

# Legal Control (SD-FT-CON)



Release 4.6C



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## Icons

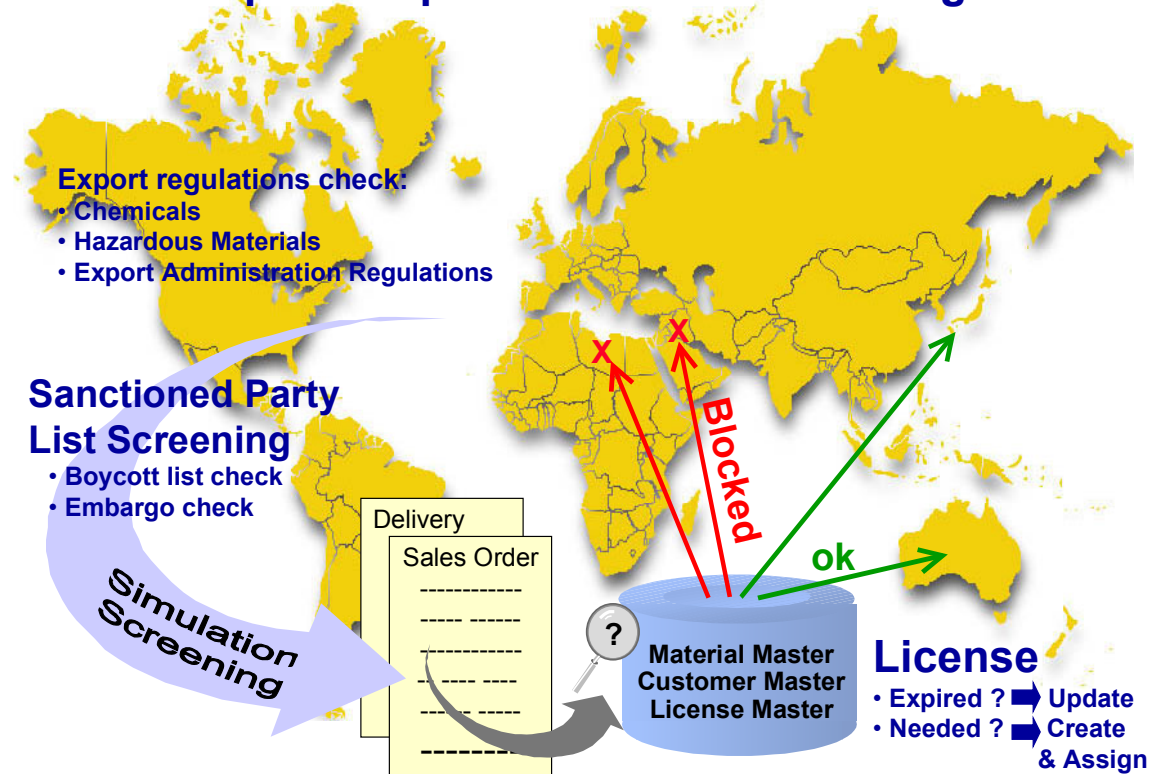
Icon	Meaning
	Caution
	Example
	Note
	Recommendation
	Syntax
	Tip

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## Legal Control (SD-FT-CON)

### Export / Import Readiness Checking



### Purpose

SAP's Foreign Trade/Customs (FT) Legal Control component provides information on whether your purchasing and sales transactions involving international trade are legally permitted based on current laws and regulations. In cases where the data is not in order, FT assists you in keeping necessary licensing and legal data up-to-date to ensure that you can carry out your foreign trade transactions in a timely manner.

### Implementation Considerations

Implement this component if export licenses are required for countries with which you conduct foreign trade or if special legal regulations restrict trade with these countries.

### Integration

The Legal Control component is integrated in the sales document flow so that when a sales order or delivery are created, the system automatically checks whether all legal data is complete and accurate.

Specifically, this component is integrated with the *Sales and Distribution's Sales* (SD-SLS) and *Shipping* (SD-SHP) components.

