

Meta description: Discover what are deemed exports and their significance in international trade. We'll show you the regulatory bodies and what rules to follow.

Excerpt: Entities that deal with technology while also working with foreign nationals should understand what deemed exports are. We'll explain what these types of goods are and the applicable regulations.

What Are Deemed Exports: Avoid Violations and Ship with Ease

What are deemed exports? While the answer might seem straightforward, the complicated regulations of these goods can confuse shippers. Failing to comply with these rules can put businesses at risk of penalties and a damaged reputation

The U.S. Export Administration Regulations (EAR) states that deemed exports are any technology or information officially released to a foreign national. These products still count as 'exported' despite there being no physical movement of goods to another country. Legally releasing these products requires the use of a license.

Learning about the procedures surrounding deemed exports will help you avoid serious penalties. We'll give you the tools you need to abide by all applicable regulations.

What Are Deemed Exports: The Importance of Compliance

Deemed export compliance is all about controlling the flow of sensitive technology and information within the borders of the U.S. and its territories. According to EAR, technology can refer to any information necessary for the development, production, and use of a certain product.

It can take the form of the following:

- Blueprints
- Plans
- Diagrams
- Models

Anytime these items are privately licensed and otherwise owned by an individual or company, they fall under EAR regulations. **Information that's publicly available and software not regulated by the EAR is excluded from this definition.** The products that are monitored have heavy regulations for numerous reasons.

This includes:

- Protecting national security
- Preserving technological advantages
- Facilitating legitimate trade

- Avoiding legal repercussions

One of the primary reasons behind the rigorous regulations is national security. The U.S. government seeks to prevent these technologies from falling into the wrong hands. At times, there may be a number of foreign nationals that come to the U.S. from unfriendly nations.

Placing strict rules on these products prevents adversaries from using them against the country. The U.S. also seeks to maintain a technological advantage over other nations. With deemed export regulations, American businesses can keep a competitive edge on a global scale.

There are various penalties that educational and research institutions can face when they violate deemed export violations, knowingly or not.

These include:

- Hefty fines
- Suspension
- Revocation of license
- Imprisonment

Ensuring compliance thus becomes not only a matter of principle, but also legal necessity. Compared to other products, deemed exports don't occur very often. We've included data that shows how many licenses were approved for these goods in 2021.

Top 10 Countries of Origin for Deemed Export Licenses (2021)

Country	Number of Approved Licenses
China	281
Iran	182
India	99
Mexico	32
France	22
Japan	15
Vietnam	15
Germany	14
Italy	14
United Kingdom	13

Russia	11
South Korea	1
Syria	8
Brazil	6
Canada	5

Provided by [BIS](#)

Even though a considerably small amount of deemed exports occur each year, it's important for entities that transfer these goods to follow all applicable regulations carefully.

[*Learn about Schedule B vs HS codes before exporting. Doing so will save you a lot of hassle.*](#)

What Federal Agencies Oversee Deemed Export Regulations?

There are two federal agencies that regulate deemed exports. These include the [Bureau of Industry and Security \(BIS\)](#) and the [U.S. Directorate of Defense Trade Controls \(DDTC\)](#). It's good to know about these agencies and how they interact with deemed exports.

The Bureau of Industry and Security

The BIS is a part of the U.S. Department of Commerce. When talking about deemed exports, the BIS plays a pivotal role in ensuring that sensitive U.S. technologies don't end up in the wrong hands.

This agency enforces and implements regulations dictated by EAR. In doing so, the BIS ensures that technology transfers occur legally. They also have a subdivision called the Office of Export Enforcement that investigates possible violations.

Directorate of Defense Trade Controls

The DDTC is a key office within the U.S. Department of State. It holds significant responsibility, particularly when it comes to the oversight of defense articles and services. It's also charged with overseeing the [International Traffic in Arms Regulations \(ITAR\)](#) for deemed exports.

If an entity wants to share ITAR-controlled information with foreign nationals in the U.S., they will need a license or agreement from the DDTC. This agency offers guidance and other resources to help entities understand and comply with these deemed export regulations.

It's crucial for businesses and institutions to engage with these resources, especially if they're in sectors where defense-related data is prevalent.

What Is A Foreign National?

Individuals who are neither a U.S. citizen nor a U.S. permanent resident are considered foreign nationals.

This qualification can apply to the following:

- Persons on student or work visas
- Refugees
- Individuals seeking asylum

Most deemed export transfers take place at U.S. universities or research centers. Students from other countries may seek to improve their education and study at an American college. Likewise, scientists from other nations may participate in research with U.S. colleagues.

