

Claire Umney, general manager of **AEB (International) Ltd**, says software solutions can be deployed to help find the way through the Export Control maze.

# Export advice

Since 9/11, global trading companies have been faced with ever more stringent security requirements amid calls for more transparency around international movements of goods. US and EU Customs authorities have introduced a raft of initiatives, including the Customs-Trade Partnership Against Terrorism (C-TPAT), the New Computerised Transit System (NCTS), the Automated Export System (AES), the Excise Movement & Control System (EMCS) and Authorised Economic Operator (AEO), to name but a few.

Violations of export control regulations may result in the withdrawal of export authorisations and special privileges, hefty fines and even prison sentences. No wonder regulatory compliance is now one of the most important topics for companies operating in modern business environments.

But many businesses forget that export controls don't just apply to those who manufacture, or trade in, arms and other military goods. All businesses that transfer goods within the EU or export to countries outside the EU must check whether embargoes or licensing requirements apply, particularly when their products can be used for both civilian and military purposes – so-called dual-use goods. Even non-listed goods may be subject to mandatory export controls if they are intended for use in chemical, biological or nuclear weapons, in a military environment or in a nuclear power plant.

Export controls apply to all

movements of goods and commodities, even within the European Union. It makes no difference whether the goods are listed, critical or uncritical: persons and organisations must always be screened against relevant national, EU, UN and US lists. To complicate things further, export controls don't just apply to physical merchandise, but to all goods, including software, knowledge and technology. A licence may be required merely to make software or technology available online, send it by e-mail to a foreign business partner or bring it on a business trip abroad. Businesses are also required to ascertain whether new business partners appear on any of the official restricted party lists.

To keep it challenging, US export control laws claim extraterritorial applicability - US law follows the goods, so to speak. As a result, even businesses that have no presence in the US but deal, directly or indirectly, with US products must comply with US regulations. The basic criterion for applicability of US law is whether the transaction is subject to US Export Administration Regulations (EAR). This is always the case for goods originally produced in the US.

US sanctions may also apply, not only to countries but to organisations or even individuals. US authorities maintain various restricted party lists, and strict compliance is essential. If an intended business partner is on a US sanctions list, you may need to notify US authorities or obtain a licence, and in some cases the transaction may be prohibited altogether.

Manually screening against these



sanctions lists alone is impossible given that the screening process should be on-going, not just a one-time task, and because these lists are enormous and updated constantly. The best way to ensure compliance with all relevant laws and regulations is to deploy an advanced software solution that automatically launches the necessary screening processes, performs all the checks at the right time and provides regular list updates as published by the authorities. This helps to meet compliance requirements effectively and affordably by checking all export processes for possible violations of embargoes and licencing requirements under UK, EU and US law.

Effective, IT-supported compliance and risk management can be incorporated in live business processes with little investment and without workflow disruptions. This enables forward-looking organisations to stay compliant while saving costs, streamlining processes and gaining a competitive advantage. ●

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