## Legal Control (SD-FT-CON)

## Features

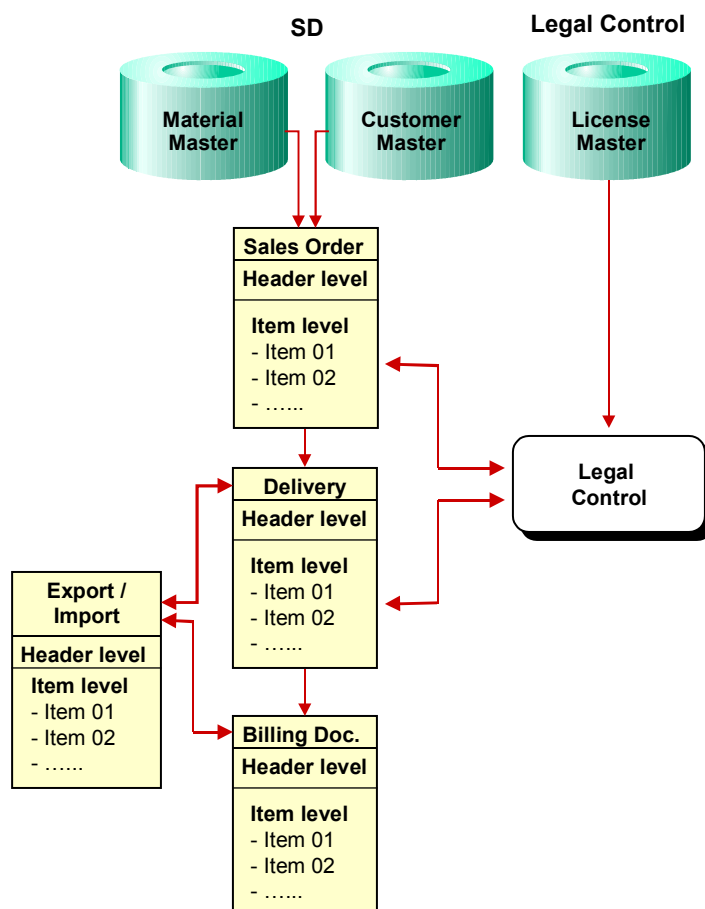
- Simulation of export transactions
- Sanctioned party list screening (SLS) - embargo list and boycott list checks
- Automatic blocking of sales orders and deliveries if required licenses do not exist
- Monitoring of export licenses and sales orders and deliveries requiring licenses
- Creation, update and assignment of license master records

FT checks the relevant licensing requirements, and, if a license is needed, FT can create it and assign the necessary information to the appropriate document.

- Flexible management of foreign trade laws and other legal regulations (such as the monitoring of chemicals or hazardous materials)

The open nature of this component's structure allows you to keep export regulations up-to-date. For example, adding new Japanese or Australian laws to the system poses no problem.

- Full integration in SD document flow, as illustrated below:



See also:

[Regulations for Legal Control \[Page 32\]](#)

Return to [Foreign Trade / Customs \[Ext.\]](#) main topic.

## Cockpit - Legal Control

## Cockpit - Legal Control

### Use

Foreign Trade's *Legal Control Cockpit* is designed to provide you with a quick, easy-to-use overview of the most important functions in the area of *Legal Control*. These functions assist you in checking your business transactions for compliance with several foreign trade laws and regulations (for example, the export of weapons-related products).

To go to the *Legal Control Cockpit* from the SAP main menu, choose *Logistics* → *Sales and distribution (or Materials management)* → *Foreign Trade/Customs* → *Prohibitions and Restrictions* → *Cockpit – Legal Control*.

### Prerequisites

Before using the functions for *Legal Control*, you need to make several settings in *Customizing*. To do this, choose *Sales and Distribution* → *Foreign Trade/Customs* → *Legal Control in Customizing* and make the appropriate settings in the associated menu topics.

### Features

You can configure the initial screen of the *Legal Control Cockpit* to match the specific tasks of each individual user so that the same screen setup always appears when a particular user enters the *Cockpit*.

There are seven sections on the initial screen of the *Legal Control Cockpit*:

Section	Function
Licenses	Creation, display or modification of license master records
License data	Assignment of licenses to documents
Alert reporting	Display of sales documents and licenses
Controlling	Check of customer master records and material master records
Simulation	Simulation of Legal Control transactions
Settings	Check of Customizing settings
Declarations	Disk creation for Export Office

These sections are described in more detail below:

Additionally, there is a text area or picture container on the initial screen for *Legal Control*. In this area, you can display either a picture or a text. You can include the standard picture or text in this screen from *Customizing* or by choosing *Environment* → *Maintain user data* from the initial screen. The standard picture is SD\_FT\_CON\_START. You can create a standard text for display in this area by choosing *Tools* → *Form print* → *SAPscript* → *Standard text* from the SAP standard menu.

### Licenses

This section assists you in managing license master records. Here, you can create, display or modify license master records. You limit the display of license master records by selecting them according to control criteria, such as license type, license number and external number, or



according to criteria that you have defined in a variant. Depending on the criteria you enter, the system displays several licenses at once in a tree structure on the left side of the screen that you can access without leaving this transaction.

**See also:**

[License Master Record \[Page 17\]](#)

**License data**

You use this section to assign export licenses to export documents if this was not already done when the sales orders were created. You can also manually release previously blocked sales orders in this section.

**Alert reporting**

*Alert reporting* functions allow you to display lists of

- Blocked sales documents and deliveries
- Available licenses
- Assigned documents

When you enter a [variant \[Ext.\]](#) on the initial screen, the system skips the selection screen and goes directly to the display list. If you execute a function without entering a variant, the system displays the selection criteria screen for the corresponding report.

Additionally, for the reports "Blocked documents" and "Licenses", there is a "Refresh" data function. When you enter a variant and press the Refresh button, the results are displayed in the form of a traffic signal. The traffic signal colors have the following significance:

**Blocked Documents**

Traffic signal	Significance
Green light	No blocked documents were found.
Red light	Blocked documents exist.

