



# EXPORT CONTROL REQUIREMENTS

# AGENDA

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- Introducing the Export Compliance Team
- Introducing the Mazak Mexico Licensing and Logistics Team
- Consequences of non-compliance

# EXPORT CONTROLS

“Export controls exist for a very good reason—to prevent dangerous items ending up in the hands of hostile regimes.”

Peter Millroy Assistant Director, Criminal Investigation, HMRC



# REASONS FOR CONTROL OF OUR MACHINES

- Our machines fall under the US Department of Commerce jurisdiction
  - Listed on CCL (commerce control list)
  - Might require a license depending on the destination country
- Considered as “**dual-use**” items
  - Items that may have both commercial and military or destructive uses (nuclear, chemical and biological uses).



# REASONS FOR CONTROL OF OUR MACHINES

- National Security **(NS)**
- Non-Proliferation
  - Nuclear Weapons **(NP)**
  - Chemical/Biological Weapons (CB)
  - Missiles
- Foreign Policy
  - Anti-Terrorism **(AT)**
  - Crime Control (CC)
  - Regional Stability (RS)

ECCN	Reasons for Control
2B001	NS2/NP1/AT1
2B201	NP1/AT1
2B991	AT1



# DOCUMENTATION NEEDED TO EXPORT

- Commercial Invoice, Packing List, Bill of Lading
- Some countries require a certificate of origin
- Statement of Assurance to validate end-user and
- Non-nuclear End Use Statement
- Statement of Usage
- Statement of Assurance
- A valid export license or permit depending on the country of destination and item being exported

[illegible]

# WHERE ARE YOU EXPORTING?

Commerce Control List Overview and the Country Chart

Supplement No. 1 to Part 738 page 10

## Commerce Country Chart

### Reason for Control

Countries	Chemical & Biological Weapons			Nuclear Nonproliferation		National Security		Missile Tech	Regional Stability		Firearms Convention	Crime Control			Anti-Terrorism	
	CB 1	CB 2	CB 3	NP 1	NP 2	NS 1	NS 2	MT 1	RS 1	RS 2	FC 1	CC 1	CC 2	CC 3	AT 1	AT 2
Mexico	X					X		X	X		X	X		X		
Micronesia (Federated States of)	X	X		X		X	X	X	X	X		X		X		
Moldova	X	X	X	X		X	X	X	X	X		X	X			
Monaco	X	X		X		X	X	X	X	X		X		X		
Mongolia	X	X	X	X		X	X	X	X	X		X	X			
Montenegro	X	X		X		X	X	X	X	X		X	X	X		
Morocco	X	X		X		X	X	X	X	X		X		X		
Mozambique	X	X		X		X	X	X	X	X		X		X		
Namibia	X	X		X		X	X	X	X	X		X		X		
Nauru	X	X		X		X	X	X	X	X		X		X		
Nepal	X	X		X		X	X	X	X	X		X		X		
Netherlands <sup>3</sup>	X					X		X	X							

Export Administration Regulations

Bureau of Industry and Security

May 22, 2015

MAZAKUSA.COM

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Mazak

# US AND JAPAN EXPORT LICENSES

- Export Compliance Team working collaboratively with:
  - Mazak Japan in filing the METI (Ministry of Economy, Trade and Industry ) export license.
    - Japan Export License takes approx. 2–3 months



- USA Export License via SNAP-R with the Department of Commerce
  - USA Export License takes approx. 1 month





# THE INTERNATIONAL ORGANIZATION FOR STANDARDIZATION (ISO 230-2:2014)

- ISO is a worldwide federation of national standards bodies (ISO member bodies).
- The purpose of ISO 230 (all parts) is to standardize methods for testing the accuracy of machine tools, excluding portable power tools.
- This part of ISO 230 specifies test procedures used to determine the accuracy and repeatability of positioning of numerically controlled axes. The tests are designed to measure the relative motion between the component of the machine that carries the cutting tool and the component that carries the work-piece.



# NEW REGULATIONS EFFECTIVE MAY 21, 2015

- The **U.S Federal Register Vol.80 No.98 Part III** published the amendment of the Technical Notes under 2B to provide guidance for the measurement of “unidirectional positioning repeatability” (UPR) due to changes in the Wassenaar-Arrangement-side (under 2B001).
- ECCNs 2B201 and 2B991 machines will continue to be classified by Bidirectional Stated Positioning Accuracy, governed by the Nuclear Supplier's Group (NSG).
- Therefore we are required to report BOTH the Stated Positioning Accuracy (A) and the Unidirectional Positioning Accuracy (R) for **ALL** machine tool exports for the foreseeable future.
- Report any changes on any of our models through the Commodity Classification Request via SNAP-R.



