

Risky Business

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December 1, 2012

Managing Export Control Compliance in the Biotechnology Industry

Many companies have systems to deal with the alphabet soup of agencies and regulations that govern the handling and transfer of products and technology in the U.S. Yet few biotechnology companies have the compliance systems necessary to handle export control risks involved in their international operations.

With over 60 companies in the biotechnology, chemical, and equipment industry penalized in the last five to six years, more companies are making sure they are compliant with export regulations. Penalties for violating export control rules include criminal charges against companies and individuals (including jail time of up to 20 or more years) and civil penalties up to \$1 million per export or technology release. Beyond civil or criminal penalties, companies that violate the regulations risk being denied all export privileges. Companies put on so-called "denied party lists" can have trouble buying equipment from the increasing number of suppliers who screen their customers against those lists. Companies can also lose the ability to sell to the U.S. government. Working without an export compliance system is, in many ways, just as risky as not having a health and safety compliance program. And, with some guided effort, a good export compliance system is not difficult or costly to implement.