

What to Expect at an End–Use Check



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United States Export Control System



Department of State
*Directorate of Defense
Trade Controls*

Jurisdiction:

Defense articles

Regulations:

International Traffic in
Arms Regulations

Authority:

Arms Export Control Act



*U.S. Nuclear
Regulatory Commission*

Jurisdiction:

Nuclear facilities and
material

Regulations:

10 C.F.R. Part 110

Authority:

Atomic Energy Act



Department of Commerce
Bureau of Industry & Security

Jurisdiction:

Dual-use & defense items

Regulations:

Export Administration
Regulations

Authority:

Export Administration
Act and IEEPA





Department of Commerce

Bureau of Industry & Security

Mission: Protect national security, foreign policy, and economic interests by administering and enforcing export controls on dual-use and certain munitions items

Priorities:

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



Export Compliance and Enforcement

Enforcement is co-located with licensing and policy functions in a single organization

Responsibilities:

- Ensure compliance with the Export Administration Regulations by U.S. companies and their foreign trading partners
- Identify compliance concerns and violations and take appropriate civil, criminal, or administrative action

Activities:

- Review license applications
- Audit export transactions
- *Conduct end-use monitoring abroad*



U.S. Government End-Use Monitoring Programs

Department of Commerce



- Bureau of Industry and Security End-Use Monitoring Program
- Conduct end-use checks on dual-use and certain defense items subject to the Export Administration Regulations, both prior to the approval of an export license, and after shipment, including both licensed shipments and shipments not requiring a license

Department of State



- Directorate of Defense Trade Controls (DDTC) **Blue Lantern Program**
- Verifications of transactions of defense articles under the International Traffic in Arms Regulations

Department of Defense



- Defense Security Cooperation Agency (DSCA) **Golden Sentry Program**
- Exports of defense articles and services under the Foreign Military Sales program



What is an End-Use Check?

Objective:

Facilitate secure trade and future export license approvals by confirming that foreign recipients of U.S. exports understand and comply with end-use, end-user, and reexport controls

Process:

- Physical visit with a recipient of U.S. exports
- Learn more about recipient's line of business
- Determine disposition of specific U.S. exports, e.g.:
 - Has the item been resold or reexported? If so, to whom?
 - Did the U.S. exporter inform the recipient of license conditions?
 - Does the transaction comply with the conditions of any license or license exception, and any other export control provision?
- Confirm recipient's compliance and *bona fides* to facilitate future trade



