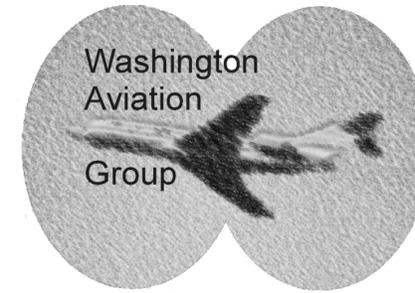


# Exporting Aircraft Parts in an Increasingly Complicated World

ASA/AFRA Annual Conference

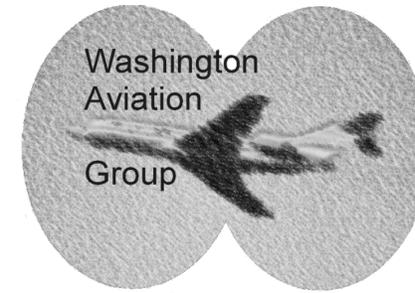
June 5, 2023

# Some Export Regulators



- BIS – Bureau of Industry and Security
  - Commerce Department office responsible for the regulation of most exports
- DDTC – Directorate of Defense Trade Controls
  - State Department office responsible for the regulation of exports of defense-related articles
- OFAC - Office of Foreign Asset Control
  - Treasury Department office responsible for certain additional export controls meant to advance particular interests of the United States

# Definitions: Export

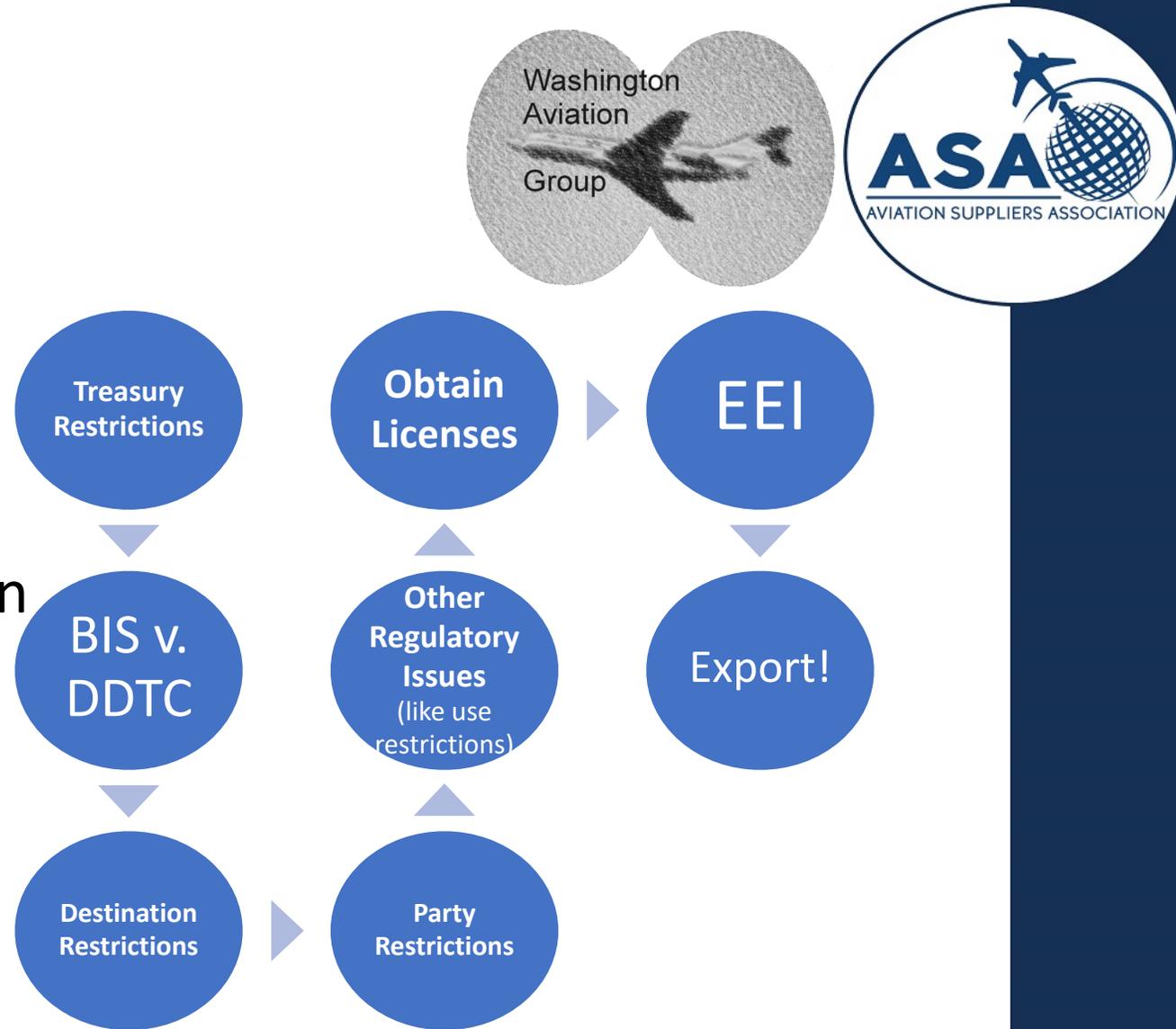


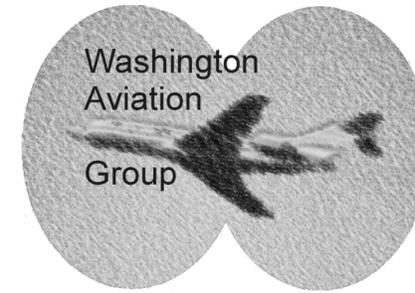
*What is an export?*

- Actual shipment or transmission of items out of the U.S.
  - Includes software
  - Includes technology
  - Can include technical documents in some cases
  - Includes repaired items!
  
- This differs from the FAA definition of export!!

# Steps to Compliance

- Look at Treasury restrictions
- Identify whether the article is State or Commerce restricted
- Examine appropriate destination restrictions
- Check party-level restrictions
- Identify other regulatory issues
- Obtain licenses as necessary
- Document the transaction

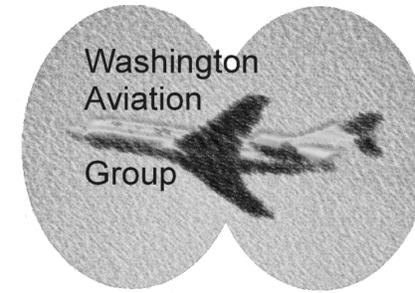




# First, Can I Transact Business Here At All?

Are there General Treasury  
Restrictions that Regulate  
Transfer of Assets?

# Consolidated Screening List



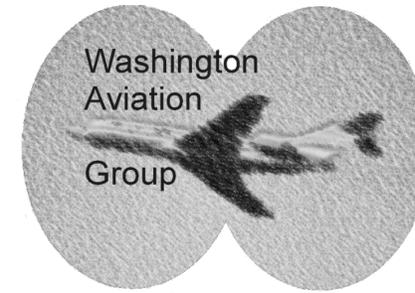
- Commerce, State, and Treasury lists

<https://www.trade.gov/data-visualization/csl-search>

- If you have problems managing the consolidated list, then use the individual lists

*Please note that lists and regulations are updated frequently by the government, and should be checked for each transaction*

# OFAC Lists



- **Sanctions Programs List:**

- <https://ofac.treasury.gov/sanctions-programs-and-country-information>
- Typically directed at countries, but may also serve more targeted purposes e.g., Counter Terrorism.