**Existing Licenses**

Traffic signal	Significance
Neutral light	All selected licenses have the status "created"
Green light	All selected licenses are active.
Yellow light	At least one of the selected licenses has the status "requested", "rejected" or "extended".
Red light	At least one license has the status "expired".

You can modify these documents directly from the display lists.

**See also:**

[Legal Control Blocks in SD Documents \[Page 28\]](#)

## Cockpit - Legal Control

### Controlling

In this section you can check material master records and customer master records for completeness and modify or add necessary data related to legal control in these records.

**See also:**

[Legal Control Data in Material Master Records \[Page 13\]](#)

[Legal Control Data in Customer Master Records \[Page 15\]](#)

### Simulation

In this section you can check whether you can carry out a planned transaction or determine whether you might encounter problems during export.

For example, here you can find out whether

- You need an export license
- A potential customer is on a boycott list
- A potential customer lives in a country currently under embargo

**See also:**

[Legal Control Simulation \[Page 29\]](#)

### Settings

You can check whether your *Customizing* settings are correctly maintained in this section.

### Declarations

This section enables you to create a disk required by the German Export Office on which all business transactions requiring an export license must be listed. (See [BAFA Disk Creation for a Collective Export License \[Page 33\]](#).) This function is currently not available for other countries, but can be developed at a later time if necessary.

### Activities

For most of the lists displayed from the *Legal Control Cockpit*, you can modify data, display logs or obtain further information by double-clicking the mouse on an item. Generally, you can double-click on data displayed in each successive screen until you have reached the most detailed level of information.

## Export Control Class

### Definition

A unique code that identifies each material requiring an export license.

Each [legal regulation \[Page 32\]](#) includes a list of materials requiring export licenses and assigns an alphanumeric code to each of these materials. In R/3, these code numbers are called export control classes.

The table below lists some of the export control class number systems used by different countries.

Country	Source of the export control class number
Germany	The export list number from the Export list
USA	The Export Control Classification Number (ECCN)
United Kingdom	The classification from the International List (IL)
Japan	The classification from Cargo List 1 and 2

---

**Export Control Grouping**

## Export Control Grouping

### Definition

A set of goods that are treated the same way by export law.

### Use

Unlike the [export control class \[Page 11\]](#), which the authorities determine, you can freely define groupings. During legal control, the system determines the correct license type for the grouping. The system then determines the appropriate export licenses of this type.

You can also use the grouping to treat products with the same export control class (for example, identical computers with different processing speeds) differently from the point of view of export law. When you assign different groupings, the system also determines different export license types (thus, different export licenses) during legal control.

To create groupings in Customizing for *Sales and Distribution*, choose *Foreign Trade* → *Legal control* → *Define groupings* and *Assign Export Control Classes to Groupings*.

## Legal Control Data in Material Master Records

### Definition

Data that determines whether a material is subject to legal control, and if it is, to which export control class the material belongs.

### Use

#### Export Control Class and Grouping for a Material

The material master record contains a segment so that you can assign the appropriate export control class to each material within a given legal regulation when you enter the material-specific data relevant to legal control.

Within a legal regulation, each material has a specific legal control class and can only be assigned to one grouping for legal control. Since there are also cases in which products with identical export control numbers have to be treated differently from the point of view of export law, groupings are also recorded in the material master.



The legal regulations relevant for the exporting country are marked in the first column. Only these are checked. You can also maintain preemptive export control classes and groupings for legal regulations that are not yet active.

#### Materials Exempted from Export Control

When you activate legal control, every material in the system is subject to legal control. However, there are also materials that are never subject to legal control and should never be checked by the system.

You can ensure that these materials are never checked by maintaining data to indicate an exemption certificate. If a material is exempted from export control, you need to enter relevant data into the *Foreign Trade Export* view of the material master record. The system only recognizes the material as not relevant for legal control if the material meets the following three conditions in the *Legal Control* section of the data screen:

- The *Exemption Certificate* code is set to "B" – *Accepted*
- The *Exemption Certificate Number* is maintained
- The *Exemption Certificate Issue Date* falls before the goods issue date of the export

Material masters maintained in this way are ignored by the system during legal control in sales orders.

#### Individual Maintenance of the Material Master for Export Control

At the legal regulation level you determine which material masters the system selects for legal control. For each legal regulation, you can define whether all or no materials are subject to the regulation by default. In Customizing for *Foreign Trade/Customs*, choose *Legal control* → *Define Legal Regulations and Assign by Country*. For the selected legal regulation, do one of the following:

- Select *Indiv. maint. matl master* (Individual maintenance of material master) if you do not want materials to be subject to the legal regulation. Then if you do want a particular

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**Legal Control Data in Material Master Records**

- material to be subject to this regulation, you must mark it explicitly in its material master record.
- Clear *Indiv. maint. matl master* if you want all materials to be subject to this legal regulation by default. Then you must define the export control class and grouping for all materials in their material master records.

**Maintaining Legal Control Data**

You can maintain the legal control data in material master records in the *Controlling* section of the [Legal Control Cockpit \[Page 8\]](#).

