Supply Chain Diligence Act and Norway's recent Transparency Act impose affirmative human rights due-diligence obligations on companies and create an enforcement structure with severe penalties for non-compliance. When placed on top of other legal regimes that focus on supply chains, including the Australian Modern Slavery Act, the Uyghur Forced Labor Prevention Act, and the California Transparency in Supply Chains Act, companies that operate or source abroad need to implement comprehensive due diligence and other measures designed to ensure the ethical sourcing of their goods.

Just as importantly, manufacturers will face tangible reputational risks if forced-labor issues are exposed in their supply chains. (When Joe Rogan is talking about forced labor in supply chains, you can bet the subject has become of mainstream significance.) As transparency in supply chains increases and issues are exposed (whether by government seizures, consumer-focused compliance-assessment tools, or media exposure), both media and consumers have more data at their fingertips. And, according to one recent survey, that information matters: 60 percent of consumers have said they would switch products if they knew human trafficking or forced labor was used to create them. Thus, the consumer base — and, hence, the bottom line — are acutely at risk for manufacturers who fail to properly assess their supply chains.

Supply Chain Due Diligence and Compliance

The significant legal and reputational risks associated with the use of forced labor makes supply chain due diligence and compliance of critical importance to today's multinational companies. Demands for transparency and accountability from shareholders, lenders, and other key stakeholders, coupled with stricter regulatory requirements, has increased the need to take "to the ground" compliance best practices for diligent monitoring and

adherence to compliance best practices. Not only does supply chain compliance mitigate potential legal risks, it serves the important role of safeguarding corporate reputations, ensuring ethical practices, and building sustainable relationships with suppliers and customers.

Companies looking for guidance regarding the supply chain integrity expectations of the U.S. Government can find help in the January 31, 2019 OFAC \$996,080 settlement with a Californian cosmetics company, e.l.f. Cosmetics, Inc. (ELF), for alleged violations of the North Korean Sanctions Regulations. This settlement occurred after ELF voluntarily reported what it termed the "unknowing" importation of 156 shipments (\$4.4 million) of false eyelash kits from two suppliers in China that contained materials independently sourced by suppliers from North Korea.

OFAC determined that even though the apparent violations were self-disclosed, aggravating factors included that "ELF is a large and commercially sophisticated company that engages in a substantial volume of international trade" and that "ELF's compliance program was either non-existent or inadequate throughout the time period in question." In particular, OFAC was most concerned that while ELF was putting substantial efforts into international quality control, it was not putting equal efforts into its international regulatory compliance. As OFAC stated: Throughout the time period in which the apparent violations occurred, ELF's OFAC compliance program was either non-existent or inadequate. The company's production review efforts focused on quality assurance issues pertaining to the production process, raw materials, and end products of the goods it purchased and/or imported. Until January 2017, ELF's compliance program and its supplier audits failed to discover that approximately 80 percent of the false eyelash kits supplied by two of ELF's China-based suppliers contained materials from the DPRK [North Korea].

OFAC made clear that the lack of compliance and due diligence was a major driver of the enforcement action. As OFAC states: This enforcement action highlights the risks for companies that do not conduct full-spectrum supply chain due diligence when sourcing products from overseas, particularly in a region in which the DPRK, as well as other comprehensively sanctioned countries or regions, is known to export goods. OFAC encourages companies to develop, implement and maintain a risk-based approach to sanctions compliance and to implement processes and procedures to identify and mitigate areas of risks. Such steps could include, but are not limited to, implementing supply chain audits with country-of-origin verification; conducting mandatory OFAC sanctions training for suppliers; and routinely and frequently performing audits of suppliers.

What is notable is that OFAC treats supply chain regulatory risk management, including comprehensive audits at both the company and at suppliers, and training at the suppliers as being virtually mandatory, at least for companies sourcing from high-risk countries. Given that U.S. companies routinely operate in and source from countries that have caused repeated OFAC violations, such as Brazil, China, India, and Mexico, the grounding of the penalties in such broad risk factors is notable. OFAC in effect treats the lack of supply chain due diligence and compliance measures as the equivalent of knowledge of the potential alleged violations.