Oftentimes, the release of a deemed export occurs on accident. Therefore, it's vital to discern if a person is considered a foreign national, as transferring controlled technology or information to them without the required permissions can result in a deemed export violation.

[Brush up on export control basics before you start shipping internationally.](#)

How Are Deemed Export Licenses Obtained?

Individuals and other institutions must obtain a license before transferring a deemed export. To obtain this important document, a series of steps must be followed.

These include:

- Assessment of technology or information
- Eligibility of foreign nationals
- Application
- Review and decision

The first step is to assess the type of technology or information that will be transferred. This means research and educational institutions will need to determine if the product falls under an export control list. If it does, it will require a license before it can be shared with a foreign national.

Export control lists include:

- Commerce Control List (CCL)
- United States Munitions List (USML)
- Nuclear Regulatory Commission Controls (NRCC)

It's essential to understand the background of a foreign national before sharing vital information. This means checking their visa type, country of origin, and any affiliations they might have. Certain nations might have stricter controls due to U.S. foreign policy or security concerns.

The next step is to apply for a deemed export license. This involves submitting an application to the Bureau of Industry and Security (BIS) if it's a CCL item or the Directorate of Defense Trade Controls (DDTC) if it's a USML item.

The application will require:

- Description of the technology or information
- Details on the foreign national
- Security plan that prevents unwanted access

Once submitted, the relevant agency will review the application, which might include inter-agency consultations. The duration can vary, but decisions are usually made within a few weeks to a couple of months. It's essential not to share the controlled information until a deemed export certificate has been granted.

[Our article on how much an export license costs will show you the expenses you'll pay when obtaining this important piece of paperwork.](#)

The Consequences of Deemed Export Violations

Deemed export violations can lead to severe repercussions, affecting not just the entity in question, but also the nation's standing and security. Institutions must understand the consequences of breaching these regulations before handing over tech to a foreign national.

1. Financial Penalties

Breaking the rules for deemed exports can cost a lot of money. When businesses or people don't follow the right steps or don't get the required license, they can be fined. Companies can face financial charges as great as one million dollars. **Fines for individuals can range as high as \$300,000.**

Criminal penalties often follow when these regulations are broken. Therefore, companies will face additional legal expenses when they violate deemed export guidelines.

2. Criminal Penalties

While most deemed export violations are completely accidental, imprisonment is still a potential punishment. [According to the BIS, individuals can face 20 years of lock up for breaking these important rules.](#)

If a company or educational institution is found to violate deemed export guidelines, the person(s) will be the one held accountable. In some cases, individuals may not face imprisonment and instead be given probation.

3. Revocation or Suspension of Licenses

If a university or research organization violates deemed export regulations, it will be difficult for them to legally share technology and information in the future. **The BIS, DDTC, and the Nuclear Regulatory Commission (NRC) will keep records on institutions that break these rules.**

Organizations that have violated deemed export regulations could be denied if they apply for a license in the future. In some cases, the right to share technology with foreign nationals could be rejected altogether.

Despite most deemed export violations being accidental, many government agencies will be suspicious of organizations that break these rules. Therefore, it may take some time before universities and research institutions are given back permission to share technology with foreign nationals.

[Read our article on mitigating risks in exporting to ship more safely.](#)

How To Avoid Violating Deemed Export Regulations

Many universities and research institutions want to avoid violating deemed export rules. They can do so by utilizing a variety of different methods.

This includes:

- Partnering with reputable export consultants
- Staying updated on regulatory changes
- Keeping up-to-date records and documents
- Communicating with regulatory bodies

Using these four techniques will help organizations follow deemed export guidelines correctly.

1. Partner with Reputable Export Consultants

Understanding and complying with deemed export regulations can be tricky, especially when it's not the main focus of a university or research institution. Export consultants have the know-how and experience to guide these entities and ensure they don't unintentionally break any rules.

Reasons why export consultants are good to speak with include:

- Access to current information

- Training sessions
- Customized solutions

Consultants keep up with the ever-changing world of export regulations. They have in-depth knowledge on EAR and ITAR guidelines. When an institution discusses deemed export regulations with an export consultant, they're receiving the most current information.

Reputable consultants can offer training sessions to customers. During one of these appointments, customers will receive useful information about deemed exports and the applicable regulations. This will ensure that research and educational institutions have the knowledge they need when approaching these types of goods

Not every institution or business is the same, which is why export consultants can offer tailored advice, perfect for an organization's specific needs. This will help universities and research groups with their unique deemed export questions.

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2. Stay Updated on Regulatory Changes

While export consultants have a wealth of information regarding rules, universities and research groups that frequently work with foreign nationals should stay current on regulations as well.

