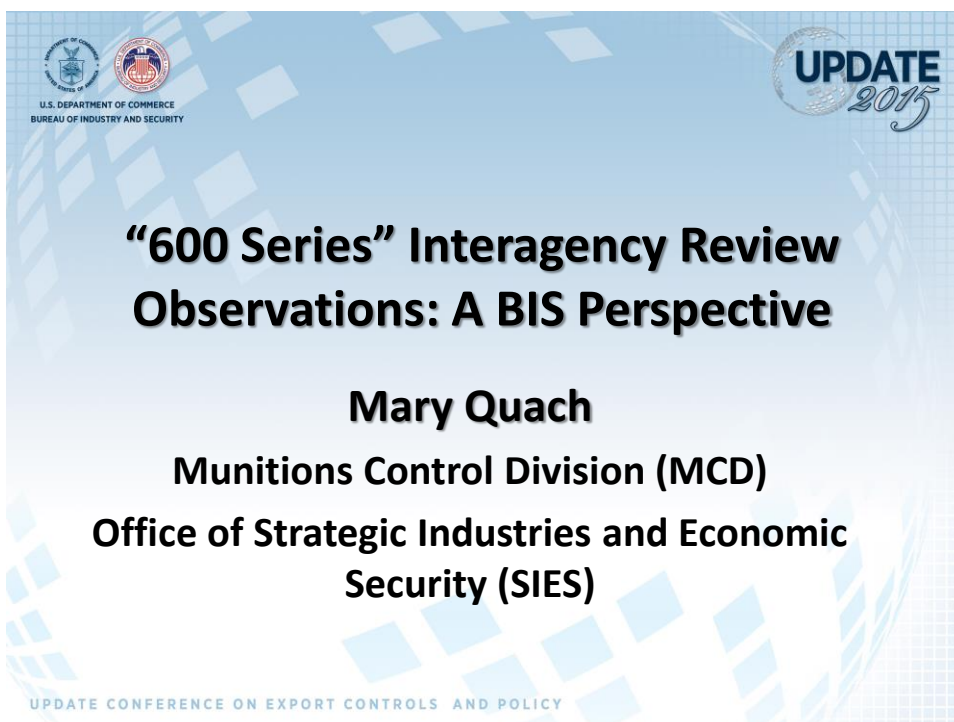


U.S. DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY

**UPDATE  
2015**

# **USG “600 Series” License Review Panel: Overview, Preparation, and Best Practices**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY





U.S. DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY

**UPDATE  
2015**

## **“600 Series” Interagency Review Observations: A BIS Perspective**

**Mary Quach**  
**Munitions Control Division (MCD)**  
**Office of Strategic Industries and Economic  
Security (SIES)**



UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY

## **"600 Series" License Processing**

- **Executive Order 12981**
  - Days 0-9: Initial Commerce Review
  - Next 30 days: Interagency Review
- **15 CFR 750.4**
  - Contact applicant for additional information
  - Verify the classification of the items
  - RWA if no license is required
  - Refer to other agencies (State, Energy, Defense)
  - Issue license or Intent to Deny letter

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY 3

## **"600 series" License Processing**

- **Hold Without Action (HWA)**
  - Stops license processing clock
  - Only allowed in certain situations
    - More information needed from applicant
    - Pre-license checks
- **Return Without Action (RWA)**
  - Correct errors in application
  - No response to request for more information

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY 4






## Policy Review

- **License exception availability (Part 740)**
  - STA (Strategic Trade Authorization)
  - GOV (U.S. & Cooperating Governments)
  - LVS (Limited Value Shipments)
  - TMP (Temporary Exports)
  - RPL (Replacements and Repairs)
  - BAG (Baggage)
- **Foreign policy developments**
  - Country policies (regime members, countries of concern)
  - Regional policies

