

International Traffic in Arms Regulations ITAR

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Our Consulting Services and Clients

Global Business Management Systems

- ✦ ISO 9001 Business Management System
- ✦ AS 9100 Aerospace Management System
- ✦ ISO/TS 16949 Automotive Management System
- ✦ ISO 14001 Environmental Management System
- ✦ ISO 13485 Medical Devices Management System
- ✦ ISO 27001 Information Security Management System
- ✦ International Traffic and Arms Regulations – ITAR
- ✦ MIL-PRF-31032 PCB - DSC Certification

Business Performance Improvement

- ✦ Lean Enterprise and Six Sigma
- ✦ Onsite Training and Web Based E-learning
- ✦ Performance Measurement
- ✦ Auditing for Process Improvement



What is ITAR?

- Rationale for Regulating Defense Exports

The U.S. Government views the sale, export, and re-transfer of defense articles and defense services as an integral part of safeguarding U.S. national security and furthering U.S. foreign policy objectives. Authorizations to transfer defense articles and provide defense services, can help meet the legitimate needs of friendly countries, deter aggression, foster regional stability, and promote the peaceful resolution of disputes.



What is ITAR

- Rationale for Regulating Defense Exports

The U.S. is cognizant of the potentially adverse consequences of indiscriminate arms transfers, and strictly regulates exports and re-exports of defense items and technologies to protect its national interests and those interests in peace and security of the broader international community.



What is ITAR?

- DDTC – The Offices that Administer the Defense Export Regulations
- The Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, in accordance with 22 U.S.C. 2778-2780 of the Arms Export Control Act(AECA) and the International Traffic in Arms Regulations(ITAR) (22 CFR Parts 120-130), is charged with controlling the export and temporary import of defense articles and defense services covered by the United States Munitions List (USML).



What is ITAR?

- Authority for Control of Arms Exports

The AECA provides the authority to control export of defense articles and defense services.

The AECA charges the President to exercise this authority, which has been delegated to the Secretary of State.

The ITAR implements the AECA. These regulations are constantly updated and revised to reflect changes in the international political and security climate, as well as technological development.

What is ITAR?

- In accordance with Executive Order 11958, the State Department, with the concurrence of the Department of Defense, determines what commodities are covered by the USML. In addition to seeking technical support and national security assessments from the DOD, the State Department relies on extensive interagency cooperation and coordination to perform the arms export control function. Among these are:
 - U.S. Customs and Border Protection
 - The Intelligence Community
 - The U.S. Justice Department and U.S. Attorneys

U.S. Government Regulatory Measures

- For the U.S., licensing and compliance are two sides of the same coin, and there is constant interaction between the two functions.
- In accordance with the AECA, registration with the State Department, all U.S. persons that manufacture or export defense articles, furnish defense services, or U.S. and foreign persons engaged in arms brokering, is required.
- Registration is not approval, but is a prerequisite to export licensing approval.

Does Defense Export Controls Apply to My Business?

- Are you or any of your customers in the business of exporting hardware, technical data, or defense services?
- Are the manufactured product, technical data, or defense services defined in Part 120 of the ITAR, and covered under the U.S. Munitions List?
- Are your customers asking their suppliers for ITAR registration?



If the answer to any of the above is yes, then you need to complete the formal ITAR registration process.

ITAR Registration Process

- Prepare a Transmittal Letter
- The Transmittal Letter must be on the registrant's letterhead, which reflects the registrant's legal name, as well as indicating its legal name in the first and last paragraphs in the text.
- The letter must be signed by a senior officer who is a U.S. person under Section 120.5 and qualified under Section 120.25 of the ITAR.
- The letter must be copied verbatim, except for the sections in parentheses and italicized. In those sections, add specific information.

ITAR Registration Process

- **Dear Mrs. Studtmann:**
- In compliance with 22 CFR 122.2(b)(1) and (b)(2), I hereby state that I am an authorized senior official of *(insert the name of the Registrant as listed in Block 1 of the DS-2032 form)*. Furthermore, I hereby state that:
- Neither the intending registrant, chief executive officer, president, vice-presidents, other senior officers or officials (e.g., comptroller, treasurer, general counsel) nor any member of the board of directors:
- (i) has ever been indicted for or convicted of violating any of the U.S. criminal statutes enumerated in 22 CFR 120.27; or
- (ii) is ineligible to contract with, or to receive a license or other approval to import defense articles or defense services from, or to receive an export license or other approval from, any agency of the U.S. Government.
- In accordance with 22 CFR 122.2(b) (2), I state that) *(insert the name of the Registrant as listed in Block 1 of the DS-2032 form)* is neither owned nor controlled by foreign persons (as defined in 22 CFR 120.16) *(and if owned or controlled by foreign persons, enter that explanation of ownership and control here, and pay particular attention to foreign persons, or their representatives, referenced in 22 CFR 126.1)*.
- *(Signature, in ink, of Senior Officer as their name appears in Block 7 of DS-2032 form. Also print full name and official title).*

ITAR Registration Process

- DS-2032 Statement of Registration
- This registration form must be completed in its entirety by manufacturers, exporters, and brokers.
- Every block must be completed, including stating the U.S. Munitions List categories that apply.



