ORC Quick Course: Export Control Regulations

Presented by:
University of Maine
Office of Research Compliance
Export Control Regulations (ECR)

- ECR Basics
  - Terminology
  - What are ECR?
  - Purpose of ECR

- ECR Authority
  - Federal Agencies & Regulations
  - ECR Impact & Penalties

- ECR Compliance
Who is a Foreign National?

- Any individual who is not a U.S. citizen or lawful permanent resident of the U.S. (e.g., green card holder);
- Any individual who is not a protected individual (e.g., asylum holder or refugee);
- Any foreign corporation or other entity not incorporated or organized to do business in the U.S.;
- Any foreign government.
What is an Export?

Three Types

- ‘Actual’ Export
- ‘Deemed’ Export
- ‘Re-Export’
What is an ‘Actual’ Export?

An ‘Actual’ Export is:

- An actual shipment or transmission out of U.S. of controlled items.
What is a ‘Re-Export’?

A Re-Export is:

- The shipment or transmission of a controlled item from one foreign country to another foreign country;
- “Release” of technology or software (source code) subject to ECR in one foreign country to a national of another foreign country.
What is a ‘Deemed’ Export?

A ‘Deemed’ Export is:

- Any written, oral or visual release, disclosure or transfer of controlled technology (EAR)\(^1\) or technical data (ITAR)\(^2\), information or software to a foreign national in or out–side of the U.S.

- Any actual use or application of controlled technology on behalf of or for the benefit of any foreign entity or person anywhere.
Deemed Exports

What is ‘. . . written, oral or visual release, disclosure or transfer’?

- Face-to-face or telephone discussion
- Fax or e-mail communication
- Computer data disclosure
- Tour involving visual inspection
- Foreign student or professor conducting research
- Training or technical assistance

ECR: Basics
Deemed Exports

What is . . . ‘controlled technology or technical data’?

- Specific information required to ‘put into use’ a product or defense article (resp.), such as:
  - Blueprints
  - Diagrams
  - Formulae
  - Photos
  - Manuals & Instructions
Deemed Exports

What is . . . ‘controlled information and software’?

- Encryption source code and object code software\(^1\) (EAR);
- Classified information relating to defense articles and defense services (ITAR);
- Information covered by an invention secrecy order (ITAR);
- Software directly related to defense articles (ITAR).
What Are ECR?

U.S. Laws that prohibit the unlicensed transfer to foreign nationals of U.S. goods, services and technologies that:

- Are subject to trade restrictions;
- Have proprietary, military, or economic applications.
The Purpose of ECR

- To restrict exports of goods and technology that could contribute to the military potential of U.S. international adversaries;
- To prevent proliferation of weapons of mass destruction;
- To advance U.S. foreign policy goals;
- To protect the U.S. economy and promote trade goals.
Federal ECR Authority

- Department of Treasury
  - Office of Foreign Assets Control
- Department of State
  - Directorate of Defense Trade Controls
- Department of Commerce
  - Bureau of Industry & Security

1Federal Agencies & Departments w/ Export Responsibility
Office of Foreign Assets Controls (OFAC) prohibits certain types of trade based on U.S. foreign policy and national security goals, including sanctions against:

- Persons on the Specially Designated Nationals (SDN) List;
- Targeted foreign countries and regimes on the Lists of Sanctioned Countries.
Foreign Assets Controls Can Impact . . .

- Payments (compensation, honoraria, contracts) to embargoed countries/nationals/entities;
- Surveys and services to embargoed entities;
- Attendance at/planning of international conferences;
- Editing or joint authorship of articles with nationals of sanctioned countries.
Directorate of Defense Trade Controls (DDTC) through the International Traffic in Arms Regulations (ITAR) controls the export and temporary import of defense articles and defense services\(^1\) covered by the United States Munitions List (USML) including:

- Guided & Ballistic Missiles, Rockets, Torpedoes
- Range Finders, Optical & Guidance & Control Equipment
- Submersible Vessels, Oceanographic Equipment
Export Administration Regulations (EAR):

- Regulate export and re-export of:
  - ‘dual-use’ items;
  - commercial items without any obvious military use - see *Commerce Control List (CCL)*;
- Restrict exports to certain entities and individuals - see *Country Chart, Entity List, Unverified List, Denied Persons List, and OFAC Sanctions Lists.*
ITAR & EAR Can Impact . . .

