International Business

Global Immigration: What Companies Need to Know When Sending Employees Abroad

By HANS BENSON

GLOBAL expansion is important to many U.S. businesses, who then need to send key staff to these new locations. It is critical to your business's success that you are aware of and comply with local immigration laws to ensure that employees are in the correct visa status when traveling abroad.

Business Traveler Program Management

American business travelers can easily visit many countries with only their passport or a business visa, though they are usually restricted to attending internal or client meetings. The challenge for companies is identifying when a business traveler conducts activities that local authorities consider "work," in which case employees should obtain a government issued work visa or risk severe consequences for themselves and their employer.

As governments continue to increase their focus on immigration compliance, it is imperative for companies to have a robust business traveler program which ensures that employees are using the correct type of visa. They can successfully manage compliance by developing policies that ensure the activities their employees perform are thoroughly assessed before they travel. Furthermore, stakeholders should inform their traveling population of what activities they can and cannot perform to avoid potential fines and penalties to the company and employee.

Considerations When Expanding into a New Market

Among the areas of concern when establishing a presence in a new market, companies should also be proactive in ensuring their new entity has the ability to sponsor foreign employees on work visas. In some countries, the establishment of an entity alone is sufficient to sponsor foreign employees. In other countries, like the United Kingdom, the company must receive a Sponsor License from the immigration authorities before qualifying employees can obtain a work visa. This is critical to companies needing to transfer employees because the issuance of a Sponsor License can take as long as four months. Businesses who proactively request these mandatory government approvals at the entity's inception are able to minimize the risk of transfer delays for employees.

Companies that expand into emerging markets should be prepared for the work visa process to be difficult. In many of these countries the process is subject to sudden changes in government policy with little to no notice. Moreover, countries especially susceptible to challenges often experience a steep increase in foreign direct investment and are unprepared for the sudden increase in work visa requests for foreign employees compared to their historically small caseload. As a result, adjudication of visa applications can be delayed, inconsistent, and the rationale behind decisions can be arbitrary and opaque. Companies in emerging markets should also ensure that their immigration program is compliant with the Foreign Corrupt Practices Act and other relevant anti-bribery regulations. Many companies do this by maintaining a centralized immigration program with supervision by their immigration counsel.

Looking Ahead: A Tougher Immigration Environment

Companies should be prepared for an environment where immigration will become ever more difficult. As the global economy continues to be vulnerable to economic cycles and governments are increasingly under domestic political influence to react, politicians face pressure to protect their local labor market, especially in countries with high unemployment. As a result, governments may implement labor market testing requirements for companies before allowing the introduction of foreign employees. For example, over the past two years, historically immigration friendly countries like Canada and Singapore have implemented new or modified labor market testing laws which are more onerous to companies seeking to hire foreign workers. Moreover, as a result of the current humanitarian crisis in Europe, where thousands of refugees are seeking sanctuary, governments accepting large numbers of migrants may reduce the number of work visas allotted to businesses as a way to show their constituencies that they are offsetting the overall number of foreign nationals entering their respective countries. In this environment of heightened public scrutiny on immigration, companies should be prepared to argue the business case for sponsoring foreign employees more aggressively.

Immigration Abroad, Considerations Back Home

From a United States immigration perspective, moving abroad may be a critical issue to some foreign employees based here. Individuals who hold green cards and spend extended periods of time outside the U.S. may need to take some affirmative steps to maintain their immigration status by requesting government issued permits that allow them to be absent for prolonged periods of time. These employees may also find it difficult to apply for U.S. citizenship within the regular timeframes. When considering an assignment abroad for these employees, companies should work with the individuals to understand their long term objectives of remaining in the U.S. and ensure that their immigration status will not be jeopardized by moving abroad.

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INTERNATIONAL BUSINESS

East West Bank Named SBA 2015 Export Lender of the Year

Pasadena-based Bank Recognized at DC Ceremony

East West Bank is a proactive lender that has recognized the benefits of offering a spectrum of SBA export loan guarantees to meet the financing needs of small business exporters in multiple states. That is why it gives me great pleasure to recognize the hard work of all SBA Export Lenders and, in particular, recognize East West Bank as the SBA Export Lender of the Year.

MARIA CONTRERAS-SWEET
SBA Administrator

East West Bank of Pasadena was recognized as the 2015 Export Lender of the Year by the U.S. Small Business Administration (SBA), for its remarkable performance in providing $16.43 million in export financing to small businesses in 2014. East West Bank's Senior Vice President Wai-Chun Li was presented the award by SBA Administrator Maria Contreras-Sweet at the 8th Annual SBA Export Lenders' Roundtable in Washington, D.C. earlier this year.

