







Transshipment and the Middle East Region


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Regional Overview



- Based in Dubai, UAE with regional responsibility for 15 countries.
- Regional trade has connections with three U.S.-sanctioned countries (Iran, Syria and Sudan).
- Approximately 200 EUCs conducted annually

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Regional Overview

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<u>Country Group</u>	<u>Country Group</u>
• Bahrain B, D:3-4	• Lebanon B, D:3-5
• Jordan B, D:3-4	• Malta A:3,4,6, B
• Kuwait B, D:3-4	• Oman B, D:3-4
• Turkey A:1-5, B	• Qatar B, D:3-4
• Cyprus A:3-4, B, D:5	• Saudi Arabia B, D:3-4
• Egypt B, D:3-4	• Syria D:3-5, E:1
• Iraq D:1-5	• United Arab Emirates B, D:3-4
• Israel A:6, B, D:2-4	• Yemen B, D:3-4

Country Groups: Supplement No. 1 to EAR Part 740

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UAE TRADE



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- \$22.1 Billion in U.S. exports to the UAE in 2014 (-9.5%).
- U.S. ranked 3rd in import customers for UAE (China/India)
- The UAE is the 4th largest trading partner with Iran
- 11% total increase in re-exports from 2013
- 3rd largest re-export market for the UAE is Iran (Japan/India)
- Mobile phones, computers, personal/transport vehicles are the top three imported commodities in 2014

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Who I Work With

- U.S. Foreign Commercial Service (FCS)
- Department of Homeland Security
- FBI
- U.S. State Department – Political / Economic Section
- UAE Export Control Executive Office (ECEO)
- UAE Federal Authority for Nuclear Regulation (FANR)

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Types of Locations Visited

- Free Trade Zones (Jebel Ali and SAIF)
- Industrial Parks
- Well-established companies/institutions
- General trading companies/freight forwarders

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Import/Export Requirements

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Bureau of Industry and Security
U.S. Department of Commerce
Where Industry and Security Intersect

Home | About BIS | Regulations | Licensing | Enforcement | Compliance & Training | Policy Guidance | AdH Programs | Reform

ARTICLES

Foreign Import/Export License Requirements (Hong Kong/Singapore/United Arab Emirates)

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Details

Exporters should be aware that their foreign customers may be required to obtain import and reexport licenses from their own government whether or not an individually validated U.S. export license is required. BIS strongly encourages U.S. exporters to know whether foreign customers are obligated to obtain licenses. As a best practice, prior to shipment, BIS recommends U.S. exporters provide foreign customers with the Export Control Classification Number (ECCN) of items to be exported and request a copy of any required licenses.

Failure of a foreign customer to honor a request to provide a copy of any required licenses would present a "red flag" that indicates an export may be destined for an inappropriate end use, end user or destination. (For "red flag" guidance, see Supplement No. 3 to Part 732 of the EAR.)

Officials of Hong Kong's Singapore's, and the United Arab Emirates's trade agencies recently requested that BIS remind U.S. exporters of their licensing requirements. Information on those requirements may be found at:

<http://www.tid.gov.hk>
Hong Kong Trade and Industry Department website

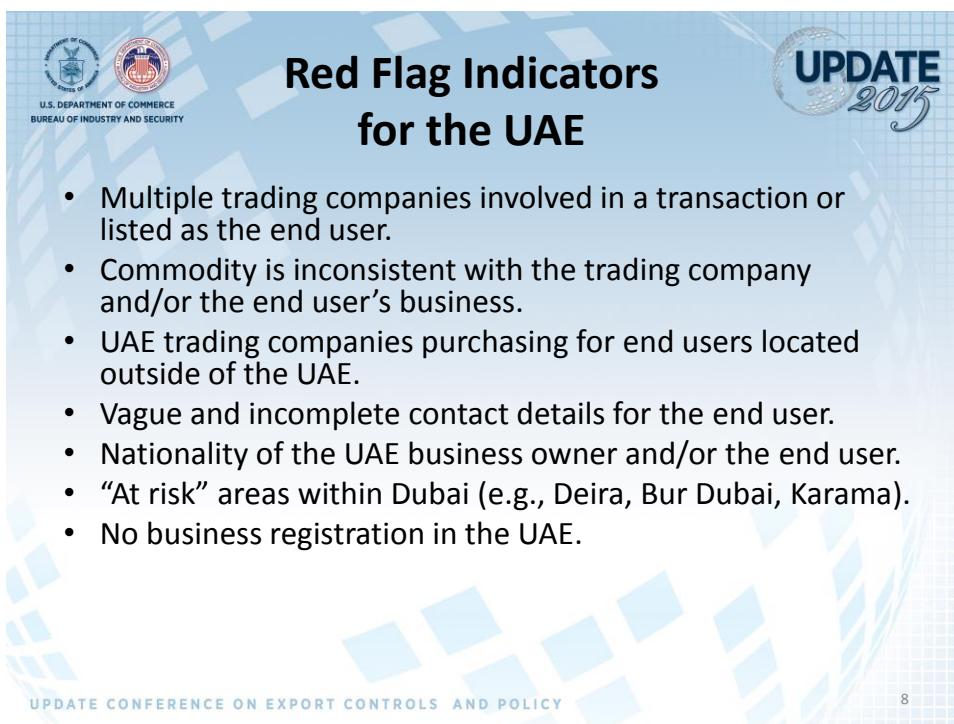
<http://www.customs.gov.hk>
Hong Kong Customs and Excise Department website

