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## Export Controls Frequently Asked Questions

### What is an Export?

In export control regulations, there are several meanings, which include any of the following:

- Actual shipment of any covered goods or items,
- The electronic or digital transmission of any covered goods, items or related goods or items,
- Any release or disclosure, including verbal disclosures or visual inspections, of any technology, software or technical data to any foreign national,
- Actual use or application of covered technology on behalf of or for the benefit of any foreign entity or person anywhere.

### What are Export Controls?

U.S. laws that restrict the transfer of militarily useful goods, technology, services, and information, including equipment and technology used in research, for reasons of foreign policy and national security. Federal export controls are accomplished primarily through:

- The International Traffic in Arms Regulations (ITAR) implemented by the Department of State, Directorate of Defense Trade Controls, for inherently military items.
- The Export Administration Regulations (EAR) administered by the Department of Commerce, Bureau of Industry and Security, for “dual use” of items that have both a commercial and potential military use.
- Regulations of the Treasury Department, Office of Foreign Assets Control (OFAC) relating to the transfer of technology or assistance to sanctioned countries or their citizens.

### What are Export Control Laws?

The set of laws, policies, and regulations that govern the export of controlled items to an individual, entity or country. Export controls consist of a series of regulatory frameworks overseen by various U.S. Federal agencies.

### What is the purpose of Export Control regulations?

The United States, like most countries, has laws, which control the export of certain products and technologies for strategic reasons. Those reasons include the prevention of the following:

- Proliferation of Weapons of Mass Destruction (WMD),
- Proliferation of nuclear capabilities,
- Equipping enemy forces, or
- Support for terrorism.

### What is Restricted Party List(s)?

Prohibited/restricted individuals, entities and countries listed by the Departments of Commerce, State and Treasury and other Federal agencies.

### What is re-export?

A re-export occurs whenever any item (i.e., commodity, software, technology, equipment or information) is sent from one foreign country to another foreign country.

## What is the meaning of Transfer?

As defined by the Export Administration Regulations means the shipment, transmission or release to any person of items subject to the Export Administration Regulations, inside or outside of the United States.

## What is EAR?

The Commerce Department's Export Administration Regulations govern "dual-use" items. These are items having both civilian and military or defense applications.

## What are the penalties for violating the export control regulations?

Violations of the export control regulations can result in severe administrative and civil sanctions as well as criminal penalties. For example, civil violations of the EAR are punishable by a fine of up to twice the value of the exports involved or \$250,000, whichever is greater. Criminal violations can result in penalties of up to \$1 million per violation and up to 20 years imprisonment. Exports are subject to a strict liability standard, so even negligent exports can trigger fines. Penalties can also include the denial of export privileges, debarment from contracting with the federal government, and a loss of federal funds. Almost all enforcement actions are public.

## How do I ship a controlled item or commodity out of the United States?

Transfer of commodities and equipment is only controlled by the export regulations when the item is shipped out of the country. Licenses to ship an item outside the United States are required even when the item or equipment is used in or results from fundamental research.

- If a commodity is controlled under the International Traffic in Arms Regulations (ITAR) and subsequently listed in a category of the United States Munitions List (USML), then a license is **always required** before it can be shipped to any country outside the United States, except in limited circumstances such as shipment to a military base overseas. Licenses are also required to import such items.
- For commodities controlled under the Export Administration Regulations (EAR) and subsequently listed in the Commerce Control List (CCL), a license determination is made depending upon the country to which the item is being shipped to and how the item is controlled by the regulations.

## How long does the license take?

The processing time for a license application and supporting documents depends on where the exported material is going. You should allow a minimum of 8 to 12 weeks to process your application. Delays of **three to four months** are common for obtaining licenses for countries listed on the U.S. Department of Commerce's Entities List, which may require review, by more agencies and a longer processing time.

## End User Certificate

### Who is the end user?

The person abroad that receives and ultimately uses the exported or re-exported items. The end-user is not a forwarding agent or intermediary, but may be the purchaser or ultimate consignee.

### Why am I required to fill out the End User Certificate if I am not directly exporting out of the United States or if I am located outside of the United States?

The direct/indirect transfer or re-export of Price Industries products are also subject to Export Control laws.

### Why should I sign an end user certificate if I am not aware who the end user will be?

It is the exporter's responsibility to take seriously the threat of export that are contrary to the United States national security and foreign policy interests. Price Industries requires end user information to check every export against the various restricted party lists; it is a violation of export regulations to export to anyone on the U.S. restricted party lists.

### **Will I have to provide an End User Certificate (EUC) for each order?**

Yes, the End User Certificate (EUC) is required for each order as the destination, end use and end user can differ.

### **Why am I restricted to conduct business with Crimea, Iran, North Korea, Russia, or Syria if the listed countries are not sanctioned by the country I reside in?**

All of Price Industries **products** are subject to U.S. and other applicable export controls consequently must follow all export control laws.

### **What does it mean by embargo?**

The U.S. Government as having limited designates sanctioned Countries or comprehensive trade sanctions and embargoes imposed for reasons of anti-terrorism, non-proliferation, narcotics trafficking, or other reasons. Sanctions are prohibitions on transactions (e.g., financial exchanges, providing or receiving services of value) with designated countries, entities or individual: <https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>

### **What are Anti-Boycott laws?**

U.S. anti-boycott laws require that U.S. firms refuse to participate in foreign boycotts that the United States does not sanction. In addition, the laws prevent U.S. firms from being used to implement foreign policies that are counter to U.S. policy. Although the anti-boycott laws apply to all non-U.S.-sanctioned boycotts imposed by foreign countries, the Arab League's boycott of Israel is the principal foreign economic boycott concerning U.S. firms. Anti-boycott law prohibitions include:

- Agreements to refuse or actual refusal to do business with or in Israel or with blacklisted companies.
- Agreements to discriminate or actual discrimination against other persons based on race, religion, sex, national origin, or nationality.
- Agreements to furnish or actual furnishing of information about business relationships with or in Israel or with blacklisted companies.
- Agreements to furnish or actual furnishing of information about the race, religion, sex, or national origin of another person

### **Who should be the Authorized Signatory?**

The authorized signatory should have the authority to make the claim for export controls. The signatory personnel should thoroughly understand export regulations and the consequences of violating them as they are making themselves legally liable for export compliance.