"East West Bank is a proactive lender that has recognized the benefits of offering a spectrum of SBA export loan guarantees to meet the financing needs of small business exporters in multiple states. That is why it gives me great pleasure to recognize the hard work of all SBA Export Lenders and, in particular, recognize East West Bank as the SBA Export Lender of the Year," said Administrator Contreras-Sweet. "Today, 98 percent of American companies that export are small businesses and one out of every five jobs is tied to exports. Under President Obama's Administration, SBA has supported $5.6 billion in loans to small business exporters – financing that wouldn't be possible without our lending partners. I look forward to working closely with our SBA Export lenders to break down silos within their organizations to expand the number of small dollar export loans and support an ecosystem that eliminates barriers to small business exporting."

The California-based bank has 130 branches nationwide, including in Washington, Georgia, Nevada, Massachusetts, New York, and Texas. East West Bank has been an SBA lender since 1999. In FY 2014, the bank provided over $211 million in general SBA loan funding, of which $16.43 million were export-related loans up from $3.95 million in export-related loans in FY 2012.

Exports continue to be a driving force behind the nation's economic recovery, and SBA export lenders are crucial in helping U.S. businesses start, grow and successfully expand their presence in the global marketplace. According to most recent Census Bureau data for calendar year 2014, U.S. exports of goods and services increased to a record $2.35 trillion.

In FY 2014, SBA approved 1,641 loans to small business exporters for $1.34 billion, more than double the amount of $611 million provided four years ago in FY 2010.

The Export Lenders Roundtable, sponsored by the SBA Office of International Trade, is an annual event that brings together export lenders and other experts to share best practices and encourage increased export financing to small businesses. This year's event included sessions on SBA export loan data and trends, an update by the Office of Capital Access, lender best practices, and SBA's response to lender recommendations.

For more information about SBA's export lending programs, visit www.sba.gov/exporting.

U.S. Businesses Discover New Trade Opportunities in Africa

The International Trade Administration (ITA) recently completed the largest-ever U.S. government-led trade mission to Africa. Trade Winds—Africa which began September 15, brought more than 100 U.S. companies from 25 states and diverse industry sectors to eight African countries to connect with potential buyers and government officials across the continent.

"Sub-Saharan Africa is the second-fastest growing region in the world," said Stefan Selig, Under Secretary of Commerce for International Trade. "Trade Winds is an important step in our efforts to strengthen and expand the U.S.-Africa commercial relationship. There is enormous potential for U.S. companies to successfully export to the region, which will produce mutual benefits for American and African businesses and workers for years to come."

With economic growth in sub-Saharan Africa projected to reach 4.5 percent in 2015, the region is outpacing the average global growth. In 2014, U.S. goods exports to sub-Saharan Africa increased by 6 percent, reaching a record $25.4 billion.

The Trade Winds–Africa mission supports President Obama's Doing Business in Africa initiative. As part of the initiative, ITA has doubled its presence on the continent. The U.S. government has committed billions of dollars to development in Sub-Saharan Africa and in 2014; U.S. companies announced $14 billion in new U.S.-Africa business deals.

"The mission participants offer the products, services, and technological expertise needed to help public and private sector customers achieve their goals in a variety of critical industry sectors," said Donald Nay, U.S. Regional Senior Commercial Officer, based in Sub-Saharan Africa. "U.S. companies leave behind trained workforces and improved infrastructure, among other benefits."

Participating companies engaged in 400 business-to-business meetings and more than 900 business-to-government meetings with U.S. government diplomats representing commercial markets from 23 African countries. These consultations helped the companies discover the best way to introduce their quality goods and services to those export markets.

The delegation visited Johannesburg, South Africa, for business-to-business meetings and a business forum that featured local officials and speakers from U.S. and African companies including McKinsey, Sasol, and Ford Motor Company.

The Trade Winds - Africa trade mission stopped in eight countries: Angola, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Tanzania, and South Africa. At each mission stop, the U.S. companies met with government leaders and customized pre-screened potential business partners.

The International Trade Administration (ITA) is the premier resource for American companies competing in the global marketplace. ITA has 2,100 employees assisting U.S. exporters in more than 100 U.S. cities and 72 countries worldwide. For more information on ITA visit www.trade.gov.

