
Great Idea Form

Requirement Summary

GIF #:	CSPO-GIF-1162	Status:	Submitted for CBP Change Control Board (CCB) Review	Submit Date:	January 7, 2011
Title:	ACT-838-Paperless ITAR License and Exemption Processing				

Origination

Requirement Initiator:	Stuart Schmidt; Wendy Thorngate; Michele Dunkle
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Sponsor:	James Swanson

Source:

Source:
Trade Request

Business Sponsor

Business Office:	Office of Information and Technology
Executive Director for the Business Office:	Lou Samenfink

CSPO Planning

Change to CSPO System?	
Change Planned?	Where/When Planned?
Assign to System:	Assign to Release/Delivery:

Requirements Description

Business Area:	Cargo Release/Entry Summary
Request Type:	Process/Security Improvement
Impacts Trade?	Yes
Description of Change:	<p>Import and Export processing of goods subject to the International Traffic in Arms Regulations (ITAR) is currently a manual process. This GIF proposes to automate ITAR processing. The benefits include the ability to track and trace goods subject to arms regulations from export to import or in reverse import to export. This GIF is applicable to entry for consumption, E-214 Zone admissions and Warehouse entries.</p> <p>We also request that each new data element created in conjunction with this GIF be added to the ACE data warehouse and made available in the reports universe. The additional data elements should be available to be</p>

added to all cargo release, entry summary and e214 reports. Discrepancy notes should also be available in the exam reports.

This GIF is being submitted in three Parts. Part A covers goods subject to license exemptions. Part B covers goods subject to State Department licensing and Part C elaborates on Part B by adding additional functionality utilizing the ACE Portal. Each part may be considered mutually exclusive, allowing for staged implementation, however all three parts are required.

Part A

The trade requests the ability to transmit International Trade in Arms Regulations (ITAR) exemptions via ACE cargo release and entry summary. This information should then be available to filers of Shippers Export Declarations when they reference the import entry number.

Due to the range of tariff numbers that may be exempt ACS does not automatically recognize an ITAR exemption request at the time of release data submission. Currently the broker is required to override a paperless release and submit entry documents to CBP at the port of entry to register the import exemption claim.

If the goods are subsequently exported, the shipper must prove that the goods were in the US via the exemption by submitting copies of the import paperwork.

The manual processing at the time of import and export causes delays and unnecessary work for both the trade and CBP.

Note: CBP HQ issued a memo to the field addressing this issue on February 5, 2009. The memo suggests the ports waive the presentation of documents on importation and enforce the requirement on the subsequent exportation. Many ports have elected to still require the documents leading to uncertainty within CBP and the Trade. The ultimate penalty of seizing the freight makes the consequences severe. Providing the disclosure of an ITAR exemption electronically would drive port uniformity.

In addition, the electronic submission of the exemption code would allow

CBP to apply automated selectivity to these data points. This would improve security and tracking of these items for both the importation and exportation of the goods.

The exemption declaration (see appendix A) should be included in ACE cargo release and entry reporting features.

Appendix A contains a list of the commonly used import exemptions and is provided for convenience. This list may not be all inclusive. The trade would like the ability to transmit the code only. For example, 22CFR123.4(a)(1). CBP should allow for the field to be large enough to accept the correct format.

Some of the regulations are case sensitive as shown above. A lower case "A" may appear as an upper case letter, and CBP may need to allow slight deviations from the actual citation due to the limitations. Also, the format may or may not include the parenthesis () separating the fields. If included, additional field space will need to be allocated. The list of exemptions will need to be maintained periodically, although they change infrequently.

[Part B](#)

In addition to Part A (ITAR exemption declarations) ACE should provide functionality to report Department of State license information and maintain this data as part of the entry related information.

The license together with entry number and date, should be loaded into ACE to allow future reports showing entries claimed under these exemptions / licenses. (See also CSPO-GIF-960 for Account Management, "Submitting ITAR Exemptions via ACE".)

