



EXPORT DOCUMENTATION &
COMPLIANCE SOFTWARE

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How to Determine If You Need an Export License



A SHIPPING SOLUTIONS® WHITEPAPER

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(Major sections of this whitepaper have been pulled from the
U.S. Department of Commerce's publication:

Introduction to the Commerce Department's Export Controls.)


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Background

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export, reexport and transfer (in-country) of most commercial and some military items. We often refer to the items that BIS regulates as dual-use—items that have both commercial and military or proliferation applications. However, some military items and purely commercial items without an obvious military use are also subject to the EAR.

The EAR do not control all goods, services and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and defense services. [Supplement No. 3 to Part 730 of the EAR](#) lists the other agencies involved in export controls.

This overview is designed to give people a general understanding of the EAR. Nothing provided here can substitute for consulting the EAR. The EAR include answers to frequently asked questions, detailed step-by-step instructions for determining if a transaction is subject to the regulations, how to request a commodity classification or advisory opinion, and how to apply for a license. In using the EAR, you may want to first review [Part 732](#) for the steps to follow to determine your obligations.

IMPORTANT LINKS

www.bis.gov

www.shippingsolutions.com

What Is an Export?

Any item that is sent from the United States to a foreign destination is an export. Items include commodities, software or technology such as clothing, building materials, circuit boards, automotive parts, blueprints, design plans, retail software packages and technical information.

How an item is transported outside the U.S. doesn't matter in determining export license requirements. For example, an item can be sent by regular mail or hand-carried on an airplane. A set of schematics can be sent via facsimile to a foreign destination, software can be uploaded to or downloaded from an Internet site, or technology can be transmitted via email or during a telephone conversation. Regardless of the method used for the transfer, the transaction is considered an export.

An item is also considered an export even if it is leaving the U.S. temporarily, if it is leaving the U.S. but is not for sale (e.g., a gift), or if it is going to a wholly-owned U.S. subsidiary in a foreign country. Even a foreign-origin item exported from the U.S., transmitted or transshipped through the U.S., or being returned from the U.S. to its foreign country of origin is considered an export.

Finally, release of technology or source code subject to the EAR to a foreign national in the United States is deemed to be an export to the home country of the foreign national under the EAR.

Factors to Consider

A relatively small percentage of total U.S. exports and reexports require a license from BIS. The first step is to determine whether the EAR apply to your item. If your item has military applications, you may submit a commodity jurisdiction request to the Department of State, Directorate of Defense Trade Controls to receive an official U.S. Government jurisdiction determination.

BIS license requirements depend upon an item's technical characteristics, the destination, the end user and the end use of the item. As the exporter, you must determine whether your export requires a license. When you make determination consider:

1. **What** are you exporting?
2. **Where** are you exporting?
3. **Who** will receive your item?
4. **What** will your item be used for?

1. What Are You Exporting?

The Export Control Classification Number and the Commerce Control List

A key in determining whether you need an export license from the Department of Commerce is knowing whether the item you intend to export has a specific Export Control Classification Number (ECCN). The ECCN is an alpha-numeric code (e.g., 3A001) that is made up of the item category, its product category and its primary reason for control. The ECCN entry describes the item and specifies licensing requirements. All ECCNs are listed in the [Commerce Control List \(CCL\)](#).

The CCL is divided into 10 broad categories, and each category is further subdivided into five product groups.

Commerce Control List Categories

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

Five Product Groups

- A. End Items, Equipment Accessories, Attachments, Parts, Components and Systems
- B. Test, Inspection and Production Equipment
- C. Material
- D. Software
- E. Technology

Classifying Your Item

The proper classification of your item is essential to determining any licensing requirements under the EAR. You may classify the item on your own, check with the manufacturer or submit a classification request to have BIS determine the ECCN for you.

When reviewing the CCL to determine if your item is specified by an ECCN, you will first need to determine which of the 10 broad categories of the Commerce Control List includes your item and then consider the applicable product group.

For example, assume that you wish to export polygraph equipment that is used to help law enforcement agencies. What would be your ECCN?

Start by looking in the Commerce Control List under the category of electronics (Category 3) and product group that covers equipment (Product Group A). Read through the list to find whether your item is included in the list. In this example, the item is 3A981 as shown below:

3A981

Polygraphs (except biomedical recorders designed for use in medical facilities for monitoring biological and neurophysical responses); fingerprint analyzers, cameras and equipment, n.e.s.; automated fingerprint and identification retrieval systems, n.e.s.; psychological stress analysis equipment; electronic monitoring restraint devices; “specially designed” “components” and “accessories”, therefor, n.e.s.

