

PART 744

CONTROL POLICY: END-USER AND END-USE BASED

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§744.1**GENERAL PROVISIONS**

●**(a)(1) Introduction.** In this part, references to the EAR are references to 15 CFR chapter VII, subchapter C. This part contains prohibitions against exports, reexports, and selected transfers to certain end-users and end-uses as introduced under General Prohibition Five (End-use/End-users) and Nine (Orders, Terms, and Conditions), unless authorized by BIS. Sections 744.2, 744.3, 744.4 and 744.5 prohibit exports and reexports of items subject to the EAR to defined nuclear, missile, chemical and biological activities and nuclear maritime end-uses. Section 744.6 prohibits certain activities by U.S. persons in support of certain nuclear, missile, chemical, or biological end-uses regardless of whether that support involves the export or reexport of items subject to the EAR. Sections 744.7 and 744.8 prohibit exports and reexports of certain items for certain aircraft and vessels. Section 744.9 prohibits U.S. persons from providing technical assistance to certain foreign persons seeking to develop or manufacture certain encryption commodities or software. Section 744.10 prohibits exports and reexports of any item subject to the EAR to Russian entities, included in Supplement No. 4 of this part. Section 744.11 imposes license requirements, to the extent specified in Supplement No. 4 to this part on entities listed in Supplement No. 4 to this part for activities contrary to the national security or foreign policy interests of the United States. Sections 744.12, 744.13 and 744.14 prohibit exports and reexports of any item subject to the EAR to persons designated as Specially Designated Global Terrorists, Specially Designated Terrorists, or Foreign Terrorist Organizations, respectively. Section 744.16 sets forth the right of a party listed in Supplement No. 4 to this part to request that its listing be removed or modified. Section 744.19 sets forth BIS's licensing policy for applications for exports or reexports when a party to the transaction is an

entity that has been sanctioned pursuant to any of three specified statutes that require certain license applications to be denied. Section 744.20 requires a license, to the extent specified in Supplement No. 4 to this part, for exports and reexports of items subject to the EAR destined to certain sanctioned entities listed in Supplement No. 4 to this part. Section 744.15 describes restrictions on exports and reexports to persons named in general orders. In addition, these sections include license review standards for export license applications submitted as required by these sections. It should also be noted that part 764 of the EAR prohibits exports, reexports and certain in-country transfers of items subject to the EAR to denied parties.

(2) If controls set forth under more than one section of part 744 apply to a person, the license requirements for such a person will be determined based on the requirements of all applicable sections of part 744, and license applications will be reviewed under all applicable licensing policies.

(b) Steps

The following are steps you should follow in using the provisions of this part:

(1) Review end-use and end-user prohibitions. First, review each end-use and end-user prohibition described in this part to learn the scope of these prohibitions.

(2) Determine applicability. Second, determine whether any of the end-use and end-user prohibitions described in this part are applicable to your planned export, reexport, or other activity. See Supplement No. 1 to part 732 for guidance.

(c) A list of entities is included in Supplement No. 4 to this part 744 of the EAR (Entity List). The public is hereby informed that these entities are ineligible to receive any items subject to the EAR without a license to the extent specified in

the supplement. No License Exceptions are available for exports and reexports to listed entities of specified items, except License Exceptions for items listed in §740.2(a)(5) of the EAR destined to listed Indian or Pakistani entities to ensure the safety of civil aviation and safe operation of commercial passenger aircraft, and in the case of entities added to the Entity List pursuant to §744.20, to the extent specified on the Entity List.

§744.2

RESTRICTIONS ON CERTAIN NUCLEAR END-USES

(a) General prohibition

In addition to the license requirements for items specified on the CCL, you may not export or reexport to any destination, other than countries in the Supplement No. 3 to this part, any item subject to the EAR without a license if at the time of the export or reexport you know¹ the item will be used directly or indirectly in any one or more of the following activities described in paragraphs (a)(1), (a)(2), and (a)(3) of this section:

(1) Nuclear explosive activities. Nuclear explosive activities, including research on or development, design, manufacture, construction, testing or maintenance of any nuclear explosive

¹ Part 772 of the EAR defines “knowledge” for all of the EAR except part 760, Restrictive Trade Practices and Boycotts. The definition, which includes variants such as “know” and “reason to know”, encompasses more than positive knowledge. Thus, the use of “know” in this section in place of the former wording “know or have reason to know” does not lessen or otherwise change the responsibilities of persons subject to the EAR.

device, or components or subsystems of such a device.^{2 3}

(2) Unsafeguarded nuclear activities. Activities including research on, or development, design, manufacture, construction, operation, or maintenance of any nuclear reactor, critical facility, facility for the fabrication of nuclear fuel, facility for the conversion of nuclear material from one chemical form to another, or separate storage installation, where there is no obligation to accept International Atomic Energy Agency (IAEA) safeguards at the relevant facility or installation when it contains any source or special fissionable material (regardless of whether or not it contains such material at the time of export), or where any such obligation is not met.

(3) Safeguarded and unsafeguarded nuclear activities. Safeguarded and unsafeguarded nuclear fuel cycle activities, including research on or development, design, manufacture, construction, operation or maintenance of any of the following facilities, or components for such

² Nuclear explosive devices and any article, material, equipment, or device specifically designed or specially modified for use in the design, development, or fabrication of nuclear weapons or nuclear explosive devices are subject to export licensing or other requirements of the Office of Defense Trade Controls, U.S. Department of State, or the licensing or other restrictions specified in the Atomic Energy Act of 1954, as amended. Similarly, items specifically designed or specifically modified for use in devising, carrying out, or evaluating nuclear weapons tests or nuclear explosions (except such items as are in normal commercial use for other purposes) are subject to the same requirements.

³ Also see §§744.5 and 748.4 of the EAR for special provisions relating to technical data for maritime nuclear propulsion plants and other commodities.

facilities:⁴

- (i) Facilities for the chemical processing of irradiated special nuclear or source material;
- (ii) Facilities for the production of heavy water;
- (iii) Facilities for the separation of isotopes of source and special nuclear material; or
- (iv) Facilities for the fabrication of nuclear reactor fuel containing plutonium.

(b) Additional prohibition on exporters or reexporters informed by BIS

BIS may inform an exporter or reexporter, either individually by specific notice or through amendment to the EAR, that a license is required for export or reexport of specified items to specified end-users, because BIS has determined that there is an unacceptable risk of use in, or diversion to, any of the activities described in paragraph (a) of this section. Specific notice is to be given only by, or at the direction of, the Deputy Assistant Secretary for Export Administration. When such notice is provided orally, it will be followed by a written notice within two working days signed by the Deputy Assistant Secretary for Export Administration. The absence of any such notification does not excuse the exporter or reexporter from compliance with the license requirements of paragraph (a) of this section.

(c) Exceptions

Despite the prohibitions described in paragraph (a) and (b) of this section, you may export technology subject to the EAR under the

⁴ Such activities may also require a specific authorization from the Secretary of Energy pursuant to §57.b.(2) of the Atomic Energy Act of 1954, as amended, as implemented by the Department of Energy's regulations published in 10 CFR 810.

operation technology and software or *sales technology and software* provisions of License Exception TSU (see §740.13(a) and (b)), but *only* to and for use in countries listed in Supplement No. 3 to part 744 of the EAR (Countries Not Subject to Certain Nuclear End-Use Restrictions in §744.2(a)). Notwithstanding the provisions of part 740 of the EAR, the provisions of §740.13(a) and (b) will only overcome General Prohibition Five for countries listed in Supplement No. 3 to part 744 of the EAR.

