

Validated End-User Program FAQs

Published Date: Prior to 2013

Last Updated: January 23, 2017

Q.1: What is the VEU Program?

A.1: The Validated End-User (VEU) program is an innovative trade-facilitating program that enhances high-technology civilian trade between the United States and VEU-eligible countries (currently, China and India). Use of Authorization VEU reduces the licensing burden on industry by allowing U.S. exporters to ship designated items to pre-approved entities under a general authorization instead of individual export licenses.

Q.2: What is the background and purpose of the VEU Program?

A.2: Established in 2007, the VEU Program uses a market-based approach to facilitate high-technology trade (see the 2007 rule introducing the VEU program [here](#)). The program permits entities in eligible destinations that pass a rigorous interagency review and agree to ongoing compliance obligations to receive, under Authorization VEU, the same items that they could previously receive under individual Commerce Department licenses.

Q.3: Where can I find the list of qualified VEUs?

A.3: The list of qualified VEUs is in Supplement No. 7 to Part 748 of the Export Administration Regulations (EAR). The list of qualified VEUs can be accessed [here](#). Sign up for [BIS email notifications](#) to receive alerts when BIS publishes rules in the *Federal Register*, including rules implementing changes to the VEU List.

Q.4: Who may apply for the VEU program?

A.4: Currently, any entity in an eligible country may apply for the VEU program. Exporters and reexporters may also apply on behalf of entities in eligible destinations. Applicants must clearly demonstrate the end-user's ability to comply with the requirements of the VEU program. Such requirements include using the items shipped under Authorization VEU for civil end-uses only and the provision of the end-user's written consent for the U.S. Government to conduct periodic on-site reviews at VEU facilities.

Applicants can choose which and how many facilities to include in applications for VEU status. Note that a facility authorized to receive items under VEU may not transfer the items imported

under its VEU authorization to another location that has not been specifically approved for VEU status, even if that other location is part of the same corporate entity.

Q.5: Can anything be shipped under Authorization VEU?

A.5: No. Items controlled on the Commerce Control List (Part 774 of the EAR) for missile technology (MT) or crime control (CC) reasons are not eligible to be authorized for shipment under Authorization VEU. Additionally, items exported under Authorization VEU may not be used for any activities described in Part 744 of the EAR. Accordingly, asserting that an item is being exported pursuant to Authorization VEU when it is destined for use in any of the activities described in Part 744 would constitute a violation of the EAR.

Further, the items eligible for shipment to each individual VEU are specified in the individual entries found in Supplement No. 7 to Part 748 of the EAR. These are the only items that may be shipped to the VEU under Authorization VEU. Note that within any VEU listing, certain items may be authorized for shipment to some but not all of a VEU's eligible facilities.

Q.6: What items may not be shipped under Authorization VEU?

A.6: As noted above, only specifically listed, eligible items may be shipped to a VEU pursuant to Authorization VEU. In accordance with relevant statutory requirements and pursuant to Section 748.15(c) of the EAR, BIS does not authorize items controlled for missile technology (MT) or crime control (CC) reasons under the VEU program. Additionally, pursuant to Section 748.15(d) of the EAR, items obtained under Authorization VEU may be used only for civil end-uses, and specifically not for any activities described in Part 744 of the EAR.

Finally, exports, reexports, and transfers (in-country) made under Authorization VEU are allowed only if the items' end-user is a validated end-user. VEU's may only: a) use the received items at their approved facility(ies) as listed in Supplement No. 7 to Part 748; b) consume the items during use; and c) transfer or reexport the items only as authorized by BIS.

Q.7: What is the difference between a "Validated End-User" and an "Eligible Destination"?

A.7: A "validated end-user" (VEU) is an entity that has been qualified as a participant in the VEU program. For each VEU, the EAR lists "eligible destinations," which are the specific facilities of each VEU that are authorized to receive specified eligible items under Authorization VEU. A VEU may be listed with one or many eligible facilities, but note that VEU's may own or operate facilities that are not eligible destinations. Facilities owned or operated by VEU's that are

not specifically listed as eligible destinations in Supplement No. 7 to Part 748 of the EAR are not eligible to receive items under Authorization VEU.

Q.8: Is the VEU program right for my organization?

A.8: Entities that will benefit the most from participation in the VEU program typically are those that place orders for dual-use items classified on the Commerce Control List, such as chemicals and electronic components, on a regular basis with U.S. exporters. Generally speaking, qualification as a VEU will be most easily obtained by entities that already maintain export compliance systems and are experienced in complying with U.S. export control laws and regulations.

Q.9: Why are VEU eligible destinations restricted to China and India?