- **Specially Designated Nationals List:**

- <https://sanctionssearch.ofac.treas.gov/> [Search Engine]
- <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>

- **Sectoral Sanctions List**

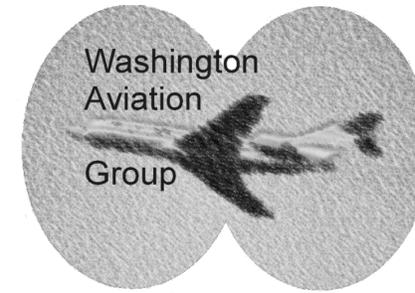
- <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>

- These lists change, and entities can move from one list to another, so do the search every time!

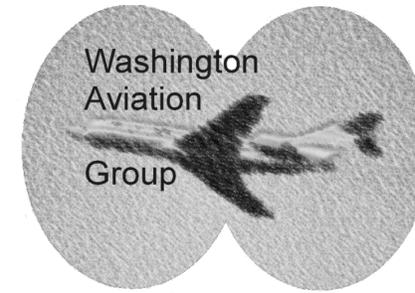
# Sample Sanctioned Parties

as of May 16, 2023

- Aero Continent
- Aero Courier Cargo
- Aero Express Intercontinental
- Aero Sky One
- Aerocaribbean Airlines
- Aerocomercial Alas De Colombia
- Aerocondor
- Aeronautica Condor
- Aerospace Industries Organization
- Aerospace Research Institute
- Aerovias Atlantico Ltda
- AFAGIR
- Air Alanna
- Air Koryo
- Aircraft Avionics Parts and Support Ltd
- Airfix Aviation OY
- Al-Naser Airlines
- Al-Nasar Wings Airline
- Al-Sham Wings
- Avia Group LLC
- Avia Import
- Avia Trust FZE
- Aviation Capital Solutions, Ltd
- Butembo Airlines
- Capacitacion Aeronautica Profesional
- Caspian Airlines
- Cham Wings Airlines
- Cubana Airlines
- Dart Airlines
- Dena Airways
- Empresa Cubana de Aviacion
- Fars Air Cargo Airline
- Hors Airlines Ltd
- Intercontinental de Aviacion
- Int'l Airline Consulting
- Iran Air
- Kyrgyztransavia Airlines
- Mahan Air
- Mantenimiento, Aeronautica, Transporte, Y Servicios Aereos
- Pouya Airlines
- Sky Blue Airlines
- Syrian Air Force Intelligence
- Syrian Airlines
- TAE Avia
- Ukrainian-Mediterranean Airlines (UM Air) [*certain aircraft*]
- Yasair Cargo Airline



# Look For Registration Numbers If You Have Them!

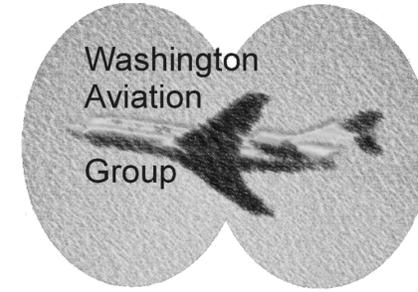


- You can find tail numbers in the SDN list, too
- Even US tail numbers!

## Examples:

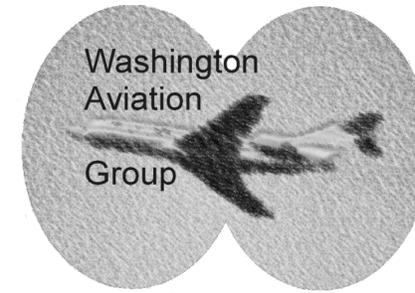
- EK-30064
- EP-CFD
- F-OJHI
- M-SAAN
- N200VR
- P-532

# Sectoral Sanctions and Specially Designated Nationals (SDNs) Lists



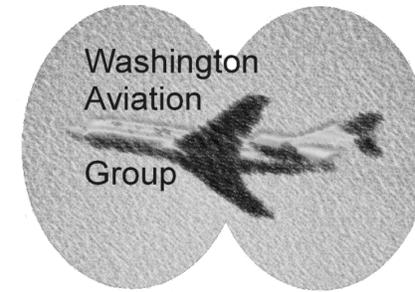
- Persons on the Sectoral Sanctions List or the Specially Designated Nationals (SDNs) List are blocked
- Blocked:
  - a U.S. person may not procure goods, services, or technology from, or engage in transactions with, a blocked person directly or indirectly (including through a third-party intermediary)
  - This typically means no export and no imports with blocked parties
  - It also means no acceptance of funds from (or payments to) a blocked party

# Can I buy from a Subsidiary?



- **ISSUE: The parent company is on the OFAC sanctions list, but the subsidiary is not. Can I buy from the subsidiary?**
- If a blocked person owns or controls another entity, then that entity is blocked as well
  - Example: Rostec was sanctioned under the Ukraine/Russia related sanctions in 2014. They own most of United Engine Corp. United Engine Corp. was not on the OFAC sanctions list, but it was still treated as a blocked party because of the ownership.
  - **NOTE:** *United Engine Corp. was added two years later; United Engine Corp. is also on the BIS entity and MEU lists.*
- If two or more blocked persons own 50% or more of another entity, then the owned entity is also blocked (*substantial control is assumed*)

# Can I Get Paid?

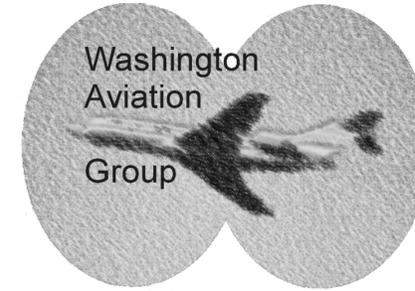


**ISSUE: An export was completed before any sanctions could limit it, but the payment is still owed. Can I accept payment?**

- If the party is sanctioned by OFAC (e.g. on the SDN or SSI lists) then assets are frozen and transactions are blocked.
  - Example: AVIATION EQUIPMENT HOLDING (*on the sectoral sanctions list*)
- If the party is NOT sanctioned by OFAC and if no other published restriction applies, then you may be permitted to receive funds
  - Example: SAMPLE AIRLINES (*not yet sanctioned by OFAC*)
  - CAVEAT 1: be wary because the standards and lists are constantly changing
  - CAVEAT 2: significant banking restrictions may limit the sources of funds

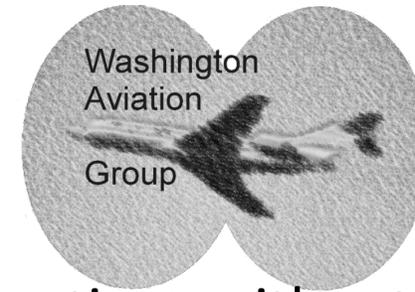
# Nations Restricted by OFAC

*Current as of May 16, 2023*



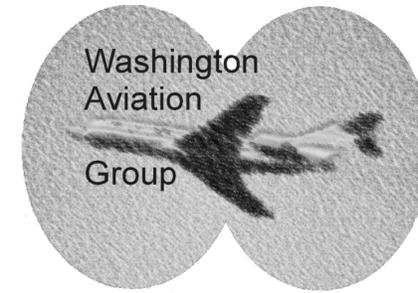
- Afghanistan
- Balkans
- Belarus
- Burma (Myanmar)
- Central African Republic
- China (Military Companies and Hong Kong-related)
- Congo (Dem. Rep.)
- Cuba
- Ethiopia
- Iran
- Iraq
- Lebanon
- Libya
- Mali
- Nicaragua
- North Korea
- Russia
- Somalia
- Sudan and Darfur
- South Sudan
- Syria/Syria Related
- Ukraine/Crimea/Russia
- Venezuela
- Yemen
- Zimbabwe

