

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY



End-Use Monitoring Overview

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End-Use Monitoring

Department of Commerce

- BIS End-Use Monitoring Program managed by the Office of Enforcement Analysis (OEA)
- Exports of items subject to the Export Administration Regulations (EAR), including Commerce Control List (CCL) items

Department of State

- Directorate of Defense Trade Controls (DDTC) Blue Lantern Program managed by DTC-Compliance (DTCC)
- Exports of U.S. Munitions List (USML) defense articles under the International Traffic in Arms Regulations (ITAR)

Department of Defense

- Defense Security Cooperation Agency (DSCA) Golden Sentry Program managed by DSCA's Directorate for Programs
- Exports of USML defense articles and services under the U.S. Foreign Military Sales (FMS) program




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Export Enforcement: Mission & Priorities

Mission: Protect national security, foreign policy, and economic interests by inhibiting the unauthorized export/reexport of items subject to export control.

Priorities:

- Sanctions/embargoes (e.g., North Korea, Syria, etc.)
- Proliferation of weapons of mass destruction and their means of delivery (nuclear, chemical, biological, and missile)
- Unauthorized military end-use (i.e., China, Russia, and Venezuela)
- Terrorism (including terrorist organizations and state sponsors)
- Foreign policy/human rights



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What is an End-Use Check

- An End-Use Check (EUC) is a **physical verification** on location with a party of the transaction to determine if the party is a reliable recipient of U.S. goods and that items are or will be used in accordance with the EAR.
- As part of its licensing process and preventive enforcement efforts, BIS selectively conducts end-use checks on certain dual-use and munitions exports.
 - Monitor license condition compliance.
 - Monitor compliance of non-licensed transactions.
 - Confirm the end-use.
 - Determine if the company is a reliable end-user.
 - Discover more information about the parties.



Triggered Spark Gap (Controlled for Nuclear Proliferation-3A228)

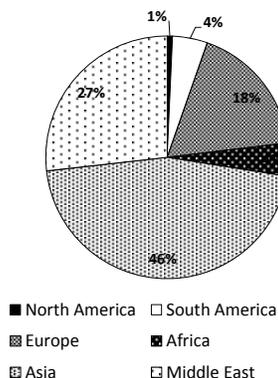


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BIS End-Use Monitoring

- **Pre-License Check (PLC):**
Establishes *bona fides* and validates information on export license applications PRIOR to shipment.
- **Post-Shipment Verification (PSV):**
Strengthens assurances that all parties comply with an export license and licensing conditions to deter diversions AFTER shipment
 - Licensed PSV
 - Non-Licensed PSV

Projected FY17 – Approx. 1,000 EUCs in 50 Countries



Who Conducts End-Use Verifications?

- **Export Control Officers (ECOs)**
 - Export control policy engagement.
 - Foreign government and local business outreach.
- **Sentinel Program:**
 - Checks conducted by Export Enforcement personnel in locations where no ECO is present.
- **U.S. Embassy officials**



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Rating System Review

UNFAVORABLE

- Check is found to be unfavorable due to an EAR violation.
- BIS will take a proactive enforcement-related action.

UNVERIFIED

- *Bona fides* of the foreign party(ies) could not be verified.
- Parties are added to OEA watchlist and potentially added to the UVL, dependent on circumstances.

FAVORABLE

- Not Unfavorable or Unverified.
- Subject is considered to be a reliable recipient.




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End-Use Check Results

Consequences of Unfavorables/Unverified

- **Referral for Further Investigation:** May result in criminal or administrative penalties.
- **Watch List:** Scrutiny of license applications and export transactions, including denial/conditions. May include outreach to alert exporters about customers of concern.
- **Unverified List:** Alerts exporters about foreign persons whose *bona fides* could not be verified. License Exceptions are not available and an export license or consignee statement may be required.
- **Entity List:** Imposes restrictions on exports, absent license approval, on foreign persons involved in activities contrary to the national security or foreign policy interests of the United States.

Rating	Percentage
Favorable	73%
Unfavorable	16%
Unverified	11%




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End-Use Check Documents

- You may receive a request for documents
 - This is routine and does *not* indicate BIS has any specific compliance concerns about you or your customer
- Provide the following documentation
 - Air waybills/bills of lading
 - Purchase orders and customer contact information
 - Commercial invoices and packing lists
 - Commodity specifications and ECCN information
 - Any export license, CCATS, STA/UVL statements, etc.
 - End-user documentation (e.g., BIS-711)

<p style="text-align: right;">Purchase Order</p> <p>SUPPLIER NAME ADDRESS</p> <table border="1" style="width: 100%; height: 40px;"> <tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr> <tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr> </table>					<p>Not Negotiable (Air C/Assignment note) Issued by Air WayBill</p> <p><small>Copies 1, 2 and 3 of this Air Waybill are originals and have the same validity.</small></p> <p>Reference Number: _____</p> <p>Optional Shipping Information: _____</p> <p>Currency: _____ Net Weight: _____ Gross Weight: _____ Declared Value for Carriage: _____ Declared Value for Customs: _____</p> <p>Amount of Insurance: _____</p> <p><small>INSURANCE - If carrier offers insurance, and such insurance is requested in accordance with the conditions thereof, indicate amount to be insured in figures in box marked "Amount of Insurance".</small></p>	<p style="text-align: center;">PACKING LIST</p> <p>Order # _____ Date: _____</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Qty</th> <th style="width: 33%;">Part #</th> <th style="width: 33%;">Description</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>	Qty	Part #	Description									
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Bona Fides Resources

- BIS FAQs
 - Russia: <http://www.bis.doc.gov/index.php/policy-guidance/russia-due-diligence-guidance>
 - Transshipment (HK, Singapore, UAE): <http://www.bis.doc.gov/index.php/policy-guidance/foreign-import-export-license-requirements>
 - Entity List: <http://www.bis.doc.gov/index.php/policy-guidance/faqs>
 - Addresses freight forwarders, subsidiaries, parents
- Foreign Export Control Practices/Business Registry resources: <http://www.bis.doc.gov/index.php/enforcement/oe>



Thank You!

**Office of Enforcement Analysis
Bureau of Industry and Security
www.bis.doc.gov**

