



Presentation to the Long Island Import Export Association
Export Compliance - Due Diligence, Regulations & Responsibilities

DB Schenker Risk, Insurance & Trade Advisory Solutions | Ivelisse James | New York | 2017-11-08

Export Compliance
- Due Diligence, Regulations & Responsibilities

Agenda

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|----|------------------------------------|---|
| 1 | Introductions - Export Compliance | ✓ |
| 2 | Regulations | ✓ |
| 3 | Definitions | ✓ |
| 4 | Parties to an Export Transaction | ✓ |
| 5 | Documents in an Export Transaction | ✓ |
| 6 | Export Control Statements | ✓ |
| 7 | Export Transaction | ✓ |
| 8 | EEI via AES | ✓ |
| 9 | USPPI Responsibilities | ✓ |
| 10 | Mandatory AES Data Elements | ✓ |
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Global Trade & Regulatory Compliance work hand-in-hand

- ❖ WHO will receive your item?
- ❖ WHO will send your item?
- ❖ WHO will have control of your item during transit?
- ❖ WHAT are you exporting / importing?
- ❖ WHAT will your item be used for?
- ❖ WHAT will you be using the item for?
- ❖ WHERE are you exporting / importing?
- ❖ WHY are you exporting / importing?
- ❖ WHEN will you be ready to import / export?



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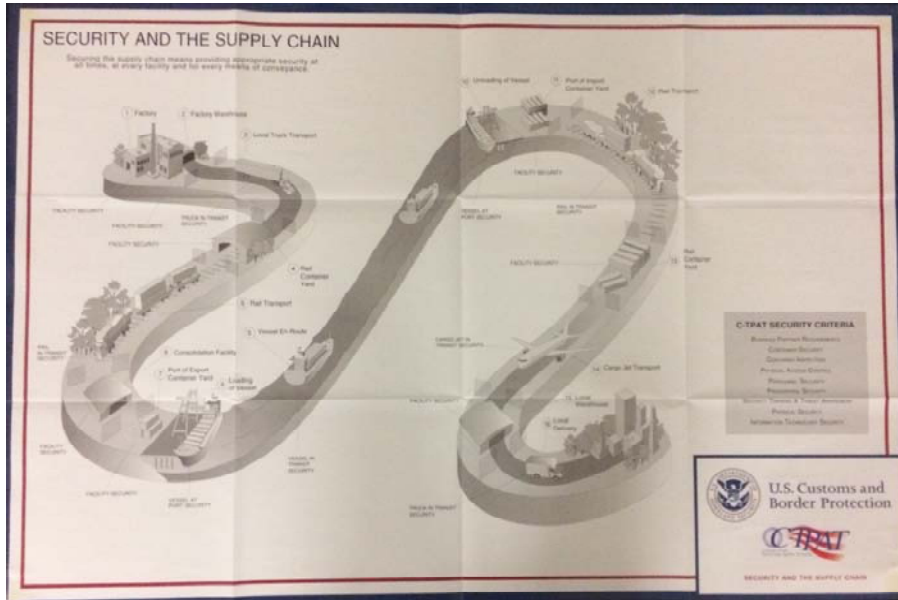


Corporate Commitment

Success of an Export Compliance Program is pivotal to this structure



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All parties in the transportation global supply chain are required to “screen” or “vet” all entities and persons in the transaction.

Shipper / USPPI
Consignee
Intermediate Consignee
Any Individual named
Any Company named
Bank, if applicable
If on the document, then must be vetted

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27 CFR 1 - 699	ATF	Bureau of Alcohol, Tobacco & Firearms	
15 CFR 30 - 199	AES	Bureau of Census, Department of Commerce	←
15 CFR 700 - 799	BIS	Bureau of Industry & Security	←
46 CFR 1 - 199	COASTAL	Coast Guard, Department of Homeland Security	
50 CFR 23	CITES	Convention on International Trade in Endangered Species of Fauna & Flora	
19 CFR 1 - 199	CBP	Customs & Border Protection	
31 CFR 500 - 599	OFAC	Department of Treasury - Office of Foreign Assets Control	←
21 CFR 1300 - 1399	DEA	Drug Enforcement Administration	
40 CFR 700 - 789	EPA/TSCA	Environmental Protection Agency - Toxic Substances Control Act	
15 CFR 730 - 744	EAR	Export Administration Regulations	←
14 CFR 1 - 199	FAA	Federal Aviation Administration, Department of Transportation	
46 CFR 500 - 599	FMC	Federal Maritime Commission	
50 CFR 10 - 16	FWS	Fish & Wildlife Services	
21 CFR 1 - 1299	FDA	Food & Drug Administration	
22 CFR 120 - 130	ITAR/DDTC	International Traffic in Arms Regulations	←
46 CFR 200 - 399	MARITIME	Maritime Administration, Department of Transportation	
10 CFR 1 - 199	NRC	Nuclear Regulatory Commission	
49 CFR 100 - 199	DOT / HM	Pipeline & Hazardous Materials Safety Administration, Department of Transportation	←
9 CFR 1 - 599	USDA	United States Department of Agriculture	

