

# BASIC TRAINING EXPORT CONTROL

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## Primary targets & Expectations

### The purpose of this presentation is....

- To provide basic knowledge in the field of export control.
- To create an awareness for export control issues.

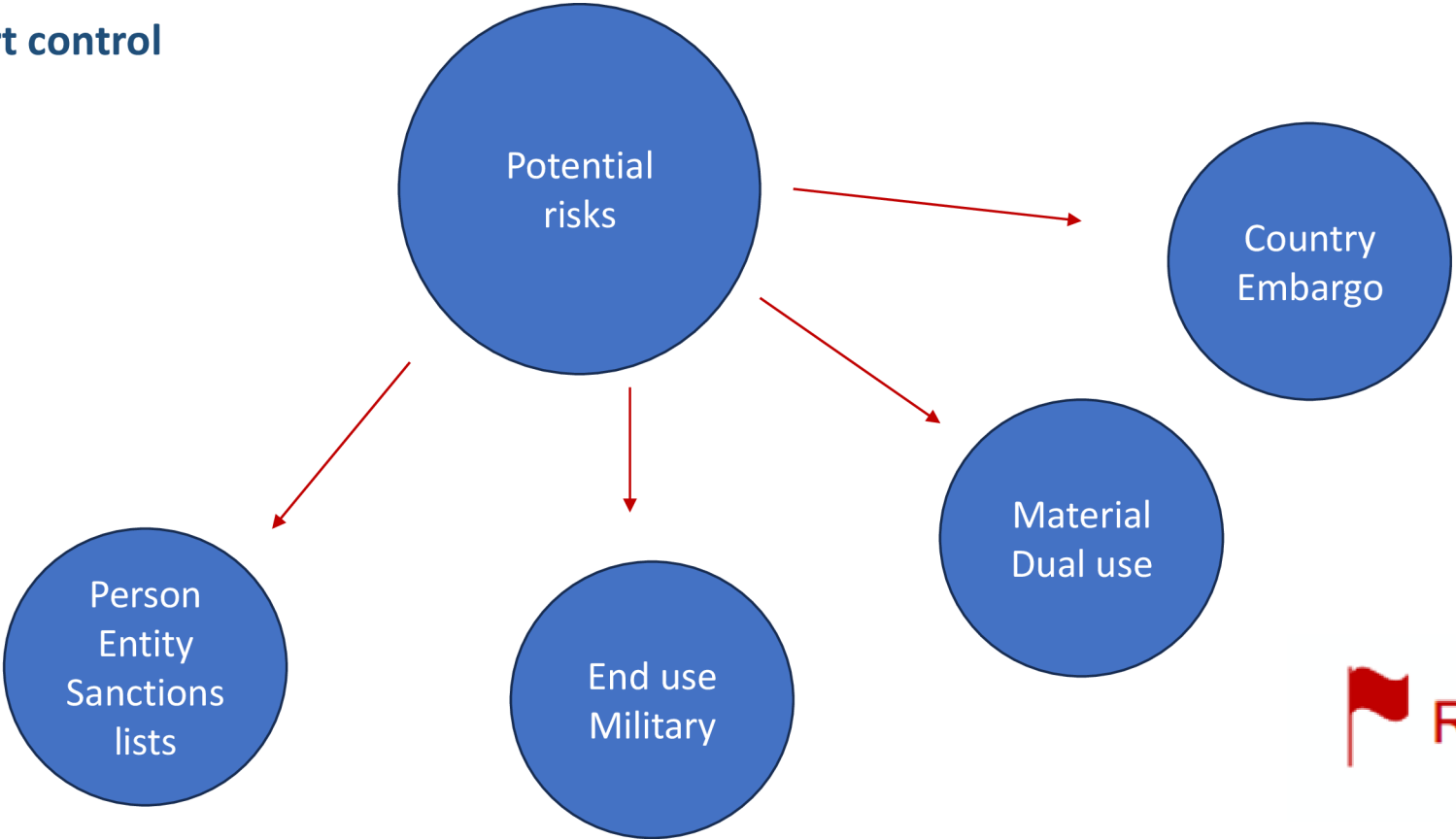
### We expect you ...

- To act in accordance with the legal requirements and internal regulations.
- To solve export control law issues on your own responsibility.
- To be able to identify indicators of export control law issues
- To know who to contact.