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY

5






## Compliance Review

- **Precedent authorizations**
  - Attach or note precedent authorizations
  - Identify which parties were previously authorized to receive like items
- **All parties properly listed**
  - No P.O. boxes
  - Additional consignees in Block 19 and described in Block 24
- **Parties without prior licensing history**
  - Documentation of *bona fides* (business registrations, tax registrations, etc.)
- **Major Defense Equipment (MDE) thresholds**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY



6

## Technical Review

- **Complete technical description of each item**
  - Verify classification of the items listed
  - Address ECCN parameters, including “specially designed”
- **Full description of end use**
  - How will each party use the items listed?
  - Is the end use appropriate for the items listed?
- **Letter of Explanation (recommended)**
  - Provide greater detail on proposed transaction, parties, item(s) and prior transactions (DDTC or BIS)
  - Be proactive by anticipating and answering questions in advance, as much as possible.



UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY 7

## What is the Item?

- **Review for jurisdiction and classification**
- **Order of review**
- **Address all parameters in the ECCN, including “specially designed” (see 15 CFR 748, Supplement 2, Block 22(j) instructions)**
  - Hint: 600 series .x and technology ECCN are very broad. Applicant should not simply restate the ECCN as it may not provide sufficient detail for a technical description.
- **Quantity, unit price, total price**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY 8






## Who is getting it?

- **All parties to transaction included in Blocks 16-20 (Purchaser, Int. Consignee, Ult. Consignee, End-user)**
- **Additional intermediate consignees in Block 19 ("end user") with explanation in Block 24**
- **Complete address/location information**
  - **No P.O. Boxes**
- **Prior licensing history**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY

9



## What will it be used for?

- **Comprehensive end use statement in Block 21**
  - Hint: Is there a verb or an action word?
- **Identify government end-user to be supported in end use statement**
- **Letter of Explanation (LOE) for more complex transactions including technology exports (see *15 CFR 748 Supplement 2, paragraph (o)*)**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY

10





## Common Licensing Delays

- **Additional parties in Block 24 or attachment only**
- **Address corrections**
- **Cannot confirm jurisdiction or ECCN**
  - “Specially designed” or other ECCN parameters not addressed
- **“Ultimate end user” not identified**
- **Incomplete or inconsistent quantity, unit price, total price**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY 11






## Common Reasons for RWA/HWA

### Not Commerce Jurisdiction

- **Items still described on revised USML or under jurisdiction of another agency with exclusive jurisdiction (e.g., U.S. Nuclear Regulatory Commission)**
- **Otherwise not subject to the EAR**
  - Publically available
  - Results of fundamental research
  - Items with less than *de minimis* quantity of US-Origin content

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY 12



## Common Reasons for RWA/HWA

### No License Required (NLR) for the described transaction

- 600 series .y items to most destinations
- Exports of most 600 series items to Canada
- Items released by “specially designed” (nuts, bolts, screws, wire, etc..) to most destinations
- **Note: No automatic RWA for license exception availability**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY

13






## Licensing Issues

- All production and testing equipment specially designed for USML Cat VIII(a) or 9A610.a military aircraft are controlled in 9B610.
- All production and testing equipment specially designed for USML Cat XIX(a) or 9A619.a military aircraft are controlled in 9B619.
- If components of such equipment, however, would by their very nature contain information directly related to a USML component, such as a mandrel for a JSF component, then additional work will be needed to determine whether an ITAR authorization is required for such technical data (although the mandrel itself would continue to be 9B619).
- State and Commerce's proposed revisions to the aircraft and engine categories will revise the relevant entries to address these points. Some production equipment may thus be moved from the CCL to the USML, depending up on the results of our review of the public comments.

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY



14

## Licensing Issues

- BIS licenses for 600 series items should not contain more conditions or limitations than DDTC licenses for the same items when they were ITAR controlled, all other variables being equal.
- It should not take longer to receive such a BIS license than it did to receive a DDTC license for the same items and parties.
- If this is not the case for any of your licenses, do not sit quietly. Notify BIS, who will work with ISN and DTSA to resolve the issue.

