Exporting and Importing Research Materials

Regulations and strategies for moving items across borders

Office of Export Controls

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Learning Objectives

• Define what activities constitute an export and import
• Explain importer and exporter responsibilities
• Discuss the pros and cons of shipping vs. hand carry
• Identify how the Office of Export Controls can help

The basics…
Export and Import transactions

• Anything that crosses a national border
• By any method
• For any purpose

Responsibilities

• Importer responsibilities
  • Customs clearance
  • Permits or Licenses
  • Duties and Taxes

• Exporter responsibilities
  • Export declaration
  • Permits or Licenses
Responsibilities

- Why bother?
  - Seize goods
  - Duty penalty
  - Focused assessment
  - Fines
  - Criminal prosecution
  - Loss of export privileges
Responsibilities

• Applicable regs in the US:
  • Export
    • Foreign Trade Regulations
      • EAR
      • ITAR
      • NRC
      • OFAC
      • USFWS
  • Import
    • Customs Duties
      • FDA
      • CDC
      • USDA
      • USFWS
      • NRC
      • ATF
Responsibilities

• Every country in the world regulates imports and exports

• Every cross border transfer involves an export from one country and import into another.

• Specific details for each transaction determine which regulations apply

Responsibilities

• Determined by:
  - What the item is
  - Where it is coming from/going
  - Value of the item
  - Why it is being exported/imported (i.e. how will it be used)
  - How long it will be in/out of the US
Responsibilities

- Recordkeeping
  - 5 years
  - Shipping documents
  - Customs clearance documents
  - Licenses / Permits

Importer Responsibilities

- All items imported into the United States must clear customs.
  - Declare:
    - Items
    - Origin
    - Value
Importer Responsibilities

- Shipped goods are cleared by a broker
  - Small package carrier (FedEx, UPS, DHL, etc.)
  - Customs Broker w/ POA from Duke

- Shipping documents
  - Commercial or Proforma invoice
  - Explanation letters
  - Permits
  - Licenses

- Sender creates invoices and explanation letters
  - May need input from recipient

- Recipient in US responsible for obtaining permits or licenses
Importer Responsibilities

• Hand carried goods must be declared per CBP instructions:

Figure 1: U.S. Customs and Border Protection (CBP) Air Traveler Inspection Process

Import strategies

• For shipped goods:
  • Work with sender to ensure all needed shipping documents are included with package
  • Track packages and act on customs delays
  • Alert customs broker of incoming shipment
Import strategies

- For hand carriers:
  - Verify you can carry the item out of the origin country!
  - Verify you can carry the item on plane/train/boat/bus!
  - Have all required permits in hand
  - Have documentation of value and origin (shipping documents)
  - Declare goods as required by US Customs

Exporter Responsibilities

- Export declaration
  - All goods leaving US must be declared to the US Census Bureau
  - *Unless:*
    - No export license needed, AND
      - Valued under $2,500, OR
      - Will return to the US within 1 year
  - Capture US trade activity (surplus/deficit)
  - Record licensed exports
Exporter Responsibilities

• Export declarations filed through the Automated Commercial Environment (ACE) portal

• Two options:
  • Carrier files on your behalf
    • Based on information you provide
  • Office of Export Controls

• Carriers cannot load cargo unless proof of export declaration is provided on shipping documents
  • “Proof of filing citation”
  • Cannot undervalue or mislabel goods to avoid export declarations [this is considered smuggling or fraud]

• No mechanism to check or verify export of hand carried goods…
  • Declarations are still required!
Exporter Responsibilities

• Licenses
  • Export control lists (national security)
  • CITES (endangered species)
  • Sanctioned countries (foreign policy)
  • Military, space, or nuclear applications (foreign policy & national security)

• Licenses needed prior to export
• Application process is long

• Enforcement
  • No outbound gatekeeper
  • Violations either
    • Discovered via audit, investigation, or spot check by CBP
    • Self-disclosed (mitigating factor)

• US exporter privileges based on compliant conduct
  • For controlled exports, must designate Empowered Official
  • EO responsible for export compliance
  • **Personally** liable for negligence or willful violations
Exporter Responsibilities

• Lack of outbound check point leads to
  • False sense of security
  • Violations piling up