A.9: VEU-eligible destinations are currently limited to China and India while the Bureau of Industry and Security completes implementation of the VEU program. Once the program is fully implemented, the U.S. Government may decide to make participation in the VEU program available in other countries.

Q.10: How do organizations apply for VEU?

A.10: End-users in eligible destinations can apply directly to the Department of Commerce for VEU authorization status or exporters or reexporters may file applications on behalf of such end-users. Prospective VEUs must provide detailed information on how they will ensure that they are in compliance the requirements of the VEU program. Additional information may be requested by the U.S. Government while a VEU application is being reviewed.

Once an end-user applies to be a VEU, the End-User Review Committee, which is a committee composed of representatives from multiple U.S. Government agencies, reviews the application and determines:

- If the prospective VEU is a reliable recipient of U.S. controlled items.
- If the prospective VEU meets the VEU criteria.
- If approved, which of the prospective VEU's requested facilities would be able to receive which items under Authorization VEU.

BIS has prepared a VEU application [template](#) to assist entities requesting VEU authorization. Additionally, Supplement No. 8 to Part 748 of the EAR outlines the information required in requests for VEU authorization. Note that the U.S. Government may request additional information from a prospective VEU while a VEU application is being reviewed.

BIS encourages entities to submit draft VEU applications to ERC@bis.doc.gov. BIS will review and provide comments on the draft application, and also will provide draft applications to the other members of the End-User Review Committee for review and comment, if requested by applicants.

Q.11: What are the requirements of the VEU program?

A.11: Each application for VEU authorization must include an original statement on letterhead, signed and dated by a person who has legal authority to bind the applicant, certifying that the end-user will comply with all VEU requirements. Furthermore, the letter must state that the end-user:

- Has been informed of and understands that the item(s) it may receive under authorization VEU will be exported in compliance with the EAR and use or diversion of such items contrary to the EAR is prohibited.
- Understands and will adhere to all authorization VEU restrictions, including the requirement that items shipped under authorization VEU will only be used for civil end-uses and will not be used for any activities described in Part 744 of the EAR.
- Will comply with VEU recordkeeping requirements.
- Agrees to allow on-site reviews by U.S. Government officials to verify the end-user's compliance with the conditions of the VEU authorization.

Q.12: What are the compliance requirements of the VEU program?

A.12: Prospective VEUs must provide written certification to the U.S. Government that the items proposed for receipt under Authorization VEU will be used in accordance with VEU program restrictions, and must provide detailed information to verify compliance with the overall requirements of the VEU program (e.g., an internal compliance plan). Additionally, VEUs are often required to comply with conditions similar to those found in individual licenses, as well as to submit regular reports on their use of the items received under Authorization VEU to the U.S. Government.

Entities applying for qualification as a VEU must also agree to allow the U.S. Government to conduct inspections of the facility or facilities in which the U.S. origin items received under Authorization VEU will be used. These inspections are known as “on-site reviews,” and are similar to the “end-use checks” that the U.S. Government routinely conducts at facilities that have imported U.S.-origin items under individual licenses.

Q.13: To what address should VEU applications be submitted?

A.13: Requests for authorization will be accepted from exporters, reexporters, or end-users who submit to the following addresses:

The Office of Exporter Services
Bureau of Industry and Security
U.S. Department of Commerce
14th Street and Pennsylvania Avenue, NW
Room 2099B
Washington, DC 20230

or

ERC@bis.doc.gov

Mark the package or subject line: “Request for [insert “General,” “Data Center—Universal,” or “Data Center—National” as appropriate] Authorization Validated End-user.”

Q.14: How long does qualification under Authorization VEU last?

A.14: There is no time limit on VEU status. However, the U.S. Government may amend or revoke a VEU’s status at any time, as circumstances warrant. The U.S. Government will revoke qualification as a VEU if sufficient information exists to demonstrate that an organization is no longer capable of, or is not complying with, the requirements of the VEU program. Changes made to the VEU program and published in the *Federal Register*, such as eligible destination changes or other program-based amendments, might also impact the VEU status of a particular entity.

Q.15: Do qualified VEUs have to report material changes to BIS? What happens when they do?

A.15: Yes, they do, pursuant to §748.15(a)(4) of the EAR. Once in receipt of information regarding a material change, BIS provides it to the interagency End-User Review Committee for review and discussion. The End-User Review Committee may decide to revoke or amend VEU authorization based on such report.

Q.16: Can a qualified VEU request changes to its VEU authorization?

A.16: Yes. VEU's can request amendments to their authorizations at any time. Such requests should be submitted to BIS and should include a complete explanation of the requested amendment and of the basis for it.

