



# EIB World Trade Headlines

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April 30, 2014 - Volume 6, Issue 8

## AES Penalties Delayed Until Oct 2014

**April 3, 2014**

**AES Broadcast #2014034**

### **Notice of 180 Day Informed Compliance Period for Regulatory Changes**

The U.S. Census Bureau issued the final rule implementing modifications to Title 15, Code of Federal Regulations, Part 30, Foreign Trade Regulations (FTR). The rule was published on March 14, 2013 and will become effective on April 5, 2014. This broadcast serves to notify the trade community that the Census Bureau, in concurrence with U.S. Customs and Border Protection (CBP), agrees to provide an additional 180 days to come into compliance with the new requirements.

During this 180 day period the Census Bureau and CBP will use "informed compliance" to educate the trade on the new requirements. During this time, no penalties will be issued for failure to comply with any new requirements found in the March 14, 2013 rule. Penalties may be issued for violations of regulations that remain unchanged from the FTR published on June 2, 2008. The period of informed compliance will take place from the revised FTR effective date of April 5, 2014 through October 2, 2014.

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## Carnet Changes For AES Filing

AES Filing Enforcement Delayed 180 Days to October 2nd 2014

Per the notice from the U.S. Census Bureau carnet users will **not** be penalized for not filing the EEI (Electronic Export Information) until October 2nd, 2014. They are still working on an alternative to the EEI for carnet users and hope to have a solution before the October 2nd deadline.

*Questions and concerns can always be addressed to a Carnet Specialist at the CIB Carnet HelpLine: 800.ATA.2900 or 800.282.2900.*

## Foreign Trade Regulations Impact Carnet

(Shortcut to The Top Three Things You Need To Know)

**UPDATE AS OF APRIL 3RD 2014:**

**ENFORCEMENT DELAYED UNTIL OCTOBER 2ND 2014**  
Final Rule Enforcement and Exceptions

As of April 5th, 2014, a final rule under the U.S. Foreign Trade Regulations will be enforced requiring some goods, temporarily exported under ATA Carnet or TECRO/AIT Carnet, to be tracked by the U.S. Census Bureau using the Automated Export System (AES).

Formerly, all goods traveling under a carnet were exempt from the EEI filing requirement. Now, all carnet shipments are not exempt however there are still several key exceptions to this requirement:

- Goods valued less than \$2500 are exempt. As long as no single item on the General List is valued greater than \$2500, no EEI filing is necessary unless subject to licensing or other export controls.
- Hand-carried goods traveling under a U.S. carnet unless subject to licensing or other export controls, are exempt.
- Goods traveling under a U.S. Carnet to Canada, unless subject to licensing or other export controls, are exempt.

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## Background and Purpose

The Census Bureau via the AES collects [Electronic Export Information](#) (EEI) for the purpose of developing export trade statistics. Other Federal government agencies use the EEI for export control purposes to detect and prevent the export of certain items by unauthorized parties or to unauthorized destinations or end-users. Collecting EEI for carnet shipped goods is part of the Federal government's effort to secure our borders and the international supply chain.

## How To File The EEI and Fees

Carnet users that will be shipping goods after April 5th, 2014, **or who have a carnet currently in use**, can comply with this new requirement by contacting **boomerang carnets** to do the filing. There will be a \$25.00 fee for each AES filing. Note that EACH export from the U.S., even if the subsequent export is the same goods, under the same carnet, must file the EEI. For example:

- ATA Carnet "export #1" goes to the U.K. and files the EEI, later returning to the U.S.
- The same ATA Carnet and goods now is headed for the U.K. and is "export #2" going to Canada. No EEI filing is required as goods to Canada are exempt unless using an export license. However, the yellow counterfoil box 3 must note, "No EEI per Exemption 30.36(a)." The goods later return to the U.S.
- Again, that same ATA Carnet and goods now goes from the U.S. to the U.K. for a second time. "Export #3" has a second EEI filing. Goods and carnet make a final trip back to the U.S. and the carnet is returned.
- Summary of EEI compliance: 2 EEI filings, one each for trip to the U.K., 1 exemption noted on the yellow counterfoil for the trip to Canada.

## Foreign Carnets (non-U.S. Issued)

All goods traveling under foreign carnets to the U.S., whether hand-carried or shipped, are required to file the EEI through the AES upon re-export from the U.S. **Boomerang carnets** can also file EEIs for foreign ATA Carnet users. [Contact us](#) at 800.ATA.2900 for details.

