

License Exception Strategic Trade Authorization (STA)

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Q.1: What happens if my customer reexports or transfers a License Exception STA-eligible item without first obtaining a prior consignee statement?

A.1: Any reexport or transfer of an item under License Exception STA without obtaining and maintaining a prior consignee statement is a violation of the EAR. BIS routinely conducts end-use checks on items authorized for export under STA and will request the foreign party to produce a copy of a prior consignee statement if the item was subsequently reexported or transferred under License Exception STA. If the foreign party cannot provide such documentation, the foreign person may be subject to BIS enforcement action.

Q.2: The STA prior consignee statement requires a non-government consignee of a “600 series” item received under STA (either as an export, reexport, or transfer) to agree to an end-use check. Does this mean that an item exported under the “600 series” under other Commerce authorizations, including a license or another license exception, is not subject to an end-use check?

Q.2: No, any item subject to the EAR, including any "600 series" item, regardless of the form of its export authorization, may be subject to an end-use check. This includes exports authorized under a BIS license, license exception, and "no license required" status under the EAR, and all items subject to the EAR, including CCL items (including "600 series" items") and items designated as EAR99.

Q.3: In order to use License Exception STA (EAR section 740.20, is there a specific form the consignee must use to satisfy the conditions of the exception?

A.3: No. BIS understands that transactions are different and that there are multiple ways to satisfy the educational and recordkeeping objectives of the certification requirements in License Exception STA. Thus, when creating the license exception, BIS did not prescribe that a specific form be used. In response to this question, however, BIS has created the following template following the regulatory text that could be inserted into a form. If completed fully and accurately, the certification requirement of License Exception STA would be satisfied.

[CLICK HERE for the template for "600 series" items](#)

[CLICK HERE for the template for the 9x515 items](#)

[CLICK HERE for the template for other items](#)

Q.4: I exported under License Exception STA a “600 series” item to a defense contractor in a Country Group A:5 country for the ultimate end use by the military of that Country Group A:5 country. I have already obtained a prior consignee statement from that defense contractor in the Country Group A:5 country who received and currently possesses the “600 series” item, but do I also need to obtain a separate prior consignee statement from the Country Group A:5 government itself before the defense contractor can furnish that “600 series” item to the Country Group A:5 military?

A.4: You (including the defense contractor in the Country Group A:5 country) do not need to obtain a prior consignee statement from the Country Group A:5 government. While License Exception STA requires a prior consignee statement from the defense contractor for export to the Country Group A:5 country, the subsequent transfer (in-country) from the defense contractor to the Country Group A:5 military does not require an additional authorization under the EAR. A transfer (in-country) for which no license is required does not require an EAR authorization. Therefore, since a prior consignee statement was provided by the defense contractor and the subsequent transfers (in-country) do not require an additional authorization, a separate prior consignee statement is not needed from the Country Group A:5 military *or* from any other party receiving the "600 series" item in-country prior to the Country Group A:5 military receiving the "600 series" item for its ultimate end use.

Consignees that provide the prior consignee statements should be aware that they are ultimately responsible for ensuring that the "600 series" item is provided to an end-user that is eligible to receive "600-series" items under License Exception STA. Thus, the consignee should take reasonable steps to assure that any parties who will handle the item understand and comply with this STA limitation (in other words, the consignee should take reasonable steps to put any such parties on notice). One potential approach for putting those other parties on notice could include communicating to all parties that the "600 series" item they are receiving was exported under License Exception STA for ultimate end use by the Country Group A:5 military and obtaining written commitments from those parties that they will comply with these requirements. Another potential approach for putting those other parties on notice may be through contractual liability clauses.

Q.5: If License Exception STA in most cases is not needed to authorize a transfer (in-country), then why does License Exception STA include various references to transfer (in-country)?