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- Export Per 15 CFR §734.13 (EAR)
- Export Per 15 CFR §30.1 (AES)
- Export Per 22 CFR §120.17 (ITAR)
- Reexport Per 15 CFR §734.14 (EAR)
- Reexport Per 22 CFR §120.19 (ITAR)

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Parties to an Export Transactions

Authorized Agent	Licensee
Buyer	Notify Party
Carrier	Order Party
Consignee	Person
Distributor / Wholesaler	Regulatory Agencies
End User	Seller
Filer	Shipper
Financial Institution	Supplier
Foreign Principal Party In Interest – FPPI	Ultimate Consignee
Freight Forwarder	U. S. Principal Party In Interest – USPPI
Intermediate Consignee

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Documents in an Export Transaction

Air Way Bill / Bill of Lading	Letter of Credit
Carnet	Packing List *
Certificate of Origin	Power of Attorney / Empowerment
Commercial Invoice * / Pro Forma Invoice	Purchase Order
Customs Bond	Regulatory License / Permit
Dangerous Goods Declaration	Shipper's Letter of Instruction *
End User Certificate	Safety Data Sheet
Insurance Certificate	VGM Certification
Inspection Certificate

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Export Control Statement - CCL

§758.6 Destination control statement & other information furnished to Consignees.

- (a) The exporter must incorporate the following information as an integral part of the commercial invoice whenever items on the Commerce Control List are shipped (i.e., exported in tangible form), unless the shipment (i.e., the tangible export) may be made under License Exception BAG or GFT (see part 740 of the EAR) or the item is designated as EAR99:
- (1) The following statement: *“These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations”* and
 - (2) The ECCN(s) for any 9x515 or “600 series” “items” being shipped (i.e., exported in tangible form).

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Export Control Statement - ITAR

§123.9 (b) Country of ultimate destination and approval of reexports or retransfers.

- (1) The exporter must incorporate the following information as an integral part of the commercial invoice, whenever defense articles are to be shipped (exported in tangible form), retransferred (in tangible form), or reexported (in tangible form) pursuant to a license or other approval under this subchapter:
- (i) The country of ultimate destination;
 - (ii) The end-user;
 - (iii) The license or other approval number or exemption citation; and
 - (iv) The following statement: *“These items are controlled by the U.S. government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.”*

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Export Control Statement - ITAR

§123.9 (b) Country of ultimate destination and approval of reexports or retransfers.

(2) When exporting items subject to the EAR (see §§120.5, 120.42 and 123.1(b) of this subchapter) pursuant to a Department of State license or other approval, the U.S. exporter must also provide the end-user and consignees with the appropriate EAR classification information for each item. This includes the Export Control Classification Number (ECCN) or EAR99 designation.

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Delivering solutions.

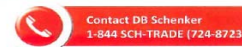
Summary of the Incoterms® 2010 rules

	Provision of goods	Export clearance	Loading	Transport	Unloading at destination port/terminal	Import clearance	Unloading at destination premises
EXW EX WORKS Named place	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
FCA FREE CARRIER Named place	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
CPT CARRIAGE PAID TO Named place	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
CFR CARRIAGE AND INSURANCE PAID TO Named place	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
DAT DELIVERED AT TERMINAL Named place	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
DAP DELIVERED AT PLACE Named place	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
DDP DELIVERED DUTY PAID Named place	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's

	Provision of goods	Pre-carriage	Export clearance	Loading on ship	Sea transport	Unloading at destination port	Import clearance	On-carriage
FAS FREE ALONGSIDE SHIP Port of shipment	Seller's	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
FOB FREE ON BOARD Port of shipment	Seller's	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
CFR COST AND FREIGHT Port of unloading	Seller's	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's
CIF COST, INSURANCE AND FREIGHT Port of unloading	Seller's	Seller's	Seller's	Buyer's	Buyer's	Buyer's	Buyer's	Buyer's

