



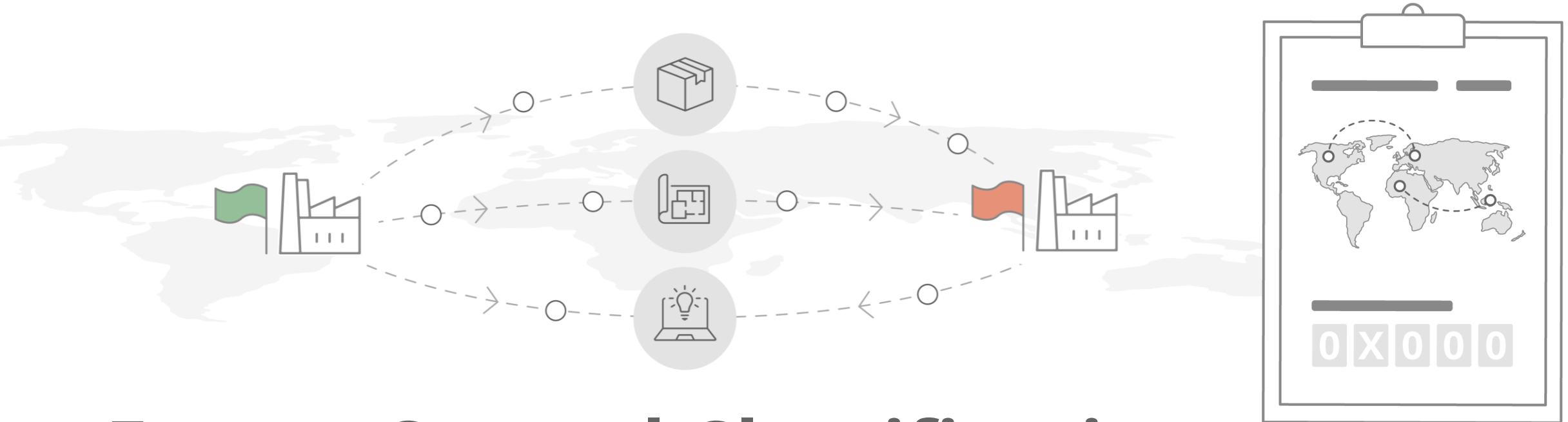
# Fact Sheet: Export Control Classification

Content collection for information & learning

Schaeffler Corporate Export Control

We pioneer motion

## Export Control Classification | Definition

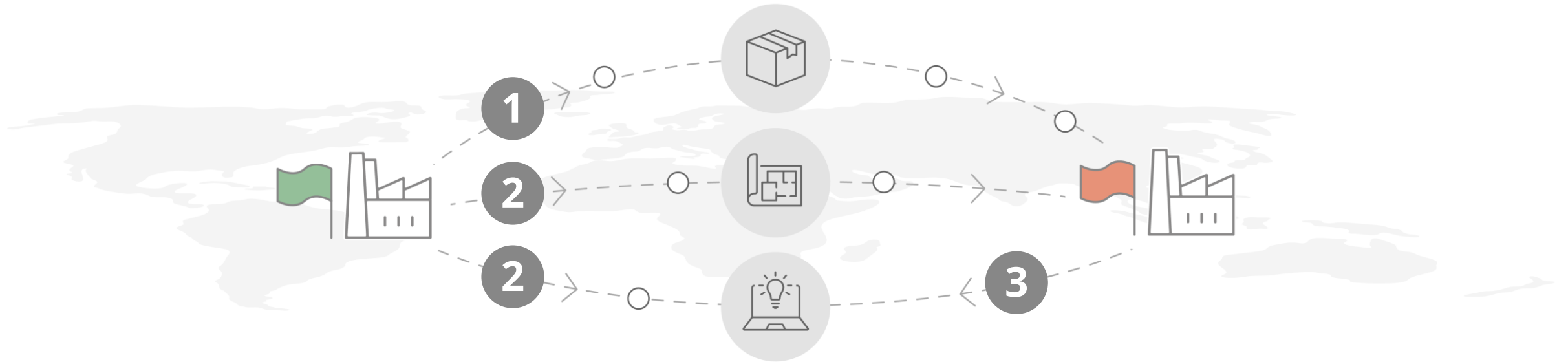


# Export Control Classification

The Export Control Classification of an item is an **Alpha-Numeric Code** with at least 5 characters (i.e. 3A001). It describes items and indicates the potential licensing requirements. The Export Control Classifications are listed in the so-called "Dual-Use Lists", such as the List of Dual-Use Items created by the **European Union**, or the Commerce Control List created by the **USA**. In addition, national military goods lists may exist.