## Legal Control Data in Customer Master Records

### Definition

Data indicating whether the customer appears on boycott lists and whether the customer uses the final product for military or civil purposes.

### Use

R/3 performs the boycott list check in sales orders and deliveries at the header level and in each partner determination at the item level. The system performs the check independently of the country that added the partner to the list. If the partner appears on a boycott list, the system issues a warning in the sales order and an error message in the delivery.

### Structure

#### Export Block Indicator

You can assign a temporary delivery block to a customer to account for special boycott lists that exist within US legislation. These lists also restrict the re-export of goods from the US by all exporters. To assign a block, use the customer master's export block indicator that covers the following lists:

- TDO list (Table of Denial Orders)
- SDN list (Specially Designated Nationals)
- Customer-specific, in-house, internal list

If a customer appears on one of these lists, select the export block indicator.

#### Date of Last Check for Export Block Indicator

You can also indicate when the customer was last checked against a boycott list to ensure that the boycott information stays current.

#### Mainly Civil/Mainly Military Use

*Mainly civil use* and *Mainly military use* defines how the final product is used. According to EU law (Dual-Use-Regulation) and US law EAR, as of November 11, 1996, how a finished product is used plays a decisive role in checking and determining the license type. In Customizing for *Legal Control*, you can define license types for customers who deal mainly in a military environment. R/3 assigns only export license types that are valid for military use to customers whose area of activity is primarily military.

#### Maintaining Legal Control Data

You can maintain the legal control data in customer master records in the *Controlling* section of the [Legal Control Cockpit \[Page 8\]](#).

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Legal Control Data in Customer Master Records



## License Master Record

### Definition

A record containing information about an export license.

An export license is a document issued by the customs authorities giving you permission to export goods under specific terms. A license can be valid for each of the following:

- Exactly one transaction type or for all transaction types
- One, several, or all partners (for example, sold-to, ship-to, bill-to, payer, end user)
- One, several, or all destination countries
- One, several, or all materials identified by export control class

An export license is always valid for one company code and one set of [legal regulations \[Page 32\]](#) only. It has one license type and is always valid for a certain period of time. Some licenses have a maximum value or amount of goods that may be sold against it.

### Use

Based on data in the sales order (for example, sold-to party and materials sold), the system reviews the license master records to see if required licenses are available. If the required license is not available, the system blocks the order.

A license can have several statuses. In export control, the system only takes an export license into account for license determination if it has status C (active).

### Structure

Depending on the license type, license master records include the following data:

- The type of export license
- The legal regulation for which the license is valid
- Export control classes the license covers
- Customers covered by the license (all standard partners and end users)
- Destination countries
- Validity dates
- External license number
- Values and quantities for which the license is valid

Depending on the settings you make in Customizing for license types, you can still maintain the following:

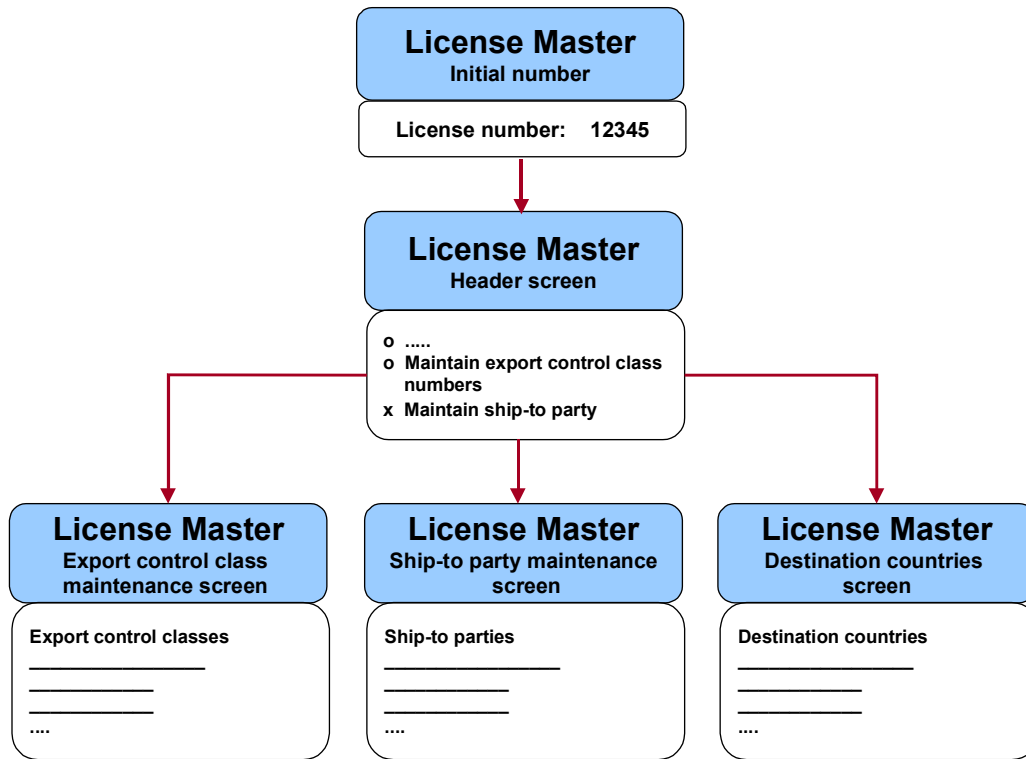
- Business transaction type
- Document number of the sales order
- Terms of payment

License Master Record

**Integration**

If a license master record has a quantity or value associated with it, the system updates the license master with data from the sales order. For more information, see [Update of Licenses with Data from SD Documents \[Page 22\]](#).