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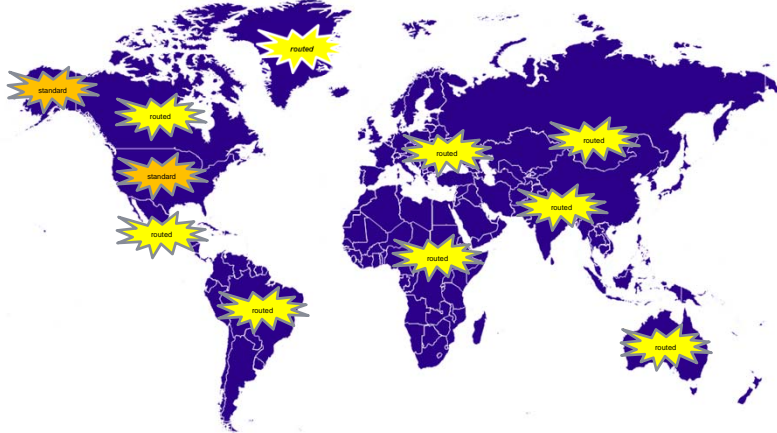
Visit our website at: <https://TradeSolutions.dbschenkerusa.com>
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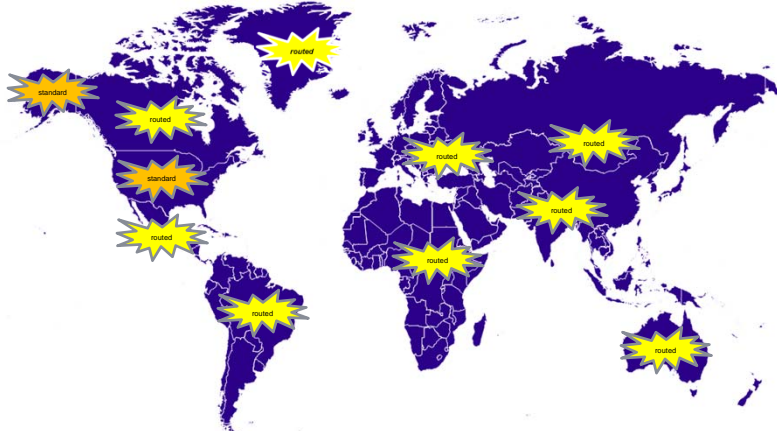
Types of Export Transactions – 15 CFR §30.2
Standard Export Transaction
Routed Export Transaction



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Empowerments
Standard Export Transaction – Export POA or Customs Master POA or SLI
Routed Export Transaction – FPPI Written Authorization



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USPPI Responsibility

- Know Your Customer
- Perform Due Diligence
- Use Reasonable Care
- Classify Your Products
- Determine Commodity Jurisdiction
- File the Electronic Export Information
- Provide Complete & Accurate Information
- Maintain Shipment Records

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General Prohibitions

Information or facts that determine the applicability of the general prohibitions. The following five types of facts determine your obligations under the ten general prohibitions and the EAR generally:

- (1) **Classification of the item.** The classification of the item on the Commerce Control List (see part 774 of the EAR);
- (2) **Destination.** The country of ultimate destination for an export or reexport (see parts 738 and 774 of the EAR concerning the Country Chart and the Commerce Control List);
- (3) **End-user.** The ultimate end user (see General Prohibition Four (paragraph (b)(4) of this section) and supplement no. 1 to part 764 of the EAR for references to persons with whom your transaction may not be permitted; see General Prohibition Five (Paragraph (b)(5) of this section) and part 744 for references to end-users for whom you may need an export or reexport license).
- (4) **End-use.** The ultimate end-use (see General Prohibition Five (paragraph (b)(5) of this section) and part 744 of the EAR for general end-use restrictions); and
- (5) **Conduct.** Conduct such as contracting, financing, and freight forwarding in support of a proliferation project as described in part 744 of the EAR.

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USPPI Responsibility

The EEI presented on the SLI, constitutes a representation by the exporter (U.S. Principal Party In Interest) that:

- All statements and information are in accordance with the export control regulations.
- The commodity is authorized under the particular license (when applicable).
- All statements and information conform to license (when applicable).
- All conditions of the export control regulations have been met.

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EEI Mandatory Data Elements - AES

Carrier Identification	Filing Option Indicator	Primary Quantity	Ultimate Consignee
Commodity Classification Number	Hazardous Material Indicator	Primary Unit of Measure	Ultimate Consignee Type
Commodity Description	Inbond Code	Related Party Indicator	USPPI Address
Conveyance Name / Carrier Name	License Code / License Exemption Code	Routed Export Transaction Indicator	USPPI Company Name
Country of Ultimate Destination	Line item Filing Action Request Indicator	Shipment Filing Action Request Indicator	USPPI Contact Name
Date of Export	Line Number	Shipment Reference Number	USPPI Contact Telephone Number
Domestic or Foreign Indicator	Method of Transportation	Shipping Weight	USPPI Identification Number
Export Information Code	Port of Export	U.S. State of Origin	Value

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Mandatory Conditional Data Elements

U.S. Authorized Agent's ID Number	Export License Number / CFR Citation / KPC Number	Entry Number	DDTC Quantity
U.S. Authorized Agent's Name	ECCN	TRN	DDTC Exemption Number
U.S. Authorized Agent's Address	Secondary UOM	License Value	DDTC Export License Line Number
U.S. Authorized Agent's Contact Name	Secondary Quantity	DDTC Registration Number	KPC Number
U.S. Authorized Agent's Contact Phone Number	VIN / Product ID	DDTC SME Indicator	OPTIONAL DATA ELEMENTS
Intermediate Name & Address	Vehicle ID Qualifier	DDTC Eligible Party Indicator	Seal Number
FTZ Identifier	Vehicle Title Number	DDTC USML Category Code	Equipment Number
Foreign Port of Unlading	Vehicle Title State Code	DDTC UOM	Original ITN



Thank you.



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