ITAR Exemptions Overview

Candace M. J. Goforth
Goforth Trade Advisors LLC
Jennifer K. Weinel
Northrop Grumman Corporation
Major overhaul since last publication in 2003!

- Introduction to ITAR Exemptions
- Quick Reference Chart
- General Requirements
- Exporting Procedures
- ITAR Exemptions
- Comparison of ITAR Exemptions to EAR License Exceptions
Introduction to ITAR Exemptions

- What are exemptions? Can I use an exemption?
- Is there a down side to using exemptions?
- How do I read exemptions?
- Be aware of Potential Pitfalls when using exemptions
- Choosing the right exemption for export/import transaction
  - Analyze the proposed transaction
  - Find the exemptions that may be applicable
  - Ensure you meet all the exemption requirements
  - Ensure proper execution of the export/import utilizing the exemption
  - Document the selection of the exemption
Exemptions are scattered throughout the ITAR – over 50 exemptions!
- Part 123 for hardware, Part 124 for defense services, Part 125 for technical data, Part 126 for country and complex exemptions
- DDTC is looking to move all exemptions to a single section

Quick Reference Chart assists in determining which exemptions may be available

Identifies applicability on commodity type and classification
- Hardware (HW), Technical Data (TD), Defense Services (DS)
- Classified (C), Unclassified (U)

Only a guide – need to read the full exemption before utilizing – page number in the Handbook is provided
General Requirements

- **DDTC Registration**
  - Required for most exemptions but not for certain personal use and non-U.S. exemptions

- **Eligibility**
  - Screening of all parties to the transactions

- **Proscribed Destinations**
  - Exemptions generally not available for §126.1 countries unless covered by §126.1(a) exception

- **Recordkeeping**
  - Additional requirements in §123.26
  - Should be just as robust – if not more – as your export approval recordkeeping
Exporting Procedures

- Shipments of Hardware and Technical Data
  - AES/EEI Filings
  - Commercial Invoice
  - Destination Control Statement

- Hand Carries of Hardware and Technical Data

- Intangible Transfers of Technical Data
  - Destination Control Statement
  - Reporting

- Recordkeeping Reminders
ITAR Exemptions

- Each ITAR Exemption is explained and guidance provided

- Each section identifies the following:
  - Full text of the exemption
  - Requirements and Procedures for the specific exemption
  - Guidance for the specific exemption
  - Frequently Asked Questions
  - FAQ from DDTC’s Website, as applicable

- Exemptions added since last publication
  - Australia and UK Treaty Exemptions
  - Dual and Third Country National Exemption – updates
Comparison of ITAR Exemptions to EAR License Exceptions

- Decades of understanding ITAR exemptions but familiarity with EAR may be limited

- Chart identifying the ITAR exemption and the comparable EAR license exception
  - May not always be an exact match so need to read and understand the EAR license exception

- Does not cover all ITAR exemptions
  - Activity may not be subject to the EAR or not require a license
  - Activity may be specific to the ITAR, for example defense services

- Other EAR license exceptions may be available for your transaction