



C.H. ROBINSON



# Introduction to Export Compliance General Awareness

August 2020

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# → Agenda

- 01** Introduction to Export Compliance General Awareness
- 02** U.S. Federal Export Agencies
- 03** Export Compliance Areas of Risk
- 04** Export Enforcement & Compliance Program



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# Introduction to Export General Awareness

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## → Let's make it easy

Every export transaction has two parts:

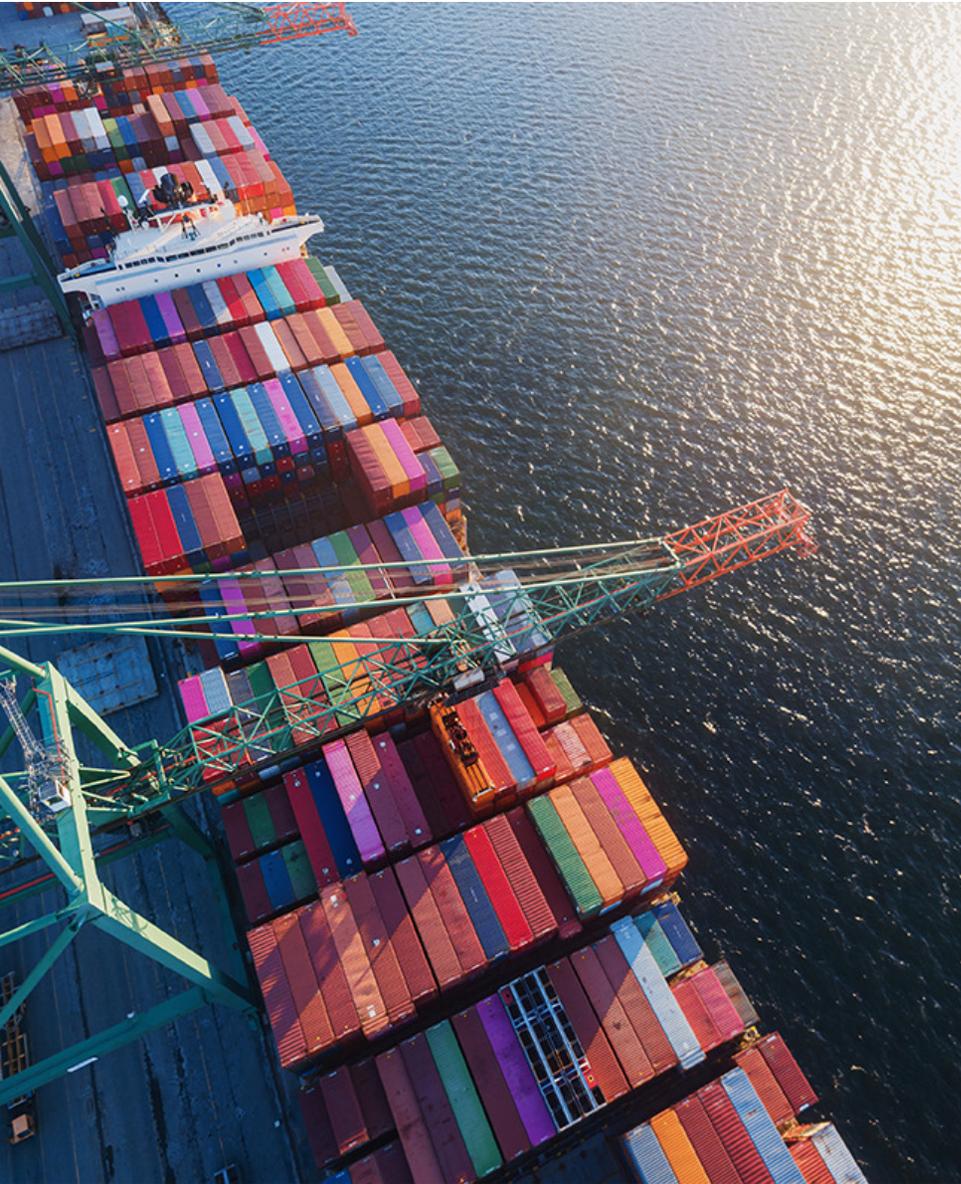
- 1 The export “control” piece
- 2 The export “procedural” piece



## → Defining export, re-export, and items

- Export
- Re-export
- Items
- Extra-territorial in nature





## → Examples of exports

- Actual shipment or transfer of physical, tangible items
- Hand carries (engineer's laptops or drawings)
- Electronic data transmissions (email attachments) or telephonically (facsimile)
- Foreign installation and maintenance
- Employment of foreign nationals
- Visits to one's company by foreign nationals

## → Three simple rules

1

Use common sense.