(d) License review standards

The following factors are among those used by the United States to determine whether to grant or deny license applications required under this section:

- (1) Whether the commodities, software, or technology to be transferred are appropriate for the stated end-use and whether that stated end-use is appropriate for the end-user;
- (2) The significance for nuclear purposes of the particular commodity, software, or technology;
- (3) Whether the commodities, software, or technology to be exported are to be used in research on or for the development, design, manufacture, construction, operation, or maintenance of any reprocessing or enrichment facility;
- (4) The types of assurances or guarantees given against use for nuclear explosive purposes or proliferation in the particular case;
- (5) Whether the end-user has been engaged in clandestine or illegal procurement activities;
- (6) Whether an application for a license to export to the end-user has previously been denied, or whether the end-use has previously diverted items received under a license, License Exception, or NLR to unauthorized activities;

(7) Whether the export would present an unacceptable risk of diversion to a nuclear explosive activity or unsafeguarded nuclear fuel-cycle activity described in §744.2 of this part; and

(8) The nonproliferation credentials of the importing country, based on consideration of the following factors:

(i) Whether the importing country is a party to the Nuclear Non-Proliferation Treaty (NPT) or to the Treaty for the Prohibition of Nuclear Weapons in Latin America (Treaty of Tlatelolco) (see Supplement No. 2 to part 742 of the EAR), or to a similar international legally-binding nuclear nonproliferation agreement;

(ii) Whether the importing country has all of its nuclear activities, facilities or installations that are operational, being designed, or under construction, under International Atomic Energy Agency (IAEA) safeguards or equivalent full scope safeguards;

(iii) Whether there is an agreement for cooperation in the civil uses of atomic energy between the U.S. and the importing country;

(iv) Whether the actions, statements, and policies of the government of the importing country are in support of nuclear nonproliferation and whether that government is in compliance with its international obligations in the field of nonproliferation;

(v) The degree to which the government of the importing country cooperates in nonproliferation policy generally (e.g., willingness to consult on international nonproliferation issues);

(vi) Intelligence data on the importing country's nuclear intentions and activities.

§744.3

RESTRICTIONS ON CERTAIN ROCKET SYSTEMS (INCLUDING BALLISTIC MISSILE SYSTEMS AND SPACE LAUNCH VEHICLES AND SOUNDING ROCKETS) AND UNMANNED AIR VEHICLES (INCLUDING CRUISE MISSILE SYSTEMS, TARGET DRONES AND RECONNAISSANCE DRONES) END-USES

(a) General prohibition

In addition to the license requirements for items specified on the CCL, you may not export, reexport, or transfer (in-country) an item subject to the EAR, without a license if at the time of the export, reexport or transfer you know the item:

(1) Will be used in the design, development, production or use of rocket systems or unmanned air vehicles capable of a range of at least 300 kilometers in or by a country listed in Country Group D:4 of Supplement No. 1 to part 740 of the EAR.

(2) Will be used, anywhere in the world except by governmental programs for nuclear weapons delivery of NPT Nuclear Weapons States that are also members of NATO, in the design, development, production or use of rocket systems or unmanned air vehicles, regardless of range capabilities, for the delivery of chemical, biological, or nuclear weapons; or

(3) Will be used in the design, development, production or use of any rocket systems or unmanned air vehicles in or by a country listed in Country Group D:4, but you are unable to determine:

(i) The characteristics (*i.e.*, range capabilities) of the rocket systems or unmanned air vehicles, or

(ii) Whether the rocket systems or unmanned

air vehicles, regardless of range capabilities, will be used in a manner prohibited under paragraph (a)(2) of this section.

Note to Paragraph (a) of this Section: For the purposes of this section, “Rocket Systems” include, but are not limited to, ballistic missile systems, space launch vehicles, and sounding rockets. Also, for the purposes of this section, “unmanned air vehicles” include, but are not limited to, cruise missile systems, target drones and reconnaissance drones.

(b) Additional prohibition

BIS may inform, either individually, by specific notice, or generally through amendment to the EAR, that a license is required for a specific export, reexport or transfer of specified items to a certain end-user, anywhere in the world, because there is an unacceptable risk of use in or diversion to activities described in paragraphs (a)(1) or (a)(2) of this section. Specific notice is to be given only by, or at the direction of, the Deputy Assistant Secretary for Export Administration. When such notice is provided orally, it will be followed by a written notice within two working days signed by the Deputy Assistant Secretary for Export Administration. However, the absence of any such notification does not excuse non-compliance with the license requirements of paragraphs (a)(1), (a)(2), or (a)(3) of this section.

(c) Exceptions

No License Exceptions apply to the prohibitions described in paragraph (a) and (b) of this section.

(d) License Review Standards

(1) Applications to export, reexport or transfer the items subject to this section will be considered on a case-by-case basis to determine whether the export, reexport or transfer would make a material contribution to the proliferation of certain rocket systems, or unmanned air vehicles.

When an export, reexport or transfer is deemed to make a material contribution, the license will be denied.

(2) The following factors are among those that will be considered to determine what action should be taken on an application required by this section:

- (i) The specific nature of the end use;
- (ii) The significance of the export, reexport or transfer in terms of its contribution to the design, development, production or use of certain rocket systems or unmanned air vehicles;
- (iii) The capabilities and objectives of the rocket systems or unmanned air vehicles of the recipient country;
- (iv) The nonproliferation credentials of the importing country;
- (v) The types of assurances or guarantees against design, development, production, or use for certain rocket system or unmanned air vehicle delivery purposes that are given in a particular case; and
- (vi) The existence of a pre-existing contract.

§744.4

**RESTRICTIONS ON CERTAIN
CHEMICAL AND BIOLOGICAL
WEAPONS END-USES**

(a) General prohibition

In addition to the license requirements for items specified on the CCL, you may not export, reexport, or transfer (in-country) an item subject to the EAR without a license if, at the time of export, reexport, or transfer you know that the item will be used in the design, development,

production, stockpiling, or use of chemical or biological weapons in or by any country or destination, worldwide.

(b) Additional prohibition on persons informed by BIS

BIS may inform persons, either individually by specific notice or through amendment to the EAR, that a license is required for a specific export, reexport, or transfer (in-country), or for the export, reexport, or transfer (in-country) of specified items to a certain end-user, because there is an unacceptable risk of use in or diversion to the activities specified in paragraph (a) of this section, anywhere in the world. Specific notice is to be given only by, or at the direction of, the Deputy Assistant Secretary for Export Administration. When such notice is provided orally, it will be followed by a written notice within two working days signed by the Deputy

Assistant Secretary for Export Administration. However, the absence of any such notification does not excuse persons from compliance with the license requirements of paragraph (a) of this section.

(c) Exceptions

No License Exceptions apply to the prohibitions described in paragraphs (a) and (b) of this section.

(d) License review standards

(1) Applications to export, reexport, or transfer (in-country) items subject to this section will be considered on a case-by-case basis to determine whether the export, reexport, or transfer would make a material contribution to the design, development, production, stockpiling, or use of chemical or biological weapons. When an export, reexport, or transfer is deemed to make such a contribution, the license will be denied.

(2) The following factors are among those that

will be considered to determine what action should be taken on an application required under this section:

(i) The specific nature of the end-use;

(ii) The significance of the export, reexport, or transfer in terms of its contribution to the design, development, production, stockpiling, or use of chemical or biological weapons;

(iii) The nonproliferation credentials of the importing country or the country in which the transfer would take place;

(iv) The types of assurances or guarantees against the design, development, production, stockpiling, or use of chemical or biological weapons that are given in a particular case; and

(v) The existence of a pre-existing contract. See Supplement No. 1 to Part 742 of the EAR for relevant contract sanctity dates.

§744.5

**RESTRICTIONS ON CERTAIN
MARITIME NUCLEAR PROPULSION
END-USES**

(a) General prohibition

In addition to the license requirements for items specified on the CCL, you may not export or reexport certain technology subject to the EAR without a license if at the time of the export or reexport you know the item is for use in connection with a foreign maritime nuclear propulsion project. This prohibition applies to any technology relating to maritime nuclear propulsion plants, their land prototypes, and special facilities for their construction, support, or maintenance, including any machinery, devices, components, or equipment specifically developed or designed for use in such plants or facilities.

(b) Exceptions

The exceptions provided in part 740 of the EAR do not apply to the prohibitions described in paragraph (a) of this section.

(c) License review standards

It is the policy of the United States Government not to participate in and not to authorize United States firms or individuals to participate in foreign naval nuclear propulsion plant projects, except under an Agreement for Cooperation on naval nuclear propulsion executed in accordance with §123(d) of the Atomic Energy Act of 1954. However, it is the policy of the United States Government to encourage United States firms and individuals to participate in maritime (civil) nuclear propulsion plant projects in friendly foreign countries provided that United States naval nuclear propulsion information is not disclosed.

§744.6**RESTRICTIONS ON CERTAIN
ACTIVITIES OF U.S. PERSONS****(a) General prohibitions****(1) Activities related to exports**

(i) No U.S. person as defined in paragraph (c) of this section may, without a license from BIS, export, reexport, or transfer to or in any country any item where that person knows that such items:

(A) Will be used in the design, development, production, or use of nuclear explosive devices in or by a country listed in Country Group D:2 (see Supplement No. 1 to part 740 of the EAR).