For entries requiring Department of State licenses at time of entry, capture related information, such as the associated value and quantity declared against that license in ACE, as below:

- License Number
- License Type (ex: DSP-73, DSP-61, DSP-85)*
- Associated Value
- Quantity
- License Issuance Date*

Ensure above information is available for future use in license balancing (see also CSPO-GIF-943-EXP005 for Export Process, “Export Control & Licensing via ACE”).)

*Capturing of License Type and Issuance Date would not be necessary at an entry / transactional level if additional ACE portal functionality to maintain Department of State licenses were implemented as outlined in Part C.

Certain ports have also released specific bulletins on this issue addressing the current gaps in ACS and attempting to implement manual workarounds to compensate for this gap (See for example, Information Notice Number 09-FO-017, issued on April 29, 2009, from the Port of Buffalo, N.Y.)

[Part C](#)

Build functionality on the ACE Portal to manage Department of State licenses used for temporary import / export activity, similar to existing functionality for “blanket” documents such as NAFTA certificates and Manufacturers Declarations.

- Capture attributes associated with the license at the portal level, such as:
 - License Number
 - License Type
 - License Issuance Date
 - License Expiration Date – calculated field based on issue date plus period of validity (generally 4 years)
 - Total value
 - Total quantity

- Store a static image copy of the approved license as issued by Department of State for review by CBP / the Trade as necessary.
 - Static image could be uploaded through ITDS interface with Department of State or uploaded as a static image by the importer, similar to other blanket declarations.
- Build platform to allow for future enhancement of online decrementing / endorsement of Department of State licenses based on import / export activity. Similar to functionality in existing AES system for exports, allow import events to automatically be recorded against the appropriate license based on entry data captured in ACE.
 - Rather than CBP using the back of a physical license to sign and manually record an import event, (such as entry#, entry date, and value), once released by CBP, ACE would automatically record the associated import entry# and related details with the appropriate license.

[Appendix A](#)

DDTC ITAR Exemption Codes	DDTC ITAR EXEMPTION CODE DESCRIPTION
123.4A1	22 CFR 123.4 (a) (1) Temporary import of U. S. - origin defense items for servicing, inspection, testing, calibration, repair, overhaul, reconditioning, or one-to-one replacement of defective items.
123.4A2	22 CFR 123.4 (a) (2) Temporary import of U.S. - origin defense item to be enhanced, upgraded, or incorporated into another item which the permanent export has been authorized by Directorate of Defense Controls.
123.4A3	22 CFR 123.4 (a) (3) Temporary import of U.S. - origin defense items for demonstration or marketing.
123.4A4	22 CFR 123.4 (a) (4) Temporary import of U.S. - origin defense items which have been rejected for permanent import by Treasury.
123.4A5	22 CFR 123.4 (a) (5) Temporary import of U.S. - origin defense items approved for import under Foreign Military Sales Program.

123.4B	22 CFR 123.4 (b) Temporary import but not subsequent export of item incorporated into another article.
123.6	22 CFR 123.6 From the United States to foreign trade zone or Customs bonded warehouse.
123.9E	22 CFR 123.9 (e) Re-export or retransfer of U.S. - origin items incorporated into foreign defense article to a government of a NATO country or the governments of Australia or Japan.
123.16B2	22 CFR 123.16 (b) (2) Components or spare parts less than \$500.
123.16B3	22 CFR 123.16 (b) (3) Packing cases for defense articles.
123.16B4	22 CFR 123.16 (b) (4) Models and mock-ups.
123.17A	22 CFR 123.17 (a) Components and parts for Category I (a) firearms not exceeding \$100 wholesale.
123.18A2	22 CFR 123.18 (a) (2) Non-automatic firearms for personal use by member of U.S. Armed Forces or civilian employee of Department of Defense.
123.18A3	22 CFR 123.18 (a) (3) Non-automatic firearms for personal use by U.S. Government employees.
123.18B	22 CFR 123.18 (b) Not more than 1,000 cartridges of ammunition for personal use by U.S. Government employees.
123.19	22 CFR 123.19 Canadian and Mexican border shipments.
124.2A	22 CFR 124.2 (a) Training in basic operation and maintenance of defense articles authorized for export to the same recipient.
124.2B	22 CFR 124.2 (b) Defense services performed by U.S. persons drafted into military force of a foreign nation.
124.2C	22 CFR 124.2 (c) Maintenance training or performance training to NATO countries, Australia, Japan, and Sweden.
124.3A	22 CFR 124.3 (a) Unclassified technical data within scope of an approved manufacturing license or technical assistance agreement.
124.3B	22 CFR 124.3 (b) Classified technical data in furtherance of an approved manufacturing license or technical assistance agreement.