2

Use due diligence.

3

When in doubt, “check it out!”

## → What happens if you fail?

- Large expenses
- Loss of export privileges
- Jail time for criminal penalties





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# U.S. Federal Export Agencies

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## → U.S. federal export agencies



### U.S. COMMERCE DEPARTMENT

- Bureau of Industry and Security (BIS)
- **Export Administration Regulations**
- Commercial items
- EAR: 15 CFR 730-774



### U.S. STATE DEPARTMENT

- Directorate of Defense Trade Controls (DDTC)
- **International Traffic in Arms Regulations**
- Defense products and technical data
- ITAR: 22 CFR 120-130



### U.S. TREASURY DEPARTMENT

- Office of Foreign Assets Control (OFAC)
- **Foreign Asset Control Regulations**
- Sanctions & embargoes
- 31 CFR 500 – 590

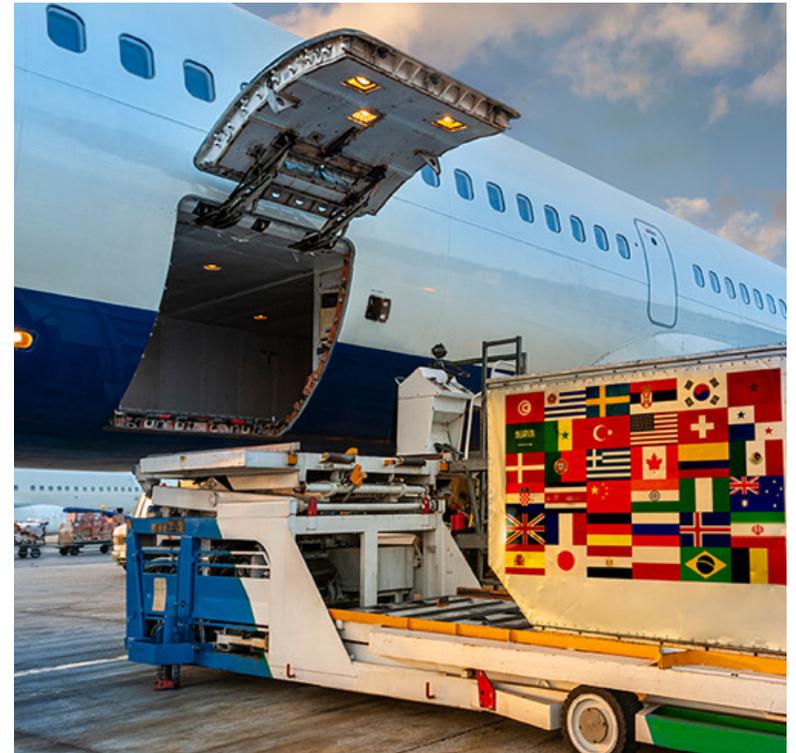


### U.S. COMMERCE DEPARTMENT

- Census Bureau, Foreign Trade Division
- **Foreign Trade Regulations**
- Govern how you file your EEI
- 15 CFR Chapter 30

## → Five questions govern every export transaction

- 1 **WHAT** is the item being exported?  
*(Classification)*
- 2 **WHERE** is the item going?  
*(Ultimate destination: Country)*
- 3 **WHO** will use the item?  
*(Ultimate end-user)*
- 4 **WHY** do they want the item?  
*(Ultimate end-use)*
- 5 **WHAT** other functions/activities do they perform?





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# Export Compliance Areas of Risk

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## → “The ten deadly sins of export”

- 1 Commodity jurisdiction
- 2 ECCN/Licensing
- 3 Deemed exports
- 4 Sanctions & embargos
- 5 Anti-boycott language
- 6 Denied party screening
- 7 Free trade agreement eligibility
- 8 Record keeping
- 9 Classification (HTS/Schedule B)
- 10 Value



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# Export Enforcement & Compliance Program

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## → Export penalties

### Civil penalties

- \$11,000 per violation
- If it involves national security then \$120,000 per violation
- Denial of export privileges, in most instances five years
- Preclusion from practice

### Criminal penalties

- Whoever knowingly violates the EAR will receive a penalty of 5x the value of the shipment or \$50k whichever is greater and/or 5 years in jail
- Whoever willfully violates the EAR will receive a penalty of 5x the value of the shipment or \$1 million and/or ten years in jail

Depends on what Federal Statute BIS issues the penalty under

Under the IEEPA penalties can be \$250,000 per violation

## → Export penalties

### Foreign Trade Regulations (FTR) (15 CFR Chapter 30)

- Civil penalties (15 CFR 30.71(b))
  - For each day wherein EEI was supposed to be filed but was not, or was delinquent, there will be a civil penalty of \$1,100 per day never to exceed \$10,000.
- Criminal penalties (15 CFR 30.71(a))
  - If someone knowingly fails to file, or knowingly files false or fraudulent information, then it will be assessed \$10,000 per violation and/or five years in jail.

