

# **U.S. Department of Commerce Bureau of Industry and Security**



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# Risk Assessment in Licensing

- Every export contains some level of risk
- The government licensing department's responsibilities can most easily be divided into the following 3 areas:
  - **Pre-Licensing**
  - **Licensing**
  - **Post-Licensing**
- In addition, exporters also have responsibilities in all 3 areas as well.

# Pre-Licensing Risk Assessments

- **Responsibilities of Licensing Authorities:**
  - Educational materials (seminars, web sites, accessible experts)
  - Sharing of information to assist exporters in conducting due diligence checks (red flags, lists of parties of export control concern)
  - Alternative export licensing mechanisms for certain pre-cleared parties (SCLs, VEU, ICT)

# Pre-Licensing Risk Assessments

## ■ **Responsibilities of Exporters:**

- Establish a strategy for compliance with export control requirements which at an optimum would involve the implementation of an **Export Management and Compliance Program (Internal Compliance Program)**.

- The 9 core elements we've identified for an effective compliance program are:



# CORE COMPLIANCE PROGRAM ELEMENTS

- (1) Management Commitment**
- (2) Risk Assessment**
- (3) Written Export Compliance Program (EMCP)**
- (4) Compliance Training**
- (5) Cradle to Grave Export Compliance Screening and Security**
- (6) Recordkeeping**
- (7) Audits**
- (8) Handling & Reporting Export Compliance Problems & Violations**
- (9) Implementing Corrective Actions as Necessary**

[www.bis.doc.gov](http://www.bis.doc.gov) Compliance Assistance Programs

# Licensing - Risk Assessments

## ■ **Responsibilities of Licensing Authorities:**

- Technical evaluation of items/technologies
- Extensive screening of parties against all sources available (possible pre-license check)
- Review and input from all relevant agencies
- Thorough analysis of the application including all supporting documentation, import certificates, etc.

# Licensing - Risk Assessments

## ■ **Responsibilities of Exporters:**

- Full and complete disclosure of all relevant facts of the export transaction
- Supporting documentation supplied as required
- Supply points of contact for follow-up communications on the application when necessary

# Post-Licensing Risk Assessments

- **Responsibilities of Licensing Authorities:**
  - Create computer programming edits to prevent filing of inaccurate or inappropriate export control clearance data
    - Valid Commerce Control List (CCL) number
    - Eligible CCL number with License Exception
    - Eligible country for List-Based Exception
    - Eligible License number for special licenses

# Post-Licensing Risk Assessments

## ■ **Responsibilities of Licensing Authorities:**

- Review of export data filed by exporters to confirm compliance and identify potential violations for referral to enforcement personnel
- Review and analysis of reports required by license condition to confirm compliance
- Post-Shipment Verifications at end-user
- Audits and reviews of exporter's records

# Post-Licensing Risk Assessments

## ■ **Responsibilities of Exporters:**

- Maintain all required records
- Confirm end-user has received and understands any conditions on their use of controlled items
- Be alert for any unusual circumstances related to your customers that could indicate misuse or diversion of controlled items, and report to authorities

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**Thanks for your attention!**

**Questions?**