License Requirements:

Reasons for Control: CC

Control(s): CC applies to entire entry

Country Chart: CC Column 1

License Exceptions:

LVS: N/A GBS: N/A

List of Items Controlled:

Related Controls: See ECCN 0A982 for other types of restraint devices

Related Definitions: N/A

The list of items controlled is contained in the ECCN heading.

An alternative to searching through a printed version of the CCL is the Shipping Solutions [International Trade Compliance Software](#), which includes a [Product Classification Software tool](#) that allows you to type in a short description of your product. The wizard then highlights potential matches in the CCL.

If you enter “polygraph” into the Product Classification Software, you get the following:

The screenshot displays the 'ECN / ML Classification' window within the Shipping Solutions software. The interface includes a top navigation bar with tabs for 'Classification', 'Landed Cost', 'Controls', 'Documentation', 'Transaction', 'TW Configuration', 'Export Customer Data', and 'Utilities'. The 'Classification' tab is active, showing a list of categories and items. The 'CATEGORY 3 ELECTRONICS' is expanded, and the '3A' sub-category is selected. The list of items includes various electronic components and systems. The item '3A981 Polygraphs' is highlighted in yellow, indicating it is a potential match. The description for '3A981 Polygraphs' is: 'Polygraphs (except biomedical recorders designed for use in medical facilities for monitoring biological and neurophysical responses); fingerprint analyzers, cameras and equipment, n.e.s.; automated fingerprint and identification retrieval systems, n.e.s.; psychological stress analysis equipment; electronic monitoring restraint devices; and "specially designed" "components" and "accessories" therefor, n.e.s.' Below the description, there are related controls and definitions: 'Related Controls: See ECCN 0A982 for other types of restraint devices.' and 'Related Definitions: N/A'. A note at the bottom states: 'Note to ECCN 3A981. In this ECCN, electronic monitoring restraint devices are devices used to record or report the location of confined persons for law enforcement or penal reasons. The term does not include devices that confine memory impaired patents to appropriate medical facilities.'

Product Classification Software result for “Polygraph Equipment.”

The Product Classification Software highlights Category 3, Electronics, as a potential match for this product by bolding the results. You can then drill down further into the results screening by clicking on the plus sign “+” next to the bolded entry. Doing so takes us down to the ECCN Classification of 3A981.

You must carefully read the entire entry, including any additional notes, to make sure this is the best potential match for your product.

If Your Item is Not on the Commerce Control List: EAR99

If your item falls under U.S. Department of Commerce jurisdiction and is not listed on the CCL, it is designated as EAR99. EAR99 items generally consist of less sensitive consumer goods and do not require a license in most situations. However, if you plan to export an EAR99 item to an embargoed country, to an end user of concern or in support of a prohibited end use, you may be required to obtain a license.

2. Where Are You Exporting?

Although a relatively small percentage of all U.S. exports and reexports require a BIS license, virtually all exports and many reexports to embargoed destinations and countries designated supporting terrorist activities, such as Cuba, Iran, and Syria, are more restricted and require a license. BIS also controls the export and reexport of selected categories of items to countries under United Nations Security Council arms embargoes, such as Central African Republic, Democratic Republic of the Congo, Eritrea, Iran, Iraq, Lebanon, Libya, North Korea, Somalia, and Sudan. However, restrictions vary from country to country.

[Part 746](#) of the EAR describes embargoed destinations, sanctions on certain items to specific destinations, sanctions on specific Russian industries and additional controls imposed by the Office of Foreign Assets Control (OFAC) of the Treasury Department.

How to Cross Reference the ECCN with the Commerce Country Chart

Once you have classified the item, the next step is to determine whether you need an export license based on the “Reasons for Control” of the item and the country of ultimate destination. You begin this process by comparing the Reasons for Control found in the ECCN entry with the [Commerce Country Chart](#).

Below the main heading for each ECCN entry, you will find the “Reason for Control” (e.g., NS for National Security, AT for Anti-Terrorism, CC for Crime Control, etc.). Below this, you will find the “Country Chart” designator, which shows the specific export control code(s) for your item (e.g., NS Column 2, AT Column 1, CC Column 1, etc.). These control codes for your ECCN must be cross-referenced against the Commerce Country Chart.

