



Export compliance is the cornerstone of your export program. You must comply with all U.S. export laws and get the appropriate export licenses if that is required.

PART ONE: HARMONIZED TARIFF SCHEDULE CLASSIFICATION

In 1952, the World Customs Organization (WCO) was founded to simplify international trade. The WCO developed the Harmonized Tariff System (HTS/HS) which forms the basis for the classification of products and collection of customs duties and trade statistics. The 6 digit HTS/HS codes classify almost every product and are used and recognized by the majority of customs officials throughout the world. In fact, the system is used and recognized by over 136 countries and the EC- representing 98% of world trade.

To view countries using HTS system- http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/HarmonizedSystem/HS-Eng_20090427.pdf

These codes are also extensively used by governments, international organizations and the private sector for many other purposes such as trade statistics, trade negotiations, internal taxes, trade policies, monitoring of controlled goods, rules of origin, freight tariffs, transport statistics, price monitoring, quota controls, compilation of national accounts, and economic research and analysis. The HTS/HS classification system is thus a universal economic language and code for goods, and an indispensable tool for international trade.

Note: Services do not have HTS/HS codes, only goods.

HOW DOES THE HARMONIZED CLASSIFICATION SYSTEM WORK?

1. There are 21 Sections, grouped into 96 Chapters(2- digit codes).
2. Each chapter has sub groups called headings. There are 1,200 headings(4-digit codes).
3. Each heading may also then be sub-divided into product groups. There are 5,000 separate product groups (6-digit codes). The fifth digit represents a one dash subheading. The sixth digit represents a two-dash subheading. If either digit is a zero, it indicates there are no further sub headings.

For example :

HS code 08 means: chapter 8

HS 0803 means: Chapter 8 Subheading 3

HS 0803.00 means: Chapter 8, third heading, the zero's indicate no further subheadings

HS code 0803.10 means: :Chapter 8 third heading, first subheading which has not been further subdivided;

HS code 0803.21 means: Chapter 8, third heading, the second one-dash subheading and then within that the first two-dash subheading.

One of the most important uses of the HTS/HS codes is the determination of import tariffs on specific products. In order to do that, each country starts with the same harmonized six digit code for any given product grouping. Each country then may also add their own coding system for imports and exports which adds an additional two to four digits to the six HTS/HS code in order to further sub-categorize products.

To view WCO's Nomenclature Pages see http://www.wcoomd.org/home_wco_topics_hsoverviewboxes.htm



U.S. TERMINOLOGY: HTS/HS AND SCHEDULE B

American firms involved in international trade will hear references to HTS/HS codes, and Schedule B numbers. If you import and export, you will need to identify and use two different codes – one for import and one for export. Moreover, your supplier or customer may refer to the “product” by another code as assigned by their country. In all these cases the first six digits will be the same since they are based on the harmonized schedule. It is the last four digits that will vary.

U.S. Customs Import codes-HTS/HS

U.S. Customs uses the harmonized HS/HTS six digit codes to classify all imported products entering the United States. They add two to four digits to further sub-sub classify the product groups into more specific product categories. All imported products have a corresponding 10-digit code that the U.S. importer selects from the Harmonized Tariff Schedule of The United States. The ten digit HTS/HS code is required on import shipment documentation which is now submitted via the Automated Broker Interface (ABI) program of the Automated Commercial System (ACS).

U.S. Import codes are administered by the U.S. International Trade Commission (USITC).

See <http://www.usitc.gov/tata/hts/bychapter/index.htm>

U.S. Customs Export Codes –Schedule B

The term “Schedule B number” is used exclusively for U.S. exports. It is a ten digit number used by U.S. customs to identify and track U.S exports. The first six digits are based on the HTS/HS system. The last four digits further sub-sub classify the six digit HTS/HS product groups into more specific product categories. There are more than 8,000 different product categories. All exported products have a corresponding 10-digit code. The ten digit Schedule B code is required on export shipment documentation which is now submitted via the Electronic Export Information, or EEI (formerly known as the Shipper’s Export Declaration, or SED).

U.S. Schedule B numbers, are administered by the U.S. Census Bureau.

