

Trade Compliance Checklist

Essential Checklist for Maintaining Trade Compliance in Your Operations

Introduction

This checklist is designed to help organizations assess and improve their trade compliance practices. It covers key areas of international trade compliance with a focus on the metals and minerals industry. Use this document as a self-assessment tool to identify areas for improvement in your compliance program.

Table of Contents

1. Export Controls Compliance
2. Import Compliance
3. Sanctions and Restricted Party Screening
4. Free Trade Agreement Utilization
5. Anti-Corruption Compliance
6. Product Classification
7. Documentation and Record Keeping
8. Customs Valuation
9. Trade Compliance Organization
10. Training and Awareness

Section 1: Export Controls Compliance

Classification

- ☐ All products have been classified under the relevant export control lists (e.g., Commerce Control List, EU Dual-Use List)

- ☐ Classification decisions are documented and periodically reviewed
- ☐ Product development/engineering consults with trade compliance before modifying products
- ☐ Technical data and software are properly classified

Licensing

- ☐ Process exists to determine license requirements for all exports
- ☐ License applications are properly prepared and submitted
- ☐ License conditions and provisos are communicated to relevant staff
- ☐ License expiration dates are tracked and renewals submitted timely
- ☐ License exceptions/exemptions are properly documented

Destination Controls

- ☐ Procedure exists to screen countries against embargo and sanctions lists
- ☐ Staff is aware of prohibited destinations and sensitive destinations requiring extra scrutiny
- ☐ Red flags for potential diversion are documented and addressed

End-Use and End-User Controls

- ☐ Process exists to obtain and verify end-use and end-user information
- ☐ Red flag indicators are monitored in customer interactions
- ☐ End-use certificates are obtained when required
- ☐ Procedures exist for handling restricted end-uses (military, nuclear, etc.)

Section 2: Import Compliance

Classification

- ☐ All products have been classified under the correct Harmonized Tariff Schedule (HTS) code

- ☐ Classification decisions are documented and periodically reviewed
- ☐ Process exists to update classifications when products change

Valuation

- ☐ Proper customs valuation methodology is applied
- ☐ All additions to transaction value are properly declared (e.g., assists, royalties)
- ☐ Related party transactions are properly documented
- ☐ Currency conversions are properly handled

Origin Determination

- ☐ Country of origin is properly determined for all products
- ☐ Substantial transformation and tariff shift rules are properly applied
- ☐ Origin declarations on commercial documents are accurate
- ☐ Origin marking requirements are followed

Entry Process

- ☐ Customs entries are reviewed for accuracy before filing
- ☐ Post-entry procedures exist to correct errors
- ☐ Customs bonds are maintained at appropriate levels
- ☐ Entry documentation is properly archived

Section 3: Sanctions and Restricted Party Screening

Screening Process

- ☐ All business partners are screened against relevant restricted party lists
- ☐ Screening is conducted at appropriate frequency (new accounts, periodic re-screening)
- ☐ Screening includes variations of names and addresses
- ☐ Process exists for resolving potential matches

Restricted Party Lists

- ☐ U.S. lists are checked (SDN, Entity List, Denied Persons, etc.)
- ☐ EU and UK sanctions lists are checked if applicable
- ☐ UN sanctions lists are checked
- ☐ Local country sanctions lists are checked as applicable

Screening Systems

- ☐ Screening software or service is used and regularly updated
- ☐ System includes fuzzy logic to catch name variations
- ☐ Results are documented and maintained
- ☐ Alerts are promptly investigated and resolved

Blocking Regulations

- ☐ Compliance with applicable blocking statutes (e.g., EU Blocking Statute)
- ☐ Process to identify and manage conflicts between different sanctions regimes
- ☐ Legal counsel consulted when operating in complex sanctions environments

Section 4: Free Trade Agreement Utilization

Qualification Analysis

- ☐ Products are analyzed for FTA eligibility
- ☐ Rules of origin are properly applied
- ☐ Regional value content calculations are documented
- ☐ Tariff shift analysis is documented
- ☐ Supplier certifications are obtained and validated

Certification

- ☐ Certificates of origin are properly completed
- ☐ Authorized personnel sign certificates

- ☐ Certificates are issued only for qualifying goods
- ☐ Certificates are renewed as required

Verification Preparedness

- ☐ Documentation is maintained to support origin claims
- ☐ Staff is prepared to handle customs verification requests
- ☐ Mock verifications are conducted periodically
- ☐ Suppliers are contractually required to support verifications

Preference Program Utilization

- ☐ GSP, AGOA and other preference programs are utilized when applicable
- ☐ Documentation supporting preference claims is maintained
- ☐ Preference program expirations are monitored

Section 5: Anti-Corruption Compliance

Risk Assessment

- ☐ Corruption risk assessment conducted for each market
- ☐ Third parties are assessed for corruption risk
- ☐ Government interaction points are identified and monitored
- ☐ High-risk transactions receive enhanced scrutiny

Due Diligence

- ☐ Third-party due diligence procedure established
- ☐ Red flags are documented and addressed
- ☐ Enhanced due diligence for high-risk relationships
- ☐ Periodic re-screening of existing relationships

Policies and Procedures

- ☐ Anti-corruption policy established and communicated
- ☐ Gifts and entertainment policy implemented
- ☐ Facilitation payments policy established

- ☐ Political contributions and charitable donations reviewed

Monitoring and Auditing

- ☐ Financial controls to detect improper payments
- ☐ Expense reports reviewed for compliance
- ☐ Periodic audits of high-risk transactions
- ☐ Whistleblower mechanism established

