



Frequently Asked Questions: Export Licensing

1. Do I need an export license to export my product?

In short, call (210-757-0618) or e-mail (info@tsiglobalconsulting.com.) us with the technical specifications of your product(s). For a nominal fee we will classify your product(s) and provide you with the ECCN and a license determination. If, due to technical reasons, we are unable to classify your product in-house, we will file for a classification with the Bureau of Industry and Security.

The vast majority of goods and services exported from the United States do not require an export license. In general, export licenses are required for products that have military or potential “dual use” commercial and military application. Licenses may also be required by the Food and Drug Administration (FDA) for some food products as well as medicines that are considered controlled substances. If you are looking to export a general commodity such as clothing, toys, a standard laptop computer or other mass market electronics such as cell phones, MP3 players, DVD recorders etc, than for almost all countries you will be able to export without a license provided the end user is not on one of many U.S. government restricted or prohibited foreign entity lists. All foreign parties (both company names and key individuals) for each export transaction should be properly screened against U.S. government lists of restricted and prohibited entities lists. Contact our office if you are not sure if a license is required and/or if you would like to screen the foreign parties to an export transaction.

2. What is the best way to know if I need an export license or not?

The best way to answer this question is to have your product or service classified based on the Commerce Control List. Products that are subject to license and under the jurisdiction of the Department of Commerce Bureau of Industry and Security (BIS) have an export control classification number more commonly known as an ECCN. If you are intending to export a product and you are not the original manufacturer in many cases the OEM can provide this ECCN number to you. Once you have the ECCN, the classification process used to determine licensing requirements for export to a particular country can be done in house here at TSI Global Consulting. Once we have the ECCN, for a nominal fee and normally within one business day, TSI Global Consulting can provide a formal answer (*yes it requires a license or no it does not*) along with proper shipment instructions. If you do not have the ECCN, *TSI Global Consulting* can in some cases self-classify and if not we can file for a formal classification which takes up to 30 days and is done by the staff of the Bureau of Industry and Security.

3. Where do I get an export license?

Licenses for the export of defense articles and services are issued by the Department of State, Directorate of Defense Trade Controls (DDTC). Dual use products are under the licensing jurisdiction of the Department of Commerce, Bureau of Industry and Security (BIS). Finally, exports to embargoed and sanctioned countries (i.e. Iran, Sudan & Cuba) require a license issued by the U.S. Treasury Office of Foreign Assets Control (OFAC). Since the U.S. has a trade embargo in place with these countries, only a few products namely some food items, medicine and medical supplies can be exported with a license. *TSI Global Consulting* can work with you to obtain a license from any of these agencies.

4. How long does it take to get an export license?

Well, it depends. Department of Commerce export licenses generally are issued 45-60 days after the filing date. Based on recent experience we tell our clients they should plan on a two month waiting period. BIS product classifications take 30 days. Unfortunately, Department of State licenses take longer, up to 90 days from the date of filing.

5. What is the validity period of an export license?

Department of Commerce, Bureau of Industry and Security (BIS) export licenses are valid for multiple shipments over two years. You should estimate the quantity and value of shipments made over a two year period and apply for the license accordingly. State Department (DDTC) licenses are valid for four years; however, you typically need to submit a production order as an attachment to the license application. U.S. Treasury, Office of Foreign Assets Control (OFAC) licenses are valid for one year.

6. Why does it take so long for these agencies to issue a license?

License applications are subject to an extensive screening process. The vast majority of Department of Commerce applications are “staffed out” to other agencies including, but not limited to, the Department of Defense, Department of State and Department of Energy. The application review process is not very transparent, but it does involve a range of committees in the various agencies who look closely at the product in question, end user and end use. Sometimes within the course of this review, the licensing officers ask us to respond to specific technical questions. The process takes time and unfortunately there is nothing we or anybody can do to expedite the process do post-filing other than wait.

7. What is the cost to obtain an export license?

In order to file defense related export licenses with the State Department, the exporter must first fill out a registration form and register with the State Department. All manufacturers of defense articles regardless of whether or not they ever export such articles, are required to file an annual registration with the State Department. The annual fee for the first year charged by the Department of State for registration is \$2250. The registration fee includes all costs related to the first 10 license applications submitted during the year. The registration fee goes up marginally in succeeding years. The process for company registration involves filing an application which takes 2-4 weeks for processing by the State Department.