See: <http://www.census.gov/foreign-trade/schedules/b/index.html#about>

Foreign Customs HTS/HS

Your exports will be subject to a tariff or customs duty fees upon entry into the market where your customer resides. The fees assessed will vary from market to market depending on what goods the country wants to “attract” or “keep out”. The fees are assessed on certain categories of goods and certain countries of origin accordingly. Most countries use the harmonized HTS/HS codes - six digits to identify products entering their country. However, the HTS/HS may not be specific enough to categorize and sub categorize all products. Therefore, most countries usually add two to four additional digits to the codes in order to track and sub-classify product groups into more specific product categories. Exporters should check their tariffs prior to entering new markets to be sure they can compete with local products.

U.S. Government site with links to foreign tariffs

See: http://www.export.gov/logistics/eg_main_018142.asp

Or try The International Customs Tariff Bureau (BITD)

See <http://www.bitd.org/Search.aspx>

Caution: Once you select the most appropriate U.S. codes, do not “tariff shop”. In other words, you must use the same code for all shipments of the same product. You may not “change” the code in order to avoid a tariff in the U.S. or foreign markets. Moreover, if an overseas supplier or buyer asks you to use a different code in order to assist them with clearing the product through their Customs office DON’T DO IT. U.S. Exporters must always use the appropriate U.S. code on U.S. paperwork. As a courtesy, in addition to the U.S. code you may also add the corresponding supplier/buyer code.



FIVE STEPS TO CLASSIFYING THE CORRECT SCHEDULE B CODE

1. Go to the U.S. Census Bureau Foreign Trade Division:
<http://www.census.gov/foreign-trade/www/index.html>
 - The U.S. Government has a keyword search that can help “narrow down” possible Schedule B codes for your product.
<http://www.census.gov/foreign-trade/schedules/b/#search>
 - If you know your SITC or NAICS, the United States International Trade Commission (USITC) website has a translator to convert NAICS or SITC into export codes.
http://dataweb.usitc.gov/scripts/commod_select.asp.
2. Review 2 digit chapters to confirm which chapter applies to you.
<http://www.census.gov/foreign-trade/schedules/b/2009/>
 - Print the chapter and review starting with the best four digit heading then six digit (HTS) and finally the most appropriate ten digit (Schedule B) code. Read all chapter notes too.
3. Next contact the Commodity Analysis Branch to confirm your 6 and 10 digit codes at:
(800) 549-0595, Option 2 will allow you to speak with a Commodity Analysis Specialist.
4. Once you “verify” the code(s), print the chapter(s) your product falls into and this supplement. Place them in “U.S. Export Compliance file” and keep for your permanent records.
5. This site <http://www.census.gov/foreign-trade/schedules/b/> should be reviewed and confirmed annually to be sure the codes are not revised.

Some products are easier to classify than others. The appropriate Schedule B code should be determined by someone within your company who has the right level of expertise and technical understanding of the product. There may be penalties or fines for incorrect or fraudulent use of codes, so confirm your choice of code with the U.S. Census Bureau’s Foreign Trade Division’s Commodity Analysis Branch and keep a file as to how you determined your code.

2007 REVISIONS TO THE HARMONIZED TARIFF SYSTEM

As of January 1, 2007, a new Harmonized Tariff System went into effect worldwide. The 2007 version is the third major revision of the HTS/HS systems since its adoption by the WCO Council in 1983 and its entry into force in 1988. The new version includes more than 350 amendments to the HTS/HS Nomenclature. The new system was adopted in order to:

- Reflect technological developments
- Take account of current trade practices
- Clarify texts to ensure uniform application
- Cater to social and environmental concerns
- Assign code numbers

U.S. Customs offered a grace period of two months in which either the old or new 2007 revised HTS/HS codes could be used on the Electronic Export Information (EEI). As of March 4, 2007, however, all American exporters filing an EEI through the Automated Export System (AES) must use the new 2007 HTS/HS codes. It is important for the U.S. exporter to verify that duty rates in the foreign market have not changed under the new HTS/HS system. In most cases, duties should remain the same. All U.S. federal government websites now have the updated version of the 2007 Harmonized Tariff System.

