

BIS Training Module 5

Slide 1:

Thank you for joining Module 5 of the Bureau of Industry and Security's Slide Presentation Series on Commerce Export License Requirements.

In Module 5 of this Series, we will provide an overview of the License Application process and Support Documentation requirements.

Slide 2:

In the previous modules, we discussed how to determine if an export license is required. If you have determined that your transaction does require an export license, you review Part 748 of the EAR. Part 748 contains all of the requirements for submitting an export license application, from registering for the on-line license application system to obtaining supporting documentation.

Slide 3:

In this module we will explain how to sign up for the on-line license application system known as SNAP-R.

We will then look at the key information required on an export license application as well as required support documentation.

We will then provide an overview of the license application review process.

Slide 4:

SNAP-R enables exporters to submit license applications and commodity classification requests directly to BIS via the internet in a secure environment.

SNAP-R has many features that make it the method of choice for license application submissions. These features include built in system edits that prevent common errors, the ability to attach support documentation and the ability for the Licensing Officer to request additional information through the SNAP-R secure messaging with an email notification sent to the applicant.

Licenses applications submitted using SNAP-R are completed more quickly.

Slide 5:

Prior to using SNAP-R for the first time, BIS must assign the user a Company ID number and PIN number.

It's easy to request this from BIS. Simply cut and past the Company PIN Certification letter onto your letterhead, fill out the required information and fax it to BIS.

Here we have provided a website link to the Certification letter and the fax numbers to submit your request.

Slide 6:

In approximately five business days, BIS will call you with your Company Identification Number and Personal Identification Number.

With this information, you can then log into the SNAP-R system, set up your account, and submit your license application.

When you submit via SNAP-R, BIS receives your license application within just a few hours compared to the two week period a paper export license application often take to be received and put into the licensing system.

SNAP-R can also be used to submit an official Commodity Classification Request to BIS.

Slide 7:

Prior to using SNAP-R, it's helpful to review the User's manual which is available on the BIS website.

The User's manual provides a step-by-step guide to the on-line application. It includes screen shots of each page you will find on SNAP-R and provides answers those questions frequently asked by first-time users.

BIS also has a webinar available for viewing on how to use SNAP-R.

Slide 8:

The export license application should include all the known facts related to the export transaction. It's important to be as complete as possible so that all aspects of the transaction are clear and apparent to those reviewing the application.

By providing a complete and thorough application at the beginning, you will save time in the review process. When a license application is not complete and leaves unanswered questions, you can expect delays as it will be placed on hold until all relevant information is provided by the applicant.

Let's now take a look at the important components to an export license application.

Slide 9:

It is important on an export license application to correctly identify all parties involved and their role in the transaction. Parties include the applicant, purchaser and ultimate consignee and may also include an intermediate consignee and end-users.

The definitions of each of these parties are available in section 748.5 of the EAR.

There are times when it may not be clear the best way to structure your transaction in terms of the roles and relationships of each party.

BIS export counselors are available to provide additional guidance on these more complex transactions.

Slide 10:

It's important to provide a clear description of the item being exported. The item should be described in Commerce Control List terms using the characteristics or parameters shown in the ECCN.

Be sure to attach technical specifications or brochures that describe the item fully.

Providing website links for the product can also be useful

Slide 11:

The end-use description is an important part of the license application as it puts into context the parties to the transaction and the items being exported. As such, it's important to be specific regarding the end-use of the item. By anticipating questions and concerns and addressing them in your application, you will better facilitate the review process. For example, is there balance between capability of the item and the stated end-use? Would a lesser item satisfy the requirement? Is there excess capability and if so, why?

Slide 12:

Certain license applications have unique requirements related to their submission.

These requirements are found in Supplement No. 2 to Part 748 of the EAR.

An example of a unique requirement is that technology export license applications require a "Letter of Explanation" to be submitted with the application.

Slide 13:

Exporters may be required to obtain documentation from the ultimate consignee who supports the facts stated on the license application.

The document required will be either an International Import Certificate or End-user Statement, or the Statement by Ultimate Consignee and Purchaser.

These documents are representations from the government of the importing country or from the ultimate consignee and or/ purchaser regarding the final disposition of the exported items.

Slide 14:

While most license applications require one of the support documents, there are certain exemptions that apply to all support documentation requirements.

This slide provides examples of when a support document may not be required.

For details, please review section 748.9 of the EAR.

Note that unless specifically required by the EAR or requested by a licensing officer, the support document is not sent to BIS, but kept in the exporters' files.

Slide 15:

An International Import Certificate or End-user Statement may be required if your item is controlled for National Security reasons and is being exported to one of the countries that issue such certificates or statements. Some governments issue Import Certificates while others issue End-user Statements.

In the case of export license applications to the People's Republic of China, a support document is required for any item, not just those controlled for National Security reasons. An Import or End-user Statement is issued by the government of the importing country. Exporters must have their customer in the foreign destination apply for the certificate or statement.

A list of these government issuing authorities and their addresses is available in Supplement No 4 to part 748.

In most cases, the certificate or statement is not required if the dollar value of the transaction for the item is \$50,000 or less.

There is no longer any requirement to submit Import Certificates and End-User Statements with the license application, but they must be kept on file.

Slide 16:

If your export does not meet one of the exemptions for support documentation and does not require an Import Certificate or End-use Statement, then the Statement by Ultimate Consignee and Purchaser is required unless the application is valued at \$5000 or less. If the ultimate consignee and purchaser are different, two separate statements must be obtained.

The statement can either be submitted using Form BIS 711 which is available for download on BIS's website.

Alternately, it may be included as a statement on company letterhead, in lieu of the Form BIS-711, provided that the ultimate consignee and purchaser include all of the required information on the statement.

Slide 17:

A license application initially undergoes review by a Licensing Officer or Engineer in BIS. Within nine days of receipt, the license is referred out to other reviewing agencies – typically the Departments of State, Defense and Energy. These agencies are able to offer their unique perspectives to the review of the transaction.

A license may be approved in whole or in part or further limited by conditions or other restrictions. Most license applications are approved with conditions. At times, a license application may be returned without action due to insufficient information. Those

applications that involve national security or foreign policy concerns that cannot be resolved may be denied.

Once a license is issued, it is normally valid for twenty-four months. The license authorizes only a specific transaction or series of transactions as described on the license. If the facts to the transaction change significantly prior to export, a new license may be required. Certain non-material changes do not require the submission of a new license application. Details are available in section 750.7 of the EAR.

Slide 18:

In Module 5 we familiarized you with how to sign up for the SNAP-R system. We looked at the important components of an export license application and what type of support documentation is required. We also considered the review process of a license application.

In the final Module of this series, we will review export clearance requirements under the EAR, destination control statements, responsibilities of parties, and recordkeeping requirements.