125.2B	22 CFR 125.2 (b) Technical data for foreign filing of patent application not exceeding its domestic patent filing.
125.4B1	22 CFR 125.4 (b) (1) Technical data pursuant to official written request or directive of Department of Defense.
125.4B2	22 CFR 125.4 (b) (2) Technical data in furtherance of agreement approved under 22 CFR Part 124.
125.4B3	22 CFR 125.4 (b) (3) Technical data in furtherance of contract between exporter and U.S. Government agency that does not disclose design, development, production, or manufacture details of defense article.
125.4B4	22 CFR 125.4 (b) (4) Copies of technical data previously authorized for export to same recipient.
125.4B5	22 CFR 125.4 (b) (5) Technical data regarding basic operations, maintenance, and training to same recipient of lawfully exported defense article.
125.4B6	22 CFR 125.4 (b) (6) Technical data related to firearms not in excess of .50 caliber and ammunition not in excess of .50 caliber, not including design, development, production, or manufacturing details.
125.4B7	22 CFR 125.4 (b) (7) Technical data being returned to original source of import.
125.4B8	22 CFR 125.4 (b) (8) Technical data directly related to classified information which has been previously authorized for export to same recipient, not including design, development, production, or manufacturing details.
125.4B9	22 CFR 125.4 (b) (9) Technical data sent by U.S. corporation to a U.S. person employed by that corporation overseas or to a U.S. Government agency.
125.4B10	22 CFR 125.4 (b) (10) Unclassified technical data in U.S. by U.S. institution of higher learning to full-time foreign employee.
125.4B11	22 CFR 125.4 (b) (11) Exporter granted written exemption from Directorate of Defense Trade Controls for technical data pursuant to arrangement with Department of Defense, Department of Energy, or NASA.
125.4B12	22 CFR 125.4 (b) (12) Technical data exempt under 22 CFR 126.

125.4B13	22 CFR 125.4 (b) (13) Technical data for public release by cognizant U.S. Government agency or Directorate for Freedom of Information and Security Review.
125.4C	22 CFR 125.4 (c) Defense services and unclassified technical data to nationals of NATO countries, Australia, Japan, and Sweden for responding to written request from Department of Defense for quote or bid proposal.
125.5A	22 CFR 125.5 (a) Unclassified technical data during classified plant visit authorized by Directorate of Defense Trade Controls; approved government-to-government program; or U.S. Government agency having classification jurisdiction over classified defense article or classified technical data.
125.5B	22 CFR 125.5 (b) Classified technical data during plant visit approved by appropriate U.S. Government agency.
125.5C	22 CFR 125.5 (c) Unclassified technical data during plant visit approved by the Directorate of Defense Trade Controls.
126.3	22 CFR 126.3 Exceptional or undue hardship.
126.4A	22 CFR 126.4 (a) Temporary import or temporary export of defense article, technical data, or defense service by or for agency of U.S. Government.
126.4C	22 CFR 126.4 (c) Temporary import, temporary export, or permanent export of defense article, technical data, or defense service for end-use by U.S. Government agency in foreign country.
126.5A	22 CFR 126.5 (a) Temporary import and return to Canada of unclassified defense articles originating from Canada.
126.5B	22 CFR 126.5 (b) Permanent or temporary export of certain defense articles, related technical data, and defense services for end-use in Canada.
126.5C	22 CFR 126.5 (c) Defense service or technical data to Canada.
126.6A	22 CFR 126.6 (a) Defense article or technical data sold, leased, or loaned by Department of Defense to a foreign country or international organization.
126.6B	22 CFR 126.6 (b) Foreign military aircraft or naval vessel.