To view US Export codes changes <http://www.census.gov/foreign-trade/schedules/b/#obsolete>
To view US Import code changes <http://www.usitc.gov/tata/hts/>



PART ONE RESOURCES: HARMONIZED TARIFF SCHEDULE CLASSIFICATION

- World Customs Organization (WCO) www.wcoomd.org
- Click here to view countries using HTS system http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/HarmonizedSystem/HS-Eng_20090427.pdf
- Click here to view WCO's Nomenclature Pages http://www.wcoomd.org/home_wco_topics_hsoverviewboxes.htm
- U.S. Import codes -U.S. International Trade Commission (USITC) Office of External Relations: (202) 205-3141. See: <http://www.usitc.gov/tata/hts/bychapter/index.htm>
- U.S. Export codes -Schedule B numbers-U.S. Census Bureau Commodity Analysis Branch (800) 549-0595, Option 2 will allow you to speak with a Commodity Analysis Specialist
See: <http://www.census.gov/foreign-trade/schedules/b/index.html#about>
- U.S. Census Bureau Foreign Trade U.S. Department of Commerce. Trade Information Center On-line. HS codes and foreign country tariff and tax info: See: http://www.export.gov/logistics/eg_main_018142.asp
- The International Customs Tariff Bureau (BITD), <http://www.bitd.org/Search.aspx>
- US Gov Basics –codes & research
http://www.export.gov/exportbasics/eg_main_017451.asp

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PART TWO: U.S. EXPORT LICENSING

Exporting is a privilege, not a right. All U.S. exports are controlled-some more than others.

WHICH AGENCY HAS JURISDICTION OVER My EXPORT?

The first step in determining licensing requirements is to determine which branch of U.S. Government has jurisdiction over your products. The agency with jurisdiction determines which U.S. law regulates the exports of your product and controls license requirements for export. Most items are controlled by the State and Commerce Departments, but over a dozen agencies control exports.

U.S. Dept. State - International Traffic in Arms Regulations (ITAR):

If you've got historical ties to or end-use for military, you are likely regulated by ITAR regulations which fall under jurisdiction of the State Department's Directorate Defense Trade Controls (DDTC). DDTC licenses defense articles and services.

- Directorate Defense Trade Controls (DDTC) Licensing Website: <http://www.pmdtcc.state.gov>
- DDTC Response Team Tel: 202-663-1282.

U.S. Dept. Commerce (USDOC) – Export Administration Regulations (EAR):

Most other items including dual-use are regulated by EAR regulations which all under jurisdiction of Commerce and EAR. The Bureau of Industry and Security (BIS) is the primary licensing agency for [dual-use](#) exports, The term "dual use" is used to identify items that have both commercial and military or proliferation applications. While this term is used informally to describe items that are subject to the EAR, purely commercial items are also subject to the EAR.

- U.S. DOC/BIS Licensing Website: <http://www.bis.doc.gov/licensing/index.htm>
- More on control of dual use items <http://www.bis.doc.gov/licensing/facts3.htm#dualuse>
- U.S. DOC/BIS Office of Exporter Services Tel: 202-482-4811

Other U.S. Government Agencies with Export Control Responsibilities

Other agencies such as the Departments of Energy, the Nuclear Regulatory Commission, the FDA, EPA, Treasury and even the Patent & Trademark Office have jurisdiction over some items.

- See Website: <http://www.bis.doc.gov/about/reslinks.htm>

NOT SURE WHICH AGENCY HAS JURISDICTION?

What is a Commodity Jurisdiction request, When and How do I submit one?

A commodity jurisdiction (CJ) request is used to determine whether an item or service is subject to the export licensing authority of the Department of Commerce or the Department of State. If you are not completely sure of the export licensing jurisdiction of an item, you should request a CJ determination via the State Department. You can also submit a CJ request if you believe that jurisdiction of an item has been incorrectly assigned and should be transferred to another agency. A CJ determination will only identify the proper licensing authority for an item, and is not a license or approval to export. CJ requests are processed by DDTC under procedures established by that office (See 22CFR 120.3 and 120.4). You should contact that office for the specific procedures and specific instructions. Contact DDTC by telephone at (202) 663-1282, or via fax at (202) 261-8199. Please make your fax ATTN: PM/DTC/CJ



Most exports are controlled by either State Department or Commerce.

U.S. EXPORT LICENSING

A- US Dept. State (DDTC)- International Traffic in Arms Regulations (ITAR):

If you've got historical ties to or end-use for military, you are likely regulated by ITAR regulations which fall under jurisdiction of the State Department's Directorate Defense Trade Controls (DDTC). DDTC licenses defense articles and services.