New Sector-Specific Reports Further Advance Commerce's Data Sharing for U.S. Businesses

U.S. Under Secretary of Commerce for International Trade Stefan M. Selig last month released 19 new reports designed to help U.S. exporters identify their next export market by comparing opportunities across borders. As part of the International Trade Administration's (ITA) new Top Markets Series, each report projects and ranks future export opportunities within a particular industry, providing in-depth commentary on key opportunities, trends, and challenges facing U.S. companies who export across the globe.

"Helping U.S. businesses compete in the global economy is one of our top priorities at ITA. Today, a small percentage of America's 30 million companies export, and nearly two-thirds of those companies export to only one country," said Under Secretary Selig. "We are pleased to offer the Top Markets series as a new and important tool to help U.S. firms find new markets and growth opportunities by reaching the 96 percent of global customers who live outside the United States."

From education exports to textiles and apparel, to aircraft parts, environmental technologies and renewable energy, the Top Markets Series collectively includes more than 200 country case studies and sector snapshots. The reports' lead authors are members of ITA's Industry & Analysis team, which provides unique sector expertise for export promotion, trade policy, and foreign direct investment strategies that strengthen the global competitiveness of U.S. businesses. ITA will update and release new reports for the Top Markets Series annually.

"Industry and Analysis sector leads stand ready to help American exporters consider opportunities, address challenges, and build a more successful export strategy," said Assistant Secretary of Commerce for Industry and Analysis Marcus D. Jadotte. "We are confident that the data and analysis offered in the Top Markets Series will help exporters make more informed export decisions."

Reports found in this year's Top Markets Series (listed alphabetically) are:

- Agricultural Equipment
- Aircraft Parts
- Automotive Parts
- Building Products and Sustainable Construction
- Civil Nuclear
- Cloud Computing
- Cold Chain
- Education
- Environmental Technologies
- Health IT
- Media and Entertainment
- Oil and Gas Equipment
- Recreational Transportation
- Renewable Energy
- Renewable Fuels
- Semiconductors and Related Equipment
- Smart Grid
- Textiles and Apparel
- Travel and Tourism

To download a full report or view individual case studies within each report, visit http://www.trade.gov/topmarkets.

INTERNATIONAL BUSINESS

SBA Announces Funding Package To Spur Economic Activity and Create Jobs In Puerto Rico

HUBZone, Destination: HUB Aim to Draw Small Business to the Area

ADMINISTRATOR Maria Contreras-Sweet, a member of President Obama's Cabinet and the head of the U.S. Small Business Administration (SBA), announced last month during a press conference that the former Roosevelt Roads Naval Station has been designated a Historically Underutilized Business Zone (HUBZone). This designation will help spur economic activity on the island, provide access to federal procurement opportunities for small and medium enterprises (SME) and create jobs in the community.

"The HUBZone Program is a dynamic SBA initiative assisting communities that statistically need the most help alleviating poverty and unemployment and has been a critical resource in creating jobs, reducing poverty, reducing unemployment and promoting economic prosperity in our nation's most vulnerable communities," said Contreras-Sweet. "Now that Roosevelt Roads has been designated a HUBZone, we will hold a *Destination: HUB* event there later this year to ensure that small businesses working with the government know about the opportunity here in Puerto Rico and opportunities across the U.S. for eligible small businesses."

"One year ago, in August 2014, we met with Administrator Contreras-Sweet and discussed the imminent need to unify our efforts to propel the creation of new small and medium enterprises, which are the engine to strengthen our economy. Since then, SBA and Fuerza Pymes have provided assistance to more than four thousand potential SMEs throughout Puerto Rico. Today marks a new milestone in the development of Roosevelt Roads. The HUBZone Program will provide our local SMEs greater support to obtain federal government contracts and develop business plans, as well as increase participation from this sector in government procurement programs. Our common goal for jumpstarting the economic development of Puerto Rico and creating new jobs by betting on SMEs is a reality," stated the Speaker of the Puerto Rico House of Representatives, Jaime R. Perelló-Borrás.

SBA's Puerto Rico District Office will assist eligible small businesses with learning how to obtain HUBZone certification and capitalize on contracting benefits through the HUBZone program and the *Destination: HUB* event planned for later this year.

Additionally, Contreras-Sweet announced that $220,000 in funding to assist Puerto Rico small businesses is being awarded to the Corporación para el Financiamiento Empresarial del Comercio y de las Comunidades (COFECC) through the agency's Office of Economic Opportunity. That package includes $170,000 from the Microloan Program and $50,000 from a PRIME discretionary award. Overall, this funding will provide technical assistance to small businesses in communities facing economic challenges, including those being impacted by the island's current drought.