# Exception: Treasury Licenses



- A general OFAC license authorizes certain transactions without the filing of an application with OFAC
  - Example: Russia general license 40B permits exporting aircraft parts to certain Russian manufacturers/lessors for their civil aircraft registered outside of Russia
- A specific OFAC license is issued on a case-by-case basis, and authorizes an activity that would otherwise be prohibited by the embargo or sanctions program
  - Example: 31 C.F.R. § 560.528 permits licenses on a case-by-case basis to support safety of civil aviation

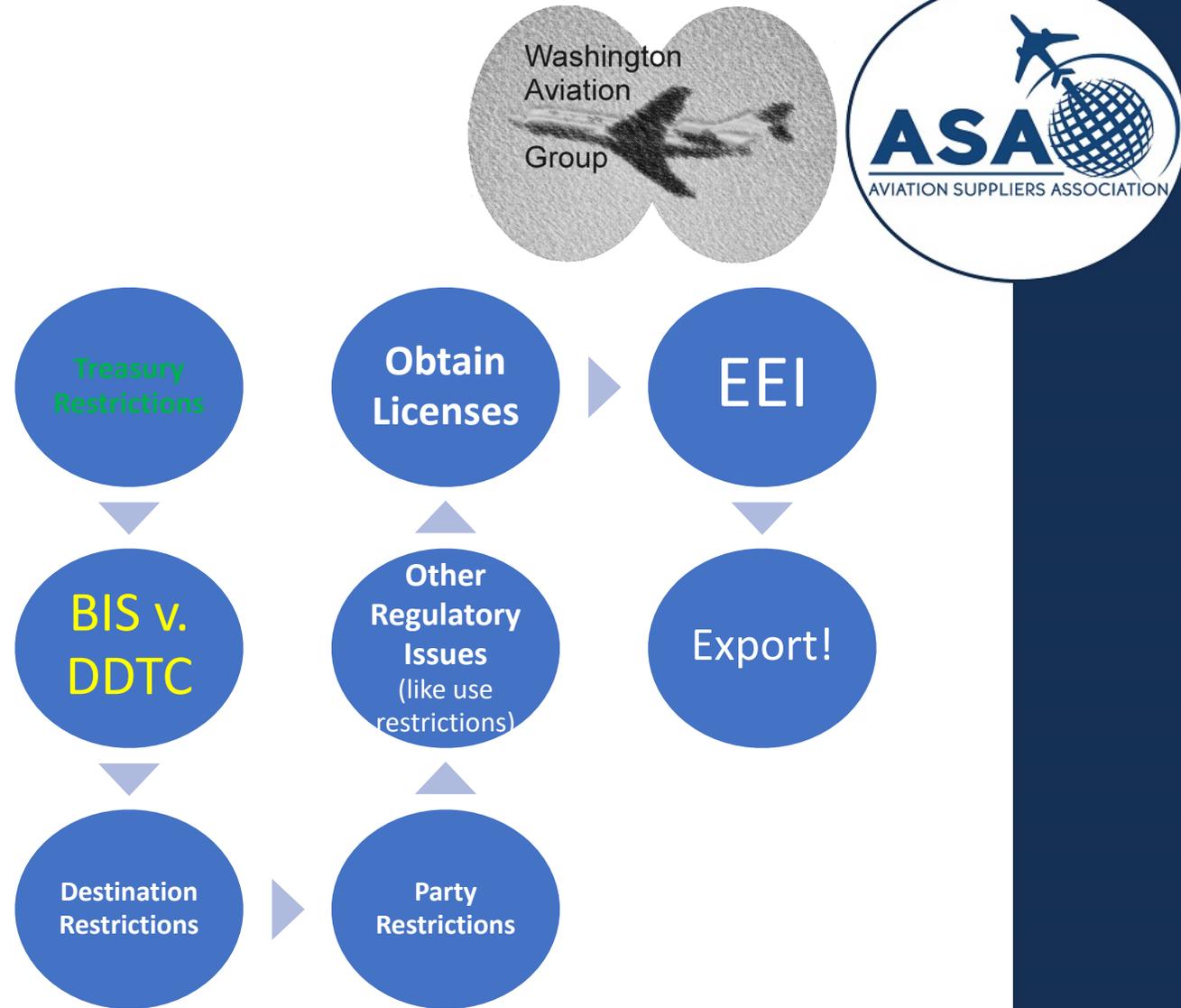
# Practical Advice – OFAC Compliance



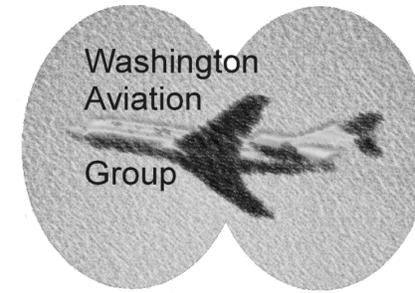
- Gather information – do not be willfully blind to the facts
- Always check your export business partners on the consolidated screening list and the OFAC sanctions list for every transaction
- If you identify a party who appears to be blocked, then do not engage in any transaction without first identifying your compliance path
  - Consult with a lawyer!
  - Remember that there may be a compliance path, including through licensing, if the proposed transaction does not conflict with U.S. interests

# Steps to Compliance

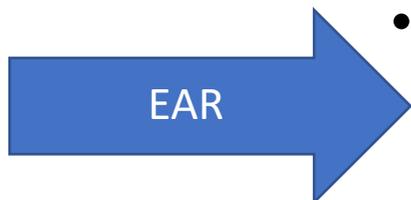
- Look at Treasury restrictions
- Identify whether the article is State or Commerce restricted



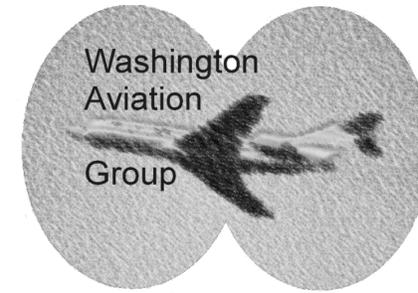
# A Structured Approach to Exporting: Second Step



- Distinguish the U.S. Department with jurisdiction
  - Is it a US Munitions List Item?
    - Defense articles (many dual-use items have been removed from the USML!!)
    - Check ITARs
    - State has export jurisdiction
  - Otherwise subject to BIS restrictions
    - Identify the ECCN
    - Check BIS export administration regulations
    - Commerce has export jurisdiction

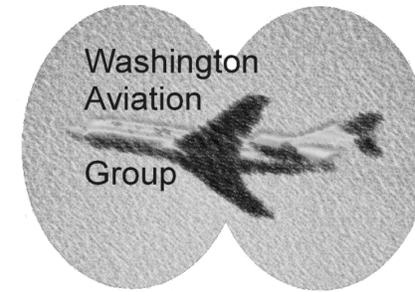


# Most Civil Aircraft Parts ARE NOT Covered Under the ITARs



- Effective October 15, 2013 many articles were removed from the ITAR and moved into the Commerce Department's regulations
  - Most dual use items were transferred to Commerce
  - Transferred items typically were assigned to "600" series ECCNs
  - This is for parts and articles; most completed defense aircraft remain on the USML and subject to ITAR

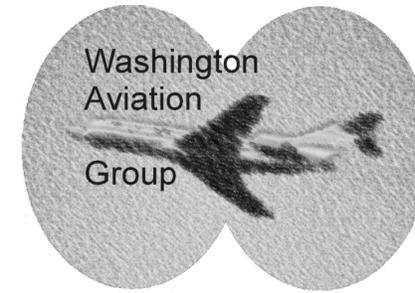
# Examples of USML Articles



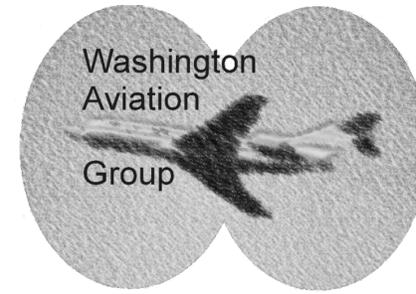
Certain articles (and their subcomponents) that are specially designed for USML/9A610-controlled aircraft:

- Inertial Navigation Systems (INS)
- Inertial Measurement Units (IMUs)
- Attitude and Heading Reference Systems (AHRS)
- Parts for DoD-funded developmental aircraft
- Parts for B-1B, B-2, B-21, F-15SE, F/A-18E/F/G [*parts for earlier models are subject to the EAR*], F-22, F-35, F-117
- Parts found in a positive list
  - Published at 22 C.F.R. 121.1 - VIII(h)
  - Articles with defense-specific purposes, like threat-adaptive flight control systems, wing folding systems, etc.

