



Frequently Asked Questions on the Foreign Direct Product Rule

The Bureau of Industry and Security (BIS) has posted to its website a set of frequently asked questions (FAQs) specific to an amendment to the foreign-produced direct product rule published on August 20, 2020 ([85 FR 51596](#)) (August 2020 rule). The [new FAQs](#) are found on the BIS website under the “Policy Guidance” tab on the FAQ page.

The August 2020 rule implemented a number of changes to the Export Administration Regulations (EAR), including:

- 1) adding 38 additional non-U.S. affiliates of Huawei to the Entity List (Supplement No. 4 to part 744 of the EAR);
- 2) removing a temporary general license for Huawei and its affiliates on the Entity List and replacing those provisions with a more limited authorization; and
- 3) amending the EAR’s General Prohibition Three, also known as the FDP rule, to revise the control over certain foreign-produced items when there is knowledge that the items will be incorporated into or will be used in the production or development of any part, component or equipment produced, purchased or ordered by an entity on the Entity List with a footnote 1 designation or when an entity with a footnote 1 designation is involved in a transaction involving the foreign-produced item.

The new FAQs focus on the third of those changes. In addition to clarifying the scope of the change to the FDP rule, the FAQs include information on: the types of items subject to the EAR to which the FDP rule is applicable; the impact on licenses issued and exports made prior to the August 2020 rule’s publication; the scope of production plants and major components thereof impacted by the rule; *de minimis*; supply chain issues; the rule’s saving clause; and specific to certain foreign-produced commodities potentially impacted by the rule including but not limited to cameras and cellphones.

If you have questions about the requirements implemented by the August 2020 rule, please contact one of BIS’s export counselling desks for additional assistance:

Outreach and Educational Services Division (Washington, DC): (202) 482-3811
Western Regional Office (Irvine, CA): (949) 660-0144
Western Regional Office (San Jose, CA): (408) 998-8806
or e-mail your inquiry: ECDOEXS@bis.doc.gov

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