(B) Will be used in the design, development, production, or use of missiles in or by a country

listed in Country Group D:4 (see Supplement No. 1 to part 740 of the EAR); or

(C) Will be used in the design, development, production, stockpiling, or use of chemical or biological weapons in or by any country or destination, worldwide.

(ii) No U.S. person shall, without a license from BIS, knowingly support an export, reexport, or transfer that does not have a license as required by this section. Support means any action, including financing, transportation, and freight forwarding, by which a person facilitates an export, reexport, or transfer without being the actual exporter or reexporter.

(2) Other activities unrelated to exports. No U.S. person shall, without a license from BIS:

(i) Perform any contract, service, or employment that the U.S. person knows will directly assist in the design, development, production, or use of missiles in or by a country listed in Country Group D:4 (see Supplement No. 1 to part 740 of the EAR); or

(ii) Perform any contract, service, or employment that the U.S. person knows will directly assist in the design, development, production, stockpiling, or use of chemical or biological weapons in or by any country or destination, worldwide.

(3) Whole plant requirement. No U.S. person shall, without a license from BIS, participate in the design, construction, export, or reexport of a whole plant to make chemical weapons precursors identified in ECCN 1C350, in countries other than those listed in Country Group A:3 (Australia Group) (See Supplement No. 1 to part 740 of the EAR).

(b) Additional prohibitions on U.S. persons informed by BIS

BIS may inform U.S. persons, either individually or through amendment to the EAR, that a license is required because an activity could involve the types of participation and support described in paragraph (a) of this section anywhere in the world. Specific notice is to be given only by, or at the direction of, the Deputy Assistant Secretary for Export Administration. When such notice is provided orally, it will be followed by a written notice within two working days signed by the Deputy Assistant Secretary for Export Administration. However, the absence of any such notification does not excuse the exporter from compliance with the license requirements of paragraph (a) of this section.

(c) Definition of U.S. person

For purposes of this section, the term U.S. person includes:

- (1) Any individual who is a citizen of the United States, a permanent resident alien of the United States, or a protected individual as defined by 8 U.S.C. 1324b(a)(3);
- (2) Any juridical person organized under the laws of the United States or any jurisdiction within the United States, including foreign branches; and
- (3) Any person in the United States.

(d) Exceptions

No License Exceptions apply to the prohibitions described in paragraphs (a) and (b) of this section.

(e) License review standards

Applications to engage in activities otherwise prohibited by this section will be denied if the activities would make a material contribution to

the design, development, production, stockpiling, or use of nuclear explosive devices, chemical or biological weapons, or of missiles.

§744.7**RESTRICTIONS ON CERTAIN EXPORTS TO AND FOR THE USE OF CERTAIN FOREIGN VESSELS OR AIRCRAFT*****(a) General end-use prohibition***

In addition to the license requirements for items specified on the CCL, you may not export or reexport an item subject to the EAR to, or for the use of, a foreign vessel or aircraft, whether an operating vessel or aircraft or one under construction, located in any port including a Canadian port, unless a License Exception or NLR permits the shipment to be made:

- (1) To the country in which the vessel or aircraft is located, and
- (2) To the country in which the vessel or aircraft is registered, or will be registered in the case of a vessel or aircraft under construction, and
- (3) To the country, including a national thereof, which is currently controlling, leasing, or chartering the vessel or aircraft.

(b) Exception for U.S. and Canadian carriers

- (1) Notwithstanding the general end-use prohibition in paragraph (a) of this section, export and reexport may be made of the commodities described in paragraph (b)(3) of this section, for use by or on a specific vessel or plane of U.S. or Canadian registry located at any seaport or airport outside the United States or Canada except a port in Country Group D:1 (excluding the PRC), (see Supplement No. 1 to part 740) provided that such

commodities are all of the following:⁵

(i) Ordered by the person in command or the owner or agent of the vessel or plane to which they are consigned;

(ii) Intended to be used or consumed on board such vessel or plane and necessary for its proper operation;

(iii) In usual and reasonable kinds and quantities during times of extreme need, except that usual and reasonable quantities of ship's bunkers or aviation fuel are considered to be only that quantity necessary for a single onward voyage or flight; and

(iv) Shipped as cargo for which a Shipper's Export Declaration (SED) or Automated Export System (AES) record is filed in accordance with the requirements of the Foreign Trade Statistics Regulations (15 CFR part 30), except that an SED or AES record is not required when any of the commodities, other than fuel, is exported by U.S. airlines to their own aircraft abroad for their own use.

(2) Exports to U.S. or Canadian Airline's Installation or Agent. Exports and reexports of the commodities described in paragraph (e) of this section, except fuel, may be made to a U. S. or Canadian airline's installation or agent in any foreign destination except Country Group D:1 (excluding the PRC), (see Supplement No. 1 to part 740) provided such commodities are all of the following:

(i) Ordered by a U.S. or Canadian airline and consigned to its own installation or agent abroad;

(ii) Intended for maintenance, repair, or operation of aircraft registered in either the United States or Canada, and necessary for the

aircraft's proper operation, except where such aircraft is located in, or owned, operated or controlled by, or leased or chartered to, Country Group D:1 (excluding the PRC) (see Supplement No. 1 to part 740) or a national of such country;

(iii) In usual and reasonable kinds and quantities; and

(iv) Shipped as cargo for which a Shipper's Export Declaration (SED) or Automated Export System (AES) record is filed in accordance with the requirements of the Foreign Trade Statistics Regulations (15 CFR part 30), except that an SED or AES record is not required when any of these commodities is exported by U.S. airlines to their own installations and agents abroad for use in their aircraft operations.

(3) Applicable commodities. This §744.7 applies to the commodities listed subject to the provisions in paragraph (b) of this section:

(i) Fuel, except crude petroleum and blends of unrefined crude petroleum with petroleum products, which is of non-Naval Petroleum Reserves origin or derivation (refer to short supply controls in part 754 of the EAR);

(ii) Deck, engine, and steward department stores, provisions, and supplies for both port and voyage requirements, except crude petroleum, provided that any commodities which are listed in Supplement No. 2 to part 754 of the EAR are of non-Naval Petroleum Reserves origin or derivation (refer to short supply controls in part 754 of the EAR);

(iii) Medical and surgical supplies;

(iv) Food stores;

(v) Slop chest articles;

(vi) Saloon stores or supplies; and

⁵ Where a license is required, see §§748.2 and 748.4(g) of the EAR.

(vii) Equipment and spare parts.

§744.8

[RESERVED]

§744.9

RESTRICTIONS ON TECHNICAL ASSISTANCE BY U.S. PERSONS WITH RESPECT TO ENCRYPTION ITEMS

(a) General prohibition

No U.S. person may, without authorization from BIS, provide technical assistance (including training) to foreign persons with the intent to aid a foreign person in the development or manufacture outside the United States of encryption commodities and software that, if of United States origin, would be controlled for EI reasons under ECCN 5A002 or 5D002. Technical assistance may be exported and reexported immediately to nationals of the countries listed in Supplement 3 to part 740 of the EAR (except for technical assistance to government end-users for cryptanalytic items), provided that the exporter has submitted to BIS a completed encryption review request by the time of export (as described in §740.17(a)(3) of the EAR, for technical assistance not otherwise authorized under §740.17(a)(1) of the EAR). Note that this prohibition does not apply if the U.S. person providing the assistance has a license or is otherwise entitled to export the encryption commodities and software in question to the foreign person(s) receiving the assistance. Note in addition that the mere teaching or discussion of information about cryptography, including, for example, in an academic setting or in the work of groups or bodies engaged in standards development, by itself would not establish the intent described in this section, even where foreign persons are present.

(b) Definition of U.S. person

For purposes of this section, the term U.S. person includes:

- (1) Any individual who is a citizen or permanent resident alien of the United States;
- (2) Any juridical person organized under the laws of the United States or any jurisdiction within the United States, including foreign branches; and
- (3) Any person in the United States.

(c) License review standards

Applications involving activities described in this section will be reviewed on a case-by-case basis to determine whether the activity is consistent with U.S. national security and foreign policy interests.

§744.10

RESTRICTIONS ON CERTAIN ENTITIES IN RUSSIA

(a) General prohibition

Certain entities in Russia are included in Supplement No. 4 to this part 744 (Entity List). (See also §744.1(c) of the EAR.) Exporters are hereby informed that these entities are ineligible to receive any items subject to the EAR without a license.

(b) Exceptions

No License Exceptions apply to the prohibition described in paragraph (a) of this section.

