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The necessary components of an effective export compliance program

by Paul Mayer

International expansion can often yield advantageous and profitable results for businesses and organizations that take care to execute an appropriate globalization strategy. However, this is not a simple undertaking. There are a variety of factors that management must consider when expanding outside of the United States and offering goods and services internationally. These include supply chain and logistical matters, local market demands and conditions, local laws, culture, and political climate, among others.

One of the most critical factors management must consider when expanding internationally is export compliance. Countries worldwide have specific laws and regulations surrounding exporting and importing goods. These are often complex, and vary in each country. If these laws and regulations are violated, not only can the violating entity face sizeable penalties and fines, but the organization's day-to-day business operations may be delayed, and additional costs may be incurred.

Export compliance can often be overwhelming for organizations looking to conduct business in other countries and can cause management to question if international expansion is worth the hassle and risk. To combat this, the single most effective and comprehensive way management can be confident their business remains compliant with export laws is to develop an export compliance program (ECP) in alignment with the *Export Compliance Guidelines* published by the U.S. Department of Commerce Bureau of Industry and Security (BIS).^[1] Furthermore, an ECP is the most complete way to ensure compliance with individual regulatory requirements of the Export Administration Regulations (EAR), International Traffic in Arms Regulations, and Office of Foreign Assets Control, among other federal regulations. In addition, a documented and complete ECP is the most effective way to mitigate higher-level scrutiny from governmental oversight entities.

While the development of a comprehensive ECP is not a current regulatory requirement, the federal government expects all applicable organizations to address the key elements of an ECP. As defined by BIS, the following eight key elements make up an effective ECP.

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