



# **Export/Re-export Controls and the Cisco Stocking Partner Certification Program**



**Global Export Trade**  
**January 2009**

# The Role of Global Export Trade

Global Export Trade directs and counsels parties involved in Cisco's Exports. Our goal is to *facilitate and expedite* worldwide trade in the most effective and efficient manner by *proactively* observing all international rules and regulations regarding export.

The objective of this training is provide Cisco's interpretation of the regulatory requirements that are applicable to Cisco products.

## Why do we have export controls ?

- Export control laws principal objective:
  - To promote national security interests and foreign policy objectives
- **Why do US export/re-export controls apply to Cisco and its partners/distributors?**
- Cisco items are dual-use items
- Some Cisco items are strong encryption devices
- U.S. origin products, technology, and software
- Foreign made items containing more than a de minimis amount of U.S. components
- Foreign made items that are the "direct products" of certain U.S.-origin technical data or software

# What is an export

What



■ Product



■ Software

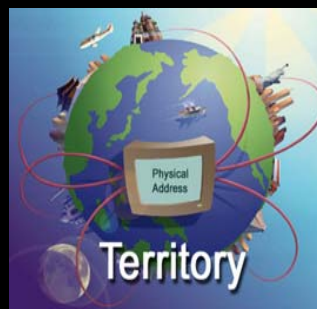


■ Technology

Where

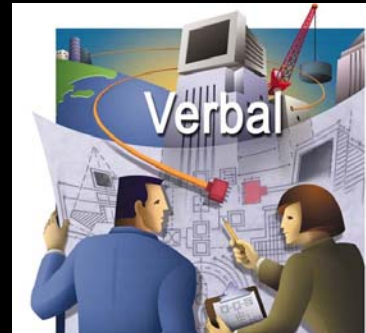


Person

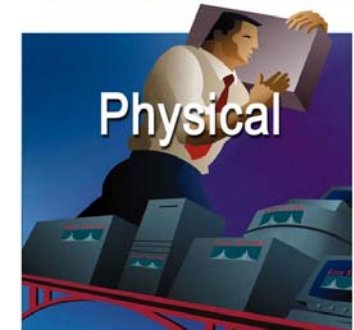


Territory

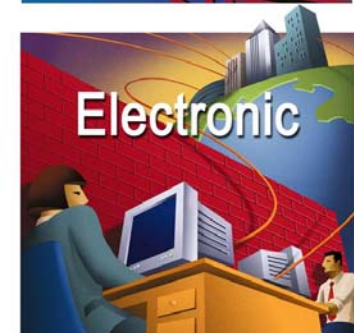
How



Verbal



Physical



Electronic

# Export

U.S. Export Control Laws apply to:

- Export of goods and technology (by phone, fax, download, technical assistance, etc.) from the U.S. and

Re-export includes:

- a) U.S.-origin goods and technology from one foreign country to another
  - b) Foreign made items containing U.S. components
  - c) Foreign made items that are the "direct products" of certain U.S.-origin technical data or software
- Exports from other countries must comply with Export control laws of that country and U.S. export control laws

# Jurisdiction applicable to Cisco Products

- US Department of Commerce

Products developed for Commercial Use only (EAR)

- US Department of State

Products designed, developed or modified for military end use (ITAR)

- Foreign Export Regulations

For the country from which the goods are shipped

# Key Prohibitions

- Exporting to embargoed countries is prohibited (Cuba, Iran, North Korea, Sudan and Syria (subject to change))
- Exporting to certain listed persons or entities is prohibited even in non-embargoed countries

<http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm>

- Exporting for prohibited end-uses is prohibited even if neither the country nor the end-user is listed
- Exporting with knowledge that a prohibited diversion is about to occur
- Exporting without required licensing or authorizations

# As a Cisco stocking partner/distributor you must...

- Know Your Customer!

<http://www.bis.doc.gov/Enforcement/knowcust.htm>

- Watch for Red Flags

<http://www.bis.doc.gov/Enforcement/redflags.htm>

- Note: The regulations change frequently. Each transaction may have different circumstances that need to be addressed.



## Take into consideration the following before selling Internationally:

- Do you really know your customer?
- Does your international customer know “their” customer?
- Will your customer “use” or resell your product?
- What is the end-use of your product?
- Who is the end-user?
- Are you sure your customer/end-user is not on one of the restricted end-users / end-uses lists?
- Who is the exporter/re-exporter of record?
- Have you obtained the required licenses?
- Have you determined authorizations or exemptions?

