



# Simplifying Trade Compliance for High Tech Manufacturers

A QAD Precision Leadership White Paper for  
Global Trade and Transportation Execution

## CONTENTS

Introduction	3
Regulations, Rules and Acronyms	4
Four Compliance Issues for High Tech Manufacturers	4
High Tech Companies Turn To Technological Solutions	5
The QAD Precision Solution	6
About QAD Precision – Trusted Global Trade and Transportation Execution	7

# SIMPLIFYING TRADE COMPLIANCE FOR HIGH TECH MANUFACTURERS

---

## INTRODUCTION

Global trade is the cornerstone of the contemporary economy. We eat oranges grown in Florida, wear clothes made in Milan, and use phones assembled in Shenzhen. Supply chains are global, and manufacturers source products and raw materials from all around the world. The final products we buy may use components and intellectual property from every region of the world.

Despite this, the global trade landscape is not open to the unfettered movement of goods. Many, many goods are subject to export controls and customs regulations (not to mention tariffs).

Adhering to customs and trade compliance regulations is crucial for any high tech

manufacturer. For those shipping dual use goods with both military and civilian applications, this is even more the case. There are significant consequences attached to violating export regulations. Monetary fines, penalties and delayed shipments are all very real possibilities. All of these put the customer relationship at risk, as does the reputational damage they cause.

Better record keeping can solve a number of compliance issues. But that's easier said than done if you are relying on manual processes. Record keeping can be a most time-consuming drain on resources. Shipping and logistics managers may need to complete pages and pages of documentation for each shipment to ensure smooth transportation.



# SIMPLIFYING TRADE COMPLIANCE FOR HIGH TECH MANUFACTURERS

---

## REGULATIONS, RULES AND ACRONYMS

When you export high tech goods you may need to comply with regulations from a number of different government departments. In the US, for example, businesses are subject to multiple government agencies, each with a different set of rules. These include the International Traffic in Arms Regulations (ITAR) from the Department of State; the Bureau of Industry and Security (BIS) from the Department of Commerce; and the Office of Foreign Asset Control (OFAC) under the Department of the Treasury, to name a few.

The US is not alone in expecting exporters to adhere to a wide variety of legislation. In Japan, exports are subject to a complex mix of both primary and secondary legislation. This can make understanding export controls a challenge. Companies based in the European Union that trade exclusively across the bloc have less onerous compliance regulations. Goods can move freely between EU member states. However, EU regulations restrict or forbid the export of certain items to a third country. Dual use goods as well as military materials require export licenses. Furthermore, EU Trade Sanctions restrict the export of goods to certain governments, entities, groups or people.

