

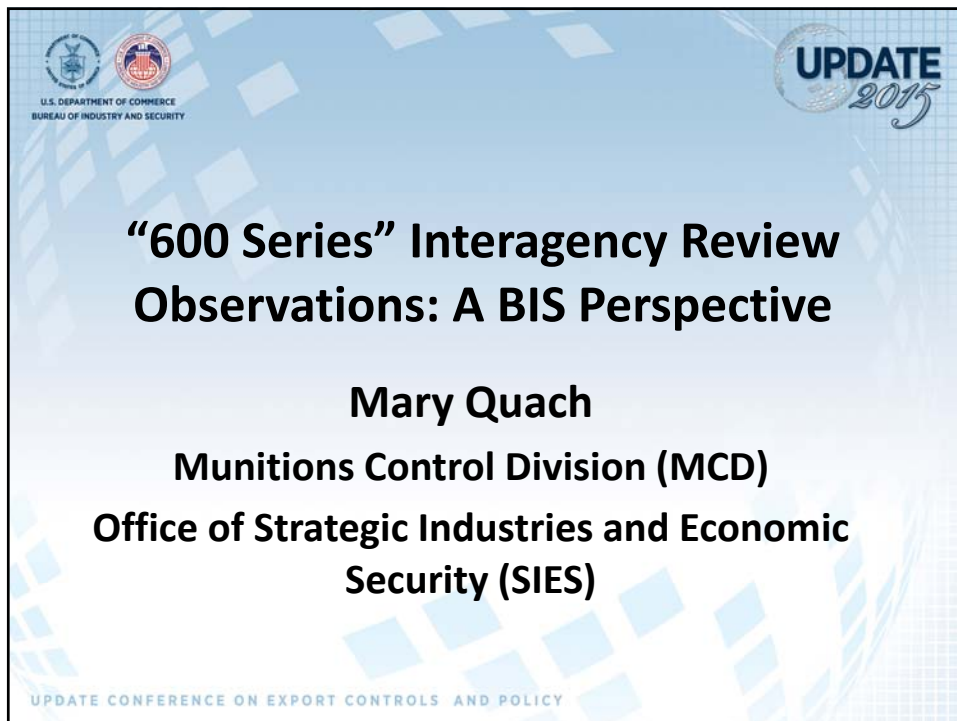
U.S. DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY

**UPDATE
2015**

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

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY

This slide features a light blue background with a grid pattern and a globe graphic. In the top left corner, there are two circular logos: the U.S. Department of Commerce logo and the Bureau of Industry and Security logo. In the top right corner, there is a circular logo that says "UPDATE 2015". The main title is centered in large, bold, black font. At the bottom, there is a small line of text that reads "UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY".



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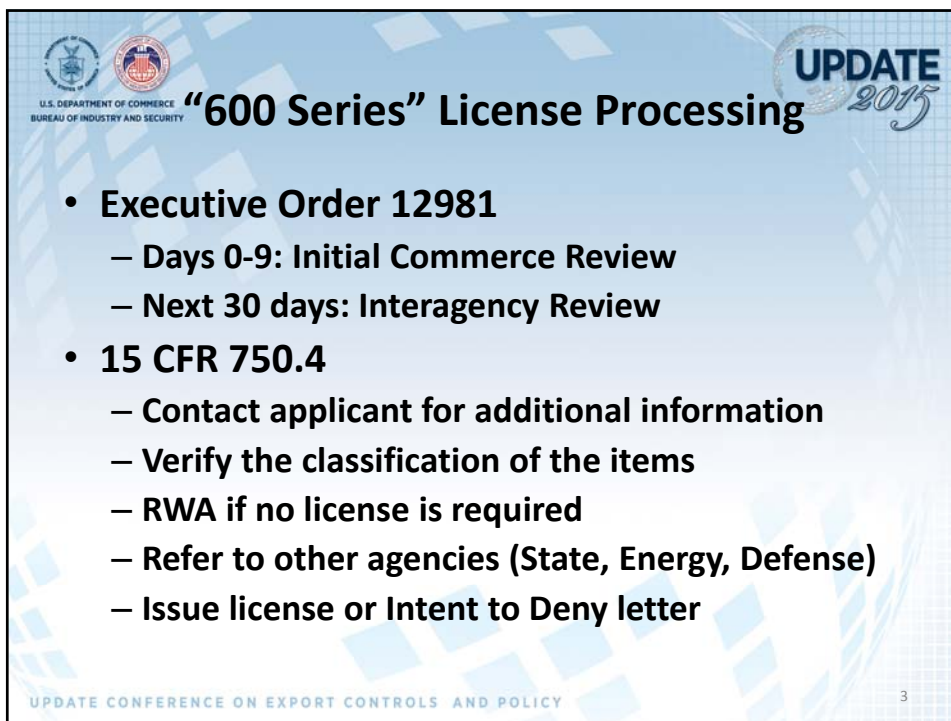
**UPDATE
2015**