## What Are The Details? What, Exactly, Do I Have To Do To Comply?

Details of the filing requirements can be discussed with **boomerang carnets**, [your Carnet Service Provider](#). These details include:

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- the timing of the EEI filing,
- the required export information for the filing
- how the [Internal Transaction Number \(ITN\)](#) is to be recorded on the carnet certificates, and
- how exemptions are to be noted on the yellow counterfoils.

Although a carnet shipment may be exempt, a Carnet Specialist may suggest filing the EEI, especially during the initial implementation period, to avoid delays at Customs.

## What Are The Penalties, If Any?

Failure to file the EEI is sufficient grounds for U.S. Customs and Border Protection to potentially issue penalties against the exporter for violations of the Foreign Trade Regulations.

Boomerang carnets (Corporation for International Business) is a 3rd-party AES data filer for ATA Carnet users and a [Carnet Specialist](#) can assist you and answer any questions on this new requirement. For immediate assistance, call the CIB Carnet HelpLine at 800.ATA.2900.

## May 7-8, 2014, Complying with U.S. Export Controls

This two-day program is led by BIS's professional counseling staff and provides an in-depth examination of the Export Administration Regulations (EAR). The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods. We will focus on what items and activities are subject to the EAR; steps to take to determine the export licensing requirements for your item; how to determine your export control classification number (ECCN); when you can export or reexport without applying for a license; export clearance procedures and record keeping requirements; Export Management Compliance Program (EMCP) concepts; and real life examples in applying this information. Presenters will conduct a number of "hands-on" exercises that will prepare you to apply the regulations to your own company's export activities. This one-of-a-kind program is well suited for those who need a comprehensive understanding of their obligations under the EAR.



The Bureau of Industry and Security invites you to register for one of these upcoming seminars to learn about export control requirements under the Export Administration Regulations.

"Complying with U.S. Export Controls" – 2 Days

May 13-14, 2014, Detroit, MI – \$375.

This two-day program is led by BIS's professional counseling staff and provides an in-depth examination of the Export Administration Regulations (EAR). The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods. We will focus on what items and activities are subject to the EAR; how to determine your export control classification number (ECCN); steps to take to determine the export licensing requirements for your item; when you can export or reexport without applying for a license; export clearance procedures; and record keeping requirements.

View ["Complying with U.S. Export Controls" event details.](#)

"Export Control Reform" - 1 day

May 15, 2014, Detroit, MI - \$175.

This one day training course is designed to provide in-depth exposure to core elements of the Export Control Reform (ECR) initiative. Regulatory, compliance, and engineering officers will provide training on the key elements ranging from licensing issues to "specially designed" and license exceptions such as use of the Strategic Trade Authorization. The course will focus on new and different compliance requirements. This course will be useful to defense exporters with relatively limited exposure to the regulatory requirements of the Export Administration Regulations, and to exporters who now will be able to support U.S. military items without incurring International Traffic in Arms Regulations (ITAR) liability.

Attend both seminars for \$495.

## Industry Notice:

**Realignment of USML Category VII - Ground Vehicles Effective on Apr 21, 2014**, the Office of Defense Trade Controls Licensing will temporarily realign responsibility for the review and adjudication of export license applications and other written requests related to U.S. Munitions List (USML) Category VII - Ground Vehicles to the Aircraft Division. Any cases under review at the effective date will continue to be reviewed by the assigned Licensing Officer. Industry action is not required in response to this change as the realignment will be

## Boeing Phantom Badger Certified for V-22 Transport

- Versatility offers more deployment options to warfighters



After a series of successful tests, the U.S. Navy last month certified that the Boeing [NYSE: BA] Phantom Badger combat support vehicle can be transported inside a V-22 Osprey tiltrotor aircraft. That is another step toward providing warfighters with more options to deploy the versatile vehicle.

The tests included form-fit checks, pressure tests and structural evaluations exceeding four G-forces.

"This certification validates Phantom Badger's versatile design while offering the warfighter increased battlefield access and deployment options," said John Chicoli, program manager for Boeing's internally transportable vehicle program. "Phantom Badger is designed to easily fit in the compact space of the V-22 and it is also compatible with many larger aircraft."

Ten Phantom Badgers fit in a C-17 transport aircraft and two fit in a C-130 aircraft or CH-47 Chinook helicopter.

Phantom Badger has completed more than 5,000 miles of rugged terrain durability testing and successful airdrop tests from a C-17.

Developed by Boeing Phantom Works, Phantom Badger supports a wide range of missions not possible with existing combat support vehicles. Its rear section is modular and can be quickly changed for missions including reconnaissance, combat search and rescue, casualty transport, direct action with weapons mounts or explosive ordnance disposal. This combination of modularity, transportability and proven all-terrain performance provides increased mission flexibility and enhanced survivability.