The *Destination: HUB* program encourages economic development and employment growth in distressed areas by providing opportunities for firms to become active participants in the federal supply chain. The program promotes and highlights HUBZones for opportunities in federal procurement to ensure local economic development boards, government officials, federal buyers, and prime contractors work hand in hand to bring more sole-source and set-aside awards directly for these HUBZones.

Overall, *Destination: HUB* consists of three major components;

- An in-depth examination of successes and needs in the HUBZone program;
- Analysis of ideal situations for successful HUBZone collaboration, harnessing the power of our public-private partnerships and market research to recruit more firms for HUBZone participation; and
- Launching a broad grassroots educational initiative with community organizations, faith leaders, local economic development, and key stakeholders, to encourage participation in and inspire collective ownership of the HUBZone program at both the regional and national levels.

Destination: HUB furthers SBA's effort to improve access to capital and close opportunity gaps in communities of color, by empowering entrepreneurs and small business owners' economic and social mobility through employment and business growth.

The HUBZone program, enacted in 1997, helps small businesses located in areas that have been identified and designated as historically underutilized in both rural and urban communities, and on Indian reservations, receive contract help, thus promoting job growth, capital investment and economic development. The SBA regulates and implements the HUBZone Program and determines which businesses are eligible to receive HUBZone contracts. In FY 2014, the federal government awarded $6.97 billion to HUBZone firms.

To apply for the program, visit www.sba.gov/hubzone.

INTERNATIONAL BUSINESS

On-Shoring, Off-Shoring, Near-Shoring and Your Global Strategy

By ADNAN ISLAM

For many companies, particularly in the United States and Europe, off-shoring production to low-labor cost destinations has been a common global strategy for the past 20 years. China was such a common destination that "the China price" became shorthand for the resulting savings. Now, that choice is more complicated.


ADNAN ISLAM

The savings in labor costs aren't what they once were. In 2000, U.S. wages were, on average, more than 20 times those in costal China, where most of China's manufacturing capacity is clustered. Now, they are less than five times as high. Of course, there are still plenty of locations that boast low labor costs. Inland China is one option. Some of the members of the Association of Southeast Asian Nations (ASEAN), which includes Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Cambodia, Laos, Myanmar and Vietnam. But as companies digest the lessons learned over a few decades of chasing labor costs, new strategic formulas are emerging.

Build where you sell, sell where you build

Labor costs are just one factor to consider. Increasingly, the question isn't just one of cost, it's one of having a seamless local approach as part of an effective global strategy. Some of the companies that have been most successful in China are those that set up operations there not only to reduce unit costs for goods sold back home, but that establishes operations there in order to effectively serve the burgeoning Chinese market. That strategy makes sense not just in China, but around the globe.

Producing where you sell offers a variety of advantages; shortening your supply chain is an obvious benefit. Having your plant close to your market cuts both the time and expense of getting your goods to your customers. You will also be better positioned to understand local tastes and to respond to changes in local market conditions more quickly, which can be particularly advantageous to consumer products companies.

Finally, as respondents to the 2015 McGladrey Monitor reported, sourcing a product domestically can offer strong advantages to your brand. When asked if it was important to their brand that goods and materials are purchased domestically, 82 percent responded that it was either extremely or somewhat important, with little difference between U.S. and non-U.S. companies.

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Home sweet home, or at least sweet trade agreement

As companies have reevaluated their global options, many are choosing to repatriate operations they previously had sent overseas. The same economic benefits that are driving direct foreign investment in the United States are also making it increasingly attractive for U.S. manufacturers to return production operations to the United States.

Or, if not bringing them home, at least bringing them closer. Where China may have been the destination of choice for many U.S. companies, it was not the first location that attracted those manufacturers.

Malquiladoras in Mexico were the first foray into offshoring for many U.S. manufacturers. While labor costs in China have been increasing at double-digit rates in recent years, labor costs in Mexico have been holding steady. The North American Free Trade Agreement (NAFTA), which eliminates tariffs and many of the other barriers, bureaucratic issues and policy risks that can complicate international operations, makes it relatively easy for U.S. companies to coordinate operations with their Mexican affiliates.