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
Gambia, The	X	X		X		X	X	X	X	X		X		X		
Georgia	X	X	X	X		X	X	X	X	X		X	X			
Germany ³	X					X		X	X							
Ghana	X	X		X		X	X	X	X	X		X		X		
Greece ³	X					X		X	X							
Grenada	X	X		X		X	X	X	X	X	X	X		X		
Guatemala	X	X		X		X	X	X	X	X	X	X		X		
Guinea	X	X		X		X	X	X	X	X		X		X		
Guinea-Bissau	X	X		X		X	X	X	X	X		X		X		
Guyana	X	X		X		X	X	X	X	X	X	X		X		
Haiti	X	X		X		X	X	X	X	X	X	X		X		
Honduras	X	X		X		X	X	X	X	X	X	X		X		
Hungary ³	X					X		X	X							

Export Administration Regulations

Bureau of Industry and Security

August 11, 2023

Excerpt from the Commerce Country Chart.

If there is an “X” in the box based on the Reason(s) for Control of your item and the country of destination, a license is required unless a License Exception is available. [Part 742 of the EAR](#) sets forth the license requirements and licensing policy for most Reasons for Control.

Example 1: Export License May Be Required

Question: You have polygraph equipment classified as 3A981 for export to Honduras. Would you be required to obtain an export license from the Department of Commerce before selling and shipping it to your purchaser?

Answer: Yes. 3A981 is controlled for Crime Control reasons under CC Column 1, and the Country Chart shows that such items require a license for Honduras.

If there is no “X” in the control code column(s) specified under your ECCN and country of destination, you will not need an export license unless you are exporting to an end user or end use of concern.

Example 2: Export License May Not Be Required

Question: You have polygraph equipment classified as 3A981 for export to Germany. Would you be required to obtain an export license from the Department of Commerce before selling and shipping it to your purchaser?

Answer: No. 3A981 is controlled for Crime Control reasons under CC Column 1, and the Country Chart shows that such items do not require a license for Germany unless you are exporting to an end user or end use of concern.

Rather than manually searching the Commerce Country Chart, the Shipping Solutions [Export Controls Software](#) allows you to enter the country of export, country of manufacture, country of import and your product’s ECCN code to quickly determine if it requires an export license.

As you can see from the screenshot below, the Export Controls Software indicates that a license is required for exporting polygraph equipment classified as 3A981 to Honduras:

Trade Wizard SHIPPING SOLUTIONS

Welcome demo-intermart | Help | Home | Sign Out (INTERMART, TW_USER)

Classification Landed Cost **Controls** Documentation Transaction TW Configuration Export Customer Data Utilities

Export Controls

Export Controls Results

Country of Export	United States Of America	Country of Manufacture	United States Of America
Country of Import	Honduras	Export Date	01-Sep-2023
Export HS Number	-	ECN Number	3A981
Export HS Description		Product End Use	Non-Military Use
State/Province			

Country of Export To Country of Import

Export Controls Summary

Control Type	Result
Embargo/Sanction	● No Controls
Prohibition	● No Controls
Licenses, Permits, etc.	● Controls Apply
Absolute Quota	● No Controls
Other Controls	● No Controls

Global Notes

KEY: EL (Export License Required) - - NLR (No License Required) - - LVS (License Exception Shipments of Limited Value) - - GBS (License Exception Shipments to Country Group B Countries) - - TSR (License Exception Technology and Software Under Restriction) - - ACE (Authorized Cybersecurity Exports) - - DOS (Department of State License required) - - STA (License Exception Strategic Trade Authorization) - - DY6 (No License Required "for 600.y items")

Export Controls Details

License Requirements

EL

Explanation of license determination logic

EL required by default.

Country Reasons for Control

CB1, CB2, NP1, NS1, NS2, MT1, RS1, RS2, CC1, CC3, EI, FC1

ECCN Reasons for Control

CC1

Country License Exceptions available

GBS, TSR, LVS

ECCN License Exceptions available

NONE

Export Controls Software results for shipping polygraph equipment to Honduras.

In addition to the red spotlight that indicates that an export license is required, the Export Controls Details section at the bottom of the screen outlines the reasons for control. The Crime Control Code (CCI) is listed under both the Country and ECCN reasons for control so, in this case, the product is controlled for crime control reasons. Since there are no license exceptions for this ECCN, a license is required.