Phantom Badger will be part of the Bell Boeing V-22 display April 8-9 in booth #1646 during the Navy League's Sea-Air-Space Exposition at National Harbor, Md.

Source : **The Boeing Company (NYSE: BA)**

## TenCate Awarded Important US Defense Contract of US\$30 M

TenCate Advanced Armor in Newark (Ohio), USA, has been selected by General Dynamics Ordnance and Tactical Systems, the prime contractor for the U.S. Army Special Operations Command (SOCOM) Ground Mobility Vehicle, to provide the GMV 1.1 armor solution. This order has a value of about US Dollar 30 million. Revenues will be generated in the next three to four years. Initial production will start during the second half of 2014.

The Pentagon awarded General Dynamics Ordnance and Tactical Systems a US Dollar 562 million contract for the Ground Mobility Vehicle (GMV 1.1). SOCOM plans to purchase up to 1,300 GMVs over the next 6 years to replace SOCOM's current fleet of specialized High Mobility Multipurpose Wheeled Vehicles (HMMWVs).

### Complete vehicle survivability solution

TenCate Advanced Armor offers complete vehicle armor and occupant survivability solutions for tactical and combat vehicles. Utilizing a wide range of armor materials and technologies, survivability products of TenCate include lightweight passive armor as well as advanced active underbody IED protection. "We are extremely excited to be a part of the GD-OTS team. The GMV platform is a perfect platform for our lightweight armor solutions", says Mark Edwards, President of TenCate Advanced Armor USA. "The GMV program is certainly an important part of the future enabling technologies for the United States Army Special Forces and we are proud to be able to participate on such an important program." The TenCate GMV armor solution consists of the primary vehicle armoring solution including transparent armor. TenCate will design and manufacture the armor and provide it to GD-OTS as a complete kit ready for installation.

Published on ASDNews: Apr 16, 2014





## Optionally Piloted Black Hawk Demonstrator Helicopter Takes Successful 1st Flight

In cooperation with the U.S. Army, Sikorsky Aircraft Corp. has successfully demonstrated optionally piloted flight of a Black Hawk helicopter, a significant step toward providing autonomous cargo delivery functionality to the U.S. Army. Sikorsky Aircraft is a subsidiary of United Technologies Corp.

The Optionally Piloted Black Hawk (OPBH) Demonstrator, known as Sikorsky's Manned/Unmanned Resupply Aerial Lifter (MURAL) Program, conducted the successful first flight demonstration on March 11 at Sikorsky's Development Flight Center. The demonstration was conducted through the use of Sikorsky's Matrix™ Technologies and advanced Ground Control Station (GCS) Technologies.

The OPBH demonstrated autonomous hover and flight operations while under the control of a man-portable GCS, demonstrating the capability for expeditionary operations and critical cargo resupply.

"The autonomous Black Hawk helicopter provides the commander with the flexibility to determine crewed or uncrewed operations, increasing sorties while maintaining crew rest requirements. This allows the crew to focus on the more 'sensitive' operations, and leaves the critical resupply missions for autonomous operations without increasing fleet size or mix," said Mark Miller, Sikorsky Vice President of Research & Engineering.

The MURAL Program is a cooperative effort between the U.S. Army Aviation Development Directorate (ADD), the U.S. Army Utility Helicopters Project Office (UH PO) and Sikorsky. The UH PO is providing access to two UH-60MU Black Hawk helicopters and Sikorsky is applying the technology it has developed with Internal Research and Development funding.

Sikorsky has been developing the technology since 2007, and signed a Cooperative Research & Development Agreement (CRADA) with the U.S. Army in 2013 to advance the program to a formal effort to demonstrate the full flexibility and value of a full authority flight control system. The effort includes demonstration of expeditionary ground control systems and precision control.

"The ADD's mission is to focus on developing, demonstrating and applying critical technologies that enhance the capability, affordability, readiness and safety of Department of Defense aviation systems," said Dr. William Lewis, Director, ADD. "The optionally piloted Black Hawk helicopter functionality stands to bring added value to DoD aviation systems, through the innovations being tested on the Black Hawk helicopter in the MURAL program."

According to COL Thomas Todd, the Utility Helicopters Project Manager, "MURAL technology will advance material solutions related to Degraded Visual Environment operations. These solutions will provide critical flight control and flight handling quality improvements."

Sikorsky introduced its Matrix™ Technology, a major research program, in July 2013 to develop, test and field systems and software that will improve significantly the capability, reliability and safety of flight for autonomous, optionally piloted, and piloted vertical take-off and landing (VTOL) aircraft. The Sikorsky Autonomy Research Aircraft (SARA) flew its first flight on July 26, 2013 and continues to explore new functionality in that portion of the program.