If you are under the jurisdiction of the State Dept. then you are subject to the International Traffic in Arms Regulations (ITAR) and you must follow the State Dept. licensing rules.

How do I get a license to export an ITAR /DDTC controlled item?

- See ITAR Webpage http://www.pmddtc.state.gov/regulations_laws/itar_official.html
- Directorate Defense Trade Controls Licensing Website <http://www.pmddtc.state.gov>
- See DDTC Licensing section <http://www.pmddtc.state.gov/licensing/index.html>
- DDTC "getting started" guide http://www.pmddtc.state.gov/documents/ddtc_getting_started.pdf
- For help with State Dept. Controlled items call the DDTC Response Team Tel: 202- 663-1282.

B- US Dept. Commerce Bureau of Industry and Security (BIS) – Export Administration Regulations (EAR): Most other items including dual use are regulated by EAR regulations which all under jurisdiction of Commerce and EAR. The Bureau of Industry and Security (BIS)is the primary licensing agency for dual use exports-items that have both commercial and military or proliferation applications. While this term is used informally to describe items that are subject to the EAR, purely commercial items are also subject to the EAR.

If you are under the jurisdiction of the Commerce Department, then you are subject to the Export Administration Regulations (EAR) and you must follow Commerce Dept. licensing rules.

How do I get a license to export a BIS/EAR controlled item?

- See EAR webpage http://www.access.gpo.gov/bis/ear/ear_data.html
- U.S. DOC Licensing Website <http://www.bis.doc.gov/licensing/index.htm>
- See U.S. DOC licensing fact sheets <http://www.bis.doc.gov/licensing/index.htm#factsheets>
- View U.S. DOC getting started guide http://www.bis.doc.gov/licensing/bis_exports2.pdf
- View U.S. DOC ECCN Guide http://www.bis.doc.gov/licensing/bis_eccn.pdf
- For help with U.S DOC controlled items call the Office of Exporter Services Tel: 202 482-4811

Note: All Encryption items have special requirements.

See: <http://www.bis.doc.gov/encryption/default.htm>



Most items are controlled by Commerce/EAR so we will go into more detail on that process. If you are controlled by State, we suggest you seek expert help from a customs broker or lawyer.

EAR/BIS -DEPARTMENT OF COMMERCE LICENSES

Step 1) ECCN Classification

In order to determine if you need a Commerce-BIS export license, you must first see if your product has an Export Control Classification Number (ECCN) on the Commerce Control List (CCL). Every product category controlled by Commerce has been assigned an ECCN. An ECCN is an alpha-numeric classification used in the CCL to identify items for export control purposes. Unfortunately this has no correlation to your HTS/HS/Schedule B number. The ECCN's are divided into 10 categories which are further subdivided into five product groups. The first number of the ECCN correlates to the category. The Alpha part correlates to the product group within the category.

- Category 0 - Nuclear Materials, Facilities & Equip. (and Misc. Items)
- Category 1 - Materials, Chemicals, Microorganisms, and Toxins
- Category 2 - Materials Processing
- Category 3 - Electronics
- Category 4 - Computers
- Category 5 (Part 1) - Telecommunications
- Category 5 (Part 2) - Information Security
- Category 6 - Sensors and Lasers
- Category 7 - Navigation and Avionics
- Category 8 - Marine
- Category 9 - Propulsion Systems, Space Vehicles & Related Equip.

Five Product Groups

- A. Systems, Equipment and Components
- B. Test, Inspection and Production Equipment
- C. Material
- D. Software
- E. Technology

Companies should have a technical person at the company review the product against the CCL in the EAR and/or verify the classification with the original manufacturer.