“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

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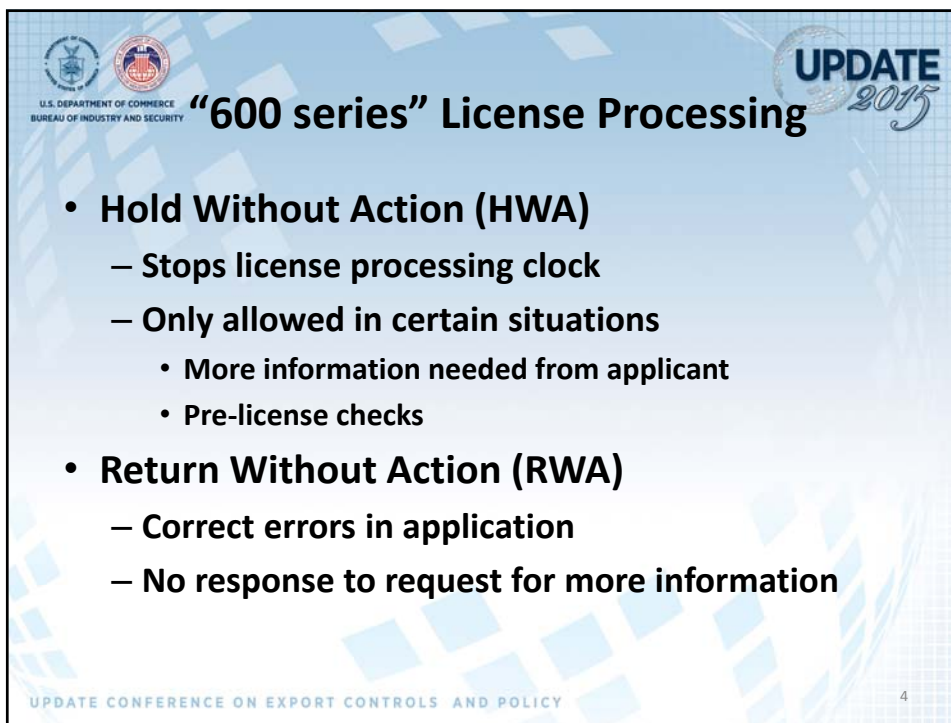
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“600 Series” License Processing

UPDATE 2015

- **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



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“600 series” License Processing

UPDATE 2015

- **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

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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

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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**

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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.



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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**

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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**

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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)*)**

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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**

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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

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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**



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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.



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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.

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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, than that is also the exporter's choice.
- The paragraph (x) structure was created for the benefit of the exporter.

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“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 , (202) 482-2227
- SNAP-R 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
- Acting Deputy Director: Thomas Defee, Thomas.Defee@bis.doc.gov

Outreach Assistance: Outreach and Educational Services Division

- Washington, DC: ECDOEXS@bis.doc.gov, 202-482-4811
- Western Regional Office (WRO): 949-660-0144/408-998-8806

Web: www.bis.doc.gov
www.export.gov/ecr

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“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

USG "600 SERIES" LICENSE REVIEW PANEL - OVERVIEW, PREPARATION AND BEST PRACTICES



Thomas G. Krueger
Office of Conventional Arms Threat Reduction
Bureau of International Security and Nonproliferation
U.S. Department of State

19

55



Department of State

- Bureau of International Security and Nonproliferation (ISN).
 - ISN offices have prior experience reviewing both EAR and ITAR exports.
 - ISN/CATR will continue to have the lead in the Department of State for reviews of “National Security” and “Regional Stability” dual use controlled items.
 - ISN/CATR is responsible for conducting the foreign policy review for “600 series” items, consulting other ISN offices as appropriate.
 - Regional bureaus, such as the Near Eastern Affairs (NEA) bureau, PM (Bureau of Political-Military Affairs), and DRL (Bureau of Democracy, Human Rights and Labor) will provide policy input on license requests for “600 series” items.