- Ability to send controlled equipment to foreign countries;
- Ability to provide services (including training in the use of controlled equipment) to foreign nationals;
- Ability of foreign students to participate in research involving a controlled technology.¹
Penalties for ECR violations

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<th>Institution</th>
<th>Criminal (per violation)</th>
<th>Civil &amp; Administrative (per violation)</th>
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<tr>
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<td>Fines up to:</td>
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<td>• $1M (ITAR &amp; EAR);</td>
<td>• The greater of $.25M or twice the</td>
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<td>• $10M (FAC).</td>
<td>value of the transaction (FAC) or</td>
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<td>Fines up to $1M;</td>
<td>export (EAR);</td>
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<td>and/or</td>
<td>• $.50M (ITAR); and/or</td>
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<td>Imprisonment up to:</td>
<td>• Revocation or denial of licenses;</td>
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<td>• 10 yrs (ITAR);</td>
<td>and/or</td>
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<td>• 20 yrs (EAR);</td>
<td>• Exclusion from practice; and/or</td>
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<td>• 30 yrs (FAC).</td>
<td>• Debarment or suspension including</td>
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<td>government contracting; and/or</td>
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<td>• Seizure and forfeiture of illegal</td>
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<td>exports and vessels carrying such</td>
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Individual
Fines up to $1M; and/or
Imprisonment up to:
• 10 yrs (ITAR);
• 20 yrs (EAR);
• 30 yrs (FAC).

and/or
Revocation or denial of licenses; and/or
Exclusion from practice; and/or
Debarment or suspension including from government contracting; and/or
Seizure and forfeiture of illegal exports and vessels carrying such exports.
Toeing the Line: ECR Compliance

- ECR Exclusions
- USCIS Form I-129 Part 6
  - What is the “Deemed Export Attestation”?
  - Changes to Expect with the Attestation
    - H1-B Deemed Export Screening Tool
- Researcher Role & Responsibility
  - Pre-award review
  - Post award monitoring
- Case Studies
There are **no exceptions** to the FAC licensing rules and **override any and all** EAR and ITAR exclusions.
Public Domain Exclusion

No export license required if information is:

- Published;
- Accessible and available to the public by means such as:
  - Sales at newsstands and bookstores;
  - Unlimited distribution at conferences, meetings, trade shows, etc. in the U.S. that are generally accessible to the public;
  - Public release in any form after approval by the cognizant U.S. government department or agency;
- Fundamental Research.
The Fundamental Research Exclusion pertains to basic or applied research:

- In science and/or engineering;
- At an accredited institution of higher learning in the U.S.;
- Where the resulting information is ordinarily published and shared broadly with the scientific community (e.g., public domain).
The Fundamental Research Exclusion **does not apply** to research that results in information that is restricted:

- For proprietary reasons;
- Pursuant to specific U.S. government access and dissemination controls.
The Fundamental Research Exclusion will not apply if the research institution or researcher accepts any award restrictions regarding:

- Participation of foreign nationals;
- Publication of resulting research information;\(^1\)
- Access and dissemination of resulting research information.

This goes as well for ‘side deals’ between a PI and sponsor, which also violate University policy.
Exclusions to the Exclusions

The following articles *never* qualify for any of the foregoing exclusions:

- Physical goods;
- Encryption software exceeding 64 bits\(^1\);
- Research when there is no intent to publish resulting information;
- Research conducted outside the U.S.
Education Exclusion

No license required for disclosure of educational information released:

- By instruction in courses listed in course catalogs;
- Through general scientific, mathematical or engineering principles.