- Check the CCL Alpha Listing: <http://www.access.gpo.gov/bis/ear/pdf/indexccl.pdf>
- Check the CCL numeric listing. <http://www.access.gpo.gov/bis/ear/pdf/indexnum.pdf>
- If you do not find your product listed in alpha or numeric codes, it may still be controlled. As a matter of due diligence you should also check the appropriate category for your products.
- If you do find an appropriate ECCN, print your ECCN description from the appropriate category and save it your Export Compliance file.
- EAR/CCL home page http://www.access.gpo.gov/bis/ear/ear_data.html

Step 2) Cross reference ECCN description against Commerce Country Chart

The ECCN is actually a description that explains why the product is controlled and any license exceptions that may apply. Below the main heading for each ECCN entry, you will find "Reason for Control" (e.g., NS for National Security, CC Crime Control etc.). Below this, you will find the "Country Chart" designator which shows the specific export control code(s) applied to your item (e.g., NS Column 2, CC Column 1, etc.). These specific control codes for your ECCN need to be cross-referenced against the Commerce Country Chart. The country chart has columns for each "type of control". An "X" in the column would indicate a license is required.

Restrictions vary from country to country. The most restricted destinations are the embargoed countries and those countries designated as supporting terrorist activities, including Cuba, Iran, North Korea, Sudan, and Syria. There are restrictions on some products, however, that are world-wide. If you have an ECCN you should check the country chart before each shipment.

- Commerce Country chart <http://www.access.gpo.gov/bis/ear/pdf/738spir.pdf>



EAR-ECCN COUNTRY CHART

CCL/ECCN EXAMPLE

Assume that you have polygraph equipment that is used to help law enforcement agencies. What would be your ECCN? Start by looking in the Commerce Control List under the category of electronics (Category 3) and product group which covers equipment (Product Group A). Then read through the list to find whether your item is included in the list. In this example the item is [3A981 the ECCN entry is shown below](#)

3A981 Polygraphs (except biomedical recorders designed for use in medical facilities for monitoring biological and neurophysiological responses); fingerprint analyzers, cameras and equipment, n.e.s.; automated fingerprint and identification retrieval systems, n.e.s.; psychological stress analysis equipment; electronic monitoring restraint devices; and specially designed parts and accessories, n.e.s.

License Requirements

Reason for Control: CC

Control(s)

CC applies to entire entry

Country Chart

CC Column 1

License Exceptions

LVS: N/A

GBS: N/A

CIV: N/A

List of Items Controlled

Unit: Equipment in number

Related Controls: N/A

Related Definitions: N/A

The list of items controlled is contained in the ECCN heading.

Country Chart Example License Needed:

Question: You have polygraph equipment classified as 3A981 for export to **Honduras**. Would you be required to obtain an export license from the Department of Commerce before selling and shipping it to your purchaser?

Answer: Yes. 3A981 is controlled for Crime Control (CC) reasons under CC Column 1 and the Country Chart shows that such items require a license for Honduras.

Country Chart Example No License Needed:

Question: You have polygraph equipment classified as 3A981 for export to **Iceland**. Would you be required to obtain an export license from the Department of Commerce before selling and shipping it to your purchaser?

Answer: No. As you can see from the Commerce Country Chart (3A981 is controlled for Crime Control (CC) reasons under CC Column 1 and the Country Chart shows that such items do not require a license for Iceland unless you are exporting to an end-user or end-use of concern.

Countries	Reason for Control														
	Chemical & Biological Weapons			Nuclear Nonproliferation		National Security		Missile Tech	Regional Stability		Firearms Convention	Crime Control			Anti Terror
	CB 1	CB 2	CB 3	NP 1	NP 2	NS 1	NS 2	MT 1	RS 1	RS 2	FC 1	CC 1	CC 2	CC 3	AT 1
Guyana	X	X		X		X	X	X	X	X	X	X		X	
Haiti	X	X		X		X	X	X	X	X	X	X		X	
Honduras	X	X		X		X	X	X	X	X	X	X		X	
Hong Kong	X	X		X		X		X	X	X		X		X	
Hungary	X					X		X	X						
Iceland	X			X		X		X	X						
India	X	X	X	X	X	X	X	X	X	X		X		X	
Indonesia	X	X		X		X	X	X	X	X		X		X	



EAR NO LICENSE REQUIRED

Case # 1: EAR 99

Most products exported from the U.S. are designated as EAR 99. This refers to a basket of “benign” items that are subject to EAR but that not being controlled for export at this time. If after careful review of the item against the CCL you are convinced that your item is not described under any ECCN, then the item may be classified as EAR 99. EAR 99 should be entered on your export documents. In most cases, no license is required for EAR 99 items.