20

Slide 20

s5

santosju, 7/11/2013



Reviewing 600 series cases

End Use and End User need to be clearly identified and explained:

- Is the transfer appropriate for the stated end use?
- What is the end-platform; and who is the end-user of the platform that the item will be integrated into?

21



Reviewing 600 series cases

- Interagency will continue to review background information on foreign parties.
- Examples of derogatory information:
 - Foreign parties have history of proliferation to countries or programs of concern.
 - The foreign party will use the item in a program that the USG does not support.
 - End users have a history of committing human rights violations.
 - Parties are linked to terrorist groups, countries of concern.

Beware of “Red Flags.” Know your customer!

22



State Department = Foreign Policy Review

- The Department of State reviews “600 series” licenses to ensure consistency with the following:
 - Statutory requirements (e.g., consistency with Foreign Assistance Act);
 - President’s Conventional Arms Transfer Policy and other relevant policies;
 - Regional and country instability;
 - Human rights;
 - International treaties and commitments.

23



U.S. Arms Embargoes (A.K.A. Country Group D:5)

Additional information on arms transfer policies are found in ITAR section 126.1 and are detailed in DDTC’s website:

http://www.pmdt.c.state.gov/embargoed_countries/index.html

The policies laid out in section 126.1 apply to 600-Series items.

24



Conclusion

- Licenses for 600-Series items will be subject to the same criteria for a foreign policy review as defense articles.
- In order to help the licensing officers get to a decision quickly please include precedent approvals (including DDTC cases), end-platforms, and ultimate end-users of the platform in your license application.



25



Questions?



26



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

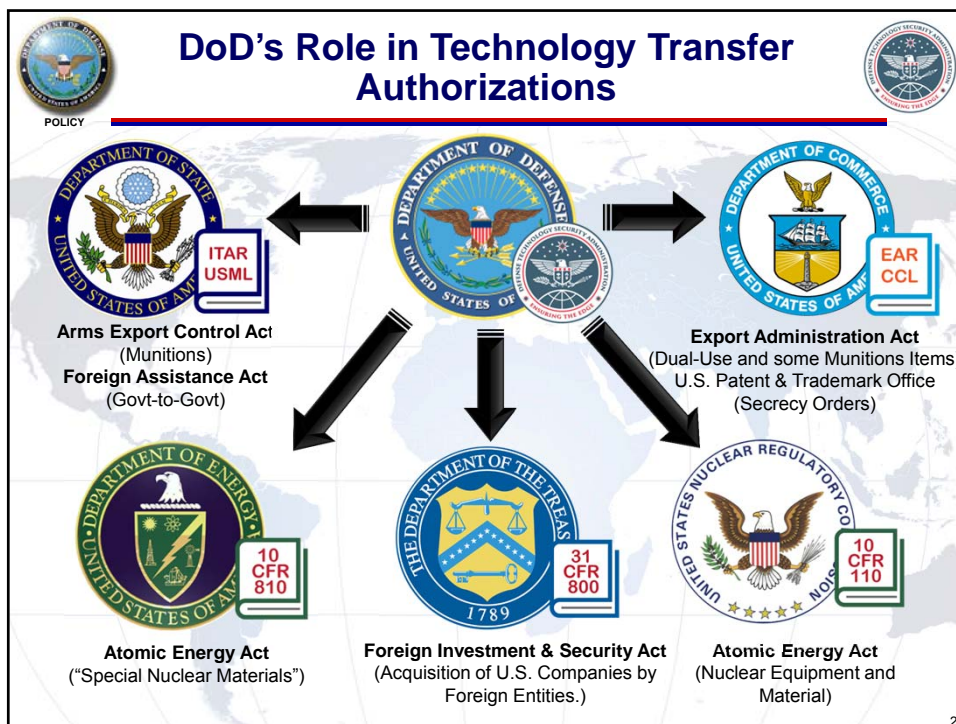
**James Hatfield, Chief, Aeronautical Division
Rizwan Ramakdawala, Sr. Aerospace Engineer
U. S. Department of Defense
Defense Threat Reduction Agency**