	<table border="1"> <tr> <td data-bbox="613 189 805 352">126.6C</td> <td data-bbox="805 189 1508 352">22 CFR 126.6 (c) Defense article, technical data, or defense service sold, leased, or loaned by Department of Defense under Foreign Military Sales Program.</td> </tr> </table>	126.6C	22 CFR 126.6 (c) Defense article, technical data, or defense service sold, leased, or loaned by Department of Defense under Foreign Military Sales Program.
126.6C	22 CFR 126.6 (c) Defense article, technical data, or defense service sold, leased, or loaned by Department of Defense under Foreign Military Sales Program.		
Benefit of Change:	<p><u>Part A</u></p> <p>This GIF would benefit both the stated goals of trade facilitation and security. Trade would be improved by allowing for uniform port handling of these types of commodities. CBP would be afforded better tracking and cargo selectivity related to these goods. The costs associated with manual processing will be eliminated for CBP and the trade community.</p> <p>Security would be improved by providing a uniform data element to target for both imports and exports along with a relationship to both.</p> <p><u>Part B</u></p> <p>Collecting information on Department of State licenses and ITAR exemptions that pertain to import entries electronically rather than in paper form will help both CBP and the Trade streamline processing of import entries, reduce the need for paper transactions, reduce the risk for release of licensable entries without proper CBP authorization, and improve compliance through increased visibility and electronic reporting.</p> <p>Capturing Department of State license and ITAR exemption information will enable both CBP and ACE trade users to generate reports showing entries claimed under these authorities. It would also enable the Directorate of Defense Trade Controls (DDTC) under the Department of State to capture reports on usage of the exemptions / licenses, and allow CBP officers to verify that the exemptions / licenses were properly claimed at the time of import, in accordance with ITAR procedures.</p> <p><u>Part C</u></p> <p>Using ACE Portal functionality to maintain and manage Department of State licenses used for temporary import / export related activity will</p>		

	greatly reduce delays and manual paperwork associated with managing this activity. Using ACE to automatically record authorized events will reduce level of effort required by CBP, avoid clerical errors possible with manual endorsement, and provide greater visibility and control for all parties involved. CBP will also have flexibility to manage import / export license related activity independent of the physical port of entry, increasing opportunities for workload redistribution and utilizing centers of excellence and similar process improvement programs.
Impact Assessment:	Unknown at time of entry in tool.

System/Subsystem

System:	ACE	Cargo Business Area:	Import
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Implementation Requirements

Needed By Date:	M2.3	Change Urgency:	
Level of Effort:		Cost Estimate:	

Sponsor Recommendation

Sponsor Recommendation:	
Sponsor Comments:	

Board Disposition

Date:	Disposition:	Comments:
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Next Steps:

Next Steps:

Reasons for

Return/Deferral/Withdrawn/Rejection/Forward to PO

Reason for Return:	
Reason for Deferral:	
Reason for Withdrawal:	
Reason for Rejection:	
Reason for Forward to PO:	

Secretary Comments:

Comments:
original sponsor = Don Yando, changed to John Leonard

Related Items:

CR#:	CR Name:
PTR#:	PTR Name:

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Attachments

Attachments:	
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Action Descriptions

Document History

Action History

Date:	User Name:	Note:

Update History

Date:	User Name:	Note:
10-OCT-2006 13:38:39	Heather Firth	Related Design Part CSPO:CSPO.A;1
10-OCT-2006 13:40:57	Heather Firth	Change document attribute(s) updated
10-OCT-2006 13:51:21	Heather Firth	Change document attribute(s) updated