Cautions:

- Be sure item isn’t controlled by another agency such as munitions controlled by State Dept..
- Shipments of EAR 99 items to embargoed destinations, denied persons, sanctioned entities or prohibited end-users or end-uses may require a license from BIS.

Case # 2: ECCN#- NLR

Another category of goods where no license is required, are items that have an ECCN and are on the CCL but there is no “X” in the box on the Country Chart under the appropriate reason for control column on the row for the country of destination. THE ECCN # should be entered on your export documents. In this case no license is required for export even though the item is controlled.

In both cases, the items may be exported using the authorization, "NLR" (No License Required),

EAR LICENSE REQUIRED & LICENSE EXCEPTIONS

If your item requires a license in order to be exported, you must apply to Commerce-BIS for an export license. If your application is approved, you will receive a license number and expiration date to use on your export documents. A BIS-license is usually valid for two years.

- See <http://www.bis.doc.gov/licensing/applying4lic.htm>

If a license is required for your transaction, a license exception may be available. License Exceptions and the conditions on their use, are set forth in Part 740 of the EAR. If your export is eligible for a license exception, you would use the designation of that license exception (e.g. LVS, GBS, TMP) on your export documents.

EAR NOT SURE?

If you are sure you are subject to Commerce but are not sure if you require a license or you have been unable to determine your ECCN #, then you can submit a commodity classification request.

- See: <http://www.bis.doc.gov/licensing/cclrequestguidance.html>
- This can be done electronically via _SNAP R—E-Filing system(now mandatory for most filings with DOC) See: <http://www.bis.doc.gov/snap/index.htm>
- To get started on SNAP R you will need an ID /PIN. For info on obtaining a Company ID Number (CIN) and PIN go to <http://www.bis.doc.gov/snap/pinsnapr.htm>



Who Files Export Paperwork in a Routed Shipment?

US Exports-Routed Transactions and Export Compliance:

U.S. Principal Party of Interest (USPPI)

Per the Export Administration Regulations (EAR), the USPPI is the U.S. exporter, and as such is responsible for determining licensing authority (License, License Exception, or NLR), and obtain the appropriate license or other authorization, and submitting all required export paperwork such as SED/AES filings.

Foreign Principal Party of Interest (FPPI)

The foreign buyer or purchaser of goods from USPPI

What is a Routed Shipment/Transaction?

A routed export occurs when the FPPI agrees in writing to accept responsibility for the export transaction and appoints a U.S. freight forwarder as the agent to handle the shipment and export filing on its behalf.

1. In order to do so, the transaction must be ex works,
2. The foreign buyer must provide the U.S. Freight Forwarder with a power of attorney or similar authorization to act in its behalf;
3. The foreign buyer must provide the U.S. seller with a written letter or other writing expressly accepting responsibility for the export of the goods, including determining any export license requirements and obtaining that authorization, if required.

If the above three conditions are met, the USPPI is relieved from its responsibility over the filing of the SED/AES record, although the USPPI must still provide shipment details to the forwarder. In this case the U.S. agent of the FPPI becomes the exporter for EAR purposes.

Forwarding Agent Responsibilities in Routed Transactions

1. Obtaining a power of attorney or written authorization from the foreign principal party in interest to prepare and file the SED or AES record on its behalf;
2. Preparing, signing, and filing the SED or AES record based on information obtained from the exporter (U.S. principal party in interest) or other parties involved in the transaction;
3. Maintaining documentation to support the information reported on the SED or AES record, and on request by the exporter (USPPI), provide appropriate documentation to the exporter.

USPPI Responsibilities in Routed Transactions

1. Obtaining written acceptance from the FPPI stating that they expressly assume responsibility for clearance of the goods in a routed transaction, including determination of licensing requirements and obtaining license authority. In this case the U.S. agent of the FPPI becomes the exporter for EAR purposes. The FPPI needs to sign off on the following statement: "I undertake to determine any export license requirements, to obtain any export license or other official authorization, and to carry out any customs formalities for the export of the goods."
2. Verifying that the information provided by the exporter (USPPI) was accurately reported on the SED or AES record. Request copies of all paperwork from Forwarding agent and/or FPPI.