**An export control classification is a key part of determining whether an export license is required.**

## What is an Export?



**1** Any **shipment** of goods to another country

**2** Any **transfer** of technology or software

- **to** another country
- **to** a national of another country (wherever located)

**3** Any **access** to technology or software

- **from** another country
- **by** a national of another country (wherever located)

## The Four Export Control Pillars

Export control regulations ensure certain goods, technologies, & services don't violate international agreements, contribute to weapon proliferation, or support terrorism.

**Compliance** is achieved by considering the **four pillars** of export control in their interaction.



Whether a license is needed depends on the **item**, **destination** country, **end user**, and product **use**. Apply through the appropriate authority if a license is required.

## Importance of correct export control classification

Ensuring correct export control classification and license application is key to compliance, trade efficiency, and trust.

# 01

### Legal Compliance

Proper classification and licensing help ensure that you comply with national and international laws, avoiding legal penalties and sanctions.



# 02

### National Security

Accurate classification and licensing prevent sensitive technologies and materials from falling into the wrong hands, protecting national security interests.

# 03

### Business Continuity & Market Access

Compliance with export controls helps maintain smooth business operations by considering restrictions or bans, expanding your business opportunities, and avoiding disruptions caused by legal issues or seized shipments.

# 04

### Financial Stability

Protect the financial health of your business by avoiding fines and penalties associated with non-compliance and maintain the ability to obtain financing of your business.

In conclusion a comprehensive understanding and ensuring of correct export control classification and license application is vital for maintaining legal compliance.

By adhering to these regulations, businesses can operate smoothly and participate in international trade while contributing to overall security and trust.

## Consequences for incorrect EC classification determination

Accurate classification and export license assignment is essential for compliance, trust, and avoiding authorities' enforcements.

# 01

### Legal & civil penalties

Fines, criminal penalties or both are possible. The severity of the penalty often depends on the nature of the offence and the value of the goods exported.

In addition to criminal penalties, substantial civil fines may be imposed.

# 02

### Withdrawal of authorizations

Authorities may revoke or suspend export privileges, which can significantly impact a business's ability to conduct business and operate internationally.

# 03

### Seizure of goods & compliance audits

Exported goods may be seized by customs authorities, resulting in financial loss and disruption to supply chains.

Companies may be subject to increased scrutiny and audits by regulatory bodies, leading to further administrative burdens.