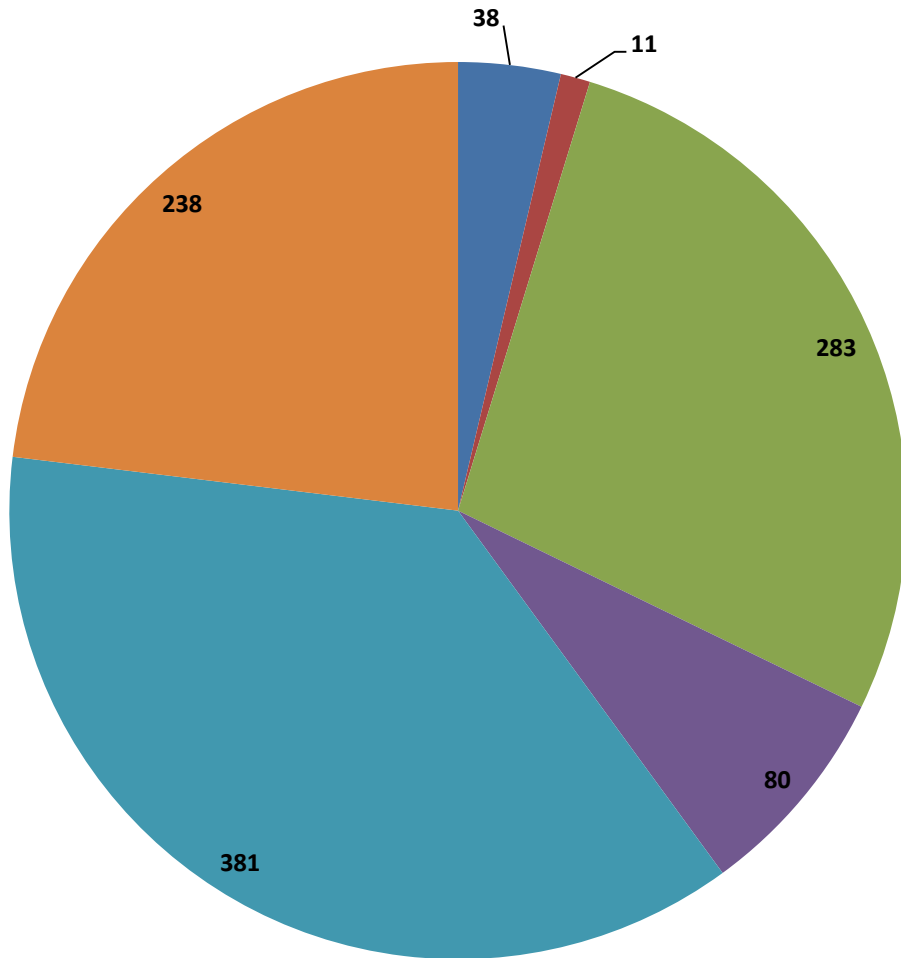
Types of End-Use Checks

- Pre-License Check (PLC): Establishes *bona fides* of proposed consignees/end users and validates information on export license applications PRIOR to shipment. *PLCs successfully confirming foreign parties' bona fides support authorizations to export U.S. goods and technology!*
- Post-Shipment Verification (PSV): Strengthens assurances that all parties are aware of and comply with export license conditions AFTER shipment. *PSVs successfully confirming foreign parties' bona fides facilitate future access to U.S. goods and technology!*
- Non-Licensed PSV: Confirms compliance with end-use, end-user, and reexport controls AFTER the shipment of items for which no export license was required.



Where are End-Use Checks Conducted?