MISC. COMPLIANCE ISSUES

Basic Exporter Due Diligence

- Check all parties to your transaction (freight forwarders, intermediate and ultimate consignee) to be sure they are not on a “bad guy” list before quoting or shipping.
See: <http://www.bis.doc.gov/complianceand enforcement/liststocheck.htm>
- Know your customer, final destination and planned end-use. You will export to who, what, where, when, for what end use? Be aware of compliance Red Flags:
See <http://www.bis.doc.gov/complianceand enforcement/knowyourcustomerguidance.htm>
See <http://www.bis.doc.gov/complianceand enforcement/redflagindicators.htm>
Recognize and report issues to Export Enforcement Hotline: 800-424-2980
<http://www.bis.doc.gov/complianceand enforcement/recognizingandreportingpossibleviolationsoftheear.htm>
- All export documentation must be submitted to Census electronically. A freight forwarder can do this for you if you’ve given them power of attorney, but you are still responsible for accuracy. Over time you may want an in-house paperwork solution. Try Shipping Solutions Export Software www.shippingsolutions.com [request a FREE demo version of the software online](#) or their Compliance Product: <http://www.exportcompliance.com/> or call them at 1-888-890-7447
- Add at least the following basic non-diversion –destination control statement to all invoices and export paperwork.
“These commodities, technology or software were exported from the United States in accordance with the Export Administration Regulations. Diversion contrary to U.S. law is prohibited.”
- Be sure to request copies of all export paperwork and retain for at least 5 years.

Red Flags

- The customer or its address is similar to someone on a denied party or “bad guy” list.
- The buyer is evasive or unclear as to whether the item is for domestic use, export, or re-export.
- The buyer or purchasing agent is reluctant to share plans for the end-use of the item.
- The product’s capabilities do not fit the buyer’s business or the item is incompatible with the technical level of the ordering country.
- The buyer is willing to pay cash for expensive item that would normally call for financing.
- The customer has little or no business background or is unfamiliar with performance characteristics, but still wants the product.
- Routine installation, training, or maintenance services are declined by the customer.
- Delivery dates are vague or deliveries are planned for out-of-the-way destinations.
- Packaging is inconsistent with the stated method of shipment or destination.

“Bad Guy” Lists

The U.S. federal government maintains lists of people, companies, countries, and other entities that have had trade restrictions imposed on them. These 7 “bad guy” lists are maintained by the U.S. Departments of Commerce, Treasury, and State.

- Current lists can be found at the following website and must be checked prior to making an export shipment: <http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm>



Anti-Boycott

BIS also enforces two anti-boycott laws which prohibit participation in international boycotts not sanctioned by the U.S., such as boycotts against Israeli goods and the use of shipping firms based in Israel or their ports. All U.S. export documents should be examined to make certain that boycott language is not included in any correspondences, purchase orders, letters of credit or sales contract terms. If they are, the exporter may be deemed to have supported the boycott request (in violation of U.S. federal law). Exporter must report the boycott references to the BIS Office of Anti-boycott Compliance at (202) 482-2448 or online at: <http://www.bis.doc.gov/ComplianceAndEnforcement/AnitboycottCompliance.htm>

Embargoes

U.S. exporters must comply with foreign trade embargoes. Depending on your product, you may be able to obtain an export license, but be aware of export sanctions and other market risks associated with shipping to countries like Angola, Burma, Cuba, Iran, Libya, North Korea, Rwanda, or Sudan. See: <http://www.bis.doc.gov/PoliciesAndRegulations/regionalconsiderations.htm>

Set up an Export Management System

All exporters should conduct a compliance audit to see where you stand in terms of U.S. export law. Then educate yourself and your staff on the importance of trade compliance procedures. You should also work on securing all aspects of your firm including staff, visitors, inventories, supplier/buyer channels. Finally, you should develop a compliance manual for your company and enforce it across all aspects of the business. This will help establish an internal process to deal with export license issues and, if a violation occurs, your staff will be better prepared to deal with BIS .

- Issue a clear statement of management policy, signed by the President or CEO, to all departments within the company, such as: sales and marketing, export administration, planning, engineering, legal counsel, finance, accounting, order entry, production, shipping, traffic, customer service and technical support.
- Identify positions and individuals who will be responsible for compliance with export control regulations. After export control responsibilities have been assigned to specific people in your organization, distribute an organizational chart identifying individuals and their specific responsibilities, the names of back-up personnel in case of extended absences, and the names of contacts with equivalent responsibilities at your customers, consignees or suppliers.
- Institute a program to ensure that all export control documents are maintained in a consistent manner and are supported by a filing system that allows invoices, Electronic Export Information (EEI, formerly the SED form), delivery notes and Air Waybills to be easily matched. Documents must be available for inspection as required by the EAR (document retention period is 5 years from date of export, re-export or any other termination of the export transaction).