(c) License review standards

Applications to export or reexport items subject

to the EAR to these entities will be reviewed with a presumption of denial.

● **§744.11**

LICENSE REQUIREMENTS THAT APPLY TO ENTITIES ACTING CONTRARY TO THE NATIONAL SECURITY OR FOREIGN POLICY INTERESTS OF THE UNITED STATES.

BIS may impose foreign policy export and reexport license requirements, limitations on availability of license exceptions, and set license application review policy based on the criteria in this section. Such requirements, limitations and policy are in addition to those set forth elsewhere in the EAR. License requirements, limitations on use of license exceptions and license application review policy will be imposed under this section by adding an entity to the Entity List (Supp. No. 4 to this part) with a reference to this section and by stating on the Entity List the license requirements and license application review policy that apply to that entity. BIS may remove an entity from the Entity List if it is no longer engaged in the activities described in paragraph (b) of this section and is unlikely to engage in such activities in the future. BIS may modify the license exception limitations and license application review policy that applies to a particular entity to implement the policies of this section. BIS will implement the provisions of this section in accordance with the decisions of the End-User Review Committee or, if appropriate in a particular case, in accordance with the decisions of the body to which the End-User Review Committee decision is escalated. The End-User Review Committee will follow the procedures set forth in Supplement No. 5 to this part.

(a) License requirement, availability of license exceptions, and license application review policy

A license is required, to the extent specified on the Entity List, to export or reexport any item subject to the EAR to an entity that is listed on the Entity List in an entry that contains a reference to this section. License exceptions may not be used unless authorized in that entry. Applications for licenses required by this section will be evaluated as stated in that entry in addition to any other applicable review policy stated elsewhere in the EAR.

(b) Criteria for revising the Entity List

Entities for which there is reasonable cause to believe, based on specific and articulable facts, that the entity has been involved, is involved, or poses a significant risk of being or becoming involved in activities that are contrary to the national security or foreign policy interests of the United States and those acting on behalf of such entities may be added to the Entity List pursuant to this section. This section may not be used to place on the Entity List any party to which exports or reexports require a license pursuant to §§ 744.12, 744.13, 744.14 or 744.18 of this part. This section may not be used to place on the Entity List any party if exports or reexports to that party of items that are subject to the EAR are prohibited by or require a license from another U.S. government agency. This section may not be used to place any U.S. person, as defined in §772.1 of the EAR, on the Entity List. Examples (1) through (5) of this paragraph provide an illustrative list of activities that could be contrary to the national security or foreign policy interests of the United States.

(1) Supporting persons engaged in acts of terror.

(2) Actions that could enhance the military capability of, or the ability to support terrorism of governments that have been designated by the

Secretary of State as having repeatedly provided support for acts of international terrorism.

(3) Transferring, developing, servicing, repairing or producing conventional weapons in a manner that is contrary to United States national security or foreign policy interests or enabling such transfer, service, repair, development, or production by supplying parts, components, technology, or financing for such activity.

(4) Preventing accomplishment of an end use check conducted by or on behalf of BIS or the Directorate of Defense Trade Controls of the Department of State by: precluding access to; refusing to provide information about; or providing false or misleading information about parties to the transaction or the item to be checked. The conduct in this example includes: expressly refusing to permit a check, providing false or misleading information, or engaging in dilatory or evasive conduct that effectively prevents the check from occurring or makes the check inaccurate or useless. A nexus between the conduct of the party to be listed and the failure to produce a complete, accurate and useful check is required, even though an express refusal by the party to be listed is not required.

(5) Engaging in conduct that poses a risk of violating the EAR when such conduct raises sufficient concern that the End-User Review committee believes that prior review of exports or reexports involving the party and the possible imposition of license conditions or license denial enhances BIS's ability to prevent violations of the EAR.

§744.12

RESTRICTIONS ON EXPORTS AND REEXPORTS TO PERSONS DESIGNATED IN OR PURSUANT TO EXECUTIVE ORDER 13224 (SPECIALLY DESIGNATED GLOBAL TERRORIST) (SDGT)

BIS maintains restrictions on exports and reexports to persons designated in or pursuant to Executive Order 13224 of September 23, 2001 (Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism). These persons include individuals and entities listed in the Annex to Executive Order 13224, as well as persons subsequently designated by the Secretary of State or Secretary of the Treasury pursuant to criteria set forth in the order. Pursuant to Executive Order 13224, the Department of the Treasury's Office of Foreign Assets Control (OFAC) maintains 31 CFR part 594, the Global Terrorism Sanctions Regulations. OFAC announces the names of persons designated pursuant to Executive Order 13224 in the Federal Register and includes such persons in Appendix A to 31 CFR Chapter V, which lists persons subject to various sanctions programs administered by OFAC. The Department of State also announces the names of foreign persons designated pursuant to Executive Order 13224 in the Federal Register. All persons designated in or pursuant to Executive Order 13224 are identified in Appendix A to 31 CFR Chapter V by the bracketed initials [SDGT] and are also known as Specially Designated Global Terrorists (SDGTs).

(a) License requirement(s)

(1) A license requirement applies to the export or reexport to an SDGT of any item subject to the EAR.

(2) To avoid duplication, U.S. persons are not required to seek separate authorization for an export or reexport to an SDGT of an item subject

to both the EAR and OFAC's regulatory authority pursuant to Executive Order 13224. Therefore, if OFAC authorizes an export from the United States or an export or reexport by a U.S. person to an SDGT, no separate authorization from BIS is necessary.

(3) U.S. persons must seek authorization from BIS for the export or reexport to an SDGT of any item subject to the EAR that is not subject to OFAC's Global Terrorism Sanctions Regulations in 31 CFR part 594.

(4) Non-U.S. persons must seek authorization from BIS for any export from abroad or reexport to an SDGT of any item subject to the EAR.

(5) Any export or reexport to an SDGT of any item subject to both the EAR and OFAC's regulatory authority pursuant to Executive Order 13224 and not authorized by OFAC is a violation of the EAR.

(6) Any export or reexport by a U.S. person to an SDGT of any item subject to the EAR that is not subject to regulation by OFAC and not authorized by BIS is a violation of the EAR. Any export from abroad or reexport by a non-U.S. person to an SDGT of any item subject to the EAR and not authorized by BIS is a violation of the EAR.

(7) These licensing requirements supplement any other requirements set forth elsewhere in the EAR.

(b) Exceptions

No License Exceptions or other BIS authorization are available for any export or reexport to an SDGT of any item subject to the EAR.

(c) Licensing Policy

Applications for licenses for the export or reexport to an SDGT of any item subject to the EAR generally will be denied. You should consult with OFAC concerning transactions subject to OFAC licensing requirements.

(d) Contract Sanctity

Contract sanctity provisions are not available for license applications reviewed under this section.

Note to §744.12: This section does not implement, construe, or limit the scope of any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 2339A, and does not excuse any person from complying with any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 18 U.S.C. 2339A.

§744.13

**RESTRICTIONS ON EXPORTS AND
REEXPORTS TO PERSONS DESIGNATED
PURSUANT TO EXECUTIVE ORDER
12947 (SPECIALLY DESIGNATED
TERRORISTS) (SDT)**

Consistent with the purpose of Executive Order 12947 of January 23, 1995, BIS maintains restrictions on exports and reexports to Specially Designated Terrorists (SDTs). Executive Order 12947 prohibits transactions by U.S. persons with terrorists who threaten to disrupt the Middle East peace process. Pursuant to the Executive Order, the Department of the Treasury, Office of Foreign Assets Control (OFAC), maintains 31 CFR part 595, the Terrorism Sanctions Regulations. In Appendix A to 31 CFR Chapter V, pursuant to 31 CFR part 595, these Specially Designated Terrorists are identified by the bracketed suffix initials [SDT]. The requirements set forth below further the objectives of Executive Order 12947.

(a) License requirement(s)

(1) A license requirement applies to the export or reexport to an SDT of any item subject to the EAR.

(2) To avoid duplication, U.S. persons are not required to seek separate authorization for an export or reexport to an SDT of an item subject both to the EAR and to OFAC's Terrorism Sanctions Regulations in 31 CFR part 595. Therefore, if OFAC authorizes an export or reexport of an item by a U.S. person to a SDT, no separate authorization from BIS is necessary.

(3) U.S. persons must seek authorization from BIS for the export or reexport to an SDT of an item subject to the EAR but not subject to OFAC's Terrorism Sanctions Regulations in 31 CFR part 595.