Section 6: Product Classification

Harmonized System Classification

- ☐ All products classified to the 6-digit HS level
- ☐ Classification to the 8-10 digit level for key markets
- ☐ Classification decisions documented with rationale
- ☐ Process for keeping classifications updated

Technical Product Information

- ☐ Detailed product specifications available
- ☐ Chemical composition documented for applicable products
- ☐ Technical drawings and designs accessible
- ☐ Processing methods documented

Binding Rulings

- ☐ Binding rulings or advance classification rulings obtained for complex items
- ☐ Rulings are periodically reviewed for validity
- ☐ Similar products are classified consistently
- ☐ Rulings are properly implemented

Classification Resources

- ☐ Access to current tariff schedules
- ☐ Explanatory notes and classification aids
- ☐ Relationship with customs brokers to assist with classifications

- ☐ Staff trained on classification principles

Section 7: Documentation and Record Keeping

Required Documents

- ☐ Commercial invoices contain all required elements
- ☐ Packing lists accurately reflect shipments
- ☐ Bills of lading/air waybills properly prepared
- ☐ Certificates of origin properly issued
- ☐ Import/export declarations accurate and complete

Record Retention

- ☐ Export records maintained for 5 years (or longer if required)
- ☐ Import records maintained for 5 years (or longer if required)
- ☐ FTA records maintained for period required by agreement
- ☐ Records stored in accessible but secure manner

Electronic Records

- ☐ Electronic recordkeeping systems meet regulatory requirements
- ☐ Backup systems in place
- ☐ Access controls implemented
- ☐ Audit trail of changes maintained

Document Management

- ☐ System for organizing and retrieving trade documents
- ☐ Process for document review before submission
- ☐ Procedures for correcting errors in documentation
- ☐ Templates for common trade documents

Section 8: Customs Valuation

Transaction Value

- ☐ Transaction value method properly applied
- ☐ Sales terms (Incoterms) considered in valuation
- ☐ Currency conversion done according to regulations
- ☐ Price actually paid or payable properly determined

Additions to Value

- ☐ Assists properly declared (tools, dies, molds, engineering)
- ☐ Royalties and license fees evaluated for inclusion
- ☐ Selling commissions included
- ☐ Packing costs included
- ☐ Proceeds of subsequent resale included if applicable

Related Party Transactions

- ☐ Related party status properly disclosed
- ☐ Test values demonstrate arm's length pricing
- ☐ Transfer pricing studies available to support values
- ☐ Alternative valuation methods used when necessary

Special Valuation Issues

- ☐ Non-sale transactions properly valued
- ☐ Consignment shipments properly declared
- ☐ Temporary imports valued according to regulations
- ☐ Repairs and warranty shipments properly valued
- ☐ Exchange rate fluctuations handled appropriately

Section 9: Trade Compliance Organization

Compliance Structure

- ☐ Trade compliance responsibility clearly assigned
- ☐ Sufficient resources allocated to compliance

- ☐ Reporting lines established (preferably to senior management)
- ☐ Cross-functional trade compliance committee

Policies and Procedures

- ☐ Written compliance policies established
- ☐ Standard operating procedures for key trade processes
- ☐ Policies reviewed and updated regularly
- ☐ Policies communicated throughout organization

Management Commitment

- ☐ Senior management endorsement of compliance
- ☐ Adequate budget for compliance activities
- ☐ Regular compliance updates to management
- ☐ Compliance metrics included in business reviews

Integration with Business Processes

- ☐ New product development includes compliance review
- ☐ New market entry assessment includes trade compliance
- ☐ Acquisitions include trade compliance due diligence
- ☐ Compliance incorporated into ERP and order management systems

Section 10: Training and Awareness

Training Program

- ☐ Initial training for new employees
- ☐ Role-specific training for employees with trade responsibilities
- ☐ Refresher training conducted regularly
- ☐ Training tailored to business activities and risk areas

Training Documentation

- ☐ Training attendance records maintained
- ☐ Comprehension tests or certifications

- ☐ Training materials updated regularly
- ☐ Training effectiveness measured

Communication

- ☐ Regular trade compliance communications to relevant staff
- ☐ Alert system for regulatory changes
- ☐ Method to disseminate lessons learned
- ☐ Clear escalation procedures for compliance issues

Awareness Activities

- ☐ Trade compliance included in employee onboarding
- ☐ Awareness posters or materials in workplace
- ☐ Trade compliance included in employee handbook
- ☐ Recognition program for compliance excellence

Additional Considerations for Metals Industry

Material Handling

- ☐ Procedures for handling REACH regulated metals
- ☐ Conflict minerals compliance program
- ☐ Mercury Export Ban Act compliance (if applicable)
- ☐ Precious metals reporting requirements

Supply Chain Security

- ☐ Authorized Economic Operator (AEO) or C-TPAT certification
- ☐ Security assessments of facilities
- ☐ Container inspection procedures
- ☐ Business partner security requirements

Environmental Compliance

- ☐ Basel Convention requirements for hazardous waste
- ☐ CITES requirements for protected species (if applicable)

- ☐ Montreal Protocol requirements (if applicable)
- ☐ Carbon border adjustment mechanisms compliance

How to Use This Checklist

1. Assign responsibility for each area to knowledgeable individuals
2. Complete an initial assessment marking each item as:
 - Compliant
 - Partially compliant
 - Non-compliant
 - Not applicable
3. Develop action plans for non-compliant and partially compliant items
4. Implement corrective actions
5. Reassess periodically (annually recommended)
6. Update the checklist as regulations change

Disclaimer

This checklist is provided as a general guide and does not constitute legal advice. Regulations vary by country and change frequently. Consult with qualified trade compliance professionals for specific guidance.

Contact Information

For assistance with trade compliance matters:

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