



Global Trade Advisory Alert

U.S. Implements India's Membership in the Wassenaar Arrangement

The U.S. Department of Commerce's Bureau of Industry and Security ("BIS") has amended the Export Administration Regulations ("EAR"), formally recognizing and implementing India's membership in the Wassenaar Arrangement ("Wassenaar"). This rule is another in a series of rules that implement reforms to which the U.S. and India mutually agreed to promote global nonproliferation, expand high technology cooperation and trade, and ultimately facilitate India's full membership in the four multilateral export control regimes. This rule change became effective on 3 August 2018.

The Wassenaar was established to contribute to international security and stability by promoting transparency and greater responsibility in the transfers of conventional arms and dual-use goods and technology. All participating members agree to apply export controls through their national policies to the lists of goods and technologies established by the Wassenaar. India became the 42nd member of the Wassenaar in December 2017.

In amending the EAR, the U.S. is formally recognizing India's membership in the Wassenaar and its commitment to

strengthen the global nonproliferation and export control framework. This change will enhance U.S.-Indian cooperation in civil space, defense, and other high-tech sectors. In addition to becoming a member of the Wassenaar, India has also secured memberships in two other multilateral export control regimes, including the Missile Technology Regime (“MTCR”) and the Australia Group (“AG”). India has not yet been admitted to the Nuclear Suppliers Group (“NSG”). These memberships have earned India the status of a Major Defense Partner with the U.S.

Immediate Impact on Exporters

This rule change will make it easier and more efficient for U.S. companies to export, reexport, and retransfer a much wider range of products and U.S. origin items to India’s high technology and military customers. Specifically, BIS revised the following sections of the EAR:

- **15 C.F.R Part 738** – license requirements for National Security Column 2 (“NS2”) reasons to India were removed, which means items controlled for NS2 reasons no longer require an export license to India;
- **15 C.F.R Part 740** – India was removed from Country Group A:6 and added to Country Groups A:1 and A:5. The addition to Country Group A:1 implements India’s status as a Wassenaar member, whereas the addition to Country Group A:5 provides greater availability of License Exception Strategic Trade Authorization (“STA”) for export and reexports to, and transfers within India. This means U.S. companies can now utilize STA to export “600 series” military items to India without an explicit approval from BIS.
- **15 C.F.R Part 743** – India is now subject to Special Reporting and Notification requirements for items controlled under the Wassenaar.
- **15 C.F.R Part 758** – removal of the requirement for exporters to file certain Electronic Export Information in the Automated Export System for items controlled for Crime Control Columns 1 (“CC1”) and 3 (“CC3”) and Regional Stability Column 2 (“RS2”) destined to India.
- **15 C.F.R Part 772** – addition of India to the list of countries under the definition of the term Australia Group which provides formal recognition of India’s Australia Group membership.

The U.S. Department of Commerce noted “this regulatory change will enhance the bilateral defense trade relationship and result in a greater volume of U.S. exports to India.”

Deloitte’s Global Trade Advisory specialists are part of a global network of professionals who can provide specialized assistance to companies in global trade matters. Our professionals can help

companies seeking to manage the impacts and potential impacts of the developments described above by:

- Obtaining and analyzing export data to assess the potential impacts of these recent regulatory measures;
- Conducting compliance reviews to identify potential compliance risks;
- Providing guidance through the BIS licensing process; and
- Scrutinizing the accuracy of export classifications.

For more information, contact:

United States

Michele McGuire
mimcguire@deloitte.com

Kristine Dozier
kdoziner@deloitte.com

Suzanne Kao
skao@deloitte.com

Helen Cousineau
hcousineau@deloitte.com

Chris Halloran
challoran@deloitte.com

Global

Fernand Rutten
frutten@deloitte.com

Asia-Pacific

Sarah Chin
sachin@deloitte.com

EMEA

Klaas Winters
klwinters@deloitte.nl



Access the latest global and regional tax and trade news, information, and resources from Deloitte tax@hand, a digital platform designed for global tax and trade professionals, available anytime, on any device, at www.deloitte.com/taxathand



Consult the Global Trade Advisory Alert archive providing an overview of the latest alerts from the previous 12 months on deloitte.com



Read the monthly Global Indirect Tax Newsletter summarizing the latest developments for VAT, GST, sales tax, and global trade around the globe

on [deloitte.com](https://www.deloitte.com)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 264,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of DTTL, its member firms or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2018. For information, contact Deloitte Touche Tohmatsu Limited.

To no longer receive emails about this topic please send a return email to the sender with the word “Unsubscribe” in the subject line.