(4) Non-U.S. persons must seek authorization from BIS for the export from abroad or reexport to an SDT of any item subject to the EAR.

(5) Any export or reexport to an SDT by a U.S. person of any item subject both to the EAR and OFAC's Terrorism Sanctions Regulations in 31 CFR part 595 and not authorized by OFAC is a violation of the EAR.

(6) Any export or reexport by a U.S. person to an SDT of any item subject to the EAR that is not subject to OFAC's Terrorism Sanctions Regulations in 31 CFR part 595 and not authorized by BIS is a violation of the EAR. Any export from abroad or reexport by a non-U.S. person to an SDT of any item subject to the EAR and not authorized by BIS is a violation of the EAR.

(7) These licensing requirements supplement any other requirements set forth elsewhere in the EAR.

(b) Exceptions

No License Exceptions or other BIS authorization are available for export or reexport to an SDT of any item subject to the EAR.

(c) Licensing policy

Applications for licenses for the export or reexport to an SDT of any item subject to the EAR generally will be denied. You should consult with OFAC concerning transactions subject to OFAC licensing requirements.

(d) Contract sanctity

Contract sanctity provisions are not available for license applications reviewed under this section.

Note to §744.13: This section does not implement, construe, or limit the scope of any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 2339A, and does not excuse any person from complying with any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 18 U.S.C. 2339A.

§744.14**RESTRICTIONS ON EXPORTS AND REEXPORTS TO DESIGNATED FOREIGN TERRORIST ORGANIZATIONS (FTOs)**

Consistent with the objectives of section 219 of the Immigration and Nationality Act, as amended (INA) (8 U.S.C. 1189), and section 303 of the Antiterrorism and Effective Death Penalty Act 1996, as amended (Anti-Terrorism Act) (18 U.S.C. 2339B) (Public Law 104-132, 110 Stat. 1214-1319), BIS maintains restrictions on exports and reexports to organizations designated as Foreign Terrorist Organizations (FTOs) pursuant to section 219 of the INA. The Department of the Treasury, Office of Foreign Assets Control, maintains 31 CFR part 597, the Foreign Terrorist

Organizations Sanctions Regulations, requiring U.S. financial institutions to block all financial transactions involving assets of designated FTOs within the possession or control of such U.S. financial institutions. Section 303 of the Anti-Terrorism Act prohibits persons within the United States or subject to U.S. jurisdiction from knowingly providing material support or resources to a designated FTO and makes violations punishable by criminal penalties under title 18, United States Code. These designated FTOs are listed in Appendix A to 31 CFR Chapter V and identified by the bracketed initials [FTO]. A designation of a foreign organization determined to meet the criteria of section 219 of the INA takes effect upon publication in the Federal Register by the Secretary of State, or the Secretary's designee.

(a) License requirement(s)

- (1) A license requirement applies to the export or reexport to an FTO of any item subject to the EAR.
- (2) U.S. persons must seek authorization from BIS for the export or reexport to an FTO of any item subject to the EAR.
- (3) Non-U.S. persons must seek authorization from BIS for the export from abroad or reexport to an FTO of any item subject to the EAR.
- (4) Any export or reexport to an FTO by any person of any item subject to the EAR and not authorized by BIS is a violation of the EAR.
- (5) These licensing requirements supplement any other requirements set forth elsewhere in the EAR.

(b) Exceptions

No License Exceptions or other BIS authorization for items described by paragraph (a) of this section are available for exports or reexports to

FTOs.

(c) Licensing policy

Applications for exports and reexports to FTOs of all items identified by paragraph (a) of this section will generally be denied, to the extent they constitute material support or resources, as defined in 18 U.S.C. 2339A(b).

(d) Contract sanctity

Contract sanctity provisions are not available for license applications reviewed under this section.

(e) FTOs also designated as SDTs or SDGTs

In cases in which an FTO is also an SDT, as described in §744.13, or an SDGT, as described in §744.12, the license requirements and licensing policy set forth in §744.13 or §744.12 will apply.

Note to §744.14: This section does not implement, construe, or limit the scope of any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 2339A, and does not excuse any person from complying with any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 18 U.S.C. 2339A.

§744.15

RESTRICTIONS ON EXPORTS AND REEXPORTS INVOLVING PERSONS NAMED IN GENERAL ORDERS

Certain General Orders set forth in Supplement No. 1 to part 736 of the EAR require licenses for exports and reexports involving certain persons (individuals and other legal entities). The requirement to comply with General Orders is set forth in section 736.2(b)(9) of the EAR.

• § 744.16

**PROCEDURE FOR REQUESTING
REMOVAL OR MODIFICATION OF AN
ENTITY LIST ENTITY**

Any entity listed on the Entity List may request that its listing be removed or modified.

(a) All such requests, including reasons therefor, must be in writing and sent to: Chair, End-User Review Committee, Bureau of Industry and Security, U.S. Department of Commerce, 14th Street and Pennsylvania Avenue, NW, Room 3886, Washington, DC 20230.

(b) The End-User Review Committee will review such requests in accordance with the procedures set forth in Supplement No. 5 to this part.

(c) The Deputy Assistant Secretary for Export Administration will convey the decision on the request to the requester in writing. That decision will be the final agency action on the request.

§744.17

**RESTRICTIONS ON CERTAIN EXPORTS
AND REEXPORTS OF GENERAL
PURPOSE MICROPROCESSORS FOR
“MILITARY END-USES” AND TO
“MILITARY END-USERS”**

(a) General prohibition

In addition to the license requirements for anti-terrorism reasons set forth in part 742 of the EAR, you may not export or reexport commodities described in ECCN 3A991.a.1 on the CCL (“microprocessor microcircuits”, “microcomputer microcircuits”, and microcontroller microcircuits having a processing speed of 5 GFLOPS or more and an arithmetic logic unit with an access width of 32 bit or more), without a license if, at the time of the export or reexport, you know, have reason

to know, or are informed by BIS that the item will be or is intended to be used for a ‘military end-use,’ as defined in paragraph (d) of this section, in Country Group D:1 (see Supplement No. 1 to part 740 of the EAR); or by a ‘military end-user,’ as defined in paragraph (e) of this section, in Country Group D:1. This license requirement does not apply to exports or reexports of items for the official use by personnel and agencies of the U.S. Government or agencies of a cooperating government. See §740.11(b)(3) of the EAR for definitions of “agency of the U.S. Government” and “agency of a cooperating government”.

(b) Additional prohibition on exporters or reexporters informed by BIS

BIS may inform an exporter or reexporter, either individually by specific notice or through amendment to the EAR, that a license is required for export or reexport of items described in ECCN 3A991.a.1 to specified end-users, because BIS has determined that there is an unacceptable risk of diversion to the uses or users described in paragraph (a) of this section. Specific notice is to be given only by, or at the direction of, the Deputy Assistant Secretary for Export Administration. When such notice is provided orally, it will be followed by a written notice within two working days signed by the Deputy Assistant Secretary for Export Administration. The absence of any such notification does not excuse the exporter or reexporter from compliance with the license requirements of paragraph (a) of this section.

(c) License review standards

There is a presumption of denial for applications to export or reexport items subject to this section.

(d) Military end-use

In this section, the phrase “military end-use” means incorporation into: a military item described on the U.S. Munitions List (USML) (22

CFR part 121, International Traffic in Arms Regulations) or the Wassenaar Arrangement Munitions List (IML) (as set out on the Wassenaar Arrangement Web site at <http://www.wassenaar.org>); commodities listed under ECCN's ending in "A018" on the Commerce Control List (CCL) in Supplement No. 1 to part 774 of the EAR; or any item that is designed for the "use", "development", "production", or deployment of military items described on the USML, the Wassenaar Arrangement Munitions List, or commodities listed under ECCNs ending in "A018" on the CCL. Supplement No. 1 of this part lists examples of 'military end-use.'

(e) Military end-user

In this section, the term "military end-user" means the national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations, or any person or entity whose actions or functions are intended to support "military end-uses" as defined in paragraph (d) of this section.

(f) Exceptions

No License Exceptions apply to the prohibitions described in paragraphs (a) and (b) of this section.