The application of Matrix Technology to the OPBH is an initial step toward demonstrating the flexibility, adaptability and capability to a range of aircraft systems. "Applying Matrix Technology to an already robust, reliable, and safe platform leverages these capabilities while expanding the system's effectiveness," Miller added.

Matrix™ aims to give rotary and fixed wing VTOL aircraft a high level of system intelligence needed to complete complex missions with minimal human oversight and at low altitudes where obstacles abound.

## TAR, (FAQs) - Dual and Third Country Nationals

### To what types of export authorizations do the terms of § 126.18 apply?

The provisions of § 126.18 apply to ITAR agreements (Manufacturing License Agreements, Technical Assistance Agreements and Warehouse and Distribution Agreements), approved export licenses, other export authorizations, and license exemptions under which a defense article is received.

### Is any level of security clearance acceptable to meet the requirements of § 126.18(c)(1)?

Yes. The security clearance requirement is not restricted to Secret or above. Section 126.18(c)(1) requires only that the security clearance be approved by the host nation government and does not specify a particular level of clearance.

### May a foreign company seek confirmation from DDTC as to whether an identified activity would be considered a "substantive contact?"

The foreign company should first seek to work out whether something is a "substantive contact" and of concern in a specific instance as this is a discretionary standard. If a foreign company is still uncertain after exhausting all means of determining whether an identified activity is a "substantive contact," the foreign company may, as a last resort, submit a General Correspondence (GC) request to DDTC. For details, please refer to Section 3.5.3 of the "Guidelines for

**What obligation do U.S. exporters have to verify that foreign companies have technology security/clearance plans in place if a foreign company intends to utilize the provisions of § 126.18?**

Section 126.18 does not impose on the U.S. exporter an obligation to request a written statement or certification from the foreign company that it will be invoking the provisions of § 126.18 and has met all the requirements outlined therein to prevent the diversion of defense articles to unauthorized end-users and end-uses. However, it is always good business practice to be sure that foreign companies that are receiving ITAR-controlled items understand the requirements and restrictions associated with the receipt and handling of such items.

**If implementing § 126.18 and using the § 126.18(c)(2) screening process, must the applicant maintain the Non-Disclosure Agreement or is the foreign licensee responsible for doing so?**

For § 126.18(c)(2), the foreign licensee or sublicensee is responsible for maintaining all records regarding the screening to include the NDA. The U.S. applicant is only required to maintain NDAs for dual or third country nationals requested pursuant to § 124.8(5).

**Does every employee in a company need to be vetted and sign a NDA, even if they do not have access to USML-controlled technical data or defense articles?**

No. Only the individuals who will require access to USML-controlled technical data and/or defense articles, and who do not hold a security clearance from the host government, will be required to be screened/vetted pursuant to §126.18.

**Is the U.S. applicant required to identify the countries of DN/TCNs in Block 18 of the DSP-5 vehicle who are screened pursuant to § 126.18?**

No. Only DN/TCN individuals requested pursuant to § 124.8(5) must be identified in Block 18 of the DSP-5 vehicle.

**Can a foreign party choose to use § 126.18 for an individual that qualifies for § 124.16?**

Yes. The foreign party may prefer to screen all their DN/TCNs pursuant to § 126.18 regardless of whether they would qualify for § 124.16.

**Does the agreement need to identify which foreign party is using which DN/TCN option(s)?**

No. There is no requirement to identify which foreign party will use which option. However, the applicant may choose to identify this information in the agreement for clarification between the parties of the agreement.

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**Is the U.S. applicant required to contact all the foreign parties to determine which DN/TCN option(s) will be used?**

The U.S. applicant's responsibility is to coordinate which DN/TCN option(s) will be used by the foreign parties to the agreement so that the appropriate language can be included in the body of the agreement for review and approval by DDTC. To accomplish this, the foreign parties must be contacted/pollled. Applicants may choose to receive sublicensee DN/TCN information indirectly through the applicable foreign licensee.

**Can §124.16 be used to authorize dual/third country nationals of §124.16 countries employed by the applicant or other US Signatories to the Agreement?**

No. All foreign nationals employed by a US Person must be authorized on a DSP-5 for foreign national employment or as a signatory to an agreement.

**When an agreement involves the transfer of classified defense articles, can §124.16 still be used to authorize dual/third country nationals access to only unclassified defense articles associated with the agreement?**

Yes, but the proposed amendment must specifically address that only unclassified defense articles apply. Failure to specify that the dual/third country nationals will only have access to unclassified defense articles will result in NO APPROVAL for dual/third country nationals.