Q.17: How often is the list of qualified VEU's updated?

A.17: The list of qualified VEU's (found in Supplement No. 8 to Part 748 of the EAR) is updated on an as-needed basis to accommodate the qualification of new entities in the VEU program as well as amendments to existing VEU authorizations.

Q.18: How often does the U.S. Government interact with participants in the VEU program?

A.18: During the first three years of the program (2007-2010), the Bureau of Industry and Security interacted on a regular basis with participants in the VEU program. In addition to e-mail and telephone contact, BIS and certain of its interagency colleagues held meetings with VEU's and visited VEU facilities.

Q.19: Can Authorization VEU only be used to export items from the United States?

A.19: No. Authorization VEU can also be used for the reexport and transfer (in-country) of qualified items from a location outside of the United States to a VEU.

Q.20: Can I use Authorization VEU to export to an entity whose name is on the VEU list if it is not located at the same address(es) as listed in the EAR?

A.20: No. Only the facilities at the addresses specifically listed in Supplement No. 8 to Part 748 of the EAR are eligible end-users for items shipped under Authorization VEU.

Q.21: If an item subject to the EAR has been legally shipped to a VEU-eligible country, can it be transferred under Authorization VEU within that country to a different eligible destination?

A.21: Yes. Authorization VEU is available for export from the United States, reexport, and transfer (in-country) of the items specified for each VEU in the list of “Eligible Items (by ECCN)” found in Supplement No. 8 to Part 748 of the EAR. If the item was legally exported or reexported to an eligible destination and is an “eligible item” for another VEU, it may be transferred within the same country to the other VEU’s eligible facilities under Authorization VEU.

Q.22: Can I ship items not listed under “Eligible Items” in Supplement No. 7 to Part 748 to a VEU?

A.22: No, not under Authorization VEU. If the item is not an “eligible item,” Authorization VEU is not applicable. If the item requires a license for export, reexport, or transfer (in-country) to the VEU, such a shipment will require a different kind of authorization (e.g., an individual license or a license exception, if available). VEU’s are only authorized to receive the items that are specifically listed by Export Control Classification Number (ECCN) in Supplement No. 8 to Part 748 of the EAR under Authorization VEU. All other items are subject to standard EAR licensing requirements.

No, not under Authorization VEU. If the item is not an “eligible item,” Authorization VEU is not applicable. If the item requires a license for export, reexport, or transfer (in-country) to the VEU, such a shipment will require a different kind of authorization (e.g., an individual license or a license exception, if available). VEU’s are only authorized to receive the items that are specifically listed by Export Control Classification Number (ECCN) in Supplement No. 8 to Part 748 of the EAR under Authorization VEU. All other items are subject to standard EAR licensing requirements.

Q.23: What happens if the EAR requirements on an item that previously was authorized under Authorization VEU are lessened or eliminated?

A.23: No. Authorization VEU can also be used for the reexport and transfer (in-country) of qualified items from a location outside of the United States to a VEU.

The guidance in §750.7(i) of the EAR (“Terminating license conditions”) applies to items authorized for shipment under Authorization VEU. If an item authorized for shipment under Authorization VEU as an “eligible item” no longer requires a license for export, reexport, or transfer (in-country) to VEU eligible destinations as the result of a change to the Commerce

Control List (Part 774 of the EAR), then the conditions and limitations of the VEU program and of the VEU's specific VEU authorization no longer apply to the shipment or to the ongoing use by the VEU of the affected item as of the date of the final publication of the rule implementing the lessening or elimination of export control requirements.

Q.24: How is the VEU program administered?

A.24: The guidance in §750.7(i) of the EAR ("Terminating license conditions") applies to items authorized for shipment under Authorization VEU. If an item authorized for shipment under Authorization VEU as an "eligible item" no longer requires a license for export, reexport, or transfer (in-country) to VEU eligible destinations as the result of a change to the Commerce Control List (Part 774 of the EAR), then the conditions and limitations of the VEU program and of the VEU's specific VEU authorization no longer apply to the shipment or to the ongoing use by the VEU of the affected item as of the date of the final publication of the rule implementing the lessening or elimination of export control requirements.

Q.25: Can an applicant ask the ERC to reconsider a decision with respect to the prospective VEU at issue? If so, how?

A.25: Yes, applicants can ask the ERC to reconsider decisions with respect to the disposition of their own applications, and VEUs may ask the ERC to reconsider decisions with respect to amendments of their own VEU authorizations. The ERC asks that any such request be made in writing and include information additional to that already provided to the ERC and specific to the basis for the request for reconsideration.