§744.18

**RESTRICTIONS ON EXPORTS,
REEXPORTS AND TRANSFERS TO
PERSONS DESIGNATED IN
OR PURSUANT TO
EXECUTIVE ORDER 13315**

Consistent with Executive Order (E.O.) 13315 of August 28, 2003 ("Blocking Property of the Former Iraqi Regime, Its Senior Officials and Their Family Members, and Taking Certain Other Actions"), BIS maintains restrictions on exports,

reexports, and transfers to persons designated in or pursuant to E.O. 13315. These persons include individuals and entities listed in the Annex to Executive Order 13315, as well as persons subsequently designated pursuant to criteria set forth in the order. OFAC includes the names of persons designated pursuant to E.O. 13315 in Appendix A to 31 CFR Chapter V, which lists persons subject to various sanctions programs administered by OFAC. All persons designated in or pursuant to E.O. 13315 are identified in Appendix A by the bracketed initials [IRAQ2].

(a) License Requirements

(1) A license requirement applies to the export, reexport, or transfer of any item subject to the EAR to –

(i) Persons listed in the Annex to E.O. 13315 of August 28, 2003; or

(ii) Persons determined to be subject to E.O. 13315.

(2) To avoid duplication, U.S. persons are not required to seek separate BIS authorization for an export, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to both the EAR and regulations maintained by OFAC. Therefore, if OFAC authorizes an export from the United States or an export, reexport, or transfer by a U.S. person to a person identified in paragraph (a) of this section, no separate authorization from BIS is necessary.

(3) U.S. persons must seek authorization from BIS for the export, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to the EAR but not subject to regulations maintained by OFAC.

(4) Non-U.S. persons must seek authorization from BIS for the export from abroad, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to the EAR.

(5) Any export, reexport, or transfer to a person identified in paragraph (a) of this section by a U.S. person of any item subject both to the EAR and regulations maintained by OFAC and not authorized by OFAC is a violation of the EAR.

(6) Any export, reexport, or transfer by a U.S. person to a person identified in paragraph (a) of this section of any item subject to the EAR that is not subject to regulations maintained by OFAC and not authorized by BIS is a violation of the EAR. Any export from abroad, reexport, or transfer by a non-U.S. person to a person identified in paragraph (a) of this section of any item subject to the EAR and not authorized by BIS is a violation of the EAR.

(7) These licensing requirements supplement any other requirements set forth elsewhere in the EAR.

(b) Exceptions

No License Exceptions or other BIS authorizations are available for export, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to the EAR.

(c) Licensing policy

Applications for licenses for the export, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to the EAR will generally be denied. You should consult with OFAC concerning transactions subject to OFAC licensing requirements.

(d) Contract sanctity

Contract sanctity provisions are not available for license applications reviewed under this section.

§744.19

**LICENSING POLICY REGARDING
PERSONS SANCTIONED PURSUANT TO
SPECIFIED STATUTES**

Notwithstanding any other licensing policy elsewhere in the EAR, BIS will deny any export or reexport license application if the applicant, other party authorized to receive a license, purchaser, intermediate consignee, ultimate consignee, or end-user is subject to one or more of the sanctions described in paragraphs (a), (b), and (c) of this section and will deny any export or reexport license application for an item listed on the Commerce Control List with a reason for control of MT if such party is subject to a sanction described in paragraph (d) of this section.

(a) A sanction issued pursuant to the Iran-Iraq Arms Nonproliferation Act of 1992 (Public Law 102-484) that prohibits the issuance of any license to or by the sanctioned entity.

(b) A sanction issued pursuant to the Iran, North Korea and Syria Nonproliferation Act (Pub. L. 106-178, 114 Stat. 38 (March 14, 2000), as amended by Pub. L. No. 109-112, 119 Stat. 2366 (November 22, 2005) and Pub. L. No. 109-353, 120 Stat. 2015 (October 13, 2006)) that prohibits the granting of a license for the transfer to foreign entities of items, the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations.

(c) A sanction issued pursuant to section 11B(b)(1)(B)(ii) of the Export Administration Act of 1979, as amended, and as carried out by Executive Order 13222 of August 17, 2001, that prohibits the issuance of new licenses for exports to the sanctioned entity of items controlled pursuant to the Export Administration Act of 1979.

(d) A sanction issued pursuant to

section 11B(b)(1)(B)(i) of the Export Administration Act of 1979, as amended (Missile Technology Control Act of 1990), and as carried out by an Executive Order 13222 of August 17, 2001, that prohibits the issuance of new licenses for exports to the sanctioned entity of MTCR Annex equipment or technology controlled pursuant to the Export Administration Act of 1979.

§744.20

LICENSE REQUIREMENTS THAT APPLY TO CERTAIN SANCTIONED ENTITIES

BIS may impose, as foreign policy controls, export and reexport license requirements and set licensing policy with respect to certain entities that have been sanctioned by the State Department. Such license requirements and policy are in addition to those imposed elsewhere in the EAR. License requirements and licensing policy may be imposed pursuant to this section even when the sanction and the legal authority under which the State Department imposed the sanction do not require or authorize the imposition of any license requirement or licensing policy. License requirements and licensing policy will be imposed pursuant to this section by adding an entity to the Entity List in accordance with paragraphs (a), (b), and (c) of this section.

(a) General requirement

Certain entities that have been sanctioned by the State Department are listed in Supplement No. 4 to this part (the Entity List) with a reference to this section. A license is required, to the extent specified on the Entity List, to export or reexport any item to such entities.

(b) License Exceptions

No license exception may be used to export or

reexport to such entities unless specifically authorized on the Entity List.

(c) Licensing policy

Applications to export or reexport to such entities will be reviewed according to the licensing policy set forth on the Entity List.

§744.21

RESTRICTIONS ON CERTAIN MILITARY END-USES IN THE PEOPLE'S REPUBLIC OF CHINA (PRC)

(a) General prohibition

In addition to the license requirements for items specified on the Commerce Control List (CCL), you may not export, reexport, or transfer any item listed in Supplement No. 2 to Part 744 to the PRC without a license if, at the time of the export, reexport, or transfer, you know, meaning either:

- (1) You have knowledge, as defined in §772.1 of the EAR, that the item is intended, entirely or in part, for a "military end-use," as defined in paragraph (f) of this section, in the PRC; or
- (2) You have been informed by BIS, as described in paragraph (b) of this section, that the item is or may be intended, entirely or in part, for a "military end-use" in the PRC.

(b) Additional prohibition on those informed by BIS

BIS may inform you either individually by specific notice, through amendment to the EAR published in the Federal Register, or through a separate notice published in the Federal Register, that a license is required for specific exports, reexports, or transfers of any item because there is an unacceptable risk of use in or diversion to "military end-use" activities in the PRC. Specific

notice will be given only by, or at the direction of, the Deputy Assistant Secretary for Export Administration. When such notice is provided orally, it will be followed by written notice within two working days signed by the Deputy Assistant Secretary for Export Administration or the Deputy Assistant Secretary's designee. The absence of BIS notification does not excuse the exporter from compliance with the license requirements of paragraph (a) of this section.

(c) License exception

Despite the prohibitions described in paragraphs (a) and (b) of this section, you may export items subject to the EAR under the provisions of License Exception GOV set forth in §§740.11(b)(2)(i) and (ii) of the EAR.

(d) License application procedure

● When submitting a license application pursuant to this section, you must state in the “additional information” section of the application that “this application is submitted because of the license requirement in §744.21 of the EAR (Restrictions on Certain Military End-uses in the People's Republic of China).” In addition, either in the additional information section of the application or in an attachment to the application, you must include all known information concerning the military end-use of the item(s). If you submit an attachment with your license application, you must reference the attachment in the “additional information” section of the application.

(e) License review standards

(1) Applications to export, reexport, or transfer items described in paragraph (a) of this section will be reviewed on a case-by-case basis to determine whether the export, reexport, or transfer would make a material contribution to the military capabilities of the PRC and would result in advancing the country's military activities contrary to the national security interests of the

United States. When it is determined that an export, reexport, or transfer would make such a contribution, the license will be denied.

(2) Applications may be reviewed under chemical and biological weapons, nuclear nonproliferation, or missile technology review policies, as set forth in §§742.2(b)(4), 742.3(b)(4) and 742.5(b)(4) of the EAR, if the end-use may involve certain proliferation activities.

(3) Applications for items requiring a license for other reasons that are destined to the PRC for a military end-use also will be subject to the review policy stated in paragraph (e)(1) of this section.