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY 15

## Licensing Issues

- Use of the USML's paragraph (x) structure under a DDTC license for items subject to the EAR is an option for the exporter, not a requirement.
- If having a DDTC license for EAR items for use in or with ITAR items is more efficient for the exporter, then the exporter may ask State for such authorizations.
- If the exporter wants to use an EAR license exception or have a BIS license for EAR items for use in or with ITAR items, that is also the exporter's choice.
- The paragraph (x) structure was created for the benefit of the exporter.

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY 16






## “600 Series” Licensing Resources

**Regulatory Guidance:**

- Supplements No. 1 and 2 to Part 748 of the Export Administration Regulations

**SNAP-R Resources:**

- SNAP-R Help Desk: [snapr@bis.doc.gov](mailto:snapr@bis.doc.gov) , (202) 482-2227
- SNAP-R manual: [http://www.bis.doc.gov/index.php/forms-documents/doc\\_view/144-snap-r-user-manual](http://www.bis.doc.gov/index.php/forms-documents/doc_view/144-snap-r-user-manual)
- Online SNAP-R FAQ: <https://snapr.bis.doc.gov/snapr/docs/snaprFAQ.htm>
- Outreach and Educational Services: (202) 482-4811

**600 Series Licensing : Munitions Control Division**

- Acting Director: Elena Love, [Elena.Love@bis.doc.gov](mailto:Elena.Love@bis.doc.gov)
- Acting Deputy Director: Thomas Defee, [Thomas.Defee@bis.doc.gov](mailto:Thomas.Defee@bis.doc.gov)



**Outreach Assistance: Outreach and Educational Services Division**

- Director: Rebecca Joyce, [ECDOEXS@bis.doc.gov](mailto:ECDOEXS@bis.doc.gov), 202-482-4811
- Western Regional Office (WRO) Director: Michael Hoffman, 949-660-0144/408-998-8806

**Web:** [www.bis.doc.gov](http://www.bis.doc.gov)  
[www.export.gov/ecr](http://www.export.gov/ecr)

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY



17

## “600 Series” Interagency Review Observations: A State Perspective

**Thomas Krueger**  
**U. S. Department of State**  
**Bureau of International Security**  
**and Non-Proliferation**  
**Office of Conventional Arms Threat Reduction**  
**(ISN/CATR)**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY



# **“600 Series” Interagency Review Observations: A Defense Perspective**

**James Hatfield, Chief, Aeronautical Division  
Rizwan Ramakdawala, Sr. Aerospace Engineer  
U. S. Department of Defense  
Defense Threat Reduction Agency**