Underscoring the importance that OFAC and other agencies are placing on supply chain due diligence and compliance, OFAC approvingly notes key details regarding the steps ELF took to gain mitigating credit due to its compliance response: ELF stated the company has terminated the conduct which led to the apparent violations and has taken the following steps to minimize the risk of recurrence of similar conduct in the future:

- Implemented supply chain audits that verify the country of origin of goods and services used in ELF's products;
- Adopted new procedures to require suppliers to sign certificates of compliance stating that they will comply with all U.S. export controls and trade sanctions;

- Conducted an enhanced supplier audit that included verification of payment information related to production materials and the review of supplier bank statements;
- Engaged outside counsel to provide additional training for key employees in the United States and in China regarding U.S. sanctions regulations and other relevant U.S. laws and regulations; and
- Held mandatory training on U.S. sanctions regulations for employees and suppliers in China and implemented additional mandatory trainings for new employees, as well as regular refresher training for current employees and suppliers based in China.

Managing Risk in Your Supply Chain

As illustrated by the ELF settlement, it is not good enough to just check the compliance boxes to show stakeholders that your company is socially responsible; instead, the U.S. Government expects that companies will implement the type of "full-spectrum supply chain diligence" that OFAC highlights. So, what should manufacturers do to address this risk? It is important to start with an understanding of your supply chain and an assessment of its human-rights risks. You are expected to know what goes into your products, where they originate, and how they were made. And for components sourced in high-risk countries and that emerge from high-risk industries, you are expected to take reasonable steps to vet your suppliers (and their suppliers, and their suppliers' suppliers ...), to ensure that they understand your compliance expectations, to contractually obligate them to comply, and to monitor and audit their compliance.

Further information also is provided by the Department of Homeland Security, which has provided compliance guidelines for ensuring supply chain integrity. Although these practices are aimed at North Korean forced labor, they are equally relevant for any entity seeking to shore up its supply chain compliance. The Homeland Security recommendations are as follows:

What steps should my company take to ensure North Korean workers are not in our supply chain?

- Your company should review due diligence best practices and closely reexamine your entire supply chain with the knowledge of high-risk countries and sectors for North Korean workers.
- Due diligence will likely vary based on the size of the company and industry. Generally, human rights due diligence and related practices identify, prevent, and mitigate actual and potential adverse impacts, as well as account for how these impacts are addressed. The below steps are merely examples of actions that may be taken to ensure due diligence as it is a flexible, risk-based process and not a specific formula for companies to follow; additional steps may be required:
- A high-level statement of policy demonstrating the company's commitment to respect human rights and labor rights;
- A rigorous continuous risk assessment of actual and potential human rights and labor impacts or risks of company activities and relationships, which is undertaken in consultation with stakeholders;
- Integrating these commitments and assessments into internal control and oversight systems of company operations and supply chains; and,
- Tracking and reporting on areas of risk.

In addition, importers have the responsibility to exercise reasonable care and provide CBP with such information as is necessary to enable CBP to determine if the merchandise may be released from CBP custody. To demonstrate reasonable care, an importer may present any material that it chooses to, which may include comprehensive due diligence efforts that may have been undertaken, such as:

- Information demonstrating that your company engaged meaningfully with affected stakeholders, including workers and trade unions, as part of the due diligence process;

- Workforce composition at the location in question;
- Training materials on North Korean forced labor prohibitions that have been provided to suppliers and sub-contractors;
- Company policies, and evidence of implementation, on using North Korean laborers;
- Contracts with suppliers and sub-contractors that state your policy on North Korean forced labor;
- Publishing the full names of all authorized production units and processing facilities, the worksite addresses, the parent company of the business at the worksite, the types of products made, and the number of workers at each worksite;
- Information on how and to whom wages are paid at the location;
- Information demonstrating that recruitment agencies are within the scope of any third-party audit with your suppliers;
- Documents verifying the use of authorized recruitment agencies and brokers, or that you use direct recruitment;
- Documents verifying that the fee structure presented by the recruitment agency is transparent and has been verified through worker interviews;
- If you have reimbursed any fees paid, verification of such reimbursement;
- Demonstrated commitment to human rights and labor due diligence at the highest levels of your company; and,
- Results of your human rights and labor impact assessments.

With the U.S. Government sending the message that companies that operate or source abroad need to take ownership and assume full responsibility for supply chain sourcing, we highly recommend that any organization that has not performed a supply chain due diligence review in the last two years should do so.

Source: [Mondaq](#)

MEDICA 2023

NOVEMBER 13-16, 2023 | DÜSSELDORF, GERMANY

Office of International Business Development

Pennsylvania
WORK SMART. LIVE HAPPY.