Guidelines around exports can evolve in response to various factors like international relations, security concerns, and technological advancements. Being up-to-date ensures compliance and reduces the risk of unintended violations.

The way universities and research groups can stay up to date on deemed export regulations include:

- Checking with regulatory bodies
- Leveraging online resources

The BIS and DDTC are the primary agencies overseeing deemed exports. Subscribing to their newsletters or setting up alerts can be a simple way to stay informed about any changes that affect these types of goods.

Numerous websites, forums, and platforms provide regular updates on export regulations. Subscribing to these can offer insights into the latest changes. The BIS and DDTC also have their own sites that the public can access for information.

3. Keep Records and Documents

One of the cornerstones of maintaining compliance in the realm of deemed exports is diligent record-keeping. Proper documentation serves not only as evidence of compliance, but also as a resource for understanding the intricacies of past transactions and decisions.

According to the BIS, export licenses should be kept for five years after technology is transferred to a foreign national. Other export paperwork should be kept for the same duration as well.

Records provide a traceable history of export activities, allowing organizations to verify compliance. Proper documentation can be a defensive tool if allegations of violations arise. Exporters can keep their paperwork in solid or digital form. Regardless of which format is used, records of these transfers should be kept in a secured place.

[*Don't know what paperwork to use for your shipment? Read our article on documents required for export to find out.*](#)

4. Communicate with Regulatory Bodies

Effective communication with regulatory bodies is crucial when it comes to navigating the intricacies of deemed exports. Establishing a direct line of communication ensures clarity and helps resolve ambiguities that institutions can't figure out on their own.

Regular interactions with agencies like the BIS or the DDTC can provide insights. It's wise to reach out for clarity whenever there's doubt about particular regulations or situations, rather than risking potential violations.

Navigate Deemed Exports with the Experts At Cargo Export USA

As we wrap up our deep dive into deemed exports, it's clear that navigating the waters of international trade regulations requires expertise, diligence and a proactive approach. Cargo Export USA stands ready to be your steadfast partner in this journey.

Some of the services we offer include:

- **Export Licensing:** Streamline your export processes with precise licensing solutions.
- **Product Classification:** Ensure your goods are correctly classified, avoiding potential missteps.
- **Certificates of Origin:** Verify the origin of your products and comply with trade agreements.

Understanding the complexities of deemed exports is vital, but so is having a partner you can trust to guide you through every step. Cargo Export USA brings the expertise you need to

ensure your exporting processes are both compliant and efficient. [Get your quote today](#) or call our team at [\(866\) 301-0635](tel:8663010635) to start your exporting journey.

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FAQ

Q: What is deemed export compliance?

A: It refers to the regulations surrounding the transfer of controlled technology or information to a foreign national within the U.S.

Q: Who qualifies as a foreign national?

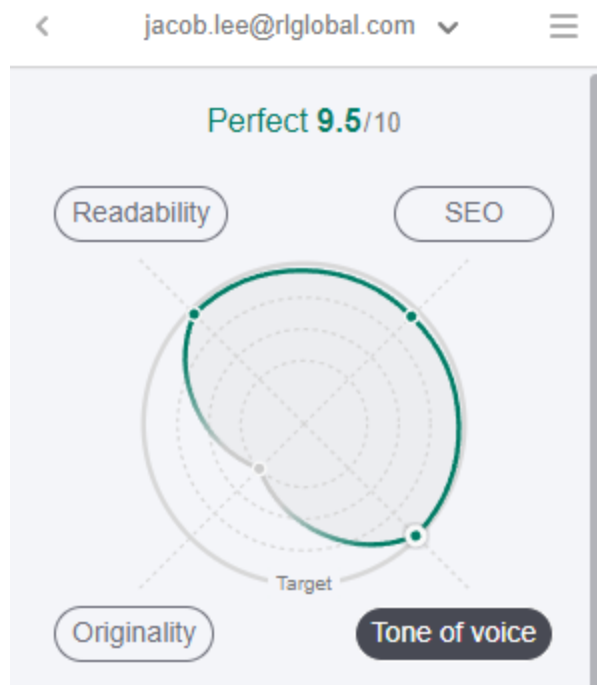
A: A foreign national is an individual who is neither a U.S. citizen nor a U.S. permanent resident, including those on various visas, refugees, and certain asylum seekers.

Q: How can one obtain a deemed export license?

A: By applying through the U.S. Department of Commerce's Bureau of Industry and Security, ensuring the information being shared is on the Commerce Control List, and undergoing a rigorous review process.

Q: What are the consequences of violating deemed export regulations?

A: Violations can lead to financial penalties, strained international relations, operational disruptions, and revocation or suspension of licenses.



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