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

DEFENSE TECHNOLOGY SECURITY ADMINISTRATION
ENSURING THE EDGE

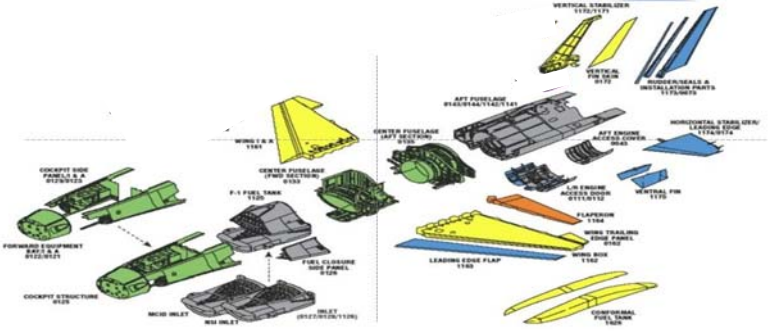
F-16 "600 Series"



“600 Series” F-16 Parts




POLICY




- 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

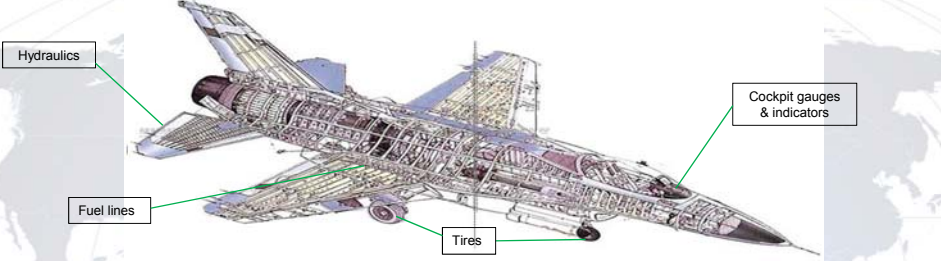
• Illustrative list only



600 Series “.y” F-16



POLICY



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





POLICY



Lessons Learned

33





POLICY

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.**



34

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



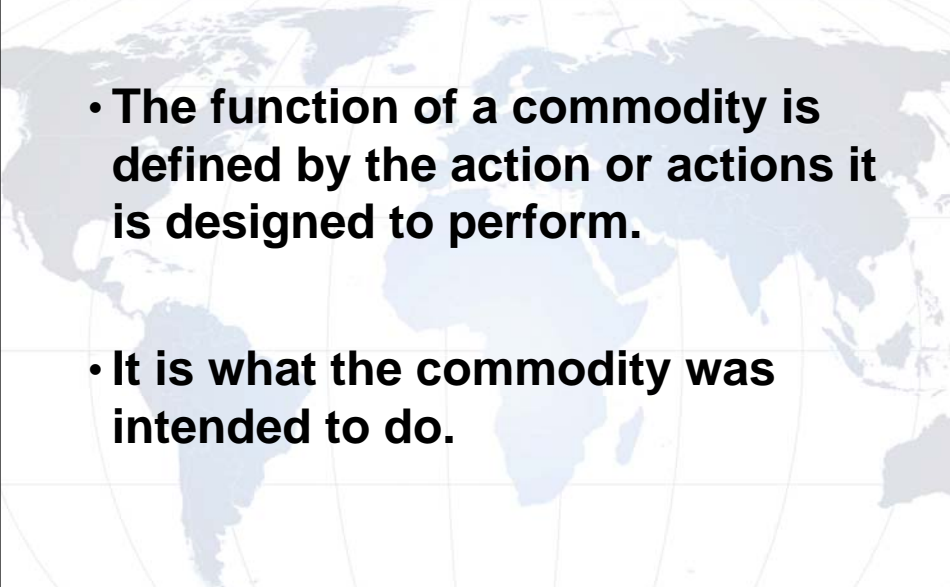
41




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).**




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







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.**

Slide 45

Riz2 Add space and weight budget
Ramakdawala, 7/9/2015

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

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.

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