



# International Credit Executives \*Export Compliance\*

September 27, 2023  
Susan Dragotta, LCB, CGBP  
[sdragotta@wctc.edu](mailto:sdragotta@wctc.edu)  
262-691-5553



## Export Regulations Overview

---

- Export Administration Regulations (EAR)
- International Traffic in Arms Regulations (ITAR)
- Foreign Trade Regulations (FTR)



United States®  
**Census**  
Bureau

## Bureau of Industry and Security (BIS)

Implements and enforces the Export Administration Regulations (EAR)

- What are you exporting?
- Where are you exporting?
- Who will receive your item?
- What is the end-use of your item?

<http://www.bis.doc.gov/>



## What are you exporting?

---

0	Nuclear Materials, Facilities And Equipment (and Miscellaneous Items)
1	Materials, Chemicals, Microorganisms and Toxins
2	Materials Processing
3	Electronics
4	Computers
5	Part 1 -- Telecommunications and Part 2 -- Information Security
6	Sensors and Lasers
7	Navigation and Avionics
8	Marine
9	Aerospace and Propulsion

- Commerce Control List (CCL)
- Export Control Classification Number (ECCN)
- License exceptions
- EAR99 – subject to EAR but not on the CCL

<http://www.bis.doc.gov/>

## Where are you exporting?

---

- Commerce Country Chart – if you have an ECCN
- Treasury, Office of Foreign Assets Control (OFAC)
  - Cuba, Iran, North Korea, Syria
  - Belarus and Russia
  - Others



<http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>

## Where are you exporting?

**Commerce Country Chart**

**Reason for Control**

Countries	Chemical & Biological Weapons			Nuclear Nonproliferation		National Security		Missile Tech	Regional Stability		Firearms Convention	Crime Control			Anti-Terrorism	
	CB 1	CB 2	CB 3	NP 1	NP 2	NS 1	NS 2	MT 1	RS 1	RS 2	FC 1	CC 1	CC 2	CC 3	AT 1	AT 2
	Afghanistan	X	X	X	X		X	X	X	X	X		X		X	
Albania <sup>2,3</sup>	X	X		X		X	X	X	X	X						
Algeria	X	X		X		X	X	X	X	X		X		X		
Andorra	X	X		X		X	X	X	X	X		X		X		
Angola	X	X		X		X	X	X	X	X		X		X		
Antigua & Barbuda	X	X		X		X	X	X	X	X	X	X		X		
Argentina	X					X		X	X		X	X		X		
Armenia	X	X	X	X		X	X	X	X	X		X	X			
Aruba	X	X		X		X	X	X	X	X		X		X		
Australia <sup>3</sup>	X					X		X	X							

<https://bis.doc.gov/index.php/regulations/export-administration-regulations-ear>

## Who will receive your item?

---

- “Lists to check”
  - Denied Persons List
  - Entity List
  - Unverified List
  - Military End User List (Burma, Cambodia, China, Venezuela)
  - Specially Designated Nationals (SDN – OFAC)
  - Debarred List (State Department)
  - Nonproliferation Sanctions
- Consolidated Screening List
- GTM Software



<http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern>

## Red Flags/Know your customer

---

- Decide whether there are “red flags”
  - If there are red flags, inquire
  - Do not self-blind
  - Employees need to know how to handle “red flags”
  - Reevaluate all the information after the inquiry
  - Refrain from the transaction or advise BIS and wait
- 
- Examples: Missing end-user or end-use information, unusual payment or shipping terms, buyer does not want routine installation support, final destination is a freight forwarder’s address



EAR Part 732, <https://www.bis.doc.gov/index.php/regulations/export-administration-regulations-ear>





U.S. Department of Commerce  
Bureau of Industry and Security

# Export Compliance Guidelines

*The Elements of an Effective  
Export Compliance Program*

## Key Elements:

- 1) Management Commitment
- 2) Risk Assessment
- 3) Export Authorization
- 4) Recordkeeping
- 5) Training
- 6) Audits
- 7) Handling Export Violations/  
Taking Corrective Actions
- 8) Export Compliance Manual

<https://www.bis.doc.gov/index.php/compliance-a-training/export-management-a-compliance/compliance>

## State Department

---

- Directorate of Defense Trade Controls (DDTC)  
International Traffic in Arms Regulations (ITAR)
- Controls the export and temporary import of defense articles and defense services covered by the United States Munitions List (USML).
- All USML exports require a license from the State Department, and a manufacturer of a USML item, even if not an exporter, must register with DDTC.

<https://www.pmdtcc.state.gov/>





## Census – Foreign Trade Regulations

---

- Mandatory Automated Export System (AES) Filing for All Shipments Requiring Electronic Export Information (EEI)
- Automated Commercial Environment (ACE) single window
- Schedule B Numbers



<https://www.census.gov/foreign-trade/index.html>

## Incoterms® 2020

Each rule must be followed by a named place and reference the version used

Example: FCA Wisconsin Valve Co., 123 Main Street, Milwaukee, WI Incoterms 2020

### Any mode(s) of transport

- EXW – Ex Works
- FCA – Free Carrier
- CPT – Carriage Paid to
- CIP – Carriage and Insurance Paid to
- DAP – Delivered at Place
- DPU – Delivered at Place Unloaded
- DDP – Delivered Duty Paid

### Sea and Inland Waterway Transport only

- FAS – Free Alongside Ship
- FOB – Free On Board
- CFR – Cost and Freight
- CIF – Cost Insurance and Freight



<https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-2020/>



## Upcoming WCTC Courses

---

Export Compliance workshop, 9:00 am – 3:00 pm, December 15

Global Logistics, Tuesdays 6:00-8:50 pm, October 24-December 12

Export Compliance, Tuesdays 6:00-8:50 pm, January 23-March 12

Import Compliance, Tuesdays 6:00-8:50 pm, March 26-May14

Susan Dragotta, LCB, CGBP  
sdragotta@wctc.edu  
262-691-5553