ITAR Registration Process

- Please Review Form DS-2032 in the handout.



ITAR Registration Process

- Documentation
- U.S. documentation supporting DS-2032 in block 6 must reference such documents as:
- State Incorporation Certificate
- State Certificate of Good Standing
- State, County, or City Business License
- State Articles of Incorporation, sole proprietorship, partnerships, LLC, LLP, and Corps.

ITAR Registration Process

- Registration Fees
 - Payment must be submitted by check and must be in U.S. currency, payable through a U.S. financial institution.
 - Cash and foreign currency will not be accepted.
 - No third party checks will be accepted; the registrant must submit the fee.
 - 1st time registrants - \$2,250.00 for 1 year.

ITAR Registration Process

- **Submittal of Registration Package**
- Registrant must submit the following:
 - Completed DS-2032 form
 - Transmittal Letter
 - Back-Up Documentation
 - Fee
- Package must be sent through a postal delivery service.
- Cannot e-mail or fax package

Implementation of Internal ITAR System

- You must develop internal control systems for the following:
- **People** – are my people “legal” to work in the U.S.? How do I handle visitors, and outside vendors?
- **Facility** – is my facility secure and access points controlled?
- **Technical Information** – is my ITAR related information identified and secured? Electronic data, blueprints, BOM's, work instructions, and E-MAIL must be included.

Implementation of Internal ITAR System

- **Product** — all product that is identified as ITAR must be controlled, identified, and secured.



- The 4 areas of control: people, facility, technical information, and product, must be a part of your ITAR program.
- The level of control needed will be determined by the type of business you are engaged in.

Development of Internal Protocols

- Create an ITAR policy that will guide all compliance activities. This must include a statement of authority, priority to the business, and a statement of resources provided for compliance.
- It is signed by the senior management official of the company.
- You must identify the “Designated Officials”, within the organization who will be responsible for ITAR compliance.

Development of Internal Protocols

- Development and Implementation of internal operating procedures for ITAR product.
- Audit of the facility for security. This audit is conducted to assess the security of the facility for people and product.
- Development and Implementation of security for technical information, mainly in the area of access and distribution of technical information.

Development of Internal Protocols

- Customer and Supplier requirements for an ITAR registered organization.
- Customers must inform you if a sales order is ITAR controlled. Add this to your sales order form.
- Suppliers must be informed by you that you are now an ITAR registered facility. They must agree to comply, in writing, that they understand what is required of them, for your compliance to the law.



Development of Internal Protocols

- Record Keeping
- You must keep records of all ITAR projects.
- Records include: sales information, blueprints, BOM's, travelers, electronic data, work in process documentation, shipping information, and training records.
- All records must be kept in a secure location, and available for review.



Example of a Working ITAR System

- PCB Manufacturing
- Product cycle from sales order receipt thru shipment of finished product
- Procedural Adherence
- Internal Audits
- ITAR champion
- Training

Benefits of ITAR Registration

- Additional tool for your sales and marketing plan. It tells your customers that your company complies with all regulations governing ITAR.
- Competitive Advantage. It allows your company to compete on a global level and work with companies that are in the military and space supply chain.

Benefits to ITAR Registration

- It tells new and existing customers that you can provide security for their products and technical data.
- It provides a mechanism for the security of your facility and your employees.



What can Sustaining Edge Solutions, Inc. Do for You?

- Provide support during the registration process, to insure all applications are done correctly the first time, and provide timely follow-up to make sure in-house protocols are adequate for compliance.
- Give you the assurance that your ITAR compliance program will meet, or exceed, all current regulations.

What can Sustaining Edge Solutions, Inc. Do for You?

- Sound and practical advice from a professional who can advise and counsel your organization as you work through the process, or we can provide you with:
- Total management of the registration process, from application preparation, development of the implementation plan, creating the necessary documentation to support the requirements of compliance, training of the employees, and implementation of the ITAR compliance program.

What can Sustaining Edge Solutions, Inc. Do for You?

- Get it right the first time from a professional who has successfully completed and implemented an ITAR compliance program. This professional has the experience, training, and methods necessary to complete the program from start to finish.
- Willing and able to roll up his sleeves and get it done.

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Thank you for attending



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