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY

## **Defense Technology Security Administration**

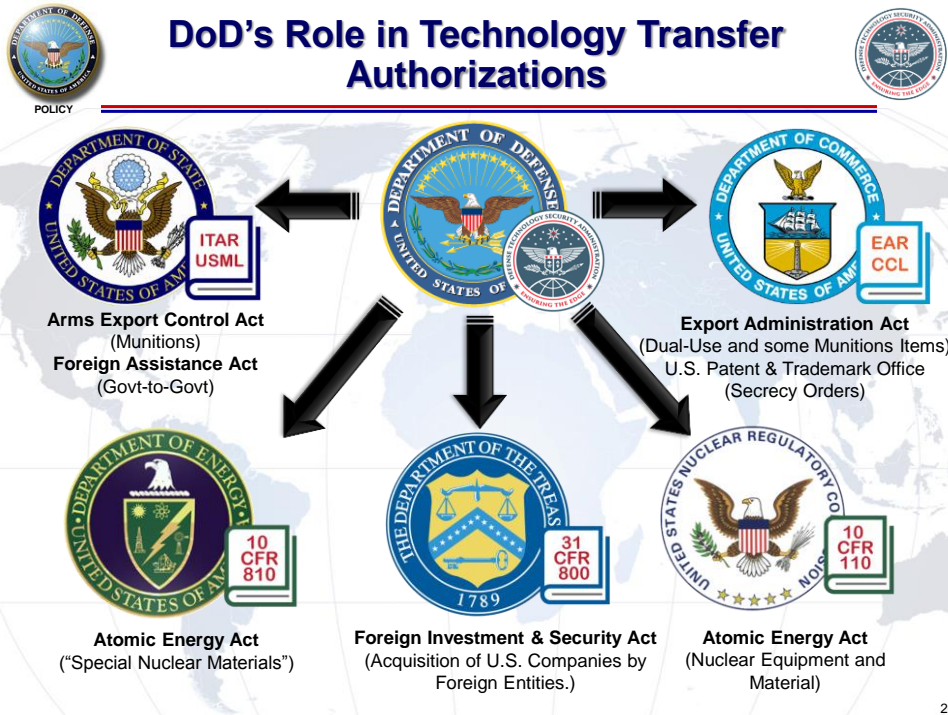
***“ENSURING THE EDGE”***



**BIS UPDATE 2015**

**November 2, 2015**

**James Hatfield/Rizwan Ramakdawala**



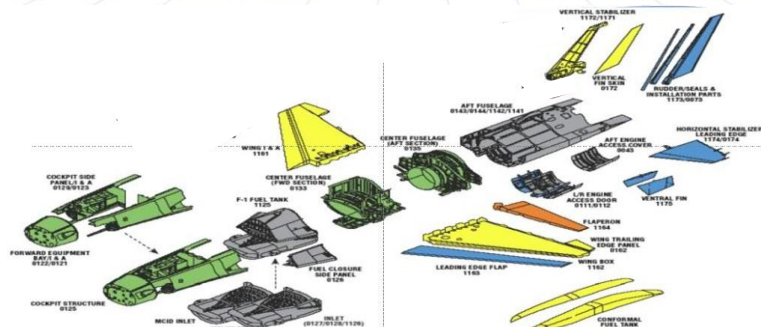
## Export Control Reform





POLICY

## “600 Series” F-16 Parts



- Wings, Rudder, Fin, Panels
- Fuselage – Forward, Center, Aft
- Cockpit structure
- Forward equipment bay
- Horizontal stabilizer
- Conformal fuel tank
- Cartridge Actuated Device, Propellant Actuated Device (CAD/PAD)
- Control surfaces, activation & control systems

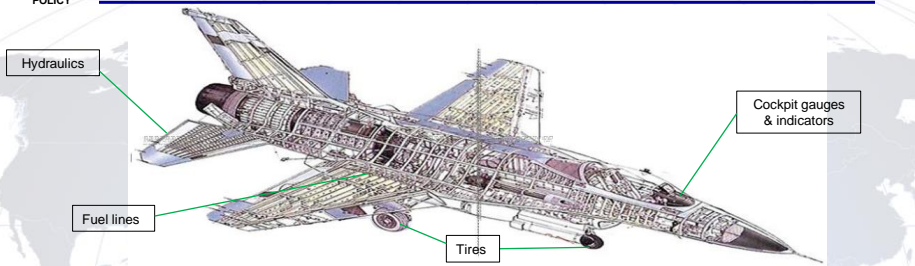
- Internal & Exterior fuel tanks
- Engine inlets and ducting
- Wing box
- Flaperon
- Static structural members
- Exterior skins, Fairings, Radomes, Access doors
- Leading edge flap
- Landing gear
- Technology associated with above items

• Illustrative list only



POLICY

## 600 Series “.y “ F-16



### F-16 Specific .y Items

- Aircraft tires
- Analog cockpit gauges and indicators
- Urine collection bags/pads/cups/pumps
- Check valves for Hydraulic and Pneumatic Systems
- Hydraulic & Fuel hoses, Fittings, Couplings, Brackets
- Cockpit mirrors
- Ejection Seat Mounted Survival Aids
- Cockpit Panel Knobs, Switches, Buttons, Dials