**In addition to any control penalties assessed under the EAR more than likely your EEI was also incorrect so you will get hit under the FTR as well.**

# → Export compliance program (ECP)

## What is the ECP?

- Internal voluntary company program
- Not required by U.S. government
- Highly recommended by the Office of Export Enforcement

## Foreign Trade Regulations (FTR) (15 CFR Chapter 30)

- To ensure the understanding of U.S. government regulations by:
  - Export employees
  - Sales staff
  - Management
- Raise awareness of red flags and prevent possible violations
- Considered a valuable mitigating factor when a violation does occur



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

# Export Compliance Guidelines

*The Elements of an Effective  
Export Compliance Program*



## → Trade Policy Group Service Offerings

- HTS Classification
- Binding Rulings
- Supply Chain Security
- Audits
- Development of Internal Controls
- Trade Data Analysis
- Customized Training Services
- FTA Qualifications
- Ad Hoc Import & Export Consulting

## → Global suite of services

Delivering an average of over 3 services per top 500 customer



Truckload



Last mile



Customs & compliance



Managed services



LTL



Ocean



Consolidation



Sourcing



Intermodal



Air



Consulting



Move the  
**most truckload freight**  
of any company  
in the world



C.H. Robinson is  
**larger than**  
our  
**next 5 LTL competitors**  
combined



**#1 NVOCC**  
China to U.S.  
**#2 NVOCC**  
Asia & India to U.S.  
and U.S. to Oceania



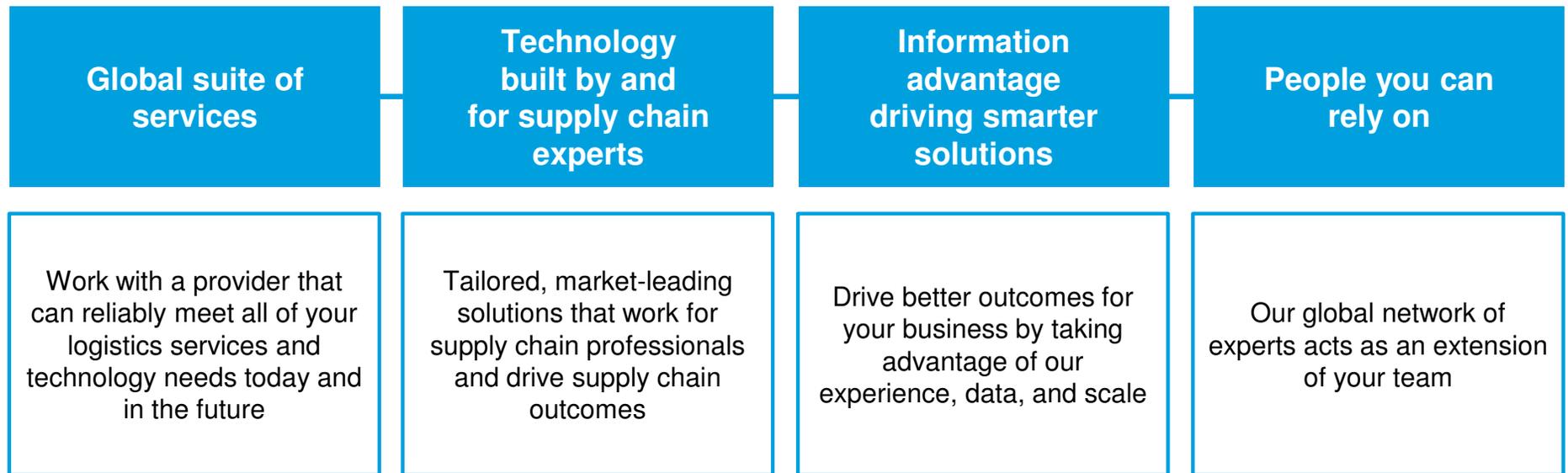
Nearly  
**\$20b**  
freight under  
management

Based on 2019 net revenues



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## → C.H. Robinson commitment to customers



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