If we screen a shipment destined for one of the embargoed countries such as Cuba outlined in Part 746 of the EAR as the country of import, the Wizard also tells us that Cuba is an embargoed country:

The screenshot displays the 'Export Controls' section of the Trade Wizard Shipping Solutions software. The interface includes a top navigation bar with tabs for Classification, Landed Cost, Controls (selected), Documentation, Transaction, TW Configuration, Export Customer Data, and Utilities. A sidebar on the left contains 'Quick Links'. The main content area is titled 'Export Controls Results' and includes a 'Printable Version' link. It shows the following details:

- Country of Export:** United States Of America
- Country of Import:** Cuba
- Export HS Number:** -
- Export HS Description:** State/Province
- Country of Manufacture:** United States Of America
- Export Date:** 01-Sep-2023
- ECN Number:** 3A981
- Product End Use:** Non-Military Use

Below this, a section titled 'Country of Export To Country of Import' leads to an 'Export Controls Summary' table:

Control Type	Result
Embargo/Sanction	Controls Apply
Prohibition	No Controls
Licenses, Permits, etc.	Controls Apply
Absolute Quota	No Controls
Other Controls	No Controls

An 'Embargo/Sanction' section follows, providing detailed text about US embargoes on Cuba. Below this is a 'Global Notes' section with a key explaining various export codes (EL, NLR, LVS, GBS, TSR, ACE, DOS, STA, DY6). The interface concludes with an 'Export Controls Details' section and a 'Back' button.

Export Controls Software results for shipping polygraph equipment to Cuba.

3. Who Will Receive Your Item?

Certain individuals and organizations are prohibited from receiving U.S. goods and others may only receive goods if the items have been licensed, even items that do not normally require a license based on the ECCN and Commerce Country Chart or based on an EAR99 designation. The Departments of State, Treasury and Commerce maintain lists of these proscribed parties, including those listed below:

- **Entity List**—A list of parties whose participation in a transaction can trigger a license requirement under the EAR. The list specifies the license requirements that apply to each listed party. These license requirements are in addition to any license requirements imposed on the transaction by other provisions of the EAR.
- **Specially Designated Nationals and Blocked Persons List**—A list maintained by the Department of Treasury's Office of Foreign Assets Control, which administers and enforces economic and trade sanctions against targeted foreign countries, terrorism-sponsoring organizations and international narcotics traffickers.
- **Unverified List**—A list of parties BIS was unable to verify in previous transactions. For transactions that do not require a license for export, reexport or transfer (in-country), parties must first obtain a statement from the person listed on the Unverified List, verifying, among other things, the contact details of the person and the end use of the item(s). Electronic Export Information must be filed for exports, regardless of the value, and exports to parties on the Unverified List are not eligible for license exceptions.
- **Denied Persons List**— A list of individuals and entities that have been denied export privileges. You may not participate in an export or reexport transaction subject to the EAR with a person whose export privileges have been denied by BIS. Note that some denied persons are located within the U.S. If you believe a person whose export privileges have been denied wants to buy your product, you must not make the sale and may report the situation to BIS's Office of Export Enforcement.

The U.S. International Trade Administration hosts the [Consolidated Screening List \(CSL\)](#) on its website that exporters can use to screen parties against the lists outlined above. The page includes links to the CSL search engine, downloadable CSL files and the CSL Application Programming Interface (API).

Alternatively, the Shipping Solutions [Restricted Party Screening Software](#) allows you to enter the organization, address and contact name for potential export customers and quickly screen against dozens of lists in addition to those outlined above. Results are saved in a database to serve as an audit trail in case your company gets audited.

Trade Wizards
Shipping Solutions

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(INTERMART, TW_USER)

Classification Landed Cost **Controls** Documentation Transaction TW Configuration Export Customer Data Utilities

Screening Results Printable Version

Partner Information

Status	Potential Match	Address 1	Strovolou 77, Strovolos Center Suite 202, Strovolos P.C. 2018	View RPS Lists
Export Embargo Match	No	Address 2		
Import Embargo Match	No	Address 3		
Partner Name	Mansour Zadeh	Address 4		
Contact Name		City	Nicosia	
Secondary Contact Name		State / Province		
Organization	INTERMART	Country	CY - Cyprus	
Screened By	DEMO-INTERMART	Zip / Postal		
		Request Date	1-Sep-2023 12:40:08	

Name Match Details (1)

Entity ID	List Name	Name	Match Score▼
ENTITY207875607	DOC-DPL	Mansour Zadeh	100%

Address Match Details (1)

Entity ID	List Name	Address	Match Score▼
ENTITY207875607	DOC-DPL	STROVOLOU 77, STROVOLOS CENTER SUITE 202, STROVOLOS P.C. 2018 NICOSIA CY	100%

Restricted Party Screening Wizard results for Mansour Zadeh.