Students using controlled equipment to conduct research should be registered for a research credit class.
The Temporary Export ‘Laptop’ Exclusion authorizes the export or re-export of technology by U.S. persons for temporary use abroad when:

- The country of travel is not under U.S. sanctions;
- The technology is a ‘tool of trade’ for fundamental research;
- The technology remains in the exporters possession and control at all times;
- The technology is security protected by firewalls, passwords, secure connections, etc.
Full-Time Employment Exclusion

Authorizes U.S. institutions of higher learning located in the U.S. to disclose *unclassified, uncontrolled* technical data and technology to foreign persons who are their ‘bona fide and full time regular employees’.

Restrictions Apply!
Employment Exclusion: Restrictions

- Employee’s permanent abode throughout the period of employment must be in the U.S.;
- Employee must not be a national of a country to which exports are prohibited by ITAR or OFAC;
- Institution must inform employee in writing that the *unclassified, uncontrolled* technical data and technology may not be transferred to other foreign persons without the prior written approval of the Directorate of Defense Trade Controls.
USCIS Form I-129 Part 6: “Certification Regarding the Release of Controlled Technology or Technical Data to Foreign Persons in the United States”

■ aka “Deemed Export Attestation”

■ Effective February 20, 2011

■ Required for New, Renewed, Amended Petitions
  ■ H1-B, H-1B1 Chile/Singapore, L-1, O-1A
What is the Deemed Export Attestation?

Requires petitioner (employer) to certify that the technology and/or technical data that will be released, or to which the foreign national will be given access:

- Does not require an export license; OR
- Does require an export license; *and*
  - Petitioner will prevent the foreign national access to the controlled technology/technical data and/or encryption software until and Unless a license for release is received.
Changes to Expect with the Attestation

- Involvement of ORC-ECR Office in H1-B Petition Process;
- Increased time to prepare and file a petition;
- Additional time and fees if license is required;
- Establishment of ‘Technology Control Plan’ (TCP) to prevent the release of controlled technology, technical data and software before, until and unless a license is acquired;
- Ongoing monitoring of employee job duties for material changes requiring an amended petition.
Deemed Export Screening Tool

- Information requested includes:
  - Copy of beneficiary’s passport ID page - full name, photo, country of birth, country of citizenship, etc.;
  - Detailed description of position duties, including:
    - List of technology, technical data, encryption source code to which employee will have access;
    - List of grants & projects on which employee will work;
    - Statement of employee’s anticipated foreign travel.
  - Name of hiring department/unit and immediate supervisor;
  - Signature of department chair/unit director.

Must be submitted with visa petition or petition will not be filed!
Researcher Pre-Award Review

Review research proposal for possible ECR issues, such as:

- Hiring of foreign nationals;
- Shipping equipment to a foreign country;
- Collaborating with foreign colleagues in the U.S. or abroad;
- Working with a foreign country subject to U.S. sanctions;
- Training foreign nationals in the use of equipment;
- Using another party’s proprietary information;
- Using controlled information/equipment on a subcontract;
- Purchasing equipment/supplies controlled by EAR/ITAR.

Don’t delay! Licensing takes time and can delay project start up.
Post-Award Monitoring

- PI checks award agreement for any restrictive clauses eliminating the Fundamental Research Exclusion\(^1\);

- PI monitors -
  - Foreign travel by all project personnel;
  - Purchases from foreign entities;
  - Shipments to foreign locations;
  - Changes in project scope or staffing that could alter ECR-exempt status;

- PI documents and retains records of exemptions for at least 5 years.
Do You Need an Export License?

At minimum, PIs must:

- Be able to recognize that an ECR issue might exist;
- Know who to contact for assistance in determining the need for an export license.

- **Export Control Officer**
  (207) 581-1480
Do You Need an Export License?

**What** are you exporting?
- Is the item on the CCL or USML?

To **Where** are you exporting?
- Is the country on any ECR screening list?

**Who** will be the end-user of the item?
- A foreign national?
- A person/entity on an ECR screening list?

**What** will be the end-use of the item?
- Proliferation of weapons of mass destruction?
- Terrorism?
Ignorance of the law is **never** an acceptable excuse for not complying with award terms and conditions, federal regulations, or University policies and procedures!