

Export Control Is A Virtual Minefield

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May 7, 2012

Did you hear about the company that thought it was exporting an ingredient for hand lotion, but was penalized over a quarter of a million dollars for shipping a chemical weapons precursor? What about the company that is facing the potential indictment of 4 executives and between \$110 and \$210 million dollars in penalties for illegal exports? These companies didn't have effective systems to address one of the most important international regulatory issues facing the industry. If your company moves chemicals, petroleum products, or fertilizers around the world, and especially if you ship those products (and related equipment) outside the U.S., you need a simple, solid compliance system to deal with changing export controls. Violations of export control rules can have a devastating effect on your company's reputation and on the bottom line. The penalties for a single error can involve criminal charges, and civil penalties have been raised to \$250,000 per shipment or twice the value of the shipment. Given the potential financial and reputational costs, it makes sense for every company to determine whether they have an adequate export compliance system. This article explains common pitfalls and can help you assess whether your company is handling export compliance risks appropriately.