A.5: License Exception STA authorizes certain exports, reexports and transfers (in-country). The most likely scenario for use of License Exception STA to transfer (in-country) would be to comply with the terms of a license. In this scenario, the original export was authorized under a Commerce license to a Country Group A:5 country or the export was authorized under an ITAR license or other approval as a USML paragraph (x) item under the section 120.5(b) process, such as to a defense contractor (Defense Contractor A), and subsequently the defense contractor needed to go outside the scope of the original Commerce license or State license or other approval, such as by selling the "600 series" item to another defense contractor (Defense

Contractor B) in that same Country Group A:5 country who was not authorized under the original export license. In this example, Defense Contractor B was not listed on the original license as an authorized end user, and therefore an EAR authorization is required to transfer to Defense Contractor B. If Defense Contractor B will use the "600 series" item for manufacturing a military item for the Country Group A:5 military, then the transfer (in-country) could most likely be authorized under License Exception STA. (Note that you must also then obtain a prior consignee statement from Defense Contractor B, along with satisfying any other applicable requirements of License Exception STA, before you can permit Defense Contractor A to transfer the "600 series" item to Defense Contractor B in reliance on License Exception STA).

Another scenario where License Exception STA may be used for a transfer (in-country) would be if an EAR license exception were no longer available because the proposed particulars of a transaction have changed and it no longer meets the license exception's terms and conditions. For example, if a Country Group A:5 government received a "600 series" item under License Exception GOV and then subsequently wanted or needed to transfer (in-country) that "600 series" item to a defense contractor or some other non-governmental party, License Exception STA could likely be used to authorize the transfer (in-country) as long as the item would eventually be for that Country Group A:5 government's ultimate end use. In certain cases, other EAR License Exceptions may also be available to authorize such transfers (in-country), such as License Exceptions TMP or RPL.

Q.6: I am not exporting the "600 series" item to a defense contractor, but rather exporting directly to the Country Group A:5 military. Do I need to obtain a prior consignee statement?

A.6: You would not need to obtain a prior consignee statement from the Country Group A:5 government because you would not need to use License Exception STA for such an export or reexport. Any "600-series" item that may be exported from the United States to a Country Group A:5 military under License Exception STA may be sent to that same consignee under License Exception GOV under section 740.11, paragraph (c)(2)(ii)(A). License Exception GOV does not include a prior consignee statement requirement.

“600 SERIES” SAMPLE CONSIGNEE STATEMENT (per EAR section 740.20)

[NAME(S) OF CONSIGNEE(S)]

1. Is aware that _____ / _____ will be
[GENERAL DESCRIPTION OF ITEMS TO BE SHIPPED] [ECCNS OF ITEMS TO BE SHIPPED]
shipped pursuant to License Exception Strategic Trade Authorization (STA) in § 740.20 of the United States Export Administration Regulations (15 CFR 740.20);
2. Has been informed of the ECCNs noted above by _____;
[NAME OF EXPORTER, REEXPORTER OR TRANSFEROR]
3. Understands that items shipped pursuant to License Exception STA may not subsequently be reexported pursuant to paragraphs (a) or (b) of License Exception APR (15 CFR 740.16(a) or (b));
4. Agrees to obtain a prior consignee statement when using License Exception STA for any reexport or transfer (in-country) of items previously received under License Exception STA;
5. Agrees not to export, reexport or transfer these items to any destination, use, or user prohibited by the United States Export Administration Regulations;
6. Agrees to provide copies of this document and all other export, reexport or transfer records (i.e., the documents described in 15 CFR part 762) relevant to the items referenced in this statement to the U.S. Government as set forth in 15 CFR 762.7;
7. Understands that License Exception STA may be used to export, reexport, and transfer (in-country) “600 series” items to persons, whether non-governmental or governmental, only if they are in and, for natural persons, nationals of a country listed in Country Group A:5 (see Supplement No. 1 to part 740 of the EAR) or the United States and if:
- (A) The ultimate end user for such items is the armed forces, police, paramilitary, law enforcement, customs, correctional, fire, or a search and rescue agency of a government of one of the countries listed in Country Group A:5 or the United States Government,
- (B) For the “development,” “production,” operation, installation, maintenance, repair, overhaul, or refurbishing of an item in one of the countries listed in Country Group A:5 or the United States that will ultimately be used by any such government agencies, the United States Government, or a person in the United States that will be for one, or more, of the following purposes:
- (i) Ultimately to be used by any such government agencies in one of the countries listed in Country Group A:5 or the United States Government; or
- (ii) Sent to a person in the United States and not for subsequent export under § 740.9(b)(1) (License Exception TMP for items moving in transit through the United States); or
- (C) The United States Government has otherwise authorized the ultimate end use, the license or other authorization is in effect, and the consignee verifies in writing that such authorization exists and has provided the license or other approval identifier to the exporter, reexporter or transferor (as applicable).
8. Agrees to permit a U.S. Government end-use check with respect to the items. (BIS will not require an end-use check if the consignee is the government of a country listed in Country Group A:5, as set forth in 15 CFR part 740, Supp. No. 1).