To optimize system performance, the data for individual licenses is stored in an independent database that is linked to existing databases. The graphic below shows how you can branch from license master maintenance to the export control class and the ship-to party screens.



**Maintaining License Master Records**

You can maintain the license master records in the *Licenses* section of the [Legal Control Cockpit \[Page 8\]](#).

## Legal Control in SD Documents

### Purpose

This process describes how the system checks items in sales and distribution (SD) documents against legal control requirements.

Several checks are necessary so that legal control can run smoothly and efficiently. The consistency of the control tables which enable legal control to function correctly needs to be guaranteed. Checks that perform legal control at the item level must be defined. These checks determine whether a license selected from a file can actually be applied to a particular order item.

Legal control is essentially a material flow check, that is, a physical check of the goods that will be exported. Besides the product and country-specific checks, a transaction-specific check, dependent on both business transaction and customer, has to be carried out.

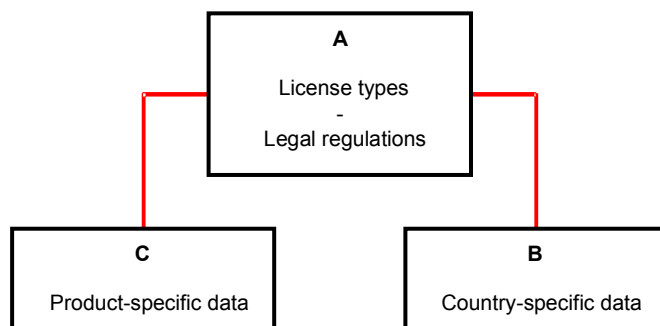
The most significant business partner for the check is the ship-to party and the export date is the desired delivery date in the **order header**. To support the decision-making process for the checks to be carried out, the data necessary for the checks is entered and managed. This is basic data such as the export control class or indicators for various boycott lists.



The export's destination country is determined from the address of the ship-to party. If a different address is entered in the order or delivery processing, this different address (and especially the country) takes priority for the legal control check.

### Prerequisites

The settings that you need to make in the system for legal control are divided into the three task areas shown in the following graphic:



- Area A contains the settings for different legal requirements.
- Area B defines the country-specific data (special considerations for the destination country).
- Area C defines the product-specific data (all data that directly refers to the material).

## Legal Control in SD Documents

### Process Flow

1. The system checks for embargoes and assignment to boycott lists.

The system determines whether the destination country is currently under a general embargo. If so, the system sets the export block indicator and checks the next item.

If there is no embargo on the destination country, the system checks whether the ship-to party is included in a boycott list, such as the American SDN list. If so, it sets the export block indicator and checks the next item.

If a material does not need an export license, then legal control is completed for this item and the system checks the next item.



If a material does not need an export license, you can maintain exemption information in the material master record on the *Foreign Trade: Export Data* screen.

The legal control block is carried out using system status FTC 1 - 5.

2. The system checks the legal regulations.

The system carries out checks for each legal regulation. It blocks an item for export if one legal regulation does not allow the export of that item. For example, if the system checks three legal regulations and the item passes two of them but the third one does not allow export, then that one legal regulation blocks the item for export.

The export control class and the grouping for this material and this legal regulation are determined from the legal control segment in the material master record. If the grouping is not maintained for legal control, then the system blocks the item and checks the next item. Otherwise, the system determines the correct license type for the grouping and legal regulation.



If the legal regulation to be checked against allows individual checking of the material master records and the material to be checked is marked for these legal regulations as not relevant for legal control, then legal control is completed for these legal regulations and the next ones can be checked. In this case, the grouping not being defined in the material master for these legal regulations does not result in the system's blocking the document item.

If a license type is found, then the system searches the license master record for a suitable license of this type.

The system checks that the licenses chosen can be used. If this is the case, legal control has been successful and the system can check the next law for the item. If not, the system sets the export block indicator and checks the next item.

After the order has been processed completely, the system totals the order items assigned to licenses for which an upper limit applies and updates the appropriate license masters.



User exits can be implemented before the system check so that checks can be performed which go beyond the scope of those mentioned above.

## Legal Control in SD Documents

3. The system performs subsequent processing of sales orders and deliveries.

If you change orders or deliveries after legal control has already been carried out, the system automatically compares values. These can include the export control class and groupings from the document and the material master records for the individual items. If they do not match, then the system starts the legal control procedure for these items again and issues a log.