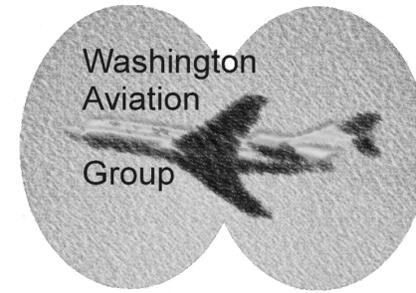
# Defense Item Analysis: What Next?



- If it is regulated by State Department
  - Register with State Department
  - Assess whether particular State Department Restrictions apply
  - Obtain appropriate licenses
- Most civil aircraft parts, including avionics for civil aircraft, will not be subject to ITAR



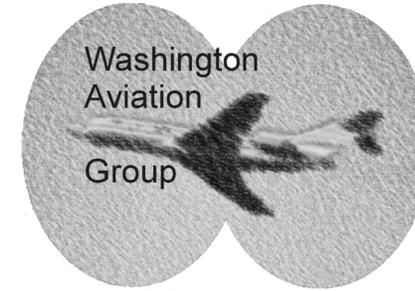
# Questions?



# But What if it is Not a Munitions List Item?

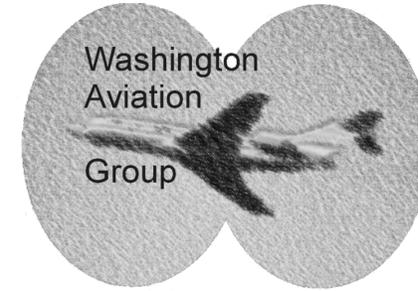
If State Doesn't Regulate It, Then Commerce May  
Most Civil Aircraft Articles will Fall Within Commerce's  
Jurisdiction

# Is it Regulated by the Commerce Department?



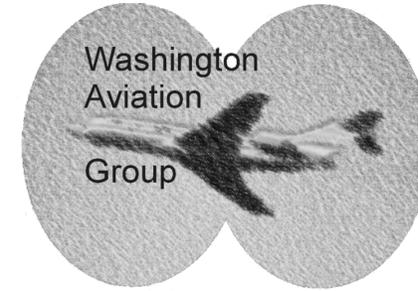
- What am I exporting? Is it classified under the Commerce Control List (CCL)?
  - <https://www.bis.doc.gov/index.php/regulations/commerce-control-list-ccl>
- Examples:
  - *CCL 2 - Material processing (e.g., bearings, certain testing equipment, etc.)*
  - *CCL 3 - Electronics*
  - *CCL 7 - Avionics*
  - *CCL 9 - Aerospace and Propulsion*

# Export Control Classification Numbers (for items on the CCL)



- Determine ECCN
  - Peruse the CCLs for ECCNs that describe your export
  - Alphabetical index to the CCL provides some help:
    - <https://www.bis.doc.gov/index.php/documents/regulations-docs/13-commerce-control-list-index/file>
  - Ask the manufacturer
  - Online via the Simplified Network Application Process:
    - <https://www.bis.doc.gov/index.php/licensing/simplified-network-application-process-redesign-snap-r>

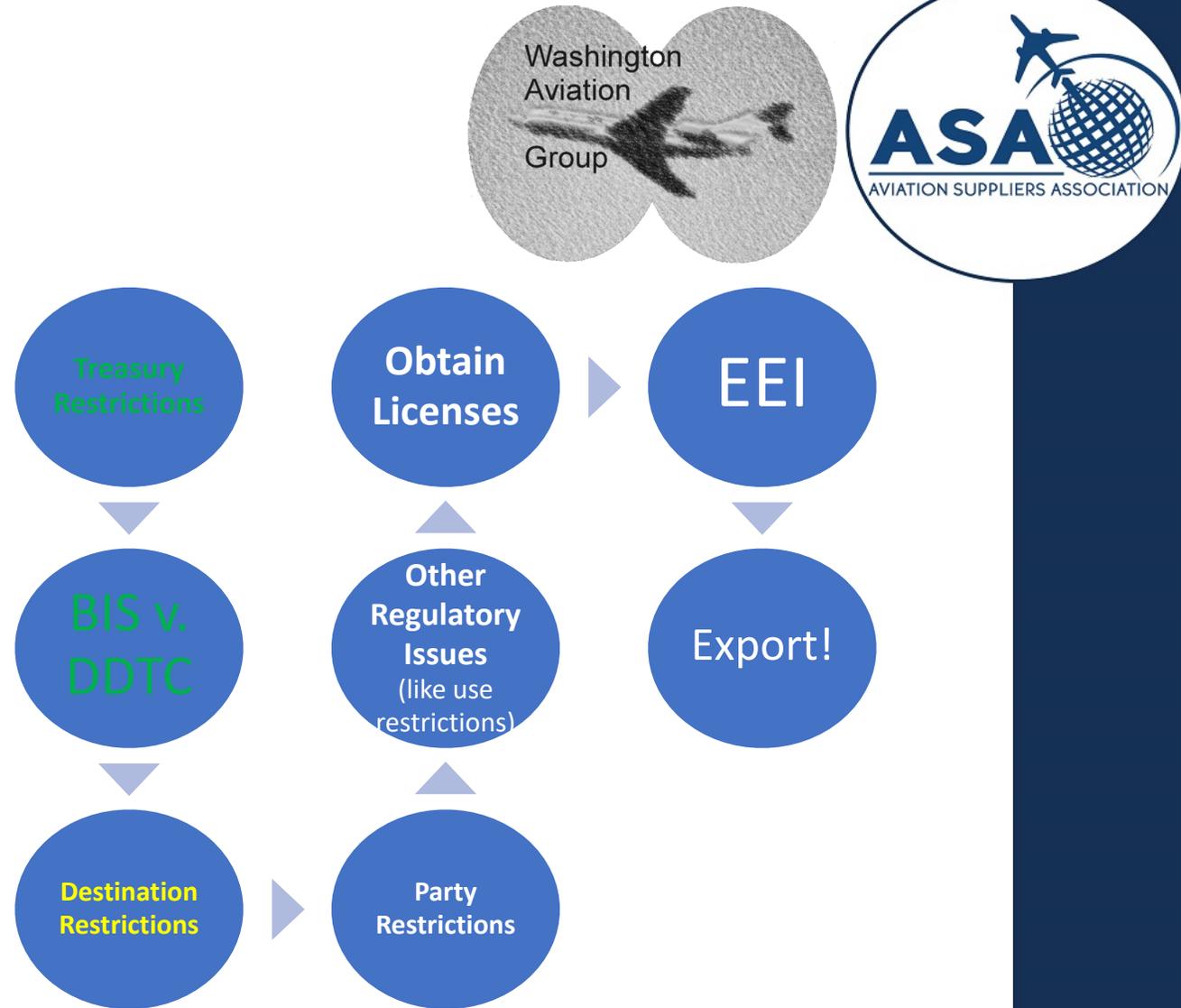
# Export Control Classification Numbers



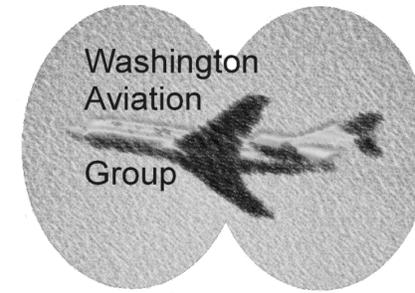
- If it is not in the CCL, then a license is likely unnecessary
  - But certain limits like denied parties or controlled usage may necessitate a license
- General item default for unlisted articles is EAR99
  - But aircraft part default is 9A991
  - Many avionics are 7A994
  - Civil avionics calibration and test equipment tends to be 7B001 or 7B994