Mexico isn't just an attractive option for U.S. manufacturers. Non-U.S. companies looking to support their efforts in the U.S. market are also choosing to establish operations there. The 2015 Monitor results bear this out. After the United States, it is the market next most commonly cited by non-U.S. respondents as one from which they expect a substantial increase in sales.

The Trans-Pacific Partnership (TPP) is a free trade agreement similar to NAFTA that is currently being negotiated among Brunei, Chile, New Zealand and Singapore (the four original signatories;) the United States, Australia, Peru, Vietnam, Malaysia, Mexico, Canada, Japan, Colombia, the Philippines, Taiwan and South Korea have expressed interest in joining the TPP, as well.

China, notably, has not yet done so. Trade deals often have winners and losers. The devil is in the details, but recent actions in Washington show signs of support from the President and the Republican-controlled Congress.

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INTERNATIONAL BUSINESS

Impending Obama/Xi Meetings May be a Sign of Digital Security Becoming a National Priority

Citing recent news that President Barack Obama plans to meet with Chinese President Xi Jinping within the next few weeks to discuss hacking and digital privacy, John Shegerian, Chairman and CEO of Electronic Recyclers International (ERI), the nation's leading recycler of electronic waste and world's largest cybersecurity-focused hardware destruction company, said it is clear that digital security has become a global priority.

Several high profile hackings have been perpetrated in and against the United States and U.S.-based companies in recent years. The hacking of Sony, The White House Office of Personnel Management and big retailers, such as Target and the Home Depot, highlight a lack of digital protection among major U.S. institutions and companies. While not all of these have been linked to China, the National Security Agency (NSA) recently published a map of Chinese hack victims in the U.S., with much of the country covered in red dots.

When President Obama meets with President Xi in the next few weeks, it has been reported that discussion about these Chinese attacks will be included.

"Online and digital privacy and security are not new worries for companies, governments and consumers, but they have been brought to a point of urgency in light of recent events," said Shegerian. "In this age of frequent cybercrime, identity theft and hardware hacking, it's well past time for government agencies, businesses and individuals to all make securing digital data a top priority. That President Obama and President Xi are meeting on this very topic demonstrates just how crucially important it has become."

"One of the most overlooked precautions that needs to be taken," added Shegerian, "is the proper protection of data on devices that are being discarded. Be it a government official's laptop, a family smartphone or a business tablet, technology today is far too vulnerable to criminal attacks. Properly recycling all old and unwanted items – government or otherwise – is vitally important. Our personal privacy, businesses' proprietary information and even data pertinent to our national security are at stake. The key is for everyone to remember to safely recycle all old and unwanted items at the end of their lifecycle with a trusted recycling company. This final step in the life of an electronic device is more important than ever."

Shegerian also noted that ERI currently provides the only nationwide solution offering 100-percent guaranteed data destruction for consumer electronics devices and e-waste.

SBA Announces Funding to Boost Export Opportunities for Small Businesses

STEP Program Awards $17.4 Million to Promote Small Business Global Trade

Small businesses across the country will have access to $17.4 million in funding to help them enter and compete in the global marketplace, as the Small Business Administration (SBA) last month announced that 40 awards from the agency's State Trade and Export Promotion (STEP) program will be made to states and territories to support activities to increase exporting by small businesses.

"Exports are a central part of America's economic growth; with export-supported jobs paying 15-18% more. Yet less than one percent of small businesses export; and of those that do, 58 percent of them export to only one country. Unlocking trade opportunities for small businesses is key to continued growth and expansion. SBA's STEP program ensures local resources are available to help small businesses tap global markets. By funding states and their export development partners, the SBA is delivering the tools and resources required for small businesses to launch their services and products abroad. With 95% of the world's consumers living outside of the United States, SBA's STEP program ensures that America's small businesses can succeed in the 21st century global economy," said Administrator Maria Contreras-Sweet.

The purpose of the 2015 awards is for states to assist small businesses with export related activities or other export initiatives that are in line with the objectives of the program. These objectives include participation in foreign trade missions, foreign market sales trips, subscription services provided by the U.S. Department of Commerce, as well as design of international marketing campaigns, export trade show exhibits, training workshops and more.

The STEP program is designed to increase both the number of small businesses that begin to export and the value of exports for small businesses currently exporting. Expanding the base of small business exporters and making the process as easy as possible is a key component of the Administration's National Export Initiative.

Recipients in the first two rounds of STEP awards, in FY 2011 and FY 2012, reported a strong return on investment of over 19:1.

For additional information on the STEP program and the FY 2015 awardees, visit https://www.sba.gov.