TSI Global Consulting can assist. Once your registration has been approved we can work with you to set up the online filing system called DTrade in your office and we will guide you through the process of filing the license application. Our fees are variable depending on the complexity of the license. With respect to Department of Commerce dual use licenses, there is no filing fee charged by the agency. *TSI Global Consulting* prepares and files Commerce/BIS licenses on behalf of our clients. In general our fees for an in-house ECCN classification and license determination run \$200 per line item. If we need to file for a formal BIS classification the fee will be slightly higher. BIS export license applications prepared and filed by TSI Global Consulting cost anywhere from \$1000 on up depending on the number of items on the license and degree of technical write-up involved. We will discuss our fees to prepare and file your license application once we have details on your specific licensing requirements.

8. What will TSI Global Consulting, LLC need from our company in order to prepare and file the license application?

We will send you a PDF file that states in detail all of the data we will need from you in order to write up the license application. We will need a power of attorney. In addition we will guide you through the process of registering with the Bureau of Industry and Security which is required to obtain your company ID number. We will also ask you for the product(s) technical specifications, marketing brochures and/or jpeg photos, a detailed description with regard to the pending transaction, company contact information for all consignees and end user/end use details.

9. Does the United States require licenses to import?

Yes, but only for a few products. Imports of a wide range of defense articles are regulated and licensed by the Bureau of Alcohol Tobacco and Firearms. In addition, imported steel products which are under the jurisdiction of the Department of Commerce, Import Administration are subject to license. Some agricultural goods require an import license issued by the U.S. Department of Agriculture.

10. Is it really worth the time and money going through the process of applying for a license?

Yes it is. Do not attempt to export anything prior to insuring that you are in full compliance with U.S. export controls. Penalties for violations of export laws are severe and can involve millions of dollars in fines as well as criminal charges which can result in lengthy prison terms.

11. Why should we hire TSI Global Consulting, LLC to prepare and file our license applications?

Export compliance and licensing is a technical science. We have the experience and know-how that is required and our track record of obtaining licenses for our clients is proof. For a very reasonable amount of money, we take the licensing aspect of exporting off of your desk and allow you to manage the core areas of your business. Writing a license application requires technical precision and a properly written application takes into account an understanding of what the federal licensing officers are looking for when reviewing the application. In addition, we have established contacts in the various agencies in Washington to seek assistance if it is required. You do not need to hire an attorney for this work, but you do need to hire a professional. And since we are a boutique consultancy our low overheads are passed on to you in the form of highly competitive prices for our professional services.

CALL TSI GLOBAL CONSULTING TO SCHEDULE YOUR

IN-COMPANY EXPORT COMPLIANCE SEMINAR AND STAFF TRAINING SESSION

TRAIN YOUR STAFF ON THE NUTS AND BOLTS OF EXPORT COMPLIANCE

3-4 Hour Seminar Outline

- I. General Introduction: Why Do We Need Export Controls?
- II. Key Definitions (ITAR Part 120)
 - A. U.S. versus Foreign Person
 - B. What Defines an “export”
- III. Regulatory Oversight
 - A. Department of Commerce, Bureau of Industry & Security (BIS)
 - B. Department of State, Directorate of Defense Trade Controls (DDTC)
 - C. Department of Treasury, Office of Foreign Assets Control (OFAC)
- IV. DDTC in Detail
 - A. Role and Function
 - B. What are the International Traffic in Arms Regulations (ITAR) and the Arms Export Control Act?
 - C. What Defines a Defense Article: Categories within ITAR
 - D. Differentiating Significant Military Equipment
 - E. The Registration Process
- V. Export Licensing
 - A. DDTC Licenses
 - 1. Who needs a license
 - 2. Various DDTC license types (DS-5, DSP-61, DSP-73, DSP-85)
- VI. General Submission Procedure
 - A. D-Trade
 - B. Hard Copy or Ellie Net
- VII. Processing Hurdles
- VIII. U.S. Department of Commerce, Bureau of Industry & Security (BIS)
 - A. Mission Statement
 - B. Role and Function: Implement the Export Administration Regulations (EAR)
 - 1. What products fall under the EAR
 - 2. Definition of “dual use”
 - 3. BIS definition of an “export”
 - C. Commerce Control List (Classification System)
 - 1. Explanation of the “system”
 - 2. Sample ECCN entry
 - 3. Use of the Country Chart
 - D. License Filing Process
 - 1. Registering with SNAP-R compliance system for e-filing
 - 2. General SNAP-R issues/Recent reforms
 - E. Dealing with EAR99 items: Can we just export?
 - 1. Sorting through the various denial lists
 - 2. Denied Persons
 - 3. Entity List
 - 4. Unverified List
 - 5. Specially Designated Nationals
 - 6. DDTC Debarred List
 - F. The “Ten” General Prohibitions
 - G. End User Statements
- IX. Jurisdiction: State versus Commerce
 - A. What is a Commodity Jurisdiction Review?
 - B. Filing Process (DS-4076)
- X. Penalties and Fines
 - A. ITAR violations
 - B. EAR violations