**High-Tech Electronic Components to Iran** – On May 23, 2016, in the Southern District of New York, Ali Reza Parsa, a Canadian-Iranian dual citizen and resident of Canada, was sentenced to three years in prison for his participation in a conspiracy to violate the International Emergency Economic Powers Act (IEEPA) and the Iran Transactions and Sanctions Regulations (ITSR). Parsa was arrested in Oct. 2014, following an investigation by the FBI and U.S. Department of Commerce’s Bureau of Industry and Security (BIS). He pleaded guilty on Jan. 20, 2016. According to court documents, between approximately 2009 and 2015, Parsa corrupted to obtain high-tech electronic components from American companies for transshipment to Iran and other countries for clients of Parsa’s procurement company in Iran, Tavan Payesh Mad., in violation of U.S. economic sanctions. To accomplish this, Parsa used his Canadian company, Metal PM, to place orders with U.S. suppliers and typically had the parts shipped to him in Canada or to a freight forwarder located in the United Arab Emirates, and then shipped from these locations to Iran or to the location of his Iranian company’s client. Parsa provided the U.S. companies with false destination and end-user information about the components in order to conceal the illegality of these transactions. Parsa’s criminal scheme targeted numerous American technology companies. The components that Parsa attempted to procure included cryogenic accelerometers, which are sensitive components that measure acceleration at very low temperatures. Cryogenic accelerometers have both commercial and military uses, including in applications related to ballistic missile propulsion and in aerospace components such as liquid-fuel rocket engines. In addition, following his arrest and while

Exporter Responsibilities

• Types of penalties
  • Delay in cargo loading
  • Cargo seizure
  • Fine
  • Jail
  • Loss of export privileges

**Scientist In Plague Case Is Sentenced To Two Years**

An expert on plague who caused a bioterrorism scare in January 2005 when he reported plague bacteria mixing from his laboratory at Texas Tech University was sentenced yesterday to two years in prison even though a jury had cleared him of the most serious charges.

The expert, Dr. Thomas C. Butler, was also fined $15,000 and is to pay $36,675 in restitution to Texas Tech, in Lubbock. He remains free on bond until April 14 and has 30 days to decide whether to appeal his convictions.

In December, a jury found Dr. Butler, 62, guilty of 47 of the 67 charges that emerged from a federal investigation of him after the scare. None of the 47 convictions were directly related to the original incident. Forty-four involved contraint disputes with Texas Tech. Dr. Butler was found guilty of defrauding the university by diverting payments from drug companies for clinical trials directly to his bank account.

He was also found guilty of three counts related to a shipment of plague samples to his research collaborators in Tanzania without the proper permit. He had labeled the package merely “laboratory materials.”
Export strategies

- Plan ahead!
- Does it need a license?
- Does it require an export declaration?
- What's needed to import at destination?
- Logistics – plan for delays

Export strategies

- For shipped goods:
  - Ask recipient for destination import requirements
  - Track packages and act on customs delays
  - List in-country contacts on shipping documents
  - Alert recipient of incoming shipment
Export strategies

- For hand carriers:
  - Remember your export declarations!
  - Verify you can carry the item into the country
  - Verify you can carry the item on plane/train/boat/bus
  - Have all required permits in hand
  - Have documentation of value and origin (shipping documents)
    - Are translations needed?
  - Declare goods as required by local customs
  - Have in-country contact available

Shipping vs. Hand Carry

**Shipping Pros**
- Use professionals
  - Customs clearance
  - Shipping
  - Delivery
- Documented compliance
- No travel required
- Any quantity or volume

**Shipping Cons**
- Lack control
- Risks
  - Damage
  - Delays
- Cost
- Need an in-country partner
Shipping vs. Hand Carry

**Hand Carry Pros**
- Convenient (if you happen to be going there)
- Complete control over item
- No added costs

**Hand Carry Cons**
- Clearing customs on your own
- Missing export compliance checks (easy to forget)
- Can only bring what you can carry

**Shipping vs Hand Carry**

**Hand carry if...**
- You’re already going there
- You understand customs clearance process
- Understand and address export compliance measures

**Ship if...**
- Complicated customs issues at destination
- Large quantity or volume
- Airlines don’t allow items (i.e. hazmat)
How can we help?

• Compliance
  • Which regs apply and how to comply
  • License and permit applications
  • Export declarations
  • Item classifications
    • Harmonized Tariff Schedule
    • Export control lists

• Liaise with carriers and brokers
• Shipping documents

QUESTIONS?
Thank you!

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