

Coping with US regulation

There is growing confusion about the scope and applicability of the United States' re-export law, with many companies unsure if their products or services are affected by the United States' Export Administration Regulations (EAR). The regulations are complex and the tests can be very time-consuming, yet any violation of export control laws carries unpleasant consequences. With export control regulations imposing growing restrictions on global free trade, any enterprise wishing to remain competitive in international commerce must take steps to ensure compliance with export laws and provisions.

Help is at hand in the form of AEB (International) Ltd's Export Controls US EAR module, which runs checks based on US law, specifically:

- Check for applicability of licence exceptions,
- Check of goods based on the Commerce Control List (CCL) and Commerce Country Chart (CCC)
- Embargo countries based on ISO codes: each partial embargo initially triggers a block; you can then check and drill down to see whether the block applies to the specific goods.

As part of AEB's Export Controls, the Export Controls US EAR module gives enterprises the extra certainty of timely compliance with all legal requirements and full utilisation of all privileges. The software maps the regulations and permit requirements of traditional export controls, monitors all export transactions for compliance with such regulations and lets users

test-run export transactions in advance using simulations. AEB's ATC :: version of Export Controls EAR is developed especially for and directly in SAP® applications, it complements the business functionality of existing SAP® systems, thus protecting any previous SAP® investment.

US export law is the only national export law that claims extraterritorial jurisdiction. US authorities assert a worldwide claim to control the commercial trade of American products and technologies. That's why even non-American companies who export are regularly confronted with the provisions of US export controls. The critical question for non-American exporters is whether a US permit is required for a particular export.

United States regulations must be observed to safeguard trade relations with the US and prevent the exclusion from trade with American goods. The integration of automatic test routines via AEB's Export Controls US EAR module can be extended to include other legal systems, e.g. US re-export law.

The EAR apply to the export and re-export of dual use goods from the US, but also to re-exports from other countries, e.g. goods made in the US; foreign goods with more than a minimal percentage of US components; and "direct products" that were made using a US technology or software.

Dual-use goods are goods, software or technology (documents, diagrams etc) which can be used for both civil and military applications. They can range from raw materials to components to

complete systems, e.g. aluminium alloys, bearings, or lasers. They could also be items used in the production or development of military goods, e.g. machine tools, chemical manufacturing equipment and computers.

Exporters will need to apply for an export licence for dual-use items which meet the defined performance characteristics detailed in the Regulation. How an item is transported outside of the United States does not matter in determining export licence requirements.

Mark Brannan, General Manager of AEB (International) Ltd, said: "Given the highly challenging political and regulatory environment, it is extremely important that businesses implement effective and sustainable compliance programmes for security of their supply chains. AEB's Export Controls US EAR software helps them to ensure full compliance with complex US regulations. As a result they will avoid significant penalties, damaged corporate reputation and trading restrictions." ■

To access AEB (International) Ltd's "Q&A" section, visit <http://www.aeb-international.com/eng/products/atc-series/atc-export-controls/us-re-export-qa/index.html>.

For further information, visit the website of the Federal Bureau of Industry and Security <http://www.access.gpo.gov/bis/index.html>.