(f) In this section, “military end-use” means: incorporation into a military item described on the U.S. Munitions List (USML) (22 CFR part 121, International Traffic in Arms Regulations); incorporation into a military item described on the Wassenaar Arrangement Munitions List (as set out on the Wassenaar Arrangement Web site at <http://www.wassenaar.org>); incorporation into items listed under ECCNs ending in “A018” on the CCL in Supplement No. 1 to part 774 of the EAR; or for the “use”, “development”, or “production” of military items described on the USML or the IML, or items listed under ECCNs ending in “A018” on the CCL. “Military end-use” also means “deployment” of items classified under ECCN 9A991 as set forth in Supplement No. 2 to Part 744.

Note to paragraph (f) of this section: As defined in Part 772 of the EAR, “use” means operation, installation (including on-site installation), maintenance (checking), repair, overhaul and refurbishing; “development” is related to all stages prior to serial production, such as: design, design research, design analyses, design concepts, assembly and testing of prototypes, pilot production schemes, design data, process of transforming design data into a product, configuration design, integration design, layouts; and “production” means all production

stages, such as: product engineering, manufacturing, integration, assembly (mounting), inspection, testing, quality assurance.

For purposes of this section, “operation” means to cause to function as intended; “installation” means to make ready for use, and includes connecting, integrating, incorporating, loading software, and testing; “maintenance” means performing work to bring an item to its original or designed capacity and efficiency for its intended purpose, and includes testing, measuring, adjusting, inspecting, replacing parts, restoring, calibrating, overhauling; and “deployment” means placing in battle formation or appropriate strategic position.

§744.22

RESTRICTIONS ON EXPORTS, REEXPORTS AND TRANSFERS TO PERSONS LISTED IN OR DESIGNATED PURSUANT TO EXECUTIVE ORDERS 13310 AND 13448

Consistent with Executive Order 13310 of July 28, 2003 and Executive Order 13448 of October 18, 2007 (“Blocking Property and Prohibiting Certain Transactions Related to Burma”), BIS maintains restrictions on exports, reexports, and transfers to persons listed in or designated pursuant to Executive Orders 13310 and 13448. These persons include individuals and entities listed in the Annexes to Executive Orders 13310 or 13448, as well as other persons designated pursuant to criteria set forth in those orders.

(a) License Requirements.

(1) A license requirement applies to the export, reexport, or transfer of any item subject to the EAR (except for agricultural commodities, medicine, or medical devices classified as EAR99 and destined for entities listed in or designated pursuant to Executive Orders 13310 and 13448)

to -

(i) Persons listed in the Annexes to Executive Order 13310 of July 28, 2003 or Executive Order 13448 of October 18, 2007; or

(ii) Persons designated pursuant to Executive Order 13310 or Executive Order 13448.

Note to paragraph (a)(1): OFAC includes these persons with the reference [BURMA] on its list of Specially Designated Nationals and Blocked Persons set forth in Appendix A to 31 CFR Chapter V and on its Web site at <http://www.treas.gov/OFAC>.

(2) To avoid duplication, U.S. persons are not required to seek separate BIS authorization for an export, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to both the EAR and regulations maintained by OFAC. Therefore, if OFAC authorizes an export from the United States or an export, reexport, or transfer by a U.S. person to a person identified in paragraph (a) of this section, no separate authorization from BIS is necessary.

(3) U.S. persons must seek authorization from BIS for the export, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to the EAR (except for agricultural commodities, medicine, or medical devices classified as EAR99 and destined for entities listed in or designated pursuant to Executive Orders 13310 and 13448) but not subject to regulations maintained by OFAC.

(4) Non-U.S. persons must seek authorization from BIS for the export from abroad, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to the EAR (except for agricultural commodities, medicine, or medical devices classified as EAR99 and destined for entities listed in or designated pursuant to Executive Orders 13310 and 13448).

(5) Any export, reexport, or transfer to a person identified in paragraph (a) of this section by a U.S. person of any item subject both to the EAR and regulations maintained by OFAC and not authorized by OFAC is a violation of the EAR.

(6) Any export, reexport, or transfer by a U.S. person to a person identified in paragraph (a) of this section of any item subject to the EAR (except for agricultural commodities, medicine, or medical devices classified as EAR99 and destined for entities listed in or designated pursuant to Executive Orders 13310 and 13448) that is not subject to regulations maintained by OFAC and not authorized by BIS is a violation of the EAR. Any export from abroad, reexport, or transfer by a non-U.S. person to a person identified in paragraph (a) of this section of any item subject to the EAR (except for agricultural commodities, medicine, or medical devices classified as EAR99 and destined for entities listed in or designated pursuant to Executive Orders 13310 and 13448) and not authorized by BIS is a violation of the EAR.

(7) These licensing requirements supplement any other requirements set forth elsewhere in the EAR.

(b) Exceptions.

No License Exceptions or other BIS authorizations are available for export, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to the EAR (except for agricultural commodities, medicine, or medical devices classified as EAR99 and destined for entities listed in or designated pursuant to Executive Orders 13310 and 13448).

(c) Licensing policy.

Applications for licenses for the export, reexport, or transfer to a person identified in paragraph (a) of this section of any item subject to the EAR (except for agricultural commodities, medicine, or medical devices classified as EAR99 and destined for entities listed in or designated pursuant to Executive Orders 13310 and 13448) will generally be denied. You should consult with OFAC concerning transactions subject to OFAC licensing requirements.

(d) Contract sanctity.

Contract sanctity provisions are not available for license applications reviewed under this section, except as available under 31 CFR 537.210(c).

SUPPLEMENT NO. 1 TO PART 744 - MILITARY END-USE EXAMPLES FOR §744.17

- (a) **Examples of military end-uses (as described in §744.17 (d) of this part) of general-purpose microprocessors classified as ECCN 3A991.a.1 includes employing such microprocessors in the “use”, “development”, “production”, or deployment of :**
- 1) Cruise missiles;
 - 2) Electronic suites of military aircraft and helicopters;
 - 3) Radar for searching, targeting, or tracking systems;
 - 4) Command/control/communications or navigation systems;
 - 5) Unmanned aerial vehicles capable of performing military reconnaissance, surveillance, or combat support;
 - 6) Rocket or missile systems;
 - 7) Electronic or information warfare systems; *or*
 - 8) Intelligence, reconnaissance, or surveillance systems suitable for supporting military operations.
- (b) [RESERVED]

**SUPPLEMENT NO. 2 TO PART 744 - LIST OF ITEMS SUBJECT TO THE MILITARY
END-USE LICENSE REQUIREMENT OF §744.21**

The following items, as described, are subject to the military end-use license requirement in §744.21.

**(1) Category 1 - Materials, Chemicals,
Microorganisms, and Toxins**

(i) 1A290 Depleted uranium (any uranium containing less than 0.711% of the isotope U-235) in shipments of more than 1,000 kilograms in the form of shielding contained in X-ray units, radiographic exposure or teletherapy devices, radioactive thermoelectric generators, or packaging for the transportation of radioactive materials.

(ii) 1C990 Limited to fibrous and filamentary materials other than glass, aramid or polyethylene not controlled by 1C010 or 1C210, for use in “composite” structures and with a specific modulus of 3.18×10^6 m or greater and a specific tensile strength of 7.62×10^4 m or greater.

(iii) 1C996 Hydraulic fluids containing synthetic hydrocarbon oils, having all the characteristics in the List of Items Controlled.

(iv) 1D993 “Software” specially designed for the “development”, “production”, or “use” of equipment or materials controlled by 1C210.b, or 1C990.

(v) 1D999 Limited to specific software controlled by 1D999.b for equipment controlled by 1B999.e that is specially designed for the production of prepregs controlled in Category 1, n.e.s.

(vi) 1E994 Limited to “technology” for the “development”, “production”, or “use” of fibrous and filamentary materials other than glass, aramid or polyethylene controlled by 1C990.

(2) Category 2 - Materials Processing

(i) 2A991 Limited to bearings and bearing systems not controlled by 2A001 and with operating temperatures above 573 K (300 °C).

(ii) 2B991 Limited to “numerically-controlled” machine tools having “positioning accuracies”, with all compensations available, less (better) than 9 μm along any linear axis; and machine tools controlled under 2B991.d.1.a.

(iii) 2B992 Non-“numerically controlled” machine tools for generating optical quality surfaces, and specially designed components therefor.

(iv) 2B996 Limited to dimensional inspection or measuring systems or equipment not controlled by 2B006 with measurement uncertainty equal to or less (better) than $(1.7 + L/1000)$ micrometers in any axes (L measured Length in mm).