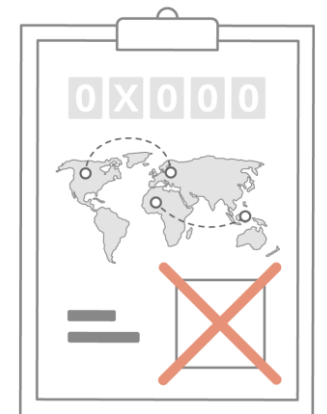
# 04

### Damage on reputation & relationships

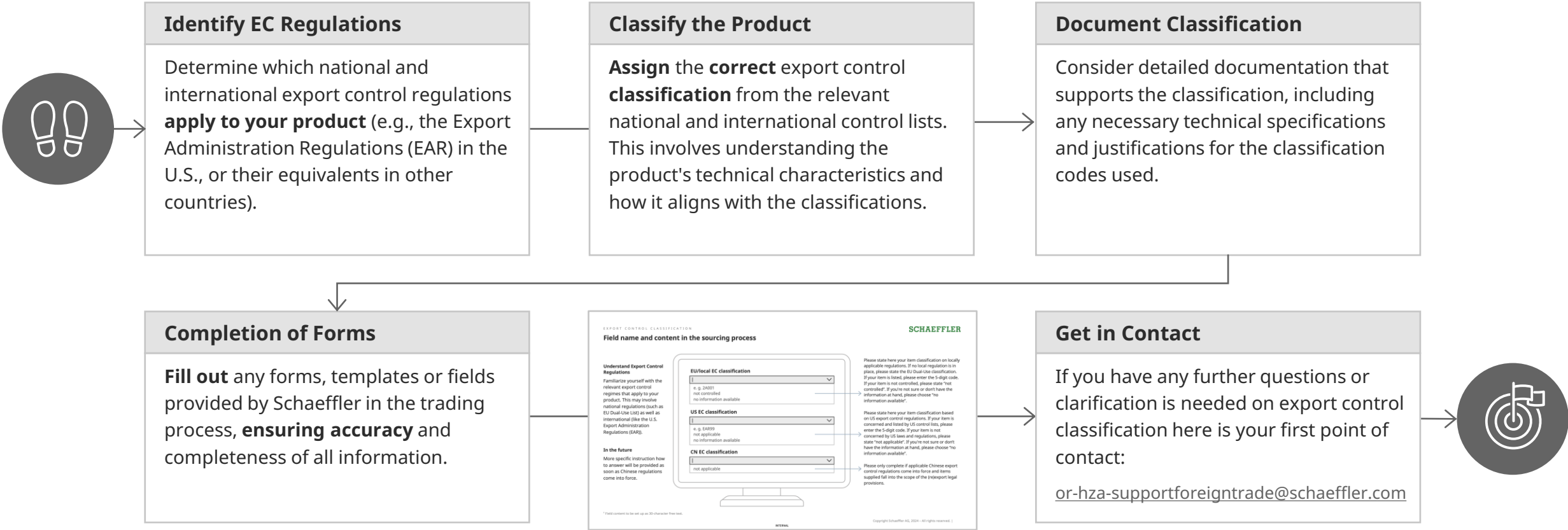
Companies found in violation of export control regulations can suffer damage to their reputation, which can affect relationships with customers, partners, and investors.

In conclusion, exporting controlled items without the proper licenses or with incorrect licenses can lead to serious consequences. It's crucial for businesses to ensure to have the correct licenses and comply with all relevant export control regulations to avoid these consequences.

Companies must invest in robust compliance systems and staff training to mitigate these risks effectively.



Steps to consider when providing export control (EC) classification information<sup>1</sup>



These steps guide you in providing Schaeffler with the necessary information to meet regulatory requirements and facilitate smooth international trade.

<sup>1</sup> Consider export control classification when you are dealing with items, technology, or data that may be subject to government regulations restricting its export due to national security, trade protection, or foreign policy reasons.

## Field name and content in the sourcing process

### Understand Export Control Regulations

Familiarize yourself with the relevant export control regimes that apply to your product. This may involve national regulations (such as EU Dual-Use List) as well as international (like the U.S. Export Administration Regulations (EAR)).

**EU/local EC classification**

|

e. g. 2A001  
or *not controlled*  
or *no information available*

**US EC classification**

|

e. g. EAR99  
or *not applicable*  
or *no information available*

**CN EC classification**

|

e. g. 1C904  
or *not applicable*  
or *no information available*

Please state your item's classification per local or EU Dual-Use regulations. If listed, enter the code. If not controlled, state "*not controlled*". If unsure, choose "*no information available*".

Please state your item's classification per US export control regulations. If listed, enter the code. If not applicable, state "*not applicable*". If unsure, choose "*no information available*".

Please only complete if applicable Chinese export control regulations apply and items supplied fall into the scope of the (re)export legal provisions.

<sup>1</sup> Field content to be set up as 30-character free text.



## Link collection – where to find the regulations (and help)



### EU/local EC classification



**EU REGULATION** (EU) 2021/821<sup>1</sup>  
of dual-use items



For **Germany**, you can find help in the “**Umschlüsselungsverzeichnis**”, where you can check if your products are listed in the control list (Annex I) of the EU Dual-Use Regulation. Here, specific customs tariff numbers are assigned to the relevant list position numbers of the EU Dual-Use Regulation, under which you can find the criteria that the goods to be checked must meet.



### US EC classification



**Bureau of Industry and Security**  
Start (What, How, Train & Co.)



Bureau of Industry and Security  
**Decision Tree Tools**



Bureau of Industry and Security  
**Training videos, e. g. Classifying Your Item**

<sup>1</sup> OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast).

**SCHAEFFLER**