[NAME(S) OF PERSON(S) SIGNING THIS DOCUMENT]

[TITLE(S) OF PERSON(S) SIGNING THIS DOCUMENT]

[DATE(S): mm, dd, yyyy]

9x515 ITEMS SAMPLE CONSIGNEE STATEMENT (per EAR section 740.20)

[NAME(S) OF CONSIGNEE(S)]

1. Is aware that _____ / _____ will be
[GENERAL DESCRIPTION OF ITEMS TO BE SHIPPED] [ECCNS OF ITEMS TO BE SHIPPED]
shipped pursuant to License Exception Strategic Trade Authorization (STA) in § 740.20 of the United States Export Administration Regulations (15 CFR 740.20);
2. Has been informed of the ECCNs noted above by _____;
[NAME OF EXPORTER, REEXPORTER OR TRANSFEROR]
3. Understands that items shipped pursuant to License Exception STA may not subsequently be reexported pursuant to paragraphs (a) or (b) of License Exception APR (15 CFR 740.16(a) or (b));
4. Agrees to obtain a prior consignee statement when using License Exception STA for any reexport or transfer (in-country) of items previously received under License Exception STA;
5. Agrees not to export, reexport or transfer these items to any destination, use, or user prohibited by the United States Export Administration Regulations;
6. Agrees to provide copies of this document and all other export, reexport or transfer records (i.e., the documents described in 15 CFR part 762) relevant to the items referenced in this statement to the U.S. Government as set forth in 15 CFR 762.7.
7. Agrees to permit a U.S. Government end-use check with respect to the items. (BIS will not require an end-use check if the consignee is the government of a country listed in Country Group A:5, as set forth in 15 CFR part 740, Supp. No. 1).

[NAME(S) OF PERSON(S) SIGNING THIS DOCUMENT]

[TITLE(S) OF PERSON(S) SIGNING THIS DOCUMENT]

[DATE(S): mm, dd, yyyy]

OTHER ITEMS (ECCNs other than a 9x515 or 600 SERIES ECCN) SAMPLE CONSIGNEE STATEMENT (per EAR section 740.20)

[NAME(S) OF CONSIGNEE(S)]

1. Is aware that _____ / _____ will be
[GENERAL DESCRIPTION OF ITEMS TO BE SHIPPED] [ECCNS OF ITEMS TO BE SHIPPED]
shipped pursuant to License Exception Strategic Trade Authorization (STA) in § 740.20 of the United
States Export Administration Regulations (15 CFR 740.20);

2. Has been informed of the ECCNs noted above by _____;
[NAME OF EXPORTER, REEXPORTER OR TRANSFEROR]

3. Understands that items shipped pursuant to License Exception STA may not subsequently be
reexported pursuant to paragraphs (a) or (b) of License Exception APR (15 CFR 740.16(a) or (b));

4. Agrees to obtain a prior consignee statement when using License Exception STA for any reexport or
transfer (in-country) of items previously received under License Exception STA;

5. Agrees not to export, reexport or transfer these items to any destination, use, or user prohibited by
the United States Export Administration Regulations;

6. Agrees to provide copies of this document and all other export, reexport or transfer records (i.e., the
documents described in 15 CFR part 762) relevant to the items referenced in this statement to the U.S.
Government as set forth in 15 CFR 762.7.

[NAME(S) OF PERSON(S) SIGNING THIS DOCUMENT]

[TITLE(S) OF PERSON(S) SIGNING THIS DOCUMENT]

[DATE(S): mm, dd, yyyy]