# Steps to Compliance

- Look at Treasury restrictions
- Identify whether the article is State or Commerce restricted
- Examine appropriate destination restrictions

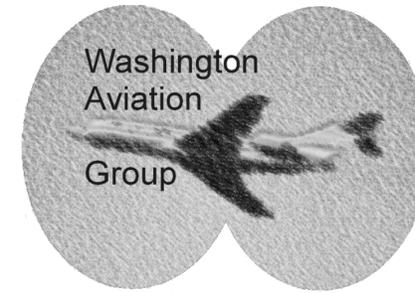


# Destination Restrictions



- The reasons for control associated with the ECCN identify destination restrictions.
- Exports to certain destinations may require a license; if the policy is to deny licenses, then this may be a de facto prohibition on exports.
- We use the Commerce Control List ECCN and the cross-referenced Commerce Country Chart to determine reasons for control (e.g., NS1, RS1) which can lead to license requirements

# Finding the Resources



- Commerce Control Lists
- Supplement No. 1 to Part 774
- <https://www.ecfr.gov/current/title-15/part-774>

- Commerce Country Chart
- Supplement No. 1 to Part 738
- <https://www.ecfr.gov/current/title-15/part-738/appendix-Supplement%20No.%201%20to%20Part%20738>



*Related Controls:* N/A  
*Related Definitions:* N/A  
*Items:*

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

**9A990 Diesel engines, n.e.s., and tractors and “specially designed” “parts” and “components” therefor, n.e.s. (see List of Items Controlled).**

**License Requirements**

*Reason for Control:* AT

Control(s)	Country Chart (See Supp. No. 1 to part 738)
AT applies to entire entry except 9A990.a.	AT Column 1
AT applies to 9A990.a only.	AT Column 2

**List Based License Exceptions** (See Part 740 for a description of all license exceptions)

*LVS:* N/A  
*GBS:* N/A

**List of Items Controlled**

*Related Controls:* N/A  
*Related Definitions:* N/A  
*Items:*

a. Diesel engines, n.e.s., for trucks, tractors, and automotive applications of continuous brake horsepower of 400 BHP (298 kW) or greater (performance based on SAE J1349 standard conditions of 100 Kpa and 25°)

b. Off highway wheel tractors of carriage capacity 9 mt (20,000 lbs) or more; and major “components” and “accessories,” n.e.s.

c. On-Highway tractors, with single or tandem rear axles rated for 9 mt per axle (20,000 lbs.) or greater and “specially designed” major “components”.

**9A991 “Aircraft”, n.e.s., and gas turbine engines not controlled by 9A001 or 9A101 and “parts” and “components,” n.e.s. (see List of Items Controlled).**

**License Requirements**

*Reason for Control:* AT, UN

Control(s)	Country Chart (See Supp. No. 1 to part 738)
AT applies to entire entry	AT Column 1
UN applies to 9A991.a.	See § 746.1(b) for UN controls.

**List Based License Exceptions** (See Part 740 for a description of all license exceptions)

*LVS:* N/A  
*GBS:* N/A

**List of Items Controlled**

*Related Controls:* N/A  
*Related Definitions:* N/A  
*Items:*

a. Military aircraft, demilitarized (not specifically equipped or modified for military operation), as follows:

a.1 Cargo aircraft bearing “C” designations and numbered C-45 through C-118 inclusive, C-121 through C-125 inclusive, and C-131, using reciprocating engines only.

a.2 Trainer aircraft bearing “T” designations and using reciprocating engines or turboprop engines with less than 600 horsepower (s.h.p.).

a.3 Utility aircraft bearing “U” designations and using reciprocating engines only.

a.4 All liaison aircraft bearing an “L” designation.

a.5 All observation aircraft bearing “O” designations and using reciprocating engines.

b. Aircraft n.e.s.;

c. Aero gas turbine engines, and “parts” and “components” “specially designed” therefor.

*Note: 9A991.c does not control aero gas turbine engines that are destined for use in civil “aircraft” and that have been in use in bona fide civil “aircraft” for more than eight years. If they have been in use in bona fide civil “aircraft” for more than eight years, such engines are controlled under 9A991.d.*

d. “Parts” and “components,” “specially designed” for “aircraft,” n.e.s.

e. Pressurized aircraft breathing equipment, n.e.s.; and “parts” and “components” “specially designed” therefor, n.e.s.

**9A992 Complete canopies, harnesses, and platforms and electronic release mechanisms therefor, except such types as are in normal sporting use.**

**License Requirements**

*Reason for Control:* AT

Control(s)	Country Chart (See Supp. No. 1 to part 738)
AT applies to entire entry	AT Column 1

**List Based License Exceptions** (See Part 740 for a description of all license exceptions)

*LVS:* N/A  
*GBS:* N/A

**List of Items Controlled**

*Related Controls:* N/A  
*Related Definitions:* N/A  
*Items:*

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

**B. TEST, INSPECTION AND “PRODUCTION EQUIPMENT”**

**9B001 Manufacturing equipment, tooling or fixtures, as follows (See List of Items Controlled).**

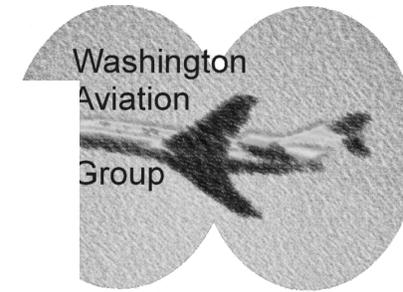
**License Requirements**

*Reason for Control:* NS, MT, AT

Control(s)	Country Chart (See Supp. No. 1 to part 738)
NS applies to entire entry	NS Column 1
MT applies to equipment for engines controlled under 9A001 for MT reasons and for engines controlled under 9A101	MT Column 1
AT applies to entire entry	AT Column 1

**Reporting Requirements**

See § 743.1 of the EAR for reporting

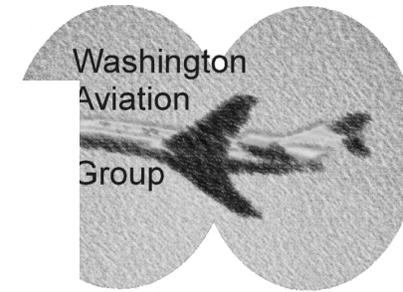


**9A991 “Aircraft”, n.e.s., and gas turbine engines not controlled by 9A001 or 9A101 and “parts” and “components,” n.e.s. (see List of Items Controlled).**

### **License Requirements**

*Reason for Control:* AT, UN

<i>Control(s)</i>	<i>Country Chart (See Supp. No. 1 to part 738)</i>
AT applies to entire entry	AT Column 1
UN applies to 9A991.a.	See § 746.1(b) for UN controls.