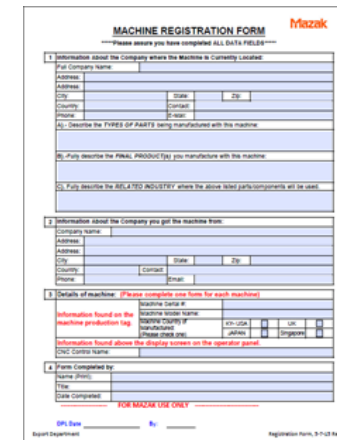
# WHAT CAN WE DO FOR YOU?

- Mazak Export Compliance Department based out of Florence KY
  - Assist with Export licensing requirements and regulations
  - Screen individuals and organizations against the government provided denied parties lists
  - Avoid exporting to embargoed countries
  - Logistics of new machines including gathering of international transportation quotes



# WHAT CAN WE DO FOR YOU?

- Machine Registration Process
  - Resell, relocation, transfer or export
    - From & Within Canada, USA and Mexico



The image shows a 'MACHINE REGISTRATION FORM' from Mazak. It is a multi-section form with fields for company information, machine details, and registration data. The form is titled 'MACHINE REGISTRATION FORM' and 'Mazak'. It includes sections for '1. Information about the Company where the Machine is Currently Located', '2. Information about the Company you got the Machine from', '3. Details of machine (Please complete one form for each machine)', and '4. Name Completed By'. The form is designed to be filled out by the user and then submitted to Mazak.

- Laser testing (\*) is used to determine if a machine is controlled or not controlled.
  - Locations with interferometer:
    - Mazak Mexico, Monterrey -Mexico
    - Raikes Fonseca, Bogota -Colombia

(\*) fee based



# DOCUMENTATION NEEDED FOR REGISTRATION OF MACHINES

ORIGIN COUNTRY	DESTINATION COUNTRY	NEED EXPORT LICENSE	OTHER DOCUMENTATION
USA (KY, JP, SG, UK BUILT)	CANADA MEXICO	NO	REGISTRATION FORM STATEMENT OF ASSURANCE
CANADA (KY, JP, SG, UK BUILT)	USA	YES EXPORT PERMIT REQUIRED	REGISTRATION FORM
CANADA (KY, JP, SG, UK BUILT)	MEXICO	YES EXPORT PERMIT REQUIRED	REGISTRATION FORM STATEMENT OF ASSURANCE
USA/CANADA TRANSFERS	USA	NO	REGISTRATION FORM
MEXICO TRANSFERS KY BUILT	MEXICO	NO	REGISTRATION FORM STATEMENT OF ASSURANCE
MEXICO TRANSFERS JP BUILT	MEXICO	METI CONSENT IF EXPORTED WITH LICENSE	REGISTRATION FORM STATEMENT OF ASSURANCE ADDL INFO
MEXICO TRANSFERS SG, UK BUILT	MEXICO	NO	REGISTRATION FORM STATEMENT OF ASSURANCE

# INTRODUCING THE MAZAK EXPORT COMPLIANCE TEAM



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# INTRODUCING THE MAZAK MEXICO S.A. DE C.V. LICENSING AND LOGISTICS TEAM



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# CONSEQUENCES OF NON-COMPLIANCE

- Violations may be subject to civil and criminal liability
- Costly fines and penalties
- Adverse publicity for our company
- May lose exporting privileges
- Privileges can be revoked
- Eliminate ability to conduct international activities





# CONSEQUENCES OF NON-COMPLIANCE

## The Violation

### ***Valley Forge Composite Technologies Inc.***

A couple from Union, Kentucky illegally sold satellite and missile circuitry to China (\$37 million dollars).

- Accused of conspiracy, aiding and abetting the illegal export of defense articles
- Violation of U.S International Traffic in Arms Regulations

## The Penalty

- Charges carry a maximum prison sentence of 45 years
- \$1.75 million fine



Louis Joseph Brothers was CEO of Valley Forge Composite Technologies.

# EXPORT CONTROL COMPLIANCE IS EVERYONE'S JOB AT MAZAK

**THANKS!**  
**GRACIAS!**

感謝!



# REFERENCES

- [www.bis.doc.gov](http://www.bis.doc.gov)
- [www.export.gov](http://www.export.gov)
- [www.australiagroup.net](http://www.australiagroup.net)
- Complying with US Export Controls by US DOC
- [www.iso.org](http://www.iso.org)
- Don't Let This Happen To You! Actual Investigations of Export Control and Antiboycott Violations by the US Department of Commerce, BIS, Export Enforcement