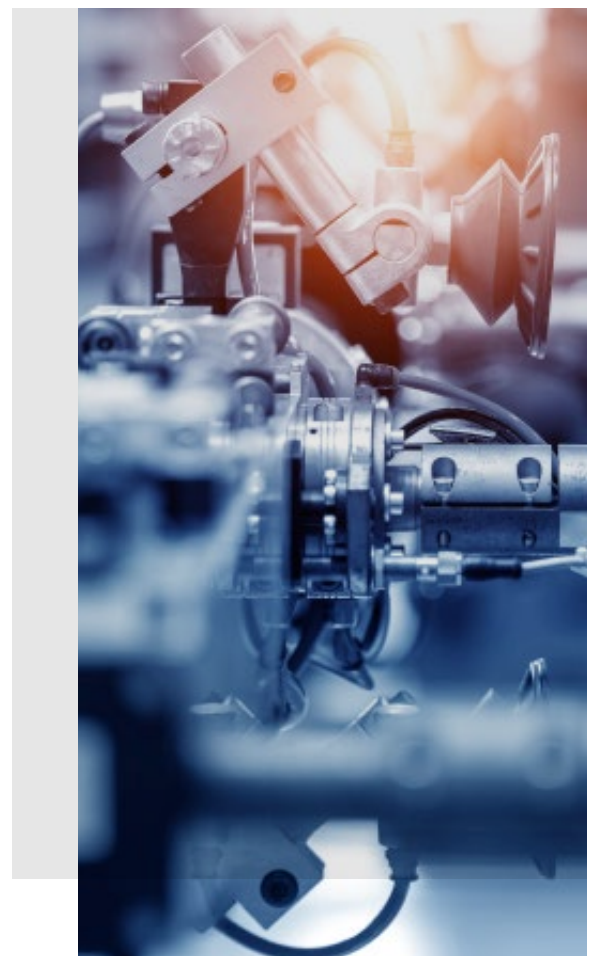
## FOUR COMPLIANCE ISSUES FOR HIGH TECH MANUFACTURERS

Let's have a look at four of the top trade compliance issues for high tech manufacturers.

### **SANCTIONS**

High tech manufacturers must keep abreast of changing government export controls and sanctions. These sanctions include trade restrictions on countries like Venezuela and Cuba, as well as detailed caveats on transferring

high-security technology across borders. The consequences of doing so are monumental. Just ask the companies and people that ended up on the United States' "Don't Let This Happen To You" publication of investigations of export violations. In recent years, the US and the EU have moved away from outright bans on all trade with certain countries. Instead, they have increasingly used hybrid sanctions. These allow certain commercial activities to continue, but doing business while remaining compliant becomes an increasingly arduous task.



# SIMPLIFYING TRADE COMPLIANCE FOR HIGH TECH MANUFACTURERS

---

Iran is a good case in point. The 2015 Joint Comprehensive Plan of Action — the Iran nuclear deal — significantly lifted strict sanctions on Iran. However, the US withdrew from JCPOA in 2018 and US sanctions against Iran snapped back. Although it is possible for European companies to do business with Iran, the task of doing so, without falling foul of US sanctions is very difficult. This is because companies that have an American bank account or making payments in US dollars, must abide by US law. Unsurprisingly, a large number of EU companies suspended projects and withdrew from Iran.

## **DENIED PARTY LISTS**

Government bodies and international organizations keep lists of entities, groups and individuals with whom it is illegal to trade. Keeping current with denied party lists and manually checking each shipment against DPLs is an almost impossible task. DPLs are subject to thousands of changes every year.

Even with an in-house compliance team, ensuring all staff check shipments against DPLs is a daunting task. Logistics managers and warehouse staff responsible for shipments will be knowledgeable of the correct screening procedures, but front office staff is generally less aware of regulation changes. If admin staff ship a sample to a denied party, your company would be in breach of regulations. Even sharing information by phone or email with foreign entities may violate export regulations.

## **LICENSED RECIPIENTS**

When you send high-security shipments, it can happen that only specific entities or licensed individuals may receive them. That means that if the named recipient is unavailable, the package can not be delivered to, and signed for by, anyone else. To do so would violate trade compliance laws and such breaches can lead to serious fines.

This is particularly the case with certain types of technology. Licensing restrictions may limit who can handle specific shipments and who cannot.

## **LICENSING CONTROL**

High tech manufacturers looking to move into foreign markets may need to comply with certain licensing controls and regulations. Manufacturers must manage and monitor these licensing agreements carefully in case of audit.

You cannot simply export technology created in one country without restriction to another. For example, an item that contains a substantial amount of US technology or intellectual property is subject to US export controls, even when manufactured or shipped from outside the US.

## **HIGH TECH COMPANIES TURN TO TECHNOLOGICAL SOLUTIONS**

As high tech manufacturing organizations look to expand global operations, they must consider how to handle compliance roadblocks. Unsurprisingly, many technology companies are turning to technological solutions.

With automated compliance management tools, high tech organizations can mitigate the risk of violations while freeing employee resources. A robust compliance solution will verify that your trading partner has passed DPL screening, determine the End Use of the item, validate the country of destination and ensure all shipments include any special documentation — including export licenses and permits — needed. Furthermore, you can run checks at any point of the transaction.

