

Mind the Gap! Pitfalls and Risks to Consider When Moving Production to the U.S.

In the world of international business expansion, the phrase “Mind the Gap!”, a commonly heard warning in the London Underground, also holds significance for European companies seeking to move across the Atlantic to the U.S. This expression summarizes the common challenges and risks associated with navigating the regulatory and legal divides between European and U.S. codes and standards. Navigating these barriers involves understanding potential pitfalls that can lead to increased project costs and delays. As companies seek to minimize the risks associated with international ventures, the need for a proactive and comprehensive gap analysis involving a diverse team of experts is crucial.

In this article, Chambliss shareholders [Brian Eftink](#) and [Jeffrey Maddux](#), and Helge Nestler of [MxV Consulting Group](#) explore the complexities of risk management and gap identification, and strategies for developing compliance with the Recognized and Generally Accepted Good Engineering Practices (RAGAGEP) in the U.S. Read the full article below for important considerations before purchasing or establishing new production facilities in the U.S.



Mind the Gap!

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Anyone who has traveled or lived in London will recognize the phrase "Mind the Gap!" The saying originates from the London Underground in which an automated announcement warns passengers to exercise caution as they prepare to cross the platform and board the adjacent train. The expression serves as an appropriate metaphor for European chemical, energy, and manufacturing companies attempting to move their businesses across the "gap" of the Atlantic Ocean to the U.S. Unfortunately, the awareness of the gap between European and U.S. codes and standards often comes too late during the transition, resulting in increased project costs, extensive delays, and even risks to the entire company. To avoid these issues, owners should be aware of the regulatory and legal gaps prior to any commitments to purchase or establish new production capacities in the U.S.

Focus on Risk Management and Gap Identification

In general, technical issues can be categorized according to their potential risk and the time required to address them. Issues that can be addressed with design revisions or additional permitting measures may present relatively minor impacts on the project cost and schedule. Conversely, latent issues that do not surface until the commissioning or operation of a manufacturing facility are much more problematic due to increased costs to correct the issues at a late stage and to the potential loss of production capacity.

Given the mandatory nature of applicable codes and standards, owners must decide whether to suspend operations or to make a risk-based decision to continue operating until corrective actions can be implemented. For example, assume the design team neglected to specify quality control (QC) requirements to test weld seams on the facility's piping. In Germany, the missing information would have been caught during the "Pruefung vor Inbetriebnahme" (inspection before commissioning, similar to a pre-startup safety review performed in the U.S.) through a third party as part of the permitting process. In the U.S., however, unless the owner specified these requirements upfront with the pipe fabricator, the issue may not have been uncovered until after commissioning since there is no authority to confirm that the pipes were tested and inspected in accordance with applicable U.S. codes prior to commissioning.

Since international projects are prone to higher risks, additional precautions should be exercised to reduce, if not eliminate, the emergence of hazardous issues.

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