**(3) Category 3 - Electronics Design,
Development and Production**

(i) 3A292.d Limited to digital oscilloscopes and transient recorders, using analog-to-digital conversion techniques, capable of storing transients by sequentially sampling single-shot inputs at greater than 2.5 giga-samples per second.

(iii) 3A999.c All flash x-ray machines, and components of pulsed power systems designed thereof, including Marx generators, high power pulse shaping networks, high voltage capacitors, and triggers.

(ii) 3E292 Limited to “technology” according to the General Technology Note for the “development”, “production”, or “use” of digital oscilloscopes and transient recorders with

sampling rates greater than 2.5 giga-samples per second, which are controlled by 3A292.d.

(4) Category 4 - Computers

(i) 4A994 Limited to computers not controlled by 4A001 or 4A003, with an Adjusted Peak Performance ("APP") exceeding 0.5 Weighted TeraFLOPS (WT).

(ii) 4D993 "Program" proof and validation "software", "software" allowing the automatic generation of "source codes", and operating system "software" not controlled by 4D003 that are specially designed for real time processing equipment.

(iii) 4D994 Limited to "software" specially designed or modified for the "development", "production", or "use" of equipment controlled by 4A101.

(5) Category 5 - (Part 1) Telecommunications

(i) 5A991 Limited to telecommunications equipment designed to operate outside the temperature range from 219K (-54 °C) to 397K (124 °C), which is controlled by 5A991.a., radio equipment using Quadrature-amplitude-modulation (QAM) techniques, which is controlled by 5A991.b.7., and phased array antennae, operating above 10.5 Ghz, except landing systems meeting ICAO standards (MLS), which are controlled by 5A991.f.

(ii) 5D991 Limited to "software" specially designed or modified for the "development", "production, or "use" of equipment controlled by 5A991.a., 5A991.b.7., and 5A991.f., or of "software" specially designed or modified for the "development", "production", or "use" of equipment controlled by 5A991.a., 5A991.b.7., and 5A991.f.

(v) 5E991 Limited to "technology" for the "development", "production" or "use" of equipment controlled by 5A991.a., 5A991.b.7., or 5A991.f., or of "software" specially designed or modified for the "development", "production", or "use" of equipment controlled by 5A991.a., 5A991.b.7., and 5A991.f.

(6) Category 6 - Sensors and Lasers

(i) 6A995 "Lasers", not controlled by 6A005 or 6A205.

(ii) 6C992 Optical sensing fibers not controlled by 6A002.d.3 which are modified structurally to have a "beat length" of less than 500 mm (high birefringence) or optical sensor materials not described in 6C002.b and having a zinc content of equal to or more than 6% by "mole fraction."

(7) Category 7 - Navigation and Avionics

(i) 7A994 Other navigation direction finding equipment, airborne communication equipment, all aircraft inertial navigation systems not controlled under 7A003 or 7A103, and other avionic equipment, including parts and components, n.e.s.

(ii) 7B994 Other equipment for the test, inspection, or "production" of navigation and avionics equipment.

(iii) 7D994 "Software", n.e.s., for the "development", "production", or "use" of navigation, airborne communication and other avionics.

(iv) 7E994 "Technology", n.e.s., for the "development", "production", or "use" of navigation, airborne communication, and other avionics equipment.

(8) Category 8 - Marine

- (i) 8A992 Limited to underwater systems or equipment, not controlled by 8A001, 8A002, or 8A018, and specially designed parts therefor.
- (ii) 8D992 "Software" specially designed or modified for the "development", "production" or "use" of equipment controlled by 8A992.
- (iii) 8E992 "Technology" for the "development", "production" or "use" of equipment controlled by 8A992.

(9) Category 9 - Propulsion Systems, Space Vehicles and Related Equipment

- (i) 9A991 Limited to "aircraft", n.e.s., and gas turbine engines not controlled by 9A001 or 9A101.
- (ii) 9D991 "Software", for the "development" or "production" of equipment controlled by 9A991 or 9B991.
- (iii) 9E991 "Technology", for the "development", "production" or "use" of equipment controlled by 9A991 or 9B991.

**SUPPLEMENT NO. 3 TO PART 744 - COUNTRIES NOT SUBJECT TO CERTAIN
NUCLEAR END-USE RESTRICTIONS IN §744.2(a)**

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Iceland
Ireland
Italy (includes San Marino and Holy See)
Japan
Luxembourg
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Turkey
United Kingdom

SUPPLEMENT NO. 4 TO PART 744 - ENTITY LIST

Supplement No. 4 to part 744 is not formatted for this document. Please see file 744spir.

**● SUPPLEMENT NO. 5 TO PART 744 - PROCEDURES FOR END-USER REVIEW
COMMITTEE ENTITY LIST DECISIONS**

The End-User Review Committee (ERC), composed of representatives of the Departments of Commerce, State, Defense, Energy and, where appropriate, the Treasury, will make all decisions to make additions to, removals from or changes to the Entity List. The ERC will be chaired by the Department of Commerce and will make all decisions to add an entry to the Entity List by majority vote and all decisions to remove or modify an entry by unanimous vote.

When determining to add an entity to the Entity List or to modify an existing entry, the ERC will also specify the section or sections of the EAR that provide the basis for that determination. In addition, if the section or sections that form the basis for an addition or modification do not specify the license requirements, the license application review policy or the availability of license exceptions, the ERC will specify the license requirements, the license application review policy and which license exceptions (if any) will be available for shipments to that entity.

Any agency that participates in the ERC may make a proposal for an addition to, modification of or removal of an entry from the Entity List by submitting that proposal to the chairman.

The ERC will vote on each proposal no later than 30 days after the chairman first circulates it to all member agencies unless the ERC unanimously agrees to postpone the vote. If a member agency is not satisfied with the outcome of the vote of the ERC that agency may escalate the matter to the Advisory Committee on Export Policy (ACEP). A member agency that is not satisfied with the decision of the ACEP may escalate the matter to the Export Administration Review Board (EAR). An agency that is not satisfied with the decision of the EAR may escalate the matter to the President.

The composition of the ACEP and EAR as well as the procedures and time frames shall be the same as those specified in Executive Order 12981 as amended by Executive Orders 13020, 13026 and 13117 for license applications. If at any

stage, a decision by majority vote is not obtained by the prescribed deadline the matter shall be raised to the next level.

A final decision by the ERC (or the ACEP or EAR or the President, as may be applicable in a particular case) to make an addition to, modification of, or removal of an entry from the Entity List shall operate as clearance by all member agencies to publish the addition, modification or removal as an amendment to the Entity List even if, in the case of a decision by the ERC to add an entry or any decision by the ACEP or EAR, such decision is not unanimous. Such amendments will not be further reviewed through the regular Export Administration Regulations interagency review process.

A proposal by the ERC to make any change to the EAR other than an addition to, modification of, or removal of an entry from the Entity List shall operate as a recommendation and shall not be treated as interagency clearance of an EAR amendment. The chairman of the ERC will be responsible for circulating to all member agencies proposals submitted to him by any member agency. The chairman will be responsible for serving as secretary to the ACEP and EAR for all review of ERC matters. The chairman will communicate all final decisions that require Entity List amendments or individual "is informed" letters, to the Bureau of Industry and Security which shall be responsible for drafting the necessary changes to the Entity List. If the ERC decides in a particular case that a party should be informed individually instead of by EAR amendment the chairman will be responsible for preparing the "is informed" letter for the signature of the Deputy Assistant Secretary for Export Administration.

A listed entity may present a request to remove or modify its Entity List entry along with supporting information to the chairman at Room 3886, U.S. Department of Commerce, 14th Street and Pennsylvania Avenue, NW, Washington, DC 20230. The chairman shall refer all such requests and supporting information to all member

agencies. The member agencies will review and vote on all such requests. The time frames, procedures and right of escalation by a member agency that is dissatisfied with the results that apply to proposals made by a member agency shall apply to these requests. The decision of the ERC (or the ACEP or EAR or the President, as may be applicable in a particular case) shall be the final agency decision on the request and shall not be appealable under part 756 of the EAR. The chairman will prepare the response to the party who made the request. The response will state the decision on the request and the fact that the response is the final agency decision on the

request. The response will be signed by the Deputy Assistant Secretary for Export Administration.

The End-User Review Committee will conduct a review of the entire Entity List at least once per year for the purpose of determining whether any listed entities should be removed or modified. The review will include analysis of whether the criteria for listing the entity are still applicable and research to determine whether the name(s) and address(es) of each entity are accurate and complete and whether any affiliates of each listed entity should be added or removed.