If you call orders in the change mode and save them without making any changes, the system does not perform legal control for the document items. Select *Sales document* → *Export license* → *Redetermination*. Export control is then carried out again in full after the document has been posted, if explicitly required.

4. The system manages and tracks statuses.

After legal control has been completed for an individual order item, it is either blocked or released. Certain subsequent operations cannot be carried out on an item that has been blocked. The blocking procedure is done in order processing using the system status FTC5.

If individual items are blocked in the order, you cannot create a delivery for these items. When you create a delivery based on an order, the system carries out legal control again at the creation of the delivery, picking, packing and goods issue posting stages.

### See also

For more information on legal control in SD documents, see [Legal Control in Sales Orders \[Page 23\]](#) and [Legal Control in Deliveries \[Page 27\]](#).

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**Update of Licenses with Data from SD Documents**

## Update of Licenses with Data from SD Documents

### Use

Some export licenses have maximum values, maximum quantities, or both. These values or quantities mark the upper limit of the licenses' validity. Consequently, several sales orders or deliveries can use the same license until its maximum value or quantity is exceeded.

This function tracks the cumulative value already assigned to the license. With each new sales order, the function checks that the remaining outstanding value on the license covers the sales order value. If the outstanding value is not sufficient, you must use another license.

### Features

The updating functions include the transactions required for manual maintenance in the license master. They also include the measures necessary when the license data (essentially, the remaining outstanding value of a license) needs to be changed when legal control is performed in the document. This means that the information in the license is updated from the order. Quantities already used in orders and deliveries can also be retained manually in the license master.



Whether export control classes or customer numbers are assigned to a license depends on the type of export license that is to be configured in Customizing.

## Legal Control in Sales Orders

### Use

This function determines whether items in a sales order are permitted to be exported and, if so, whether they require a license. If an item requires a license, the function checks whether a valid license exists. If a valid license does not exist, the system blocks the item.

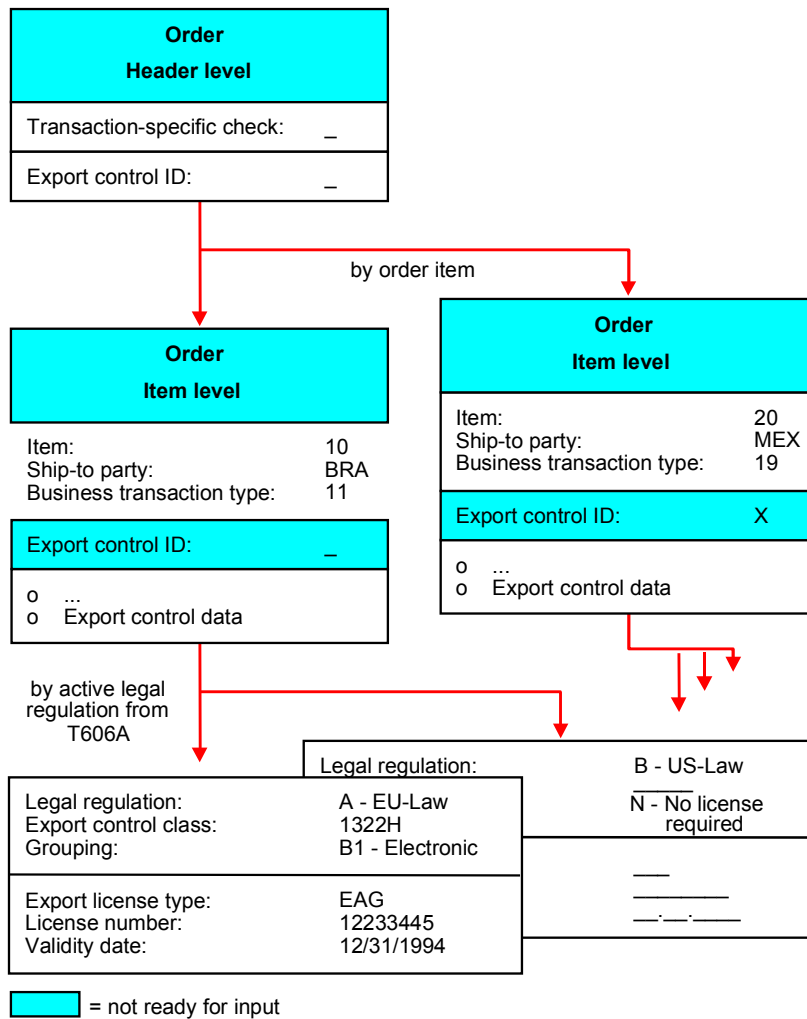
### Integration

The transaction type, which specifies whether the export is permanent or temporary, is stored at the item level. The sales order contains a segment that stores the results of legal control. The system updates the following fields in the segment for each item in the order and for each legal regulation that has to be checked:

- Legal regulation
- Export control class
- Grouping for export control
- License type
- License number

The figure below shows the link between the order header, a line item, and an legal control segment.

Legal Control in Sales Orders



During legal control, the required delivery date is entered at the header level for the check.