In this case, the Software determines there is a 100% match for Mansour Zadeh with at least one of the restricted party lists, and the address is also a 100% match with a company on a list. You can click on the Entity ID for each match to see more details about the matching company.

If you believe a prospective customer appears on one of the restricted party lists, you must not make the sale and should report the situation to the BIS Office of Export Enforcement. If you have questions about Denied Persons, you may contact BIS's Office of Export Enforcement Analysis at (202) 482-0043.

4. What Will Your Item Be Used For?

Some end uses are prohibited while others may require a license. For example, you may not export to certain entities involved in the proliferation of weapons of mass destruction (e.g., nuclear, biological, chemical) and the missiles to deliver them without specific authorization no matter what your item is. For more information on prohibited end uses, please refer to [Part 744 of the EAR](#).

Ways to Export

Authorization to export under the EAR is determined by the transaction: what the item is, where it is going, who will receive it and what it will be used for. The majority of U.S. commercial exports do not require a license.

NLR—No License Required

Most exports from the U.S. do not require a license and may be exported under the designation “NLR.” Except in those relatively few transactions when a license is required because the destination is under embargo or because of a proliferation end use or end user, no license is required when:

- The item to be shipped is not on the CCL (i.e., it’s EAR99); or
- The item is on the CCL but there is no “X” in the box on the Country Chart under the appropriate Reasons for Control column for the country of destination. (See the country chart example above.)

In each of these situations, you would enter “NLR” on your export documents.

License Exception

If a license is required for your transaction, a license exception may be available. License exceptions and the conditions for their use are outlined in [Part 740 of the EAR](#). If your export is eligible for a license exception, you would use the designation of that license exception (e.g., LVS, GBS, TMP) on your export documents.

If you refer to the Export Controls Software screenshot above on page 14, you'll see it provides you with a list of potential license exceptions that are available for a particular ECCN code. In this example of sending polygraph equipment to Honduras, no license exceptions are available.

License

If your item requires a license to be exported, you must apply to BIS for an export license. You can submit an export license application on the [Simplified Network Application Process \(SNAP-R\)](#) webpage on the BIS website. If your application is approved, you will receive a license number and expiration date to use on your export documents. A BIS-issued license is usually valid for four years.

Summary

- Ensure that your export is under U.S. Department of Commerce jurisdiction.
- Classify your item by reviewing the Commerce Control List.
- If your item is described under an Export Control Classification Number (ECCN), identify the Reasons for Control on the Commerce Control List.
- Cross-reference the ECCN Controls against the Commerce Country Chart to see if a license is required. If yes, determine if a license exception is available before applying for a license.
- Ensure that no prohibited end users or end uses are involved with your export transaction. If prohibited end users or end uses are involved, determine if you can proceed with the transaction or if you must apply for a license.
- Export your item using EAR99 or the correct ECCN and the appropriate symbol (e.g., NLR, license exception, or license number and expiration date) on your Electronic Export Information filing and your export documents.
- By using the Shipping Solutions International Trade Compliance Software tools, you have a fast and easy method for following the export compliance procedures outlined above. [Click here to schedule a free online demo of the International Compliance Software.](#)

Want to Learn More About Export Licenses and Shipping Solutions?

Thousands of successful exporters are already using Shipping Solutions.

Determining whether your products require an export license is only part of the export process. You also need to properly complete the myriad of export forms to accompany the shipment.

Fortunately, there is a fast, easy and accurate way to complete your export documents, file your export information through the Automated Export System (AES), and stay compliant with export regulations—including export license determination.

Shipping Solutions Professional export software eliminates redundant data entry for all your export tasks, allowing you to complete your export process five times faster than you are doing now. And we back that with a 60-day, no-questions-asked, money-back guarantee.

Let us show you how Shipping Solutions can help your company.

[Visit the Shipping Solutions website](#) to schedule a free online demo of the software. Or call us at 888-890-7447.

You'll be glad you did.



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