# BASIC TRAINING EXPORT CONTROL

## What means export control

Being aware of

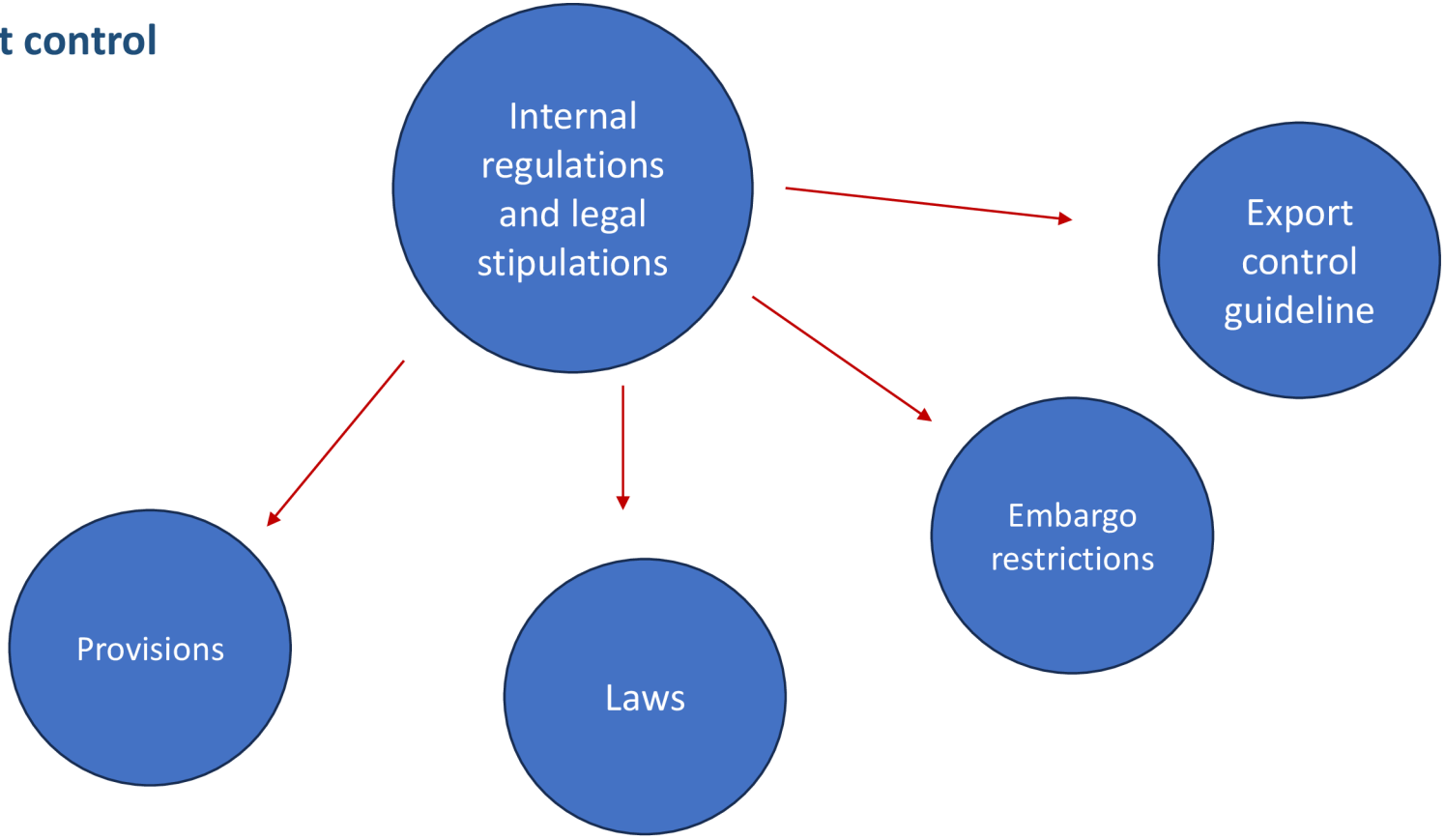


 Red Flags!

# BASIC TRAINING EXPORT CONTROL

## What means export control

Taking care of



# BASIC TRAINING EXPORT CONTROL

## Five myths regarding export control

**Myth 1:** It is sufficient to match the master data of our business partners with the sanctions lists.

Sanctions lists are published by many states and communities. The most important lists include those of the EU, USA and UK. These official lists list all persons and entities against whom economic or financial sanctions or other legal measures have been adopted. The sanctions lists must be checked regardless of the receiving country and the goods to be shipped.

Also, for local transactions. But please watch out: Sanctions lists review is only one of four export control steps. In addition, a country-related, a product-related and an end-use-related check must be carried out.

# BASIC TRAINING EXPORT CONTROL

## Five myths regarding export control

**Myth 2:**Export control concerns only manufacturers of war weapons and ammunition.

It's not quite that simple. Every company that ships goods within the European Union, the United Kingdom or to third countries must check whether there are embargoes, permits must be obtained or a business partner is on a sanctions list. The main items requiring approval are so-called "dual-use goods" that can be used for both civilian and military purposes. Aluminum casings, for example, can be used for the production of both cartridges and lipsticks.