VEDP CONTACT INFORMATION

Virginia Economic Development Partnership

Division of International Trade

P.O. Box 798, 901 East Byrd Street

Richmond, Virginia 23218-0798

Tel: (804) 545-5764

Fax: (804) 545-5751

E-mail: clientservices@yesvirginia.org

Website: www.exportvirginia.org



PART TWO RESOURCES : U.S. EXPORT LICENSING

ITAR / DDTC State Dept. Licensing

See ITAR Webpage http://www.pmddtc.state.gov/regulations_laws/itar_official.html

- Directorate Defense Trade Controls Licensing Website <http://www.pmddtc.state.gov>
- See DDTC licensing Section <http://www.pmddtc.state.gov/licensing/index.html>
- DDTC “getting started” guide http://www.pmddtc.state.gov/documents/ddtc_getting_started.pdf
- For help with State Dept. Controlled items call the DDTC Response Team Tel: 202- 663-1282.

EAR/BIS Commerce Dept. Licensing

- See EAR webpage http://www.access.gpo.gov/bis/ear/ear_data.html
- U.S. DOC Licensing Website <http://www.bis.doc.gov/licensing/index.htm>
- See U.S. DOC licensing fact sheets <http://www.bis.doc.gov/licensing/index.htm#factsheets>
- View U.S. DOC getting started guide http://www.bis.doc.gov/licensing/bis_exports2.pdf
- View U.S. DOC ECCN Guide http://www.bis.doc.gov/licensing/bis_eccn.pdf
- For help with U.S DOC controlled items call the Office of Exporter Services Tel: 202 482-4811
- More on control of dual use items <http://www.bis.doc.gov/licensing/facts3.htm#dualuse>
- Applying for BIS licenses See <http://www.bis.doc.gov/licensing/applying4lic.htm>

ECCN Classification

- EAR/CCL home page http://www.access.gpo.gov/bis/ear/ear_data.html
- Check the CCL Alpha Listing <http://www.access.gpo.gov/bis/ear/pdf/indexccl.pdf>
- Check the CCL numeric listing <http://www.access.gpo.gov/bis/ear/pdf/indexnum.pdf>
- Commerce Country chart <http://www.access.gpo.gov/bis/ear/pdf/738spir.pdf>

EAR/BIS Commerce Dept. Classification Requests

- Commodity classification request <http://www.bis.doc.gov/licensing/ccrequestguidance.html>
- SNAP R—E-Filing system See: <http://www.bis.doc.gov/snap/index.htm>
- SNAP-R PINS/registration <http://www.bis.doc.gov/snap/pinsnapr.htm>

Other U.S. Government Agencies with Export Control Responsibilities

- See <http://www.bis.doc.gov/about/reslinks.htm>

Commodity Jurisdiction Requests DDTC –State Dept.

- If you are not sure which U.S Agency has jurisdiction over your products, you may submit a commodity jurisdiction request to the State department. Contact DDTC by telephone at (202) 663-1282, or via fax at (202) 261-8199. Please make your fax ATTN: PM/DTC/CJ

See <http://www.bis.doc.gov/complianceand enforcement/liststocheck.htm>

Compliance Red Flags, Guidance, Bad guy lists, Embargoes:

- Export Enforcement Hotline: 800-424-2980
- Guide <http://www.bis.doc.gov/complianceand enforcement/knownyourcustomerguidance.htm>
- Red Flags <http://www.bis.doc.gov/complianceand enforcement/redflagindicators.htm>
- Lists <http://www.bis.doc.gov/complianceand enforcement/liststocheck.htm>
- Anti-boycott <http://www.bis.doc.gov/ComplianceAndEnforcement/AnitboycottCompliance.htm>
- Embargoes <http://www.bis.doc.gov/PoliciesAndRegulations/regionalconsiderations.htm>
- US Gov. Basic Guide to licensing http://www.export.gov/regulation/eg_main_018219.asp

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