# Product Categories

## NO ENCRYPTION OR WEAK ENCRYPTION

- No encryption – ECCN – EAR99 or 5A991
- Weak encryption – ECCN - 5A992 or 5D992

## ENCRYPTION

- ❖ Mass Market – ECCN - 5A992 or 5D992
- ❖ Unrestricted – ECCN 5A002.a.1 or 5D002.c.1
- ❖ Restricted – ECCN 5A002.a.1 or 5D002.c.1
- Generally, K9 part numbers are strong encryption (restricted, unrestricted, or mass market).

**When in doubt check the following web-site:**

<http://tools.cisco.com/legal/export/pepd/Search.do>

# No Encryption, Weak Encryption, Mass Market / Unrestricted Encryption Items

## 85% of Cisco's product portfolio

- No end-use in embargoed countries
- No sale for prohibited end-use
- No end-use by sanctioned entities
- Generally, no license required or products may ship under a license exception
- Hong-Kong Export and Singapore permit may be required for products classified as Unrestricted (according to place of transshipment)
- Product **Stocking** : Permitted globally

# Restricted Encryption items

## 15 % of our product portfolio

- **No end-use in embargoed countries**
- **No sale for prohibited end-use**
- **No end-use by sanctioned entities**
- Hong-Kong Export and Singapore permit may be required (according to place of transshipment)
- License required for Government / Military / Defense contractors outside the “EU License-Free Zone”
- Current Product **Stocking**: Permitted only inside the “EU License-Free Zone”
- Future Product **Stocking**: Globally, if you are approved and certified as a Cisco Stocking Partner

# Exports and Re-exports of Cisco Products Must Be Screened for the Following:

- Denied/restricted parties
- Embargoed/restricted countries
- Military or government entities outside the “EU License-Free Zone”
- The “EU License-Free Zone” is the group of countries to which Cisco can export all goods, including strong encryption (restricted) items, under License Exception ENC (**Enc**ryption). This includes government or military end-users that if outside the “zone” would require a license.
- The current “EU License-Free Zone” country list is as follows:
  - Austria, Australia, Belgium, Bulgaria, Canada, Czech Republic, Cypress, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States

# Export Licenses, Authorizations and Exemptions - US

- **ENC**

License exception authorized for encryption items.

- **Encryption License Arrangements**

May be applicable for some types of government and military agencies the US Government approves. Encryption License Arrangements (ELAs) may be applied for in cases of large organizations with high sales volumes. They are location and equipment specific. A License Questionnaire is required for these orders.

- **Individual Export License**

Government or Military end-uses/ end-users require licenses in certain countries.

Includes: ministries, defense related entities, military, civil justice, police, etc.

- **Exemptions**

Excluded from the definition of Government end-users (when items are controlled for Encryption reasons) are

Utilities (including telecommunications companies and Internet service providers); banks and financial institutions; transportation; broadcast or entertainment; educational organizations; civil health and medical organizations; and, retail or wholesale

# Exports and Re-exports of Restricted Products Should Remain On Hold While You...

- Evaluate the end user:

Who are they? Where are they? What business are they in?

- Ensure end-user/install site information is in place for all restricted product orders. Distributors, freight forwarders, bonded warehouses and depots are NOT authorized end users. The install site must be identified and screened.
- Determine if a License is required or if the order may ship under another export authorization or exemption.

# Facts In Hand Before Any Product May Be Exported or Re-exported

- What is my item?
- Where is it going?
- Who will receive it?
- What will be the end-use?
- What is the product classification?
- Is a license required?
- Does this product qualify for a license exception or exemption?



# Is a License Required?

Determine if a license is required for your export or re-export

After considering the local export regulations, you must answer the following questions:

- Is the item controlled for export?
- Is the product 5A002 or 5D002 and classified as Restricted?
- If so, is the end user Government or Military outside of the EU License Free Zone?
- Is any party to the transaction on the Denied Parties List or in an embargoed destination?

If any of the above are true then a US export or re-export license may be required.

# Simplified Network Application Process Redesign (SNAP-R)

- The purpose of the Redesigned Simplified Network Application Process (SNAP-R) is to enable exporters to submit export license applications and re-export applications and associated supporting documents to the US Bureau of Industry and Security (BIS) via the Internet.
- SNAP-R enables exporters to provide submissions directly to BIS via an Internet connection and a web browser.
- BIS's SNAP-R is available at no cost to the exporting community.

## SNAP-R (cont...)

### Requirements:

- Internet access and Microsoft Internet Explorer version 6.0 or later and PDF file download enabled
- A PDF Reader, such as Adobe® Reader®, if you wish to read previously uploaded supporting documents online.
- A Company Identification Number (CIN) and Personal Identification Number (PIN). You may obtain the CIN and PIN by following the instructions at the following URL - <http://www.bis.doc.gov/snap/pinsnapr.htm>

# Recommendations for License Application

- Complete and detailed end-user/end-use information is required.
- Incomplete fields may result in substantial delays.
- **Applications may not be amended.** Changes to the end-user, intermediaries, or products will require a new application.
- Average license application processing time is 50 days (from the date of submission to the U.S. government) – anticipate delays.
- All licenses are issued with riders and conditions. Some licenses may be issued with pre-shipment inspections and/or post shipment verifications.