Q.26: Does the U.S. Government work with the governments of VEU-eligible countries (i.e., China and India) to ensure that those governments support the program?

A.26: Yes. The U.S. Government consults on a regular basis with the governments of both China and India. Prospective VEU applicants should be aware that the governments of VEU-eligible countries may have their own requirements specific to the VEU program and application thereof.

To facilitate legitimate exports to authorized end-users, BIS established authorization Validated End-User (VEU). The authorization allows the export, reexport, and transfer of eligible items to specified validated end-users in an eligible destination. This template is designed to assist end-users interested in obtaining authorization as a validated end-user with the application process. The complete procedures to request VEU authorization, the procedures and timelines to be used by the End-User Review Committee (ERC) in considering such requests, and the criteria for evaluating requests can be found in Part 748.15 and Supplements 8 and 9 to Part 748 of the Export Administration Regulations (EAR).

TEMPLATE - Advisory Opinion Request for Authorization Validated End-User

This template is designed to assist in submitting requests for authorization Validated End-User, information that is mandatory unless otherwise noted and is annotated in italics and underlined. [insert date]

Office of Exporter Services
Bureau of Industry and Security
U.S. Department of Commerce
14th Street and Pennsylvania Ave., N.W., Room 2705
Washington, DC 20230

SUBJECT: Advisory Opinion Request for Authorization Validated End-User (VEU)

ATTENTION: End-User Review Committee

The [*VEU candidate*] is submitting this advisory opinion requesting VEU authorization, cited in Part 748.15 of the Export Administration Regulation (EAR).

General Information

The [*VEU candidate's name*] also operates under the following names [*only if applicable for your particular case*].

We are requesting VEU authorization for the following destinations [*identify all locations separately*] within the eligible country:

VEU Name

Physical Address

Telephone Numbers

Facsimile Numbers

Point-of-Contact

Company Website (if applicable)

[If the party submitting the VEU application is not the prospective validated end-user, please provide the above information for the party submitting the advisory opinion request in addition to that of the VEU candidate.]

Structure, Ownership, Business Activities

Describe the basic structure of the prospective VEU here. Examples of this include: type of ownership (privately owned, publicly traded, joint venture, etc.); nature of business; describe the items proposed for VEU authorization, including the Export Control Classification Number (ECCN) and the Commodity Classification Automated Tracking System (CCATS) number if BIS has previously classified the item [*if you are unsure of the classification of your item, BIS will assist you in obtaining an official commodity classification*]. Also, describe how you are going to use the item(s) you will receive under VEU authorization.

If the items you receive under VEU authorization will be used at a location different from the one listed above, please identify that location here. Also, identify any items that will be reexported or transferred after they were received under VEU authorization, and the destination(s) where they will ultimately reside.

Record Keeping and Compliance

Describe your system for tracking the quantity and value of items you will receive under authorization VEU (including the ECCN(s)) as well as the system you will use to ensure those items will only be used those for the end-use you describe in your request. Although only exporters and reexporters are required to submit annual reports to BIS, validated end-users should also maintain records. The records validated end-user should maintain are:

- The specific location to which the items were exported or reexported;
- The quantity of such items you received under authorization VEU;
- The disposition of such items;
- The value of such items; and
- The ECCN(s) of such items.

Certification

In order to be considered for VEU authorization you must include an original statement on letterhead of the prospective validated end-user, signed and dated by a person who has authority to legally bind the prospective validated end-user, certifying that the end-user will comply with all VEU requirements. This statement must include acknowledgement that you, the prospective end-user:

- 1) Have been informed of and understand that the item(s) you may receive as a validated end-user will be exported in accordance with the EAR and that use or diversion of such items contrary to the EAR is prohibited;
- 2) Understand and will abide by all authorization VEU end-use restrictions, including the requirement that items received under authorization VEU will only be used for authorized end-uses pursuant to Section 748.15(d) and may not be used for any activities described in part 744 of the EAR;
- 3) Will comply with VEU recordkeeping requirements (described above); and

4) Agree to allow on-site reviews by U.S. Government officials to verify your compliance with the conditions of the VEU authorization.

[The certification can be provided as a letter attached to this advisory opinion request.]

Additional Information

Please feel free to include any additional information about your company such as technical or marketing literature about your product or promotional information about your line of business. In addition, you may contact the Chairman of the End-User Review Committee at ERC@BIS.DOC.GOV or by telephone: +1-202-482-5991 (if dialing internationally) if you need assistance or have questions regarding your VEU application. You may also contact the Bureau of Industry and Security help line: +1-202-482-4811 for assistance regarding submission of a Commodity Classification Automated Tracking System (CCATS) request to have an ECCN assigned to your item.