

States law and indicate its readiness to comply with the unilateral and specific selection of goods by the boycotting country in accordance with §760.3(d). That section provides, in pertinent part, as follows:

“A United States person may comply or agree to comply in the normal course of business with the unilateral and specific selection by a boycotting country * * * of * * * specific goods, * * * provided that * * * with respect to goods, the items, in the normal course of business, are identifiable as to their source or origin at the time of their entry into the boycotting country by (a) uniqueness of design or appearance or (b) trademark, trade name, or other identification normally on the items themselves, including their packaging.”

The Department wishes to emphasize that the unilateral selection exception in §760.3(d) of this part will be construed narrowly, and that all its requirements and conditions must be met, including the following:

- Discretion for the selection must be exercised by a boycotting country; or by a national or resident of a boycotting country;
- The selection must be stated in the affirmative specifying a particular supplier of goods;
- While a permissible selection may be boycott based, if the United States person knows or has reason to know that the purpose of the selection is to effect discrimination against any United States person on the basis of race, religion, sex, or national origin, the person may not comply under any circumstances.

The Department cautions United States persons confronted with the problem or concern over the boycott-based rejection of goods shipped to a boycotting country that the adoption of devices such as “risk of loss” clauses, or conditions that make the supplier financially liable if his or her goods are rejected by the boycotting country for boycott reasons are presumed by the Department to be evasion of the statute and regulations, and as such are prohibited by §760.4 of this part, unless adopted prior to January 18, 1978. See §760.4(d) of this part.

[61 FR 12862, Mar. 25, 1996, as amended at 65 FR 34949, June 1, 2000]

SUPPLEMENT NO. 8 TO PART 760— INTERPRETATION

Definition of Interstate or Foreign Commerce of the United States

When United States persons (as defined by the antiboycott regulations) located within the United States purchase or sell goods or services located outside the United States, they have engaged in an activity within the foreign commerce of the United States. Although the goods or services may never

physically come within the geographic boundaries of the several states or territories of the United States, legal ownership or title is transferred from a foreign nation to the United States person who is located in the United States. In the case of a purchase, subsequent resale would also be within United States commerce.

It is the Department’s view that the terms “sale” and “purchase” as used in the regulations are not limited to those circumstances where the goods or services are physically transferred to the person who acquires title. The EAR define the activities that serve as the transactional basis for U.S. commerce as those involving the “sale, purchase, or transfer” of goods or services. In the Department’s view, as used in the antiboycott regulations, “transfer” contemplates physical movement of the goods or services between the several states or territories and a foreign country, while “sale” and “purchase” relate to the movement of ownership or title.

This interpretation applies only to those circumstances in which the person located within the United States buys or sells goods or services for its own account. Where the United States person is engaged in the brokerage of foreign goods, i.e., bringing foreign buyers and sellers together and assisting in the transfer of the goods, the sale or purchase itself would not ordinarily be considered to be within U.S. commerce. The brokerage service, however, would be a service provided from the United States to the parties and thus an activity within U.S. commerce and subject to the antiboycott laws. See §760.1(d)(3).

The Department cautions that United States persons who alter their normal pattern of dealing to eliminate the passage of ownership of the goods or services to or from the several states or territories of the United States in order to avoid the application of the antiboycott regulations would be in violation of §760.4 of this part.

[61 FR 12862, Mar. 25, 1996, as amended at 65 FR 34950, June 1, 2000]

SUPPLEMENT NO. 9 TO PART 760— INTERPRETATION

Activities Exclusively Within a Boycotting Country—Furnishing Information

§760.3(h) of this part provides that a United States person who is a bona fide resident of a boycotting country may comply with the laws of that country with respect to his or her activities exclusively within the boycotting country. Among the types of conduct permitted by this exception is “furnishing information within the host country.” §760.3(h)(1)(v) of this part. For purposes of the discussion which follows, the Department is assuming that the person in question is a bona fide resident of the boycotting