### Other Aircraft .y Items

- Audio selector panels
- Crew rest equipment
- Underwater Beacons
- Energy dissipating pads for cargo (for pads made from paper or cardboard)
- Filters and filter assemblies for hydraulic, oil and fuel systems
- Steel brake wear pads (does not include sintered mix)
- Life Rafts

• Illustrative list only





## Lessons Learned

25



## Post - 15 Oct 2013 Export Licenses



- **Need to be more diligent in proper categorization:**
  - VIII(x) and XIX(x) MUST comply with ITAR 123.1(b)(3). The commodities must be properly described and enumerated.**
- **This will be a challenge as more Categories are transitioned.**

26





## Aircraft 600 Series Licenses



### • Post – 15 Oct 2013

- Bulk licenses with 'representative parts lists' **MUST BE** scrubbed for accuracy
  - Lots of misclassified items found to date
  - Parts or components that are not part of the actual system
    - e.g., Requesting the export of an afterburner (augmentor) for the T56 turboprop engine.
    - NOTE: The T56 does not have an afterburner



## Aircraft 600 Series Licenses



- If an aircraft has moved to the CCL (e.g., UH-1) and you are requesting the export of the aircraft you **MUST** provide a configuration list for the aircraft.
- Aircraft mission systems are of specific concern (e.g., communication, navigation, weapons or armaments, aircraft survivability, etc.)



## Engine Licenses



### • Post – 15 Oct 2013

- Technology or Software for engines enumerated on the USML are also on the USML in XIX(g)
  - For ITAR engines not enumerated in XIX(f)(1):
    - Hot Section, FADEC, Low Pressure Turbines, Combustor components and Engine Monitoring Systems are still controlled on the ITAR.
    - All other parts or components are on the EAR.
- Hot Section or FADEC Technology for Engines Controlled under 9A619 should still fill out the DTSA Gas Turbine Engine Checklist



## How to Minimize Conditions



- Be specific about the request. Fully scope out the contemplated export.
  - Don't parrot an ECCN in full. We already know the regulations. Only put that part of the ECCN you are requesting.
  - Example: If you are requesting ECCN 9E610 technology to conduct MRO (Maintenance, Repair and Overhaul) activities to an aircraft system, only put that portion of the ECCN in your LOE (Letter of Explanation).
    - 9E610 technology required for the operation, installation, maintenance, repair, overhaul or refurbishment of military aircraft...
    - Development or production technology is not needed so exclude it from the request.



## How to Minimize Conditions



### Be specific about the request. Fully scope out the contemplated export

- For production technology: If the foreign party is a capable vendor and only needs the required documentation (drawings, work packages, method ops sheets, etc.) then limit to production technology and only to “build-to-print” as defined in 772.1.
  - If they need more, be specific as to why they need more and with which area they need assistance.
- For development technology: Provide detailed information as to their current capability to design the item or why they need design information. If the need is limited to acceptance test or conformance than state so.



## How to Minimize Conditions



- Do not use open-ended language when requesting technology. It will not be accepted.
- Do not use:
  - “including but not limited to...”
  - “such as”
  - “for example”
- You **MUST** identify all the technology contemplated for export. Provide operational definitions of the technology (we may not understand your taxonomy) as well as examples (excerpts are acceptable as long as they communicate the purpose of the document).