You can perform a manual check at the header level based on your knowledge of a particular transaction. However, proper legal control must be carried out at the item level. This is necessary because the ship-to party can be different for each item in the order. Furthermore, it is possible that the items could be destined for different countries.



If the order is blocked because of the check, it should not be possible to deliver it.

In addition to system status FTC 1 - 5, which duplicates the results of the results of the legal control check, you can (with the user status) set a user-specific or transaction-specific export control indicator.

This is how the results of the manual check for the export license carried out by the employee responsible is stored. This indicator is supplementary to legal control. The user status FREE can be deactivated by the FTC 1 - 5 system status. The 'worst case' is adopted in this case.



Legal Control in Sales Orders

Status allows you to document, from the user view the current processing state of an object (the order) in the form of flags (status). The current state of the object (the combination of the active statuses) determines which actions (business transactions) can be carried out for the object.

Status can control which transactions can be carried out for an object. Each status can either:

- Permit a transaction
- Permit a transaction with a warning
- Disallow a transaction



When a transaction (such as the creation of a delivery) is made, a check determines what status is set for the object (for example, the order). The transaction is only permitted if none of the statuses set (neither FTC5 nor the user status) disallow it.

The special features of the user status are:

- The user status can be marked as initial status. However, you may only create a status with an assignment number.
- The user status can be created with assignment numbers of which only one can be active, that is, Status 1 can be replaced by Status 2, if this is permitted.
- Status changes are documented in the form of changed documents.

The user status has the following structure:

- Status profile (8 digits)
- Status (4 digits)
- Transactions dependent on object category

For example, create sales order (no influence - permitted - permitted -with warning - disallowed)



The FOREIGN TRADE CHECK - STATUS status profile is activated in the sales document types by an active export license check. The FOREIGN user status profile maintains, for example, the following transactions for the SALES ORDER ITEM object category:

- Create inquiry
- Create quotation
- Create billing document
- Create sales order
- Create delivery
- Post goods issue

For example, with status 'AHPJ' (check according to export law (transaction-specific) O.K.), the transaction characteristics are such that it is not possible to block them. A manual transaction check is performed and classified as 'O.K.'. With status 'AHPN' (check according to export law (transaction-specific) *incorrect*), the transaction

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**Legal Control in Sales Orders**

characteristics are such that the various transactions (such as the delivery) issue a warning.

For certain legal regulations, such as the German AWV (Foreign Trade Regulation), a corresponding transaction indicator is necessary.

**See also**

For more information on legal control in SD documents, see [Legal Control in Deliveries \[Page 27\]](#).

## Legal Control in Deliveries

### Use

Often a long time elapses between the creation of the sales order and the delivery. During this intervening period, the legal control situation may have changed. For example, the ship-to party may now appear on a boycott list. This function performs legal control on the delivery to ensure that they pass current legal control requirements.

In the delivery, the date of goods issue at the header level is important for legal control. The differences between legal control in the sales order and the delivery are

- A delivery can contain items for only one ship-to party
- The system does not store the results of an legal control check in a delivery in a separate segment

The system does not store the results in a separate segment because it performs legal control automatically during delivery creation, picking, packing and during goods issue if you made the appropriate settings in Customizing when you create a delivery on the basis of an order.



Because legal control is a physical goods check, the system must perform it when the goods are still at your plant. Thus the latest time when the system can perform legal control is when you post goods issue for the delivery. It is too late for the system to perform legal control at the time of billing, for example, when the goods have already left the plant.

### See also

For more information on legal control in SD documents, see [Legal Control in Sales Orders \[Page 23\]](#).

## Legal Control Blocks in SD Documents

### Use

If the result of legal control is negative (for example, the item requires a license but a valid license is not available for the material), this function blocks the sales order or delivery from further transactions.

### Features

#### Setting Blocks

You can set blocks on items in sales and distribution (SD) documents manually or have the system set them automatically.

#### Manual Blocks

According to export law, checks must be made on all exports to other countries to discover how the exports are used. Therefore, it is possible for you to block an export transaction manually. When processing a sales order, you can block it from further processing by setting a user status.

#### Automatic Blocks

The result of the legal control the system carries out is also stored in the document. Based on the results of legal control, the system sets the legal control status at item level.



If you make the appropriate settings in Customizing, a log of legal control procedures for a document appears when you post it.

### Removing Blocks

If a system status FTC5 leads to an order or an order item is blocked for further processing as a result of legal control, you can remove the block manually. For example, you can use this function to unblock an item that is blocked due to an embargo. Removing a block requires special authorization.

To remove the block, assign the item or sales order an active, valid license created in the system. You can manually remove blocks independently of normal sales order processing.

You can display and modify blocked sales orders from the *Alert Reporting* section of the [Legal Control Cockpit \[Page 8\]](#). To do this, select the relevant document and then choose *Change licenses*.

## Legal Control Simulation

### Use

This function indicates whether an export transaction is permitted by law in the exporting country. If the simulation indicates that a transaction requires a license and you do not have that license already, you can apply for it now. That way you can avoid delays when processing the actual export transaction. The function also simulates both embargo and boycott list checks.