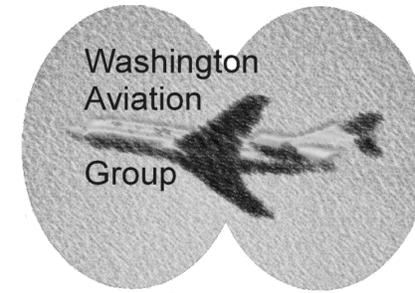
**9A991 “Aircraft”, n.e.s., and gas turbine engines not controlled by 9A001 or 9A101 and “parts” and “components,” n.e.s. (see List of Items Controlled).**

### **License Requirements**

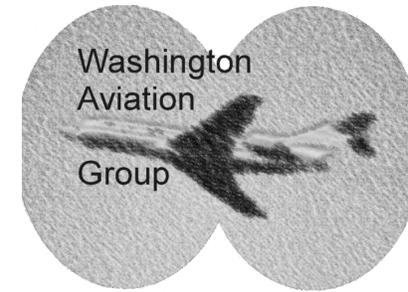
*Reason for Control:* **AT, UN**

<i>Control(s)</i>	<i>Country Chart (See Supp. No. 1 to part 738)</i>
AT applies to entire entry	AT Column 1
UN applies to 9A991.a.	See § 746.1(b) for UN controls.

# Do You Need a Commerce Department License?



- Check the specific reasons for control in CCL. Read it in its entirety; some reasons for control have special provisions or restrictions.
- Check the Export Control Country Chart (cross reference country and reason for control):
  - <https://www.bis.doc.gov/index.php/documents/regulations-docs/2383-supplement-no-1-to-part-738/file>
- If there is an “X” in the cross-reference, then you need a BIS license for export
- Also be sure to read the notes when indicated by a superscripted number after the country name



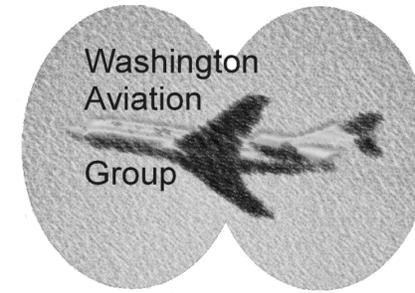
### Commerce Country Chart

#### Reason for Control

Countries	Chemical & Biological Weapons			Nuclear Nonproliferation		National Security		Missile Tech	Regional Stability		Firearms Convention	Crime Control			Anti-Terrorism	
	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	AT 2
	Spain <sup>3</sup>	X					X		X	X						
Sri Lanka	X	X		X		X	X	X	X	X		X		X		
Sudan <sup>1</sup>	X	X		X		X	X	X	X	X		X		X	X	
Suriname	X	X		X		X	X	X	X	X	X	X		X		
Swaziland	X	X		X		X	X	X	X	X		X		X		
Sweden <sup>3,4</sup>	X					X		X	X			X		X		
Switzerland <sup>3,4</sup>	X					X		X	X			X		X		
Syria	See § 746.9 of the EAR to determine whether a license is required in order to export or reexport to this destination.															
Taiwan	X	X	X	X		X	X	X	X	X		X		X		
Tajikistan	X	X	X	X		X	X	X	X	X		X	X			
Tanzania	X	X		X		X	X	X	X	X		X		X		
Thailand	X	X		X		X	X	X	X	X		X		X		
Timor-Leste	X	X		X		X	X	X	X	X		X		X		

*NOTE: This is an OLD version of the chart that is used to illustrate an AT1 restriction. The current version no longer restricts Sudan under AT1*

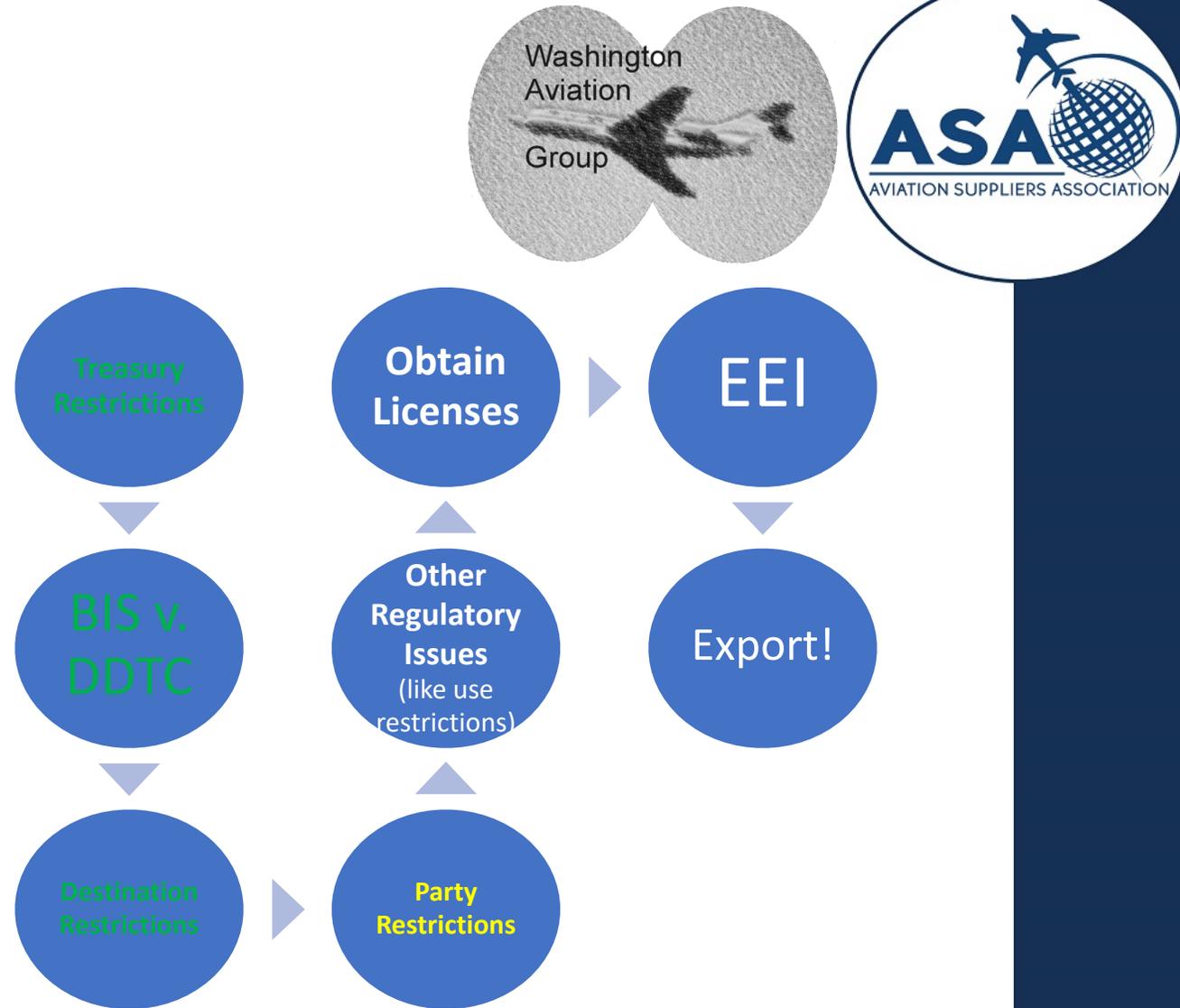
# Destination Restrictions



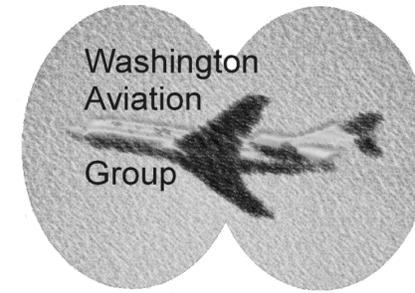
- Articles controlled for reason “UN” are restricted from export to the Central African Republic, Democratic Republic of the Congo, Eritrea, Iran, Iraq, Lebanon, Libya, North Korea, Somalia, and Sudan due to UN Security Council arms embargoes (15 C.F.R. § 746.1(b)(2))
- Such items are restricted from export to some countries under anti-terrorism restrictions
  - Column AT1 on the CCL country chart
  - *No current restrictions*

# Steps to Compliance

- Look at Treasury restrictions
- Identify whether the article is State or Commerce restricted
- Examine appropriate destination restrictions
- Check party-level restrictions

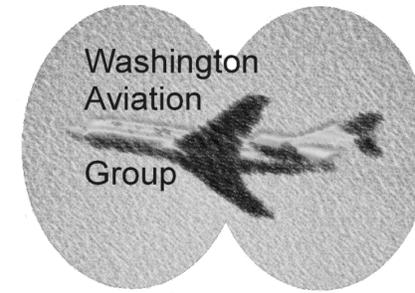


# BIS Forbidden Parties



- Department of Commerce's Bureau of Industry and Security (BIS) lists:
  - Denied Persons List
    - <https://www.bis.doc.gov/index.php/the-denied-persons-list>
  - Denied Entities List
    - <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>
- *You can also find them on the consolidated export screening list*

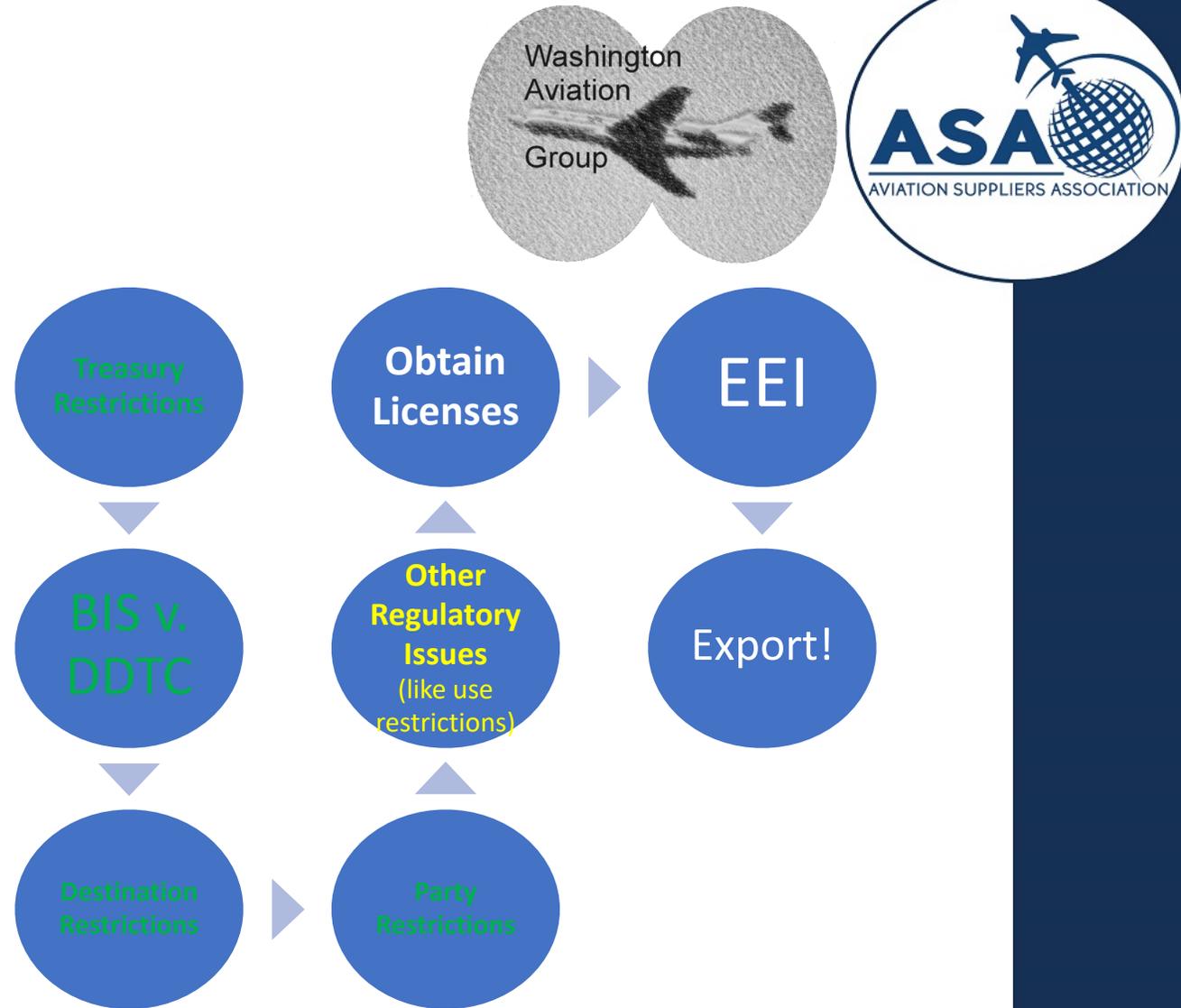
# What Is Denied?



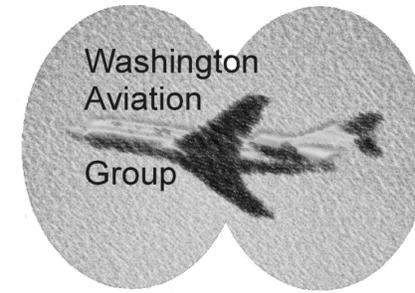
- Denied Persons may NOT participate in any way in any transaction involving the export from the United States of any commodity, software or technology subject to Export Administration Regulations (EAR)
  - No license transactions
  - No negotiations
  - No benefit from any export transaction
  - May not be the principal nor the agent in an export transaction
  - No facilitation of exports
  - No facilitation of acquisition of an export item
  - No procurement of items from the US for servicing
- **Pay special attention to Temporary Denial Orders, which are covered in tomorrow's workshop**

# Steps to Compliance

- Look at Treasury restrictions
- Identify whether the article is State or Commerce restricted
- Examine appropriate destination restrictions
- Check party-level restrictions
- Identify other regulatory issues

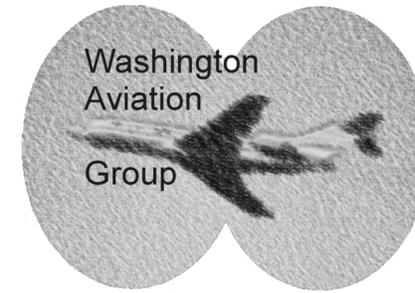


# Do You Need a Commerce Department License?



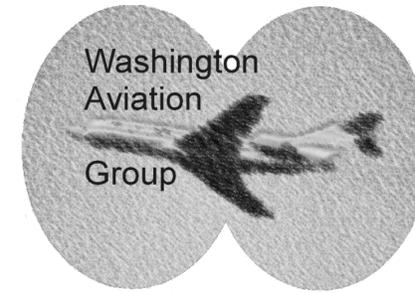
- What will the importer do with it? Certain end-uses are restricted:
  - <https://www.bis.doc.gov/index.php/documents/regulations-docs/2343-part-744-control-policy-end-user-and-end-use-based-2/file>
  - Rocket systems and unmanned air vehicles may require licensing; certain military end-users and/or end-uses may be restricted
  - These restrictions may drive a need to check third party country of registry and control (see “where is it going”)
  - **§ 744.7 requires us to identify the country in which an aircraft is located, is registered, and is controlled.**
- What else does the receiver do? Certain types of conduct are prohibited without BIS license
  - Supporting design, development or production of missiles or nuclear explosive devices or chemical weapons or biological weapons
  - Supporting (through financing or logistics) a transaction that would violate the licensing provisions if performed, directly
- Who will receive it? Check the BIS prohibition lists