# Tools and Resources



# Helpful Tools and Resources

- Don't know the encryption status, ECCN or CCATS of your Cisco product

Go to the [Public Product Lookup Tool](#)

- Want to know if you can qualify to stock Restricted Cisco products?

Go to [Cisco Product Stocking Program](#)

- BIS Online Training Room



<http://www.bis.doc.gov/seminarsandtraining/seminar-training.htm>.

- Export Administration Regulations

[http://www.access.gpo.gov/bis/ear/ear\\_data.html](http://www.access.gpo.gov/bis/ear/ear_data.html)

# New Get Public Web Page

Address  [http://www.cisco.com/web/about/doing\\_business/legal/global\\_export\\_trade/index.html](http://www.cisco.com/web/about/doing_business/legal/global_export_trade/index.html)

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Legal

## Cisco Global Export Trade

Global Export Trade (GET) directs and counsels all parties involved in Cisco's Exports. Our goal is to facilitate and expedite worldwide trade in the most effective and efficient manner by proactively observing all international rules and regulations regarding export.

### Manage Your Export Hold



Get information about orders on export hold or contact the Cisco Export Operations team.

[Learn More](#)

### General Export



Get information about general export regulations, including controlled products and technologies, prohibited destinations, parties, uses, and end users.

[Learn More](#)

### Cisco Parts Lookup (Public Export Product Data)



Access relevant parts restriction information, including the Export Control Classification Number (ECCN) and Commodity Classification Automated Tracking (CCAT) number.

[Learn More](#)

### Deemed Exports



Find information you need about Deemed Exports, Deemed Export Licenses and Controlled Technologies.

[Learn More](#)

### Related Forms

#### Online Forms

[FBI Questionnaire](#)

[Written Assurance](#)

[Enhanced Proliferation Control Initiative Written Assurance](#)

[License Questionnaire](#)

#### Downloadable Forms

[Hong Kong End User Statement](#)

[Singapore End User Statement](#)

[Cisco Controlled Technology Transfer Assessment](#)

### Related External Links

[European Union](#)

[Bureau of Industry and Security](#)

[Hong Kong Trade Authority](#)

[Denied Parties List](#)

# New GET public Web Page (cont...)

## Strategic Product Group



Useful resources for locating export compliance information associated with Cisco products.

[Learn More](#)

## Cisco Stocking Partner Certification Program



Cisco is currently reviewing the possibility of implementing the Cisco Stocking Partner Certification Program. Requirements and certification processes are currently being drafted and when approved, will be offered to partners who meet the rules established by Cisco.

Any announcements or further information will be posted here.

[Learn More](#)

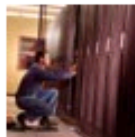
## Military and Defense (International Traffic in Arms Regulations [ITAR])



This page will be updated shortly.

[Learn More](#)

## How Do I?



Answers to common questions

[Learn More](#)

[Key Contacts](#)

## Related Tools


[Public Export Product Data Tool](#)

[Trade Tool](#)

[Order Status Tool](#)



# New GET PEPD Tool

Address  http://tools.cisco.com/legal/export/pepd/Search.do

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Public Export Product Data

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Public Export Product Data

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Many Cisco products are subject to export restrictions under U.S. law because they include encryption technology. A branch of the U.S. Department of Commerce known as the [Bureau of Industry and Security](#) regulates exports through the [Export Administration Regulations.....more](#)

Product Family

AGS+ Spares  
ASM-CS Spares  
Advanced Services  
Advanced Technology  
Application Control Engine (ACE)

Product ID (Commas Separated)

Exact Match

Product Description

Begins with

[ECCN](#)

Begins with

Encryption Status

Please Select

Encryption Strength

Please Select

# New GET PEPD Tool (cont...)



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## Public Export Product Data

### Search Result

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**Toolkit:** Roll over tools below  
   

**Related Tools**  
[Trade Tool](#)

Search Criteria:

- Product ID= 7300-NSE-100=, 15454E-BST-SK

Product Family	Product ID	Product Description	ECCN	Encryption Status	Encryption Strength	CCATS	CCATS Review Date	DCSSI Number	US HS Number
Cisco 5700 Series Integrated Encryption Routers (Restricted)	7300-NSE-100=	Cisco 7304 NSE-100 w/512MB SRAM, 256MB Flash, (2)GE (Spare)	5A991	Mass Market	124	G032463	02/02/3004	12345	8517.62.0050
Cisco AS5800 Access Server	15454E-BST-SK	ONG MSTP Bundle - Contains 2ea OPT-BST, ETSI, EOS 09-05 (2800)	5A991	Mass Market	124	G032463	01/05/2003	12345	8517.62.0050

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# Responsibilities



# Stocking Partner Responsibilities

- Accept the responsibility for determining the proper export authorization and obtaining an export or re-export license as required by law
- Have an Export Management System (manual or automated) that assures compliance with export rules and regulations as well as destination restrictions, including but not limited to:
  - Recordkeeping
  - Screening: Restricted Parties and license determination
  - End Use checks: prohibited Nuclear, Missile, Chemical and Biological
- Understand applicable global export and re-export laws
- Register or have an account to submit export and re-export licenses applications via SNAP-R with BIS

# Cisco Stocking Partner Certification



## Cisco Stocking Partner Certification

This agreement is an addendum to the previously executed Global Distributor Agreement dated \_\_\_\_\_ (date) between Cisco Systems, Inc. and \_\_\_\_\_ (Company Name). This addendum certifies that \_\_\_\_\_ (Company Name) will abide by all applicable laws and regulations relating to the export and re-export of United States (U.S.) origin commodities, technology, technical data and/or software and the direct products thereof. We agree that no Cisco product, hardware, software, or technology may be transferred, exported, or re-exported to terrorist supporting nations (see Part 740, Supplement 1, Country Group E:1 - the list currently includes Cuba, Iran, North Korea, Sudan and Syria) or restricted parties without express U.S. or local government authorization.

In order to be approved as a Cisco Certified Stocking Partner, the above mentioned company certifies to the following:

1. We certify we have the knowledge, capability and willingness to take on export/re-export responsibility (licensing, record retention, party/order screening and reporting) for Cisco products and technology that may be exported or re-exported by us.
2. We certify that we will comply with U.S. export control laws and regulations and those of the countries in which we conduct business.
3. We certify that we will provide end user/end use information and proof of delivery if requested by Cisco's Global Export Trade (GET) department or government authorities.
4. We certify that we will use the Public Export Product Data (PEPD) tool to assist us in determining required product trade data and classifications in conjunction with U.S. and local regulations. The PEPD is located at the following URL - <http://tools.cisco.com/legal/export/pepd/Search.do>. We further certify that the exporter or re-exporter of record in each transaction is ultimately responsible for declaring complete and accurate product trade data and classifications.

If approved, Cisco will permit the above mentioned company to participate in the Cisco Stocking Partner Program which enables the Stocking Partner to stock and resell Cisco products. Once approved, the certified Stocking Partner is responsible for obtaining any required export or re-export licenses and submitting required reports to applicable governments. Cisco reserves the right to cancel the distribution/resale agreement and disclose any potential export violation to the U.S. Office of Export Enforcement.

# Fines and Penalties

- The United States government takes compliance with its export laws and regulations very seriously. The US government rightfully expects the exporting community to partner with it to help protect national security. Companies both large and small face potentially large fines, civil penalties, and possible criminal prosecution if a violation of export laws occurs.
- Violations are outlined in Section 764 of the EAR.

Penalties can include:

- up to 20 years imprisonment
- fines of up to \$1,000,000 upon criminal conviction
- penalties of up to \$250,000 per violation for administrative offenses.
- In addition, fines and penalties will also result from violation of local country laws

## Sanctions – Denial Order (DPL)

- The United States commonly imposes sanctions on wholly owned foreign entities for violating U.S. export and re-export regulations.
- The extraterritorial reach of “denial orders” under the EAR is so extensive that it can affect the activity abroad of persons and companies who do not think of themselves as being involved with U.S. origin products.
- A Denial Order can be imposed on persons or companies wherever located either as a sanction for violation of the EAR or as a protective administrative measure when it is determined to be necessary to prevent an imminent violation.

## Sanctions – Denial Order (DPL)

- The purpose of the Denial Order is not only to stop the denied person from exporting or re-exporting, but also to keep that person from acquiring goods, technology, or software that are subject to the EAR.
- This is a very powerful and effective sanction.
- If the U.S. issues a Federal Register Denial Order for a company that violated U.S. export or re-export control laws, all U.S. exporters and re-exporters of U.S. products are placed on notice not to do business with this company.



## Summary of Fines, Penalties and Sanctions

- Added to the US Denied Parties List (DPL)
- \$1,000,000 upon criminal conviction
- \$250,000 per violation for administrative offenses.
- In addition to the above, fines and penalties may also be applied by your home country

