



New Destination Control Statement

Over the past several years BIS and State have been working together to develop a single licensing system, one that allows an exporter to look at one set of rules, one license application, providing an easier way to understand export controls. Effective on November 15, 2016, the following change to the US Destination Control Statement (DCS) will take place. Please make note that the change is a final rule and no further changes will be adopted.

The new Destination Control Statement reads:

"These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in the their original form or after being incorporated into other items, without first obtaining approval from the U.S. Government or as otherwise authorized by U.S. law and regulations."

The harmonized DCS adopts a new language equally applicable under the ITAR and the EAR. The purpose of the DCS remains the same: to alert parties outside the United States that receive the item that the item is subject to the EAR/ITAR, that the item was exported in accordance with the EAR/ITAR and that diversion contrary to U.S. law is prohibited.

Under the EAR, the commercial invoice must also include the specific ECCN or ECCNs for:

1. The specific ECCN or ECCNs for tangible "600 series" items and
2. Tangible 9x515 items - only EAR items.

Note: There is no requirement to include other ECCN classification information on the commercial invoice, although BIS and BDP encourages the inclusion of that information as an export compliance best practice.

For ITAR orders, the commercial invoice must also specify:

1. The country of ultimate destination,
2. The end-user and,
3. The license or other approval number or exemption citation.

Note: The exporter must provide the end-user and consignees with the appropriate EAR classification information (i.e., ECCN or EAR 99 designation) for items subject to the EAR shipped under an ITAR license or approval, but this information need not be included in the commercial invoice and there is no requirement to provide the specific U.S. Munitions List (USML) category for USML items included in the shipment. However, in this case, your commercial invoice may be the best document to use to provide the details.

Under these rules, the DCS will only be required with the commercial invoice and will no longer have to be included on the air waybill, bills of lading or other export control documents. This change in procedures will help to reduce the duplicate efforts that we have implemented over the years.

Review with your exporter customers: The Commercial invoice that is issued for the export order, must not only contain the new statement, it should also state the country of the consignee that will receive the exported goods in a clear designation location on the document. Today's financial transactions can make some transactions a little complex so please ensure that you understand all of the parties involved in all transactions, their roles and which party is the one that takes possession of the export.

Contractual documentation should also be included in this rule.

Prepared by BDP International, September 2016