# C-130 vs. L-100



- An unusual “use” restriction exists for parts controlled under ECCN 9A610
- If the part is destined for installation on a C-130 then the export treatment can be different than if it is destined for installation in an L-100
  - There are additional reasons for control

# Parts for Foreign Aircraft

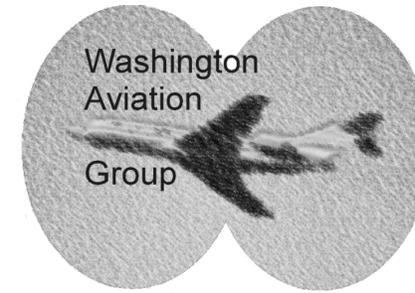


## General Rule for Foreign Aircraft (15 C.F.R. § 744.7)

• In addition to the normal license requirements, we may not export an aircraft part subject to the export administration regulations for use on a foreign aircraft, unless a License Exception or NLR permits the shipment to be made:

- To the country in which the aircraft is located, and
  - To the country in which the aircraft is registered, and
  - To the country, including a national thereof, which is currently controlling, leasing, or chartering the aircraft.
- **This is also covered in more detail in tomorrow's workshop**

# Some Parts of the World are Subject to Special Controls

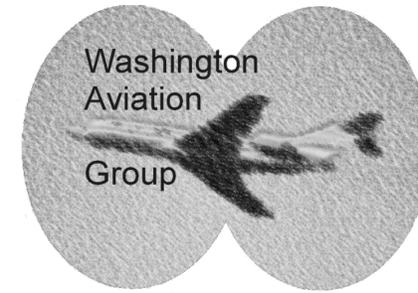


For example:

*(not a complete list!)*

- Belarus (15 C.F.R. §§ 744.21, 746.5, 746.8, 746.10)
- Burma (15 C.F.R. § 744.21)
- Cambodia (15 C.F.R. § 744.21)
- China (15 C.F.R. § 744.21)
- Crimea and other regions of Ukraine (15 C.F.R. § 746.6)
- Cuba (15 C.F.R. § 746.2)
- Iran (15 C.F.R. § 746.7)
- Iraq (15 C.F.R. § 746.3)
- North Korea (15 C.F.R. § 746.4)
- Russia (15 C.F.R. §§ 744.10, 744.21, 746.5, 746.8, 746.10)
- Syria (15 C.F.R. § 746.9)
- Venezuela (15 C.F.R. § 744.21)

# Combining the Foreign Aircraft Rule (§ 744.7) with the New Russia Rule (§ 746.8):



• We may not export an aircraft part subject to the EAR for use on a foreign aircraft,

- If the aircraft is located in Russia, or
- If the aircraft is registered in Russia, or
- If the aircraft is controlled, leased, or chartered by Russia or a national of Russia;

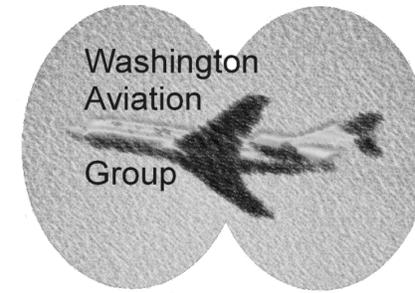
unless the export is covered by a license or a license exception.

# Steps to Compliance

- Look at Treasury restrictions
- Identify whether the article is State or Commerce restricted
- Examine appropriate destination restrictions
- Check party-level restrictions
- Identify other regulatory issues
- Obtain licenses as necessary

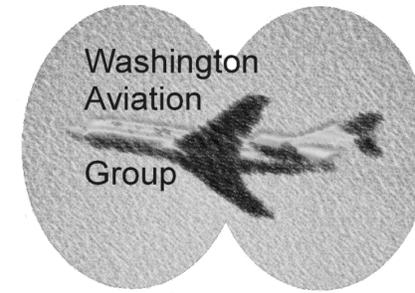


# Do You Need a BIS License?



- BIS Licenses:
  - A relatively small percentage of total US exports and re-exports require a BIS license
  - Licenses can be used to overcome exclusions
- Apply for licenses using SNAP-R
- **We will be covering licensing and license exceptions in tomorrow's workshop**

# Exceptions to the License Process



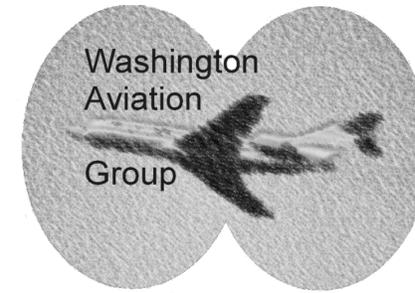
- Obtaining a license takes time
- This is inconsistent with AOG service
- There are certain exceptions that can sidestep licensing requirements and can be very useful for AOG situations
- **My favorites are RPL (replacement of parts) and AVS (aircraft parts under certain fact scenarios) – these will be covered in the advanced topics workshop, tomorrow**
- *Exceptions can be complicated!*
  - *Other factors, like control under “MT,” the new Russia Rule, or having a 600-series ECCN, can restrict license use*

# Steps to Compliance

- Look at Treasury restrictions
- Identify whether the article is State or Commerce restricted
- Examine appropriate destination restrictions
- Check party-level restrictions
- Identify other regulatory issues
- Obtain licenses as necessary
- Document the transaction

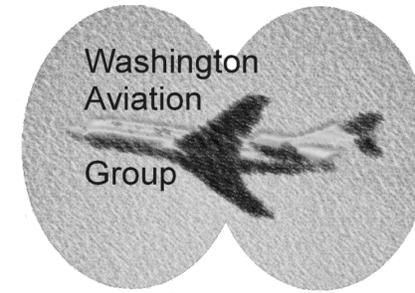


# Don't Forget the “Paperwork”



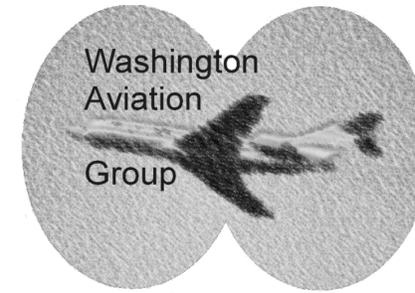
- Place a destination control statement on your commercial invoice
- Electronic Export Information
  - Must be filed on-line: <https://ace.cbp.dhs.gov>
  - You will get an International Transaction Number (ITN)
    - Comes in your responsive email – also found in ACE Shipment Manager
    - ITN goes on 1<sup>st</sup> page of the commercial loading document (e.g. air waybill, bill of lading)
  - There is a limited exception for non-licensed commodities valued at less than \$2,500 (*per schedule B number*)
- Document retention period is five years (keep all transactional documents)
- If you are shipping through a freight forwarder, then absent a special *agency* agreement, **you** are usually expected to file the EEI

# Statement on the Commercial Invoice



- Destination Control Statement (identical to the ITAR statement)
  - “These items are controlled by the U.S. government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.”
- Include the statement on the commercial invoice
  - For “600 series” articles, *also* include the ECCN

# Thank You!



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