FY15 - 1,031 EUCs in 55 Countries



- North America
- South America
- Europe
- Africa
- Asia
- Middle East

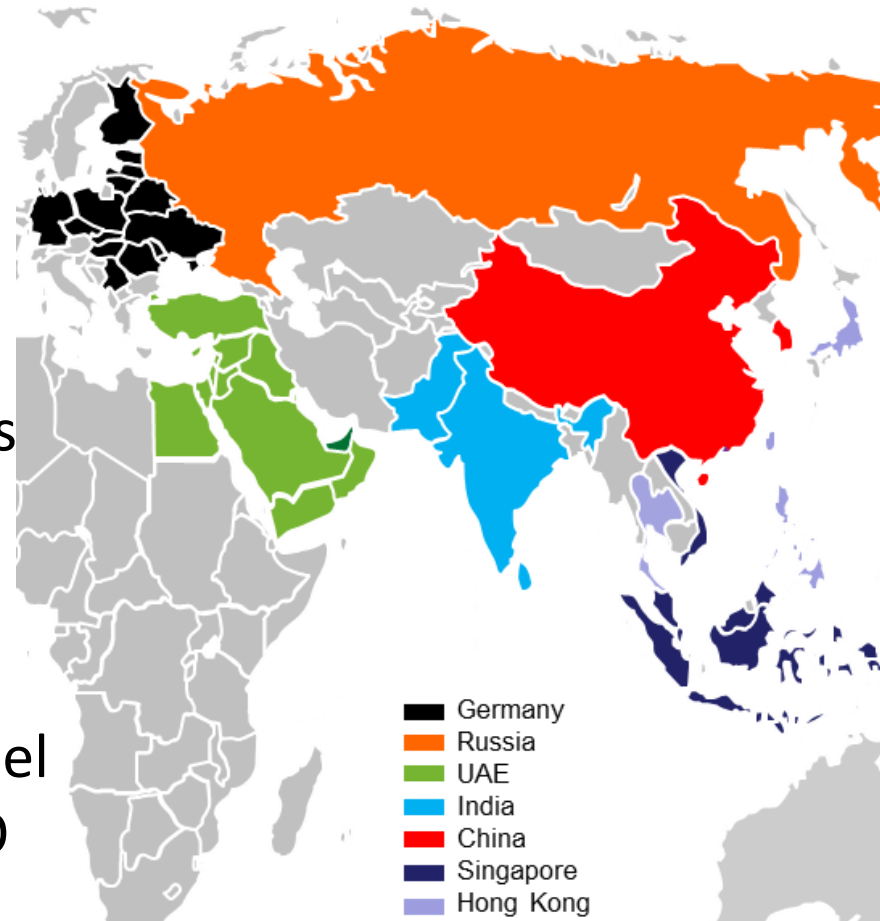


Who Conducts End-use Checks?

- **Export Control Officers (ECO)**
 - Located in Beijing, Dubai, Hong Kong, Moscow, New Delhi, and Singapore
 - Engage with partner governments and local business communities

- **Sentinel Program**
 - Checks conducted by BIS personnel traveling to locations with no ECO presence.

- **U.S. Embassy Officials**



Worldwide ECO Locations



How are End-Use Checks Coordinated?

- You will be contacted via phone/email by the U.S. Embassy or Consulate. Contact will be made several weeks in advance in Bahasa Melayu wherever possible
- The Embassy/Consulate will provide information about the transactions to be checked (e.g., purchase order numbers, item descriptions, export date, etc.)
- The Embassy/Consulate will work with you to identify a time for U.S. Government officials to visit your company and conduct the end-use check



Benefit of End-Use Checks

- A great educational opportunity! End-use checks inform recipients of U.S. exports of applicable controls
- Promote access to U.S.-origin items by confirming that trade in sensitive items is secure
- Facilitate approval of export license applications involving foreign parties that have been confirmed as reliable recipients
- May be a required condition for the approval of an export license



If an End-Use Check Is Not Completed Satisfactorily

An end-use check visit cannot be confirmed or the company cannot demonstrate compliance:

- **Unverified List:** Exporters must exercise enhanced caution, such as obtaining an end-use certification from foreign parties whose *bona fides* could not be verified. License Exceptions are not available.

A compliance concern or violation is identified:

- **Enhanced scrutiny** of future license applications and export transactions
- **Investigation of apparent violations** may result in civil, criminal, or administrative action.
- **Entity List:** Restricts exports, absent license approval, to foreign persons involved in activities contrary to the national security or foreign policy interests of the United States.



Compliance Best Practices

1. Provide your U.S. trading partner with complete information about the end use and all potential end users of the commodities or technology ordered
2. Complete any requested end-use certifications
3. Ask the U.S. exporter for the export control classification number (ECCN) and an explanation of any license conditions or other reexport controls
4. Retain copies of all transaction documents and communications with the U.S. exporter
5. Determine whether a U.S. license is required before reselling or reexporting. If you have questions, contact the U.S. exporter or BIS via e-mail on the BIS website (<http://www.bis.doc.gov>) or phone at: +1 (202) 482-4811



Resale and Reexport

Determine whether a U.S. and/or Malaysian license is required, then:

1. Research your customer (online, social media, news reports, business registries, etc.)
 - U.S. Government Consolidated Screening List:
http://export.gov/ecr/eg_main_023148.asp
2. Request an end-use certification and retain copies of all documents & communications
3. Exercise caution if your customer:
 - Provides vague information
 - Orders items they do not have a legitimate need for
 - Is unfamiliar with the items ordered
 - Requests unusual shipping/logistics arrangements



Thank You!



**Office of Enforcement Analysis
Bureau of Industry and Security**

www.bis.doc.gov