**Per §124.12 (a)(10) "This agreement (does/does not) request retransfer of defense articles and defense services pursuant to §124.16." Should this statement include a reference to technical data?**

No, Per §120.6, defense article means any item or technical data designated in §121.1 of this subchapter.



## Dassault Aviation Rolls out 250th Falcon 7X

Another milestone in the Falcon 7X program was reached this week with the roll out of the 250 th aircraft at Dassault Aviation's Charles Lindbergh Hall in Mérignac near Bordeaux, France .

The aircraft entered final assembly earlier this year. It will fly to the Falcon completion center in Little Rock, Arkansas in June and will be delivered to its customer before year's end.

"This latest milestone is testimony to the outstanding reception that the Falcon 7X has received in the business aviation community," said Eric Trappier , Chairman and CEO of Dassault Aviation. "Thanks to this enthusiastic support, the Falcon 7X has become our fastest selling business jet ever."

A total of 216 Falcon 7X's are currently in service in 34 countries around the world. The fleet has accumulated more than 250,000 flight hours since it was introduced in 2007.

The popularity of the Falcon 7X stems from the aircraft's unparalleled flying flexibility, operating economy and advanced technologies. The 7X was the first 100% digitally designed aircraft in business aviation and the first to be equipped with digital flight controls, and it remains the most advanced business jet in service today. It operates with ease from more airfields and with greater economy than any jet in its class.

"No other extra long range jet can match the 7X's short-field agility, fuel efficiency and handling qualities, more typical of a smaller super midsize jet than a large cabin aircraft," remarked Trappier.

The 7X consumes 15-30% less fuel than competing aircraft, cutting down significantly on operating costs. And thanks to its three-engine design, it can take shorter routes over water, saving valuable time and money on long transatlantic and transpacific trips.

The Falcon 7X can fly a typical approach at a slow 104 knots and land and stop in just 2,070 ft (631 m). It can do this at airports in hot and high locations and with steep approach and stringent noise restrictions. Its performance into and out challenging airports like Aspen , Lugano and London City Airports make the 7X unique among the long range business jets and is particularly appreciated by operators flying to such destinations. What's more, this airport performance can be achieved while offering much more range.

These unparalleled flying qualities do not come at the expense of traveling comfort. Passengers often comment on the aircraft's extremely comfortable cabin and the impressively smooth ride conferred by digital flight control technology, which allow them to emerge fresh and

## More Actions Against Specific Russian Companies

The company, Chernomorneftegaz, a.k.a. Chornomornaftogaz and NJSC Chornomornaftogaz, is a regional oil and gas company in Crimea and a subsidiary of the Ukrainian company Naftogaz, but its assets are now being overseen by Russian government interests following their seizure by the Crimean parliament.

"The addition of Chernomorneftegaz to the Entity List sends a strong message of the United States government's condemnation of Russia's incursion into Ukraine and expropriation of Ukrainian assets," said Under Secretary of Commerce Eric L. Hirschhorn in announcing the move.

## CJ Submissions:

**Due to technical issues, all new CJ submissions and those currently in process will be on hold until further notice. Updates regarding this web notice will be provided as new information is received. (04.14.14)**





## Meb Keflezighi is the first American to win the Boston Marathon since 1983



Meb Keflezighi, of San Diego, Calif., breaks the tape to win the 118th Boston Marathon on Monday. (Charles Krupa/AP)

Meb Keflezighi won the Boston Marathon on Monday afternoon, finishing the race in two hours, eight minutes and 37 seconds. Keflezighi is the first American to win the Boston Marathon since Greg A. Meyer in 1983. In addition, Keflezighi's time — confirmed by the Marathon shortly after he finished — is the second-fastest time ever posted by an American man running this race.

## These Entities Denied Exports

April 28, 2014 - additions to the Entity List are: Stroytransgaz Holding, located in Cyprus; Volga Group, located in Luxembourg and Russia; and Aquanika, Avia Group LLC, Avia Group Nord LLC, CJSC Zest, Sakhatrans LLC, Stroygazmontazh, Stroytransgaz Group, Stroytransgaz LLC, Stroytransgaz-M LLC, Stroytransgaz OJSC, and Transoil, all located in Russia.

The United States will continue to adjust its export licensing policies toward Russia as warranted by Russia's actions in Ukraine. The U.S. urges Russia to honor the commitments it made in Geneva on April 17 to deescalate the situation in Ukraine.



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*"In order to succeed, your desire for success should be greater than your fear of failure."*

*~Bill Cosby~*

