





BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY



End-Use Monitoring Overview

Kevin J. Kurland
Director
Office of Enforcement Analysis

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

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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

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

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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



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

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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)



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

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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

Region	Percentage
North America	1%
South America	4%
Europe	18%
Africa	27%
Asia	46%
Middle East	2%

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

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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**

Country	Color
China	Dark Grey
India	Medium Grey
Russia	Light Grey
Hong Kong	Very Light Grey
Singapore	White
UAE	Lightest Grey
Germany	Lightest Grey
Turkey	Lightest Grey

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

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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.

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



BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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.

Category	Percentage
Favorable	73%
Unfavorable	16%
Unverified	11%

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

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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)

Purchase Order

SUPPLIER NAME
ADDRESS

Air WayBill

Not Negotiable (Air C/Assignment note) Issued by

Copies 1, 2 and 3 of this Air Waybill are originals and have the same validity.

Reference Number: _____

Optional Shipping Information: _____

Currency: _____ Net Weight: _____ Declared Value for Carriage: _____ Declared Value for Customs: _____

Amount of Insurance: _____

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".

PACKING LIST

Order # _____ Date: _____


Qty	Part #	Description



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

BIS UPDATE 2017 CONFERENCE ON EXPORT CONTROLS AND POLICY

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>
 - ISIL: <https://www.bis.doc.gov/index.php/component/content/article/9-bis/carousel/1013-bis-guidance-on-license-requirements-for-the-shipment-of-items-subject-to-the-ear-to-isil>
 - 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/oea/eco>



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

Thank You!

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

