

Warehousing and Distribution Agreements

Q: Doesn't this arrangement favor foreign companies by giving them the means to respond rapidly to parts requirements while U.S. companies must apply for new licenses in individual cases?

A: U.S. companies will have the means to provide their customers with spare parts over time without being required to obtain new licenses for each individual transfer. The Major Program License, one of the USG's export control initiatives, authorizes under a single comprehensive license the transfer of an entire product line over eight years. Thus, U.S. companies will also have the ability to respond rapidly to their customers' spare parts requirements.

Q: Why would a U.S. company want to establish a middle-man position for a foreign company by entering into a warehousing agreement with it?

A: U.S. companies are quite adept at looking out for their own economic interests. It can serve their interests to make large sales of spare parts to foreign companies who make it their business to seek out smaller sales of parts, even after such parts are no longer manufactured.

Q: Can these agreements be used for end-items?

A: They are typically used for non-sensitive items such as spare parts. In rare cases, they could apply to non-sensitive end-items as well.