Therefore, it is important to also consider the end-use purpose. For example, if the goods are to be used for chemical weapons, military purposes or a nuclear facility, non-listed goods may also be subject to export licensing requirements.

# BASIC TRAINING EXPORT CONTROL

## Five myths regarding export control

**Myth 3:** Export control concerns only exports. We ship only within the European Union/UK.

Foreign trade laws relating to certain goods can also apply to local transactions. In the case of sensitive dual-use products or other restricted goods, special attention should be paid to resales, deviating consignees and end-use. In such cases, it is advisable to obtain end-use declarations or export control declarations in order to be legally secure. If the product also contains US components, US re-export control law must be taken into account.

In addition, as already mentioned, the recipients must be checked against the sanctions lists. Also when sending non-critical goods to local customers.

# BASIC TRAINING EXPORT CONTROL

## Five myths regarding export control

**Myth 4:** We have reviewed our material master data - export control is no longer an issue for us.

Export control concerns not only physical goods, but also software, knowledge and technology. The provision of software, knowledge or technology in the form of technical specifications or design drawings on the Internet or by e-mail as well as the carrying of corresponding documents (in digital or paper form) on a business trip may be subject to approval.

In addition, the sanctions list check must not be forgotten here either. Not even in the case of local business. For the above reasons, the sales department in particular must be sensitized to the topic of export control.



# BASIC TRAINING EXPORT CONTROL

## Five myths regarding export control

**Myth 5:** US law is not relevant to us.

US re-export control law claims extraterritorial effect. This means that the US controls its goods regardless of where they are shipped in global trade. US law must therefore be observed even by companies that are not based in the US but deal directly or indirectly with US products.

In addition, the US authorities also maintain extensive sanctions lists, which should be observed at all costs. Trade with sanctioned business partners leads to own sanctioning by listing. In this case, one's own economic survival would be at stake.

# BASIC TRAINING EXPORT CONTROL

## Determination of the circumstances

### **Type of the intended business:**

Procurement

export/shipping ...

final/temporary → End Use

### **Subject of the intended business:**

Components/Parts

Technology

Software

Drawings

# BASIC TRAINING EXPORT CONTROL

## Determination of the circumstances

### **Evaluation of the business partner:**

verified existing customer/new customer

reliable

known/unknown

### **Evaluation of customer country, recipient country and end-user country:**

Embargo

Crisis region

# BASIC TRAINING EXPORT CONTROL

## FOUR MAIN QUESTIONS OF EXPORT CONTROL CHECKS

**WHO** – Customer, recipient, end user check

**WHERE** – Nation check (all business partners)

**WHAT** – Type of goods

**FOR WHICH** – End use check

# BASIC TRAINING EXPORT CONTROL

## FOUR MAIN QUESTIONS OF EXPORT CONTROL CHECKS

**WHERE** – Nation check (all business partners)

### Embargoes

**What is it?** State prohibition to trade with a certain state.

**Total embargo** = Every economic contact is prohibited. (Exceptions for humanitarian relief items possible)

**Partial embargo** = Restrictions in different economic sectors. (Exceptions for humanitarian relief items possible)

**Arms embargo** = Export of military goods not allowed.

# BASIC TRAINING EXPORT CONTROL

## FOUR MAIN QUESTIONS OF EXPORT CONTROL CHECKS

**WHAT** – Type of goods

**Export restrictions and Dual-Use,**

**What means Dual-Use?** → Goods that can be used for both military and civilian purposes. Check against the customs tariff number

e.g. 84821090 // [TARIC Consultation](#)

**Export restrictions on certain goods** → Check against the customs tariff number

e.g. 87085020 // [TARIC Consultation](#)

# BASIC TRAINING EXPORT CONTROL

## FOUR MAIN QUESTIONS OF EXPORT CONTROL CHECKS

**FOR WHICH** – End use check

### **End-Use**

Military End-Use

Nuclear end-use

**In case of doubt:** Request for end-use and/or export control declarations [Sample](#)

# BASIC TRAINING EXPORT CONTROL

## Red flags

In addition to the four main questions, you need to check for any indications for procurement activities →

deliveries from Whom

Deliveries Where

Delivery of What

Delivery for which use

These indications called „red flags“ could be e.g.:

Identity of new customer is unclear

Upon request the customer gives no or only unsatisfactory details about the shipment's destination

Request for unusual or exaggerated confidentiality

Unusual packaging order/security measures (e.g.: seaworthy packaging for delivery within Europe)

Equipment is not suitable for intended location of application





# BASIC TRAINING EXPORT CONTROL

## Violations of export restrictions

### **Possible penalties against entities and individuals (EU) (Employees involved)**

Export of listed dual-use items without a license (regardless of the review) *Up to 500.000 € fine*

Embargo violations (premeditated action) *Minimum sentence of one year imprisonment*

*For violations of arms embargoes even up to 10 years imprisonment*