POLICY



## **FORM/FIT/FUNCTION DEFINITION TO HELP WITH SPECIALLY DESIGNED**

33



POLICY



## **Function**

- **The function of a commodity is defined by the action or actions it is designed to perform.**
- **It is what the commodity was intended to do.**



## Function



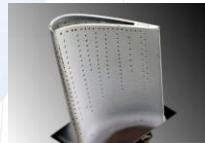
### Starter Generator

- 30 Volts @ terminal
- 400 amps load rating
- 28" Water Pressure self cooled @ sea level
- 7,470 rpm to 13,000 rpm
- 0.5 to 300 ohms



### Turbine Blade

- Fluid energy extraction:
  - Pressure and Temperature decrease across the airfoil
- Turbine Efficiency



## Form



- The form of a commodity is defined by its configuration (including the geometrically measured configuration), material, and material properties that uniquely characterize it.
- It is the size and composition of the item that makes it what it is (configuration).





POLICY

## Form



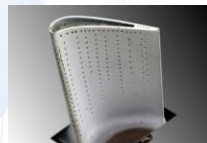
### Starter Generator

- Length: 8 inches
- Diameter: 5.25 inches
- Weight: 18 lbs
- Materials: Aluminum housing, copper wiring for armature, AlNiCo magnets for stator



### Turbine Blade

- CSMX-4 Alloy
- Grain Structure in Miller Index 001 Direction
- Single Crystal
- Effusion Cooling Holes

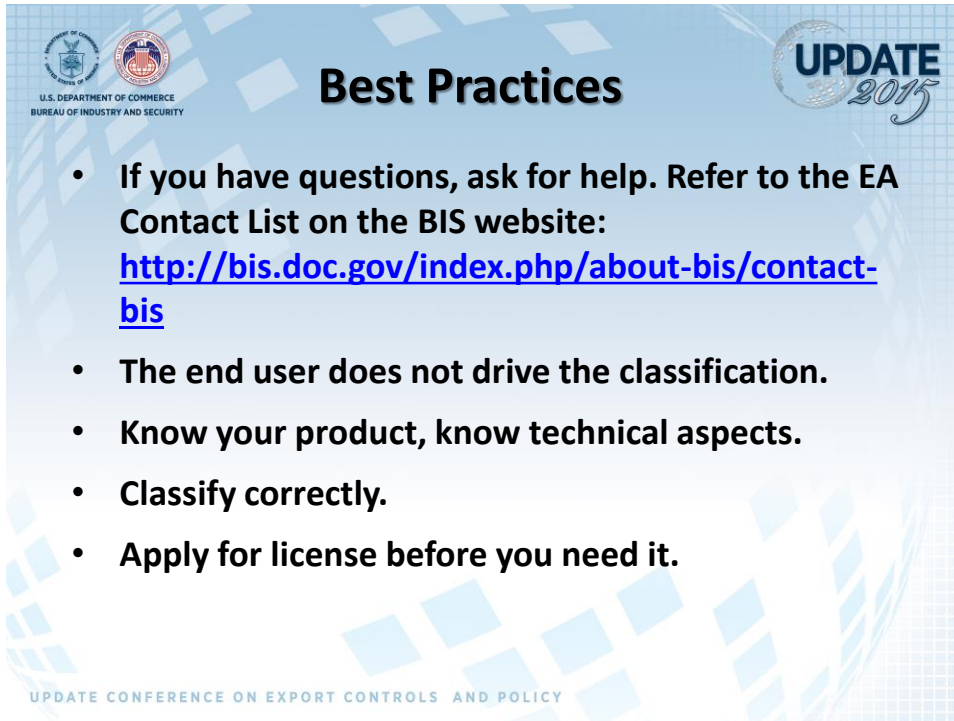



POLICY

## Fit



- The fit of a commodity is defined by its ability to physically interface or connect with or become an integral part of another commodity.
- It is how one item connects to another item. How a sub-system connects to the higher-level system.



 **Best Practices** 

- If you have questions, ask for help. Refer to the EA Contact List on the BIS website:  
<http://bis.doc.gov/index.php/about-bis/contact-bis>
- The end user does not drive the classification.
- Know your product, know technical aspects.
- Classify correctly.
- Apply for license before you need it.

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY