

# Export Control Research Tools

**State-of-the-art research tools** can help you achieve export compliance in the most direct, effective manner possible. Compliance is more important today than ever before. Maximum civil fines for export violations in the United States increased from \$11,000 in 2002 to \$50,000 in 2006 and then to \$250,000 in 2007. That is nearly a 25 times increase in just 5 years – have the systems and research tools you use for export compliance improved at the same rate?

There are four types of tools that can empower your staff to apply their experience and professional judgment more efficiently, and enable each person to work dramatically more effectively. These are digital data, powerful search engines, automated batch processing, and the integration of global trade data with computer systems and other workflow applications.

Digital data is the foundation for working faster and more effectively in the 21<sup>st</sup> century. Although global trade has moved reluctantly towards automation, more digital data is available now than ever before. Each of the other tools, search engines, batch processing, and integration depend on accurate and up-to-date digital global trade data.

A key in determining whether an export license is needed from the Department of Commerce is determining whether the item you are intending to export has a specific *Export Control Classification Number* (ECCN). ECCN Historical Filing Data is a proprietary database that helps exporters quickly see how others have classified similar items for export controls. We use this data as the first source of information. It should be used for information exploration, not as a definitive source of facts... kind of like Wikipedia... But as you'll see in a few minutes, this data can greatly reduce research time.

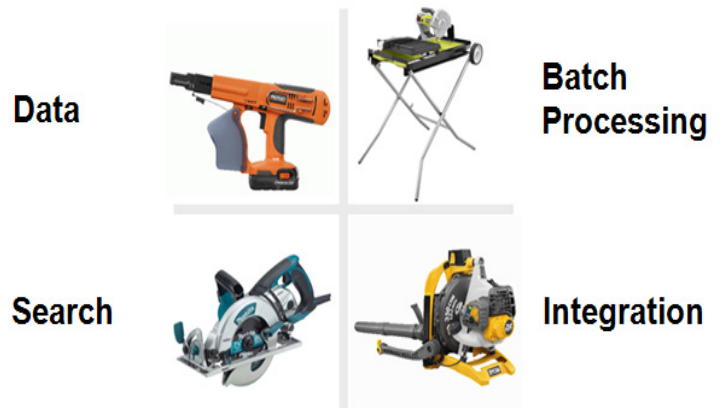
We use the same historical filing data to help exporters determine if an item may be on the *United States Munitions List* (USML) of restricted articles and services.



Certain individuals and organizations are prohibited from receiving U.S. exports and others may only receive goods if they have been licensed. The Bureau of Industry and Security publishes 7 lists exporters must be aware of, Customs Info maintains 10 lists provided by the US government and MK Denial maintains more than 30 lists from all around the world. We use this data to help exporters make certain they are not exporting to sanctioned individuals or organizations.

*Schedule B Numbers* are used to classify exported products in the United States. The Schedule B number is needed to complete the Shipper's Export Declaration, Certificates of Origin and other shipping documents. We use this digital data to help exporters quickly research items and maintain a database with the correct Schedule B number for every item they export.

Now that we reviewed the digital trade data that can help you and your staff work more effectively, let's look at how *powerful search engines* can add incredible speed and accuracy to your work.





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The last step in the search engine section is the denied party screening... I click on the Denied Party Lookup engine and simply type in my customer's name... "P...i...r...a...s...t...e...h..." The engine instantly searches all 10 sanctioned party databases and returns the result. This individual is on the US BIS Denied Party List. I am not permitted to export my item to him.

The third research tool is *automated batch screening*. This is a process of linking company specific export data to third party data such as Historical ECCN filings or sanctioned party data. Computer programs can automatically screen thousands or hundreds of thousands or even millions of records all at once. This typically requires IT resources or data geeks to create the programming necessary for automated batch screening.

Automated batch screening requires company specific data such as the export transactional data captured by US Census (We call it ETRAC)... If you Google "ETRAC data" you'll find a link called [Global Data Mining - Innovative Guarantee](#) that will lead you to a free online request to help exporters easily acquire their ETRAC data from Census... From this data, there are 14 different analytics or reports that can be run to provide visibility into a company's export operations... Another common batch screening process links an exporter's customer database with sanctioned party databases to automatically screen every customer against every sanctioned party record in one automated batch process.



14 + 1

Batch Processing Example 1: ECCN screening report. I can quickly see that this company exported 9801.00.0000 13 different times... On 4 exports, they used 9A991 as the ECCN number and on 9 exports they left the ECCN field empty on the Shipper's Export Declaration (SED)... On the right hand side, I see the historical filing data that shows 9A991 was the most commonly used ECCN number for this Schedule B code... used by 18.56% of all exports out of the US... A similar report is available for ITAR screening...

Batch Processing Example 2: Sanctioned Party screening report. Any number of customer records can be screened... 10 different computer passes are made against all customer records and all 10 sanctioned party databases... the results are presented to the exporter to review and take appropriate action... In our example we found 15 potential matches where the street address from the exporter's database "sounded like or closely matched" the street address from the sanctioned party database ... and we found two matches where the company name from the exporter's database was "contained in" the company name from the sanctioned party database... Batch processing can be a huge productivity booster...

Finally, let me spend a few minutes discussing the dramatic productivity gains that can be achieved by *integrating global trade databases* with computer systems and workflow applications.

Integration Example 1: Database and workflow application. The Global Trade Desktop™ was developed to lower costs and increase efficiency of work related to customs classification and trade data management. In this example, the ECCN historical filing data is integrated directly into the Desktop. Once an HTS code is assigned to an item (you can see that we are on item 5 of 297), the historical filings are automatically presented in the ECCN tab. The researcher can view the Commerce Control List to determine the correct ECCN code, and then simply click on the correct ECCN number and it automatically populates in the on-line item master database. They could then move to item 6 and classify it, then item 7, etc... Bringing all the data you need right to your Desktop is a huge productivity booster...



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Integration Example 2: The Desktop and Schedule B classification. Again, with the HTS code assigned, the schedule B options are automatically presented in the Schedule B tab... simply click on the correct Schedule B number and it automatically populates in the on-line item master database and you're ready to move to the next items... The Desktop provides the additional benefit of creating an electronic audit trail for every decision you are your staff makes...

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By [Adrian Gonzalez](#)

The data I have highlighted during our time together can be integrated into any Global Trade Management application (such as Kewill and others); it can be integrated into legacy or company-designed applications, or any other computer application that needs accurate and reliable trade content. In a recent ARC Advisory Group article, *Beyond Software: The Role of Content and Connectivity in Global Trade Management*, the author states, "Companies must have accurate and complete trade content for every country they operate in and trade with in order to successfully comply with trade regulations and prevent customs clearance delays. A GTM solution without a comprehensive and continuously updated trade content database is only marginally useful."

### Articles and References

1. Detailed Sanctioned Party Lists – see below
2. New Classification System Helps Achieve True Compliance
3. An American Perspective on Global Trade Opportunities in Challenging Economic Times
4. Fines and Delays could hit US Importers Hard in 2010
5. Creating a Competitive Advantage in Global Trade
6. 10 Minute Executive Brief, Enterprise-wide trade data management:  
<https://www1.gotomeeting.com/register/131618584>
7. 10 minute, Using trade analytics to make superior decisions:  
<https://www1.gotomeeting.com/register/554918041>

If you have an interest in any of these articles, just let us know via email and we'll email you copies...

Please send any additional questions to [mattgersper@gdmlc.com](mailto:mattgersper@gdmlc.com)

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## CUSTOMS Info Sanctioned Party Lists

1. SDN and Blocked Persons
2. US BIS EAR Entity List \*
3. US BIS Denied Party List
4. Statutorily Debarred Parties
5. Administratively Debarred Parties
6. US BIS Unverified List \*
7. USDS Nonproliferation Sanctions
8. US BIS General Order 3to Part 736
9. Iran Owned Entities
10. WMD Trade Control Regulations

## MK Denial Sanctioned Party Lists

### Restricted Parties - License Required

1. Department of Commerce Entity List - End-User Requiring License (ERL); 15 CFR Part 744 Supplement No. 4
2. Department of Commerce General Orders (RFC); 15 CFR Part 736

### Denied Parties

3. Department of Commerce Denials List (TDO);15 CFR Part 764 Supplement No. 2
4. Specially Designated Nationals and Vessels of: (31 CFR ex Parts 500-590)
5. Belarus, Congo, Cote d'Ivoire, Cuba, Iraq, Iran, Lebanon, Liberia, Libya,
6. Myanmar – Burma, North Korea, Sudan, Syria, Western Balkans, Zimbabwe
7. Weapons of Mass Destruction Proliferators
8. Non-SDN Palestinian Legislative Council
9. Specially Designated Terrorists
10. Specially Designated Global Terrorists
11. Specially Designated Narcotic Traffickers
12. Debarred List (DOS); 22 CFR Part 127.7 ITAR; Arms Export Control Act, Sec. 38
13. Missile Proliferators (MT); 22 CFR Part 126
14. Chemical and Biological Weapons Proliferators (CBW); 22 CFR Part 126
15. Designated Terrorist Organization (DTO); 22 CFR Part 126
16. Iran Nonproliferation Act of 2000 (inpa); 22 CFR Part 126
17. Iran and Syria Nonproliferation Act (isna) ; 22 CFR Part 126
18. Sanctions for the Transfer of Lethal Military Equipment (lme); 22 CFR Part 126
19. Parties of Concern
20. Department of Commerce Unverified List-Red Flag Concerns (RFC); 15 CFR Part 732 Supplement No.3
21. European Union Sanctions List
22. Unverified List - “Red Flag”
23. Japanese End User List (Ministry of Economy, Trade and Industry – METI)
24. UK List - WMD End-Use Control: License Applications for Iran
25. Financial Crimes Enforcement Network list (FINCEN).
26. United Nations Security Council Sanctions (UNS)

### Additional Non-Standard Offerings

27. GSA Debarred Bidders List -Non-Procurement
28. GSA Debarred Bidders List - Procurement)
29. Australian Consolidated List
30. Bank of England – Financial Sanctions
31. Canadian Restricted Entities
32. World Bank – List of Debarred/Ineligible Firms
33. FBI Most Wanted List Swiss Restricted List (SECO)