ABOUT THE SHOW

The International Trade Fair & Congress World Forum for Medicine

Whether your company manufactures medical equipment and supplies, develops technology, or provides medical services, **MEDICA** is an ideal source of international market information. It is also a premier venue for networking with potential customers, agents, distributors, or joint venture partners.

REGISTRATION

Pennsylvania offers its companies a cost-effective way to participate in the **MEDICA** show. Exhibiting with Pennsylvania enables small to medium-sized companies to **make an impact at this prominent trade show without the high cost.**

Whether the Pennsylvania pavilion serves as a "home base" while you walk the show, or as a prime meeting area for potential contacts, your participation is an **ideal way to increase your international business.**

For a registration fee of \$5,000, your company will receive:

- a panel within the Commonwealth of Pennsylvania pavilion
- Enlarged image of your company name, logo, and product(s), mounted in your display area. (*Company provides graphic.*)
- Listing of your company in the show catalog and electronic media
- Exhibitor passes to the show (2)
- Experienced international trade specialists to assist you before, during, and after the show

Registration deadline: August 26, 2023.

WHY MEDICA?

Companies from across Pennsylvania are performing groundbreaking research and manufacturing devices and pharmaceuticals that save lives and fuel innovation.

The Pennsylvania pavilion at **MEDICA 2023** will present the best of what Pennsylvania companies such as yours have to offer the world.

MEDICA showcases innovations and trends from throughout the health care field.

At **MEDICA** in 2022, over 5,000 exhibitors from around the globe showcased the latest in highly specialized and innovative medical products, technologies, and treatments. More than 81,000 industry professionals and visitors from all over the world attended the show.

At **MEDICA 2023**, you will be connected with partners and customers who are looking for what your company has to offer.

Exhibits at the show will display a variety of items, including:

- electro-medicine
- medical technology
- medical support units
- facility management
- building automation
- laboratory equipment
- physiotherapy equipment
- orthopedic equipment
- medical-related commodities and consumer goods

For more information, visit: www.medica-tradefair.com

Space in the Pennsylvania pavilion at **MEDICA 2023** is filled on a first-come, first-served basis.

Please contact Theresa Brennan at thebrennan@pa.gov for more information and to register.



05/11/2023

Commonwealth Keystone Building | 400 North Street, 4th Floor | Harrisburg, PA 17120-0225 | +1.866.466.3972 | dced.pa.gov/trade

BTW₂PA
SAP&DC
October 9, 2023
Blair County Convention Center

Are you interested in connecting with our Authorized Trade Representatives (ATR's) in person to see what options are available for you to export your products or services overseas.

This is a free event, but registration is required.

Deadline to register is September 22, 2023.

Please contact Joyce Hoffman for more information and registration.

jhoffman@sapdc.org

814-949-6527

Market Updates

- 5 Minute Briefs from Seoul [Click Here](#)
- The Fortnightly, News on Business in the Middle East Region [Click Here](#)
- South Korea Market Intelligence & Business Opportunities [Click Here](#)
- China Briefing [Click Here](#)
- Taiwan Food Industry Report [Click Here](#)
- South East Asia [Click Here](#)
- Canada Newsletter [Click Here](#)

Upcoming Trade Events

RE+ U.S. Commercial Service Partnership Program

September 11-14, 2023

Las Vegas, NV

[Register Here](#)

Business Opportunities in the Americas Conference

September 17-19, 2023

Washington, DC

[Read More and Register Here](#)

SAP&DC

BTW2PA 2023

October 9, 2023

Contact: [Joyce Hoffman](#)

MEDICA 2023
November 13-16, 2023
Medical
Dusseldorf, Germany
Contact: [Theresa Brennan](#)

WETEX/DSS
November 15-17, 2023
Dubai, UAE
Contact: [Ryan Russell](#)

Training

Webinar's

No new webinar's at this time

Seminar's

No new seminar's at this time

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- [Classification Under The US Harmonized Tariff & Schedule B](#)
- [Understanding ITAR Classification & CJ Filing Requirements](#)
- [Export Controls Under Export Administration Regulations \(EAR\) & Changes Under Export Control Reform \(ECR\)](#)
- [Incoterms, Landed Cost, Payment Methods, How do these relate to pricing your Product?](#)
- [Commercial Documents for Exports](#)

SAP&DC International Program

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