### Features

#### Simulating Assignment of Export Licenses

This function can determine whether an export license is required for a transaction based on criteria including the

- Ship-to country
- Standard partners and end user
- Material to export
- Export date
- Business transaction type

You can also simulate export license requirements for an item within a sales order.

When you simulate the assignment of export licenses, the system indicates whether the transaction requires an export license. From the display screen, you can view a log of the system's activities when simulating legal control for an item. The log details all system activity undertaken during the legal control procedure. The green and red traffic lights indicate whether the result of an activity was positive or negative. For further information on an activity, double-click the mouse on the activity.

#### Simulating Embargo Checks

This function can check whether a customer or a country is under an embargo. If you enter a partner identification, the system determines the home country of the partner from the partner master and checks whether an embargo is or was imposed on this country. You can also have the system check whether the embargo is imposed on the customer or country for a specific date.

#### Simulating Boycott Checklists

This function indicates whether a partner appears on any of the following boycott lists:

- Table of Denial Orders
- Specially Designated Nationals
- A list your company defines

You can have the system check whether the partner appears the boycott list of a specific country or any of the countries maintained in the customer master record for that partner. If you enter a country on the initial screen for this function, the system only checks whether the partner is on the boycott list for that country. If you do not enter a country, the system checks whether the

### Legal Control Simulation

partner appears on the boycott lists of the countries maintained in the partner's customer master. If the partner is on the boycott list of at least one of these countries, the system alerts you.



The boycott list check is initiated in orders and deliveries at header level and in each partner determination at item level. The check is carried out independently of the country which added the partner to the list. If the system discovers that a partner is on a boycott list, it issues a warning in the sales order and an error in the delivery.

### Activities

You can run **all** simulation tasks from the [Legal Control Cockpit \[Page 8\]](#).

## Monitoring for Legal Control

### Use

Based on the search criteria you enter, this function creates lists of export licenses and sales and distribution (SD) documents subject to legal control. For example, you can view a list of all licenses due to expire next year.

### Features

Depending on the selection criteria, this function can display several lists to include the following:

- Customers and export control classes on a license
- SD documents assigned to one or more licenses
- SD documents that are blocked due to embargoes, boycott lists, or missing licenses
- Licenses still available for use by sales orders (that is, their maximum values or quantities have not yet been exceeded)

You can display all of these lists from the *Alert Reporting* section of the [Legal Control Cockpit \[Page 8\]](#).

From the display list, you can display detailed information about each of the items on the display screen. You can also modify data displayed in these lists.

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## Regulations for Legal Control

# Regulations for Legal Control

## Legal Regulations

In R/3, laws that govern export of goods from a country are called legal regulations.

### Example Legal Regulations in the USA

- The Export Administration Act (EAA)
- The Export Administration Regulations (EAR)

### Example Legal Regulations in Germany

- Foreign Trade Law (AWG - Außenwirtschaftsgesetz)
- Foreign Trade Regulation (AWV - Außenwirtschaftsverordnung)
- Law for the Regulation of Military Arms (KWKG - Kriegswaffenkontrollgesetz)

## Legal Regulations in Customizing

In Customizing for *Foreign Trade*, you can define which licenses are needed within each legal framework. For example, in the EAR, these licenses can include:

- Exemption License
- Validated License
- Individual Validated License

and in the AWV:

- General License (Allgemeine Genehmigung)
- Collective Export License (Sammelausfuhrgenehmigung)
- Single Export License (Einzelausfuhrgenehmigung)

## Country Classification

Information relevant for legal control is stored for the countries to which goods are exported. This information includes:

- Whether the country is a member of certain international organizations
- Whether the country is presently under an embargo

An embargo is a state-imposed, compulsory, and legally enforced boycott of trade with another state. It is often used as a punishment for human rights abuses or to further other foreign policy goals.

- Allocation to certain country classification lists

For each legal regulation, the system uses the data at a later stage to determine whether a license is needed. If this is the case, it determines which type of license is needed.



## BAFA Disk Creation for a Collective Export License

### Use

Goods that are shipped using a collective export license must be declared to the Bundesausfuhramt (BAFA) (Federal Export Bureau in Germany) on diskette for each declaration period. This function enables you to create a disk with the most current BAFA structure.

The declaration program (SAGERF) that was initially provided by BAFA for this purpose is no longer used. BAFA has changed the declaration structure and there is currently only one interface definition for businesses that use the collective export license.

### Activities

You create a diskette using the BAFA structure in a two-step process:

1. Create a file
2. Create the diskette.

### Access

You access these functions from the [Legal Control Cockpit \[Page 8\]](#) or from the SAP standard menu by choosing *Logistics* → *Materials Management* (or *Sales and Distribution*) → *Foreign Trade/ Customs* → *Prohibitions and Restrictions* → *Declarations* → *Create BAFA file* and *Create BAFA Diskette*.



When you create the BAFA file, if you select *Issue Log*, you can execute the second step to create the BAFA diskette directly from the Log display.