<http://www.customs.gov.sg>
Singapore Customs website

<http://www.uae-embassy.org/business-trade/trade-export>
Embassy of the United Arab Emirates in the United States

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Red Flag Indicators for the UAE

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- Multiple trading companies involved in a transaction or listed as the end user.
- Commodity is inconsistent with the trading company and/or the end user's business.
- UAE trading companies purchasing for end users located outside of the UAE.
- Vague and incomplete contact details for the end user.
- Nationality of the UAE business owner and/or the end user.
- "At risk" areas within Dubai (e.g., Deira, Bur Dubai, Karama).
- No business registration in the UAE.

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Case Study 1: An Unverified End User

- PSV request on Dubai entity who received two magnetometers.
- Items classified under ECCN 6A996 and exported using NLR provision.
- Consignee is a General Trading Company (**red flag**).
- The owner is an Iranian National.
- Procures energy supplements, vehicle spare parts, and machinery for dairy companies.

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Case Study 1

- Consignee purchased commodities on behalf of a Pakistani national with whom Iranian national didn't have a previous relationship.
- The end user was referred by a friend.
- No contact information for the end user.
- The end user picked up the commodities from the consignee's office and no receipt was generated.

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Case Study 1

- Commodity does not fit the consignee's business model (**red flag**).
- The end use/ultimate end user of the commodity could not be confirmed by the consignee.
- As a result, the consignee was considered an unreliable recipient of U.S.-origin goods and technology.

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Case Study 2

- PSV request for Dubai entity who received a gigabit ethernet/TDM microwave system.
- Classified under ECCN 5A002.a.1 using NLR provision.
- General Trading Company located in Dubai.
- A second office location in Iran.
- Company procures items for the “foam manufacturing industry.”

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Case Study 2

- Sales invoice provided has just a name and the commodity. No additional information.
- ECO called an Iraqi mobile number provided by the consignee. When asked about the ultimate end use/end user, the caller hung-up the phone.
- Consignee admitted to not knowing the end user well.

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BIS/ECEO Cooperation

- ECEO will notify ECO of shipments destined for prohibited countries (sanctioned/embargoed.)
- ECEO will detain shipments and assist with re-delivery of goods if necessary.
- ECO will notify ECEO of suspicious entities located in the UAE and/or companies owned by Emiratis.

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Red Flags for ECEO/UAE Customs

- “Made in the USA”
- “These items are subject to the EAR”
- The ECCN and/or the Commodity
- The end destination is a prohibited country
- The “ship from” box has a U.S. address
- Not filling out shipping documents completely
- Be as descriptive as possible



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ECEO/ECO Case Study

- Cargo was shipped from the United States to Canada to South Africa to Dubai and destined for Iran.
- ECEO detains shipment based on end destination (Iran) and start point (USA).
- ECEO asked the ECO whether or not the cargo can be reexported.
- After ECEO learned the cargo could not be re-exported it was returned to the sender located in South Africa.

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Best Practices for the UAE

- Know the intended end user/end use of the commodity
- Require an End-User Statement (Form BIS-711)
- Specify the ECCN and any applicable license authorization/license exception on the export documents
- Share the license conditions with the end user and consignee
- UAE Import License Requirements
 - www.uae-embassy.org/business-trade/trade-export
 - www.fanr.gov.ae/En/RulesRegulations/Pages/Licences-Guides.aspx
- Be wary of shipping to a general trading company/freight forwarder if listed as the end user
- Review the USG's Consolidated Screening List www.export.gov/ecr
- Fill out shipping documents completely and be descriptive



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Best Practices for the Region

- Cyprus
 - A large number of Russian-owned businesses that do business directly with Russia.
 - Cyprus is divided into two halves: Greece and Turkey. There are different controls depending on the side to which you are shipping.
- Iraq
 - An uptick in Dubai general trading companies reexporting “oil and gas” commodities to Iraq (Erbil, Basra, Baghdad).
 - Selling oil on the black market is one method of funding ISIL.
 - Know your end-user if they are located in Iraq.
- Turkey
 - A transshipment hub to Syria, Iran, and Iraq.
 - ISIL members constantly transiting through Istanbul to Syria and Iraq.
- Lebanon
 - Evaluate ties to Syria and terrorist-related end users.

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Useful Online Resources

- UAE Federal Authority for Nuclear Regulation:
www.fanr.gov.ae/En/Pages/default.aspx
- Dubai Department of Economic Development:
www.dubaied.gov.ae/English/eServices
- Dubai Chamber of Commerce:
www.dubaichamber.ae/portal
- Zawya (Company Due Diligence/Background Check)
www.zawya.com
- Dun and Bradstreet South Asia and Middle East
www.dnbsame.com

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THANK YOU!

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