A best-in-class automated solution will monitor changes to compliance regulations in real-time against international and government lists. This ensures that high tech manufacturers always have up-to-date compliance data. Manual compliance

# SIMPLIFYING TRADE COMPLIANCE FOR HIGH TECH MANUFACTURERS

---

checks can take hours; automated solutions can perform the same checks in a matter of minutes, with minimal risk of errors. These streamlined processes reduce the risk of financial penalties, customs delays and damaged reputations.

## THE QAD PRECISION SOLUTION

With QAD Precision, high tech manufacturers can manage compliance, global trade management, documentation production and transportation execution from one integrated platform. While it is possible to use multiple solutions to address these requirements, this adds a layer of complexity, increases the possibility of human error and creates separate data silos.

QAD Precision Transportation Execution is a global, multi carrier transportation management solution designed to manage both inbound and outbound shipments across every region of the world. With QAD Precision, you seamlessly integrate into a global network of more than 5,000 carriers, giving you the power of choice while still maintaining uniform shipping procedures across your enterprise. QAD Precision allows you to search for carriers by geography and capability. Furthermore, the solution gives you the ability to compare costs, routing options and other criteria so you can make better decisions.

QAD Precision Global Trade Management automates export processes, including documentation production and customs reporting. QAD Precision ensures that all the documents required to complete a shipment are prepared correctly. This includes documentation for regulated products as well as dangerous or infectious goods.

When you ship regulated or dual use goods, the ability to ensure that your trading partners are authorized to receive shipments is critical.

QAD Precision Trade Compliance starts at the beginning of the export sales process. High tech manufacturers can verify trading partners, determine end use, validate the country of destination, and so forth. This gives shippers the ability to perform due diligence, streamline trade compliance, create audit-ready electronic reports and mitigate the risks associated with changing global trading environments.

QAD Precision Free Trade Agreement automates the most time-consuming and labor-intensive steps of FTA compliance. With QAD Precision, high tech companies can qualify their goods according to current preferential Rules of Origin legislation — and get answers in real-time, in fractions of a second. The solutions also automatically solicit and generate Certificates of Origin to customers. Our software seamlessly integrates into your existing ERP and business systems for consistent, refined calculations and centralized data.

The QAD Precision Free Trade Agreement solution manages all trade agreements recognized by the World Trade Organization (WTO) in every region of the world and covers Rules of Origin across all Harmonized Tariff Headings (HTS).

When you ship high value and/or restricted goods, you need to know what's happening with your shipments. QAD Precision Delivery Exception Management is a centralized portal for multi-carrier and international package tracking. QAD Precision allows you to track shipments originating in any system, as well as to track every shipment, in every region, in the same way. The system allows you to proactively manage problem shipments by exception, capture proof of delivery, and raise incidents for lost and damaged shipments.

# SIMPLIFYING TRADE COMPLIANCE FOR HIGH TECH MANUFACTURERS

---

## ABOUT QAD PRECISION – TRUSTED GLOBAL TRADE AND TRANSPORTATION EXECUTION

QAD Precision, a division of QAD Inc., provides industry-leading global trade management, transportation execution and multi carrier shipping software solutions from a single, integrated platform. Preeminent industry leaders in every region of the world rely on QAD Precision's global support centers to leverage thousands of carriers and manage millions of shipping transactions every day. Our open architecture easily integrates with Enterprise Resource Planning, Warehouse Management Systems and legacy solutions. An ISO-certified company, QAD Precision assists companies to minimize shipping costs, optimize first mile and last mile deliveries,

automate free trade agreement compliance, avoid customs delays and mitigate the risks associated with dynamic trading environments to maximize their competitive advantage. QAD Precision's customers span multiple industries including banking and finance, life sciences, high technology, retail, industrial, automotive, higher education and public sector as well as logistics providers.

For more information about QAD Precision,  
contact us today.

Americas: + 1 (312) 239 1630

EMEA/Asia Pacific: + 353 (1) 406 0700

Website: [www.qadprecision.com](http://www.qadprecision.com)



## **QAD Precision**

2651 Warrenville Rd, Suite 580  
Downers Grove, IL  
60515 USA  
Tel: + 1 312 239 1630  
[www.qadprecision.com](http://www.qadprecision.com)